

## LAMISSTENN KIWANIS POLICIES

### SECTION 700: FINANCE

#### **700 DISTRICT FUNDS: DEPOSITORIES, ENCUMBERING, OFFICIALS WHO SHALL SIGN CHECKS AND BONDING OF SAME**

- 700.1** The purposes of the financial statements are to communicate information regarding the organization's resources and the way such resources may be used or have been used to carry out the organization's programs, objectives and administrative costs.
- 700.2** The fiscal year for Kiwanis, Key Club, and Circle K shall be from October 1 to September 30.
- 700.3** All funds related to Kiwanis, Key Club, and Circle K activities shall be received and handled by the District office and shall be kept in secured accounts with every effort made to earn the highest rate of interest available on the greatest amount of money possible. The Executive Director is authorized to transfer funds from one District Account to another to implement this policy. Funds may be otherwise invested only by a majority vote of the entire District Board of Trustees in accordance with the District Investment Policy No. 704.
- 700.4** Any and all purchases of equipment, materials, and supplies for Kiwanis, Key Club, and Circle K shall be processed through the office of the Executive Director.
- 700.5** The Executive Director shall be the primary authorized signatory for all bank accounts of the District, inclusive of the Kiwanis District, the District Foundation, the Circle K District, and the Key Club District. A current District Board member may be authorized to be a secondary signatory on all Kiwanis accounts, in the event of the absence, incapacity, or vacancy of the Executive Director. This authority to sign on the District Accounts shall be reviewed and approved annually at the first meeting of the Kiwanis Board of Trustees (Policy No. 201.6). The Executive Director shall furnish an accounting of all financial transactions of the District to the Finance Committee on a monthly basis.
- 700.6** All officials authorized to sign District checks shall be bonded in an amount to be determined by the Executive Director and Board of Directors.
- 700.7** The Executive Director is not allowed to open any new bank accounts for any District organization without District Board approval.

#### **701 DISTRICT FINANCE COMMITTEE**

- 701.1** The Finance Committee shall be appointed by the Governor each year from the members of the District Board of Trustees and District Membership. It is recommended that the Governor-Elect serve on this committee to better understand the finances of the District in preparation of his/her term as Governor.
- 701.2** The Governor shall appoint a District Trustee as the Chair of the Finance Committee; the Executive Director shall serve as an ad hoc member of this committee.
- 701.3** Under this policy, the word "District" shall mean the LaMissTenn Kiwanis District and its Service Leadership Programs.
- 701.4** The functions of the Finance Committee are:
- a. To understand the operating procedures of the District and its financial requirements, including applicable District Bylaws and Policies.
  - b. To prepare and manage the annual Kiwanis budgets, to present these budgets to the Board of Trustees for its approval, and throughout the year to be certain the various budgets of the District are balanced and that the expense line items are not exceeded.
  - c. To examine carefully and regularly the accounting system of the District.

- d. To review the District procedure for the investment of reserve and/or surplus funds in accordance with Policy 704 and make recommendations to the Board of Trustees for the implementation thereof.
- e. To additionally serve as the Audit Committee for the District: i.e., to examine and consider the reports of financial operation, and any annual reports and related management letter of the auditors for the District, and to make any recommendations concerning such reports to the Board of Trustees.
- f. To review the annual Mid-Year Education Conference(s) and District Convention budgets prior to presentation to the Kiwanis District Board of Trustees for approval.
- g. To review annually the Bylaws and Policies of the District regarding finances, and to recommend to the District Board of Trustees, any changes deemed necessary to maintain proper fiscal controls over all funds.

- 701.5** The Finance Committee shall function during the entire year at such time and place as the Committee shall designate. The Committee shall meet in advance of regularly scheduled Board meetings.
- 701.6** A quorum of the Finance Committee shall consist of a majority of the members of the Committee.
- 701.7** The annual operating budget shall be formally presented to the Board of Trustees for formal approval at its first meeting after installation.
- 701.8** In the budget formulated by the Finance Committee, total expenditures for District Operations (exclusive of convention and Mid-Year Education Conference(s) budgets) shall not exceed the estimated income.
- 701.9** In the budget formulated by the Finance Committee, total projected revenues for the year shall be based on the average membership paying dues and prorated dues for the prior three administrative years. If at any time during the year it is known that actual revenues shall fall short of projected revenues, the budget must be adjusted accordingly.
- 701.10** The Finance Committee shall regularly review the District budgets and make recommendations to the District Board of Trustees if amendments to the budget are needed to keep all line items of the budget in balance throughout the year. Any addition to a line item in the approved budget must be offset by a reduction in some other line item to maintain the balanced budget during the Administrative Year.
- 701.11** In the annual Mid-Year Education Conference(s) and District Convention Budgets, projected expenditures for these events can at no time exceed projected revenues, unless approved and/or ratified by the District Board of Trustees.
- 701.12** The Executive Director shall not write any checks during the Administrative Year that will knowingly cause a line item to be overspent, unless approved and/or ratified by the District Board of Trustees.

## **702 DISTRICT OFFICERS' REIMBURSEMENT FOR EXPENSES**

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- 702.1** All District Officers (District Board and Lt. Governors) and volunteers may be reimbursed for those expenses and in the amounts set forth in the Annual District Budgets for Kiwanis, Key Club, and Circle K.
- 702.2** The Executive Director's travel expenses to attend or set up meetings of the District-wide events may be funded from the Convention & Conference Fund.
- 702.3** Monies from any Kiwanis, Key Club, or Circle K program or event must be deposited into District accounts. Income, and expenses, including reimbursements, must be recorded through the District bank accounts.
- 702.4** Reimbursements for expenses for anyone in the District shall be made only with a written request for reimbursement with adequate documentation provided to the Executive Director to justify the expenses. The actual reimbursement may be less than the actual expenses, based upon the amount(s) in Annual District Budgets for Kiwanis, Key Club, and Circle K, as approved by the District Board of Trustees.
- 702.5** Parties seeking reimbursement must make such requests in writing to the District Office using the District's Request for Reimbursement form. All requests must be submitted with full documentation within 30 days of the expense to be eligible for reimbursement. This form is available upon request from the District Office.
- 702.6** Reimbursements will not be provided if the above criteria is not met.

**703 CONVENTIONS AND CONFERENCES FUNDS**

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- 703.1** Net proceeds from the Kiwanis District Conventions and Conferences will be maintained in a separate bank account.
- 703.2** The following type of expenses may be covered by the Conventions and Conferences account:  
Executive Director & Staff expenses related to conventions and conferences (Policy 702.4)  
Mid-Year Education Conference(s)  
District Convention  
International Convention Reception/Dinner  
Convention Site Selection (as per Policy 804.5)  
Kiwanis International Leadership Education Conferences
- 703.3** A budget will be prepared for each of the accounts listed in Paragraph 703.2 and presented to the Board. The budgets for the District Convention and Mid-Year Education Conference(s) should be presented to the Board of Trustees for approval by the end of the first quarter of the fiscal year. If a budget is required for District activities during the Kiwanis International Convention, then this budget shall be approved by the middle of the third quarter of the fiscal year. These budgets shall be presented by the District Finance Committee Chair.
- 703.4** Losses from any Kiwanis District Convention will be covered from surplus of this account.
- 703.5** Surplus for Conventions and Conferences may be transferred to the Operating Fund upon a 3/4 vote of the Board of Trustees.

**704 INVESTMENT POLICY**

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**704.1 Purpose**

This policy is to establish operating procedures to guide the administration of the investment of monies comprising the District's Reserve Fund. The procedures in this policy are approved by the District's Board of the Trustees and are to be followed by the Executive Director and the Finance Committee that oversees the investment activity of the District.

**704.2 Responsibility**

The District Board of Trustees delegates decision making authority with respect to specific investments to the Executive Director, with the Finance Committee being responsible for reviewing all investments and investment strategy to assure meeting the objectives of the District. At its meetings, the Finance Committee should include the following matters on its agenda:

1. Review all investment transactions since its last meeting;
2. Review the needs of the District that would cause a shift in the portfolio's investment mixture;
3. Review potential major financial transactions that may have a bearing on the funds held in the investment portfolio;
4. Review any emergency actions since its last meeting; and
5. Review the valuation of the entire portfolio.

**704.3 Investment Objective**

The objective of the District's Investment Policy is to support and complement liquidity and cash management activities. That is, the portfolio will convert excess cash into earning assets. The majority of all investments will be bought with the intention of keeping the security until maturity. Any decision to swap or sell securities before maturity will be approved by the Finance Committee.

**704.4 Portfolio Composition**

In view of the investment objective, the portfolio should be comprised of securities with the following

characteristics:

1. A low degree of default risk;
2. A low degree of price risk resulting from changes in the level of interest rates; and
3. A high degree of marketability (unless the maturity is short-term).

#### **704.5 Permissible Investments**

The Executive Director may invest only in securities that are specifically authorized as follows:

1. U.S. Treasury bills, notes, bonds;
2. U.S. Agency notes, bonds, debentures, and certificates;
3. Mutual Funds comprised of U.S. Treasury securities and U.S. Agency securities; and
4. Accounts of savings and loan associations, mutual savings banks, commercial banks, or credit unions whose accounts are insured by agencies of the Federal Government.

#### **704.6 Maturity of Investments**

In order to control the risk of loss resulting from increases in the level of interest rates and the forced sale of securities, the maturity distribution of the investment portfolio must be controlled. Normally, the Executive Director shall restrict investment decisions to securities with a maturity of three (3) months to three (3) years. The Finance Committee will be informed of decisions to invest in securities in the three (3) to five (5) year maturity range that are within established policy guidelines and must approve any investment for a term greater than five (5) years.

#### **704.7 Exceptions to Policy**

The above policy is meant to be flexible guide for the Executive Director. However, occurrences and opportunities may present themselves that could result in investments that are excluded from this policy or are beyond the recommended maturities and/or composition of the investment portfolio. If this event occurs, the Executive Director must seek the approval of the Finance Committee. This approval must be placed in writing, signed by the Committee Chair, and added to the minutes of the next following District Board of Trustees meeting.

#### **704.8 Review**

This policy must be reviewed at least annually by the District Finance Committee and the District Board of Trustees.

### **705 FINANCIAL REVIEW**

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**705.1** An annual financial review shall be performed for all Kiwanis District organizations and funds operating under the Kiwanis District's Tax I.D. Number. Final financial statements shall be certified by the Governor and Executive Director and provided to Kiwanis International prior to their established deadline.

**705.2** At the Finance Committee's recommendation, and upon the approval of the District Board of Trustees, an audit could be conducted by an independent certified public accountant in accordance with generally accepted auditing standards. The auditor would then present a management letter with the audit report.

**705.3** Any management letter addressed to the Kiwanis Board is to be treated as a confidential report. The management letter should include the auditor's evaluation of the adequacy and effectiveness of the internal controls with specific findings on any weakness, together with its recommendations for improvement.