
Section 3 — Financial Services

A. Budget**Policies:****3.1 Accounting Services for the Foundation**

ACSA shall provide accounting services to the Foundation. The Foundation shall reimburse ACSA for providing accounting and administrative services.

3.2 Annual Fiscal Review and Plan

The board shall present an annual fiscal review and plan for the next fiscal year as defined in the procedures.

Procedures:**3.3 Final Budget**

The board of directors shall adopt a final budget for the following year by its last meeting of the year.

3.4 Annual Balanced Operating Budget and Minimum Cash Reserve

There will be a reserve of operating and short-term reserves that approximate four months of ACSA and FEA combined annual operating expenses.

Operating reserves are current assets less current liabilities and will not include cash reserved for SASS or PACs. Short-term reserves are investments that are for short-term (one to three years) needs as designated by the board based on recommendation of the finance committee of the board.

(Revised: February 2014 Board of Directors)

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B. Income Sources**Policies:****3.5 Sources of Income**

The primary source of Foundation income is registration fees for professional development activities.

3.5.1 Other sources of income may be solicited and/or accepted by the board.

3.5.1.1 Tax exempt donations may be solicited and accepted.

3.5.1.2 Contracts for research, training, and appropriate publications in the field of educational administration may be entered into with federal, state, and local agencies. (See Section 5 — Grants)

3.5.1.3 Educational Institution Service (See Section 3 — Educational Institution Service)

3.5.1.4 Investments

3.6 Rates for Advertising in Foundation Publications

The executive director is authorized to establish rates for advertising in ACSA, Foundation, or SASS publications.

3.7 Registration Fees for Professional Development Programs

The assistant executive director of educational services, with the approval of the executive director, is authorized to establish registration fees for professional learning programs. Although there may be exceptions due to special circumstances registration fees will be determined in the following manner:

3.7.1 Members Only programs: Programs may be offered for members only. These will generally be programs with very high interest on a very timely topic. For a program in this category there will be only one fee rate and only ACSA members may attend. Member only programs would be products of ACSA rather than FEA.

3.7.2 Programs when non-members are the target audience: Generally this would apply to programs for educators not working in a position that is eligible for membership but aspiring to such a position. For these programs anyone could attend and there will only be one rate.

3.7.3 Programs for any type of school and/or district administrator: ACSA members would receive a discount of one third from the listed program rate. (Generally,

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educators not eligible for membership would receive the same discount as members.)

- 3.7.4 Programs for which the audience is primarily a team of administrators and teachers: If any registrant in a group is an ACSA member then all members of that group would receive a 1/3 discount from the listed program rate.

(Revised: October 2010 Board of Directors)

Procedures:

3.8 Investments

ACSA and its affiliated companies' investments shall be handled in a manner which emphasizes moderate capital growth with some focus on income and preservation of capital.

The following outlines investment objectives and performance review and established restrictions.

3.8.1 Objectives

The long range investment goal for the investments is to achieve after fees and expenses a pre-tax absolute return of 7% on average over a 7 – 10 year period consistent with prudent investing principles. This policy focuses on increasing real asset value to maintain purchasing power over time, provide some income, and provide for unexpected, cash needs.

Although ACSA staff, finance committee, and full board prefer to limit the investment portfolio's volatility, they understand that there could be fluctuations in value and the possibility of declines in value in order to grow the portfolio over time.

Assets of ACSA and its affiliated companies shall be invested in accordance with this investment policy and in compliance with state and federal laws and regulations.

The primary function of staff and any professional management managing the investments is to secure, with appropriate limitations on the risk of the principal, protection against inflation and provide for growth of long-term asset values. Following are specific objectives that will be balanced by assuming a moderate risk tolerance for the portfolio:

- a) Growth - to provide for growth of principal or real asset value without undue risk.
- b) Income - to produce some continuing income to support special projects and other ongoing activities of ACSA and its affiliated companies.

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- c) Safety - to place sufficient limitations on risks associated with the implementation of growth and income objectives and to protect the principal through diversification of assets and the setting of specific quality standards.

3.8.2 Permitted Investments and Benchmarks

Assets of ACSA and its affiliated companies can be invested in a diversified mix of publicly traded domestic equities or stocks ranging from small cap to large cap stocks, US government obligations or bonds, corporate bonds, and liquid assets such as cash, money market funds, or certificates of deposit, investments in international equities and bonds, including emerging markets. Alternative investments may also be used to help control volatility. Generally, alternative investments do not correlate as much to movements in the bond and stock markets. Examples of such would be hedge funds, gold, real estate investment trusts, commodity pools, and managed futures.

The assets could be held in the portfolio individually, in mutual funds, exchange traded funds, or separately managed accounts. Professional management generally will be used to manage the funds.

The following benchmarks will be used to evaluate performance of any professionally managed assets:

<u>Asset Class</u>	<u>Index</u>
Large Cap Growth	Russell 1000 Growth
Large Cap Value	Russell 1000 Value
Mid Cap Growth	Russell Mid Cap Growth
Mid Cap Value	Russell Mid Cap Value
Small Cap Growth	Russell 2000 Growth
Small Cap Value	Russell 2000 Value
International Equity	MSCI AC WdxUS (Net)
Emerging Markets	MSCI EM (Net)
US Core Bonds	BC Agg. Bond Index
International Bonds	Citigrp Wld Gov't Bd UH
Cash	90 day T-Bill
Alternative Investments	HFRI Fund Wld HF Index

3.8.3 Prohibited Transactions

ACSA and its affiliated companies prohibit investments which unduly jeopardize the safety of principal or that are not traded publicly. Unless approved in advance by the board of directors, the following types or methods of investments are prohibited:

- trading in securities on margin

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- leveraged buyouts
- venture capital
- private placement
- limited partnerships

3.8.4 Asset Allocation

The asset allocation will be based on a moderate level risk profile. It is understood that the board of directors reserves the right to adjust these types of investments and limits at any time. The allocation will be within the following guidelines:

Investment Type	Minimum %	Maximum %
Cash	3	10
Fixed Income	10	50
Equities – Domestic	25	75
International	10	50
Alternatives	0	20

Cash - This includes saving accounts, money market accounts, certificates of deposit (limited to insured financial institutions), and short term US government securities with a maturity of one year or less, such as 90 day T-bills.

Fixed Income – This includes US government and government guaranteed debt securities with a maturity greater than one year, as well as, bonds, convertibles and preferred stocks of US corporations.

Equity Domestic - This includes primarily common stocks of large, mid, and small cap US Corporations.

International - This includes both fixed income and equity investments of non-US companies of both developed and emerging markets.

Alternatives – This includes alternative investments that do not fit into the above definitions and investments that are not prohibited per this policy.

3.8.5 Reporting and Adjustments

The chief financial officer (CFO) of ACSA will provide an update on ACSA's and its affiliated companies' investments at each meeting of the Finance Committee prior to each meeting of the board of directors. This update will detail current holdings and market value as well as compliance with the asset allocation guidelines in this policy per paragraph 7.11.4.

The Finance Committee and its chair will decide when to report the update/status to the board of directors.

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At least on an annual basis, the CFO will provide a report on the performance of ACSA's and its affiliated companies investments to the Finance Committee. This report will detail current holdings, market value, annualized yield, realized gains and/or losses from invested assets. This report will be reviewed by the Finance Committee.

At any time the CFO and/ or the Finance Committee can make a recommendation for a change in investment policy or strategy for approval to the board of directors at any of the latter's meetings. Any additional information and/or changes requested by the board of directors shall be referred to the Finance Committee.

3.8.6 Approval/ Oversight

The purchase or sale of investments, outside of current investment policy guidelines, must be recommended by the Finance Committee to the board of directors for approval. Changes in financial institutions for Cash investments as defined above may be approved by ACSA's CFO.

In consultation with the Executive Director of ACSA, the CFO is authorized to purchase and sell investments per paragraphs 3.9.2, 7.11.3, and 3.9.4 and is also authorized to hire investment professionals to purchase and sell such investments either as individual holdings, mutual funds, exchange traded funds, and separately managed accounts.

All investments including changes made directly by the CFO or indirectly through professional investment management will be included in the reporting required by paragraph 3.9.5.

This policy, objectives, permitted and prohibited investments, asset allocation guidelines and definitions, reporting requirements and approvals shall remain in force until modified in writing by the Finance Committee and approved by the board of directors.

(Revised: February 2014 Board of Directors)

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C. Expenditures**Policies:****3.9 Expenditures of Funds**

Expenditures of funds within the adopted budget shall be the prerogative of the board.

3.10 Expenditures from Reserve Funds

Any expenditure from reserve funds in excess of \$25,000 shall require prior approval of the board.

3.11 Reimbursement of Expenses

The annual budget shall provide funds for the reimbursement of legitimate and reasonable expenses incurred by ACSA members or staff on Foundation business when not reimbursed by other sources.

Procedures:**3.12 Reimbursement of Expenses**

Reimbursement of expenses incurred on Foundation business shall be promptly paid.

3.12.1 Expense claims on appropriate forms should be submitted immediately after an event. Blank claim forms will be provided to those incurring expenses on Foundation (FEA) business. They can also be found on ACSA's website.

We ask that claims be submitted within 30 days from the date expenses are incurred. This is especially important at fiscal year-end, June 30th.

Receipts for all expenses (except some incidentals under \$25) must be attached to all claim forms. Approvers are responsible for ensuring receipts are obtained and policy is followed before approving the claim.

3.12.2 Out-of-State Travel must be approved in writing by the Executive Director prior to taking the trip and before any out-of-pocket expenses will be reimbursed.

3.12.3 Mileage will be reimbursed by the rate determined by ACSA and should not exceed the comparable air travel rate and/or cost of a rental car. Mileage will also be reimbursed to and from the airport if one does fly.

3.12.4 Air Travel should be used only if it's the least expensive way to travel. It is most cost effective to book flight reservations early. Therefore, FEA asks that you book your flight at least one month in advance in order to obtain the

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lowest fare. First class or business class seat selection on flights will not be reimbursed.

Airport parking, in economy or offsite locations, will be reimbursed.

- 3.12.5 Rental Cars should be utilized in cases where it's more economical than air travel or mileage reimbursement. Select the most economical (yet comfortable) vehicle available. Gasoline costs for rental cars only (vs. personal vehicle) will also be reimbursed.
- 3.12.6 Lodging should be chosen at properties where special ACSA/FEA room rates have been established. Reimbursement for overnight accommodations will only be approved if a meeting is more than one day or if travel arrangements necessitate staying overnight and need to be approved in advance.
- If lodging for the meeting is being paid via central billing by ACSA/FEA, please do not give the hotel an imprint of your credit card to prevent possibility of duplicate billing by the hotel.
- 3.12.7 Meals – While traveling on ACSA business, reasonable expenses for meals will be reimbursed with a copy of receipts for each meal. Per IRS requirements, please note on the back of the receipt the names in your party and the business purpose of the meal.
- 3.12.8 Other – For incidentals such as postage, bridge tolls, and gratuities (other than for meals), receipts for \$25 or more are required. An explanation must be provided on the expense report as to the nature of the expense.
- 3.12.9 Not Reimbursable – The following expenses will not be reimbursed: early check-in for hotels and flights, first or business class for flights, limousine service, hotel mini-bar items, hotel movie rentals, hotel spa services, hotel laundry services, and any personal expenses.

(Revised: February 2014 Board of Directors)