



ULMSTEAD CLUB INCORPORATED

FINANCIAL MANAGEMENT POLICY

Approved by the UCI Board

September 2, 2020

PHILOSOPHY

The purpose of financial management in the operation of all Ulmstead Club Incorporated (UCI) activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to its members. To accomplish this purpose, UCI commits to maintaining accurate and complete financial data.

AUTHORITY

- The Bylaws of UCI specify the roles and responsibilities of the Board of Directors and other officers in the organization.
- In accordance with Article VI, Section 1 of the UCI bylaws, the Board of Directors has the ultimate responsibility for the financial management of all activities.
- The Treasurer is responsible for the day-to-day financial management of the organization.
- The Treasurer is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Board on variances and on reasons for the variances.
- The Treasurer is authorized to approve payment of all expenses that are included in the approved budget, provided that the expenses are within the parameters of the budget and that concurrence from a Board member is obtained for payments over \$1,000.
- In accordance with Article VI, Section 7 of the UCI Bylaws, no expenditure of membership funds for capital improvements shall be made without express approval of the members. This restriction does not apply to usual and customary expenses for the repair and maintenance of existing capital assets, or to unexpected emergency repairs necessary to maintain the utility of the existing capital assets.

RESPONSIBILITIES

Responsibilities of the Board of Directors are as follows:

- To appoint the Treasurer or Assistant Treasurer when a vacancy occurs.
- To review the annual UCI budget and submit the budget to the membership for approval.
- To review financial reports on a schedule established by the Board, but at least quarterly.
- To review all incoming bank statements for any unusual balances or transactions.
- To review and authorize all contracts and other agreements on behalf of UCI. In accordance with the UCI bylaws, the Board may delegate authority to Department Managers to authorize contracts within the scope of their department and annual budget.
- To review and approve (along with the Treasurer) all drafts and checks for expenses over \$1,000. This review and approval may be conducted by any one Board member.
- To review and approve all non-budgeted expenses over \$200. Ideally, this review and approval should occur prior to the expense. However, in the event of an emergency expense, the review and approval may occur after the expense, but before the check is issued. In accordance with the bylaws, the Board may authorize the transfer of funds between items in the Budget financed by general assessments.
- To ensure that UCI pays all necessary Federal, Maryland and Local taxes and fees in compliance with taxing authority requirements. The Board shall choose and contract with a competent tax professional for needed assistance.
- To choose and contract with a professional accountant/bookkeeper.
- To approve the selection of banks, investment advisors, financial brokers and dealers per the UCI Investment Policy. To develop the investment strategy for UCI. To approve investment products and investment custodians, consistent with the UCI Investment Policy.
- To determine whether UCI should have a formal audit or review of its financial statements, and, if so, choose and contract with an accountant. Formal audits and reviews demonstrate to members and the public that funds are being handled wisely but are expensive and not generally appropriate for smaller nonprofits unless required by a donor or necessary to protect against fraud. Informal audits by someone who is neither a Board member nor currently involved with UCI finances can serve a similar purpose. The Board of Directors shall determine when informal audits are appropriate and shall appoint volunteers for this purpose.
- To inform incoming Board members of their responsibilities and existence of this policy.

Responsibilities of the President is as follows:

- To sign and execute, in the name of UCI, all authorized deeds, mortgages, bonds, contracts, or other instruments authorized by the Board.
- To represent UCI in all legal matters with potential financial impacts, either directly or as the primary contact with legal counsel.

Responsibilities of the Treasurer is as follows:

- To collect and maintain all UCI funds.
- To maintain a current and accurate record of Ulmstead Estates residents who are delinquent with their dues.
- To provide current dues status of residents to real estate agents and title companies, when required prior to settlement.
- To authorize disbursement of funds in accordance with the approved budget. To review and approve all drafts and checks and ensure that a Board member reviews and approves all drafts and checks for expenses over \$1,000.
- To serve as custodian of the UCI Investment Policy.
 - Determine the funds available for investment
 - Invest funds per the UCI Investment Policy requirements
 - Provide reports to the UCI Board of Directors per the schedule established by the Board, but not less than quarterly.
- To maintain UCI bank accounts and be the primary point of contact for the bank(s).
- To maintain a log of transfers between UCI bank accounts.
- To review all bank statements for correctness and reconcile all bank accounts monthly.
- To prepare the annual budget for projected revenues, operating expenses and capital expenditures.
- To prepare an annual financial report to be presented to the membership at the annual budget meeting.
- To ensure that annual financial reports are provided to banks and loan officers, as required. If the Treasurer is not UCI's primary contact on a loan, to support the primary contact as necessary.
- To support the accountant in the preparation, signing and filing of required tax returns.
- To report the financial status of UCI operations to the Board of Directors per the schedule established by the Board, but not less than quarterly.
- To make no contractual commitment on behalf of UCI for bank loans, personal loans (with anyone), or corporate credit cards without the specific approval of the Board.
- To perform all duties ordinarily incident to the office of the Treasurer.
- To perform all duties in a timely manner, including, but not limited to, payment authorizations, submittal of funds to the accountant/bookkeeper for deposit and filing of required reports.

Responsibilities of the Assistant Treasurer is as follows:

- To assist in overall Treasurer's responsibilities as outlined above.
- To authorize disbursement of funds and approve all drafts and checks when the transaction involves reimbursement of expenses incurred by the Treasurer.

- To maintain a paper checkbook for a limited number of urgent expenses. Make payments of urgent expenses only when authorized by the Treasurer (and a Board member, if the expense exceeds \$1,000). And when accompanied by an invoice or receipt.
- To perform such other duties as may be assigned by the Board of Directors.

Responsibilities of the Contracted Professional Accountant/Bookkeeper is as follows:

- To maintain books, records and accounts for all monies received and disbursed.
- To maintain UCI's Chart of Accounts
- To create and generate financial reports as requested by the Board of Directors and/or the Treasurer.
- To present books for audit by the Treasurer, UCI Board of Directors, UCI President and auditors upon request.
- To make deposits of all UCI funds received and then return the checks to the Treasurer to be retained in accordance with UCI Document Retention Policy.
- To initiate electronic payment of obligations authorized by the Treasurer, ensuring that all such authorizations are accompanied by an invoice or receipt and that payments for expenses over \$1,000 are authorized by a Board member.
- To identify and make year-end closing entries in the accounting system (e.g., Long Term Asset Depreciation)
- To prepare required tax returns for review, approval and signing by the Treasurer.

FINANCIAL TRANSACTIONS WITH MEMBERS

No advances of funds to members or officers are authorized at any time. Direct and necessary expenses related to carrying out UCI responsibilities shall be reimbursed. Any member or officer may incur such expenses and shall be reimbursed for them. However, no member or officer shall be provided with funds to pay such expenses prior to the actual expenses being incurred. Expenses must be itemized and documented when such reimbursement is requested.

This prohibition on the advance payment of funds to members or officers does not limit the ability of the Treasurer to advance funds to vendors or contractors, when necessary, for down payments or retainer fees. Moreover, if fixed cost written proposals are available and the terms require payment at the time services are rendered or goods are received, the Treasurer may provide members or officers with checks payable to the vendors or contractors for this purpose. Signed checks with no written numerical value (i.e. "blank checks) are not permitted.

CREDIT AND DEBIT CARD POLICY

With one exception, no members or officers are authorized to apply for or carry an organizational credit/debit card. The exception is when a card is required to pay for regular expenses online (e.g., payment for Quick Books online). When this need arises and there are no alternatives, the Treasurer may obtain a debit card (not a credit card) for this purpose. The Treasurer will be held personally responsible if any charge is deemed personal or unauthorized. Unauthorized use includes personal expenditures of any kind, as well as expenditures that have not been properly authorized, even if the Treasurer intends to reimburse UCI for the expense.

PETTY CASH POLICY

UCI does not maintain petty cash funds. No Board member, officer or member shall withdraw cash from UCI bank accounts for any reason whatsoever.

MEMBER ACCESS TO DOCUMENTS

The UCI Document Retention Policy states that business, accounting and tax records retained by UCI shall be made available for examination or copying or both, by members in good standing after reasonable notice. However, financial documents may be withheld from members if they include information on any other member's account, personal finances or records relating to business transactions that are currently in negotiation.