

FINANCIAL POLICIES

LEGAL AND TAX STATUS

The Southern Early Childhood Association (SECA) is classified by the Internal Revenue Service as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code and has been assigned the employer identification number BQ 57-6031854. SECA has also filed the 501(h) election that allows the organization to spend money on grassroots and direct lobbying as specified by IRS guidelines. SECA is authorized to include state affiliate organizations under a 501© (3) group exemption. Each SECA state affiliate has a separate identification number, which is on file in the SECA Office and within each state

SECA was originally incorporated as a nonprofit corporation in the Commonwealth of Kentucky as the Southern Association on Children Under Six and has operated in the State of Arkansas as a foreign nonprofit corporation. Due to a name change in recent years, the organization now is certified in Kentucky under its original name and in Arkansas under its new name, the Southern Early Childhood Association.

FISCAL YEAR

SECA's fiscal year begins January 1 and ends December 31. At the fall Board meeting, the Board approves the annual budget for the next year, which becomes effective on January 1, the beginning of the fiscal year.

ACCOUNTING SYSTEM

SECA prepares its financial statements on an accrual system. Financial statements are provided to the SECA Board of Directors each month. An audit is conducted annually by an independent certified public accountant.

AUTHORITY

The Commission on Finance is the SECA entity, with input provided by appropriate working groups and the staff, that is to review and advise the SECA Board of Directors on matters relative to present and future financial affairs of the Association.

The President and/or Executive Director or the Board's designee are authorized to sign all contracts on behalf of SECA.

PROPERTY CONTROL

All SECA property will be treated as an asset, properly recorded on the SECA inventory, and insured, as appropriate.

CASH CONTROL AND DISBURSEMENTS

Checks require one (1) signature:

The following personnel are authorized to sign checks:

Executive Director
President
Fiscal Officer

Any person authorized to sign checks, transfer SECA funds, or in any way handle SECA monies must be bonded.

In order to assure fiduciary oversight of SECA accounts, a list of all checks to be issued on SECA accounts will be forwarded to the President or Fiscal Officer for review and approval prior to the issuance of checks by the Association. (9/01)

PURCHASING

Three (3) informal bids are required on any purchase in excess of \$500.00, and three (3) written bids are required on any purchase of \$2,000.00, unless it is deemed to be a sole source item. Staff or other designated buyers are encouraged to request bids for every purchase, whenever feasible. Cost, quality, and other criteria should be considered in accepting or rejecting bids. The Executive Director will authorize purchases based on budget constraints as approved by the Board of Directors.

The Executive Director will approve the selection of printers prior to bids being solicited or awarded. Printing services are subject to the same procedure as all other purchasing. When developing specifications for publications and other printed material, various printers and/or print brokers will be consulted for advice, information, and bids. Once a printer is awarded a job (for example *Dimensions*) they may print that job for one year at which time the job will be re-bid accordingly. While emphasizing economy, the Executive Director will also consider demonstrated quality of bidder's work and other variables when evaluating both formal and informal bids.

INVESTMENT POLICY

Objective

To maintain and grow the assets of the Southern Early Childhood Association over time with a low level of risk.

Return Objective:

Capital Preservation: Preservation of capital is the single most important concern. In exchange for very high liquidity and essentially no risk of principal loss, acceptable investment returns may be very low. Return target is 3% to 5% over time.

Risk Tolerance

A low level of risk can be assumed. Diversification should be pursued in asset mix.

Constraints

Liquidity: Significant liquidity should be maintained. Ongoing contributions are expected, but not guaranteed.

Time Horizon: A 3-5 year time horizon is appropriate. At the conclusion of 3 years, a complete review of the investment portfolio and return objectives should be conducted to determine if more risk can be assumed and the time horizon extended.

Tax Considerations: The Southern Early Childhood Association qualifies as a 501-c3 tax-exempt entity under the IRS code. (3/19/2002)

OPERATIONAL FUNDS

Excess funds in the SECA operational checking account are invested monthly in an operational money market account until needed for SECA operations.

RESERVE FUNDS

An amount equal to 6 months operating funds for SECA is maintained in an investment account at all times to be used only if an emergency threatens the operation of the Association. Interest is placed in the operational money market

account or allocated by vote of the Board of Directors to projects that support the mission of the Southern Early Childhood Association upon maturity of the invested principal.

RESTRICTED FUNDS

Restricted funds are established by the SECA Board of Directors and are designated to be used for certain purposes. All funds donated to these restricted funds are to be invested according to the SECA investment policy, under direction of the SECA Board of Directors. Donations made for the specific fund are to be earmarked for that particular fund. Any monies received over and above the funds needed for the annual disbursements listed below are to be invested as principal in the designated fund

Helen Harley Memorial Fund

The Association will budget annually three \$500 scholarships to attend the annual conference. These scholarships will be awarded as Helen Harley Memorial Fund Scholarships.

Marian B. Hamilton Memorial Fund

The Association will budget annually three \$250 awards, which will be designated as the Marian B. Hamilton Memorial Fund award to leadership development projects.

Rich Scofield Memorial Fund

The Association will budget annually one \$300 scholarship to attend the annual conference. This scholarship is designated for a person working with school-age children.

Division for Development

The SECA Board of Directors will determine annually how to utilize the Division for Development funds within the SECA budget to support SECA projects and priorities.

BUDGET

- The SECA Board of Directors will annually review and approve a budget for the next fiscal year. This budget will be prepared by the SECA Executive Director, in

consultation with the Fiscal Officer, and will be presented to the SECA Board of Directors at the fall Board meeting.

- In the event that money is awarded by a foundation or a state or federal agency for a specific project, a separate budget in accordance with agency or foundation guidelines or regulations will be maintained in the SECA Office and reflected on monthly financial statements.
- The Executive Director will have 10% flexibility within category line items of the approved budget. Expenses that exceed 10% of the approved line item will require approval by the SECA Executive Committee.

TRAVEL

- Disbursements are made upon receipt of completed and verified expense reimbursement requests. Requests for reimbursement must be received in the SECA Office within thirty (30) days following the incurred expense.
- SECA authorizes coach airfare only.
- Expenses approved by SECA for Board meetings include travel, airport parking, and hotel room based on double occupancy, tips, baggage handling, and per diem. Per diem is considered to be a food allotment. Per diem is \$75. Cost of group meals paid by SECA will be deducted from per diem. (\$15 breakfast/\$20 lunch/\$40 dinner). Ground travel shall be paid at the current federal reimbursement rate.

SECA President

The SECA President is required to represent the Association during his/her term of office and will travel to many of the SECA state affiliate events during that term. All reasonable expenses associated with this travel will be reimbursed by the Association. The President will be issued an Association credit card to utilize while traveling as the official SECA representative.

SECA Representative Elect (prior to taking office)

Expenses reimbursed by SECA are expenses to attend the Board meeting at the fall Board meeting prior to taking office including lodging based on double occupancy and per diem of \$75.

SECA Staff

Expenses reimbursed by SECA are expenses for conducting SECA business, which is directly related to the staff member's specific job assignment or as assigned by the Executive Director for a specific work assignment, including travel, airport parking, hotel room, baggage handling. Receipts are required for all expenses, and items purchased other than meals and mileage reimbursement. Hotel costs shall be held to a \$200 base rate and any cost above this figure will not be reimbursed without the signature of the President. Ground travel shall be paid at the current federal reimbursement rate. The SECA Executive Director will be issued an Association credit card to utilize during this travel.

Regular staff travel may be approved by the Executive Director. In town travel within budget guidelines does not need approval prior to travel.

AFFINITY PROGRAMS

Revenue generated from member affinity programs will be allocated in the SECA operational budget as directed by the SECA Board of Directors.

LEASING OF MEMBERSHIP LISTS

Membership lists may be leased with the approval of the Executive Director. SECA membership lists that are leased may not be sold, given or otherwise released to any other company or organization. Membership lists may be utilized only for the single mailing approved by the Executive Director.