



SYTA Youth Foundation Financial Policies

Approved June 2012

SYTA Youth Foundation Meetings

Annual Meeting: The Board of Trustees shall hold an annual meeting at the August meeting to welcome new members of the Board of Trustees.

Regular Meeting: The Board of Trustees should, if practicable and necessary, hold regular meetings in person or by conference call as designated by the Foundation Chair.

Officer Roles and Responsibilities

Executive Committee: The Foundation Executive Committee (EC) consists of the Foundation Chairman, Foundation Vice President, Treasurer and immediate Past Chair. The EC will be responsible for approving the meeting agendas and communicating the business of the Foundation to the rest of the Trustees. The EC will be responsible for presenting the Trustees with recommendations regarding Foundation business.

The Foundation Chairman and one other member of the Executive Committee must review and make recommendations to the Trustees for any expenditure exceeding \$10,000 for any expense that is outside of the budget. In addition, the Chairman and one other member of the Executive Committee must review and will have the authority to approve expenditures over \$10,000 for budgeted expenses.

Chairman: The Chairman shall work with the Foundation Executive Director to set meeting times, conference call schedules and develop draft documents for discussion and approval among the EC and ultimately the Trustees.

Vice President: The Vice President shall be available for EC Committee discussions and all in-person meetings.

Treasurer: The Treasurer shall be responsible for overseeing all funds and financial records of the Foundation. The Treasurer shall work in coordination with the joint Audit Committee.

Executive Director: The Executive Director is responsible for the day to day operation of the Foundation. The Executive Director shall have the authority to



act on behalf of the Foundation when the Board of Trustees approves action. The Executive Director shall be responsible for paying the approved bills of the

Foundation out of general funds and for coordinating financial decisions of the Foundation with regard to investments. The Executive Director will not make financial decisions, but rather will provide recommendations and act upon decisions of the Board of Trustees.

Signatories

SYTA Youth Foundation Treasurer and Executive Director are designated as official signatories for SYTA Youth Foundation accounts.

Within 30 days of the appointment and approval of a new Treasurer or Executive Director, signing authority for all required accounts shall be updated to reflect current signatories.

Bartering and Sponsorship

The Executive Director is empowered to make strategic bartering and sponsorship offers with both members and non-members. If the amount of the value being exchanged or bartered could exceed \$10,000, it must be approved by the Executive Committee.

Review of Major Contractors

All ongoing, evergreen, or multi-year contracts are to be reviewed and approved by the Executive Committee no less than once every three years, or at the time of contract renewal (whichever is shorter).

Fiscal Year

The fiscal year of the Foundation is July 1 through the following June 30.

Financial Policy

The Executive Director and accounting staff shall be responsible for the maintenance of the financial records and management of the annual budget.

All moneys received by SYTA Youth Foundation in payment of contributions, registration fees, or any other proper obligation to the Foundation, shall be caused to be deposited in authorized bank accounts. Funds for the purchase of reserve funds instruments as determined from time to time by Board authorization shall be withdrawn from such accounts when it is determined by the Executive Committee that sufficient amounts are available.



The management team under the supervision of the Treasurer will maintain appropriate journals or computer entries which record daily receipts and expenditures.

Unless expressly authorized by the Board (i.e. recorded in minutes) no officer, director, committee member or any other person may sign a contract or obligate SYTA Youth Foundation or its funds in any way. All contracts and obligations of all kinds must be approved by the Board of Trustees unless otherwise approved in writing, reviewed, and signed by the Executive Director. The Executive Director will have contracts and/or agreements reviewed by legal counsel when warranted or specified by the Board of Trustees.

Financial Oversight

Financial reports should be made available to the Board of Trustees by the 24th of each month for the proceeding month.

Financial Responsibilities

Financial Planning: The Board of Trustees should work with the staff to develop a strategic plan to fulfill the mission of the Foundation including identifying and implementing programs to achieve the chose strategic goals and objectives.

The process should include:

- An evaluation of existing and potential financial resources
- An examination of internal and external environmental forces affecting the organization and its funding.
- A review of the cost and effectiveness of existing programs
- An examination of alternatives and their financial implications

Sufficient Available Cash: Typically, many nonprofit organizations find it satisfactory to hold sufficient cash in a checking account to pay the organization's expenses for one month. If there is not enough cash in the bank, it is important to have liquid investments (ones that can readily be converted to cash) available. **Satisfactory Reserves:** The SYTA Youth Foundation should monitor our financial strength to be certain that we will be able to continue to perform our services no matter what problems the economy may face. One way to gauge the financial strength is to look at the level of reserves of the Foundation. While reserves are useful for planned events and launching new programs, they are also necessary when a financial crisis occurs. Within the Foundation, there are certain amounts



restricted for how they may be used and will not be available in a crisis unrelated to their restricted purpose. Most nonprofit experts agree that in one year's operating expenses are in reserve, the organization is in a strong financial position.

Meeting the Budget: While a for-profit measures its financial success by how much profit it earns, one cannot say the same for a nonprofit organization. While a nonprofit does need to build and maintain its reserves, too great a surplus may imply that it could have provided more services or products for the good of the community, or that it needed to raise less revenue. The success of a nonprofit is measured by the good they do for the community and their ability to meet their budget.

Investment Policies: After the board, leadership and staff, the most important asset of a nonprofit organization is the cash. It is important to have procedures in place that safeguard the cash and ensure its liquidity. A good investment policy will:

- Delineate a specific philosophy of investment management and establish parameters for investment risk and return
- Assist the designated investment manager and protect his or her position by setting up practical guidelines and clear performance objectives
- Establish a process for regularly reviewing investment objectives and strategies and reviewing the manager's performance

Questions the Board of Trustees Should Ask:

- Is our financial plan consistent with our strategic plan?
- Is our cash flow projected to be adequate? Are our cash flow projections reasonable, objective, and not overly optimistic (how accurate have past projections proved to be)?
- Do we have sufficient reserves? Has the board adopted a formal policy for the establishment of reserves?
- If we have a permanent endowments, has the board considered a spending rate policy (where a set percentage of the principal is spent each year) to help protect the principal?
- Are there any specific expense areas rising faster than their sources of income?
- Have we adequately documented our policies and procedures with respect to all of our financial activity?



Investment Policy

From time to time SYTA Youth Foundation may have funds in excess of the cash flow needed to support the daily operations of the organization. Upon the direction and approval of the Board of Trustees, excess funds may be allocated to an investment account established for the purpose of making long-term investments. The "Investment Policy" establishes guidelines for the management of the funds in this account. The Board of Trustees recognizes that the "Investment Policy" is dynamic and is subject to change based upon the changing goals and objectives of SYTA Youth Foundation. The Board of Trustees retains all rights to reflect such changes in the "Investment Policy".

Goals

The primary objective of the investment of uncommitted funds shall be to maximize return while minimizing risk.

Time Horizon

As long as there is no foreseen need to draw on investment capital, investment of funds shall be made for the purpose of achieving long-term growth with income a secondary objective.

Inflation Protection

In order to out-pace inflation, it is critical that the SYTA Youth Foundation's investment portfolio grow at a rate at least equal to the prevailing interest rate. Reinvestment of capital appreciation shall be used to achieve and maintain such a growth rate.

Reserve Fund Policy

Income Requirements

Assuming that there is no need to draw on investment principal and that there are no specific income requirements from the investment, the investment portfolio shall be skewed toward appreciation. This will provide for the compounded growth of funds. For precautionary purposes, the portfolio shall be structured with a maximum of liquidity.

Risk Tolerance

Although capital preservation and long-term growth are the primary investment goals, SYTA Youth Foundation maintains a low risk tolerance. Preservation of capital and long-term growth shall be achieved through a conservatively invested portfolio.



Monitoring the Investment

To ensure that investment goals are being achieved within the parameters of SYTA Youth Foundation, the performance of the investment shall be reviewed by the Treasurer no less than on a quarterly basis. An annual review of the investment portfolio shall include an analysis of the performance of the individual portfolio assets relative to peers in their particular asset category for a 12-month period. The goals and objectives of SYTA Youth Foundation are always subject to change as are market and economic conditions. Close monitoring of the portfolio will allow for timely investment adjustments appropriate for such changes.

Investment Quality

SYTA Youth Foundation shall limit the selection of mutual funds or portfolio managers with a minimum auditable track record of at least five years.

Any manager or mutual fund used by SYTA Youth Foundation shall agree to meet the reporting requirements of at least two independent securities rating services. Equity investment shall invest predominantly in issues with a minimum of half a billion dollars of market capitalization. Investments in fixed income securities shall be limited to corporate bonds and commercial paper with at least a rating of A or better by Moody's and A-1 guaranteed by the U.S. government including any of its agencies or instrumentalities and or debt issues of comparable quality. Further, the selection of investments shall be limited to those which are, to the best knowledge of the Executive Committee, nondiscriminatory in nature.