



## Accounting and Operations Policies

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# **BAYEAST**

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**Article I. Banking, Investments and Reserves Policy**

**Section 1.01 Access to accounts:**

<b>Financial Institution</b>	<b>Type</b>	<b>Signatories</b>
Fremont Bank	Checking Account Money Market Accts	President, Treasurer, CEO, CFO and COO President, Treasurer, CEO and CFO
Sorrento Pacific Financial LLC	Brokerage Account	President, Treasurer, CEO and CFO
Bank of San Francisco	Checking Savings CD / CDARS	President, Treasurer, CEO, CFO and COO President, Treasurer, CEO and CFO President, Treasurer, CEO and CFO
Northwest Credit Union	Savings	President, Treasurer, CEO and CFO
Bank of the West	Checking Account	President, Treasurer, CEO, CFO and COO

<b>Other Investments</b>	<b>Type</b>	<b>Signatories</b>
New York Life Annuities	Annuity	President, Treasurer, CEO and CFO
Bernstein & Co LLC	Brokerage Account	President, Treasurer, CEO and CFO
Commercial Property	Building	N/A

<b>Credit companies</b>	<b>Type</b>	<b>Signatories</b>
Bank of the West	Loan	President, Treasurer, CEO and CFO

On-line banking with Fremont Bank, Bank of SF, Bank of the West and Bernstein is available to the following individuals:

- CEO (full access)
- CFO (full access)
- Accountants (read only access)
- Marketing Groups Officers (full access to their individual group bank accounts with Fremont Bank)



Annually, the Board of Directors approves a Corporate Resolution for each of the financial institutions listed. The corporate resolution gives the President, Treasurer, CEO and CFO rights to open accounts with banks the association has an active relationship with.

New banks require approval from the Board of Directors.

New loans or other type of indebtedness in excess of 20% of the prior year's annual budget, require 2/3 Board of Directors approval.



### **Section 1.02 Investments**

The purpose of the Investment Policy is to set forth the standards and guidelines governing the investment and management of the Association's investable assets. The policy is reviewed and changes recommended annually by the Investment Advisory Committee. Recommendations are reviewed and approved by the Board of Directors. The policy applies to both internal staff, Directors of the Board, Investment Advisory Committee as well as outside managers and consultants hired by the Association. Investment Policy document maintained separately of this policy.

### **Section 1.03 Reserves**

Reserves policy was created to position the organization to make the best long term decisions. The policy is designed to maintain six months of operating expenses and cover additional needs of the association including capital expenditures.

It is the intent of the Association to establish contingencies for Equipment, Leadership, Member Benefits and General Purpose.

#### **General Purpose Contingency Reserve**

The purpose is to provide cash to cover the Membership Department and MLS budget shortfalls. Its funding target equals the prior year's operating expenses.

#### **Equipment Replacement Reserves**

The purpose is to provide cash assets to allow for the replacement of fixed assets such as furniture, computers, etc. The derived funding has first claim against any net operating income identified with the current year closed out and the financial report provided by the auditors. Its funding target is equal to \$350,000 at the beginning of each calendar year.

#### **Leadership Reserves**

The purpose is to provide cash assets to allow for the development of leadership within the association. Its funding target is equal to \$100,000 at the beginning of each calendar year

#### **Member Benefits Reserves**

The purpose is to retain cash assets to allow for the development of technology within the association. Its funding target is equal to the remaining of the retained earnings after allocation to the above funds.



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**Article II. INCOMING AND OUTGOING FUNDS**

**Incoming Funds**

**Credit Cards**

**Checks**

**Cash**

**SQUARE**

**Transfers**

**Interest Income**

**Investment Income**

**Outgoing Funds**

**Checks**

**ACH**

**On-line check**

**Transfers**

**Debit Card**

**Credit Cards**

**Petty Cash**



## **Section 2.01 Incoming Funds**

### **(a) Credit Cards**

Members may make credit card payments on line, through the store, over the phone or in person.

### **(b) PCI Compliance**

The Payment Card Industry Data Security Standard (PCI DSS) is a proprietary information security standard for organizations that handle cardholder information for the major debit, credit, prepaid, e-purse, ATM and POS cards. The standard was created to increase controls around cardholder data to reduce credit card fraud via its exposure.

The following requirements must be followed to ensure compliance:

- On-line validation of compliance is performed quarterly through ControlScan by the IT and Accounting Department.
- Cardholder data is not obtained, noted or stored on electronic systems or paper.
- Credit card scanning machines have chip capability to further protect the users card information.
- A network firewall configuration is maintained to protect cardholder data.
- Cardholder data transmissions are encrypted.

Effective October 2015, US Banks switched to EMV technology (Europay, MasterCard and Visa). All credit cards are expected to be equipped with a computer chip. To avoid credit card liability from fraudulent cards, Bay East uses EMV credit card processing devices for the store as well as Square.

### **(c) Cash**

Cash collections for dues or other purchases from the Association are not encouraged but accepted. Cash received in excess of \$100 from a non-store purchase transaction, is verified by a supervisor and immediately stored in locked cabinet in the accounting department.

Cash deposits are taken to the bank by Accountant or CFO every couple of weeks.

### **(d) Checks**

Checks are received via mail or directly brought to the association's office. All checks are endorsed as received, and recorded in the accounting system.

Checks are deposited using the Deposit Capture machines provided by Fremont Bank.



## **Section 2.02 Outgoing Funds**

### **(a) Checks and ACH**

- Disbursements for less than \$1,000, require one approval/signature from the list of authorized signatures.
- Disbursements for more than \$1,000 require two approvals/signatures from the list of authorized signatures.

Note: Two authorized signers may not always be available to sign checks or sign off on ACH payments. In those situations, authorization to over-ride the dual approval limit may be obtained via email from another authorized signer.

ACH payments are transmitted on line by CFO or CEO through Fremont Bank. A security token provided by the bank is used in addition to login credentials, to validate the user.

### **(b) On-line check payments**

On line check payments are debited from the Fremont Checking account and may be one time or recurring payments. Payments are processed by CFO or CEO.

Payments under \$1,000 require CFO or CEO approval only.

Payments in excess of \$1,000 require a second approval prior to being processed. Approval is requested by Financial Accountant, documentation is provided and once approved is transmitted by CFO or CEO.

### **(c) Transfers**

- Transfers between bank accounts held at the same bank may be processed by CEO or CFO.
- Transfers between Bay East banks or financial institutions may be requested by CEO or CFO. Individual requesting the transfer will let Treasurer and CEO or CFO of the request. Transfers will not be processed by the bank until a second individual gives their verbal authorization to the bank.





**(d) Debit Card**

The Visa Debit Card is issued in the CFO's name against the corporate checking account. The card is securely kept in a locked cabinet in the accounting department. The card is to be used for recurring payments, for companies that do not accept checking account information.

Request to set a payment on a debit card, is received from managers or staff directors, and based on the anticipated amount (under or over \$1000), the request needs one or two approvals from those eligible to sign checks.

Login information to all accounts is securely maintained by the Accountant.

**(e) Credit Cards**

Bay East credit cards are available to staff who may be required to travel or purchase goods or services in behalf of the association. Cards are to be used for business purposes only.

- All expenses reflected on credit card statements are to be validated with a receipt. Exceptions may at times be made for receipts under \$75.
- CEO approves CFO's and other staff monthly credit card statements. Additionally, CFO reviews and signs off on staff credit card statements.
- The Association Treasurer provides final review and approval of the CEO's Credit Card statements and backup.
- Monthly statements, along with their receipts are maintained by the Accounting Department.



**(f) Petty Cash**

Reimbursement for Employee out of pocket expenses:

- Receipts should be provided in exchange for reimbursement. In the event that petty cash is requested in anticipation of expenses, receipts should be presented as soon as possible. Accountant includes a note in the petty cash box as a follow up reminder.
- Single expense items in excess of \$150 should be processed through an expense report or charged on a corporate credit card.
- Financial Accountant maintains a petty cash journal and records all disbursements, dates of disbursements, and names of employees who receive petty cash. He or she also maintains vouchers and receipts in an orderly fashion.
- Financial Accountant reconciles Petty Cash when the balance falls below \$100. A reconciliation report, with receipts attached, is presented to CFO for approval.
- Approved check request is forwarded to AP accountant.
- AP accountant counts petty cash box to confirm funds stated on the reconciliation are accurate, and prepares check.
- Petty Cash check is made out to Senior Accountant or to the CFO. Check is cashed immediately and funds returned to financial accountant and used to replenish the petty cash box.



**Article III. Financial Management and Reporting**

Financial management requires shared responsibility between the Executive Committee, CEO, CFO and the Board of Directors. The CEO has the overall responsibility; however the Board of Directors has a fiduciary duty to oversee the financial soundness of the organization.

**Section 3.01 Budgeting**

Forecaster software is used to create the Bay East Budget. The process starts with Strategic Planning around September of each year for the next calendar year.

Input from staff managers and directors, current and incoming Treasurer and Executive Committee is used to prepare the budget.

The budget is presented by the incoming Treasurer to Executive Committee for approval, followed by approval from the Board of Directors.

Financial Statements are compared to YTD budget amounts on a monthly basis. Variances in excess of \$5,000 and 10%, are reported to BoD quarterly.

The Board of Directors may pass motions through the year that will affect the budget. Motions are listed in the noted in the variance report/discussion.



### **Section 3.02 Financial Statements**

Financials statements are prepared by staff and supplied and presented to the Board of Directors by the Treasurer monthly. The following statements need to be supplied. Additional reports may be added to the package.

1. YTD Income statement as compared to budget. – summarizes the financial activities since the beginning of the fiscal year through the date of the statement.
2. Balance Sheet – it's a snapshot of the association's financial condition on a particular date.
3. Cash and Investments summary

### **Section 3.03 Audit / Review**

It is the responsibility of the Treasurer to ensure the Association has an audit no less frequently than every four years or as requested by lending financial institutions who extended the association credit. Reviews are recommended the remainder of the years. The Board of Directors shall determine whether to have an annual audit or review.

Bay East hires an independent CPA firm to conduct a review or audit. Once complete, the audit or review (including recommendations) are presented to the Board of Directors by the CPA firm's representative, the CFO or Treasurer within 60 days of it's completion. The Board of Directors passes a motion to accept the audit/review at that time.

### **Section 3.04 Revenue Recognition**

Income is recognized by the Association on an accrual basis.

- Membership dues and MLS/KEY fees are recorded in a deferred revenue account upon receipt.
- Funds are recognized as revenue over 12 months on a prorated basis.



### **Section 3.05 Billing**

The Association's billing year for Local Membership, MLS and Key services is July-June. NAR and C.A.R. membership year is Jan-Dec, however those dues are billed at the same time as Local dues, MLS and Key fees.

- Bills are sent to members and subscribers 30 + days prior to due date .
- Services are interrupted if payment is not received by end of month in which the invoice is due. A grace period of up to two weeks may at times be extended.
- Members have the option to have their credit card automatically charged for future payments. Credit card numbers are not stored in the Bay East database, but securely maintained by Authorize.net, credit card processor.
- Bay East has a financial obligation to pay NAR and C.A.R. for all new members who join the association and or licensed agents working under a broker. Payments are made to C.A.R. and NAR monthly and annually in February/March.

### **Section 3.06 Refunds**

- Dues are non-refundable unless request for termination is received prior to the beginning of the membership year. Exception: a member who pays all dues in full and requests termination when future installment plans include membership dues, may switch their payment plan from a full to an installment plan and receive a refund equivalent to the total amount of installments not yet due.
- CAR/NAR - members who submit their termination paperwork prior to January 1<sup>st</sup> are entitled to a full refund upon request.
- MLS fees – are refundable in quarterly increments, upon request.
- Key fees – are non-refundable.
- New members who join the association are entitled to a full refund within one week of join date.
- Store merchandise is refundable in the first 30 days after purchase. Refunds may be given at the discretion of management on purchases past 30 days.

### **Section 3.07 Purchasing**

- Accounting places orders for office supplies as needed.
- Requests for supplies not in stock should be submitted to purchasing accountant.
- Business cards and nametags are ordered for new hires as needed.
- Purchasing accountant with approval from CEO or CFO places orders for furniture, computers and software.
- Orders for computer equipment or software must be requested by IT department.
- Orders with a value of \$5,000 or more, not part of the annual budget, need approval from the Executive Committee.



### **Section 3.08 Directors Stipends and Expense Reports**

#### **(a) Officers**

- Bay East President receives a \$2,000 monthly stipend while president of the Association. The stipend is processed beginning of every month. The stipend is for services and to defray expenses incurred during the presidency year. Stipend payments are included in the 1099 issued to the President for that year. Cost to attend ticked events and travel expenses to attend required meetings are not part of the stipend. See Officers Travel below.
- Bay East Officers may be required to travel to C.A.R., NAR, Leadership or Vendor meetings. Expenses associated with these trips are 100% paid for or reimbursed by the Association, net of any other reimbursements the Officer may receive. Reimbursements are NOT included in the Officer's 1099 statement. Receipts are required to substantiate all expenses.

#### **(b) C.A.R. directors**

- C.A.R. Directors receive a stipend to travel and attend 3 annual C.A.R. business meetings. The Bay East Board of Directors reviews the stipend amounts the year prior to the meetings. Amounts are determined based on location and length of the event. Stipend payments are included in the 1099 issued to the Director for that calendar year.
- C.A.R. Directors may be required to extend their trip and hotel stay in order to attend committee meetings or events. Hotel reimbursement for the additional nights will be paid at the President's discretion. Receipts are required for this reimbursement. Reimbursement is NOT included in the 1099.
- Late arrivals or early departures from C.A.R. meetings may decrease the stipend amount.

#### **(c) NAR Directors**

- NAR Directors are required to attend 2 annual NAR business meetings and serve on committees. Bay East stipends are net of any other stipends or reimbursements received from NAR or C.A.R. Stipends will be included in the 1099.

#### **(d) Bay East Directors**

- Bay East Directors are required to attend meetings and events throughout the year. Entrance fees to those events are at the expense of the Association except for the C.A.R.'s President's Annual Visit luncheon.



### **Section 3.09 Furniture and Equipment**

- Purchases over \$1,000 are recorded as Fixed Assets.
- Purchases under \$1,000 are expensed as supplies, unless purchased in bulk.
- Depreciation of property and equipment is computed on the straight-line method over the following estimated useful lives:

	<u><b>Years</b></u>
Improvements	15 – 20
Office furniture	7
Computers	5
Software	3

- Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.
- Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the gain or loss is included in operations.
- Physical Inventory to be conducted once per year prior to CPA audit/review.



Contracts are legal documents that financially obligate the Association.

The CEO is authorized to negotiate and approve contracts that do not exceed 20% of the prior year annual budget.

The CEO or CFO may negotiate and approve a contract that does not exceed \$5,000 in annual expense.

Exception: contracts that relate to marketing groups only, may also be endorsed by the current year's marketing group President, Vice President or Treasurer.

Contracts are stored in the Filemaker Contract Database.





#### Article IV. Records Storage and Retention

Document retention policies provide for the systematic review, retention and destruction of documents received or created in the course of business. This document retention policy identifies documents that need to be maintained and contain guidelines for how long certain documents should be kept and how they should be destroyed. Unless otherwise indicated, documents are purged every April in accordance with this policy.

##### **Section 4.01 Why do we need a Document Retention Policy?**

A document retention policy is important for many reasons. A policy will facilitate our Association's operations by promoting efficiency and freeing up valuable storage space. In addition, a document retention policy can protect the Association in litigation and help ensure compliance with federal and state laws and regulations. While it is important to clear out clutter, tossing the wrong paper or deleting an important e-mail can have disastrous consequences.

The intentional destruction of documents relevant to pending or future litigation can severely undermine the Association's position in litigation. If a litigant requests a document that we cannot provide because it has been destroyed, then a judge or jury may in some circumstances be permitted to conclude that the document contained information detrimental to the Association's position. The primary exception to this rule is if the destruction of the document was reasonable. Evidence of a clear and consistently enforced document retention policy, enacted for valid purposes, will go a long way to convince the court that the destruction of a document was reasonable. If litigation or a government investigation is imminent or pending, Organization representatives ***must*** seek legal advice from our attorneys before continuing ordinary destruction regimes. The Sarbanes-Oxley Act of 2002 makes it a crime to alter, cover up, falsify, or destroy any document to prevent its use in an official proceeding. *No state or federal law punishes an officer, director, or employee of a charity for failing to destroy a document.* Therefore, if there is any doubt, retain the document.



**Section 4.02 Records covered under this policy:**

1. Employment Documents
2. Profit Sharing and 401K Documents
3. Accounting and Corporate tax returns
4. Corporate Documents
5. Legal Documents
6. Membership Records
7. Pro Standard Records
8. Electronic Records

**(a) Employment Documents**

It is important to maintain these documents accurately and in their entirety. While on file, these documents should be stored safely, with limited access. Electronic documents must be password protected. These documents can be accessed by the following employees of the association: CEO, CFO, and Payroll and Employee Benefits accountants.

<u>Document</u>	<u>Retention</u>
Employee application, offer letter, resume and reviews	Length of employment + 10 Years
Timesheets and W4	3 years
Employee Benefit Election	Duration of medical plan
Garnishment/Wage assignments	3 years
I9 forms	1 year after termination of employment; no less than 3
Workers Comp related records	5 years
W2s, quarterly and year end reports	Permanent

**(b) Profit Sharing and 401K Documents**

These documents should be stored safely, with limited access as they contain sensitive employee data. Electronic documents must be password protected. These documents can be accessed by the following employees of the association: CEO, CFO, Payroll & Employee Benefits accountants.

<u>Document</u>	<u>Retention</u>
ERISA disclosure documents	6 years
IRS Determination letter	Permanent
Form 5500 and plan documents	Permanent
Quarterly documents and bank stats	7 years
Census	7 years



### (c) Accounting and Corporate Tax Returns

The IRS requires that accounting and tax records show gross income, as well as deductions and credits. Proper backup should be available to substantiate all transactions. The backup may be in electronic or paper form.

<u>Document</u>	<u>Retention</u>
Accounts Payable / electronic payments	7 years
Accounts Receivable	7 years
Bank Statements and Recs	7 years
Deposit Records	7 years
Fixed assets	7 years after disposal
Tax Returns & Year End Financials	Permanent
Sales Records and Tax Returns	7 years
Inventory	7 years
General Ledger/ Trial Balance year end	7 years

### (d) Corporate Documents

<u>Document</u>	<u>Retention</u>
Articles of Incorporation and amendments	Permanent
Bylaws and amendments	Permanent
Corporate filings such as stat of information	Permanent
Corporate Minutes	Permanent
Council / Committees agenda and minutes	10 years
IRS Exemption letter	Permanent
NAR Charter	Permanent
Territorial Jurisdiction	Permanent

### (e) Legal Documents

Legal documents are some of the most important documents the association needs to retain. Careful preservation of contracts and records and intellectual property documents often means the difference between winning and losing a particular claim. Legal records include records related to prior lawsuits as well as contracts.

<u>Document</u>	<u>Retention</u>
Contracts	6 years after expiration
License Application and Licenses	1 year after expiration
Trademarks Patents and Copyrights	Permanent
Warranties and Guaranties	2 years after expiration
Legal letters and correspondence	Permanent
Lawsuits – settlement and release	
Corporate Insurance Records	Permanent



**(f) Membership Records**

Membership records are records related to Bay East members from the time they join Bay East.

<u>Document</u>	<u>Retention</u>
REALTOR Agreement	Until REALTOR terminated
Member application	2 years after membership terminates
Lockbox key agreements/ Leases	1 year after agreement terminates

**(g) MLS Documents**

<u>Document</u>	<u>Retention</u>
Rules and Regulations	Permanent
MLS Policies	Permanent
Sold Property Information	No requirement
MLS Service Mark License Agreement	Permanent
Contracts	6 years after expiration
Subscription and Participation agreements	6 years after expiration

**(h) Pro Standards**

<u>Document</u>	<u>Retention</u>
Pro Standards Hearing Records	3 years after decision is final
Pro Standards cases pending due to member termination	Permanent until decision is final
Arbitration / Mediation	1 year after payment of award if there is no threat of litigation



**(i) Electronic Records**

Electronic records may only be stored on servers. Individual employees do not have rights to store any data on their workstations. Work stations should contain programs only and be accessed by designated IT administrators. Above listed retention policy applies to all records, paper and electronic.

**Backup:**

- Electronics records are backed up every 15 minutes by Iron Mountain and are available to be restored as follows:  
Once the storage period expires, records are archived at an offsite storage facility maintained by Iron Mountain for an additional period of seven years.
- Backups are periodically restored semi-annually (and a log kept) to ensure functionality
- The following individuals have access to the electronic records if needed:
  - a) IT Manager
  - b) CEO
  - c) COO
  - d) CFO

**Servers:**

- a) SQL Server (Great Plains and Forecaster programs and data)
- b) Access server
- a) Web Server
- b) Email Server

**Email Retention**

Bay East staff is expected to monitor their inbox daily and encouraged to delete all emails 30 days or older. Emails of importance not related to above record retention policy should be retained for 4 years.



**Article V.     Insurance**

A sound insurance protection plan is important to the success of our business. The CEO and CFO will seek the advice of business insurance consultants, as well as tax and legal advisors, to determine insurance needs.

- Insurance policies will be reviewed at least once a year, or more often when major changes occur that may affect coverage.
- Managers who institute new procedures should be alert to the possible need for new insurance protection.
- Chief Financial Officer is responsible for updating and maintaining the following Association Insurance Policies:
  - Commercial General Liability and Umbrella
  - Property Liability
  - Commercial Blanket Bond
  - Workers compensation
  - Professional Liability Insurance
  - Arbitrators and Mediators Professional Liability Insurance



## **Article VI. Human Resources**

Bay East contracts with Paychex to assist the association in managing the Human Resources and Payroll department.

### **Section 6.01 Personnel records**

Located in the Accounting Department, in a locked cabinet. Files are periodically reviewed to ensure compliance with HR laws.

### **Section 6.02 Staff**

Association staff reports to the CEO. CEO reports to the Association's Board of Directors.

Hiring and firing of staff is conducted by the CEO.

### **Section 6.03 Compensation**

Staff compensation – Staff compensation is reviewed annually during staff performance reviews and budgeting, if promotions or change in responsibilities takes place or as requested by CEO. The following sources of data are used: compensation surveys, CPI, Budget, staff performance and position responsibilities.

CEO compensation – CEO performance, contract and compensation reviews are conducted by the CEO Review Task Force which includes: President, President-elect, Treasurer and Past President. CFO supplies the CEO Review Task Force with compensation surveys as available from C.A.R. and NAR, to assist them in their decision.

### **Section 6.04 Recruiting**

New positions may be posted on recruiting websites such as craigslist, Indeed, Glassdoor or other recruiting sites verified by the CFO. Hiring manager makes verbal offer to candidate. Upon acceptance of verbal offer, HR emails candidate offer pending background check.

### **Section 6.05 Reviews**

Reviews are conducted yearly between December and January by the employee's direct manager. Reviews are stored in the HR Department.

### **Section 6.06 Benefits and Other**

A comprehensive plan of employee benefits is available to all full time employees. The benefits are managed by HR and the individual plans reviewed every 2-3 years to ensure we receive the best benefits for the least cost.

Association property; Based on their job responsibilities, employees may be entitled to remove laptops, cell phones, projectors and other computer supplies off the premises. Upon termination, the Association requests all items are returned.



Bay East with Paychex's assistance, has compiled an Employee Handbook. The Employee Handbook is occasionally revised to maintain compliance to HR laws.

The Association offers a Profit Sharing / 401K plan to its employees. Hicks Pension administers the plan. Trustees review plan compliance and require the investment advisor from Sorrento to meet with the staff and review their individual investments twice per year. First meeting of the year is mandatory.





## **Article VII. Staff Expenses**

### **Section 7.01 Business Travel**

Based on employee's position and responsibilities with the Association, business travel may be required at times. Managers and Directors are supplied with Corporate Credit Cards to cover those expenses. Receipts substantiating the expense have to be retained and submitted to Accounting monthly.

#### **Eligible Expenses:**

- Lodging / Internet access
- Airfare
- Cabs/ Transfers/ Parking
- Meals – daily meal allowance per employee is \$80. If cost higher please provide explanation. All meal receipts should indicate those present.
- Tips
- Other reasonable travel expenses

### **Section 7.02 Expense Reports**

The Association recognizes that some employees are required to use their automobile or personal funds for business and by the virtue of their position. Authorized employees will be reimbursed for reasonable expenses.

- An employee required to use his or her automobile for business will be reimbursed at the rate set by IRS each year for per-mile deductions, provided the employee submits vouchers showing the date(s), miles traveled, and business purpose(s) of each trip. Valid personal automobile insurance according to CA law is required from all employees driving on Association business. Additionally, all employees driving for the association must agree to a DMV background check in January of each year. HR will inform employee if violations on their record precludes them for driving on association business.

Other expenses eligible for reimbursement are:

- Travel expenses not charged on an association credit card
- Meals (indicate business purpose and people attending)
- Necessary supplies
- Other expenses based on job responsibilities



**Article VIII. REALTOR Action Fund**

A \$50 REALTOR® Action Fund voluntary contributions is included in the membership dues invoice. Members have the option of removing this contribution from their payment.

RAF funds are allocated between IMPAC and BORMAC by C.A.R. The funds are not a Bay East asset, but maintained by C.A.R. to reimburse Bay East for qualified expenses.

What can IMPAC funds pay for:

- Ballot measure campaigns
- Dues and contributions to coalitions
- Receptions/events/conferences
- Policy research and consulting services

What can IMPAC funds NOT pay for:

- To benefit candidates for office
- Activities which impose a lobbyist registration burden on CAR
- Routine business expenses of the Association.

The Bay East Board of Directors also serves as the BORMAC and IMPAC Trustees. In that role they review and approve all requests for IMPAC and BORMAC funds. Requests may originate from the Local Government Affairs Council, Housing Opportunities Council, from Bay East staff or from the Trustees themselves. Bay East accountant or Public Affairs Director, forwards check requests to C.A.R. following an IMPAC or BORMAC Trustee motion approving disbursement of funds.

Political Contributions collected during Membership Dues billing as well as during the year from new members or members reinstating, are submitted to C.A.R.



## **Article IX. Fraud awareness and prevention**

This fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Association. It is the intent of the Association to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

### **Scope of Policy**

This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, association volunteers or members and/or any other parties with a business relationship with Bay East.

### **Definition of Fraud and Fraudulent activities**

Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury.

A fraudulent act may be an illegal, unethical, improper, or dishonest activity, and may result in monetary losses for the Association.

### **Investigation Responsibilities**

- HR has the primary responsibility for the investigation of suspected fraudulent activity as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, HR will issue reports to appropriate designated personnel including, CEO and/or the Board of Directors, with appropriate guidance and input from them.
- Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by Human Resources and the CEO or his/her designee under the recommendation of legal counsel, as will final decisions on disposition of the case.

### **Confidentiality**

- All information received by HR in the course of an investigation will be treated as confidential.

### **Reporting Procedures**

- Any employee who suspects dishonest or fraudulent activity should notify HR or CEO immediately.

### **Disciplinary Action**

If an investigation results in a determination that a Bay East employee has engaged in fraudulent activity, the Association reserves the right to take appropriate disciplinary action against the employee, up to and including termination. Any recommendation to terminate an employee will be handled in accordance with the Association's employee handbook.



**Article X. Whistleblower Policy**

If any staff member, volunteer, officer, or director of **the Bay East Association of REALTORS** (the "Association") reasonably believes that the Association is in violation of any of its adopted policies, or that any of the Association's activities, policies, or practices are illegal (i.e., in violation of any applicable federal or state law, regulation, or rule), we encourage that person to follow the complaint procedure below.

A staff member or volunteer who wishes to express concern about any policy, practice, or activity of the Association may make an oral complaint to their manager, staff liaison or HR. If the staff member or volunteer is not satisfied with the response, the manager / staff is the subject of the individual's concern, or the individual is otherwise uncomfortable speaking with his or her supervisor, the staff member or volunteer may then make his or her complaint, orally or in writing, about the claimed violation to Bay East CEO. If the staff member manager or volunteer's staff liaison happens to be the Bay East CEO the staff member or volunteer may make his or her complaint to the Bay East President.

Directors and officers should submit their complaint in writing directly to Bay East CEO or Bay East CFO.

This Whistleblower Policy is intended to encourage and enable staff members, volunteers, officers, and directors to raise concerns within the Association for investigation and appropriate action. With this goal in mind, no staff member, volunteer, officer, or director who, in good faith, has submitted a complaint regarding some activity, policy, or practice of the Association shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Moreover, a volunteer or employee who retaliates against someone who has submitted a complaint regarding some activity, policy, or practice of the Association in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment. Reports of complaints, and investigation pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

It is the intent of the Association to adhere to all laws and regulations that apply to the Association, and the underlying purpose of this Policy is to support the Association's goal of legal compliance, including compliance with California Labor Code Sections 1102.5 through 1102.8. Pursuant thereto, the Association shall prominently display in lettering larger than size 14-point type a list of employees' rights and responsibilities under the whistleblower laws, including the telephone number of the California State Attorney General's Whistleblower Hotline. The support of all staff members, officers, directors and volunteers is necessary to achieving compliance with various laws and regulations.

All submitted complaints will be promptly investigated by the Association's **Executive Committee and/ or Bay East CEO or Bay East CFO** and appropriate corrective action will be recommended to the Board of Directors, if warranted by the investigation.

A whistleblower who makes a report that is not done in good faith is subject to discipline, including termination or other legal means, to protect the reputation of the Association and members of the board and staff.