

OCEAN CITY BOARD of REALTORS®

Policy Manual

Approved: adopted May 21, 2024

THE FOLLOWING CONSISTS OF THE CURRENT POLICIES OF THE OCEAN CITY BOARD OF REALTORS® AS APPROVED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION. THESE POLICIES MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME BY THE BOARD OF DIRECTORS. IN THE EVENT THERE IS ANY INCONSISTENCY BETWEEN THESE POLICIES AND THE BYLAWS OF THE ASSOCIATION, THE BYLAWS OF THE ASSOCIATION SUPERSEDE AND TAKE PRECEDENCE OVER THESE POLICIES.

Accounting and Office Computer File Back-Up Procedure

It is the policy of the Association to maintain a computer file back-up system for accounting records as follows:

- The Association bookkeeper will back up the Association Quick Book financial records monthly and store in the fireproof safe.

Accounting Method

It is the policy of the Association to use the accrual basis of accounting, which recognizes revenues when the cash is received and recognizes expenses when payment has been made.

Accounts Receivable Write-Off Procedures and Authority

(Bad Debts Procedures)

It is the policy of the Association to follow the bylaws of the Association, which governs timetables and termination procedures.

Acronyms

It is the policy of the Association to process all checks and other forms of payments to the order of the full legal name of the payee. Processing payments to an Association's acronym is prohibited.

Amendments to Policies and Procedures

The Association recognizes that the policies noted in this manual will require periodic amendments due to accounting and taxation changes as well as changes in the business climate of the Association.

- The Chief Staff Executive has the responsibility of forwarding suggested policy changes to the Association's President, who will schedule discussion of the changes on the agenda of the next Board of Directors meeting
- Policy changes will be considered by the Board of Directors, which will approve, amend, or deny all policy change requests. The Board of Directors' decision will be final and cannot be protested.
- Board-approved policy additions, amendments, or deletions will be directed to the chief staff executive, who will have the responsibility of keeping all policy manuals updated and current.

Antitrust Policy

It is the policy of the Association to abide by all laws with regard to antitrust issues at all times. Appropriate legal counsel will be retained when establishing or amending bylaws and policies that include, but are not limited to:

- Membership requirements
- Expulsion of members

- Providing services to members versus nonmembers

Automobile Insurance

It is the policy of the Association that employees operating automobiles in conducting Association business will maintain their own automobile insurance.

Background Checks

It is the policy of the Association to request permission from prospective employees to conduct background checks if the position will expose these individuals to sensitive information. In this situation, prospective employees will be asked to sign a Background Check Permission Form provided by the Association Lawyer.

Bank Reconciliation

See Financial Management and Controls

Bank Statement Mailings

See Financial Management and Controls

Board of Director's Examination of Records

It is the policy of the Association to allow individuals currently serving at the Chief Staff Executive level of the Board of Directors access to all Association records upon request. This includes the President, President Elect, Vice President, Secretary, and Treasurer.

Board of Directors - Excused Absence

Requests for excused absences for the Board of Directors meetings must be received in writing prior to the Board of Directors Meeting. E-mail such request to the Chief Staff Executive.

Board of Directors -Resignations

All resignations must be submitted in writing to the President of the Board of Directors and mailed to the Board office.

Bonding of Employees

It is the policy of the Association to be allowed to require bonding of all employees involved in the financial functions of the Board as the Board of Directors directs.

Budget

It is the policy of the Association to follow the Association budget. See Financial Management and Controls

By-Laws

It is the policy of the Association to provide the current Association bylaws to any member on request.

Capitalization Cutoff Points

It is the policy of the Association to expense assets in the period purchased if these assets cost \$5000 or less individually.

Assets costing in excess of \$5000 individually will be capitalized and depreciated in accordance with the IRS depreciation policies.

Changeover Audit

It is the policy of the Association to employ the services of the independent CPA firm to perform a changeover audit when individuals staffing either the Chief Staff Executive or the chief financial officer position change.

Chart of Accounts

It is the policy of the Association to maintain a chart of accounts. All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts must be updated on a routine basis.

Check Disbursements

With the exception of small cash expenditures that are handled by petty cash fund disbursements, most other expenditures will be handled by check.

Because of the need for internal control, the policies concerning check disbursements should be very straightforward and clear.

It is the policy of the Association to follow these rules concerning check disbursements:

- Unused checks should be pre-numbered, stored under lock and key, and requested formally.
- All checks should be signed by the President of the Association, or in absence one of the Board Officers, and an alternate Executive Board Member.

Check Endorsement/Stamp

To minimize the opportunity for embezzlement or other mishandling of checks, the Association should ensure that incoming checks are endorsed.

The endorsement stamp(s) should spell out the full name of the Association; it should be marked “For Deposit Only” and should note the bank name and account number.

Check Signers

- Accounting personnel should never be check signers.

Refer to Financial Management and Controls for Check Signers

Check Supply

It is the policy of the Association to protect the Association’s check supply by keeping checks in the Association’s safe at all times.

Collection Procedures

It is the policy of the Association to follow the bylaws of the Association and the Multiple Listing Service, which governs the timetable and collection procedures. For further information refer to Financial Management and Controls.

Committee Meeting Attendance

It is the policy of the Association to restrict attendance at any committee meeting to the members of the committee unless otherwise stated in the mission statement of the committee.

Computer Passwords

It is the policy of the Association:

- To assign unique computer passwords to each individual who has access to the computer system.
- Passwords of terminated employees will be canceled immediately.
- The Chief Staff Executive will maintain a master record of employee passwords.

Conference Room Policy

The Association reserves the right to decline a REALTOR®'s request to use the conference room if it feels that use will not be in the best interest of the Association and its members. All REALTORS® requesting to use the conference room must complete, agree and sign the Meeting Room Policy and Agreement.

Contract Signing Authority

It is the policy of the Association to grant authority to sign contracts to the current Association President and the Chief Staff Executive, as long as the financial implications of the contract are included in the Association's budget.

If the financial implication of signing a contract is not included in the Association's budget, the Board of Directors approval is required before authority to sign the contract is granted.

Control Over Checks and Cash

See Financial Management Controls and Procedures.

CPA Firms: Audited Financial Statements

It is the policy of the Association to direct the Chief Staff Executive to distribute the audited financial statements to the Board of Directors and to Associations entitled to receive a copy because of contractual agreement. The decision to publish the statements or otherwise make them available to the membership will be made by the board at its meeting following the issuance of the statements.

The authority to distribute the statements to other individuals or firms requesting them will be left to the discretion of the Board of Directors.

CPA Firms: The Engagement Letter

It is the policy of the Association to review the draft of the CPA engagement letter before it is signed to ensure it covers matters important to management.

The engagement letter will be reviewed at the Board of Directors meeting immediately before the audit commences. Board approval is required before the president, treasurer, or Chief Staff Executive is given authority to sign the document.

CPA Firms: The Management Letter

It is the policy of the Association to discuss the CPA management letter with representatives of the auditing firm and to direct staff as to the appropriate action required to correct deficiencies addressed.

Distribution of the management letter to individuals or firms other than those entitled to a copy by contractual obligation is left to the discretion of the Board of Directors.

CPA Firms: Selection of Firm

It is the policy of the Association to contract with the CPA firm selected to audit the Association for a period not to be determined by the Board of Directors.

Credit/Debit Cards

The Association shall not issue credit cards. Debit cards shall be issued by the Association, but same shall only be for the use of the President and President-Elect for legitimate Association transactions as approved by the Board of Directors.

Current Member Examination of Records

It is the policy of the Association to allow members access to Association records in accordance with federal and state laws. Members have the right to examine the following records on the date of request for requests made in person:

- Form 990 for the most current three years
- Other documents required by state law
- Current Audit

Member's requests made in writing will be honored within 30 days. Members will not be allowed to make copies of Association records. There will be no access to personnel files.

Depreciation

The two most popular methods used by not-for-profit Associations are the straight-line method and Modified Accelerated Cost Recovery System (MACRS).

The majority of not-for-profit Associations use the straight-line method if there are no income tax considerations because it is easy and because less depreciation expense is recorded each accounting period.

Document Shredding

It is the policy of the Association, after the appropriate time period has expired (see Records Retention Policy), to shred sensitive documents to ensure confidentiality. Sensitive documents include, but are not limited to, the following:

- Personnel records
- Litigation records
- Bank statements
- Budgets
- Canceled checks
- Payroll journals and records
- Contracts
- Accident reports
- Insurance claims
- Employment applications
- Garnishment records.

E-Mail and Internet

It is the policy of the Association to have employees sign a Computer, Internet and E-mail Policy to protect the Association. Violations of the Computer, Internet and E-mail Policy are subject to disciplinary action and possible termination.

Errors and Omissions Insurance

It is the policy of the Association to maintain an errors and omissions insurance policy to protect the Association in the event of unforeseen circumstances.

Expense Reimbursements – Chief Staff Executive

It is the policy of the Association that the President or Vice President approves expense reimbursement requests for the Chief Staff Executive before payment is processed.

Facilities

The Association maintains a headquarters for the purpose of carrying out the Association's mission. With that in mind:

- The Association assumes no liability for employees' automobiles or their contents.
- The Association assumes no liability for employees' personal property left in desks and the like.
- No equipment is to be removed from the office without approval.
- Employees are expected to keep their work areas neat and clean at all times to maintain a professional appearance.

Financial Management Controls and Procedures

1) Receipt Control:

- a. Chief Staff Executive opens the mail and documents all receipts. The Member Services Administrator will restrictively endorse checks promptly upon receipt.
- b. The Member Services Administrator will list and total all Association checks and cash receipts daily.
- c. Bank deposits are to be made on Wednesday or sooner if cash receipts total \$5,000 or more.

2) Disbursement Control:

- a. Make every attempt to pay disbursements by check and retain supporting documentation for each disbursement. This creates a paper trail of all expenditures and provides documentation on when the expenditure was made and for what reason. Checks not in excess of the amounts stated below require only one of the stated signatures listed below.
- b. Two signatures are required on all disbursements from the Association bank accounts. Authorized signatures are current Association President, current Secretary-Treasurer, current Association Vice President/President Elect or Immediate Past Association President.
- c. All Electronic Transfer of Funds will be approved and initialed by an authorized signature listed above prior to the transfer initialization.
- d. Due to Banking Requirements, a standalone checking account shall be designated to be used for issuance of OCBOR debit cards. This account, as per banking regulations, shall be opened and operated with a single signature allowed. No checks will be issued against this account. Balance maximum is limited to \$2,500.00 (04/2020)

3) Bank Statements Procedures:

- a. The BA will receive bank statements.

4) Delinquencies and Bad Checks Policy:

- a. The BA will act promptly when this occurs. The policy of collections for delinquencies and termination of membership will be followed as outlined in the Bylaws and Dues Policy of the Association. A fee of \$20.00 per check will be charged to the issuer of all "bad checks".

5) Voided Checks:

- a. It is the policy of the organization to document every check that has been voided, regardless of reason. If voided checks are physically available, they will be stamped VOID and attached to the current check register, and the signature line will be torn off.

6) Write-Off of Old Checks:

- a. It is the policy of the organization to make every attempt possible to contact the payees of outstanding checks that have failed to clear the bank. If check is still outstanding after 6 months, the check amount will be returned to the appropriate account.

7) Petty Cash Policy:

a. The Association maintains an amount of \$150.00. These funds are used at Association functions, i.e. golf tournaments, dinners, meetings, etc. to make change for members. Promptly after the function, the \$150.00 is placed back in the petty cash box in the fire-resistant file cabinet in the office and all remaining funds are accounted for and deposited.

8) Investment and Related Income:

a. The current year Secretary-Treasurer will review all accounts and make recommendations to the Board of Directors on possible purchases, sales, renewals and exchanges. Upon the Board's approval, the BA at the direction of the Secretary-Treasurer will make the approved transactions.

9) Purchasing and Receiving of Goods:

a. Supplies are ordered by the MSA when the BA has approved a list of requested items. Upon receipt and verification of goods, the MSA will place in the accounts payable folders for disbursements.

10) Travel Reimbursements:

a. An employee or volunteer who travels at the request of the Board of Directors will be reimbursed, however, personal expenses will be excluded. If a spouse accompanies an employee or volunteer on business travel, the employee or volunteer shall pay all expenses of the spouse, including the difference between single and double hotel rates. Approved travel will be reimbursed upon presentation of statements of expenses to the BA. Expenses shall include: Round trip airfare, mileage to and from airport, airport parking, lodging, cab fare etc. In addition, a \$100.00 travel allowance will be paid prior to the travel date to cover food and miscellaneous expenses. Any entertaining between two persons from the Association or from any other Association or Affiliate will be allowed as a reimbursable expense with the presentation of the receipt with the names of the diners on it. The person driving to the State meeting in Edison is reimbursed \$100.00 for mileage, tolls, etc.

11) Annual Budgeting Process:

a. This process will be consistent with the Association as outlined below. After approval of the annual budget is recorded in the minutes of the board, a hard copy of the budget will be included and recorded as part of the minutes. The Association Strategic Planning Account is reimbursed quarterly by check for a percentage of the Member Services Administrator's salary due to duties performed by this staff. This amount is approved at the Association budget meetings annually.

b. The middle of October the current President, the President Elect, the Chief Staff Executive, the Strategic Planning Committee Chair, and the Budget and Finance Chairman will meet at the Association on their suggested programs that will complement the Strategic Plan for the next year. At the same time they will prepare a budget for the next fiscal year. The budget will include bonus amounts for staff and increases to salaries for the staff.

c. The proposed budget is submitted to the Executive Committee for approval at a November meeting.

d. The final budget is introduced to the Board of Directors at the December meeting for approval

THE FISCAL YEAR OF THE ASSOCIATION SHALL BE JANUARY 1 TO DECEMBER 31.

Financial Statement Preparation and Distribution

It is the policy of the Association to prepare and distribute statements to the Board of Directors and the Chief Staff Executive.

Fire Protection

It is the policy of the Association to comply with all laws with regard to protecting the facility and informing employees of emergency procedures.

General Liability Insurance

It is the policy of the Association to maintain general liability insurance to protect the Association against unforeseen claims.

Gifts

It is the policy of the Association to discourage staff from accepting gifts of any nature from vendors and so forth.

Independent Contractors

It is the policy of the Association to evaluate criteria established by the IRS when assigning individual employee or independent contractor status. Individuals qualifying as independent contractors will be issued IRS Form 1099.

Insurance

It is the policy of the Association to have an independent insurance consultant review the Association's insurance policies to ensure coverage and limitations adequately meet the needs of the Association, members, and employees.

Investment Policy

Refer to Financial Management and Controls.

IRS Forms: Form 990

Requests for copies of Form 990 may be denied, and Form 990 will not be mailed under any circumstance without the approval of the Chief Staff Executive or the chief financial officer. A Log of IRS Form 990 Inspections will be maintained.

IRS Forms: Form 990-T

It is the policy of the Association to deny requests to inspect IRS Form 990-T because it is confidential information.

IRS Forms: Form 1099

See the Independent Contractors Policy in this manual.

Job Descriptions

It is the policy of the Association to have job descriptions for all staff positions. Job descriptions will be signed by the employee, reviewed periodically, and kept in the employee's personnel file.

Late Fee

A late fee of \$50.00 shall be assessed to each member, when payment for membership dues is not received by the payment due date or is not received by the end of the fiscal year (December 31), at the direction of the Board of Directors. (10/2013)

Legal Audit

It is the policy of the Association to retain the services of a qualified attorney specializing in not-for-profit Associations to review the legal affairs of the Association and issue a report to the board. Items to be reviewed include but are not limited to:

- Personnel policies
- Fiduciary responsibilities
- Bylaws
- Minutes
- Tax filings
- Hotel and convention contracts
- Vendor contracts
- Standard setting
- Membership requirements
- Employment law
- Licensing
- Insurance policies
- Employment contracts
- Real estate transactions
- Copyrights
- Trademarks
- Antitrust issues
- Corporate compliance
- Lobbying activities
- Libel
- Debt collection

Legal Counsel Attendance at Board Meetings

It is the policy of the Association to arrange for its general counsel to attend Board of Directors meetings at the request of the Executive Committee or general counsel.

Legal Protection for Board and Staff

It is the policy of the Association to protect and represent all members of the Board of Directors and staff for any legal action taken against them in accordance with the performance of their job responsibilities.

Libel/Slander

It is the policy of the Association that all publications will prohibit libel and/or slander. In this respect, all editorial content will be reviewed by the appropriate individual(s), committee, or legal counsel before publication.

Lines of Credit

It is the policy of the Association to not maintain open lines of credit with lending institutions.

Loans Prohibited

It is the policy of the Association to prohibit loans to employees and members under all circumstances.

Lobbying Expenditures

It is the policy of the Association to advise members of the nondeductible portion of their dues payment by indicating the nondeductible percentage on membership renewal forms.

Mailing List Sales

It is the policy of the Association to sell membership-mailing labels as long as the product or service is of interest to the membership. A discount will apply if a member of the Association makes the purchase.

Memorial Donation Policy

The Ocean City Board of REALTORS will make a memorial contribution of flowers (\$75.00) for any active Board member in good standing. (09/18)

Minutes of Board and Committees

It is the policy of the Association that all current members of the Association are entitled to copies of all Board of Directors or committee minutes on request. A log of minutes distributed will be maintained.

Nepotism

It is the policy of the Association to maintain a Nepotism Policy that forbids the hiring of relatives.

Nicknames

It is the policy of the Association for all employees to sign correspondence using formal names rather than nicknames to avoid confusion and maintain professionalism.

Non-deductibility of Dues

The Association will state on its dues invoice the percentage of dues that is nondeductible as a business expense.

Non-distribution of Earnings

It is the policy of the Association to prohibit any distributions of earnings to members in general, members of the Board of Directors, committee members and chairs, and the like. These individuals can be reimbursed for reasonable travel expenses and so forth as noted in the Association's Travel Expense Policy.

Office and Directors Liability Insurance

It is the policy of the Association to maintain officers and directors liability insurance to protect individuals in these positions in the event unforeseen circumstances occur.

Office Supplies

It is the policy of the Association to provide office supplies to employees necessary to carry out the business of the Association. Employees caught pilfering office supplies for personal use are subject to disciplinary action and possible dismissal.

Orientation – New Member

Per the Bylaws of the Association all new members are required to complete New Member Orientation in their first year. The Association holds Orientation 2 times per year in March and September. Failure to complete this requirement within the allotted timeframe will be a violation of membership and shall result in termination of membership subject to a vote by the Board of Directors. (06/2019)

Ownership of Records

It is the policy of the Association that all records, files, and correspondence generated by employees are the property of the Association and may not be removed from the business premises.

Permissions/Waivers

It is the policy of the Association to request and/or grant permission to reprint articles, photos, and so forth.

Petty Cash Fund Disbursements

- It is the policy of the Association to maintain a petty cash fund of \$150 for the Association.
- It is the responsibility of the accounting employee to ensure that the petty cash fund is under lock and key at all times.
- Disbursements from the petty cash fund may only be made for approved expenditures.
- A receipt must accompany every disbursement. The receipt must be signed by the person receiving the cash and the person disbursing the cash.
- The petty cash fund will be replenished as needed at the end of every month. The petty cash fund replenishment check will be made out to Petty Cash.

Political Candidate Appearance Policy at General Membership Meetings

It is the policy of the Association to use the following guidelines when deciding upon appearances at general membership meetings:

- If the candidate is a New Jersey Association of Realtors® (NJAR) endorsed candidate for a national or state race they are welcome to come to the membership meetings.
- The Governmental Affairs Committee will make recommendations to the Board of Directors for appearance approval for candidates running in local races.

Postal Permit

It is the policy of the Association not to allow any outside Associations to use the Association's postal permit.

Press Releases/Media Contacts

It is the policy of the Association that the current president must approve all press releases and other media contacts before the information is released to the press.

In order to ensure consistency of communication, all members of the staff and Board of Directors will be advised of all press releases and other media contacts.

Professional Liability Insurance

It is the policy of the Association to maintain professional liability insurance on the Association.

Property Insurance

It is the policy of the Association to maintain property insurance in the form of replacement value.

Public Examination of Records

It is the policy of the Association not to allow the public access to the Association's Form 990 or any other Board records.

Records Retention

It is the policy of the Association to retain records as suggested by the National Association of Realtors® (NAR) Retention Guidelines and to destroy them when appropriate.

Reference Letters

It is the policy of the Association to provide terminated employees with reference letter that will be limited to the following information:

- Length of employment
- Position title(s)

References (Former and Current Employees)

It is the policy of the Association to provide the following information to prospective employers of terminated employees:

- Length of employment
- Position title(s)

Refunds

It is the policy of the Association that all fees are non-refundable unless the appropriate Board of Directors approves exception to this policy.

Reimbursement of Board/Committee Expenses

It is the policy of the Association to reimburse individuals serving on the Board of Directors and certain committee members for travel in connection with attendance at certain meetings.

Travel reimbursement is limited to actual expenses incurred plus the approved travel per diem.

Reserves

It is the policy of the Association to approve the annual budget such that its reserves equal 12 months of operating revenues.

Returning Member Dues Policy

Any member renewing their membership less than one (1) year after leaving the Ocean City Board of REALTORS® must pay full dues. No pro-ration will apply. If they have paid National and State dues to another Board only the full local dues and MLS fees will apply. No new application fee will apply. Orientation will not be required.

Members returning more than one (1) year after leaving the Ocean City Board of REALTORS will be treated as a new member and will pay pro-rated dues plus any application fees. If they have paid National dues and assessments and NJ State dues and assessments to another Board only pro-rated local and MLS dues plus the full application fee will apply. Completion of Orientation may be required at the discretion of the Membership Committee and the Board of Directors. (06/2014)

Safe and Safe Combination

It is the policy of the Association to place important documents, such as the original IRS letter granting tax-exempt status, sales tax exemption certificates, and so forth in a fireproof safe.

Segregation of Duties

It is the policy of the Association to ensure an adequate segregation of responsibilities with regard to all aspects of the financial operations of the Association to include, but not be limited to, receipts, bank deposits, bank statement reconciliations, invoice approval, check preparation, check signing, and expense reimbursements approvals. Additionally, the Association will request the independent CPA firm it retains to study staffing and recommend improvements in segregation of duties. Refer to the Financial Management and Controls.

Spousal Travel

It is the policy of the Association not to pay for spousal travel unless otherwise approved by the Board of Directors prior to the travel.

Telephone Expenses

It is the policy of the Association that employees are required to reimburse the Association for personal long-distance telephone calls.

Temporary Employment Agencies

It is the policy of the Association to use temporary employment agencies to supplement the workforce during peak periods.

Fees paid to hire the employees of temporary employment agencies are included in the professional services line item in the financial statements.

Time Sheets

It is the policy of the Association that all employees complete and sign time sheets for every pay period. Paychecks will not be distributed until approved time sheets have been submitted.

Employees will note accurately all regular hours, overtime, and leave hours.

Travel Reimbursement

The IRS allows reimbursement for travel expenses that are ordinary, necessary and directly related to the purpose of the Association.

RPAC Committee

It is the policy of the Association to maintain a RPAC Committee to solicit contributions from members. All regulations and laws with regard to operating RPAC Committees will be followed at all times.

Committee will be as follows:

- Chair-Association Immediate Past President
- Vice Chair-Immediate Past Chairman
- Member-Current Secretary/Treasurer

Unrelated Business Income Tax (UBIT)

It is the policy of the Association to pay Unrelated Business Income Tax (UBIT) on the excess of revenues over expenses on taxable activities. These activities will be clearly classified and designated in the financial records to provide adequate documentation in the event of an IRS audit.

The Association will file IRS Form 990-T to report unrelated activities. Form 990-T is considered confidential and is not available for public inspection.

Use of Premises

It is the policy of the Association to require all individuals or Associations requesting permission to use the premises for meeting and so forth to sign a Meeting Room Policy and Agreement.

Vacation

Employees of the Association will accrue vacation at the level approved in the employee's Statement of Benefits and subsequent amendments. An employee may be paid for up to five (5) days of earned unused vacation time through the payroll system each year with the approval of the Chief Staff Executive and the President of the Board. (11/2013)