

# Louisiana REALTORS®

## Finance Team

September 8, 2009

Members present (via Conference call) - Bruce Roberts, Pat Diamond, Derenda Grubb, Al Lopez, Tom Giroir, David McKey, Rick Roberts, Modez Fonseca

Staff:

Malcolm Young, CEO; Kyra Triche, CFO; Scott Johnson, General Counsel

### Action Motions

- I. Motion to amend Financial Policy/Delegation of Authority.

#### **Board of Directors:**

*The annual budget and dues level or the subsequent year shall be approved **by the Board of Directors** each year **at the fall meeting**. The Secretary-Treasurer **and the Chairman of the Finance Team** shall **each** provide a summary report of all financial activities of Louisiana REALTORS® to the Board of Directors at all regularly scheduled meetings.*

#### **President:**

*The President shall be a signatory on all accounts of Louisiana REALTORS®. **The President shall act as the signatory for any major corporate papers or contracts.***

#### **Executive Committee:**

*The Executive Committee shall have the authority to approve **unbudgeted** expenditures aggregating no more than \$25,000 on an annual basis with a limit of \$10,000 per item between Board of Director's meetings. **"Unbudgeted Expenditures" shall include both items not included in the annual budget and budget line items for which actual expenses exceed projected expenses. In approving an Unbudgeted Expenditure, the Executive Committee shall identify the proposed funding source for the expense. If the Reserve Fund is designated as a funding source, the Finance Team shall be notified and shall prepare an assessment of the impact of the proposed withdrawal on the Reserve Fund.***

*The Board of Directors shall be informed of the expenditure, **its funding source and the Finance Team's assessment, if any, at the next meeting. The Board of Directors will have the option to direct an alternate funding source for the expenditure. Additionally, the Board of Directors may replenish the funding authority of the Executive Committee for the remainder of the fiscal year.***

*CEO and Staff bonuses shall be placed as a line item in the annual budget. **At its final meeting of the year, the Executive Committee shall review the most recent cash***

**flow evaluation from the Finance Team prior to determining whether or not the bonuses shall be expensed based on performance. This determination does not apply to any staff incentive program provided for in the budget, which may be disbursed at any time at the sole discretion of the CEO.**

**If, based on a review of the Association's cash flow, overall expenses are projected to exceed revenue for the year, the Finance Team shall recommend to the Executive Committee the amount needed to sustain operations. The Executive Committee may approve up to \$25,000 to sustain operations, to be funded from the Reserve Fund. Any such funding shall be reported to the Board of Directors at its next meeting. If the projected shortfall exceeds \$25,000, the Board of Directors must authorize any amount above \$25,000 prior to funding from the Reserve Fund. Upon being notified of Executive Committee use of Reserve Funds to sustain operations, the Board of Directors may replenish the funding authority of the Executive Committee for the remainder of the fiscal year.**

The Finance Team, in conjunction with the CEO, shall establish criteria for the interview, employment and review procedures for the Certified Public Accounting firm **and will make** recommendations to the Board of Directors.

**Finance Team:**

The Finance Team shall review **cash flow for all** revenue and expenses **for the** operating and reserve accounts of Louisiana REALTORS® **to ensure budget projections remain accurate and to confirm** adherence to financial policies. A report shall be provided by the Finance Team Chairman to the Executive Committee at all regularly scheduled meetings. The Finance Team has the responsibility to report to the Board of Directors on the financial condition of **the Association** at every regular Board of Directors meeting and on an as-needed basis.

**The Finance Team, in conjunction with the CEO, shall establish criteria for the interview, employment and review procedures for the Certified Public Accounting firm and will make recommendations to the Board of Directors.**

Composition of Finance Team

The new Finance Team shall conduct an orientation meeting in December. **At this meeting, the team shall elect a chair and vice-chair for the upcoming year.**

2. Motion to amend Financial Policy/Employment of Certified Public Accountant.

The CEO and CFO shall be the Association liaisons with the Certified Public Accountant. In the event of a complaint or inquiry of handling of the finances for the Association by the CEO or CFO, a written request shall be made to the President for an inquiry to the CPA Firm, **who will report its findings to the Finance Team and Executive Committee. If the Finance**

**Team determines, after its own investigation or based upon a report from the CPA, that financial misconduct has been committed by either the Officers or a member of the Executive Committee, this shall be reported immediately to the Board of Directors. Nothing in this provision is intended to limit or conflict with the Association's Whistleblower Policy.**

3. Motion to amend Financial Policy/Budget Policy.

**Budget Process:**

The **annual** budget, **developed as part of a three-year budget cycle**, shall include all fixed expenses and relevant program packages and services **for the upcoming fiscal year**. The Finance Team shall evaluate the current dues structure to determine if it will cover the proposed budget. **If the current dues level will not accommodate the proposed budget, the Finance Team shall determine the dues increase needed to balance the proposed budget. The Finance Team may also recommend potential adjustments to proposed revenue and expenses within the budget or it may propose an alternative method for funding the budget. The budget, with any alternatives proposed by the Finance Team, will be submitted to the Executive Committee for review and then to the Board of Directors at the Fall Business Meeting for final approval.**

**Unbudgeted Expenses**

In order for unbudgeted expenses to be considered for funding, proper documentation for said expenses shall be submitted to the Finance Team, with suggested funding resources, and then to the Executive Committee for review and recommendation prior to presentation to the Board of Directors, who shall have the authority to approve or disapprove the expenditure, **except as provided for under Delegation of Authority.**

**Budget Alteration**

**During the fiscal year, the Finance Team shall monitor the revenue and expenses projected in the annual budget. If the Finance Team identifies an actual or projected revenue shortfall, affecting either an individual program or the entire budget, it may request that the appropriate division leadership identify potential alterations to programs within the division or that the CEO propose alterations to operational expenses. Recommended alterations to programs shall be submitted to the Executive Committee for final approval, with a report of the alterations to the Board of Directors at its next meeting. The proposed elimination of a budgeted program package must be approved by the Board of Directors.**

4. Motion to amend Financial Policy/Employee Compensation and Payroll.

**Compensation:**

CEO and Staff bonuses shall be placed as a line item in the annual budget. **At its final meeting** of the year, the Executive Committee shall **review the most recent cash flow evaluation from the Finance Team prior to determining whether or not** the bonuses shall be expensed based on performance. **This determination does not apply to any**

**staff incentive program provided for in the budget, which may be disbursed at any time at the sole discretion of the CEO.**

5. Motion to amend Financial Policy/Reserve Funds Policy.

**Purpose:**

The Louisiana REALTORS® Reserve Funds shall be **maintained so that funds are available** to:

2. Provide funds for **Unbudgeted Expenses** that would directly benefit the Association and its members.

**Rainy Day Reserve:**

**Sufficient funds shall be maintained to sustain operations and programming in the event expenses exceed revenue during the budget year. In order to meet this objective, the Louisiana REALTORS® Reserve Fund shall maintain liquid reserves in an amount equal to 40% of the annual Operating & Human Resources budget of Louisiana REALTORS®. These funds may not be used for any purpose other than sustaining operations and programming in the event expenses exceed revenue.**

**Capital Improvements:**

**Sufficient funds shall be maintained** to preserve and maintain the building, furniture, office equipment and Association-owned vehicles **and to provide** for normal replacement.

**Legal Assistance:**

**Sufficient funds shall be maintained to** provide assistance **to Member Boards and individual members on** matters relating to threatened or pending litigation in state or federal court or with administrative agencies.

**Superfund for State Issues:**

**Funds shall be maintained for** the purpose of **addressing significant** issues impacting private property rights **or the real estate business in the state of Louisiana.**

Further, the reserves shall be effectively managed by the Finance Team working with the contracted investment counselor, the CEO and CFO. The policy shall be reviewed annually by the Executive Committee, Finance Team, the Board of Directors and the CPA for any necessary modifications.

All requests for the **use** of Reserve Funds must be approved by the Finance Team and Executive Committee. These requests must be in compliance with the Louisiana REALTORS® Financial Policies and Procedures. The Board of Directors **must approve in advance any use of Reserve Funds except as explicitly provided for in these Financial Policies.**

6. Motion to amend Financial Policy/Business Related Expenses.

**NAR DIRECTORS:**

The expenses of the Louisiana REALTORS® elected directors of the National Association of REALTORS® (“NAR”) and the Louisiana REALTORS® members who are NAR directors by virtue of an appointed NAR position **shall be reimbursed for their expenses upon the Association's receipt of a Travel Expense Report Form verifying attendance at the Midyear or Convention meetings of the National Association of REALTORS®.**

Eligible expenses shall include:

**A) Lodging:**

**Lodging expenses shall be reimbursed or direct billed to the Louisiana REALTORS® or charged to the Louisiana REALTORS® credit card and shall not exceed the room rate of a double room at the headquarters' hotel of the meeting. (Room and tax covered, but not incidentals.) Cancellations: Should a director find it necessary to cancel his/her hotel reservations, it is that director's responsibility to contact the staff executive during business hours or the hotel after hours so the Association is not charged for a “no show.”**

**B) Transportation: Airfare (not to exceed coach class fare; however, because of substantial savings, super saver fares not to exceed coach class) shall be used whenever available; mileage to and from meeting, based on IRS guidelines for mileage reimbursement; airport limo, bus or airport transfer; mileage to and from airport or ground transportation; parking or storage of automobile while at airport; tolls; and tips. In the event of cancellation, a ticket may be used for future travel for the Association.**

**C) Allowable Daily Expenses: Meals and tips shall be reimbursed as daily expenses. Reimbursement for directors shall not exceed \$125.00 per day out-of-state and \$75.00 in-state.**

**D) Reimbursement of Expenses: Reimbursement of lodging, transportation, and allowable daily expenses shall be made only if a Travel Expense Report expenses. Any individual's expenses covered as part of the reimbursement must be listed on the travel expense voucher. Failure to comply with reimbursement policies will forfeit the right to receive reimbursement.**

**In order to be reimbursed for expenses, a Director must attend the following**

- 1) Appointed National committee meeting**
- 2) Regional Caucus\***
- 3) Louisiana Caucus (in the event one is held at the meeting)\***
- 4) Board of Directors Meeting\***

**\* Verified by attendance sign in.**

**NAR COMMITTEE CHAIRS & VICE CHAIRS:**

***Chairs/Vice Chairs of NAR committees (not to include forum leadership) shall be reimbursed at the rate of \$4,000.00 per year, upon the Association's receipt of a Travel Expense Report Form verifying attendance at the Midyear or Convention meetings of the National Association of REALTORS®, payable at a cumulative, maximum rate of \$4,000.00 during one calendar year (\$4,000.00 maximum for attendance at two (2) National meetings; \$2,000.00 maximum for attendance at one (1) National meeting). Louisiana REALTORS® shall issue a cumulative balance statement per Chair/Vice Chair after each reimbursement of expenses has been paid by the Association. A Travel Expense Report Form shall be submitted with receipts within 60 days after the expense are incurred. Receipts are required for all expenses greater than or equal to \$75.00.***