

**FINANCE POLICIES
DESTINATION IMAGINATION, INC.**

GENERAL POLICIES:

Destination ImagiNation, Inc., as a not-for-profit organization incorporated in the state of New Jersey, is entitled to exemption from federal and state income taxes under the provisions of Internal Revenue Service code, Section 501(c)(3).

The Board has both authority and responsibility for all activities of the Organization. Board policies apply to all activities. The Finance & Audit Committee reviews the Organization's financial policies annually and prepares appropriate recommendations for the Board. The Board must approve all additions or changes to financial policies.

1. It is the Board's responsibility to encourage desirable activities by engaging in open and positive discussion of all aspects, including the realistic expectation of the need for resources and the likelihood of acquiring, those resources.
2. All proposals and/or activities that will require funding or other resources from the Organizations or allied organizations must include a budget reviewed by the Finance and Audit Committee and approved by the Board prior to implementation.
3. If funding is to come from outside source(s), such funding must be secured by a signed contract.

The Organization's fiscal year begins August 1st and ends July 31st.

GOVERNANCE:

Board

The Board will decide annually which activities will be partially or fully funded, and will set appropriate net revenue targets for different activities, depending on their nature, value to the membership, and revenue potential. The Board's decisions will be based on the priorities of the Board based on the strategic plan and other long and short term objectives and on recommendation from the Finance and Audit Committee and Executive Director during the budget.

The Board reserves the right to:

1. Approve changes to the employee benefits package upon recommendation of the Executive Director and the management Committee after initial review of the Finance Committee.
2. Approve the annual average percentage increase in employee compensation based upon financial prudence and national and local cost of living indicators after initial review of the Finance Committee.
3. Receive recommendations based on an initial review by the Finance Committee.
4. Approve additions or deletions to the list of full-time regular positions.
5. An independent audit firm shall be chosen by the Board and the firm will present its report to the Board to the Board annually.
6. Approve expenditures above \$75,000.00, even if budgeted before disbursement.

The Finance & Audit Committee of the Board has been established with the following charge:

1. Review and modify the proposed annual budget before presentation to the Board.
2. Assist the Treasurer as needed.
3. Review current financial policies and trend data and propose revisions and additions for the Board's consideration.
4. Recommend to the Board the appointment of an auditor, and review the results of the annual audit.
5. Oversee all Organization funds including investment and insurance options and providers.

The Finance & Audit Committee must review all proposed changes or additions to the Organization's financial policies and prepare appropriate recommendations for the Board which must approve all additions or changes to the Organization's financial policies.

Treasurer:

The Treasurer is responsible for the stewardship of the Organization's funds, including:

1. Ensuring accurate and timely financial records – in conformance with Generally accepted Accounting Principles.
2. Preparing accurate and meaningful financial reports – easily comprehensible, concise, all-inclusive, timely and with a focal point for comparison (budget v. amount spent, cash flow, etc.).
3. Budgeting and anticipating financial problems – planning ahead for several years to foresee social and economic trends and their influence on the organization.
4. Safeguarding and managing the organization's financial assets – ensuring adequate internal controls over assets and that cash is properly invested to ensure maximum return.
5. Ensuring compliance with federal and state reporting requirements.
6. Issuing an annual report to the Board, which will include the audited financial statements.
7. In order to assure a smooth transition, the treasurer provides an orientation for the newly-elected Vice Chair of the Board.

Executive Director:

1. The Executive Director has the full and exclusive authority to oversee the operations of the Organization Headquarters.
2. The Executive Director will act as a signing officer for banking purposes and for entering into contracts with third parties following the policies of the organization.
3. The Executive Director will co-sign, along with the Treasurer, all checks in excess of \$25,000. The Treasurer will act as a signing officer for banking purposes according to policies of the organization.
4. Any financial obligation in matters that have not been approved as part of the yearly budget process must be reviewed ahead of meetings with the Board through the financial report considered at each meeting.
5. The Executive Director has full and exclusive authority to hire, compensate and terminate Organization staff within the approved budget of the Organization and to establish the job descriptions, duties, and responsibilities of all staff in accordance with such policies as may be established by the Board.
6. The Executive Director will execute all personnel contracts as so approved within the budget.

Signing Authority:

Disbursements-

All transactions involving disbursements (checks, transfers, etc.) of funds of the organization to a third party must be signed and authorized by the Treasurer of the organization. Individual transactions or combination of related transactions totaling \$75,000 or more must be signed and authorized by the Executive Director and the Treasurer of the organization.

Adopted by the Board of Trustees 1/20/01

BUDGET:

Preparation:

1. The preliminary budget is prepared by the Executive Director with staff input.
2. Budgets for specific activities are developed by the Executive Director and staff. The deadline for budget requests will be announced annually to Allied Organizations.
3. The Finance and Audit Committee reviews the budget assumptions and justifications.
4. The Finance and Audit Committee ensures the accuracy of all budget estimates.
5. The Finance and Audit Committee brings a budget recommendation to the Board.

Approval:

Based on the recommendation from the Finance and Audit committee, the Board approves the final budget ensuring:

1. The consistency of the Budget with Organizations policies, that expenses do not exceed revenues in any given fiscal year that the budget is consistent with the Organization's Strategic Plan.
2. That the proportional allocation of resources is consistent with the Board's priorities and objectives for the year.
3. If the budget is not approved as presented, it shall be returned to the Finance and Audit Committee with the Board's directions for revision and resubmission.

Modifications to the Budget:

1. The Executive Director may modify the budget within the approved ceiling for total expenses set by the Board.
2. Modifications and variances to the budget that exceed \$5,000 or that materially change the content of the approved budget must be reported to the Board.
3. Modifications and variances to the budget that exceed \$10,000 or that materially change the content of the approved budget must be submitted for Board approval.

Amendments to the Budget:

Upon recommendation of the Finance and Audit Committee, the Board may amend the budget at any time.

Pricing:

1. Programs, products, and services will be priced based upon their assignment to one of four categories: a)profit-generating, b)partially subsidized, c)fully subsidized, or d)break-even. Placement in these classifications will be reviewed by the Board.
2. At its discretion and in accordance with normally accepted standard accounting principles, the Board may shift an activity from one classification to another.
3. Uniform methods of accounting must be used, to the extent possible, to assure that all costs, direct and indirect, are accurately included in budgetary estimates and subsequent performance reporting. At a minimum, prices will be based on these factors. Other considerations will include market conditions and the Organization's revenue objectives.
4. The Board in conjunction with its approval of the Annual Budget, will be informed of the schedule of prices for all products and services contained in the Budget.
5. The Board will, upon recommendation of the Finance and Audit Committee, reserve the right to set: a)the annual dues level, and b)the registration fees for the Global Finals and Workshops, c)setting annual license fees for affiliates.
6. All product sales during the fiscal year and/or at Global Finals shall be coordinated and managed by Destination ImagiNation, Inc. In all instances, the organization will ensure that it will sell products at a reasonable price.