Council of Multiple Listing Services

FINANCIAL MANAGEMENT BEST PRACTICES

CMLS BEST PRACTICES GUIDE FOR THE MLS

CMLS Best Practices bring together emerging and proven practices from across real estate to align and advance professional standards within the MLS industry.

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CMLS Best Practices

OVERVIEW

There is no single standard of best practices for ethics and accountability that applies to each and every MLS organization. However, we will review principles for ethical and accountable practices in the MLS arena. Recognizing principles for accountability not only benefits MLSs and board members by providing clear guidance, but also benefits the communities and stakeholders that the MLSs serve.

The optimal goal of a best practice strategy is the preservation and effective stewardship of the MLS.

ORGANIZATIONAL CULTURE

Regardless of a company's size, it is important that leadership establishes an organizational culture of sound financial management. Proper direction and enthusiasm from the company's senior leaders is essential to maintaining a culture of integrity, ethical behavior and adherence to policy. Management sets the attitude and mindset that is essential. Establishing the right tone at the top sends the message that senior management is committed to excellence in financial management and that good financial practices are everyone's business.

FINANCIAL MANAGEMENT IN GENERAL

Sound financial policy should describe and document how the company's financial management activities will be carried out. In order to accomplish this, financial management policies should address a number of areas:

1. Financial reporting
2. Internal controls
3. Formal budgeting process
4. Ongoing forecasting process
5. Treasury management and investing
6. Governance
7. Compliance with rules and regulations
8. Systems and technology
9. Staff development

It is recommended that every MLS produce consistent and accurate financial reports monthly. If this is not feasible due to the size of the organization, quarterly is the absolute minimum. Financial reporting should provide information that enables the financial statement user to understand the company's financial health at a point in time, and should include comparisons of the budget for the period to the actual income and expenses, along with explanations for significant variances.

It is also extremely important that the company maintain effective internal controls in order to ensure complete and accurate financial reporting as well as minimize the risk of fraud in the organization.

A common denominator in every successful MLS organization is meaningful budgetary planning.
The organization should normally budget to fund all operations from operational revenue, not from investments or financing. If there is a temporary situation that must be funded by reserves or financing, it must be approved by the board of directors and must be limited in scope. An organization that consistently borrows to fund operational expenses is putting itself at financial risk. Reserves should never be unconsciously drawn upon to fund operations. Reserves are maintained in the event there are unforeseen emergency expenses, or in the event there is a downturn in revenue, and corresponding expenses cannot be reduced quickly enough to make up for lost revenue. Reserves should also be maintained in order that the organization has the funds necessary to undertake large strategic initiatives.

In addition to a formal budgeting process, the organization should also maintain financial forecasts on an ongoing basis. While budgets are typically developed once or twice per year and define the financial parameters within which the organization must operate, forecasting should be performed throughout the year so that the company's understanding of its financial situation is current and reflective of the latest available information.

Treasury management involves management of the enterprise's assets, with the ultimate goal of managing the entity's liquidity and mitigating its operational and financial risk. Treasury management includes a firm's collections, disbursements, investment and funding activities. The terms treasury management and cash management are sometimes used interchangeably, while, in fact, the scope of treasury management is larger and includes funding and investment activities as noted above.

Appropriate governance policies are also essential to good financial management. Governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Governance structures and principles identify the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders and other stakeholders) and includes the rules and procedures for making decisions in corporate affairs. As it pertains to financial management, the board of directors, audit committee, and/or finance committee (sometimes also referred to as investment committee) should have a role in governance.

All MLSs must have policies and procedures in place that ensure they maintain compliance with industry standards as well as federal, state and local regulations. As compliance pertains to financial management, the entity will need to have procedures in place that address income taxes, sales taxes and financial statement audits, as well as Payment Card Industry Data Security Standard (PCI DSS) compliance.

The company must also have the right systems in place to facilitate sound financial management. Accordingly, it is important that the company has a clear and documented view of the systems and technology required to support the needs of the organization. The company should ensure that systems are appropriately maintained and updated so that they are reliable and meet acceptable performance and functionality standards on an ongoing basis.

Company employees are the key to maintaining a successful and financially strong organization. In order for employees to contribute, they must have the requisite knowledge and skills to perform their jobs. To that end, the company should have policies and practices in place to ensure that the right people are hired, as well as continually educated in areas that pertain to their job responsibilities.

There are important guidelines and practices for every MLS to follow, but the size of an MLS may limit the ability of the organization to adopt all recommendations to the fullest extent. There are also differences in how not-for-profit organizations must operate compared to for-profit organizations.

Each of the financial management areas introduced in this section will be discussed in detail below.

FINANCIAL REPORTING

Financial Statements & General Ledger

The tools that are employed to educate the board of directors and other stakeholders of the organization are the balance sheet and the income statement. The balance sheet, or statement of financial position, is a snapshot of the organization's financial condition on a particular date. The balance sheet shows the assets versus the liabilities of the organization and documents the organization's net assets (or what the organization has left after you subtract the liabilities from the assets). The balance sheet must break down the net assets into unrestricted, temporarily restricted, and permanently restricted assets. A sample balance sheet can be found in Appendix B.

In contrast, the income statement, or statement of activities, summarizes the financial activities over a period of time. The income statement addresses how the organization's net assets, of three categories mentioned above, have changed and whether there were times when one net asset class moved in relation to another. The income statement also provides insight into the company's profitability and the revenue and expense elements that impact profitability. A sample income statement can be found in Appendix C.

The cash flow statement reflects revenue and expense changes on a cash basis to show how much cash an organization either generated or used in a financial reporting period, but it does not reflect budgeted or unanticipated future expenditures. An argument can also be made that to really understand what excess cash is being generated each month, a cash analysis should be done before the budget and before any major expenditure is to be paid. This type of analysis will determine excess cash generated each month and reflects all deferred revenue (which cannot be considered available cash), prepaid expenses, and outstanding liabilities such as taxes due, major anticipated expenses, etc. From this, the organization will have a conservative picture of whether it is making money from operations and can recommend to the board how to proceed with expenditures and the budget. A sample cash flow statement is included in Appendix A.

The general ledger is a complete record of financial transactions over the life of a company. The ledger holds account information that is needed to prepare financial statements and includes accounts for assets, liabilities, equity, revenues and expenses.

A chart of accounts is created to list the accounts used by an organization to define each class of items. It is used to organize the finances of the entity and to segregate expenditures, revenue, assets and liabilities in order to give interested parties a better understanding of the financial health of the entity. It is critical that the chart of accounts be established correctly in order to have accurate and meaningful financial accounting and reporting. This will determine if income and expenses are booked to the correct accounts so that accurate financial reporting can be done.

Cash vs. Accrual Accounting

"Cash" and "accrual" are the two primary methods to consider for accounting. Accrual accounting is required under generally accepted accounting principles (GAAP).

The cash method of accounting is focused on the inflows and outflows of cash. There is little regard to when the revenue was earned or when the expense was incurred. The focus is on the cash flows. The accrual method of accounting is not focused on cash flow and instead focuses on when revenue was actually earned and when expenses were incurred, as well as matching revenues earned during a reporting period to the expenses associated with generating those revenues. The other main difference between the two methods is the ability to budget accurately. The accrual method of accounting allows for better budgeting and planning because it looks at when liabilities are incurred and revenue earned and not solely when cash is paid. This method puts on the books liabilities that might otherwise be forgotten.

Management Responsibility

Financial management requires shared responsibility among MLS staff, the finance and/or audit committee, the CEO and the board of directors. The CEO has the overall responsibility, but the board of directors has a fiduciary duty to oversee the financial resiliency of the organization.

The CEO

The CEO is responsible for the overall operation of the organization, including its financial stability. It is up to the CEO to ensure that proper checks and balances are in place to provide maximum protection. New CEOs with limited financial backgrounds should immediately avail themselves of all opportunities to learn about finance. A first step would be to hire a great CPA to review the general ledger to ensure it is set up properly, be certain the income and expenses are booked to the correct accounts and teach the CEO how to interpret the balance sheet and plan for cash flow. The CEO should also read basic accounting books, take classes and learn as quickly as possible.

Best practices for the CEO means understanding how the budget, income statement, balance sheet and cash flow statement work together.

INTERNAL CONTROLS

The internal controls of an organization should seek to incorporate the following components for the purpose of ensuring its assets are protected and financial status fairly reported:

- **Control activities** – policies and procedures that help ensure that management directives are carried out and that financial reporting is complete and accurate.
- **Risk assessment** – identification, analysis and management of risks related to the preparation of financial statements that are fairly presented in conformity with GAAP.
- **Information systems** – identification, retention and transfer of information in a timely manner, allowing personnel to perform their responsibilities.
- **Monitoring** – establish and monitor controls to ensure they continue operating as intended with modifications made as necessary.
- **Control environment** – sets the tone of the organization, providing discipline and structure.

Billing and Collections

The organization needs a reasonable billing and collection policy that is applied consistently and fairly to all members. The policy should clearly state if and when fines occur, how notifications are made, when a subscriber may have the service cut off, and what the subscriber's recourse is. A sample billing and collections policy is contained in Appendix F. The organization should also maintain an accounting/billing system that allows customers to easily pay their bills. The system should ideally support automatic payments, customer self-service payments, and the ability for staff to accept and enter payments on a customer's behalf. The system should also be compliant with Payment Card Industry Data Security Standards.

Banking Policy

Every MLS should have a written policy governing financial transactions. These transactions include writing and depositing checks, handling petty cash, and use of credit cards provided to directors or employees. The following provisions should be considered:

1. Two original signatures are required on checks over a certain amount. MLSs that wire money and/or have electronic accounts are not protected through a two-signature rule and will need additional controls.
2. The amount of petty cash that can be withdrawn in a specified period is restricted, and receipts are required to

be submitted for all petty cash expenditures and credit card purchases.

3. The board of directors approves the opening and closing of bank accounts.
4. Organization reconciles its bank accounts and credit cards on at least a monthly basis.
5. CEO and/or board of director's approval for any expenditure in excess of a defined dollar amount for the purchase of a single item and a policy stipulating when the company should have bids from more than one supplier.
6. Create a commercial banking relationship with a banking officer that understands your specific needs and can provide a robust banking services platform. Many banks offer an ACH protection plan that allows only certain vendors ACH and sets limits for each.
7. Protect bank accounts with maximum fraud prevention features including:
   - Positive pay with payee
   - Segregation of bank reconciliations from check signing
8. Avoid taking any cash payments from customers.

Data Privacy and Storage

1. Maintain physical security and confidentiality of financial records.
   - Financial records should be securely kept, and backed up off site.
   - Only those who are authorized handle financial information. Small organizations without large amounts of space can lock these documents and create restrictive access to documents that are kept electronically. This practice ensures accountability of those who handle the documents and prevents possible misuse.
   - Passwords are protected for accounts and changed frequently by the individual assigned such authority.
   - Contract with an outside third party to process payments and maintain financial information from customers.
2. Using an automated payroll service or system.
   - Increases efficiency
   - Frees up personnel to work on more strategic initiatives
   - Provides a more reliable audit trail

For an example of sample accounts payable processing procedures see Appendix H.

Expense Policies

Organizations of any size need to have written expense policies for everything from travel to reimbursements for business expenses incurred. They must have clearly defined approval and submission requirements.

Expense Reimbursement Policy

An MLS should establish and implement policies that provide clear guidance on its rules for paying or reimbursing expenses incurred by anyone conducting business on behalf of the organization. The policy should specify the types of expenses that can be reimbursed, the approval and review process of expense reports, and the documentation required to substantiate expenses. Such policies should require that travel and other expenditures on behalf of the organization be undertaken in a cost-effective manner. A sample travel policy for officers or directors" and a sample travel and other expense reimbursement policy are included as Appendix I and J.

Expense reimbursement requests can be initiated after an authorized expenditure is made by an employee or director. Examples of this are out-of-pocket expense reimbursement for travel, meals, and supplies. Authorization for daily travel is normally outlined in an employee's job description. Overnight travel and airfare should be preapproved by the CEO, or another appropriate person in the organization as defined by company policy. Goods and service purchases should also be authorized in advance by the employee's manager. The CFO typically reviews and approves the CEO's expense reimbursement as a cross check.

Expense Reports

Expenses should not be reimbursed unless the individual requesting reimbursement submits a written preapproval request based on company policies. A sample expense report is included in Appendix K. The expense report should be submitted at least monthly or within two weeks of the completion of travel if travel expense reimbursement is requested and may include:

1. The individual's name
2. The date, origin, destination and purpose of any trip, including a description of activities
3. The name and affiliation of all people for whom expenses are claimed (i.e., people on whom money is spent) and the business reason for the expense
4. An itemized list of all expenses for which reimbursement is requested
5. Receipts should be required for any claimed expenses of $25.00 or more

Checks and Balances Best Practices

- **Effective internal controls and audit trails**
- **Access to accounting systems limited and controlled**
- **Purchasing authority and approvals enforced**
- **Monthly reconciliations of major assets and liability accounts**
- **Accurate and efficient record retention**
- **Automated payroll system**

Petty Cash Internal Controls Checklist

The following questions reflect common internal accounting controls related to petty cash. You may wish to use this list to review your own internal accounting controls and determine which areas require further action:

- Is a petty cash fund maintained for payment of small, incidental expenses?
- Is there a limit to the amount that can be reimbursed by the petty cash fund?
- Is supporting documentation required for all petty cash disbursements?
- Is a petty cash voucher filled out with supporting documentation, name of person being reimbursed and proper authorization?
- Is access to petty cash limited to one person who is the fund custodian?
- Are unannounced counts of petty cash made by someone within the agency other than the fund custodian?

Petty cash vouchers may be submitted for items under a certain predetermined amount. A sample petty cash voucher is in Appendix L.

Monitoring Credit Risk

Best practice for your MLS should also include identifying, measuring and monitoring the credit risk of both your own organization and those of your vendors and customers when default payments can have significant impact on your organization. Credit risk refers to the probability of loss due to a borrower's failure to make payments on a debt. This debt can take many forms, from earned wages, accounts payable, credit cards or bank loans. Major lenders and companies often asses the risk of doing business with a new or even an existing customer by performing a business credit check. These credit checks are purchased from third parties that specialize in analyzing the credit worthiness of businesses. It is important to be aware that business credit reports are public information and can be purchased by anyone. By being aware of your own company's credit profile, you can be proactive and fix any damaging information and also understand how your company's credit worthiness looks to those who do business with you. This can help you avoid increased costs that come in the form of more restrictive payment terms, higher interest rates, additional insurance costs or even restricted borrowing ability.

There are several companies that specialize in business credit monitoring. Most offer one-time purchase options for a credit report, whether on yourself or another company, as well as ongoing monitoring for your own business. Dun and Bradstreet (D&B), Experian, Equifax and Cortera are some of the most established names.

BUDGETING

Budget Processes

The budget process is the way an organization goes about building its budget. Budgets are developed to establish the financial parameters within which the organization will operate for a specific period, typically one year. Budgets should be established at least annually, but it is good practice to review the budget at one or more established intervals during the year and update it to reflect current information and the impact of decisions that may have been made subsequent to the date that the budget was finalized. A good budgeting process engages those who are responsible for adhering to the budget, and implementing the organization's objectives in creating the budget. Good collaboration in the budget process helps to ensure completeness, accuracy and accountability. The level of involvement from volunteer leadership, such as a treasurer or audit/finance committee, depends on the organization. An MLS will need to determine its process as it pertains to staff/committee roles as well as reporting to the board of directors. It is important that the organization clearly defines the roles of each stakeholder in the budget process. Another key element of the budget process is review and approval by the board of directors. At a high level, the process could work in any of the following ways:

1. Staff prepares the draft budget independently and submits it to the board of directors for review and approval.
2. Staff works with the treasurer and jointly submits budget to the board of directors for review and approval.
3. Staff works with the treasurer and audit, or finance, committee and submits it to the board of directors for review and approval.
4. Staff prepares the budget independently and approval by the board of directors is handled via policy governance, so long as the budget is within the parameters established by the company's governing policies it is implicitly approved.

Staff participation and collaboration should be built into the process and a timeline should be established, leaving adequate time for research, review, feedback, and revisions before the budget is ready for presentation to the board of directors. Additionally, the organization's long-term financial projections should be considered. The goal is for the budget to be a realistic, achievable and timely framework within which the company will operate.

When beginning the budgeting process, staff may need to consider whether to use top-down or bottom-up budgeting, and whether the budget will be based on prior year results or a zero-base budget. Top-down budgeting is a process of developing budgets in which top management outlines the overall figures and middle and lower-level managers plan accordingly. Top-down budgets promote commitment from upper-level management and they can typically be developed in a relatively short period of time since targets are established at a high level and not at the individual activity or transaction level. However, accuracy may be a trade-off since revenue and cost drivers are not examined at the most detailed level in top-down budgeting. Bottom-up budgeting is a process of developing budgets in which lower-level and middle managers anticipate their departments' resource needs, which are passed up the hierarchy and approved by top management. The bottom-up approach builds on the specialized knowledge of operating managers about the environment and marketplace, which they have gleaned from day-to-day operations. Conventional budgeting is typically based on prior year budgets or actual results. A key disadvantage to this approach is that managers tend to prepare new budget requests by adding an incremental amount to their previous year's budget requests, rather than re-evaluating the need for things already included. Zero-base budgeting, in contrast, enables the organization to freshly examine its activities and priorities each budget period. Zero-base budgeting assumes that the previous year's budget is not a valid base from which to work. It forces department managers to thoroughly examine their operations and justify their department's activities based on the achievement of organizational goals. There is no one correct way to perform the budget process. Each organization should closely examine its financial situation, strategic initiatives and future plans to determine the most appropriate approach to use.

The budget should be prepared in advance of the period to which it relates and should be based on the company's future plan of action. Once established, the budget should be used to maintain accountability, in monetary terms, to the company's operating plan. As such, the organization should regularly report internally and to the board of directors its actual financial results as compared to its budget with explanations for significant budget variances. To stakeholders, a budget provides a measure of accountability, transparency, and good faith. Additionally, as decisions are being considered that deviate from the company's budget and operating plan, staff should measure and communicate the potential impact of the decisions against the budget in order to support the decision-making process. During the course of the budget period, the company shouldn't necessarily limit itself only to activities and expenditures that were incorporated into the budget, but significant decisions should generally not be made without first considering the financial implications.

When the budget is prepared, several items must be taken under consideration to meet all goals and objectives. There are different guidelines for a for-profit organization and a not-for-profit organization. The strategic objectives of the MLS should be addressed in the annual planning process, but also vocalized by the board of directors and the finance committee, and incorporated into the budget. Some objectives may be subjective, thereby, making the process of estimating budgetary amounts more difficult. When this is the case, finance should gather as much information as possible from relevant stakeholders or external sources in order to appropriately estimate the financial implications and incorporate them into the budget. See Appendix M for a sample of differences in not-for-profit and for-profit accounting.

Another fundamental component of the budget plan should be flexibility. It should have the ability to change, and adapt to, the current economic conditions (should they become different from when the budget was first constructed). An example would be a merger of an MLS with another entity, an event with budget considerations that would cause unexpected variances and present a need for new items to be addressed.

Costs need to be defined so as to effectively develop the budget. The two basic types of costs are fixed and variable. Fixed costs do not vary with output or revenue, while variable costs do. Many fixed costs are also known as overhead costs. In preparing a budget, fixed costs can include items like rent, depreciation, insurance and property taxes. These fixed costs remain constant in spite of changes in output or revenue. Variable costs, such as labor or the cost of a vendor-provided MLS system, can fluctuate in proportion to changes in output or customer base whether expanding or contracting. When developing the budget and doing long-term planning, it is important for the organization to carefully consider its cost structure and ensure there is an appropriate mix of fixed and variable expenses.

FORECASTING

Forecasting should be the core of business intelligence for an organization, providing a fundamental basis for managing the company. Past financial performance was, by definition, achieved in an environment that no longer exists and may no longer be relevant. Therefore, organizations need to rely more heavily on future projections rather than historical information for decision making. It is important that forecasts not only be accurate, but that they also be meaningful in that they provide timely information that supports decision making.

While budgets are the financial parameters within which the organization will operate, forecasts are the financial results that are expected to occur based on the best and latest available information. Forecasting blends elements of both budgeting and financial reporting, and actual results should be incorporated into the forecast. A good forecast should include actual financial results to date with projections for future periods, and should extend a minimum of 24 to 36 months into the future. Unlike budgets, which are typically developed or updated once or twice per year and pertain to a single year, forecasts are maintained on an ongoing basis, should be flexible enough to be updated in near real time as circumstances change and new information is available, and provide multi-year visibility. Since the forecast is maintained regularly, it is less likely to become stale.

To develop projections for future periods, staff should consider, among other things, the company's strategic direction and initiatives, expectations for customer growth or attrition, future staffing needs, any contractual cost changes (e.g., price escalations), and external factors such as economic and industry conditions or initiatives. Finance staff should collaborate with all functional areas in the organization on a very regular basis to ensure there is a full and accurate understanding of revenue and cost drivers. The objective should be to develop a credible financial model that can be used to support decision making in real time.

Rolling Forecasts

Rolling forecasts involve a continuous planning process that emphasizes the forward movement of the business and the elements of the business that staff can manage, as opposed to a predefined result. Instead of being static with a defined start and end date, a rolling forecast is always evolving. Rolling forecasts should typically extend 18 to 24 months into the future at all times, with an additional future month being added whenever a current month is completed. Rolling forecasts can be useful for decision making for a variety of reasons:

- They are forward-looking in nature.
- They incorporate current information and decisions that have been made so the impact can be seen not only on the current year, but also on future years.
- Forecasting accuracy is typically improved because stakeholders' focus shifts from being about a hitting a pre-determined outcome to managing the elements of the business that they can control.
- Over time, forecasting becomes easier because instead of an arduous annual process, stakeholders are doing it much more frequently so they maintain a familiarity with it. It becomes a normal business process instead of an annual exercise.
- They facilitate real-time scenario modeling to evaluate the potential impacts of decisions.

Using rolling forecasts requires: 1) an easy-to-use financial model that can be updated frequently; 2) collaboration and buy-in from stakeholders; 3) a heavy focus on assumptions and business drivers, and understanding them well; and 4) a strong change-management process to ensure the forecast is updated timely and appropriately.

Driver-Based Forecasts

Similar to budgets, forecasts can be developed using top-down or bottom-up approaches. Forecasts can also be driver based. In contrast to bottom-up forecasts that attempt to estimate each revenue and cost structure element individually, driver-based forecasts are focused on the most important business elements that will impact the company's financial results (business drivers) and assumptions that are made about those business elements. Examples include customer counts, employee head count, or the number of customer support calls per month. It is important for management to have a thorough understanding of the business so the drivers used in the forecasting model are appropriate, otherwise forecasting inaccuracies may occur.

Once the key business drivers are identified, they are added to the driver-based forecasting model with formulas attached to them such that when a driver is updated the appropriate output is reflected in the forecast. For example, if customer support calls per month is deemed to be a key business driver, the forecast should include an input area for this metric. It would then be linked to formulas that determine the number of customer support representatives required in that period based on the number of calls per support representative, and the cost per support representative, to determine the total cost for the customer support group to be reflected in the forecast. Unlike a traditional bottom-up forecast that would require evaluating a head count list and updating each line item individually, the driver-based forecast only requires a simple update of the business driver in order for the forecast to be modified. In this way, driver-based forecasts can be maintained more efficiently. Many business drivers can impact multiple outputs in the forecast (e.g., customer count can be used to determine revenue as well as the cost of the MLS system), which also helps maximize efficiency.

Driver-based forecasts should:

- Actively involve all areas of the organization in the process.
- Be easy to use by non-financial stakeholders. Each department should be able to manage its own forecast updates.
- Avoid excessive detail; only the most relevant business drivers should be used.

There is no single correct approach to forecasting. Each organization should assess its business needs and corporate culture to determine the methodology best suited to it. Keep in mind that the goal should be to maintain a credible financial model that can be used to support decision-making in real time.

Cash Forecasting

Many MLSs are relatively small organizations with limited capital, so managing cash flow is critical to operating the business and ensuring long-term survival. In order to facilitate smooth fiscal operations, an MLS should project and monitor its cash balance on an ongoing basis and make adjustments as needed to ensure appropriate cash flow. A cash flow statement[1] is one of the most important financial statements for a project or business. The statement can be as simple as a one-page analysis or may involve several schedules that feed information into a central statement.

The cash forecast is typically incorporated into the organization's overall forecast, but it can also be done separately.

A projection of future cash flows is called a cash flow forecast. You can think of a cash flow forecast as a projection of future deposits into and withdrawals from your checking account. This is especially critical for MLS organizations since most bill in advance. The reasons advance billing is preferable include cash flow, ability to gauge subscription renewals and timeliness of cutting off services when necessary. Because it is traditional in the MLS world to bill in advance, most subscribers are comfortable with it. If you do not have a cash flow forecast and communicate it on a regular basis, the board of directors and other stakeholders may mistakenly believe there is an overabundance of cash when in fact it is your operating capital or cash collected in advance for which the provision of services (and the related costs) have yet to occur. Decisions based upon this fallacy could lead to significant depletion of operating capital before the next billing cycle.

A cash forecast is not only concerned with the amount of the cash flows, but also the timing of the flows. Many cash forecasts are constructed with multiple time periods. For example, it may list monthly cash inflows and outflows over a year's time. It not only projects the cash balance remaining at the end of the year, but also the cash balance for each month.

Working capital is an important part of a cash flow analysis. It is defined as the amount of money needed to facilitate business operations and transactions, and is calculated as current assets (cash or near cash assets) less current liabilities (liabilities due during the next 12 months). Computing the amount of working capital gives you a quick analysis of the liquidity of the business over the future accounting period. Even if working capital appears to be sufficient, it is still good practice to maintain an accurate cash forecast in order to highlight potential liquidity issues before they occur.

Financial Ratios & Key Performance Indicators

Financial data and metrics can be used to provide insight into the financial health of the organization and to gain a deeper understanding of the business beyond the basic information presented in financial statements.

[1] A cash flow statement is a detail of the flows of cash into and out of the business.

Examples of ratios that can be used to assess a company's financial health include:

- Current ratio
- Quick ratio
- Cash flow coverage
- Profit margin
- Operating reserve ratio

The current ratio and quick ratio are measures of a company's liquidity. The current ratio is calculated as current assets divided by current liabilities. As the formula indicates, a company with a current ratio of 1 or greater has the necessary current assets to meet its near-term (within the next 12 months) obligations when they come due. The higher the current ratio, the better equipped the organization is to meet its current obligations.

The quick ratio is a variation on the current ratio, which considers only a subset of current assets when assessing an organization's ability to meet its current obligations. The quick ratio only factors in assets that are cash or readily convertible into cash. The formula is cash + short-term investments + accounts receivable divided by current liabilities. The greater the quick ratio the more likely the company is able to meet its short-term obligations.

Cash flow coverage measures a company's ability to meet its non-operating obligations using operating cash flow (the amount of cash generated by a company's normal business operations) and can be applied to any of the company's individual non-operating obligations, or to all of them. For example, if a company wanted to measure its ability to meet its capital expenditure needs, the cash flow coverage formula would be operating cash flow divided by capital expenditures. Or if a company needed to determine its ability to meet all of its non-operating expenditures, the formula might be operating cash flow divided by capital expenditures + debt + shareholder dividends.

Profit margin is a measure of a company's profitability expressed as a percentage of revenue. Two common profit margin metrics are gross margin and net margin. Gross margin measures the profitability of the company's revenue-generating activities and focuses only on the specific costs required to deliver the products and services that produce the revenue. As such, this metric does not factor in costs such as sales, marketing or overhead. Gross margin is determined by dividing gross margin (net revenue minus cost of goods sold) by total revenue. The higher the gross margin, the more profitable the company's revenue-generating activities are. Each business is different, but for MLSs a gross margin of 50 percent or better is typical. In contrast, net margin measures a company's profitability considering all activities and related costs. he formula is net income divided by total revenue.

The operating reserve ratio is specific to nonprofit organizations and addresses the question of whether resources are sufficient and flexible enough to support the organization's mission without having to borrow externally. It compares expendable net assets to total expenses and describes the organization's ability to fund programs and other expenses from expendable net assets, should no additional operating revenue be available. Many not-for-profit organizations target an operating reserve ratio of 25 percent or better, or enough to cover at least three months of their annual expenses.

More information on financial ratios can be found at http://www.investopedia.com/university/ratios/.

In addition to ratios and metrics that provide insight into the financial condition of an organization using information from the face of the financial statements, it is good practice for any organization to drill deeper to ensure a thorough understanding of the business. Some examples of metrics used by MLSs to understand and operate include:

- MLS system costs per subscriber, to include the following costs, where applicable:
  - Fees paid to a vendor to license the MLS system
  - Hardware and software
  - Data center
  - Product development

- Product maintenance and support
- Secure single sign-on technology (if purchased separately)

- Cost of ancillary product offerings per subscriber (e.g., IDX, showing service, document management)
- Customer support costs per subscriber
- Customer support calls per period
- Customer support calls per support representative
- Public website costs per subscriber
- Public website costs per site visit
- Back office system cost per subscriber
- Product training costs per subscriber
- Product training costs per training class

MLSs may also find it useful to allocate revenues and expenses on a per-customer basis in order to determine profitability by customer. Customers can also be segmented into relevant groups and profitability can be analyzed for customers in each segment to identify trends and key performance indicators (e.g., the profitability of top producing real estate agents vs. part-time agents). A similar exercise can be done on a product-by-product basis to determine the profitability of the core MLS business as well as any ancillary or complimentary product offerings.

TREASURY MANAGEMENT

Formal Reserve Policy

An MLS should create a reserve policy statement and plan, establish and maintain a financial reserve at a level determined by the organization's management and board to adequately support its operations. A recommended target for reserves is three to six months of operating expenses. Organizations with capital property should also consider an appropriate capital reserve policy. The MLS should address the overall reserve policy and break it down into three separate areas:

Operating Reserve

The operating reserve can be funded with any available funds that are not temporarily or permanently restricted. Operating reserves can be used for meeting commitments, obligations, or other contingencies for day-to-day operations. They would not be used for non-operating expenses such as funding the purchase of a new building.

Capital Expenditure Reserve

These goals, as identified in a capital budget, might include asset purchases (such as equipment, facility acquisition, or leasehold improvements), asset investments (such as production costs of a product the organization will sell), financial stability targets (such as building an operating reserve or eliminating a deficit), or strategic targets (such as building a fund to support program or management initiatives per its strategic plan). Capital budgets often require a funding plan separate from, and in addition to, the operating budget. This funding plan can include a capital campaign as well as other funding strategies.

Borrowing Money

After planning for reserves for most situations, the leadership should determine when and under what circumstances the organization will use credit. Emergencies and unforeseen problems exist in the real world such as structural damage to MLS property after a flood or technical failures. There also are times when an organization just needs to stabilize its cash flow. Frequently, organizations must bridge the gap between a project's startup and its ongoing program revenues. Other MLSs may need a line of credit to have a steady source of cash between billing and collection. Borrowing for short periods to stabilize cash flow can help keep your organization running smoothly but the cost of borrowing (interest rate and fees) should be scrutinized by the CEO and board of directors. A detailed analysis of the impact of borrowing money must be done by staff or an outside CPA.

Investment Policy

It is essential that an MLS prepare its annual operating budgets to include an amount of excess cash to be retained in a business continuity investment reserve account to cover unforeseen financial contingencies and major infrastructure improvements. The business continuity investment reserve account could be used for a major software conversion, for legal defense costs related to an antitrust or intellectual property lawsuit and/or to prevent the MLS from taking on any long-term debt obligation that could cripple its future liquidity. Once a Business Continuity Investment Reserve account is established, the MLS Governing Body has a fiduciary duty to develop and implement a prudent investment strategy.

The development and implementation of a prudent investment policy begins with the development of a written Investment Policy Statement and the selection of an Investment Adviser.

Investment Policy Statement

The Investment Policy Statement is intended to guide the MLS Governing Body and the Investment Advisor in reviewing all aspects of the investment cash reserves. The Investment Policy Statement should: i) describe an appropriate risk posture and objective(s) (e.g. short-term, mid-term, or long-term in nature) for the investment of the company's assets; ii) establish the investment guidelines regarding the selection of investment managers, mutual funds, permissible securities and diversification of assets; iii) specify the criteria for evaluating performance of the investment managers and advisors (e.g. performance compared to relevant indices); iv) define the responsibilities of the Finance Committee, Board of Directors and other parties responsible for the management of the Company's assets; and v) specify the investment and asset allocation strategies. The Investment Policy Statement is intended to be sufficiently specific to be meaningful yet flexible enough to be practical with respect to:

a. Investment objectives
b. Investment selection and retention standards
c. Investment performance evaluation
d. Due diligence review

The Investment Policy Statement is to be used as a flexible guideline to formulate and monitor the investment practices of the Company and to manage the fiduciary duties of the governing body, the officers and directors and staff of the company to the chareholders. The investment policy statement is not a contractual statement that confers contractual rights among the company, its shareholders, officers, directors or investment advisors, but rather a dynamic and fluid document allowing for investment criteria to change over time in response to financial markets as determined by company objectives, fund performance and the investment advisor.

The shareholders of the MLS should delegate to a finance committee of the board of directors the authority and responsibility to invest and monitor the investment assets on behalf of the company. The shareholders should grant to the finance committee the authority to designate the company's chief financial officer as the person authorized to open accounts, initiate transactions through the investment advisor as directed by the committee and receive information regarding investments and accounts on behalf of the committee.

The general objective of the investment policy statement is to preserve and increase the reliable earnings from cash reserves and to build an endowment to reinforce the long term capabilities and survival of the MLS and to provide the liquidity necessary for the company to meet its operating expense needs. Specific investment objectives might include:

- Provide for asset growth at a rate in excess of the rate of inflation
- Diversify the company's assets to mitigate risk
- Achieve investment results over time that consistently meet or exceed those of appropriate market indices

A fundamental step in determining the investment policy is the determination of an appropriate risk tolerance. Specifying a mid-level risk tolerance is typical for MLSs, however, each organization should evaluate its specific situation to determine an appropriate risk tolerance. In order to ensure capital preservation, a high-risk/high-growth model should be avoided.

The asset allocation strategy is a core element of the investment policy statement. The asset allocation strategy describes the permitted classes in which the company's assets may be invested, including any rebalancing procedures. An example of a moderately conservative asset allocation strategy is:

- Cash and cash equivalents: 5% to 15%
- Equities: 45% to 60%
- Fixed income securities: 35% to 50%

Investment Advisor

The finance committee should be authorized to engage professional investment advisory assistance in achieving the company's investment objectives. The investment advisor will guide the committee with regard to specific investment selection, periodic investment, fiduciary overview and proposed amendments to the investment policy statement. The selection of an investment advisor is a process that requires a significant amount of due diligence andshould be given the appropriate level of attention by the organization. The investment advisor should be a certified fiduciary, without bias or conflict of interest, with a verifiable multiple asset class track record of success that you have confidence in.

Monitoring and Performance Standards

The finance committee should meet with the investment advisor at least once quarterly to review the investments' absolute and relative performance. The review should detail comparisons of investments of similar categories and appropriate indices. Consistent underperformance, changes in investment fund or corporate management, mergers, acquisitions or changes in investment objectives should prompt detailed analysis, which may lead to replacement of certain investment choices. Results of the quarterly review should be reported to the board of directors at its regular meetings.

The investment policy statement, the performance of specific investment choices and that of the investment advisor should be reviewed annually in view of economic outlook, portfolio risk levels and company requirements, and the results of the annual review should be reported to the board of directors and the shareholders at their regular meetings.

The investment policy statement should designate restrictions on investments in certain types of instruments. The following are examples of instruments that could be restricted:

- Commodities
- Derivatives
- Limited partnerships
- Insurance contracts, except life settlement contracts
- Short sales
- Real estate purchases

Internal Reporting and Evaluation Tools

It is important to have reports prepared monthly in order to evaluate the performance of the Investment fund and the investment advisor. Accounts should be reconciled monthly to the brokerage statement just like other bank accounts. The investment advisor should provide details of monthly cash transactions and changes in market value.

- Annual and monthly analysis of changes to portfolio balances including cash income (interest and dividends), gains and losses (unrealized and realized), fees, additions and subtraction of cash by the MLS from the portfolio
- Detailed holdings report showing individual instruments, shares, date acquired, gains and losses, interest and dividends
- Graph cumulative portfolio composition monthly since inception of the fund
- Graph cumulative monthly earnings of the portfolio received in cash plus aggregate unrealized gains and losses since inception
- Graph cumulative rates of return on the portfolio since inception

GOVERNANCE

Finance Committee and/or Audit Committee

In large corporations, the finance committee monitors financial practices of the organization while the audit committee monitors the process in which the financial practices are carried out. It is within the audit committee's purview to act as an additional organizational contact, besides MLS financial staff, for the independent CPA during an MLS's annual audit or review process when appropriate. In many MLSs there is typically one committee responsible for both. Either is acceptable, depending on how the organization intends to operate. Either committee should be authorized to engage independent outside legal and accounting advisors when deemed necessary and advisable by the committee. Typically, the CEO or head of finance of the organization would review the outside choices and provide a recommendation to the organization. This does not limit the committee(s) from making independent decisions, but it does provide the research they need completed before making the decision. It is highly recommended, but not required, to have some individuals with understanding of accounting and financial concepts on the finance and audit committees.

If there are two separate committees, then the finance committee oversees the preparation of the MLS budget and periodic financial statements while the audit committee reviews the process and ensures that reports are received, monitored and disseminated appropriately. In some MLSs the executive committee will also operate as the finance committee depending on how it is structured. The audit committee examines the financial management policies and practices to ensure that things are done according to policy and with adequate controls.

Finance staff collects the data, manages the associated information systems, and creates financial reports. Managers responsible for the financial integrity, risk, quality, program delivery, and other key internal responsibilities, use these reports in fulfilling their job responsibilities. Certain financial reports are submitted to the board and or board committees. A sample finance committee structure can be found as Appendix D.

Best Practices for a Formal Finance Committee

- **Provide financial oversight**
- **Recommend reserve policies**
- **Develop an annual operating budget with staff**
- **Make financial recommendations to the board of directors**
- **Examine financial policies**
- **Oversee the annual audit**

Board of Directors
It is of primary importance that the board members understand basic financial terminology, be able to read financial statements and judge their soundness, and have the awareness to recognize warning signs that might indicate a change in the overall health of the organization. If a board member does not understand something, they must be willing to find out the answer.

Fiduciary duties of the board of directors require members to stay objective, unselfish, responsible, honest, trustworthy, and efficient. Board members must always act for the good of the organization rather than for the benefit of themselves or the organization they may represent. They need to exercise reasonable care in all financial decision making, without placing the organization under unnecessary risk.

Directors can expect to review each of these types of financial reports at various points in time. The fiscal year is the 12-month period used for calculating the figures in an annual financial statement. The fiscal year may not coincide with the calendar year. For those organizations with a December 31 year end, directors can expect the budget review in the fall, draft audited financial statements in the spring, and internal in-year financial reports at least every quarter (and in some organizations, every month or bi-monthly).

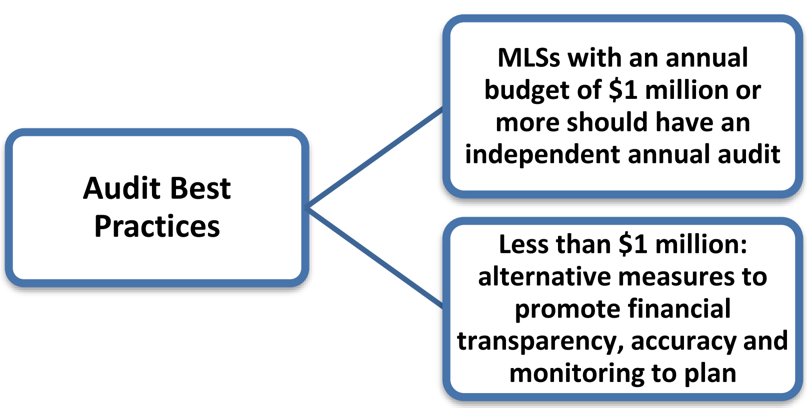
For an example of sample financial events to address throughout the year see Appendix E1 and see Appendix E2 for a sample calendar.

COMPLIANCE

Audits
It is preferred to have an MLS conduct an official independent audit annually. The audit will identify problems with accounts receivable, accounts payable, the general ledger and any internal controls, and generally ensure that the company's annual financial statements are free of misstatement. An auditor's responsibility is to express an opinion on the financial statements. Standard language in an auditor's opinion may read something like this:

"We conducted an audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion stated. In our opinion, the financial statements provided present fairly, in all material respects, the financial position and the results of its operations and its cash flows for the year ended in conformity with generally accepted accounting principles."

For smaller organizations, the costs of an external audit should be considered against revenue and whether it would create a financial hardship. Those MLSs with annual budget that exceeds $1m should undergo an external audit annually according to the office of the U.S. Attorney General. If smaller firms elect to have a full audit less frequently than annually, extra measures should be taken to promote transparency, accuracy and internal monitoring to plan.



The independent auditor should meet with senior staff and the finance or audit committee to review the audit's content. Alternatives to doing an audit are financial statement reviews and financial statement compilations. For the smaller organizations, these may be an alternative to doing a full audit every year. Each is described below:

Audits provide the highest degree of assurance for evaluators. An independent CPA uses various techniques to verify the accuracy of the information in the statement, and then expresses an opinion on the fairness of the financial statements and provides assurance that the underlying data has been tested. The CPA firm then provides written assurance that financial reports are 'fairly presented in conformity with generally accepted accounting principles (GAAP).' The measure for 'fairly presented' is that there is less than a 5 percent chance (5 percent audit risk) that the financial statements are 'materially misstated'.

Reviews provide a much lower degree of assurance than audits. During a review, the CPA firm makes inquiries and performs analytical procedures, which allows the CPA to express limited assurance that it is not aware of any material changes. For example, in a review, A CPA would likely ask management how inventory quantities are determined. In an audit, the CPA would observe the taking of physical inventory, and personally review the obsolete or damaged items. While a review doesn't provide the same degree of assurance as an audit, some financial statement users may find it an acceptable alternative.

Compilations provide no assurance, and are akin to an unaudited statement. The CPA firm only assists in preparing the financial statements, but it is not obliged to verify the information. Since the information is not verified, the CPA gives no assurance as to whether the financial statements meet any of the professional standards. In a compilation, the CPA only agrees to demonstrate that he/she has a high level of knowledge of accounting principles and practices. The CPA also makes certain that the data are in the correct format and clerically accurate.

In the end, it is up to the person or entity using the financial statement to determine the financial health of the business and to assess their own level of comfort with the statements. Lenders and customers need to be assured with the accuracy of the financial statements and request for the level of scrutiny they require.

Income Taxes

Corporations are required to prepare an annual federal corporate tax return. For businesses registered as a regular "C" corporation, which most MLSs are, tax filings are due by the 15th of the third month following the close of the tax year (March 15th for December year ends). Form 1120 is the annual federal corporate tax return. It is the core document of a corporate tax return and is where all income, expenses and other tax items are reported. Form 1120 also includes lists of other schedules that may or may not apply to your business. U.S. corporate income tax returns can either be filed by MLS staff or a paid preparer. Regardless of who prepares the return, it is the corporation's responsibility to ensure all filings are done timely. Relevant information can be found on the IRS website: https://www.irs.gov/instructions/i1120/ch01.html.

Nearly every state levies a business or corporate income tax and the MLS is responsible for filing the state returns along with the federal by the same due date. As with the federal return, state tax requirements differ depending on the legal structure of your business. Make sure to refer to your states department of finance/taxation to determine your filing responsibility.

If income tax preparation is being done by the same outside CPA firm responsible for the independent financial audit, a closed set of books should be presented to them to maintain their required independence. Care must be taken that the financial auditor has no financial interest in the business being audited and has not performed work relevant to final preparation of financial statements. Both of these situations can occur if the audit firm also provides normal day-to-day accounting services for the MLS. This is why final responsibility for preparation and fair presentation of the financial statements, in accordance with GAAP, lies with the MLS staff or a separate accounting firm.

Sales Taxes

Every state has their own laws in effect to govern sales tax, and in some states each city and/or local jurisdiction has its own sales tax rules. If your MLS sells goods or services, you must be prepared to handle the legal obligation to collect, record and remit the sales tax owed. In some states and local jurisdictions, the revenue generated from the hosting and provision of the MLS system is also considered taxable. You should check with your state and local county's department of revenue/taxation to determine your responsibility.

In all jurisdictions that require sales tax to be collected, you must register for a permit in order to collect the tax owed on a sale, and in some jurisdictions it is a criminal offense to operate and conduct a sale without the required permit. As is the case with any tax return, you must maintain an accurate set of records that will substantiate all sales subject to sales tax and your liability. You generally need to keep the invoices, register receipts/tapes, working papers and any exemption certificates provided by purchasers. Every jurisdiction has different laws as to the length of time which these documents must be kept. You should also be aware of the laws governing sales of goods and services to customers located in a different state. If the MLS has a physical presence, such as an office location, store or employees in the state where the sale occurs, this is known as a "nexus" and you may be responsible to collect sales tax in that state on those transactions.

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. Validation of compliance is performed annually, either by an external qualified security assessor (QSA) that creates a report on compliance (ROC) for organizations handling large volumes of transactions, or by self-assessment questionnaire (SAQ) for companies handling smaller volumes. A sample PCI compliance requirements is contained in Appendix G.

Whistleblower Policies & Processes

A whistleblower is an employee or former employee who reports information that they have reasonable cause to believe indicates a violation of state or federal law. While whistleblower concerns can address all aspects of an organization's governance, they are most commonly brought to light for financial management and accounting practices. Examples of illegal or dishonest activities are violations of federal, state or local laws; billing for services not performed or for goods not delivered; and other fraudulent financial reporting. Federal and state law prohibits retaliation against whistleblowers. It is therefore important to have a written policy in place that addresses how an employee can bring a concern to management and exactly how and what they are protected against. It also encourages employees to raise these serious concerns internally and helps ensure that the organization can address and correct inappropriate conduct and practices.

Organizations that encourage complaints by having an open-door policy and have a standard of no retaliation for raising concerns are considered even more transparent. These organizations will be in a better position to address all concerns, whether they are about fraudulent accounting practices, unsafe conditions, alleged discrimination or other matters. Sample whistleblower policies are included in Appendix N.

Document Retention

Corporate documents are any records produced during the normal course of business, whether physical or electronic. They are important business assets, and it is a best practice to have a written policy that governs how these assets are handled. Documents are preserved for legal compliance, to protect intellectual property and help in cost and information management. Establishing retention and destruction policies can also help protect the organization from legal ramifications and limit liability in the long run. By having a clear and enforced retention policy, discoverable documents may be limited when requested for litigation purposes. An important note about document retention and destruction policies, is that if records are deemed to be relevant to a current or potential litigation, a hold is placed on the destruction policy and all documents must be retained until determined they are no longer needed. Legal counsel to the organization should be familiar with the company's document retention policy. Several categories of documents bear special consideration and are detailed below. A sample record retention schedule is included in Appendix O.

Articles of incorporation, corporate resolutions, tax returns, audit reports, determination letter and any correspondence from the IRS (for exempt organizations), year-end financial statements, minutes of board meetings, insurance policies, real estate deeds, mortgages, bills of sale and checks should all be retained permanently. Be aware that state law regarding employment documents varies and must be accounted for in your retention policy. Email correspondence counts as documentation and must be handled according to your policy. The policy must also apply to both physical documents and those stored digitally (locally or in the cloud), so precautions must be taken to back up and preserve electronic copies.

SYSTEMS AND TECHNOLOGY

Planning

It is important for an MLS to strategize about how the organization will use technology and information to achieve its mission and plan for the short term (one or two years) and the long term (three to five years) to accommodate the changing technology landscape. It is critical that the organization have the systems and technology necessary to meet its goals and objectives.

An MLS should have information systems in place that provide timely, accurate and relevant information. The information systems should include data storage and retrieval as well as data entry policies and procedures. The MLS should prescribe how all organizational information is gathered and stored, how accuracy is maintained, how and what information is backed up, standard operating procedures for how information is entered and maintained, and to whom information is made available.

Planning for the unplanned is a challenge but it is critical that the organization maintains and implements a catastrophic recovery plan to deal with unforeseen events. The plan should include accurate equipment lists for insurance purposes and off site, backup copies of key data and information as well as security of the information.

The systems and technology plan should also include how to effectively manage systems that are responsible for:

1. Enterprise resource planning (ERP)
2. Customer relationship management (CRM)
3. Security of information maintained in the ERP and CRM systems

ERP Systems

An organization's ERP system should support all aspects of the entity's financial management activities. The ERP system should be able to handle customer billing, including automated recurring subscription billing on a monthly, quarterly, semi-annual or annual basis, and any related deferred revenue accounting. Additionally, the ERP system is where the company's accounting and financial reporting activities will take place. Many ERP systems can also facilitate the budgeting and forecasting functions of the organization.

CRM Systems

The CRM system is where all customer information is maintained, which enables the organization to maintain and update customer MLS access levels, billing and payment activities, and facilitate effective customer interactions. As noted above, customers' personal information, particularly payment card information, must be maintained in a PCI DSS-compliant environment. In addition to housing and maintaining the security of customer information, a CRM system should support email communications and ticketing for customer issue management.

System Integration

Ideally, the MLS system, ERP system and CRM system should be integrated with one another in order for pertinent information to be passed from one system to another seamlessly. System integration is important for data integrity, as well as efficiency, and ensures that there are not multiple data entry points for the same types of information. The more data entry points that exist, the greater the potential for error and for systems to become out of sync. Whenever possible there should be one “source of truth” for the entity’s customer and financial information.

STAFF DEVELOPMENT

Critical to the sustained success of an accounting and finance department is the development of its staff. The goal is to strategically develop the skills, knowledge and confidence of each staff member to fulfill current and future needs. This is best accomplished by first assessing the needs of the department and identifying the staffing needs necessary to accomplish the goals. Ensuring that the staff is, or can become with reasonable effort, aligned with the goals can be one of the most challenging parts of a manager’s role. While challenging, it is imperative to allow the manager, department and organization to ultimately achieve their potential level of success. A SWOT analysis is often helpful in outlining the current state of the members of your staff. Asking that each staff also complete the analysis allows for a great segue into the discussion of implementing their individual development plan. As a part of the department needs analysis, thought should be given to support of future staffing transitions.

Succession planning is the process of identifying and developing internal staff with the potential to fill critical roles within the organization. Succession planning reduces the strain of staffing transition, both planned and unforeseen, as it prepares those identified to assume the roles as they become available. Within the realm of the finance department, identifying a potential replacement for the senior finance role is critical.

With proper staff on board, a plan for development of each is needed. The planning process should seek to answer questions, including:

- What is the ultimate goal for each staff member?
- Are they a part of the department’s succession plan?
- What are staff’s areas of interest?
- What natural strengths does staff present and how can they be maximized and aligned with the department’s needs?
- What are the short- and long-term goals of staff?
- How can the goals of staff be best supported while ensuring the needs of the department are met?

The answers to these and other questions should be incorporated into a plan that accomplishes SMART goals for each staff. SMART goals are: specific, measurable, attainable, realistic and timely. With the goals clearly identified, a plan for implementation should be documented and communicated with each staff member. A successful implementation hinges on the manager’s ability to engage and challenge their team by using various methods. Incorporating a variety of methods such as coaching, counseling, mentoring, training and cross training gives the manager several tactics for developing a strong team player able to confidently own the roles currently assigned and grow in to those to come. It’s imperative the methods chosen complement one another and are well outlined with the intended use and purpose of each. An effective meeting structure is also a great method of developing strong individuals and building a strong team. A three-pronged meeting structure may be considered as outlined below, but certainly should be tailored to the culture and needs of the organization.

- **One-on-one meeting**: Focus on individual growth, goals, opportunities, challenges, and solutions. This strengthens the individual as a player on the finance team.
- **Accounting team meeting**: Focus on department growth, goals, opportunities, challenges, and solutions. This strengthens the finance team as a player in the organization.
- **All team meeting:** Focus on organization-wide growth, goals, opportunities, challenges, and solutions. This provides a forum for all departments to work collaboratively toward the organization’s unified goals.

While the focus can easily become solely on the needs of the organization and department, a manager would be remiss to disregard the importance of employee satisfaction. To build and maintain a strong team for an extended period, it’s important to create a reciprocal relationship in which the employee feels supported and their goals valued. In developing the plan for each staff member, being mindful of the importance of this balance between the organization's needs and the desires of the employee is the ultimate combination for a sustainable employment relationship.

APPENDICES

Appendix A: Sample Cash Flow Statement

CASH FLOW STATEMENT		
	For the year ending	12/31/2013
	Cash at beginning of year	15,700
Operations		
Cash receipts from customers		693,200
Cash paid for		
	Inventory purchases	(264,000)
	General operating and administrative expenses	(112,000)
	Wage expenses	(123,000)
	Interest	(13,500)
	Income taxes	(32,800)
Net cash flow from operations		**147,900**
Investing Activities		
Cash receipts from		
	Sale of property and equipment	33,600
	Collection of principal on loans	
	Sale of investment securities	
Cash paid for		
	Purchase of property and equipment	(75,000)
	Making loans to other entities	
	Purchase of investment securities	
Net cash flow from investing activities		**(41,400)**
Financing Activities		
Cash receipts from		
	Issuance of stock	
	Borrowing	
Cash paid for		
	Repurchase of stock (treasury stock)	
	Repayment of loans	(34,000)
	Dividends	(53,000)
Net cash flow from financing activities		**(87,000)**
Net increase in cash		**19,500**
	Cash at end of year	35,200

__Appendix B: Sample Balance Sheet__

[Your Company Name]	[Date]	Balance Sheet
Assets		
Current assets:	**Last Year**	**Current Year**
Cash	-	-
Investments	-	-
Inventories	-	-
Accounts receivable	-	-
Prepaid expenses	-	-
Other	-	-
Total current assets	**-**	**-**
Fixed assets:	**Last Year**	**Current Year**
Property and equipment	-	-
Leasehold improvements	-	-
Equity and other investments	-	-
Less accumulated depreciation	-	-
Total fixed assets	**-**	**-**
Other assets:	**Last Year**	**Current Year**
Goodwill	-	-
Total other assets	**-**	**-**

Total assets	**-**	**-**
Liabilities and owner's equity		
Current liabilities:	**Last Year**	**Current Year**
Accounts payable	-	-
Accrued wages	-	-
Accrued compensation	-	-
Income taxes payable	-	-
Unearned revenue	-	-
Other	-	-
Total current liabilities	**-**	**-**
Long-term liabilities:	**Last Year**	**Current Year**
Mortgage payable	-	-
Total long-term liabilities	**-**	**-**
Owner's equity:	**Last Year**	**Current Year**
Investment capital	**-**	**-**
Accumulated retained earnings	-	-
Total owner's equity	**-**	**-**
Total liabilities and owner's equity	**-**	**-**
Balance	-	-

__Appendix C: Sample Income Statement__

[Your Company Name]	For Period Ending [Date]	Income Statement		
	Current Month		Year to Date	
	Amount	% of Sales	Amount	% of Sales
Revenue				
Gross sales	$500		$2,500	
Net sales	$300	100%	$2,000	100%
Operating Expenses				
Selling				
Salaries and wages	$35	12%	$130	7%
Commissions	12	4%	80	4%
Advertising	10	3%	60	3%
Depreciation	14	5%	120	6%
Other	5	2%	30	2%
Total selling expenses	$76	25%	$420	21%
General/administrative				
Salaries and wages	$12	4%	$130	7%
Employee benefits	3	1%	31	2%
Payroll taxes	2	1%	23	1%
Insurance	2	1%	1	0%
Rent	12	4%	23	1%
Utilities	2	1%	30	2%
Depreciation & amortization	1	0%	16	1%
Office supplies	1	0%	8	0%
Travel & entertainment	2	1%	4	0%
Postage	1	0%	11	1%
Equipment maintenance & rental	4	1%	49	2%
Interest	2	1%	31	2%
Furniture & equipment	1	0%	10	1%
Total general/administrative expenses	$45	15%	$367	18%
Total operating expenses	$121	40%	$787	39%
Net income before taxes	$69	23%	$433	22%
Taxes on income	22	7%	135	7%
Net income after taxes	$47	16%	$298	15%
Extraordinary gain or loss	$0	0%	$0	0%
Income tax on extraordinary gain	0	0%	0	0%
Net Income (Loss)	**$47**	**16%**	**$298**	**15%**

Appendix D: Sample Finance Committee Structure Membership

The finance committee should consist of at least three board members, one of whom is the treasurer. In larger organizations, the CFO or accounting manager will participate with the finance committee as an ex-officio member. In smaller organizations, the CEO may be the staff participant.

All committee members should have sufficient background in business to understand normal financial management policies and procedures including, but not limited to, cash flow analysis, income statements, balance sheets, prudent reserves, etc. The board chair is usually responsible for appointing the finance and/or audit committee members.

Commitment

There should be term limits on both the committee members and the treasurer of no more than three years. It is recommended that these terms be staggered.

Role of the finance committee

The role of the finance committee is primarily to provide financial oversight for the organization. Typical task areas for small and mid-sized groups include budgeting and financial planning, financial reporting, and the creation and monitoring of internal controls and accountability policies. An outline of responsibilities appears below.

Internal controls and accountability policies

- Create, approve, and update (as necessary) policies that help ensure the assets of the organization are protected.
- Ensure policies and procedures for financial transactions are documented in a manual, and the manual is reviewed annually, and updated as necessary.
- Ensure approved financial policies and procedures are being followed.

Finance committees are also often charged with ensuring compliance and/or developing other policies that further serve to protect the organization and manage its exposure to risk. These include establishing policies surrounding:

- Long-term contracts or leases
- Loans or lines of credit
- Capital purchases
- Insurance requirements and reviews
- Records retention

Appendix E1: Sample Financial Events to Address Throughout the Year

1. Prepare/circulate fourth quarter and preliminary year-end results to finance/audit committee.
2. Final close of accounting records for prior fiscal year.
3. Complete by February each year:
    a. Mail form 1099 to any entity who provided services during prior calendar year and received $600 or greater in non-employee compensation.
    b. Mail form W-2 to all employees working for the organization in the prior calendar year.
    c. File form 1096 (transmittal) and supporting 1099s with the IRS.
    d. File forms W-3 and W-2s with Social Security Administration for employees working for the organization in the previous calendar year.
4. Preparation for annual audit.
5. Prepare/circulate first quarter operating results to finance/audit committee.
6. Draft of audit report and auditor's recommendations for improvements.
7. Audit firm meets with finance/audit committee to discuss draft audit report.
8. Management prepares a response to the audit report.
9. Audit and management response are issued as final, incorporating management's response.
10. Annual update of personnel policies and procedures manual, incorporating legal oversight.
11. Prepare/circulate second quarter operating results to finance/audit committee.
12. Perform annual insurance coverage review.
13. Filing of form 5500 and return of organization's pension plan, if applicable.
14. Prepare mid-year budget revision for current fiscal year based on actual results for first and second quarters.
15. Obtain financial/audit committee approval of mid-year budget revision for current fiscal year.
16. Begin next fiscal year budget process; identify budget director and budget timetable; gather information necessary to develop expense and revenue budget for the next fiscal year.
17. Assemble draft budget for next fiscal year, incorporating fiscal and program personnel.
18. Final deadline for audit, if applicable.
19. Review draft budget with senior management; incorporate comments and recommendations.
20. Prepare/circulate third quarter operating results to finance/audit committee.
21. Circulate draft budget and budget narrative to finance/audit committee; incorporate comments and recommendations.
22. Selection/reconfirmation of audit firm for the next fiscal year.
23. Send budget package to board of directors; board meets to approve budget for next fiscal year.
24. Update cash flow projections for coming 12-month period and present to board.
25. Incorporate next fiscal year's board-approved budget into organization's accounting system.
26. Finance/audit committee engages audit firm and holds a planning meeting.
27. Prepare all necessary year-end closing accruals and expense analyses.

Appendix E2: Sample Calendar

This is a sample of a calendar of important finance dates throughout the year.

Calendar of Important Finance Dates

Q1

Jan. 15: Quarterly estimated taxes for Q1 due.

Jan. 30: IRS deadline for forms: 5499, 5498-SA, and 1099-R. Also deadline for employers to mail W-2s.

Feb. 18: IRS mailing deadline for forms 1099-B, 1099-S.

Feb. 28: Deadline to file new W-4 with an employer.

March 17: IRS mailing deadline for non-retirement brokerage accounts holding REMICs, FASITs, and CMOs, as well as form 1042-S

Q2

April 15: Individual tax returns or extensions for tax year 2013 are due. Forms 1040-ES must be postmarked by this date. Also, deadline to make contributions to a traditional or Roth IRA.

May 15: Deadline for nonprifits to file form 990 or 8868.

June 2: IRS mailing deadline for form 5498 and health savings account form 5498-SA.

June 16: Deadline for U.S. citizens living abroad to file 2013 individual income taxes and pay any taxes due.

June 30: Federal deadline for FAFSAs to be submitted.

Q3

August: Employees should check in with HR department regarding upcoming open enrollment deadlines. College students should be aware of registration and payment deadlines for summer/fall terms.

Sept. 15: Third quarter estimated tax payment due. Deadline to file previous year corporate tax returns, trust income returns, and partnership tax returns if extension was granted.

Q4

Oct. 1: Deadline to establish 2014 simple IRA.

Oct. 15: Extended individual tax returns due. Deadline to recharacterize or undo a previous year Roth IRA conversion.

November: Numerous financial aid deadlines occur in November depending on the school; students are encouraged to check with their schools regarding specific dates.

Dec. 1: Health savings account holders who became eligible to open an HSA sometime during the year, rather than on Jan. 1, may contribute and deduct the full amount federally allowed.

Dec. 31: Last day to set up a solo 401(k).

__Appendix F: Sample Billing and Collections Policy__

Billing and Payments

It is an import function of every MLS to determine what its billing and collection policies will be. This sample policy statement is designed to provide ideas that can be reviewed and changed as needed.

__Billing for MLS Services__

Members may be billed monthly, quarterly or annually for upcoming recurring fees or any other applicable charges. Members that join the MLS on or before the 15th of the month are typically billed for that month and the upcoming month on their first statement.

__Payment Process__

MLSs may determine that payments on account are due by a specific day of the month and considered delinquent on the prescribed day after original billing (typically 30, 60 or 90 days). Each MLS must define what methods of payment it will accept such as debit/credit card, cash, or check. Payments are usually delivered to the MLS office, mailed, phoned in, processed through the auto-pay program, or made online.

__Late Payments__

Postmarked envelopes or after-hours delivery will sometimes not be considered by an MLS when determining late fees. Payments should usually be received by the MLS on the prescribed day or services may be suspended and a reactivation fee may be assessed. All services are typically reinstated upon receipt of account balance and reactivation fee (if applicable).

A. Subscribers who do not bring their accounts current, and possibly pay a reactivation fee, by a predetermined late day, might be considered non-members for MLS purposes and future billings will be transferred to the participant's account. Delinquent accounts may be sent for collection.
B. Participants who do not bring their individual accounts current by a predetermined late day could be suspended and a reactivation fee might be assessed. If, after a lengthy period, in many cases 90 days, the participant's account is not brought current and reactivation fees paid, the entire office could be terminated and all listings might be removed.

__Refund Policy__

A. Terminated members: Members with a zero account balance who terminate may be eligible for a refund of MLS and key fees for the month of the termination only. Members with a credit balance on their accounts could receive a refund check or a credit applied to the credit card within a fixed amount of days of termination. If termination paperwork is signed by agent but not forwarded to the association by the broker for official termination, accumulated balance may be moved to the designated real estate professional's bill.
B. Active members:
    1) *__Errors on billing:__* If MLS erroneously bills a member, a credit may be applied to their account and will appear on the next monthly statement.
    2) *__Training sessions:__* Refunds may be given for prepaid registrations if cancellation is received in accordance with the posted refund policy for that session.

Collection of Past Due Accounts

__Suspended Status__ Current members (including participants, subscribers and non-members) with a past due account balance may be sent to collections.

A. When an account has been inactivated for non-payment, the MLS may send a letter to the member requiring payment to avoid being referred for collection. if unpaid by the final due date, accounts may be automatically be referred for collections. In addition, a notation may be made in the member's file indicating that the previous balance due and any applicable reactivation fees must usually be paid prior to reinstating MLS membership at any time in the future.

__Inactive/Terminated Status__

Former members (including participants, subscribers and non-members) who are no longer active in the MLS with a past due account balance may be sent to collections.

A. If the account is still delinquent, a certified letter is typically sent requiring payment or the account will be referred for collections. If still unpaid on the final due date, the account may be automatically be sent to collections. In addition, a notation should be made in the former member's file indicating that the previous balance due and any applicable reactivation fees must be paid prior to reinstating MLS membership at any time in the future.

Returned Check Policy

Current Account Balance

A. An MLS may charge a service charge for checks returned for insufficient funds. The service charge amount is usually prominently posted.

B. In the event of a returned check a member should be required to make the funds good, plus the service charge within a specified number of business days.

Returned Check Causes Account Delinquency

A. In the event a check is returned for insufficient funds for payment of an agent or broker account that is on notice as delinquent, MLS services (if applicable) may be suspended immediately upon notice of the insufficient funds. Check and reactivation fees can be assessed plus the return check service charge. The account is ordinarily processed as a delinquent account in accordance with MLS billing policies.

Multiple Returned Checks

A. If a member has three returned checks within a 12-month period, the member account could be placed on a credit card or cash basis for a one-year period.

Appendix G: Sample PCI Compliance Requirements

The PCI Data Security Standard specifies 12 requirements for compliance, organized into six logically related groups called control objectives. Each version of PCI DSS has divided these 12 requirements into a number of sub-requirements differently, but the 12 high-level requirements have not changed since the inception of the standard.

Control Objectives	PCI DSS Requirements
Build and Maintain a Secure Network	1. Install and maintain a firewall configuration to protect cardholder data
	2. Do not use vendor-supplied defaults for system passwords and other security parameters
Protect Cardholder Data	3. Protect stored cardholder data
	4. Encrypt transmission of cardholder data across open, public networks
Maintain a Vulnerability Management Program	5. Use and regularly update anti-virus software on all systems commonly affected by malware
	6. Develop and maintain secure systems and applications
Implement Strong Access	7. Restrict access to cardholder data by

Control Measures	business need to know
	8. Assign a unique ID to each person with computer access
	9. Restrict physical access to cardholder data
Regularly Monitor and Test Networks	10. Track and monitor all access to network resources and cardholder data
	11. Regularly test security systems and processes
Maintain an Information Security Policy	12. Maintain a policy that addresses information security

Appendix H: Sample Accounts Payable Processing Procedures

The following sample of procedures may be used as guidelines for processing accounts payable transactions.

Purchase transactions for goods and services may be initiated from several sources:

- Contracts
- Purchase orders
- Non-ordered goods and services
- Petty cash transactions – Petty cash is ordinarily kept in a lockbox in an MLS preapproved office. Any authorized person may have access to petty cash and can disburse it according to MLS policy. Any employee can request petty cash reimbursement with MLS approval.
- Staff or director expense reports
- Prepaid gift cards are sometimes used

The objectives of these procedures are to:

- Ensure that goods and services are properly authorized for company purposes
- Ensure that goods are received in proper quantities and services are performed in the manner and time frame requested
- Ensure that invoice pricing is in accordance with contract terms, quotes, or authorized dollar amounts
- Provide an efficient means for timely payment of company obligations
- Provide a reliable audit trail
- Promote ease of purchase review

Purchase Initiation and Authorization

Typically, the terms of recurring services are specified by contract. Discussions, negotiation, and general counsel review of contracts are not always documented and thus no requirement is specified in these procedures. However, most contracts in the normal course of business should be approved by the CEO or approved MLS designee, documenting authorization of the purchase. Typically, contracts are kept by the MLS approved department head.

Purchase orders are routinely used to:

- Specify exactly what goods or services are ordered
- Secure appropriate preauthorization for a purchase

Typically, an MLS does not require standard format for a purchase order (PO) so long as the two requirements above are met. POs should be completed prior to purchase for any goods or services ordered by the operations department. Other departments may use POs for purchases, but all should be approved by a department head or MLS designee.

Those purchase transactions for which a PO is impractical are considered non-ordered expenditures. Initiated without a contract or PO, the first documentation for this type of purchase is usually upon receipt of an invoice either by mail or at the front desk. Invoices are ordinarily given to the head of finance once received. The head of finance reviews the invoice and may stamp it with a designed stamp that notes G/L#, job#, use tax yes or no and approval. The invoice should be checked for arithmetic and a G/L account and a job number assigned. The invoice is then entered into the accounts payable system and forwarded to the appropriate department head for approval of purchase and a G/L account assigned. At this point the invoices can be matched to the receipts and actual goods or services received by the initiating employee.

When practical, a check request maybe used to initiate C.O.D. purchases. Like a PO, a check request is used to specify what goods or services are ordered and to secure the appropriate preauthorization.

Some examples of non-ordered expenditures are:

- Shipping by UPS or FedEx

- Lunch orders and group meals ordered in
- Coffee and water replenishment
- Content copyright
- Office postage replenishment
- Legal fees
- Purchase of public record data
- Subscriptions
- Telephone and data lines

Receipt of Goods and Services
In most cases, the initiating employee ensures that the goods or services are in fact received, are of the proper quantity and specification, and are of good quality. This duty may be delegated at the department head's discretion. Approval is ordinarily documented by initialing the invoice and specifying the G/L code on the invoice. The head of finance ordinarily ensures that the G/L coding is correct and, as a final check, the CFO may override the G/L code, assigning the expense as prepaid or expensing minor asset purchase.

Expense reimbursement requests should be accompanied by valid receipts for purchases along with date, business purpose, and names of those in attendance. For automobile mileage reimbursement, a detailed explanation of business miles driven including date and purpose should accompany the request. Mileage is ordinarily reimbursed at the IRS standard rate. Account executive mileage is normally calculated on a daily basis by miles traveled less mileage to office from home. Department heads may request additional documentation of business mileage. Expense reimbursements are usually signed and customarily approved by department heads.

Price Verification
Mathematical verification of all invoices and expense reimbursement requests are usually performed by the Head of Finance or authorized designee and are usually noted by red checks and underlines on the invoice, expense report or check request.

Payment
When determined (weekly, bimonthly, etc.), approved invoices may be selected for payment by the head of finance. It is preferable to create a paperless office using purchase orders, accounts payable matching, and signed checks being printed on a printer with blank paper stock. If regular printed checks are used, blank checks should be stored in a locked filing cabinet or other previously determined location by the MLS. Checks can be printed and a file is usually allowed to be exported to a banking software program that is available from most banks. The head of finance (or CFO) customarily reviews and signs all checks. The director of finance usually initials each invoice indicating their final review of the transaction. A second signature may be required on all checks in excess of a defined dollar amount. Signature stamps are not typically used by MLSs and all signatures should be handwritten. When necessary, checks can be printed outside the monthly schedule.

Credit Card and ACH Purchases
When single purchases are made through a website (as is often the case with operations department purchases), or recurring purchases such as Amazon web services, a credit card is needed to pay for the purchase upfront. MLS often have a company credit card to facilitate payment and reduce the need for employees to use their own cards and then seek reimbursement.

More recently, certain vendors require permission to use an ACH debit to the MLS's bank account to ensure efficiency in payment.Employees seeking to make a purchase via one of these methods should:

- First seek verbal permission of the department manager
- Retrieve the MLS credit card
- Contact vendor and provide them with necessary information
- Print invoice/receipt and submit it to finance department

- It can then be coded and returned to initiator and department head for signature indicating approval
- Credit card purchases should be reconciled and matched to the approved invoices or approved payment receipts at the end of the month when the statement is received. The head of finance ordinarily reviews the purchase to ensure that all purchase invoices have been received and approved.
- Once the credit card statement is reconciled, the head of finance may initiate payment of the entire monthly balance.
- Thereafter, the head of finance should review and initial the statement reconciliation.

Sometimes prior approval may be given to certain vendors to initiate ACH debits to MLS's bank accounts. When ACH debits hit the account, an email to the head of finance should be generated to notify them of the pending transaction. They can then ordinarily log into a secure website and either approve or reject the transaction. Given that certain transactions are frequent and in the normal course of business, each MLS should have set standards of permission for certain vendors with dollar limits which allow transactions to pass without affirmative approval from MLS. Examples include employee initiated medical expense reimbursements, payroll and taxes monthly services fees and 401(k) transmissions.

Audit Trail
Paid invoices should be filed by vendor, by year in the finance department. After one year, the vendor files may be stored in a secure location deemed appropriate by the MLS. It is preferable to store all documents electronically and move away from paper.

Bank Reconciliation
Monthly bank statements should be downloaded from the bank's online banking platform. The head of finance ordinarily prepares the bank reconciliation.

Voided Checks
Voided checks should be kept in a single file by the head of finance. Voided checks that have replacements can also be kept with the replacement check stub and related invoice in accounts payable vendor files.

Appendix I: Sample Travel Policy for Officers or Directors

The MLS staff typically makes any airline reservations and purchases the tickets; makes hotel reservations and directly registers and pays any registration fees. This establishes a method for the MLS to control costs. Certainly, this needs to be done in coordination with the officer or director traveling, but should be controlled by the MLS.

The MLS should define what it believes are reasonable traveling expenses. These typically include items such as mileage at the IRS-designated rate; airfare, hotel room; food, parking, taxi and necessary travel expenses. All requests for reimbursement of travel expenses must include a receipt. The organization must determine if it will cover any spouse travel. Larger organizations may cover spouse travel for the president or other officers. Spousal travel provided for officers, directors, key employees, and hHighly compensated employees (per IRS definitions) will be included on the Form 990, Schedule J. It is critical that this be defined and applied consistently. A 1099 form for spouse expenses paid by MLS will be issued if appropriate. Spousal travel should be added to the employees W-2 amount.

The MLS needs to determine how many meetings, and what meetings the officers and directors may attend and expect to receive reimbursement. Travel by other officers, directors, or staff will be approved on an individual basis. Travel expenses and meeting attendance is typically approved each year through the budgeting process. The MLS board of directors should approve any travel beyond that approved in the budget.

Travel expenses of any party should be reimbursed only when that party is not entitled to be reimbursed for expenses by another organization or because of another position he/she may hold.

Appendix J: Sample Travel and Other Expense Reimbursement Policy (Extended Version)

A. PURPOSE

This sample policy may be used by an MLS to provide a consistent standard for travel and business expenses, including reimbursement. It is the intent of the MLS that employees neither gain nor lose personal funds. It is also the intent of the MLS that all travel be both necessary and reasonable. (MLS) travel and business expenses policies and procedures are aligned with the Internal Revenue Service (IRS) rules and regulations.

B. SCOPE

This policy applies all qualified travelers. Each MLS must define qualified travelers. They could be officers, and committee members, staff, spouse or guests, and independent contractors.

C. TRAVEL POLICY

This policy is designed to ensure compliance with minimum IRS requirements; ensure reimbursement on a fair and equitable basis; and avoid undue record keeping and reimbursement delays.

1. <u>Attendance</u>
   This travel policy applies to those designated and budgeted.

2. <u>Receipts</u>
   Original receipts are required for any claimed expenses of $___ or more. Receipts should be submitted for all expenditures, regardless of dollar amount and attached to the expense report. Photocopies of invoices, credit card statements or record of charge slips accompanying the monthly billing statement, receipts or restaurant stubs are typically <u>not acceptable</u> unless the original document was lost and a signed memorandum is attached to the travel/expense report giving a full explanation of circumstances.

3. <u>Use of Company Credit Card</u>
   The MLS may issue corporate credit cards to select parties. An MLS corporate credit card should be used only for legitimate, authorized travel and other business expenses incurred for the MLS. Should any personal expenses be charged to the MLS card, reimbursement in full, along with appropriate documentation, should be submitted with the expense report.

4. <u>Travel Arrangements</u>
   A. *Air Travel*:
      1) Reservations - Travelers on MLS business may work with executive assistant on flight reservations or they may make they own travel arrangements timely and must send the flight information to the executive assistant prior to any business travel.
      2) Class of Service - Reservations are ordinarily made for coach or special fares only (unless paying the difference). The MLS does not customarily reimburse for first class tickets. Some MLS may allow booking of first class if the employee pays the differential.
      3) Fares - The lowest fare advance purchase (including discount fares and supersavers) will be used whenever possible as long as the flight does not put an extra burden on the passenger such as additional stops when nonstop or direct flights are available. Also, it should not require the passenger to travel overnight or in early morning or late evening unless requested.
      4) Personal Travel - Personal travel can be included in conjunction with the business trip, but the traveler should give his/her personal charge card number for that portion or attach a check to the expense report if the cost of the ticket is greater.
      5) Payment - Airline expenses can be charged to MLS's credit card. If preferable, the traveler may use his/her own credit card, in which case airfare documentation should be included with the travel claim.

   B. *Accommodations*:

1) Room Cost - Hotel accommodations are for standard rate rooms, not to exceed the set MLS limit per day plus applicable taxes. Exceptions will be made on a case-by-case basis during the budget process for those cities in which standard rate rooms exceed this amount.
2) Upgraded Room - Those desiring upgraded accommodations should also be responsible for the difference and submit payment along with their expense report.
3) Payment - Room and tax may be billed to MLS's credit card or to the traveler's personal card for reimbursement by MLS.
4) Personal Expenses, Incidentals - Non-reimbursable personal expenses billed to the traveler's room should be paid by the traveler upon check out and the deduction shown on the final hotel bill or reimbursed to the MLS at the time the expense report is filed.
5) Cancellations - Should it be necessary to cancel an MLS paid hotel reservation, it is the traveler's responsibility to contact the staff executive during business hours or the hotel after hours so the association is not charged for a no show.

C. *Airport Limo/Tax/ Bus*: Typically, these expenses are reimbursed at actual cost for business purposes only. Sightseeing tours, trips to local tourist attractions, and other non-business pleasure travel are usually not reimbursable. Receipts should be obtained whenever possible. Note: Use discretion in choosing your method of transportation to and from the airport, (in many cases if the traveler is out of town five or more days, it might be less expensive to take a taxi to the airport versus parking there).

D. *Personal Automobile*: The MLS will reimburse mileage at the IRS allowable rate per mile. Note: If the traveler chooses to drive to a meeting in lieu of flying, reimbursement will be based on reasonable costs, but the traveler will usually not be reimbursed for costs which in total exceed the applicable airfare. Parking and tolls are generally reimbursed at actual cost.

E. *Rental Car*:
1) The appropriate MLS executive should be consulted if the traveler needs to rent a car. Rental cars are reimbursable only when other methods of transportation are not obtainable.
2) Damage Waiver. If it is necessary to rent a car, and the employee has confirmed with management that the current association insurance coverage does not already cover rental insurance, the collision damage waiver should be purchased to ensure MLS will not be liable for out-of-pocket expenses should an accident occur.
3) Parking and tolls are reimbursed at actual cost.

F. *Tips*: Tips are reimbursable for normal services associated with business travel such as food services, porters, etc. Tips included on meal receipts will typically be reimbursed as long as they are deemed reasonable.

G. *Meals & Incidentals*:
1) Maximum Allowable - Travelers will be reimbursed for all meals, including tips as well as incidental expenses, not to exceed the allowable IRS per-diem rate per day per person for meals and incidentals.
2) Travel by Car - If driving in lieu of air travel, meals and incidentals will be reimbursed for only one day each way.
3) Incidentals - Expenses of a personal nature (e.g., laundry and valet services, room service, snacks/mini-bar, in-room movies) are not covered; generally to the extent they are included in the per-day maximum in subsection G.1 above.
4) Multiple Persons on One Check - When two or more persons covered under this policy dine together; their meals may be placed on one card or charged to one room as a convenience. However, this should be noted on the expenses report and credit card slip so the appropriate portions can be allocated back against each person's meal allowance.
5) Guest Entertainment - If the traveler picks up the tab for persons not covered under this policy, he/she must record their names and the amount under guest entertainment on the reverse of

the expense report and/or the credit card receipt. Any amounts charged in this manner are applied against per day allocations, except for those individuals authorized below.

6) Business Entertainment Expenses - Normal business entertainment expenses typically will be for those preapproved, while traveling on MLS business. The names of those entertained and the nature of the business conducted or business purpose should be documented on either the expense report form or reverse of the credit card slip. The nature of the business conducted must relate directly to, and be in furtherance of MLS's programs and services.

5. Non-reimbursable Expenditures
   A. It is customary in the MLS business that expenses of a personal nature: clothing, toiletries, sundries, gifts, souvenirs, rental cars unless specifically budgeted or preauthorized, airline headphones, theater or sports tickets, family travel and spouse/guest meal expenses (unless spouse/guest of the president or president-elect).
   B. Books, magazines or other periodicals.
   C. Barber, beautician, hotel health or exercise club services.
   D. Lodging for vendor.
   E. No expenses should be allowed for those days during which the individual is absent from the official meeting location for a period of 12 hours or more.
   F. There should not be monetary advances except for ticket purchases, registration fees and required room deposits unless pre-authorized by the appropriate MLS officer.

6. Management Staff Reimbursements
   A. MLS management may receive reimbursements as set forth above. Management staff should be responsible for expenses of spouses/guests.
   B. Reimbursement for expenses incurred while attending all other meetings, conferences and/or seminars should be as set forth in MLS's budget.

7. Accountability
   A. Requests for reimbursement under this policy shall be made on a form approved by chief financial officer and provided by MLS, accompanied by proper documentation, and typically submitted within 30 working days following the conference.
   B. Reimbursement for non-reimbursable expenses charged to MLS may be due and payable within 30 days of the date of the invoice.
   C. Any holder of an MLS credit card should review and initial the monthly charge card bills as they pertain to their expenses. Airline and hotel reservations may be made for the president, president-elect, and vice president using their credit card account. Supporting documentation will ordinarily be provided for all credit card charges.
   D. MLS should not reimburse expenses submitted which are not in compliance with IRS requirements or these policies.
   E. All expenses must be submitted on an MLS expenses report within 30 days of the completed trip. Those submitted after 30 days may or may not be approved. In general, no expenses are typically reimbursed more than 90 days after completion of a trip.
   F. Expenses should be paid from one day before to one day after scheduled meetings.

Appendix K: Sample Expense Report

For Office Use Only

Expense report

PURPOSE: ____________ STATEMENT NUMBER: ____________ PAY PERIOD: From ______ To ______

EMPLOYEE INFORMATION:

Name ____________ Position ____________ SSN ____________

Department ____________ Manager ____________ Employee ID ____________

Date	Accoun	Description	Hotel	Transpor	Fuel	Meals	Phon	Column	Entertainmen	Misc.	Total
											$ -
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
										Subtotal	$ -
										Advances	
										Total	$ -

APPROVED: ____________ NOTES: ____________

Appendix L: Sample Petty Cash Voucher

PETTY CASH VOUCHER FORM

CHECKING OUT FUNDS:

PETTY CASH ACCOUNT: ___________________________

AMOUNT OF FUNDS TAKEN: __________________________

DATE FUNDS TAKEN: ___________________________

Purpose / reason:
____
____

Signatures Needed:
PERSON SIGNING OUT FUNDS: ________________________________

PERSON DISTRIBUTING FUNDS: ________________________________

RETURNING FUNDS/RECEIPTS

DATE RETURNED: __________________

SIGNATURES NEEDED:

PERSON RETURNING FUNDS/RECEIPTS: ________________________
PERSON ACCEPTING RETURN: ________________________________

Please note: Until funds/receipts are returned, person signing out funds will be liable for amount checked out.

Appendix M: Sample Differences: Not-For-Profit and For-Profit Accounting

Anyone familiar with generally accepted accounting principles and practices will find most accounting for nonprofit activity to be very familiar. There are, however, some significant differences, including:

- Accounting for contributions
- Capitalizing and depreciating assets
- Use of cash- and modified cash-basis accounting
- Functional expense classification

Accounting for Contributions
Nonprofits that qualify for tax exempt status under section 501(c)3 of the Internal Revenue Code are entitled to receive contributions that are tax deductible to the donor. Since this is unique to the nonprofit sector, there are no equivalent procedures for handling contributions in for-profit accounting. Special procedures have been established for handling the following types of contributions:

Pledges (promises to give): In 1993, the Financial Accounting Standards Board (FASB) issued the Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made. This statement establishes firm guidelines for pledge accounting, requiring that legally enforceable, unconditional pledges be recorded in the accounting records. An unconditional pledge is one that is not contingent on some uncertain future event, such as a matching grant from another donor.

Donated Materials and Services (In-Kind Contributions): FASB Statement No. 116 guidelines also require that nonprofits account for contributions of most goods (with the exception of works of art and other items held in museum collections). In addition, volunteer time must be included in the financial statements when either:

- The volunteer time results in the creation or enhancement of non-financial assets, such as volunteer labor to renovate a child care center; or
- The services volunteered are specialized skills, such as those provided by accountants, nurses, electricians, teachers, or other professionals and craftsmen.

Special Events and Membership Dues: People who pay to attend fundraisers (such as dinners, auctions, fashion shows, etc.) often receive a tangible benefit in return (a meal, a performance, etc.) Similarly, membership dues may entitle individuals to use facilities, receive services, etc. The portion of the special event charge or membership dues which represents the fair market value of the benefit received is not tax deductible to the donor. Some minimal benefits are excluded from this rule.

In addition, the accounting profession has established guidelines for responsibly tracking monies that have been restricted by the donor for a specific use (e.g., buying a new building, starting a new program, adding to the endowment, etc.). How these monies are tracked and reported depends on the nature of the donor's restriction, what conditions, if any, the donor has imposed on the organization before it can actually receive or use the money, when the restrictions are met, etc.

Capitalizing and Depreciating Assets
As in for-profit accounting, nonprofits are required to record the purchase of long-lasting, substantial property and equipment (such as computers, vans, buildings, etc.) as assets in the financial records, and to charge a portion of the cost of those items in each year in which they have a useful life. This process is called capitalizing and depreciating fixed assets. While all businesses, including nonprofits, are required to record depreciation of assets, some assets in the nonprofit sector receive special treatment. These include museum collections, historical buildings, library books, etc.

Donated items that are added to collections that are held for public exhibition, protected and kept unencumbered, and subject to the policy that, if sold, the proceeds are used to acquire equivalent replacements for the collection, do not have to be recorded as revenue and are not recognized as formal assets in the financial statements.

Use of Cash and Modified Cash-Basis Accounting

Many small nonprofits use cash-basis rather than accrual-basis accounting to record expenses and revenues. This means that they only record revenue when the cash is received and only record expenses when they are paid. Some nonprofits use a modified cash-basis of accounting. They will record payroll taxes withheld from employees or large revenue or expense items on an accrual basis. This means recording revenues when they are earned and expenses when obligations are incurred. Most businesses track all expenses and revenues using accrual accounting.

Functional Expense Allocation

Nonprofits are required to report their expenses by what is known as their functional expense classifications. The two primary functional expense classifications are program services and supporting activities. Supporting activities typically include management and general activities, fundraising, and membership development. Practices vary widely from organization to organization in the nonprofit sector as to how expenses are categorized by functional areas.

Appendix N: Sample Whistleblower Policies

Whistleblower Policy 1:

A whistleblower as defined by this policy is an employee of (name of company/organization) who reports an activity that he/she considers to be illegal or dishonest to one or more of the parties specified in this policy. The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

Examples of illegal or dishonest activities are violations of federal, state or local laws; billing for services not performed or for goods not delivered; and other fraudulent financial reporting. If an employee has knowledge of or a concern of illegal or dishonest fraudulent activity, the employee is to contact his/her immediate supervisor or the Human Resources director. The employee must exercise sound judgment to avoid baseless allegations. An employee who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination.

Whistleblower protections are provided in two important areas -- confidentiality and against retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense. The Company will not retaliate against a whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes he/she is being retaliated against must contact the Human Resources director immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

Defend Trade Secrets Act (DTSA) Compliance: Immunity from Liability for Confidential Disclosure of a Trade Secret to the Government or in a Court Filing:
(1) Immunity—An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
(2) Use of Trade Secret Information in Anti-Retaliation Lawsuit—An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."
All reports of illegal and dishonest activities will be promptly submitted to the vice president of Human Resources who is responsible for investigating and coordinating corrective action. Employees with any questions regarding this policy should contact the director of Human Resources.

Whistleblower policy 2:

{Organization's name} requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the {organization's name}, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

This policy is intended to encourage and enable employees and others to raise serious concerns internally so that {organization's name} can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of {organization's name}'s code of ethics or suspected violations of law or regulations that govern {Organization's name}'s operations.

No Retaliation

It is contrary to the values of {organization's name} for anyone to retaliate against any board member, officer, employee or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of {organization's name}. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Reporting Procedure
{Organization's name} has an open-door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with [insert here another title, such as eExecutive director, or a board member, if the organization is very small and involving the board would be appropriate]. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the {organization's name}'s [compliance officer] [or designated employee or board member], who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to their supervisor or the executive director or the organization's compliance officer [or other designated person].

Compliance Officer [or other title that is appropriate for your organization]
The {organization's name}'s [compliance officer] is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The compliance officer will advise the [executive director and/or the board of directors] of all complaints and their resolution and will report at least annually to the [treasurer/chair of the finance committee/audit committee] on compliance activity relating to accounting or alleged financial improprieties.

Accounting and Auditing Matters
The {organization's name}s [compliance officer] shall immediately notify the audit committee/finance committee of any concerns or complaint regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved.

Acting in Good Faith
Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality
Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations
The {organization's name}'s [compliance officer] will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Compliance Officer: {Note: The compliance officer may be a board member, the executive director, or a third-party designated by the organization to receive, investigate and respond to complaints.}

Appendix O: Sample Record Retention Schedule

Record retention schedule	
Record	**Suggested Retention Period**
Accident reports and claims (settled cases)	10 years
Accounts receivable and payable	3 years
Annual reports	Permanently
Articles of incorporation	Permanently
Auditors' reports/work papers	Permanently
Authorizations and appropriations for expenditures	3 years
Bank deposit slips	3 years
Bank statements/reconciliations	7 years
Budgets	3 years
Cash disbursements journal	Permanently
Cash receipts journal	Permanently
Charts of accounts	Permanently
Checks (canceled), general	7 years
Checks (canceled) for important payments such as taxes, purchases of property, special contracts, and so forth. Checks should be filed with the papers pertaining to the underlying transaction.	Permanently
Claims and litigation files	10 years
Constitution and by-laws	Permanently
Continuing education documents	2 years
Contracts (general)	10 years
Contracts (government)	7 years
Contracts (sales), UCC	7 years
Contracts and leases still in effect	Permanently
Copyright, patent, and trademark registrations	Permanently
Correspondence (general)	3 years
Correspondence (legal and important matters)	Permanently
Deeds, mortgages, and bills of sale	Permanently
Deposit slips	1 year
Depreciation schedules	Permanently
Employee expense reports	3 years

(Continued)

Record retention schedule *(Continued)*	
Employee payroll records (W-2, W-4, annual earnings records, and so on)	6 years
Employee pension records, including service, eligibility, personal information, pensions paid	6 years
Employee personnel records	6 years
Employment applications	4 years
Employment contracts	10 years
Financial statements (annual)	Permanently
Financial statements (interim/internal)	Permanently
General journal or ledger	Permanently
Government reports	6 years
Income tax returns and canceled checks (federal, state, and local)	Permanently
Insurance policies (current), accident reports, claims, policies, and so forth	Permanently
Insurance policies (expired)	3 years
Inventory lists	Permanently
Invoices	3 years
Leases	10 years
Manuscripts	2 years
Medical records	30 years
Membership records	3 years
Minutes (board and committees with board authority)	Permanently
Minutes (committees without board authority)	5 years
Occupational inquiry and illness records	5 years
Patents, copyrights, licenses, agreements, bills of sale, permits, liabilities, and so on	3 years or life of document
Payroll records and summaries including payments to pensioners	4 years
Payroll tax returns	4 years
Pension/profit-sharing plans	Permanently
Petty cash vouchers	3 years
Property records, including costs, depreciation reserves, end-of-year trial balances, blueprints, and plans	Permanently
Publications	Permanently

(Continued)

Record retention schedule *(Continued)*

Purchases, including title abstracts, opinions, insurance policies, sales agreements, mortgages, and deeds	20 years
Rosters	Permanently
Sales and use tax returns	10 years
Sales records	3 years
Supporting correspondence and notes regarding patents, copyrights, licenses, agreements, bills of sale, permits, liabilities, and so on	Greater of "life of principal document which it supports" or 3 years
Termination records	Permanently
Time sheets	4 years

Appendix P: Sample Best Practices Checklist for Financial Management

FINANCIAL MANAGEMENT	**YES**	**NO**	**COMMENTS**
General			
Formal budgeting process			
Defined authority to spend funds			
Specific assignment of authority to enter into contracts			
Assignment of responsibility to maintain financial records			
Documented and implemented processes and procedures			
Accurate and timely financial statements			
Compliance with generally accepted accounting principles			
Compliance with all local, state and federal laws			
Compliance with IRS guidelines			
Fund operations from ongoing revenue, not reserves or financing			
Budget Processes			
In line with philosophy of the organization; considers goals			
Realistic, achievable and timely			
Limits fixed costs to minimum potential subscription levels			
Uses variable cost services to allow for rapid expansion/contraction			
Advance payment for services, rather than in arrears			
Excellent communications between staff and board of directors			
Determine the roles in the budgeting process such as any of:			
• Staff prepares budget and submits to board			
• Staff works with treasurer and jointly submits to board			
• Staff works with treasurer and finance committee and submits to board			
Board understands and approves the budget			
Financial Reporting			
Full and fair reporting of all business transactions, assets, liabilities			
General ledger established correctly; chart of accounts accurate			
Balance sheet produced monthly			
Income statement produced monthly			
Accurate cash flow analysis reviewed monthly			
CEO and board understand all reports and how they work together			
Outside audit conducted annually			

FINANCIAL MANAGEMENT ROLES DEFINED	**YES**	**NO**	**COMMENTS**
CEO Responsibility Defined			
Understand financials			
Responsible for operations			
Finance Committee Role Clearly Documented			
Provides financial oversight			
Recommends reserve policies			
Makes financial recommendations to the board			
Examines finance policies			
Oversees the outside audit			
Board of Directors			
Understand financial statements			
Fiduciary oversight			
Audits			
Promote financial transparency, accuracy, and monitoring			
Annually if budget over $1 million			
Formal Investment Policies			
Clearly defined objectives (preservation, liquidity, safety)			
Roles and responsibilities defined for board, finance committee, staff and investment banks or companies			
Asset allocation managed effectively based on organization’s needs			
Formal Reserve Policy			
Formal written policy in place			
Sufficient reserves to make best long-term decisions			
Three to six months of operating reserves			
Capital expenditure reserves			
Formal policy for borrowing money			
Accounting			
Accrual method used			
Line of credit or preapproved lending available			

Avoid accepting cash from customers			
CHECKS AND BALANCES	**YES**	**NO**	**COMMENTS**
PCI Compliance			
Written policy governing financial transactions including:			
• Handling petty cash			
• Use of credit cards			
• Expense reimbursement policy			
• Expense report requirements			
• Effective travel policy			
Effective internal controls			
Access to the accounting systems is limited and controlled			
Purchasing authority and approvals enforced			
Monthly reconciliations of major assets and liability accounts			
Accurate and effective record retention			
Systems and technology provide for: • Effective, friendly processes for billing and collection			
• Secure financial transaction processes for online, credit cards, etc.			
• Published policy for delinquent accounts			
Automated payroll system in place			

Appendix P: Reference List and Contributing Organizations

Reference List
Alliance for Nonprofit Management
Bizjounals.com
Council of Small Business
Fiscal Management for Small Business / Harvard University
Guidstar.com
http://www.tax.gov/calendar/
IRS.gov
IRS Topic 305 Recordkeeping https://www.irs.gov/taxtopics/tc305.html?_ga=1.231514207.1102491861.1475860188
Small Business Association
The Wallace Foundation

Contributing Organizations
CMLS 2016 Finance Section Council
Arizona Regional Multiple Listing Service (ARMLS)
Austin Board of REALTORS (ABoR)
California Regional Multiple Listing Service (CRMLS)
Heartland Multiple Listing Service and Kansas City Regional Association of REALTORS®
My Florida Regional Multiple Listing Service (MFRMLS)
Metropolitan Regional Information Services (MRIS)
MLSListings, Inc.
Northern Nevada Regional Multiple Listing Service (NNRMLS)
Northwest Multiple Listing Service (NWMLS)
Multiple Listing Service Property Information Network (MLSPIN)
Delaware Valley Real Estate Information Network (TREND)