

Highlights of Financial Policy Revisions September 2008

A REALTOR[®] workgroup appointed by President, Mark Rodi has been meeting over the last several months reviewing Louisiana REALTORS[®] Financial Policies. The workgroup focused the majority of its time on the investment of reserve funds and budget policies and is proposing changes to Financial Policies. Below is a synopsis of the workgroup's recommendations.

1. **Delegation of Authority -**

- A. Executive Committee - Proposed to increase spending limits between meetings from the current \$10,000 to \$20,000, and on any one item increased from \$5,000 to \$10,000.
- B. CEO Expenditures - Provides authority for CEO to spend up to \$10,000.00 for emergency expenditures (replacement of AC unit, building repairs) Also provides the CEO with the flexibility for approval up to a 10% variance over budgeted program packages, or approved contractual services.
- C. Finance Team - Creates a Finance Team to oversee the financial affairs of the Louisiana REALTORS[®] which will meet the objectives of new IRS requirements with regard to increased scrutiny of tax-exempt organizations. The policy recommendations also define the composition and background criteria to serve on the team.

2. **Conflict of Interest**

Strengthens the policy in this area to ensure all officers, directors, and team members stay clear of any conflict of interest issues. This proposal also ensures the association is adhering to IRS guidelines.

3. **Budget Policy**

Creates a 3 year budget cycle where "core programs" have a 3 year life or more and "additional programs" are evaluated on a yearly basis to ensure relevance and maximum benefit to members. The policy also eliminates "ranking" programs, and re-addresses programs on how they achieve the objectives of the strategic plan.

4. **Reserve Funds Policy**

The Reserve funds shall be pooled together for utilization of the following:

- * Rainy Day (40%) of annual gross expenditures budget
- * Capital Improvements,
- * Legal Issues,
- * Superfund for State Issues

5. **Investment Policy**

The Louisiana REALTOR[®] funds will be divided according to Operating and Reserve Funds. The recommendation also seeks to increase the requirements of how reserves are invested and better defines what investment vehicles may be used when investing LR reserve dollars. The proposed policy recommendations also specify guidelines on the review of the funds and on the reporting to the staff and the Finance Team and define criteria for the investment manager.

6. **Travel**

Requires additional documentation for reimbursement by LR leadership and extends travel reimbursement to members who are NAR Chairs and Vice Chairs of committees.