

Senior Resource Center for Douglas County, Inc.

4. FINANCIAL POLICIES & PROCEDURES



4.10. General Financial Policies and Procedures

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Reviewed for updating September 2021*

4.10 General Financial Policies and Procedures

A. About the Organization

The Senior Resource Center for Douglas County (SRC) was founded in 1972 and is an independent not-for-profit 501(c)3 organization with the mission of providing resources, services, opportunities, and advocacy that enhance the quality of the second half of life. SRC informs about and creates ways that allow older residents of Douglas County to remain independent and active in their homes and communities, and helps families prepare for needs of their elders. Programs and databases are designed to meet the various interests and needs of adults across the senior age spectrum. SRC is the designated go-to place for guidance on issues about aging in Douglas County, Kansas, and serves as a resource for the needs of Douglas County's seniors and their loved ones. In addition to helping seniors navigate the complexities of finding what they need in Douglas County, SRC provides, sponsors, or hosts several services itself.

B. Philosophy

All (100%) of SRC revenues and expenses are assigned to Health & Human Services, Senior Wheels, Marketing & Development, and/or administrative costs. SRC operates no other enterprises. SRC allocates, assigns, and tracks revenue and expense funds directly attributable to these categories, and allots Management and General funds on the basis of fulltime equivalent (FTE) per each department. Large common spaces are shared by staff and programs, and all staff members are cross-trained across departments/programs for multiple purposes. Due the small number of staff at SRC and the broad scope of services, several employees are assigned to more than one program and additionally provide flexible coverage of duties when any employee is absent or needs assistance.

C. Assets

Only two types of net assets exist: those without donor restrictions and those with donor restrictions. No funds are assigned as temporarily restricted. SRC assets include cash, cash equivalents, operating investments, accounts receivable, inventory, property, equipment, prepaid expenses, and long-term cash investments.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. The Board has designated from net assets

without restrictions those net assets for an operating reserve and Board designated investments. Net assets subject to restrictions, whether temporary or perpetual in nature, are not differentiated in financial reports and are tracked separately.

D. Cash Flow Method and Liquidity

The statement of cash flows informs the process for assuring that the funds available cover the costs for the short term using the direct method. SRC monitors both quantitative measures of liquidity (financial resources available for use within the next three months, excluding restricted funds from external sources) and qualitative measures (how SRC manages and monitors its liquidity). SRC keeps sufficient resources on hand that could be used to cover expenses and other obligations to cover at least three months of general expenses, ideally no less than six months. SRC maintains sufficient funds for day-to-day and month-to-month operation in an easily accessible checking account. As needed on rare occasion, funds may be transferred into it from a money market account held at the same bank. This level of liquidity assures available cash on hand for all needs.

SRC maintains an adequate cash flow in a manner that minimizes risk for overdue, late, or insufficient funds fees. SRC meets its financial obligations for each coming year based on the allocations granted from various external funding sources, as well as on the basis of donation trends informing the budgetary planning process.

Additional reserves are maintained in investment accounts (see Investment Policy) from which funds can be pulled within a few days. All resources can be used for operational expenses, if needed, except for restricted funds, and are monitored on a monthly basis by the bookkeeper, Executive Director, Board Treasurer and associated board committee responsible for financial oversight, and the Board of Directors. Available resources include cash on hand in bank accounts, grants awarded for receipt within the next year, account receivables from vendors, client fees likely to be collected within the next twelve months, and investments held in managed accounts.

E. Revenue and Revenue Recognition

SRC utilizes the accrual method of accounting. Revenue is recognized when earned and distributed across the year, except for contributions that are recorded when received. Pledges to give are not recognized until receipt of the actual donation.

F. Disclosures

1. Cash flow may not be operated in a deficit manner.
2. SRC does not utilize a line of credit with any entity, except normal charges paid in full at the end of each billing cycle.

3. The Board of Directors does not set restrictions on net assets other than those imposed by donor restrictions. If the Board were to do so for a specific future purpose, those assets would still be designated in financial statements as “without restriction.”
4. Preparation of financial statements in conformity with generally accepted accounting principles (GAAP) necessitate estimates and assumptions that could differ from actual results.
5. SRC places its cash and investments in financial institutions reviewed for stability and trustworthiness. At times, amounts on deposit may exceed insured limits, without losses as of the time of approval of these policies.

G. Investments

Investment return, net return minus internal and external expenses tied to investment management, and other policies are addressed in the Investment Policy below.

H. Expense Reporting

1. Functional Areas

SRC’s organizational expenses are broken out by purpose (“functional”) categories by programs versus supporting activities. The program services are activities that result in goods or services being distributed to seniors and /or their caregivers that fulfill the mission of SRC. The supporting activities encompass management, general, and fundraising activities. The program service categories are Health and Human Services, Senior Wheels, and Marketing & Development. Both program services and supporting services are broken down further by their nature into line items specifying how money is spent within each of the larger functional areas, such as personnel expenses, facilities costs, supplies, travel, insurance, and so forth.

2. Management and General

The Management and General (M&G) funds grouping is defined as indirect overhead costs not attributable to a specific program, project, or service department. M&G expenses relate to SRC’s overall operations and administration, rather than fundraising activities or program services. M&G includes the following elements not attributable to a special program component of SRC:

- Organizational oversight, including salaries and expenses of central administrative staff, minus time spent directly supervising program services
- Meetings of the Board
- General business management
- General record keeping and payroll (payroll operational expenses are allocated to departments based on the number of employees)

- Budgeting
- Accounting, auditing, and investment management
- General liability insurance
- Financing, including unallocated interest costs
- Soliciting funds other than program-specific donations or customer fees, such as general grant writing
- Administering SRC-wide contracts, including narrative and financial reporting
- Registrations with various government and group entities required for operation of the organization, including preparation of the Form 990
- Human resources and employee benefits administration not attributable to specific programs or staff
- Activities and costs by and through central administration, *other than* those that represent direct conduct or direct supervision of program or other supporting activities that require allocation from M&G activities using distribution formulas* that are regularly reviewed and revised as warranted.

*Direct identification and assignment of specific expenses occurs when they can be precisely aligned with a program or support inservice. The financial statements also report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied when direct assignment is impossible or not practical. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a budget formula basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of the proportion of budgetary and/or actual expenses by area.

3. Fundraising

Fundraising expenses are those incurred in soliciting cash and noncash contributions, gifts, and grants. They include:

- Publicizing and conducting fundraising campaigns
- Maintaining donor lists
- Soliciting bequests and grants from individuals, a foundations, organizations, or governmental entities
- Conducting fundraising events
- Preparing and distributing fundraising materials
- Preparing to solicit and soliciting contributions including at any program based event

4. Other Departments

Other functional departments submit expenses or revenue according to established policies and procedures as outlined elsewhere.

I. Procedural Principles

1. The Board of Directors formulates financial policies, delegates administration of the financial policies to the Executive Director, and reviews all operations and activities.
2. The Executive Director has management responsibility, including financial management.
3. Current job descriptions will be maintained for all employees indicating financial duties and responsibilities.
4. Financial duties and responsibilities must be separated so that no one person has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, and so forth.
5. A blanket employee dishonesty coverage in the amount of \$50,000 shall be maintained.
6. Professional financial service providers will be selected to conduct the annual audit and prepare the Form 990.
7. The Bookkeeper will maintain a current accurate logic of the chart of accounts, job accounts, and accounting classes. Records will be kept using QuickBooks.

4.11. Receipts of Cash and Checks

- A. The Executive Director or designee opens all mail addressed to SRC or without a specific addressee. The receipt of checks or cash from mail will be logged by the Executive Director or designee, coded for proper accounting assignment, stamped for endorsement, and placed in a locked cash box until prepared for deposit.
- B. All checks will be endorsed by the Executive Director or designee rubber stamp to read as follows:

FOR DEPOSIT ONLY
SENIOR RESOURCE CENTER FOR DOUGLAS COUNTY
- C. The Director of Operations will conduct random inspections of the log. Bank deposits shall be made at least once a week.
- D. Documentation for all receipts will be included with the duplicate slip and recorded by date.
- E. All receipts will be deposited intact. No reimbursements will be made from cash or check receipts prior to deposit.

- F. The keys to the cash box and deposit bag will be kept in an undisclosed, locked location at SRC to which only two administrative staff assigned by the Executive Director have access.
- G. Any time the cash box is opened for any reason at least two staff must be present.
- H. The cash box contents will be processed at least once a week for bank deposit. The bank deposit will be prepared by at least two staff simultaneously present at all times, of which at least one cannot have been involved in the previous deposit preparation. Neither the Executive Director nor the Director of Operations can be one of the two staff who prepare the deposit. The deposit will be placed in the bank bag and locked by those who prepared the deposit. The bank bag will be given to the Executive Director or the Director of Operations, who will take the deposit to the bank, where it will be unlocked by bank personnel and verified. The receipt from the bank will be attached to the deposit record and returned to the Executive Director for placing in the Bookkeeper's record.

4.12. Cash Disbursements

A. Payment Authorization

1. Authorized signers on SRC accounts are the Executive Director, and can include no fewer than one, and no more than three of the following: Chair of the Board of Directors, Treasurer of the Board of Directors, and members of the board committee responsible for financial oversight. Signers in addition to the Executive Director should be determined by considering individuals who will be available to access the bank in times of urgent financial matters.
2. Prior to payment, all invoices will be approved and coded by the appropriate department Director and submitted to the Executive Director for approval and submission to the Bookkeeper for payment. The Executive Director will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled. The Bookkeeper is responsible for timely follow up on discrepancies and payments.
3. The Bookkeeper will prepare electronic payments on at least a weekly basis through the online bill payment system through the bank. The Executive Director will review and authorize the payments before their scheduled payment date. Electronic payments exceeding \$20,000 per bill shall also require written authorization by one of the authorized signer on SRC accounts.

B. Paper Checks Issued Directly by SRC Staff

1. Payments made in-house using paper checks shall be made as rarely as possible. Most payments will be processed through the bank through online bill payment.

2. The Director of Operations will be responsible for the security of blank paper checks kept at SRC.
3. Voided checks will have “VOID” written boldly in ink on the face. Copies of voided checks will be kept in records.
4. In no event will:
 - a. Invoices be paid unless approved by an authorized signer.
 - b. Blank checks (checks without a date or payee designated) be signed in advance.
 - c. Checks be made out to “cash,” “bearer,” “petty cash,” and so forth.
 - d. Checks be prepared on verbal authorization.
5. In the event that it is necessary to issue a duplicate check, a stop payment may be ordered at the bank on the original check.
6. Paper checks issued in-house by SRC staff in amounts greater than \$2,000 shall bear two signatures—one of which must be an official bank-registered signatory, the other being a board member or Director level staff person. Checks for \$2,000 or less may be issued bearing only one of the authorized signatures. Confirmation of this policy shall be issued in writing to the bank of record to assure proper check processing.

4.13. Bank Reconciliations

- A. Bank statements will be reviewed by the Executive Director.
- B. The Bookkeeper will reconcile the bank statements monthly.
- C. The Executive Director will make available upon request to the Treasurer of the Board of Directors monthly statements of checks paid on all accounts, a copy of the complete bank statement and reconciliation, and, in appropriate months, a copy of the agency’s federal and state payroll reports.
- D. The Executive Director shall verify the reconciliation of the bank accounts on at least a quarterly basis. The Executive Director will create a time-stamped signature after reviewing all completed account reconciliations.
- E. On all checks outstanding over 180 days, the Executive Director shall take appropriate action.

4.14. Purchasing/Payment Limitations

- A. Purchases or Bill Paying by Department/Program Directors

Payments made directly by SRC staff using an SRC credit card or using personal funds for reimbursement in amounts less than \$500 may be made without approval by the Executive Director in advance if the payment is within the allowable budget and policies. Payments for \$500 or more per item and/or transaction require prior written authorization by the Executive Director. Purchases of \$500 or more may not be fragmented or reduced to components of less than \$500 to avoid this limit. Invoices and receipts are to be coded and submitted to the Executive Director or designee within one business day. Failure to obtain approval when required or failure to submit payment documentation may result in the cost being borne by the employee.

4.15. Payroll and Benefits

A. Time Reports

1. Each employee will be responsible for completing a time record on a biweekly basis. Completed time records will be dated and approved by the employee, the employee's supervisor, and the Director of Operations by the end of the next business day following each pay period.
2. No employee shall be paid without the required time records, except in special circumstances approved by the Executive Director.
3. Incomplete or incorrect time records will be returned to the employee to correct.
4. Employees will be paid biweekly by direct deposit into their bank accounts.

B. Payroll

The Director of Operations is responsible for assuring payroll data is submitted in a timely fashion to the appropriate payroll provider (internal or external), in accordance with FDIC protection guidelines. The Director of Operations will then assure payroll reports are reviewed by the Executive Director and filed for accounting records.

C. Payroll Taxes

1. The Director of Operations or designee will prepare and transmit the payroll tax reports, W-2 forms, and 1099 forms.
2. The Director of Operations will verify payroll tax payments on a quarterly basis and forward said reports to the Executive Director.

D. Benefits

The Director of Operations, in collaboration with the Executive Director, will assure that benefits will be prepared in accordance with the personnel policies and benefits plans.

4.16. Travel and Expenses

- A. Employees and members of the Board of Directors may be reimbursed for travel and other agency related expenses.
- B. Each requestor will complete an expense voucher. The voucher should include all expenses including credit card charges, accompanied by receipts. The voucher will reflect any reimbursement sources other than SRC.
- C. Mileage from the requestor's residence to SRC or back will not be paid.
- D. The expense voucher must be signed by the requestor, be totaled, and submitted to the appropriate supervisor within five business days of a major event, or monthly for routine travel. Incomplete expense vouchers will be returned. Payment will not be made without approval by the appropriate departmental Director and Executive Director.
- E. Reimbursement will be based upon current travel policies. Receipts must be attached to the expense voucher for lodging, common carrier transportation, and allowable meals. Automotive mileage will be reimbursed according to the current SRC rate.
- F. The Executive Director must approve non-routine travel and workshop expenditures prior to their occurrence.

4.17. Equipment

- A. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$500 or more and a useful life of more than one year.
- B. A record shall be maintained of the description of the item, date of purchase or acquisition, price or fair value of the item, and its location.
- C. A depreciation schedule shall be prepared at least annually for the audited financial statements.
- D. The Director of Operations will maintain a record of all equipment on a depreciation schedule. An entry must be made whenever such property is disposed of or acquired.

4.18. Insurance

- A. Reasonable, adequate coverage will be maintained to safeguard the assets of the SRC. Such coverage will include property and liability, worker's compensation, employed dishonesty, auto, Directors and Officers, and other insurance deemed necessary.

- B. The Director of Operations and Executive Director will review insurance policies before renewal or activation.

4.19. Petty Cash

Approximately \$100 in cash called “petty cash” is kept under lock by the Director of Operations on behalf of SRC for the purpose of convenience when transactions of small amounts require immediate action. Transactions are to be managed by regular financial procedures whenever feasibly possible, not through petty cash receipts or disbursements. Generally, a petty cash transaction is not to exceed \$10.

The petty cash record is maintained by the Director of Operations and is to include the date, purpose, personnel involved, amount, and QuickBooks codes for each transaction. Checks, money orders, and monetary forms other than cash are not to be used in petty cash transactions.

To replenish petty cash, a check for the amount needed to bring the balance back to approximately \$100 is to be made payable to the name of the Executive Director or Director of Operations, whichever will be presenting the check to the bank for cash. The “memo” line on the check should indicate that the check is for petty cash. Placement of the replenished cash into the petty cash bag is to be witnessed by at least two employees, who sign a statement submitted to the Executive Director for placement on file, verifying the date and the amount of cash that was placed into the petty cash bag.

4.20. Books of Original Entry

- A. The Bookkeeper will utilize a double entry system for accounting for all funds.
- B. Adequate documentation will be maintained to support all general entries.
- C. For each month, the Bookkeeper will prepare financial reports requested by the Executive Director and the Treasurer of the Board of Directors.
- D. The Bookkeeper will maintain accounting records on an accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.

4.21. Grants and Contracts

- A. The Executive Director will review each award and contract to ensure compliance with all financial programmatic provisions. Any unbudgeted contract with a total value of over \$10,000 binding the agency for longer than one year shall be approved by the Board of Directors prior to signing. The Executive Director will maintain copies of all grants and contracts.
- B. The Executive Director will prepare and maintain on a current basis a Grant/Contract Summary form for each grant or contract awarded to SRC. This form shall include the

name, address, contact person, and phone number for the funding/contracting organization; the time period applicable to awards and/or expenditures; all significant covenants (such as bonding or liability insurance requirements) and restrictions on expenditures; all required financial and program reports and due dates; and the chart of accounts line item number for revenue deposited.

- C. Payments for projects for which SRC serves as fiscal agent shall be paid within one week.
- D. The Executive Director or designee will prepare financial reports to funding sources as required.
- E. The Executive Director will review and approve all reports to funding sources.
- F. The Executive Director will ensure that financial reports are submitted on a timely basis.

4.22. Budgets

- A. The Executive Director, in consultation with the departmental Directors and the board committee responsible for financial oversight of the Board of Directors, will prepare the financial budget for approval by the Board of Directors.
- B. The Executive Director will ensure that budgets are kept on record.
- C. The Board of Directors must approve changes in the annual budget that alter previously approved expenditure totals by more than \$20,000.

4.23. Loans

- A. Only the Board of Directors may approve loans.
- B. A promissory note will be prepared and signed by the Chair of the Board of Directors and at least one other officer of the Board before funds are borrowed.

4.24. Conflict of Interest Statement and Policy

Senior Resource Center for Douglas County, Inc. (SRC), as a nonprofit, tax-exempt organization, depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the operations of SRC must first fulfill all legal requirements. They also depend on the public trust and thus are subject to scrutiny by and accountability to both governmental authorities and members of the public.

Consequently, there exists between SRC and its Board of Directors, Board officers, and employees a fiduciary duty that carries with it a broad and unbending duty of loyalty and

fidelity. The Board, officers, and employees have the responsibility of administering the affairs of SRC honestly and prudently, and of the exercising their best care, skill, and judgment for the sole benefit of SRC. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with SRC, or knowledge gained therefrom, for their personal benefit. The interests of the organization must have first priority in all decisions and actions.

This statement is directed not only to members of the Board of Directors and its officers, but to all employees who can influence the actions of SRC. For example, this includes all who make purchasing decisions, all persons who might be described as “management personnel,” and all who have proprietary information concerning the Senior Resource Center for Douglas County, Inc.

In compliance with the bylaws of the Board of Directors, Board members must disclose any financial or other conflict of interest in writing at least annually.

4.25. Other Financial Policies and Procedures

A. Actionable Decisions

The Executive Director will note all items in the approved minutes of the Board of Directors relating to finance and take appropriate action.

B. Non-Program Income

Donations of cash and non-program related income will be accounted for separately.

C. Accounts Receivable

1. Under the direction of the Executive Director, the Bookkeeper or other designee will prepare invoices at least monthly for issuance by the relevant department Director. Documentation will be maintained for accounts receivable.
2. Accounts receivable will be monitored and recorded by the Bookkeeper, including informing the Executive Director of any past due invoices.

D. Review of Financial Policies and Procedures

Financial procedures will be reviewed at least every other year in even-numbered years by the board committee responsible for financial oversight. The Board of Directors must approve substantive changes to the financial procedures prior to implementation.

E. Forms 990 and 1023

1. The Board of Directors in conjunction with the audit will authorize preparation of the Form 990. The Form 990 will be distributed to all members of the Board prior to submission to the IRS. The Form 990 will be signed by an officer of the Board.
2. The most recent Form 990 filing (excluding portions allowed by law) and Form 1023 IRS 501c3 tax-exempt designation letter shall be available for public inspection.

F. Audits

In consultation with the board committee responsible for financial oversight, the Executive Director shall contract with an independent auditing firm for a full annual audit of the books, to be completed in a timely fashion.

G. Personnel Files

The Director of Operations will maintain a personnel file for each employee containing appropriate documents, such as the signed compensation agreement, approval of changes in compensation, an I-9 immigration form, and withholding forms for taxes, benefits, deferred compensation, garnishments, and charitable contributions.

Procedures regarding Accounts Receivable from Credit Card, Electronic Commerce, and On-line Donations (as of September 2019)

Definitions:

- Square- payments received by SRC staff via their phones for on-site payments and donations. When used, the staff person MUST indicate “product” or “donation”.
- DonorView- Database for donors and customers.
- DonorView- ALSO, software program attached to SRC’s website donate button for taking on-line one-time and reoccurring credit card donations. Automatically loads that donor’s information into its database. Has the possibility of creating duplicate “accounts” for a donor if the donor enters their info differently than it is already entered.
- ConnectedView- the mechanism DonorView uses to process donations and pushes money directly to SRCs bank account. Pushes donations every few days, but does not necessarily wait for a batch volume, dollar amount or time line.
- BrainTree- e-commerce software attached to SRC’s website for purchases. Does not automatically load the purchaser’s info into any database. Processes payments and pushes directly to SRC’s bank account. BrainTree is not completely consistent with transfers to the bank, and could happen in a batch or individually.

Procedure for confirming information regarding donors:

- Each donation flows through Dir. of Admin. Services, be it cash, check or credit card

- Dir. of Admin. Services searches DonorView's database to confirm if donor already has an account
- If an on-line donor has made 2 accounts, Dir. of Admin. Services merges them to one, ensuring to keep any updates in address, email, name, phone etc.

Procedure for taking money via Square on-site:

- Customer indicates they would like to either pay for a service/ program, or make a donation.
- Staff person with Square app on their phone enters the customer's request into the app.
- Must choose "program" or "donation" at that time to ensure the report will indicate the proper option for when reconciling the report to the bank statement.

Procedure for taking money via website over the phone or in person:

- Guest indicates they would like to pay over the phone
- We can log into our website and process their request for them verbally, and it will either email them a receipt or we can print one and mail it to them.

Square Reconciliations:

- Weekly, Dir. of Admin. Services will download the Square report (at the same time she reviews the DonorView report)
- In the Square website: menu -> Transactions -> choose date range -> review that report
- Dir. of Admin. Services will cross check that transactions are reflected in the Square folder on the F (or ED/DAS drive)
- When reconciling the bank, unless unusual circumstances exist, the bookkeeper will complete Square reconciliation as described below

BrainTree Reconciliation:

- Weekly, Dir. of Admin. Services downloads the BrainTree report
- Dir. of Admin. Services reviews the BrainTree report
- In BrainTree website: Reports -> Disbursement Summary -> Run Report -> Choose date range -> Individual Transactions -> View Report
- In the F drive, Dir. of Admin. Services ensures all transactions are reflected in the BrainTree folder on the F drive (or ED/DAS drive)
- Dir. of Admin. Services creates sub-folders titled with the date of the transaction and if multiple individual transactions are grouped within one of BrainTree's financial transactions to the bank, Dir. of Admin. Services will move individual documents together in that folder
- When reconciling the bank, unless unusual circumstances exist, the bookkeeper will complete Square reconciliation as described below

Bank and Credit Card Reconciliations:

- Credit card invoice will immediately be provided to the Dir. of Administrative Services.

- Dir. of Admin. Services will review the invoice to ensure all transactions have corresponding receipt in the Credit Card folder on the F drive. Any missing receipts will be requested from the employee.
- On the 1st of each month, Dir. of Admin. Services will access the Chase credit card website to check for receipts on all transactions which occur between the 23rd and the end of the month. She will request any receipts from employees as appropriate and ensure these are also approved by the Executive Director and transferred to the F drive.
- The bookkeeper downloads bank statement on approx. 2nd week of each month directly from the bank
- The bookkeeper completes reconciliation. Any questions are addressed directly with the Executive Director and/or Dir. of Admin. Services.
- The bookkeeper notifies the Executive Director when reconciliation is complete for the Executive Director to approve.
- The Executive Director approves with time stamp and saves in F drive.

4.26. Investment Policy

The purpose of this statement is to set forth the investment policy of the Senior Resource Center Board for Douglas County (SRC) and to guide SRC management and investment advisors with respect to the investment of SRC funds.

I. Areas of Responsibility

The responsibility for management of the SRC funds shall be with the SRC Board who possesses the authority to delegate the investment functions and administration to the Executive Committee and/or the Chair to administer the investment and care of SRC funds all in accord with this Statement of Investment Policy.

II. Investment Counsel

A. Investment advice shall be solicited from persons or firms generally recognized as possessing investment expertise, and reasonable fees may be paid for obtaining that advice when appropriate.

B. The Board may appoint an Investment Advisory Committee to advise SRC Board and management.

III. General Policy

A. SRC funds shall be kept in income producing accounts or investments to the greatest practical extent.

B. The overall investment objective shall be to protect the short and long-term value and maximize total return.

- C. A minimal level of liquidity should be available at all times to allow for the payment of expenses related to the administration of investment funds. Sufficient marketability should be maintained within the portfolio to allow for unforeseen changes in the future requirements of SRC.
- D. A secondary consideration in investing assets is to provide for long-term growth relative to changes in inflation following the successful fulfillment of income, liquidity, and marketability goals.
- E. Risk, as measured by the degree of volatility in an investment's return, is to be diminished whenever possible. Risk reduction is to be achieved primarily through diversification of assets and asset classes. While all individual investments must comply with these guidelines; total investments should be such that the portfolio risk is less extreme than the risk of the individual investments.

IV. Management Objectives

- A. Operating Fund: The Operating Fund shall be invested with the objective of preserving its assets to cover operating expenses and realizing earnings in a way that allows for immediate liquidity to meet SRC's ongoing programmatic and operational needs. Operating Fund assets may be maintained in the checking account that SRC uses for day-to-day operations and may be invested in other cash-equivalent investments, such as savings accounts, money market accounts, certificates of deposit with maturities appropriate for expected needs, Treasury bills, and other investments that are relatively easy to liquidate. SRC's professional staff from time to time will review the allocation (or the methodology of allocation) of Operating Fund assets between SRC's checking account and its other cash-equivalent investments, determining the appropriate allocation based on SRC's cash-flow needs, and regularly report such allocation to the Board. The Board may direct that changes be made to such allocation and will also consider from time to time whether SRC's Operating Fund assets are sufficient to allow for the designation of a portion of such assets to the Reserve Funds.
- B. Reserve Funds: The Reserve Funds shall be invested with the objective of preserving the long-term real purchasing power of the Funds' assets while realizing appropriate investment income. Reserve Funds' assets may be invested in certificates of deposit, Treasury bills, mutual funds, exchange traded funds, equities that are traded on a US public exchange, preferred stock, convertible securities, fixed income securities, and, as to an appropriate portion, cash equivalent investments. The asset allocation of each of the Reserve Funds shall be determined from time to time by the Board of Directors, in consultation with any managers or advisors if desired (unless it delegates such task to an external manager), which allocation shall reflect a

proper balance of such Fund's investment objective, any risk tolerance standards and the need for liquidity.

The Douglas County Community Foundation shall hold all Reserved Funds until otherwise stipulated by the Board of Directors.

- C. Restricted Funds: The Restricted Funds shall be invested with the objective of preserving and enhancing the purchasing power of the Funds' assets while ensuring that liquidity requirements can be met. Restricted Funds' assets may be invested in certificates of deposit, Treasury bills, mutual funds, exchange traded funds, equities traded on a US public exchange, preferred stock, convertible securities, fixed income securities, and, as to an appropriate portion, cash equivalent investments. The asset allocation of each of the Restricted Funds shall be determined from time to time by the Board of Directors, in consultation with any managers or advisors if desired (unless it delegates such task to an external manager), which allocation shall reflect a proper balance of such Fund's investment objective, any risk tolerance standard, and the need for liquidity.
- D. Long-term Funds: The Long-term Funds shall be invested with the objective of preserving the long-term real purchasing power of the Funds' assets while realizing appropriate investment income. Long-term Fund assets may be invested in certificates of deposit, Treasury bills, commercial paper, bankers acceptances, repurchase agreements, mutual funds, exchange traded funds, equities (including common stock, preferred stock, convertible securities, and other equities, whether traded on an exchange or not publicly traded), fixed income securities, real estate, commodities, natural-resource related stock, hedge funds, derivatives, alternate investment vehicles, and, as to an appropriate portion, cash equivalent investments. The asset allocation of the Long-term Funds shall be determined from time to time by the Board of Directors, in consultation with any managers or advisors if desired (unless the Board delegates such task to an external manager), which allocation shall reflect a proper balance of such Fund's investment objective, any risk tolerance standard, and the need for liquidity.

V. Investment Guidelines

- A. The asset allocation objectives noted are structured to maximize return and long-term growth while simultaneously providing a prudent diversification of assets and a portfolio-wide reduction of risk.
- B. With regard to specific investments, the following guidelines shall apply:
 - 1. Fixed income investments shall be direct obligations of the United States Government, its states or agencies; the Canadian Government; other foreign governments, domestic corporations, foreign corporations, or

mutual funds investing in such fixed income instruments. No more than 25% of each Fund's assets may be invested in any single credit (with the exception of the U.S. Government, its states or agencies). No more than 10% of total assets of each Fund may be invested in foreign government or corporate bonds denominated in a foreign currency. All fixed income investments must be rated at the time of purchase within the top four rating classifications as identified by one of the major rating services.

2. Common stock, preferred stock and other equity investments shall be of domestic or foreign companies, convertible securities or mutual funds designed to invest in such equity instruments and shall be subject to directives specified under Section IV, 2. Each Fund's position in a single stock shall not exceed 10% of the Fund assets, except that each Fund's position in a market index or investment company shall be limited only by the aggregate portfolio equity position. Total foreign stock ownership shall not exceed 25% of total equity investments. Each Fund's position in a single stock shall not exceed 2% of the outstanding shares of stock for that company.
3. The cash reserves of each Fund shall be held in commercial paper rated P-1/A-1 at the time of purchase, U. S. Treasury Bills, Certificates of Deposit at a federally insured institution, bankers acceptances, re-purchase agreements, or money market accounts or money market mutual funds. Money market mutual funds must be of premium quality, have assets in excess of \$100 million, and a successful operating history of at least five years. No more than 30% of each Fund's total assets may be invested in any single cash reserve investment with the exception of instruments issued by the Government of the United States, which shall be unlimited.

VI. Standards of Care

All investments must be made with prudence and reasonableness. Investment risks undertaken must be appropriate for SRC's purposes, and they shall not be unduly speculative in nature. Banks, Trust organizations, funds, or investment firms that may be used must be of good reputation with good performance records, and they must be financially sound insofar as can reasonably be determined.

VII. Allocation of Funds

- A. Allocations of money among SRC Trust Funds including, but not limited to, the funds on the attached list shall be made by management in accordance with all donor and board restrictions or policies.
- B. In order for the Board to determine if the purpose, objectives, standards, and goals are being achieved in the investment functions, performance of the

funds shall be measured from time to time by the board committee responsible for financial oversight, but not less than semiannually, using market valuation and showing a total return, interest, dividends, and other income including realized and unrealized gain/loss. Gains and losses on sale of securities shall be considered in determining total return. The results of such performance measurement shall be reported to the Executive Committee with annual reports to the full Board.

Addendum to Senior Resource Center Investment Policy

Asset Allocation

To accomplish the SRC's investment objectives, in accordance with the investment time horizon, risk tolerance, performance expectations, and asset class preferences, as described in this Statement, the investments selected by the board committee responsible for financial oversight shall be consistent with the following strategic asset allocations:

Asset Class	Lower Limit	Upper Limit	Target Allocation*
Equities	30%	60%	50%
- Domestic	30%	50%	40%
- International	10%	20%	10%
Fixed Income	30%	50%	40%
Cash or Equivalents	5%	20%	10%

** Target Allocation to change based on recommendations from the board committee responsible for financial oversight and shall be approved by the Board*

The Board may invest the SRC's funds in mutual funds. The investment of the SRC's funds in mutual funds which meet the asset allocation and asset quality requirements of this statement, is recommended for the following reasons:

- Greater liquidity - ease in entering and exiting.
- Smaller dollar amounts required to open accounts, unless the fund is a load fund.
- Ease in putting cash to work while money is in transition.
- Greater degree of diversification.
- Ease in meeting asset allocation and re-balancing guidelines.
- Greater ease in due diligence.

- Ease in implementing international portfolios in countries that have severe registration and tax laws.
- Information is required to be audited.
- Greater cash-flows may meet disbursement requirements in lieu of liquidating positions.

Investment Advisory Committee

If an Investment Advisory Committee is formed, it will be as a Subcommittee of the Board Treasurer's associated board committee responsible for financial oversight. Appointments to the committee are made by the Board Chair with approval by the Board. The Board Chair will be an *ex officio* member of the committee. Membership to the committee may include members of the Board of Directors as well as outside advisors with special investment expertise.

The duties of the Investment Advisory Subcommittee are:

1. Recommend appropriate investment policies to the Board and management of SRC which they deem appropriate to meet SRC objectives for use of the funds.
2. Assist SRC management in representing SRC interests with investment managers.
3. Assist management of SRC in evaluating the effectiveness of the financial investment managers in meeting the objectives of SRC and the performance of the specific investments.
4. Develop recommendations as requested by SRC for investment procedures.
5. Assist SRC in developing regular appropriate reporting procedures and methods and provide reports on committee action to SRC on a regular basis.