

**APPENDIX D TO STANDING RULES**  
**ARCS FOUNDATION, INC.**

*(Recommended for NB approval on January 22, 2022, with an effective date of July 1, 2021)*

**Appendix D. Finance Policies and Procedures**

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## Appendix D -- Finance Policies and Procedures

### D-1 Accounting Principles

- A. Method of accounting. The financial statements of National are prepared on the accrual basis of accounting, in keeping with generally accepted accounting principles (GAAP) in the United States. Under accrual accounting revenues are recognized when earned and expenses are recognized when incurred.
- B. Cash equivalents. National considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- C. Investments. National records investments in equity securities at their readily determinable fair values (based on direct market-based prices) in accordance with GAAP. Unrealized gains and losses are included in the change in net assets. The National Endowment Fund utilizes the fair market value of its investments for the purpose of calculating the total return of investments held in the National Endowment Fund to determine-(based on a stipulated formula) the amount, if any, of an annual distribution to National for its operations.
- D. Contributions. National records contributions received as unrestricted or restricted support depending on the existence and/or nature of any donor-imposed restrictions as the following two classes:
  - Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of National. These net assets (which include operating funds) may be used at the discretion of National's officers and directors.
  - Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, such as when the donor stipulates that a contribution be maintained in perpetuity.
- E. Contributions of donated materials and services. Contributions of donated materials and services that create or enhance nonfinancial assets or services that require specialized skills are recorded at their fair values in the period received. Such materials and services would typically need to be purchased if not provided by donation.

## Appendix D -- Finance Policies and Procedures

### D-2 Accounting Practices and Procedures

#### A. Segregation of Duties.

- 1) Operating Funds - National will use its best efforts to segregate duties within the accounting function so that no one person will have the responsibilities of receiving funds, disbursing funds (after proper approvals as per Finance Policy and Procedure D-3), recording receipts and disbursements and reconciling bank statements with fund activities. The Treasurer shall be responsible for the disbursing of funds, receiving bank statements, recording the data from the bank statements and preparing periodic financial reports of National's revenue and expense. All checks for payments of fees or donations to National operations are to be directed to National's address and all deposits of checks shall be made by a third party who is retained by National and that third party shall send to the Treasurer reports of all deposits made to National's operations bank account. All payments of fees or donations by credit card to National's operating account are made online through National's secure website and through a third party credit card processing company and proceeds are transferred electronically into National's operations bank account. The Vice President for Finance is not authorized to disburse funds from National's operations bank account (other than in the event of an emergency) and shall be responsible for the reconciliation of bank statements of the operations bank account. All decisions regarding the investment or transfer of operating funds into National's operating investment account or from National's operating investment account into National's operations bank account shall be made jointly by the Treasurer and the Vice President for Finance.
- 2) National Endowment Fund - Donations designated to the National Endowment Fund are made (i) online by credit cards through National's secure website through a third party credit card processing company and proceeds are transferred electronically into National's operations bank account and (ii) by check for deposit to the National operations bank account. The Treasurer shall promptly transfer such funds from the operations bank account to the National Endowment Fund account. All donations to the National Endowment Fund by stock or wire transfer shall be directed to the National Endowment Fund's financial advisor for deposit into or credited to the National Endowment Fund's account, and the National Endowment Fund's financial advisor shall promptly send to the Vice President for Finance a report of donations received, name and address of the donor and a description of the type and date of receipt of the donation. The Vice President for Finance is authorized to disburse funds from the National Endowment Fund, but only after obtaining the consent of the majority of the other members of the National Endowment Fund Committee.

B. General Ledger. National's financial reports are summarized from the cash receipts and disbursements flowing through the checking accounts in the preparation of National's financial statements. National shall maintain its financial records through a dual entry accounting system by its use of a general ledger. National shall utilize general ledger accounting software that can be maintained and accessible online so that the accounting data is centralized, retained and accessible.

C. Accuracy and Completeness. All accounts, financial reports, tax returns, expense reimbursements and other documents, including those submitted to government agencies, must be accurate, clear, and complete. All entries in National's books and records must accurately reflect each transaction. National's books, records, accounts, and financial statements must conform to generally accepted accounting principles in the United States of America to the greatest extent possible, to applicable legal requirements, and to National's system of internal controls. Any funds or assets under National's control must be recorded in the books of account. Additionally, records should always be retained consistent with our current record retention practices. In accordance with our policies, in the event of litigation or governmental investigation, please consult the President or the Chair of the Audit Committee immediately.

## Appendix D -- Finance Policies and Procedures

### D-2 Accounting Practices and Procedures (cont'd)

- D. Delegation of Duties and Responsibility for Oversight. The day-to-day responsibilities for accurate recordkeeping of disbursements and receipts may be delegated to a qualified third-party association management company; provided, however, that
- 1) The delegation of duties and responsibilities shall be in a writing approved by National's Board of Directors ("NB") or Executive Committee ("EC") and shall incorporate the accounting practices and procedures listed in paragraphs A-C above and the operating procedures described in a finance operations desk book to be used by National's third-party association management company;
  - 2) Specific procedures to be implemented by the third-party association management company are described in the finance operations desk book, which shall be prepared and periodically updated by the Vice President for Operations, the Vice President for Finance and the Treasurer and which may be amended by mutual agreement of the NB or the EC (acting on behalf of National) and the third-party association management company from time to time so long as such amendment(s) do not contradict or conflict with the practices and procedures described in paragraphs A-C above;
  - 3) Neither the third-party association management company nor any of its affiliated persons shall be granted the right to serve as an authorized signatory on any of National's bank and investment accounts;
  - 4) The third-party association management company shall provide to National evidence of surety and fidelity bond and other insurance coverages as may be reasonably requested, and shall name National as an additional insured on such policies; and.
  - 5) The Treasurer and the Vice President for Finance shall have the responsibility for the oversight of the activities that have been delegated to the third-party management company as described in the finance operations desk book.
- E. Annual Review/Audit of Financial Statements and Preparation of Tax and Other Informational Returns. Annual financial statements are reviewed or audited by an independent public accountant retained by the Audit Committee, and such financial statements shall be presented for acceptance by the NB. Annual tax and other informational returns are prepared by a third-party tax preparer retained by the Audit Committee and such returns are to made available for review by the NB at least five calendar days in advance of filing with the applicable governmental agency.
- F. Policy and Procedures. Finance Policies and Procedures shall be reviewed annually by the Audit Committee, and in the absence of an audit committee, by the Finance Committee and the Governance Committee, and shall be updated as required.

## Appendix D -- Finance Policies and Procedures

### D-3 Approval of Requests for Payment of Third-Party Invoices and for Reimbursement

The following describes the steps to be taken when requesting the payment of an invoice issued by a third party vendor for goods or services or of a request for reimbursement by a member of the National Board, the Council of Presidents, the Council of Advisors, a National Board committee or an ARCS Chapter. The following written procedure clarifies the roles and responsibilities and segregates the duties of requestor for payment, the payment authority of the Treasurer, the President and the Vice President for Finance.

All requests for payment of more than \$2,500 for a third party invoice or for a reimbursement shall require the approval of at least two persons: the initial approval of a member of the NB and, depending on the dollar amount of the request, one or two National officers, as described in Schedule D-3 incorporated herein by reference.

- A. Payment of a Third Party Invoice: Each third party invoice is reviewed by the requesting NB member acting as the first approver. By her approval, the first approver confirms that the goods or services were actually delivered or performed, the goods or services met the requirements of the approver, the amount invoiced is accurate, and the amount to be paid is within the budget approved by the NB.

All third party invoices are to be sent directly by a vendor:

By mail to :

ARCS Foundation, Inc.  
P. O. Box 2649  
LaGrange, GA 30241

OR

By email to [accountspayable@arcsfoundation.org](mailto:accountspayable@arcsfoundation.org) .

- B. Payment of a request for reimbursement. All requests for reimbursement by a NB Director, Advisor, Chapter President or committee member shall be submitted using the online Expense Reimbursement Form on the members-only secured website. The request for reimbursement must be accompanied by supporting receipts that are scanned and emailed to [accountspayable@arcsfoundation.org](mailto:accountspayable@arcsfoundation.org)
- C. The recipient of the request for payment will utilize Bill.com to obtain the approval of
  - 1) The first approver (as designated on the following Schedule D-3) for review; if the request is satisfactory and if the payment of the invoice is within the approved budget, the first approver will approve on Bill.com and the request for payment will be forwarded to
  - 2) If required, the second approver (as designated on the following Schedule D-3 if the dollar amount of the invoice is more than \$2,500 or as otherwise indicated.
  - 3) The final approver for all requests for payment is the Treasurer regardless of the dollar amount of the request. Once approved, the Treasurer shall authorize the payment. .

SCHEDULE D-3 TO FINANCE POLICY AND PROCEDURE D-3					
			First Approver	Second Approver (if over \$2,500 or otherwise)	Final Approver
<b>5620 · Chapter Grants</b>			Treasurer		
<b>6100 · Board Meeting</b>					
	6120 · Board Meeting Expenses		VP for Operations or President		Treasurer
	6130 · Prepaid Board Mtg Exp NB		None; under contract		Treasurer
<b>6200 · All Member Conference</b>					
	6230 · AMC Meeting Expenses		VP for Operations or President		Treasurer
	6240 · AMC ARCS Light, Speaker Gifts		President		Treasurer
	6250 · AMC Deposit		President [usually upon signing of contract]		Treasurer
<b>6300 · Chapter Relations</b>					
	6310 · Airfare Chapter Presidents		Chair, Chapter Engagement Comm		Treasurer
	6325 · PATS/Member Training Expense		Chair, Chapter Engagement Comm	President	Treasurer
	6300 · Chapter Relations - Other		Chair, Chapter Engagement Comm	President	Treasurer
<b>6800 · Communications</b>					
	6830 · Medallions		VP for Operations		Treasurer
	6840 · Annual Report		Chair, Communications Comm	VP for Operations	Treasurer
	6850 · Newsletter		Chair, Communications Comm	VP for Operations	Treasurer
	6860 · Scholar Certificates		VP for Operations		Treasurer
	6890 · Lapel Pins		VP for Operations		Treasurer
	6910 · Misc Marketing		Chair, Communications Comm	VP for Operations	Treasurer
	6920 · Digital Marketing		Chair, Communications Comm	VP for Operations	Treasurer
	6930 · Collateral Materials		Chair, Communications Comm	VP for Operations	Treasurer
	6940 · Communications-Other		Chair, Communications Comm	VP for Operations	Treasurer
<b>7000 · Officers and Chairs</b>					
	<b>7550 · President</b>				
	7560 · Travel Expenses		VP for Finance		Treasurer
	7570 · Discretionary		President	VP for Finance (regardless of amount)	Treasurer
	7590 · Expenses, General		VP for Finance		Treasurer
	8100 · Conference calls		VP for Finance		
	7550 · President - Other		VP for Finance		Treasurer
	<b>7700 · Treasurer</b>				
	8070 · Cybersource/GG Credit Card Fee		Automatic debit		
	8400 · Lockbox fees		Automatic debit		
	8500 · Authnet Gateway		Automatic debit		
	8560 · Bank Service Fee		Automatic debit		
	8570 · Postage/Shipping/Copying		VP for Operations		Treasurer
	7700 · Treasurer - Other		VP for Finance		Treasurer
	<b>7000 · Officers and Chairs - Other</b>		Officer/Chair requesting expense	President (regardless of amount)	Treasurer
	7160 · Grant Support Services		VP for Philanthropy	VP for Operations	Treasurer
	7170 · Misc Exp		VP for Philanthropy	VP for Operations	Treasurer
	7180 · Travel		VP for Philanthropy	VP for Operations	Treasurer
	7190 · Promotional Items		VP for Philanthropy	VP for Operations	Treasurer
	7150 · Fund Development - Other		VP for Philanthropy	VP for Operations	Treasurer

SCHEDULE D-3 TO FINANCE POLICY AND PROCEDURE D-3					
			First Approver	Second Approver (if over \$2,500 or otherwise)	Final Approver
7200	Evaluation Chair		Chair, Evaluation Committee	President	Treasurer
8200	General Purpose				
	7580	Go To Meeting/Zoom	VP for Operations		Treasurer
	8200	General Purpose - Other	VP for Operations	President	Treasurer
8300	Insurance		VP for Finance		Treasurer
8600	Postage and Shipping		VP for Operations		Treasurer
8700	Professional Services				
	6960	Management Firm	VP for Operations	President (regardless of amount)	Treasurer
	6970	Management Expenses	VP for Operations	President	Treasurer
	8710	CPA (Taxes & Audit)	Chair, Audit Committee	President	Treasurer
	8750	Legal Services & Fees	President	VP for Finance	Treasurer
8900	Supplies/miscellaneous printing		VP for Operations		Treasurer
8780	External Relations		VP for Operations		Treasurer
9000	Website				
	9030	Design and Upgrade Costs	Chair, IS Committee	VP for Operations (regardless of amount)	Treasurer
	9050	Maintenance & Support	Chair, IS Committee	VP for Operations	Treasurer
	9000	Website - Other	Chair, IS Committee	VP for Operations (regardless of amount)	Treasurer

## **Appendix D -- Finance Policies and Procedures**

### **D-4 Review of Contracts and Other Obligations of \$5,000 or more**

A contract committing National to an expenditure of \$5,000 or more must be reviewed by the Vice President for Finance, the Treasurer and appropriate legal counsel before signature by the President or her authorized delegate. In connection with such approval, the approvers shall consider the process by which such contract was obtained (such as whether bids were obtained, past performance of prior contracts with National, and the absence of conflicts of interest).



**Appendix D -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

*The following policies and procedures outline National's governance practices in response to Part VI of IRS Form 990.*

**D-5-1 Conflicts of Interest Policy**

**Conflicts of Interest, Compensatory Arrangements and Business Relationships.**

Each member of the NB should be sensitive to situations that could raise questions of potential or apparent conflicts between your personal or business interests and the interests of National. A "conflict of interest" exists whenever your private or business interests interfere or conflict in any way (or even appear to interfere or conflict) with National's interests. A conflict of interest can arise when you take actions or have interests that may make it difficult to perform your work for National objectively and effectively. A conflict of interest may also arise when you, or your family members (that is, your spouse, ancestors, brothers and sisters, children, grandchildren, great-grandchildren and spouses of brothers, sisters, children, grandchildren and great-grandchildren), receive improper personal benefits as a result of your position with us, regardless of the source of those benefits. Similarly, you owe National a duty to advance its legitimate interests when the opportunity to do so arises.

As examples, it is a conflict of interest for you or your family member to:

- receive any form of compensation from any person with whom National is doing business;
- accept gifts of significant value from any person with whom National is doing business;
- own an interest in any supplier to National (other than an interest of less than 1% in a public company);
- take personal, business or investment opportunities that properly belong to National discovered through the use of its tangible or intangible property, confidential information, or your position with it;
- use National's tangible or intangible property, confidential information, or your position with National for personal gain; or
- compete with National (this provision in no way is meant to preclude your or a family member's role as a leader or as an employee of another charitable institution).

Many times, the best policy will be to avoid any direct or indirect business connection with our customers, suppliers, or competitors, except on behalf of National. However, if you think you might have a conflict of interest, you must promptly disclose that conflict to the Chair of the Audit Committee or the President, regardless of how "natural" or "innocent" the conflict may seem. Following such disclosure, the NB shall determine whether you may proceed despite any conflict of interest, in which case you will receive a written authorization from the President or the Chair of the Audit Committee. However, until you receive such a written authorization, you may not proceed with any transaction that may result in a "conflict of interest."

If you become aware of an unapproved conflict of interest on the part of anyone at National, you must report such potential conflict of interest promptly to the Chair of the Audit Committee or the President. All conflicts of interest are to be reviewed annually by the Audit Committee and by the NB.

National is a nonprofit organization and is required to file informational returns with the Internal Revenue Service, the State of California and with other governmental agencies. To assure compliance with applicable law, you will be asked periodically to disclose (i) the occurrence of any conflicts of interest with National, (ii) any arrangements by which you or your family members are entitled to receive any compensation from National, (iii) any family relationships with another director, officer and key employee of National, and (iv) any direct or indirect business relationships (includes employment or common investments, but excludes transactions that are in the ordinary

**Appendix D -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

**D-5-1 Conflicts of Interest Policy (cont'd)**

course of either party's business, which are on the same terms as that offered to the general public) you have with another director, officer, or key employee of National or an organization in which the other party is a trustee, director, officer, key employee or owner of more than a 35% interest. National is obligated to disclose in its informational returns any conflicts of interest between National and a director, any compensatory arrangement with a director or a family member that might result in a director's lack of independence, any family relationships between directors, officers and key employees and any business relationships between directors, officers, key employees or an organization in which the other party is a trustee, director, officer, key employee or owner of more than a 35% interest.

As outlined above, (I) if you or your family members have or plan to enter into a compensatory arrangement with National that may result in your lack of independence; (II) if you have a family relationship with another director, officer or key employee of National; or (III) if you have or plan to enter into a business relationship with another director, officer, key employee or an organization in which the other party is a trustee, director, officer, key employee or owner of more than a 35% interest; you should promptly disclose such arrangements or relationships to the Chair of the Audit Committee or the President. Following such disclosure, the NB shall determine whether you may proceed with such arrangement or relationship, in which case you will receive a written authorization from the President or the Chair of the Audit Committee. However, until you receive such a written authorization, you must refrain from continuing or proceeding with any such arrangement or business relationship.

If you become aware of (I) an unapproved compensatory arrangement between a director and National, (II) an unapproved family relationship between a director and another director, officer or key employee of National, or (III) an unapproved direct or indirect business relationship between directors, officers, key employees and an organization in which the other party is a director, officer, key employee or owner of more than a 35% interest, an employee of an organization in which the other party is a director, officer or key employee of National or an owner of an entity also owned by a director, officer or key employee of National, you must report such arrangement or relationship promptly to the Chair of the Audit Committee or the President. All compensatory arrangements between a trustee and National, all family relationships and all direct or indirect business relationships are to be reviewed annually by the Audit Committee and by the NB.

Each year, in connection with the preparation of its annual financial statements, each NB member will be asked to complete an Annual Conflicts of Interest Questionnaire in the form follows as Finance Policy D-5-2, and it is also available as an online form on the members-only secured website. It should be completed, signed and returned to the Audit Committee.

**Appendix G -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

**D-5-2 Conflicts of Interest Annual Questionnaire**

**ACHIEVEMENT REWARDS FOR COLLEGE SCIENTISTS FOUNDATION, INC.**  
**(“ARCS FOUNDATION, INC.” or “NATIONAL”)**  
**BOARD OF DIRECTORS**  
**ANNUAL QUESTIONNAIRE**  
**(For Fiscal Year July 1,     to June 30,     )**

Annual Questionnaire in Connection with I.R.S. Form 990 and Financial Statements  
Disclosure of Related Party Transactions, Compensatory Arrangements and Family and Business Relationships

1. Do you (or a family member) have any material interest, direct or indirect, in any entity that conducted transactions with ARCS Foundation, Inc.?

An “entity” may be an individual, a firm, a corporation, or other private or public agency or a subsidiary or affiliate of one of these.

The term “transaction” includes loan, deposits, leases, rentals, transfers of assets, purchases of goods or services, or any other business dealings whether or not money payment is involved.

The term “family member” includes your spouse, ancestors, brothers and sisters, children, grandchildren, great-grandchildren and spouses of brothers, sisters, children, grandchildren and great-grandchildren.

**If you or a family member have such an interest in any entity, please list the entity(ies) below. If you or a family member have no such interest, please write “none.”**

2. Do you (or a family member as defined above in question 1) have any affiliation as director, officer, partner, counselor, substantial stockholder, or any other function with an entity (any bank, investment house, law firm, insurance firm, or the like) which may have influenced the management or operating procedures of these entities which the entities engaged in transactions with National?

**If you have such an affiliation, please list your function and the entity below. If you have no affiliation, please write “none.”**

3. Do you meet all three of the following requirements:

- a. You are not compensated as an officer or other employee of National or of a related organization.
- b. You do not receive total compensation or other payments exceeding \$10,000 in the aggregate from National as an independent contractor, other than for reimbursement of expenses under an accountable plan or reasonable compensation for services provided as a director.
- c. You and your family members (as defined in question 1 above) are not involved directly or indirectly in an excess benefit transaction, a loan to or by National, a grant or assistance from National, doing business with National directly (other than a business transaction with another director, officer, or an entity in which the other party is a director, officer, key employee or an owner of more than a 35% interest which is the subject of question 5 below).

**If you meet all of the three requirements above, please write “yes.”**

**If you do not meet all three of the above requirements, please describe below the details of such compensatory arrangements between National and you or your family members:**

4. Do you have a family relationship with another director or officer of National? **If not, please write "none." If yes, please describe the details of such family relationship below.**
5. Do you engage in a direct or indirect business relationship with another of National's directors, officers or key employees? A "business relationship" between two persons include any of the following:
- One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee or greater than 35% owner.
  - One person is transacting business with the other (other than in the ordinary course of business of either party's business on the same terms as are generally offered to the public) directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate. (Indirect transactions are transactions with an organization in which the one person is associated as a trustee, director, officer, key employee or greater-than-35% owner).
  - The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.

A "business relationship" does not include a relationship between an attorney or client, a medical professional (including psychologist) and patient, or a priest/clergy and penitent/communicant.

**If you do not engage in a direct or indirect business relationship, please write "none." If you have a business relationship as described above, please describe the details of your business relationship below.**

YOU UNDERSTAND AND AGREE THAT IF THE ANSWERS TO ANY OF THE ABOVE QUESTIONS SHOULD CHANGE DURING THE FISCAL YEAR FOR WHICH YOU ARE SUBMITTING THIS QUESTIONAIRE YOU WILL NOTIFY THE PRESIDENT OR CHAIR OF THE AUDIT COMMITTEE OF THE CHANGE(S).

**If you should have any questions, please contact the President or the Chair of the Audit Committee immediately.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**PLEASE RETURN TO**

**Chair of the Audit Committee OR Vice President, Finance**

**Appendix D -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

**D-5-3 Document Retention Policy**

- A. Purpose. The purpose of this Document Retention Policy (the "Policy") is to standardize the procedures by which the records of National shall be maintained, stored, or destroyed in the ordinary course of business.
- B. Governing Laws. It is the intent of National to adhere to all applicable federal, state, and local statutory and legal guidelines.
- C. Definition - Record: for purposes of this Policy, the term "Record" refers to:
- 1) any written, graphic or tabular document produced by an member of the NB, officer, director or volunteer during the ordinary course of business
  - 2) any correspondence, order, invoice, or other business-related matter received or generated by National during the ordinary course of business
  - 1) any electronic communication or documentation created or stored in electronic form or media by National.
- D. Administration of the Policy
- 1) The Governance Committee shall be responsible for the ongoing administration of this Policy and shall coordinate and oversee the implementation of this policy within National.
  - 2) The Governance Committee shall maintain logs of Records that have been destroyed to document its review and decision to remove Records ("Records Destruction Logs"). The Record Destruction Logs shall describe what Records were destroyed, the date and manner of destruction, and the location from which the Records were taken. All logs shall be retained as a permanent Record of National and shall be posted in the online National Library in the members-only secured website.
  - 3) The Governance Committee shall regularly review inventories of retained or stored Records ("Records Inventories"), including those Records maintained at the Georgia Institute of Technology, and update its Records Inventories as necessary.
  - 4) In the event of litigation as described in Section F below, the Governance Committee shall ensure that all NB members, committee members and volunteers comply with Section F procedures for the retention of all potentially discoverable Records for the applicable time period.
- G. Schedule for Retention and Destruction of Records.
- 1) All Records should be retained for as long as applicable statutory or governmental regulatory periods require, and for additional periods during which they may continue to be material for litigation, regulatory purposes, or business purposes. Electronic versions of Records should be retained in the online National Library in the members-only secured website for the same length of time as their paper counterparts would be retained.
  - 2) The attached Schedule provides retention periods for particular kinds of documents. Records shall be retained and stored from time to time by the NB upon the recommendation of the Governance Committee. After the time specified in the Schedule for retention of any Record has passed, such Record shall be eligible for destruction.
  - 3) Destruction of such Records shall proceed on a regular basis in accordance with the attached Schedule, except as provided in Section F of this Policy (below) and subject always to the considered judgment of the Governance Committee and the NB.
  - 4) The Governance Committee shall establish a procedure whereby Records may be maintained for longer periods than specified in the Schedule and such procedure shall be a permanent Record of National and maintained in the online National Library.in the members-only secured website.

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### D-5 Governance Practices (Part VI of IRS Form 990)

#### D-5-3 Document Retention Policy (cont'd)

- 5) The Governance Committee shall review the Records to determine which, if any, should be retained in hard copy and electronic format at the Georgia Institute of Technology storage vault.
  - 6) NB members, committee members or volunteers who have any Records at their homes, offices or other locations shall comply with the provisions of this Policy and shall cooperate with the Governance Committee regarding the retention or destruction of any such Records.
- F. Litigation, Audit, or Investigation. In the event of pending or imminent litigation, audit, or investigation involving ARCS, all routine Records destruction shall cease. All officers, directors and volunteers shall immediately stop performing routine Record destruction procedures, and the Chair of the Governance Committee shall ensure that every National officer, director and volunteer is aware of and is complying with the need to preserve potentially discoverable Records. Limited routine Records destruction may resume upon specific approval of ARCS legal counsel.

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**D-5 Governance Practices (Part VI of IRS Form 990)**

**D-5-3 Document Retention Policy (cont'd)**

**ARCS FOUNDATION NATIONAL DOCUMENT RETENTION SCHEDULE**

("O"= Originals; "C"= Copies)

**Accounting Records**

TYPE OF RECORD	RETENTION PERIOD	METHOD/ LOCATION	OFFICER RESPONSIBLE
Annual financial statements (O)	Permanent	Electronic/National Finances	VP for Finance, Treasurer
Monthly financial statements (O)	3 years	Electronic/National Finances	Treasurer
Annual Reviewed Financial Statements and Auditor Retention Agreements (O)	Permanent	Electronic/National Finances	Chair, Audit Committee
Canceled checks (Operating) (O)	Until expiration of IRS audit period	Electronic/National Finance Dropbox	Treasurer
Paid invoices (O)	Until expiration of IRS audit period	Electronic/National Finance Dropbox	Treasurer
Business expense records (O)	Until expiration of IRS audit period	/Electronic/National Finance Dropbox	Treasurer
Credit card receipts (O)	Until expiration of IRS audit period	Electronic/National Finance Dropbox	Treasurer
Cash receipts (O)	Until expiration of IRS audit period	Electronic/National Finance Dropbox	Treasurer

**Appendix D -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

**D-5-3 Document Retention Policy (cont'd)**

TYPE OF RECORD	RETENTION PERIOD	METHOD/ LOCATION	OFFICER RESPONSIBLE
Stop payment orders (O)	Until expiration of IRS audit period	Electronic/National Finance Dropbox	Treasurer
Bank statements (Operating) (O)	Until expiration of IRS audit period	Electronic/National Finance Dropbox	VP for Finance, Treasurer,
Bank and Brokerage statements (Endowment Fund and all Investment accounts) (O)	Permanent	/Electronic/National Finances	VP for Finance
Annual Budgets	3 years	Electronic/National Finances	VP for Finance, Treasurer

**Tax Records**

TYPE OF RECORD	RETENTION PERIOD	METHOD/ LOCATION	PERSON RESPONSIBLE
IRS Form 990, CA FTB Form 199& supporting records (O)	Permanent	Electronic/National Finances	Chair, Audit Committee
CA Sec of State Statement of Information, CA Atty Gen Rpt, GA Sec of State Annual Report, GA Tax Return, All Other State Filings and Tax Returns (O))	Permanent	Electronic/National Finances	Chair, Audit Committee
Forms 1099 and 1096(O)	Until expiration of IRS audit period	/Electronic/National Finance Dropbox	Treasurer
Tax Determination Letters and Other IRS Correspondence	Permanent	/Electronic/National Library	VP for Finance,

**Insurance Records**

TYPE OF RECORD	RETENTION PERIOD	METHOD/ LOCATION	PERSON RESPONSIBLE
Insurance Policies (including expired)	Permanent	Electronic/National Finances	President, VP for Finance
Claims for loss/damage	5 years after settlement	Electronic/National Finances	President, VP for Finance



**Appendix D -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

**DG-5-3 Document Retention Policy (cont'd)**

**Corporate Records**

TYPE OF RECORD	RETENTION PERIOD	METHOD/LOCATION	OFFICER RESPONSIBLE
Articles of Incorporation and Amendments	Permanent	Electronic/National Library	President
Bylaws and Standing Rules	Permanent	Electronic/National Library	President
Meeting minutes (Approved)	Permanent	Electronic/National Library	President, Secretary
Meeting agendas	3 years	Electronic/National Library	President, Secretary
Annual List of National Directors, Officers, Advisors and Chapter Presidents	Permanent	Electronic/National Library	President
Service Records of National Directors, Officers, Advisors and Chapter Presidents	Permanent	Electronic/National Library	President
Organization Charts	Permanent	Electronic/National Library	President
List of NB Committees and Members	Permanent	Electronic/National Library	President
Calendar	3 years	Electronic/National Library	VP for Operations
Long-Range Plans and Implementation Plans	Permanent	Electronic/National Library	President
Annual Reports	Permanent	Electronic/National Library	VP for Operations
Annual Compilation of National and Chapter Profiles	Permanent	Electronic/National Library	VP for Operations, Chair, Chapter Engagement

**Appendix D -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

**DG-5-3 Document Retention Policy (cont'd)**

**Legal Records**

TYPE OF RECORD	RETENTION PERIOD	METHOD/ LOCATION	PERSON RESPONSIBLE
Chapter Affiliation Agreements and Amendments (executed) (O)	Permanent	Electronic/National Library	President
Hotel and Meeting-Related Contracts (O)	After expiration of IRS audit period	Electronic/National Finances	VP for Finance, Treasurer
Other Contracts(except Leases – see below	After expiration of IRS audit period	Electronic/National Finances	VP for Finance, Treasurer.
Service Mark registrations/renewals	Permanent	Electronic/National Library	President,
Service Mark and Style Guide	Permanent	Electronic/National Library	President, VP for Operations
Copyright registrations	Permanent	Electronic/National Library	President
Leases (O)	6 years after termination	Electronic/National Finances	VP for Finance, Treasurer

## **Appendix D -- Finance Policies and Procedures**

### **D-5 Governance Practices (Part VI of IRS Form 990)**

#### **D-5-4 Whistleblower Policy**

The purposes of this Whistleblower Policy are to: (A) encourage directors, officers, members, staff and other volunteers to come forward with credible information on illegal practices or serious violations of approved policies of National; (B) specify that National will protect the person who comes forward against retaliation; and (C) identify where such information can be reported.

- A. Encouragement of reporting. National requires that its NB members, committee members and volunteers report or inquire about illegal practices or serious violations of National's policies, including illegal or improper conduct by National itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit noncompliance matters, ethical violations, or other similar illegal or improper practices or policies.
- B. Protection from retaliation. National prohibits retaliation by or on behalf of National against persons who make good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. National reserves the right to take legal action against or discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries under this policy or who otherwise abuse this policy.
- C. Where to report. Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the President, the Chair of the Audit Committee or another officer of National. If all National officers or directors are implicated in the complaint, report or inquiry, it should be directed to National's legal counsel or accountant. National shall conduct a prompt, discreet, and objective review or investigation. NB Members, other volunteers and staff should recognize that National, its legal counsel or its accountant may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

**Appendix D -- Finance Policies and Procedures**

**D-5 Governance Practices (Part VI of IRS Form 990)**

**D-5-5 Minutes of Meetings of the Board of Directors and the Standing Committees**

Minutes of meetings of the National Board, of the Executive Committee of the National Board and of all standing committees that take actions with the full authority of the Board (such as the National Endowment Fund Committee and the Audit Committee) shall be taken contemporaneously with the proceedings and shall be retained in the permanent records of National.

## **Appendix D -- Finance Policies and Procedures**

### **D-5 Governance Practices (Part VI of IRS Form 990)**

#### **D-5-6 Review of IRS Form 990 by National Board Prior to Filing**

The NB members shall have the opportunity to review a copy of the corporation's proposed Form 990 prior to filing with the Internal Revenue Service. The NB members will be notified in an email issued by the Chair of the Audit Committee or the President that the proposed Form 990 (without personal identification information of donors, which shall be redacted) has been posted on the members' intranet site and is available for their review for at least five calendar days prior to filing. If an NB member wishes to review the personal identification information that has been redacted from Schedule B, she should contact the Chair of the Audit Committee, the President or the Vice President for Finance to discuss her request. Any questions regarding the proposed Form 990 should be directed to the Chair of the Audit Committee, the President or the Vice President for Finance.

**Appendix G -- Finance Policies and Procedures**  
**D-5 Governance Practices (Part VI of IRS Form 990)**

**D-5-7 Availability of Information to the General Public**

Copies of National's governing documents, financial statements, Form 990 (without personal identification information regarding donors), and Conflicts of Interest Policy may be furnished to members of the general public upon written request to:

President  
ARCS Foundation, Inc.  
P. O. Box 2649  
LaGrange, GA 30241

## **Appendix D -- Finance Policies and Procedures**

### **D-6 Financial Policies Established by Resolutions of the National Board of Directors**

*The following policies may be modified or waived by a duly approved resolution of the National Board without a formal amendment to the Standing Rules and the requisite 10-day prior written notice of amendment to the National Board.*

#### **D-6-1 Operating Reserve**

National shall maintain an operating reserve of at least \$50,000 (the "Base Level"). Notwithstanding the foregoing, the Executive Committee shall have the power to reduce the Base Level of the operating reserve in the event of an emergency. (NB Resolution of June 22, 2019)

#### **D-6-2 Website Reserve**

National shall maintain an operating reserve of at least \$50,000 for the maintenance and operation of the ARCS Foundation website (the "Website Reserve"). Notwithstanding the foregoing, the Executive Committee shall have the power to reduce the Website Reserve to fund the website and/or in the event of an emergency. (NB Resolution of June 22, 2019)

#### **D-6-3 Policy re Reimbursement of Travel Expenses of Chapter Presidents or Representative**

Each Chapter President shall be eligible for reimbursement of the actual amount of airfare of up to \$300 per trip incurred by a Chapter President to attend one National Board meeting per fiscal year. (NB Resolution of June 22, 2019)

Whenever a Chapter President is unable to attend a NB meeting and chooses to send a chapter member, (who is not a current NB member) as her designated representative, the airfare reimbursement available to the Chapter President may be transferred to the designee. A written request for this transfer must be sent to the Treasurer by the Chapter President when this reimbursement is requested.

#### **D-6-4 Annual Audit of Financial Statements**

The financial statements of National shall be audited for the fiscal year during which the first of the following occurs: (i) total annual gross revenue of National is \$2,000,000 or more in accordance with California law; or (ii) the occurrence of certain events that would require the submission of audited financial statements with National's Form 990 in accordance with the Internal Revenue Code and its regulations (i.e., National's realization of unrelated business income or National's receipt of certain donor-restricted funds).

#### **D-6-5 Registration Fees for National Board Meetings and All Members Conferences**

##### **A. Policy for Payment of Registration for NB Meetings.**

All NB and Council of Advisors members will pay the full registration fee regardless of the number of meals they will be attending. All SEAC members who are not current NB members or advisors will receive on a complimentary basis the full registration and all meals they will be attending. Invited speakers will be invited to a complimentary meal at which they are speaking. Guests or spouses or significant others of NB members and SEAC members will not receive complimentary meals but must pay for meals they are attending.

## **Appendix D -- Finance Policies and Procedures**

### **D-6 Financial Policies Established by Resolutions of the National Board of Directors**

#### **D-6-5 Registration Fees for National Board Meetings and All Members Conferences (cont'd)**

##### **B. Policy for Payment of Registration for All Members Conference.**

All ARCS members and their guests, spouses, and significant others, except the members of the local chapter where we are meeting, will pay the full registration fee regardless of the number of meals or events they will be attending. The local chapter members and their guests shall be able to select the specific events and meals they wish to attend, and they shall pay for those events and meals so selected. An ARCS member may not be considered to be guest of a local chapter ARCS member for the purpose of registration fees. All SEAC members, if meeting at an AMC, who are not NB members or advisors, shall be entitled to complimentary full registration and may attend any meals while they are at the meeting. Invited speakers will be invited to a complimentary meal. Guests and spouses of SEAC members are not entitled to receive complimentary meals and must pay for the meals they attend.

If an ARCS member happens to be in the host city during an AMC, she may register for one day of the meeting at a cost that includes all events of that day. This one-day registration will only be available for the Thursday and Friday of the meeting based on the schedule of the meeting. If an ARCS Light honoree for that AMC is unable to attend the entire AMC, she may register for the day on which her award is being presented.

##### **C. Policy for Refund of Registration Fees**

Any member who cancels her registration for a National Board Meeting and/or the AMC 7 days or more before the start date of the meeting will be eligible for a 90% refund. Those members who cancel after the 7 days prior to the event will be ineligible for any refund. Extenuating circumstances will be reviewed by the President, acting in consultation with the VP for Finance, on a case by case basis.

#### **D-6-6 PATS Fund Restricted Uses and Disbursements**

The PATS Fund (with a balance of \$1,460.00 at July 1, 2017) is included within National operating funds and shall be used to support the P.A.T.S. Learning Portal by funding the following expenses:

- direct costs for the enhancement and maintenance of quality content on PATS Learning Portal, such as resource purchase and/or subscriptions,
- direct costs of P.A.T.S. Learning Portal's website maintenance and improvements, and
- direct costs related to outreach and training opportunities using P.A.T.S. Learning Portal resources.

Disbursements from the PATS Fund for the above purposes shall be made only upon the prior approval of the Chair, Chapter Engagement and the Vice President for Operations.

The PATS Fund was created in 2011 in memory of G. Patricia ("Pat") Beckman, the founding member of the Orange County Chapter, and a dedicated member of the National Board and in recognition of Pat's attachment to the Chapters.



## Appendix D -- Finance Policies and Procedures

### D-7 Gift Acceptance Policy

The National Board encourages the solicitation and acceptance of gifts for purposes that will help National further and fulfill its mission.

- A. Purpose of Policy. This policy governs the acceptance of gifts by National and provides guidance to prospective donors and their advisors when making gifts to National. The provisions of these policies shall apply to all gifts received by National for any of its programs or services.
- B. Use of Legal Counsel and Other Experts. National shall seek the advice of legal counsel or other experts in matters relating to the acceptance of gifts as determined by the NB.
- C. Conflict of Interest. This policy is subject to National's Conflict of Interest Policy. NB Members should be aware of the Conflict of Interest Policy when soliciting donations for National. National urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.
- D. Designation of Gifts and Donor Restrictions. National and the National Endowment Fund will accept gifts as designated in writing by the donor. A donor's written designation of the nature of gift as unrestricted or restricted shall be observed if the gift is accepted by the NB or by the National Endowment Fund Committee in accordance with paragraph E below.
- E. Acceptance of Gifts. National will accept gifts for general purposes as designated by the donor for National operations and for the National Endowment Fund. National and the National Endowment Fund will also accept gifts for specific programs and purposes, provided that such gifts are consistent with National's stated mission, purposes, and priorities. National and the National Endowment Fund will not accept gifts that may damage the reputation, independence and credibility of ARCS Foundation or that are too restrictive in purpose, such as gifts that violate the terms of National's and the National Endowment Fund's governing documents, gifts that are too difficult or costly to administer, gifts for which the donor retains the power to distribute, to invest or to use or gifts that are for purposes that do not support the mission of ARCS Foundation. All final decisions on the acceptance of a gift, and its acceptance or refusal, shall be made by (i) the NB if it is a gift designated by the donor for operations or (ii) the National Endowment Fund Committee if it is a gift designated by the donor for the National Endowment Fund.
- F. Types of Gifts
  - 1) This policy covers the following types of gifts:
    - a) Cash
    - b) Tangible Personal Property
    - c) Securities
    - d) Retirement Plan Beneficiary Designation
    - e) Bequests

## Appendix D -- Finance Policies and Procedures

### D-7 Gift Acceptance Policy (cont'd)

- 2) The following criteria govern the acceptance of each type of gift:
  - a) Cash: Cash is acceptable.
  - b) Checks: Checks are acceptable and shall be made payable to "Achievement Rewards for College Scientists Foundation, Inc." and shall be delivered to National's mailing address.
  - c) Tangible Personal Property: All gifts of tangible personal property shall be examined in light of the following criteria: Does the property fulfill the mission of National? Is the property marketable? Are there any undue restrictions on the use, display, or sale of the property? Are there any carrying costs for the property? The final determination on the acceptance of other tangible property gifts shall be made in accordance with paragraph E above.
  - d) Securities: National may accept both publicly traded securities and closely held securities.
    - i. Publicly Traded Securities: Marketable securities may be transferred via the Depository Trust Company book-entry system to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt, unless otherwise directed by the Vice President for Finance. In some cases the sale of otherwise marketable securities may be restricted by applicable securities laws; in such instances, the final determination on the acceptance of the restricted securities shall be made in accordance with paragraph E above.
    - ii. Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies, but also interests in limited liability partnerships and companies or other ownership forms may be accepted, subject to the approval of (i) the NB if intended for National operations or (ii) the National Endowment Fund Committee if intended for the National Endowment Fund. However, the approval to receive gifts of closely held securities must be reviewed prior to acceptance to determine that:
      - a. there are no restrictions on the security that would prevent National or the National Endowment Fund from converting those assets to cash in a timely manner;
      - b. the security is marketable; and
      - c. the security will not generate any undesirable tax consequences for National or the National Endowment Fund.
    - iii. If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made in accordance with paragraph E above. Every effort will be made to sell non- marketable securities as quickly as possible.
  - e) Retirement Plan Beneficiary Designations: Donors and supporters of National and the National Endowment Fund will be encouraged to name National and the National Endowment Fund as a beneficiary of their retirement plans. Such designations will not be recorded as gifts to National or to the National Endowment Fund until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

## Appendix D -- Finance Policies and Procedures

### D-7 Gift Acceptance Policy (cont'd)

- f) Bequests: Donors and supporters of National and the National Endowment Fund will be encouraged to make bequests to National and the National Endowment Fund under their wills and trusts. Such bequests will not be recorded as gifts to National and the National Endowment Fund until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

#### G. Miscellaneous Provisions

- 1) Securing appraisals and legal fees for gifts to National and the National Endowment Fund: It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to National.
- 2) Valuation of gifts for development purposes: National or the National Endowment Fund will record a gift at its valuation for gift purposes on the date of receipt of the gift. Publicly traded securities will be valued at the average of the high and low prices per share as reported by the applicable stock exchange on the date of receipt of the securities in the accounts held by National and that value shall be used to acknowledge donations of securities.
- 3) Responsibility for completion of IRS Form 8283: At the donor's request, National will complete Part V of a donor's Form 8283 if the donor has made an in-kind donation of \$5,000 or more and the valuation of which has been substantiated by an appraisal satisfactory to National.
- 4) Responsibility for IRS Filings upon sale of gift items: National is responsible for filing IRS Form 8282 upon the sale or disposition of any tangible asset sold within three years of receipt when the charitable deduction value of the item is more than \$5,000. National must file this form within 125 days of the date of sale or disposition of the asset.
- 5) Acknowledgments: National is responsible for acknowledging to its donors all gifts made to National and the National Endowment Fund in accordance with all applicable IRS requirements.