

NAIOP Washington State Chapter Charter of the Finance Committee

May 2011

Purpose

The purpose of the finance committee is to provide financial oversight, budget guidance, and communicate financial reporting to the NAIOP board of directors and committees. The finance committee serves the board of directors and works closely with NAIOP executive staff on the Association, Foundation and PAC financials (together "NAIOP Financials"). The primary functions of the Finance Committee are described as Audit, Budget and Financial Reporting.

Committee Membership

The finance committee shall be chaired by the Treasurer, who is chosen by the board of directors. The committee shall also include the Executive Director, at least one other member of the board, and no less than one at large member of NAIOP. The committee shall not exceed eight members. The board member(s) shall be a volunteer or appointed by the President. The at large member(s) of the committee shall be volunteers who are nominated by the treasurer and approved by the board. Finance committee members should demonstrate financial acumen and an interest in the financial affairs of the Association, Foundation and PAC. The finance committee should meet no less than quarterly as needed to complete tasks associated with audit, budget, and financial oversight. The outgoing treasurer is encouraged to remain on the finance committee as an at large member to insure a smooth transition with the incoming treasurer.

Responsibilities of Treasurer

- As chair of the finance committee, the Treasurer shall: lead in recruiting members, prepare meeting agenda, schedule meetings, run the meetings, write and distribute the summary notes.
- Additional responsibilities include: presenting the financial reports and exhibits to the board of directors, presenting the budget for approval, and making finance committee recommendations to the board for approval such as for audit, and policy modifications.
- The Treasurer shall also reviews the vouchers for payment of the Association, Foundation and PAC for all checks written.

Audit

Recommend to the board the size and scope of an annual third party review or audit of the financial statements, systems, and procedures of NAIOP. Upon approval, complete the review and report findings to the board and staff.

- Hire independent auditors, counsel, or other consultants as necessary. Board to pre-approve fees for services prior to contracting any services.
- Review with independent auditors and management the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage and effective use of audit and management resources.
- Inquire of management and the auditors about significant risks or exposures facing the organization. Assess the steps management is taking to minimize such risks to the organization. Periodically review compliance with such steps.
- Review with the independent auditors and management:
 - The adequacy of the organization's internal controls, including computerized information system controls and security.
 - Any related significant findings and recommendations of the independent auditors together with management responses.
 - Confirm whether there were any material weaknesses or significant deficiencies noted in internal controls.
- Review with management and the independent auditors the effect of any accounting initiatives and financial regulations.
- Review all material written communications between the independent auditors and management.
- Review with management and the independent auditors:
 - The organization's annual financial statements and related footnotes.
 - The independent auditor's judgment about the quality and acceptability of the organization's accounting principles as applied.
 - Any significant changes required by the auditor's report.
 - Any material difficulties or disputes with management encountered during the audit.
- Inquire of independent audit firm of their procedures to ensure independence from management and the organization.
- Assist staff as needed when working with outside auditors.
- Periodically review investment policy against financial transactions to verify the policy is being correctly executed as intended.

Budgeting

Complete an annual budget recommendation for the Association and Foundation and submit for board approval. The budgets must be created with the goal of further advancing the mission and values of the organizations. Communicate budget recommendations to the board and committees and encourage budget accountability. Use committee and board feedback in annual budgeting process.

- The board of directors is responsible for approving NAIOP budgets and carrying out financial decisions for the Association, Foundation, and PAC.

- The finance committee will work closely with staff to develop a recommended budget for the Association and Foundation. The budgets to be recommended shall be reasonable and attainable.
- Draft recommended budgets shall be presented to the board of directors at the December meeting for the following year.
- Prior to completing the draft budget, the finance committee shall request feedback from event committees in order to create a “bottom up” budget and align committee priorities to the budget.
- Prior to completing the draft budget, the finance committee shall also reach out to non-event committees for input on budget for anticipated expenses.
- Include the cost of an annual audit or review in the budgets.
- Verify with the Government Affairs committee their recommendations for budgeting expenses for Lobbyist contractors.
- Make recommendations to the board for any increases or decreases which need to be made to the budget during the year.
- Periodically review sponsor pricing, membership pricing, and breakfast event pricing and make recommendations to the board for changes in pricing strategy as needed.
- The finance committee should annually review the management contract and make recommendations to the board for consideration.

Financial Oversight and Reporting

The finance committee should be familiar with accounting and control systems of the organization, follow financial activities and keep the board fully informed. Review monthly NAIOP financial statements for accuracy and timeliness. Report financial statements and progress against budget regularly in a frequency recommended by the finance committee and approved by the board.

- Work closely with NAIOP executive staff to determine a reasonable schedule which to receive accurate and timely financial statements.
- Be familiar with the NAIOP financial procedures which include policies for handling of funds, payment of invoices, financial reports, review of records, and tax reports.
- Review and recommend modifications of the NAIOP financial procedures as appropriate for board approval.
- Financial statements for the Association, Foundation, and PAC each shall include a statement of financial position (aka balance sheet) and statement of financial activities (aka income statement).
- Specialized reports required by the Treasurer or finance committee may include a sponsor summary report, “mini-p&l” report, dashboard metrics, or other reports which will help to communicate NAIOP financials to the board or committees.
- Review and modify specialized reports as needed to improve quality of reporting for board of directors.
- Work with NAIOP staff to insure financial reports are being delivered to the committee chairs timely and accurately.

- Monitor expenditures as compared to the budget and determine estimated variance to budgets in reports to the board.
- Recommend an investment policy for review and approval by the board of directors.

Finance Committee Time Table

- 1Q
 - Report yearend financial results to board at February board meeting.
 - Recommend final annual budgets for board approval.
 - Make a recommendation for the board as to the prior year financial audit.
- 2Q
 - Report 1Q financial statements to board at May meeting.
 - Execute board approved financial audit or review.
- 3Q
 - Report 2Q financial statements to the board at September meeting
 - Begin draft budget for next year by requesting feedback from committees with events completed during the year.
- 4Q
 - Report 3Q financial statements to board at November meeting.
 - Recommend draft budget to board at November meeting.
 - Recommend changes to management contract at December retreat.