700 DISTRICT FUNDS: DEPOSITORIES, ENCUMBERING, OFFICIALS WHO SHALL SIGN CHECKS AND BONDING OF SAME

700.1 The purposes of the financial statements are to communicate information regarding the organization's resources and the way such resources may be used or have been used to carry out the organization's programs, objectives and administrative costs.

700.2 The fiscal year for Kiwanis, Key Club and Circle K shall be from October 1 to September 30.

700.3 All funds received by the District shall be kept in secured accounts and every effort should be made to earn the highest rate of interest available on the greatest amount of money possible. The District Executive Director is authorized to transfer funds from one District Account to another in order to implement this policy. Funds may be otherwise invested only by a majority vote of the entire District Board of Trustees in accordance with the District Investment Policy – No. 704.

700.4 Any and all purchases of equipment, materials, and supplies shall be processed through the office of the District Executive Director.

700.5 The District Executive Director shall be the primary authorized signatory for all bank accounts of the District, inclusive of the Kiwanis District, the Circle K District, and the Key Club District. A Past District Officer, located in the area of the District Office, may be authorized to be a secondary signatory on all Kiwanis accounts, in the event of the absence, incapacity, or vacancy of the District Executive Director. The administrator of the Circle K District and of the Key Club District may be authorized to be a secondary signatory on their respective organization’s accounts, in the event of the absence, incapacity, or vacancy of the District Executive Director. This authority to sign on the District Accounts shall be reviewed and approved annually at the first meeting of the Kiwanis Board of Trustees (Policy No. 201.6). At least quarterly the District Executive Director shall furnish, upon request, to the current Kiwanis Executive Committee members, a printout showing all financial transactions of the District including a reproduced check register, for review.

700.6 All officials authorized to sign District checks shall be bonded in an amount to be determined by the District Executive Director.

700.7 The District Executive Director is not allowed to open any new bank accounts for any District organization without District Board approval.

701 DISTRICT BOARD BUDGET & FINANCE COMMITTEE

701.1 The District Board Budget and Finance Committee shall be appointed each year from the members of the District Board of Trustees. It is recommended that the Governor-Elect serve on this committee to better understand the finances of the District in preparation of his/her term as Governor.

701.2 The Governor shall appoint the Chair of the District Board Budget and Finance Committee; the Executive Director shall serve as an ad hoc member of this committee.

701.3 Under this policy, the word "District" shall mean the La.-Miss.-W.Tenn. Kiwanis District and its Service Leadership Programs.

701.4 The functions of the District Board Budget and Finance Committee are:
   a. To know and understand the operating plan and procedures of the District and its financial requirements, including applicable District bylaws and policies.
   b. To prepare and manage the annual Kiwanis budgets, to present these budgets to the Board of Trustees for its approval, and throughout the year to be certain the various budgets of the District are balanced and that the expense line items are not exceeded.
   c. To examine carefully and regularly the accounting system of the District and its administrative headquarters office.
   d. To review the District procedure for the investment of reserve and/or surplus funds and make recommendations to the Board of Trustees for the implementation thereof.
e. To additionally serve as the Audit Committee for the District; i.e., to examine and consider the reports of financial operation and the annual reports and related management letter of the auditors for the District, and to make any recommendations concerning such reports to the Board of Trustees.

f. To review the annual Mid-Winter/Mid-Year Conference and Convention budgets prior to presentation to the Kiwanis District Board of Trustees for approval.

g. To review annually the Bylaws and Policies of the District regarding finances, and to recommend to the District Board of Trustees, any changes deemed necessary to maintain proper fiscal controls over all funds.

701.5 The District Finance and Budget Committee shall function during the entire year at such time and place as the Chairman of the Committee shall designate. The committee shall meet in advance of regularly scheduled Board meetings.

701.6 A quorum of the District Finance and Budget Committee shall consist of a majority of the members of the committee.

701.7 The annual operating budget shall be formally presented to the Board of Trustees for formal approval at its first meeting after installation.

701.8 In the budget formulated by the District Finance and Budget Committee, total expenditures for District Operations (exclusive of convention and Mid-Winter Conference budgets) shall not exceed the estimated income.

701.9 In the budget formulated by the District Finance and Budget Committee, total projected revenues for the year shall be based on the average membership paying dues and interim dues for the prior three administrative years. If at any time during the year it is known that actual revenues shall fall short of projected revenues, the revenue and expenses for the year must be adjusted accordingly.

701.10 The District Finance and Budget Committee shall regularly review the District budgets, and make recommendations to the District Board of Trustees of amendments to the budget needed in order to keep all line items of the budget in balance throughout the year. Any addition to a line item in the approved budget must be offset by a reduction in some other line item to maintain the balanced budget during the Administrative Year.

701.11 In the annual Mid-Winter/Mid-Year Conference and District Convention Budgets projected attendance shall be based on no more than the average attendance for the three previous years. Expenditures for these events can at no time exceed projected revenues.

701.12 The District Executive Director shall not write any checks during the Administrative Year that will knowingly cause a line item to be overspent.

702 **DISTRICT OFFICERS’ REIMBURSEMENT FOR EXPENSES**

702.1 All District Officers (District Board and Lt. Governors) may be reimbursed for those expenses and in the amounts set forth in the Annual District Budget.

702.3 The District Executive Director’s travel is often to attend or to set up the meetings of the District. The expenses for the Executive Director’s travel for such events shall be funded from the Convention & Conference Fund.

702.3 Reimbursements for expenses for anyone in the District shall be made only after a receipt of a voucher to justify these expenses. The actual reimbursement may be less than the actual expenses, based upon the amount(s) in Annual District Budget, as approved by the District Board of Trustees.

702.4 Reimbursements of expenses to Lieutenant Governors will be made after receiving a voucher (as outlined in Policy 702.3).

702.5 Vouchers for reimbursements must be submitted to the District Office by the end of the month following that month in which the funds were expended.

703 **CONVENTIONS AND CONFERENCES FUNDS**

703.1 Net proceeds from Conventions and Conferences will be maintained in a separate checking or savings account.

703.2 The following type of expenses will be covered by the Conventions and Conferences account:

   Executive Director & Staff expenses related to conventions and conferences (Policy 702.3)
   Mid-Winter Conference
   Mid-Year Regional Conference
   District Convention
   International Convention Reception/Dinner
La.-Miss.-W.Tenn. Kiwanis Policies: Finance

Convention Site Selection (as per Policy 804.5)
Kiwanis International Leadership Education Conferences

703.3 A budget will be prepared for each of the accounts listed in Paragraph 703.2 and presented to the Board. The final budget for the District Convention should be presented to the Board of Trustees for approval at the Spring (May) Board Meeting. The final budget for the Annual Mid-Winter Conference/Mid-Year Regional Conferences shall be approved at the Fall (November) Board Meeting. If a budget is required for District activities during the Kiwanis International Convention, then this budget shall be approved at the Spring (May) Board Meeting. These budgets shall be presented by the Chairman of the District Budget Committee.

703.4 Losses from any Convention will be covered from surplus of this account.
703.5 Surplus for Conventions and Conferences will be used for the operating fund upon a 3/4 vote of the Board of Trustees.

704  INVESTMENT POLICY

704.1 Purpose
This policy is to establish operating procedures to guide the administration of the investment of monies comprising the District's Restrictive Reserve Fund. The procedures in this policy are approved by the District's Board of Trustees and are to be followed by the District Secretary and the District Finance and Budget Committee that oversees the investment activity of the District.

704.2 Responsibility
The District Board of Trustees delegates decision making authority with respect to specific investments to the District Secretary, with the District Finance and Budget Committee being responsible for reviewing all investments and investment strategy to assure meeting the objectives of the District. At its meetings, the District Finance and Budget Committee should include the following matters on its agenda:
1. Review all investment transactions since its last meeting;
2. Review the needs of the District that would cause a shift in the portfolio's investment mixture;
3. Review potential major financial transactions that may have a bearing on the funds held in the investment portfolio;
4. Review any emergency actions its last meeting; and
5. Review the valuation of the entire portfolio.

704.3 Investment Objective
The objective of the District's Investment Policy is to support and complement liquidity and cash management activities. That is, the portfolio will convert excess cash into earning assets. The majority of all investments will be bought with the intention of keeping the security until maturity. Any decision to swap or sell securities before maturity will be approved by the District Finance and Budget Committee.

704.4 Portfolio Composition
In view of the investment objective, the portfolio should be comprised of securities with the following characteristics:
1. A low degree of default risk;
2. A low degree of price risk resulting from changes in the level of interest rates; and
3. A high degree of marketability (unless the maturity is short-term).

704.5 Permissible Investments
The District Secretary may invest only in securities that are specifically authorized as follows:
1. U.S. Treasury bills, notes, bonds;
2. U.S. Agency notes, bonds, debentures, and certificates;
3. Mutual Funds comprised of U.S. Treasury securities and U.S. Agency securities; and
4. Accounts of savings and loan associations, mutual savings banks, commercial banks, or credit unions whose accounts are insured by agencies of the Federal Government.

704.6 Maturity of Investments
In order to control the risk of loss resulting from increases in the level of interest rates and the forced sale of securities, the maturity distribution of the investment portfolio must be controlled. Normally, the District Secretary shall restrict investment decisions to securities with a maturity of three (3) months to three (3) years may be considered. The
District Finance and Budget Committee will be informed of decisions to invest in securities in the three (3) to five (5) year maturity range that are within established policy guidelines and must approve any investment for a term greater than five (5) years.

704.7 Exceptions to Policy
The above policy is meant to be a flexible guide for the District Secretary. However, occurrences and opportunities may present themselves that could result in investments that are excluded from this policy or are beyond the recommended maturities and/or composition of the investment portfolio. If this event occurs, the District Secretary must seek the approval of the District Finance and Budget Committee. This approval must be placed in writing, signed by the Chairman of the Committee, and added to the minutes of the next following District Board of Trustees meeting.

704.8 Review
This policy must be reviewed at least annually, within the fourth quarter of each Kiwanis year by the District Finance and Budget Committee, as well as by the District Board of Trustees.

705 AUDIT/REVIEW
705.1 The annual audit/review for Kiwanis District shall be conducted in accordance with generally accepted auditing standards. The auditor must present a management letter with the audit report.

705.2 The annual audit/review for Kiwanis District shall include all organizations and funds operating under the Kiwanis District’s Tax I.D. Number:
   A. Kiwanis District: Operating Fund, Operating Reserve Fund, Convention and Conference Fund, Convention and Conference Reserve Fund;
   B. Circle K District: Operating Fund, Special Events Fund, and Reserve Fund
   C. Key Club District: Operating Fund, Special Events Fund, and Reserve Fund
   D. Past District Officers Organization Operating Fund

705.3 At the August District Board meeting, the Board shall select the auditor for the administrative year. The auditor shall be an independent certified public accountant.

705.4 If required, the auditors may meet with the District Board at a convenient time, to discuss the final audit report and management letter.

705.5 A management letter is addressed to the Kiwanis District Board and it is to be treated as a confidential report. The auditor should include in the management letter its evaluation of the adequacy and effectiveness of the internal controls with specific findings on any weakness, together with its recommendations for improvement.