



## **Policy & Procedures Manual**

### **Forgotten Coast REALTOR® Association, Inc.**

The policies within are meant to coincide with and not preclude or override the bylaws of the Forgotten Coast REALTOR® Association, Inc.

#### **Core Values:**

**The Forgotten Coast REALTOR® Association is a voluntary regional association whose purpose is to enhance the ability and opportunity of its members to conduct their business successfully and ethically by providing resources, education and guidance.**

## **ADMINISTRATION**

### **Executive Board**

The governing body of the Association shall be the elected positions of the Executive Board and shall consist of Officers and Directors.

#### **Officers:**

President –serving a one-year term having been President-Elect and shall succeed to the office of Past President

President-Elect – serving a one-year term and shall automatically succeed to the office of President

Past-President – Serving a one-year term having been the President of the preceding year.

Secretary – serving a one-year term

Treasurer – serving a one-year term

(Amended 2/07)

#### **Directors:**

Not less than 5 REALTOR® members of the Association, each serving a two-year term. No Director shall serve more than three (3) consecutive two (2) year terms.

**Hospitalization or death in the family will be considered excused absences from Board of Directors meetings. (Amended 9/19)**

**No more than 2 REALTORS® from the same real estate firm may simultaneously serve on the Board of Directors. (Amended 8/2020)**

## **OFFICERS & DIRECTORS (Added 8/2020)**

**GENERAL POLICY:** The Board of Directors is responsible for all policy decisions governing the Association, including incorporation of new policies.

**TERM OF OFFICE:** All officers are elected for a one-year term concurrent with the calendar year. Directors are elected for a two-year term.

**MEETINGS:** The Board of Directors meets monthly, generally on the third Tuesday of each month. Additional meetings may be called at the discretion of the President.

**INSTALLATION:** Association officers and directors authority becomes effective January 1 of the New Year. The Oath of Office includes affirming to uphold the Bylaws of the National Association of REALTORS®, Florida REALTORS® and Forgotten Coast REALTOR® Association.

### **DUTIES AND RESPONSIBILITIES:**

#### **President-Elect:**

1. Act on behalf of the President in his/her absence.
2. Be involved with the Treasurer, and the Finance Committee, on the proposed budget for the up-coming fiscal year.
3. Attend the two Florida REALTORS® meetings, FR CEO Symposium, and FCRA Leadership Training.
4. Conduct a review of the Association Bylaws and the Policy and Procedures Manual.
5. Support all Association activities and attend Association functions.

#### **Minimum qualifications of Candidates:**

1. The candidate shall have served on the Board of Directors.
2. The Candidate shall have served on a committee of the Forgotten Coast REALTOR® Association.
3. The Candidate shall be actively engaged in the Real Estate Business and hold REALTOR® membership in the Association.

#### **Secretary:**

1. Record the minutes of all official Board meetings.
2. Present the minutes of the Association Business Meetings (other than financial report), and the Board of Directors meetings at the respective meetings.
3. Support all Association activities and attend Association functions.

#### **Minimum qualifications of Candidates:**

1. The Candidate shall have served on a committee of the Forgotten Coast REALTOR® Association.
2. The Candidate shall be actively engaged in the Real Estate Business and hold REALTOR® membership in the Association.

#### **Treasurer:**

1. Oversee the financial affairs of the Association in coordination with the Finance Committee.
2. Serve as Chairman of the Finance Committee.
3. Provide financial advice and recommendations to the President and the Board of Directors in consultation with the Finance Committee.

4. Coordinate with the Association Executive and members of the Finance Committee in preparing the annual budget.
5. Coordinate accounting matters with the Association Executive, Board of Directors, Finance Committee and CPA.
6. Report the Association's financial status to the Directors and general membership on a periodic basis.
7. Support all Association activities and attend Association functions.

Minimum qualifications of Candidates:

1. The Candidate shall have served on a committee of the Forgotten Coast REALTOR® Association.
2. The Candidate shall be actively engaged in the Real Estate Business and hold REALTOR® membership in the Association.
3. The candidate shall have some business or accounting background.

**Directors:**

1. Help to develop the overall policies of the Association and keep themselves available for special assignments.
2. Be responsible for supporting all Association activities and attending Association functions.

Minimum qualifications of candidates:

1. The Candidate shall be actively engaged in the Real Estate Business and hold REALTOR® membership in the Association.

**FR Directors:** FR Directors shall be the President and the President Elect  
(Amended 2/07)

The membership has a right to expect from every Executive Board member, good faith, reasonable care, and prudence in the consideration of every situation, decision or question that is presented to the Executive Board in managing the Association affairs.

The Executive Board shall have charge of the general conduct of the affairs of the Association and shall enact such rules for its government as deemed expedient providing that the same shall not be inconsistent with the Bylaws of the Association.

The Executive Board shall have exclusive management of all finances of the Association. The Executive Board may, at any time, cause an audit to be made of the books and accounts of the Forgotten Coast REALTOR® Association by a certified public accountant appointed by the Association and at a meeting held prior to each Annual Meeting of the Association, make a full report of their proceedings in the previous year and such recommendations in the interest of the Association as in their judgment may seem proper.

It shall be the duty and responsibility of the Executive Board to see that the membership is kept reasonably and properly informed on all matters of particular interest and concern to the membership in respect to the Real Estate business and the Association. It shall be the further duty and responsibility of the Executive Board to secure, where time permits, the views of the membership upon any subject or subjects of particular concern to the membership, this procedure to be particularly applicable where the Executive Board is called upon to pledge the support of the Association on matters affecting the Real Estate business and on matters of civic, provincial or national interest.

The Executive Board shall act as a whole, not individually, in setting policy, procedures, rules and regulations affecting the Forgotten Coast REALTOR® Association. No single member of the Executive Board shall have the authority to make decisions affecting the policy, procedures, rules, regulations or operations of the Forgotten Coast REALTOR® Association.

### **MEETINGS**

The Board of Directors shall meet the 3rd Tuesday of each month.

The General Membership shall meet as determined by the President or Board of Directors.

Regular meetings of the Association shall be held two times each year.

The second regular meeting in a year shall be known as the annual meeting and shall be for the purpose of electing officers and directors and for conducting other association business.

**(Amended 7/14)**

It is the policy of the FCRA to charge all individuals making reservations for an event that involves food and/or a speaker, **unless a written cancellation is received in the FCRA office 24 hours before the event.** The FCRA is required by contract to notify the facility manager or caterer of the number of attendees. The FCRA is required to pay for the number contracted regardless of whether all attend. **We regret any inconvenience this necessary policy may cause.**

Meetings of the Members may be held at other times as the President or the Board of Directors may determine or upon the written request of at least 25% of the Members eligible to vote.

**Quorum:** A quorum for the transaction of business shall consist of 20% of the Members eligible to vote at the time of the vote. Advanced & electronic ballots will be considered for a quorum. **(Amended 2/07)**

### **EDUCATION**

If a member registers for an education class and cannot attend, they must notify the Association office at least 24 hours in advance, or they will be assessed a fee. (Amended August 2005)

### **CONTRACTS**

Florida REALTORS®/Florida BAR contract is the preferred contract for use by the Forgotten Coast REALTOR® Association

### **CHAMBERS OF COMMERCE**

FCRA shall be a member of each Chamber of Commerce that falls within the territorial jurisdiction of the FCRA as defined by our NAR charter.

### **CREDIT CARDS**

The President, President-Elect, and the AE may use the credit cards for Association expenses only.

### **DONATIONS**

When another organization makes a request for a donation from the FCRA, Staff shall explain that the FCRA is a not-for-profit corporation. If a written request is made, for \$100 or less it will be at the discretion of the CEO. Any request over \$100 must be approved by the Board of Directors. (approved 1/2024)

# FINANCIAL

*(Amended 05/17/2022)*

## **I. Check Writing Authorization**

Dual signatures are only required on non-recurring and/or unbudgeted or otherwise not Board of Directors authorized payments over \$5,000. The Association Executive, Treasurer and President are authorized to sign checks.

## **II. Invoice Approval**

The Treasurer shall be responsible for approving invoices and signing checks on an as needed basis. If the Treasurer is unavailable, the Association Executive or President shall accept this responsibility. No checks shall be signed by the individual who is the recipient of the payment.

## **III. Reserve Funds**

The President, Treasurer and Association Executive shall be the authorized signatories on all Reserve Fund accounts. Reserve Funds may only be used in emergency situations and must utilize the following procedure: any and all changes to the Reserve Fund accounts shall require two (2) authorized signatures at all times, as well as the minutes from the Board of Directors meeting adopting the resolution for said changes. Reserve Funds, subject to Board of Directors approval, are to be maintained in approved investment accounts.

## **IV. Operating Reserve Fund**

An amount equal to fifty percent (50%) of the yearly operating budget will be held in reserve in an investment account and shall be known as the Operating Reserve Fund.

## **V. Budget Financial Review**

A Financial Review shall be conducted at the close of every fiscal year by a Certified Public Accountant as mandated by National Association of REALTORS Core Standards Policy. The accounting firm shall be selected by the Finance Committee and approved by the Board of Directors. A Financial Statement Audit shall be conducted every five years.

## **VI. Compensation Obligation, Annual Encumbrance**

Annually, the Association Executive shall make a lump sum request to the Board of Directors for all monies needed to fund employee salaries (and related statutory costs) for the next fiscal year. The amount of compensation paid to each employee shall be at the discretion of the Association Executive.

## **VII. Budget**

The Finance Committee is responsible for recommending an annual budget to the Board of Directors. This should occur during the Finance Committee's normal budget development process. The Finance Committee shall review and approve the budget, and recommend its adoption by the Board of Directors. The Board of Directors is responsible for approving and making any changes to the annual budget. A balanced budget will be (recommended and) maintained at all times. A detailed budget shall be available for review at the Association office by appointment only; only REALTOR members in good standing may make an appointment to review the budget.

**VIII. Revenue Recognition**

Multiple Listing Service Fees and Association Membership Dues are recognized in the period in which such revenue is earned. Revenue received in advance of the recognition period are recorded as deferred to that period. All other revenue is recognized according to the Generally Accepted Accounting Principles for each specific type of revenue transaction.

**IX. Compliance Reporting**

The Association Executive is responsible for ensuring the timely filing of all compliance reports relating to the (Department of the Treasury) Internal Revenue Service [Form 990 and other Forms], the State of Florida [Annual Registrations], Franklin County [Personal Property Tax Returns], and any local jurisdictions [Occupational Licenses]. The Association Executive is also responsible for the timely renewals of other risk management instruments such as insurance policies.

**X. Records Retention**

Audit Reports	Indefinite
Payroll Tax Filings	Indefinite
Federal & Local Tax Return Filings	Indefinite
Accounts Payable Vouchers	7 years
Back-ups of Accounting Data Files	7 years
Contracts	7 years
Financial Status Reports, Internal	7 years
Other Accounting Records	7 years
Accounts Receivable Billings	3 years
Cash Receipts & Deposits	3 years
Membership Dues Payment Records	3 years
Payroll Records & W-2s	3 years

**XII. Investments**

The Association will adopt an investment schedule to address savings and reserves to best safeguard the funds in a conservative manner. An investment advisor will periodically review investments and report to the Board of Directors.

**XIII. Charitable Contributions**

Charitable contributions are to be determined by the Board of Directors.

**XIV. IRS Form 990**

The Board of Directors will have the opportunity to review each annual IRS Form 990 filing.

## Assessment of Dues, MLS Fees & Charges

All fees, dues, and charges may be assessed to Brokers or to individual Agents. FCRA utilizes direct billing of Agents. However, Agents are not exclusively responsible for such financial obligations. The ultimate responsibility for payment of Agents delinquent dues, fees, and charges is that of the Broker.

### FCRA DUES

**Application Fee - Primary & Secondary Members: Brokers - \$300 Agents - \$250  
(Non-refundable)**

**FCRA Annual Dues: (Primary & Secondary) \$468  
(Non-refundable)**

FCRA REALTOR® dues are \$468 per year and billed quarterly. Invoices are sent out 30 days prior to the due date. All invoices are due and payable by the 1<sup>st</sup> day of the first month of each quarter. If quarterly dues & MLS fees have not been paid by 5:00 pm Eastern time on the 15th of the first month of the quarter (January, April, July & October) a \$50 late fee will be assessed. If an invoice becomes delinquent, late fees will be collected according to the following schedule:

1. 16 to 30 days past due - \$50 Late Fee
2. 31 to 59 days past due – additional \$100 Late Fee and services to the brokerage firm will be suspended
3. 60 days past due – additional \$250 Late Fee

Dues for new members shall be computed from the first day of the month, in which the Member has joined and shall be prorated monthly. Association services to the brokerage firm will be suspended if payment has not been received within thirty (30) days of the due date. Sixty (60) days after the due date membership may be terminated.

(Amended 5/16)

### MLS FEES

#### MLS Application Fee:

REALTOR® MLS Only Participants	\$300
Non-Member MLS Participant	\$300
REALTOR® MLS Only Subscribers	\$250

**(Non-refundable)**

#### Quarterly Access & Service Fee:

REALTOR® Member Participant or Subscriber	\$117 per quarter
REALTOR® MLSO Participant or Subscriber	\$150 per quarter
Non-REALTOR® Participant or Subscriber	\$180 per quarter

(Amended 2017)

**(Non-refundable)**

MLS fees are \$468 (\$600 for MLS Only & \$720 for non-REALTOR® participants) per year and billed quarterly. MLS fees for new participants & subscribers shall be computed from the first day of the month,

in which service began and shall be prorated monthly. Invoices are sent out 30 days prior to the due date. All invoices are due and payable by the 1st day of the first month of each quarter.

**Effective June 1, 2019** - If quarterly dues & MLS fees have not been paid by 5:00 pm Eastern time on the 15th of the first month of the quarter (January, April, July & October) a \$50 late fee will be assessed, and the MLS security level of the delinquent agent/broker will be changed to Dues Pending. Once the security level has been changed to Dues Pending, the only option after logging in will be to make the delinquent payment. After payment has been made the FCRA office will be notified, and full access will be restored. If an invoice becomes delinquent, late fees will be collected according to the following schedule:

15 days past due - \$50 Late Fee and services will be suspended.

30 days past due – Additional \$100 Late Fee and services to the brokerage firm will be suspended.

45 days past due – Additional \$250 Late Fee

The ultimate responsibility for delinquent dues, fees, and charges is that of the participant. If the agent is inactivated after the invoice due date, the broker is responsible for paying the dues, fees, and charges for the portion of the quarter that the agent was active and receiving services, plus any late fee. (Amended 5/16)

In extreme circumstances the President or the AE may make an exception to the Rules regarding discontinuance of service for non-payment. The President or the AE shall notify the Board of Directors at their next regularly scheduled meeting to determine if the service may continue to be provided.

The Association Executive shall have the authority to write off outstanding invoices up to \$100.

Bad debt write-offs shall be maintained alphabetically by the member's last name. Staff shall check each application against the list. All applications and reapplications for membership shall be conditional upon the write-off being paid in full.

#### **Agent Transfer Fee**

**Effective June 1, 2019** - An administrative processing fee of \$100 will be charged to Agents transferring from one office to another. The Transfer Form must be filled out in its entirety and the fee must be paid before the Transfer Form will be processed.

#### **Assistant's Application fee**

**Effective June 1, 2019** - An administrative processing fee of \$25 will be charged to agents submitting an assistant's application. The application must be filled out in its entirety and the fee must be paid before the assistant's application will be processed.

#### **SUPRA LOCK BOX POLICY**

The association will loan 4 association owned boxes per agent to all Supra subscribers. Any additional boxes must be leased at a cost of \$100 per box.

## **ACCOUNTABILITY**

1. A copy of the quarterly statements provided by the institution(s) shall be made available by the Board of Directors at their first meeting following the close of the quarter.

## **FREE ADVERTISING**

The Association Executive shall be permitted to place information into Association Newsletter, Web Site and in such other places when requested by any organization when such information may help the members of the corporation increase their knowledge, skill, or ability; except, however, when such information may cause financial harm to the corporation.

## **HONORARY MEMBERSHIP CRITERIA**

### **Process**

Anyone may nominate a person for Honorary Member status. Staff shall notice those nominated to the Board of Directors. The Board shall first vote to add the person to a list of those so nominated. Once a person is on the list, staff shall retain the name on the list for a period of three years after which staff shall purge the name. (Example: A person elected to the list in October of 1999, would be purged from the list effective January 1, 2003). The Board may consider conferring Honorary Member status at any time; however, staff shall place the information on the Board's agenda during the third quarter of each year.

Honorary Member status shall be conferred by a majority vote of the Board of Directors at any meeting at which a quorum of the Board of Directors is present.

The Board shall consider the following factors:

1. If a member, has held membership for at least 10 years in the Association and their resignation is pending.
2. If a member serves or has served as
  - a) Past officer
  - b) Past director
  - c) FR officer, director, or committee chair
  - d) NAR officer, director, or committee chair
  - e) 25 years as a REALTORS®
  - f) Served on numerous committees or task forces for at least 10 years
3. If not a member, there must be evidence of notable service
  - a) Elected to a governmental office (mayor, mayor pro tem, council, Chairman, etc.)
  - b) Elected position in a charitable foundation or organization

## **KEYS TO THE OFFICE**

The following people may hold keys to the Association office; all staff, AE, Treasurer and the President.  
(Amended 7/14)

## **MEMBERSHIP ISSUES**

When a member who has resigned in good standing (paid all of their bills in full), or who fails to resign but has paid all of their bills in full, applies to the FCRA within twelve months of the date the Board of Directors approved the resignation, the Staff shall collect: 1). \$100 processing fee; 2). If within the same calendar year, no further dues are due; 3). If the resignation occurred in one calendar year and the reapplication is in the next calendar year, the FCRA dues for the year shall follow the guidelines set by the National Association of REALTORS® and the Florida REALTORS® and shall not be pro-rated.

If a member fails to resign and/or has outstanding bills, but reapplies within twelve months, the former member must pay all of the outstanding bills in full, a \$150 reinstatement fee, and pro rata dues if within the same calendar year. If the request for reinstatement is in the next calendar year, the dues for the year shall be based upon the guidelines set by FR and NAR.

When a member who has resigned in good standing, or who fails to resign but has paid all their bills in full, applies to the FCRA after 24 months applicant will be subject to the same requirements and fees as a new applicant for membership. If a member who has resigned or failed to resign and/or has outstanding bills, but reapplies after 24 months, the former member must pay all of the outstanding bills in full and will be subject to the same requirements and fees as a new applicant for membership.

All non-REALTORS® licensees shall be billed directly to the Designated REALTORS® Member for any and all monies owed to the Forgotten Coast REALTORS®S Association. When the staff is notified of a new non-member sales licensee, staff shall charge the Designated REALTORS® a \$100 processing fee per non-member in addition to the non-member assessment fee. The local assessment fee for the Forgotten Coast REALTORS® Association shall be pro-rated monthly, based upon the date of the licensee's affiliation with the Designated REALTORS®. (Amended 11/2006)

## **MEMBERSHIP ROSTERS**

Only the Association Executive may provide membership lists (labels, rosters, electronic, etc.). Association Executive shall determine the price based upon actual cost plus a reasonable profit.

## **MEMBERSHIP FAXING**

Members may request the association to fax copies of their business related functions out to the general membership. The content of the material to be faxed must be approved by the Association Executive.

## **MEMORIALS**

When a member dies, staff shall send a donation from the FCRA in the following amounts:

- a. Member \$25 and card sent to the family
- b. Director/Officer (current) \$35 and card sent to the family
- c. Current/Past President \$50 and card sent to family

2. Every effort shall be made by the following to represent the Association at either the visitation, the funeral, or the grave side services.
  - a. President
  - b. Association Executive

Any book shall be signed as: Forgotten Coast REALTOR® Association and then the name of the person attending and their title with the Association.

### **REFUNDS**

**(Amended by majority vote of the Board of Directors 5/17/2016)**

~~During the calendar year staff shall refund FCRA dues of any resigning member less a \$50 handling fee. The FCRA dues of any member so affected shall be refunded pro-rata monthly.~~

FCRA dues, MLS fees and application fees are non-refundable

### **ORIENTATION**

All new members (including REALTORS® transferring from another Association) must complete the full orientation session within 60 days of their application for membership. They may elect to take the Ethics Course in person or online any time within that 60 day period. Failure to complete the requirements will result in all services being suspended, including MLS. The agent shall also be removed from the Association Roster and the MLS Roster. A new application must then be submitted along with a \$55 reinstatement fee. When the training has been completed, the agent will be placed back on the Association Roster, the MLS Roster and all services shall be reinstated. Orientation is held on an as needed basis and scheduled by the Association office.

The Staff shall provide the following information to anyone seeking a reduction from the requirement for membership or reapplication to membership: ***“The FCRA members and Board of Directors have adopted bylaws, policies, and rules and regulations that specifically address membership applications, reapplications, dues, fees, and other charges. The Board of Directors and/or the Association office do not have the power to deviate from those provisions.”***

### **STATEMENTS OF POLICY**

Any matter brought before the Board of Directors may be considered by a panel of Directors appointed by the President for that purpose. Five (5) Directors or a quorum of the Board of Directors, whichever is less, shall constitute such a panel, which shall act on behalf of the Board of Directors. The decision of the panel shall be final and binding and shall not be subject to further review by the Board of Directors

### **REQUESTS FOR INFORMATION**

All requests for information concerning the Forgotten Coast REALTOR® Association, Inc. that may be deemed confidential, including but not limited to, minutes, financial reports, tax returns, etc., shall be made to the Association Executive. If there is a request for copies of information, then such request shall be made in writing upon the **Request for Information** form. The request form shall include the following:

purpose of the information  
non-disclosure clause  
costs for the service

the date I wish to inspect the record(s) is \_\_\_\_ (at least five business days prior notice must be given to inspect corporation records)

Costs for visual inspections shall be the same as for written requests except that where the time is nominal (five to ten minutes), staff may waive the costs. All such requests whether in writing or visual shall be made at such time as is convenient with the Association Executive.

### **FR DIRECTORS**

FR Directors shall be selected in the following order: FCRA President, and FCRA President Elect. Additional directors, if any, shall be elected by the Board of Directors.

### **TRAVEL\*\***

**NAR and FR Travel** - The President, President Elect, Treasurer and Association Executive should attend all FR Governance meetings and NAR Governance meetings. If it becomes necessary to elect FR Directors other than the President and President Elect, those Directors shall be reimbursed for travel expenses under the same reimbursement plan.

The President Elect should also attend the FR CEO Symposium, FR Spokesperson Training Seminar, and any other FR and NAR training seminars offered for incoming Presidents. Each incoming Education Chairman shall attend the FR Education Workshop.

The Association Executive should also attend the Association Executive's Institute, FR Education Workshop, other seminars/workshops specifically held for educational purposes that will benefit the Association and also those seminars/workshops attended by the President Elect.

Individuals attending conferences, meetings or workshops on official business as a representative for the Forgotten Coast REALTOR® Association are expected to attend all relevant business sessions in order to receive reimbursement.

Relevant business sessions include, but are not limited to: AE Education session, AE Council, MLS Practices Forum, President's Information Exchange, Treasurer's Information Exchange, Board Leadership Forum, Professional Standards Forum, Member Update, District Meetings and the Board of Directors Meeting.

\*\*All travel and travel reimbursement shall be determined annually during the normal budget process and may be adjusted. (Amended 6/08)

Reimbursement is as follows:

Automobile: Reimbursement will be at the standard IRS mileage rate. Tolls will be reimbursed as incurred

Air: Coach Class

Taxi/Shuttle: Taxi/shuttle service expenses associated with member travel between the airport and the hotel.

Hotel: Single room rate at the FR or NAR headquarters hotel (when available) is not to exceed \$200 per night including taxes & resort fees unless approved in advance by the board.

When traveling with spouse/guest, member will be responsible for the difference between single occupancy and double occupancy room rates (if any) and any difference in excess of the rates stated above. Hotels for FR/NAR seminars (other than the FR/NAR annual or mid-year conventions) may be reserved by the Association Executive upon request, using the FR/NAR discounted hotel list.

Tips: Actual cost of up to \$2.00 per bag for skycap, doorman, and bellman.

Meals: Meals shall be reimbursed at the rate of \$75 per Diem with no receipts required.

Parking Fees: Airport Parking and Hotel Parking (when it is a mandatory charge by the hotel) will be reimbursed.

Registration: Registration fees to attend any approved Convention, Conference or seminar shall be reimbursed.

Rental Car: Consult the Association Executive if you need to rent a car. Rental cars are reimbursable only when other methods of transportation are not reasonably obtainable. If it is necessary to rent a car, the following will apply:

- I. The collision damage waiver must be purchased. (This is to ensure that you will not be liable for out-of-pocket expenses should an accident occur)
- II. Parking costs will be reimbursed as incurred.
- III. Tolls will be reimbursed as incurred.
- IV. Reimbursement will be for dates of convention only. Any days a car is rented for personal use will not be reimbursed.

Non-Reimbursable Expenditures:

Laundry	Valet Services	Toiletries
Personal Entertainment	Purchase of book/magazine	
Barber or Beautician	Alcohol	

(Amended 1/17)

## AMENDMENTS

These Policies & Procedures may be amended by a majority vote of the Board of Directors present and qualified to vote at any meeting at which a quorum is present. The Board of Directors shall have the authorization to amend these Policies & Procedures from time to time as voted and approved in the Board meetings, as long as amendments stay within the guidelines of the National Association of REALTORS® Bylaws, Policies and Rules and Regulations.

Any and all such amendments shall be appropriately distributed to the general membership within 20 days by means of electronic mail, US Postal Service, fax or other reliable source. Distribution shall be to at least each office and designated broker, REALTOR® Members and available for review at the Association office.



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## **FINANCIAL**

*(Amended 05/17/2022)*

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Charitable contributions are to be determined by the Board of Directors.

**XIV. IRS Form 990**

The Board of Directors will have the opportunity to review each annual IRS Form 990 filing.

**APPENDICIES**

*{All FINANCIAL policies and procedures should reference Appendices One, Two and Three for additional guidance and/or standards for design, enhancement and/or implementation.}*

**Appendix One**

Florida Realtors General Policies (Section 4) on Financial Management

**Appendix Two**

Florida Realtors Investment Objectives and Guidelines

**Appendix Three**

Florida Realtors Activity Budget System (ABS)

## **Florida Realtors General Policies**

### **SECTION 4. FINANCIAL MANAGEMENT**

#### **4.1 Investment and Treasury Management Committee**

The committee shall be composed of a chair, from the general board membership, a vice chair, from the general board membership, the immediate past chair, the Florida Realtors Treasurer, and three at-large members who along with the chair and vice chair shall possess expertise in market stocks, mutual funds, etc., and shall oversee the investment initiatives and institutions responsible for handling capital investments and reserves to invest.

##### **A. Treasury Management**

Florida Realtors shall establish policies that maintain reasonable security of the association's cash and liquid assets. Accordingly:

1. Check signatories on all operational accounts shall be reviewed by the committee on an annual basis. This review shall also be performed when any new accounts are opened.
2. Checks that are \$50,000 or greater shall require the original signature of two of the three signatories: executive vice president, president, treasurer. These signatories will also be notified of pending wire payments greater than \$50,000. The wire payments will be made upon the electronic or written approval of any two signatories.
3. Selected employees highly involved in the cash management process shall be bonded unless adequate applicable insurance is in place.
4. Motions presented to the board of directors which require financial commitments of association funds that are greater than 5% of the reserve fund balance needs to be presented to the Finance Committee for fiscal soundness prior to the board of directors meeting.
5. The Investment and Treasury Management Committee, with a majority of the Leadership Team's approval, has the authority to temporarily act outside of the Florida Realtors Investment Policy in order to preserve and protect FAR assets.
6. A report will be provided to the Investment Committee at least once per quarter which assesses whether the outside investment managers are conforming to the Florida Realtors Investment Policy fund mix.

##### **B. Operational Funds**

Florida Realtors shall maintain safety of principal for current year operational funds while providing sufficient liquidity to meet cash needs. Investments shall be limited to instruments that are backed or underwritten by the U.S. government or its agencies. Changes in the investment institutions used for operational funds shall be made at the direction of the president, treasurer and executive vice president, with review by the Finance Committee.

##### **C. Reserve Funds**

Florida Realtors shall achieve the highest rate of return for reserve funds, while maintaining safety of principal through sound investment practices, diversification and limited exposure to changing economic conditions. Funds within reserves shall be invested at the discretion of the Investment and Treasury Management Committee, selecting investment options proposed by Florida Realtors investment management firms, which shall be selected and monitored by the Finance Committee.

#### **4.2 Fund Policy**

##### **A. Legal Action Fund**

1. A legal action fund shall be established and maintained which shall be a source of funds to defray costs incurred by members, local boards/associations of REALTORS®, Florida Realtors or other persons involved in litigation that has significance to REALTORS®/REALTOR-Associates® as a class, private property rights or the real estate industry as a whole.

2. Control of the legal action fund shall be by majority vote of the Legal Action Fund Committee. The committee shall be comprised of the immediate past president, the president, the president-elect, the vice president, the treasurer and up to two at-large members. The two at-large members shall be appointed by the president. The president shall be the chair of the committee. The committee shall adopt such forms in order to carry out the provisions of this document and the purposes of the legal action fund. The actions of the committee shall be subject to review by the Executive Committee.
3. Any Legal Action request form is to be submitted without attachments. The legal report shall state the following:
  - a. Whether or not the local board/association has approved the request;
  - b. Whether or not the local board/association would help defray the cost;
  - c. Whether or not there is E & O insurance available;
  - d. A summary of the facts;
  - e. An opinion from Florida Realtors General Counsel as to whether or not the issue has significance to members, and any possible impact on private property rights and/or the real estate profession;
  - f. A recommendation from Florida Realtors General Counsel on whether or not Florida Realtors should become involved. If involvement is recommended, should it include financial support, and amicus brief, or both.

This above synopsis will be sent electronically to all members of the Legal Action Fund Committee. If the committee feels it is a matter for FAR to become involved in, the committee shall instruct Florida Realtors General Counsel electronically to notify the requesting party and/or their attorney. If there is a split decision among the Legal Action Fund Committee, a conference call with the committee shall be convened.

4. The legal fund shall be funded by annual transfers from the operating fund, replenishing the uncommitted fund balance to \$50,000 at the beginning of each fiscal year.

### **B. Operating Fund**

1. An operating fund shall be established and maintained which shall be a source of funds for the association's ongoing operational activities.
2. Control of the operating fund shall reside with the Management Team, at the direction of the Leadership Team and Finance Committee in accordance with the budget approved by the board of directors.
3. The operating fund shall be funded by current sources of revenues such as dues, tuitions, registrations and other services.

### **C. Reserve Fund**

1. A reserve fund shall be established and maintained which shall be a source of funds for authorized association activities that exceed revenue sources; and which shall fund the sinking fund set-aside program for major fixed-asset expenditures.
2. Disbursements from the reserve fund shall require a majority vote of an officially called meeting of the board of directors, with 30 days' advance notice provided the directors, when possible, of intentions to use any part of the fund.
3. The reserve fund shall be funded by transfers from operational revenue sources, occurring on an annual basis, to maintain liquid asset balances in the fund no less than fifty percent (50%) of the association's current-year net operational expenditures; plus the accumulated capital setback (sinking fund) balance to be maintained over a five-year projected time period. When the annual audit has been completed and presented to Florida Realtors for the previous year, the finance committee shall transfer all excess from the operational revenue sources to the reserve funds.

## **D. Retirement Fund**

1. A retirement fund shall be established and maintained for the purpose of funding certain deferred compensation agreements authorized by the board of directors.
2. Authorization to dispense funds per the deferred compensation agreements shall reside with the Management Team.
3. In the event the expenditures or liabilities of the fund exceed the fund's assets, funds shall be transferred from the operating fund.

## **E. Advocacy Fund**

### **(1) Purpose and Funding**

- a. An advocacy fund shall be established and maintained which shall be a source of funds which can be used to express Florida Realtors' views on, or to support political education activities regarding a particular issue.
- b. Funding shall be achieved by a per-member assessment established by the board of directors.

### **(2) Funding Authority**

- a. Base Authority. The PAAG shall have authority to approve funding in an aggregated amount up to \$5 million per issue. Aggregated funding for a single issue includes, but is not limited to, advertising, lobbying, member and consumer education, coalition expenses, etc. The aggregated total is tied to the issue and is not limited to a calendar year spending but rather all spending on that single issue. Advocacy funds shall not be used for contributions to candidates for political office.
- b. Additional Authority.
  - i. If the total for a single issue reaches \$5 million, the Florida Realtors' Executive Committee shall approve continuing to spend funds to either support or defeat the issue and authorize additional funds to be spent from the advocacy fund.
  - ii. If the total expenses reach \$10 million on a single issue, the Florida Realtors' Board of Directors may vote to authorize additional funding on that issue. Should the situation arise where all money in the advocacy fund has been depleted, the board of directors may decide to spend additional resources on the advocacy issue either by using reserves, charging an additional special assessment, or enacting any other means agreed upon by the board of directors.

### **(3) Fund Management**

The advocacy fund shall be managed by the Public Advocacy Advisory Group (PAAG)

- a. Composition. The PAAG shall consist of sixteen (16) trustees:
  - i. The president,
  - ii. President-elect,
  - iii. Vice president,
  - iv. Treasurer,
  - v. Secretary,
  - vi. Public Policy Committee chair,
  - vii. Public Policy Committee vice chair,
  - viii. REALTOR® Party Member Political Involvement chair,
  - ix. REALTOR® Party Member Political Involvement vice chair,
  - x. PAC Trustees chair
  - xi. PAC Trustees vice chair, and
  - xii. Five (5) members-at-large all of which should be PAC major investors and content experts
    - a) One local association executive
    - b) At least one Florida Realtors past president.

xv c) Members-at-large shall serve three year staggered terms.

b. Chair. The chair shall be appointed by the president.

c. Duties. The PAAG shall be:

i i. responsible for acting on legislative and regulatory issues while the legislature is in session and between meetings of the board of directors; and

ii ii. responsible for authorizing expenditures from the Advocacy fund

d. Meetings. The PAAG shall meet at the call of the president.

i i. Quorum. A majority of the PAAG shall constitute a quorum for all meetings.

ii. To the fullest extent permitted by law, the PAAG may conduct business by electronic means. a. An issues mobilization fund shall be established and maintained which shall be a source of funds to financially assist local associations on issues they deem to be important in protecting and promoting REALTOR member and/or property owner interest in their market area.

b. The IM fund shall be funded by annual transfers from the advocacy fund, replenishing the uncommitted fund balance of \$250,000 at the beginning of each fiscal year.

e. Reporting. Once an issue is approved for funding, the PAAG shall file periodic reports to the Executive Committee and to the board of directors. The reports shall provide an update on the status of the issue and the amount being spent from the Advocacy fund to influence its outcome.

## **F. Issues Mobilization (IM) Fund**

### **(1) Purpose and Funding**

### **(2) Local Association Requirements and Limitations**

a. Requirements. Local association applying for financial assistance with a local issue shall pledge to have some vested involvement in their local issue.

i i. The association's commitment may be through REALTOR® member grassroots activity involvement (including, but not limited to, attending council or local committee meetings on the issue, canvassing communities, phone bank participation, etc.) , or

ii ii. The local association shall be financially contributing to the local issue.

b. Limitations. There shall be no limit to the amount of funding a local association can request in assistance. The limitation shall be in the levels of approval needed based upon the amount of the funding being requested.

### **(3) Fund Management**

The IM fund shall be managed by the Issues Mobilization Committee

a. Composition. The committee shall be comprised of up to ten members appointed by the president. Appointees shall be other than members of the Public Advocacy Advisory Group (PAAG).

b Chair. The chair shall be appointed by the president.

c. Duties. The committee shall be

i i. responsible for developing, publishing and reviewing the grant application process by which a local association submits a formal written request for IM fund assistance, and

ii ii. responsible for all funding decisions.

d. Meetings. The committee shall meet at the call of the committee chair or on the request of three members.

i i. The committee shall meet not only at Florida Realtor meetings but as often as necessary to be able to quickly respond to local association needs.

ii ii. Quorum. A majority of the committee members shall constitute a quorum for all meetings.

iii      iii. To the fullest extent permitted by law, the committee may conduct business by electronic means.**G. Housing Fund**

1. A housing fund shall be established and maintained which shall be a source of funds to aid Association employees with first-time home purchase grants.

2. Authority shall reside with the Chief Executive Officer to expend money from the fund, as per the guidelines approved by the board of directors.

3. Funding shall be achieved by transfers from the operating fund at the direction of the Leadership Team, replenishing the fund up to \$30,000.

*Section last revised August, 2015*

# FLORIDA REALTORS®

## Investment Objectives and Guidelines

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### OVERVIEW

This document sets forth the objectives, responsibilities, strategies, and guidelines for the management of the association's operational and reserve investment funds.

Operational Funds consist of undesignated assets which are available for support of the association's ongoing current activities.

Reserve Funds consist of long term and current assets designated to fulfill funding requirements for two specific purposes: (1) authorized Association activities that exceed revenue sources and (2) the expansion, addition, replacement or repair of major fixed assets of the association (*i.e. building mechanical components, computer systems, phone systems, etc.*). The fundamental objective of the Reserve Fund is to amass in reserves sufficient assets to maintain the services of the Association through periods of economic downturn, to address issues of critical concerns of the real estate industry and fund the sinking fund set-a-side program for major fixed asset expenditures.

Advocacy funds consist of long term and current assets designated for authorized use regarding supporting or defeating statewide constitutional amendment ballot initiatives.

### OBJECTIVES

- use sound investment vehicles that are adequately diversified to limit exposure to changing economic conditions while combining that with timely market decisions and a reasonable rate of return
- maintain sufficient liquidity to meet daily and projected cash needs of the fund
- Assess and establish the association's investment risk posture as described below.

Investment market return data suggests that, over long periods of time, there is a relationship between the levels of risk (*i.e.*, volatility of investment returns) assumed and the level of returns that can be expected in an investment program. In general, higher risk is associated with higher expected returns.

Given this relationship between risk and return, a fundamental step in developing investment objectives and guidelines for Florida Realtors® is the determination of the association's risk posture. The Investment and Treasury Management Committee has examined both the association's risk tolerance, the **ability** to take on investment risk, and its risk preference, the **willingness** to take on investment risk.

The association's overall risk posture is balanced. The **ability** of Florida Realtors® to assume risk is balanced because there is a stable level of funds to invest, yet market conditions and membership levels could affect that stability. The **willingness** of Florida Realtors® to assume risk is also balanced. The target rate of return is equal to or greater than the blended rate of return on the median mix amount across all asset classes for both the Reserve Funds as well as the Advocacy Funds.

### RESPONSIBILITIES

#### Investment and Treasury Management Committee

- implementation of investment objectives and guidelines by responding to Investment Firm recommendations.
- monitor performance of investments assuring that objectives are being met while adhering to the guidelines
- annually review investment objectives and guidelines.
- selection and monitoring the performance of Investment Management Firms
  - a minimum of two firms will be used to reduce institutional risk
  - at a minimum, every five years the Committee will undertake a review and/or search that results in a specific recommendation to the Leadership Team as to which firms will be utilized.
  - the primary judgment criteria will be the performance of the Investment Firm as compared to the approved benchmark indices over the course of a full market cycle (five years), or as needed depending on performance versus indexes or peer groups.
  - violations of the investment objectives and guidelines could be grounds for more immediate termination of services
- monitor the association's operational funds set aside for investment.

### **Investment Authorization**

Dual signatures from any two out of three of the President, Treasurer, and CEO of the association are required on any authorizations or documents necessary to be executed in establishing, maintaining, or closing account relationships.

Transfers of cash between Florida Realtors® internally established Funds (Operating Fund, Reserve Fund, Advocacy Fund, etc.) shall be reported to the Investment and Treasury Management Committee, as well as the Treasurer of the association, or in their absence to the President of the Association. These transfers are restricted to those guidelines found in the Florida Realtors Bylaws and General Policies.

Investment Managers shall communicate proposed investment reallocations to the Vice President of Finance and the Investment and Treasury Management Committee for the Committee to approve.

### **Investment Management Firms**

- report on at least a quarterly basis the performance of the total fund investments they are managing
- Provide monthly portfolio, as well as market reports that keep the committee informed of any material changes in personnel, investment strategies, or other pertinent information that would potentially affect the performance of the fund investments they are managing. Additionally, provide a monthly report on fixed income credit ratings.
- adhere to the Florida Realtors Investment Objectives and Guidelines
- rebalance the investment portfolio as needed, with monthly reporting to Florida Realtors.
- Establish an internal system of warnings when Investment Policy Asset Class Maximums are being approached and report any policy breaches to Florida Realtors as soon as they are identified.
- Annually provide a confirmation of asset positions by a group independent of the given advisory team. The confirmation could come from a compliance/audit group within the overall Investment Firm.

## **INVESTMENT STRATEGIES AND GUIDELINES**

### **Asset Allocation Targets**

The asset allocation will be diversified across growth strategies and income strategies. The objective of the growth strategies is to provide a rate of return that will grow the purchasing power of the investments. The objective of the income strategies is to minimize the principle risk and maximize current income. There are two kinds of risk to minimize. Institutional Risk relates to the capacity of the institution to preserve the assets of an investor. Investment Risk relates to the degree to which an investment's principle can fluctuate in value based on market changes.

### **Asset Categories & Associated Risks**

- Investment Options will be made from the following list of categories:

#### **U.S. Domestic Equity Investments**

Domestic equity investments should primarily provide appreciation of principal as well as current dividend income and growth of income, with the recognition that this requires the assumption of greater market volatility and risk. Industry and company investments shall be based upon demonstrable analysis of prospects for above average returns based upon each Investment Managers objectives as selected by the Finance Committee. Investments shall be primarily in well-seasoned, quality companies whose securities enjoy marketability adequate for the portfolio. U.S. domestic investments shall be chosen from the New York Stock Exchange, the American Stock Exchange, regional exchanges, and the National over-the-counter market that continually provide liquidity and are of good standing in the investment community. Neither privately held stocks nor letter stock shall be included except when selected as an alternative investment allocation per the Target Asset Mix.

#### **Non-U.S. Developed & Emerging Equity Investments**

Non-U.S. equity investments should be invested in portfolios of common stock that are listed on national securities exchanges. Most if not these stocks will be domiciled in developed and emerging countries. However, managers may choose to invest in companies listed on the domestic exchanges as outlined above. Investments may be made in stocks that trade over the counter and in other equity-related securities and private placements as limited in the Investment Managers guidelines and prospectuses as selected by the Finance Committee. It is understood that investments in Non-U.S. developed and emerging countries exposes additional risks including but not be limited to currency, political, industry, economic and social.

## Alternative Investments

Generally, alternatives include private equity, hedge funds, managed futures, real estate, long/short strategies, market neutral and absolute return strategies. Alternative investments offer risk/return profiles that may differ from traditional investments such as publicly traded stocks, bonds, and cash. Additionally, alternative investments may offer low to no correlation to traditional investments and can have risk adjusted returns that by themselves exceed the risk parameters of this policy. Recognizing that alternative investments may have limited liquidity and given their unique attributes alternative investments are subject to approval by the Finance Committee and are limited to the allocation provided in the Target Asset Mix.

## Domestic Fixed Income Investments

Fixed income investments should provide a highly predictable and dependable source of income and reduce volatility of the market value of the total portfolio. The investments shall be limited to government (Federal, State and Local) securities, government agencies, mortgage backed pass-through's (government agencies), corporate bonds, and other asset backed securities deemed by the Investment Manager(s) and the Finance Committee to be appropriate. The maximum duration and maturity should be plus or minus 20% of the representative benchmark for the Investment Manager(s). The average overall credit quality of all fixed income investments must be at least BBB by Standard and Poor's and Baa2 by Moody's, unless only one of the two ratings applies to a given investment. An average overall credit quality of AA should be the target, however. Rating restrictions do not apply to Alternative and High Yield Investment Managers; their guidelines supersede these restrictions as selected by the Investment Management Firms.

## Non-U.S. Developed Fixed Income Investments

Fixed income investments acquired from outside the United States may provide additional diversification while still contributing an additional source of dependable income. It should be noted that investments made outside the United States contain additional risks and volatility. Prior to making such investments the Finance Committee should have an understanding how Non-U.S. Developed Fixed Income will affect the overall portfolio's risk and return. It is at the discretion of the professional Investment Manager(s) to select prudent fixed income investments regarding country, credit, and industry. Each Investment Manager will be reviewed to a relative benchmark as outlined in the Target Asset Mix as approved by the Finance Committee.

### Risk Categories:

(risk level assessments refer to investments in those categories alone. Well diversified portfolios will mitigate risk across all categories)

### CASH EQUIVALENT

**Secured Risk** – Instruments maturing in less than 12 months, such as U.S. Government Treasury bills and CD's, Money Markets, and other accounts established with a financial institution that are fully insured by FDIC, NCUA, FSLIC, SIPC or other US government organizations. Securities which are backed by the full faith and credit of the U.S. Government or its agencies (Fannie Mae, Freddie Mac, etc.) CD's, Money Markets, and other accounts established with a financial institution that are not fully insured by US Government organizations, but for which the institution has obtained additional insurance or a letter of credit. All assets held within a trust company.

**Minimal Risk** - Commercial paper rated P1; as well as mutual funds or other pooled securities that invest in those cash equivalents listed above.

### FIXED INCOME

**Secured Risk** – None

**Minimal Risk** – Due to investment risk, U.S. Government Treasuries and mutual funds or other pooled securities that invest in those notes and bonds. Notes or bonds, which are backed by the full faith and credit of U.S. government agencies as well as mutual funds or other pooled securities that invest in those notes and bonds. (Fannie Mae, Freddie Mac, etc.)

**Low Risk** – Corporate bonds that have at least an "A" rating, as well as mutual funds or other pooled securities which meet such parameters; with the Managed Fund or Portfolio needing to have an average quality of at least AA.

### EQUITIES

**Moderate Risk** – Domestic Large Cap, Midcap, and Small Cap Investments.

**Higher Risk** –International Investments, Real Estate Investment Trusts, Commodity Mutual Funds, or indexes.

Securities are 12 months or less in duration to maturity.

Notes are one to five years in duration to maturity.

Bonds are six years or greater in duration to maturity.

## Recommended Allocation Guidelines, Targets & Benchmark Indices

The Board of Directors expects the asset allocation guidelines to reflect and be consistent with the investment objectives and risk tolerances expressed throughout the policy. These guidelines, developed after examining the historical and future capital market relationships of risk and return among asset classes, are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest possible risk.

The following table outlines the asset allocation guidelines regarding acceptable asset classes, the overall Median Asset Mix (and ranges), and the representative indices that will be used to evaluate the performance of each asset class. Assets may be invested in vehicles which comingle the asset classes yet will still be in accordance with these guidelines from an overall portfolio perspective.

It is permissible for Advisors to invest in funds that hold multiple asset classes and subcategories as long as there is a mechanism in place to accurately report the overall class and subcategory totals as compared to the Investment Policy Fund Mixes.

### Reserve Fund Mix

Asset Classes	Minimum	Median Mix	Maximum	Representative Index
<b>Domestic Equity</b>	<b>16.0%</b>	<b>28.0%</b>	<b>42.0%</b>	
Large Cap Equity				Russell 1000 Index
Mid Cap Equity				Russell Mid Cap Index
Small Cap Equity				Russell 2000 Index
<b>International Equity</b>	<b>9.0%</b>	<b>16.0%</b>	<b>24.0%</b>	
International Equity (any market cap)	9.0%	12.0%	16.0%	MSCI EAFE Index
Emerging Mkts Equity	0.0%	4.0%	8.0%	MSCI Emerging Mkts Free Index
<b>Fixed Income</b>	<b>19.0%</b>	<b>40.5%</b>	<b>62.0%</b>	
U.S. Fixed Income	19.0%	24.0%	30.0%	Barclays Aggregate Bond Index
TIPS				Barclays US TIPS Index
High Yield				Merrill Lynch High Yield Index
Emerging Markets Bond	0.0%	6.5%	13.0%	JPM GBI EM Index
Global Fixed Income	0%	10.0%	19.0%	Barclays Global Agg Bond Index
<b>Alternatives / Real Assets</b>	<b>0.0%</b>	<b>12.5%</b>	<b>25.0%</b>	
Managed Futures, Hedge Funds	0.0%	8%	15.0%	CSFB Tremont Mngd Futures, HFRI Fund
MLPs & Absolute Strategies				of Fund Index, Alerian
Commodities, Real Estate	0.0%	4.5%	10.0%	Dow Jones UBS Commodity Index DJ Wilshire Real Estate Index
<b>Cash</b>	<b>0.0%</b>	<b>3.0%</b>	<b>30.0%</b>	

\*Per the Florida Realtors® General Policies, the Investment Committee, with the Leadership Team's approval by majority vote, has the authority to temporarily act outside of the FR Investment Policy to preserve and protect FR assets.

## Advocacy Fund Mix

Asset Classes	Minimum	Median Mix	Maximum	Representative
<b>Domestic Equity</b>	<b>15%</b>	<b>25%</b>	<b>35%</b>	
Large Cap Equity				Russell 1000 Index
Mid Cap Equity				Russell Mid Cap Index
Small Cap Equity				Russell 2000 Index
<b>International Equity</b>	<b>0.0%</b>	<b>5%</b>	<b>15%</b>	
International Equity (any market cap)	0.0%	4%	10%	MSCI EAFE Index
Emerging Mkts Equity	0.0%	1%	5%	MSCI Emerging Mkts Free Index
<b>Fixed Income</b>	<b>30%</b>	<b>50%</b>	<b>95%</b>	
U.S. Fixed Income	30%	35%	55%	Barclays Aggregate Bond Index
TIPS				Barclays US TIPS Index
High Yield				Merrill Lynch High Yield Index
Emerging Markets Bond	0.0%	5%	10%	JPM GBI EM Index
Global Fixed Income	0.0%	10%	30%	Barclays Global Agg Bond Index
<b>Alternatives / Real Assets</b>	<b>0.0%</b>	<b>5%</b>	<b>10%</b>	
Managed Futures, Hedge Funds, MLP's & Absolute Strategies	0.0%	4%	7	CSFB Tremont Mngd Futures, HFRI Fund of Fund Index, Alerian
	0.0%			
Commodities, Real Estate	0.0%	1%	3%	Dow Jones UBS Commodity Index DJ Wilshire Real Estate Index
<b>Cash</b>	<b>0.0%</b>	<b>15%</b>	<b>30.0%</b>	

The first six million dollars of the Advocacy Fund balance shall be invested under the Operational Fund Mix guidelines and be described as unmanaged funds, split evenly amongst the advisors. All assets thereafter shall be invested using the Advocacy Fund Mix above.

Operational Fund Mix			
Asset Classes	Minimum	Median Mix	Maximum
<b>Cash Equivalents</b>	<b>95%</b>	<b>0%</b>	<b>100%</b>
Secured	0%		10%
Minimal	90%		100%
<b>Fixed Income</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>
Minimal	0%		100%
<b>Equities</b>		<b>0.00%</b>	

### Prohibited Investments

The following categories of securities and investment activity are not permitted for direct investment without the prior written approval of the Board. Investment Manager's specific investment objectives and prospectuses do not apply.

- Unregistered or restricted stock
- Private placements and Initial Public Offerings
- Options and futures trading
- Short sales and margin trading

Proposed – January, 2021

# **ACTIVITY BUDGET SYSTEM (ABS)**

Florida REALTORS®

## **OVERVIEW**

The Activity Budget System (ABS) integrates the Strategic Framework and the budget through the delivery of programs, products and services. It incorporates the differing roles of the leadership groups and allows the Directors to review and approve all of Florida Realtor's activities within the budget. The ABS process starts with the definition of Activity Packages, which are program, product or service packages to be delivered by the association. The ABS involves six separate leadership groups: Strategic Thinking Committee, Committee Chairs and Vice Chairs, Leadership Team, Finance Committee, Executive Committee and Board of Directors. Through these groups the Activities are packaged, evaluated, and have their Core Level Components, their Core Plus Level Components, and their Expansion Level Components defined. For each year within the three year budget cycle all Activity Package proposals are equally evaluated for funding.

During the ABS process the Management Team also plays a particularly critical role in providing information to the leadership groups mentioned above. This information should be both concise and informative so that sound decisions about the use of association resources can be made. Of significant note are the financial results and estimates provided by the Accounting Department, as well as the information and feedback provided by Committee Liaisons to their respective Chairs and Vice Chairs.

## **Purpose**

The purpose of the Activity Budget System (ABS) is to align the resources of Florida Realtors with overall organizational priorities in light of its strategic framework and its current situation. This is accomplished by identifying Association Activities to be continued, added, expanded, changed or dropped. The ABS relies on the integration of the strategic framework and the budget via the programs, products and services to be delivered.

The ABS process focuses on the involvement of various leadership groups acting within the policies of the Association. The "check and balance" system of the process reinforces the roles of policy review and decision-making with those groups specifically responsible for such. Broad member involvement builds understanding through knowledge, an atmosphere of openness, and general support for the resulting budget. Ultimately the Board of Directors finalizes the entire process through review and approval of the strategic framework, the budget, and all Activities to be delivered each year of the three year budget cycle .

## **Activities**

To effectively manage a multi-million dollar budget, the ABS relies on packaged Activities to consolidate the information for decision-making purposes. Each program, product and service of the association requiring financial support from dues income is offered in an Activity package explaining its purpose and expenditure needs,. Activities may encompass multiple programs, products and services. These Activities are then grouped underneath the Management Team Vice President assigned to coordinate them.

Activities are presented as containing a Core Level Component and possibly a Core Plus Level Component or an Expansion Level Component. These components are based on conceptual definitions of the level of service provided. They are not defined based on any given dollar

percentage increase in costs. It is the ongoing responsibility of the association to explore ways that the levels of service provided by each of the components within a given Activity Package can be carried out in a manner that meets the objective at the lowest possible cost.

**Core Level Component** - An Activity Package will have a base level of expenditure that it requires in order to reasonably exist. This lowest reasonable level is considered the Core Level Component. It is possible that an Activity Package relates to a program so basic in its nature that it only has a Core Level Component.

**Core Plus Level Component** – An Activity Package may also have a level of expenditure that goes beyond the Core Level. These additional expenditures bring the service provided in the Activity Package to a level that would be considered substantially complete in the delivery the core service itself. Substantially complete is defined as the utilization of a level of expenditure necessary to cover all aspects of the core program or service which would produce an exceptional result.

**Expansion Level Component** – An Activity Package could also have a level of expenditure that goes beyond either Core Level. These additional expenditures would result in a significant augmentation to the Activity Package that would materially change the experience provided.

## **Involvement**

Six leadership groups are involved in the ABS process. They are: Strategic Thinking Committee, Committee Chairs and Vice Chairs, Leadership Team, Finance Committee, Executive Committee, and the Board of Directors. Each group has a unique viewpoint and related set of responsibilities.

- **Strategic Thinking Committee** - (Long-term view) This committee initiates the process by continually identifying issues affecting the members of the association through the creation of a strategic framework. This will provide guidance to leadership groups on the long-range objectives of the association and how the Activity Packages relate to those objectives. There should always be a sense of how a given Activity is meeting one of these objectives.
- **Committee Chairs and Vice-Chairs** - (Prior year experience and future plans) They will help define all the Activities to be considered based on current experience and future plans. They will also provide input as to the Levels described above. Committee Chairs and Vice Chairs work in conjunction with their Management Team Liaisons.
- **Leadership Team** - (Prior year experience, short-term view, and future plans) The Leadership Team will review, in detail, all Activities. They make the final presentation decisions on the program content and packaging for a particular Activity. Accordingly, they have the opportunity to add Activities that they may be aware of, but Committee Chairs and Vice-Chairs may not be.
- **Finance Committee** - (Financial integrity and membership expectations) The committee will analyze the expense and revenue components of the programs in each Activity and the integrity of those numbers, including any user fee structures they feel appropriate. The Committee will also set revenue and membership estimates for the coming year;

make recommendations on sinking fund expenditures, capital budget items, and the reserve fund component of the budget.

\* Funding Availability - The Finance Committee will recommend the amount of money available to fund the Activities. Should the Activities requested and deemed worth recommending to the Executive Committee exceed what the Finance Committee feels is available from a financial stability point, they can make recommendations to the Executive Committee and the Directors for alternative funding sources, including a dues structure change or the use of Reserve Funds.

\* Member's Perspective - The Finance Committee will also review and discuss the Activity Packages from the member's perspective and what Florida Realtors should make a priority. This should be done in accordance with the Strategic Framework. \* Prioritization and Funding of Activity Packages- After discussing all of the Activity Packages the Committee will finalize and prioritize them. When that prioritization is complete, the Finance Committee will then determine whether the proposed funding sources for the budget can support all the proposed activities. If not, either additional funding sources will need to be provided or the higher priority activities will be funded first. Apart from the alternate funding sources already mentioned, it will be recommended that those activities without a revenue source not be implemented unless a source is later identified.

Regardless of whether projected funding sources exist for all proposed Activity Packages, all levels of every Activity Package will be ranked individually in order of priority to the Association. This will be done in case the projected funding does not materialize in the upcoming year. The approved priority rankings will be among the resources used at that time to make budget adjustments. In this ranking process, entire programs and activates will be ranked. Therefore it is quite possible that the Expansion Level of a given Activity Package will ranked as a higher priority than the Core Level of different Activity Package. Within a given Activity Package, however, succeeding levels cannot be ranked higher. In other words, a Core Plus Level should not be given a higher ranking than its Core Level. The Expansion Level within that package should also not be ranked higher than either of the Core Levels. The very rare exception to this rule would occur if an Expansion Level component of an Activity Package was so unique that there was a desire to consider it a new Core Level program and to offer that instead of the original Core Level Activity Package by ranking it higher.

The Finance Committee will participate in this process holistically. Financial estimates and budgets will first be presented in order for the committee to discuss and approve the funds available. The detailed activities will also be reviewed to see if costs can be reduced. Finally, those detailed activities will be reviewed to discuss and establish the priority rankings in relation the Strategic Framework and meeting the needs of the membership.

The culmination of the financial analysis and the ranking of the Activity Packages will be a comprehensive budget. This budget, containing revenue and membership estimates, Activity Packages of all Levels, Capital Expenditures, and recommendations on sinking fund set asides, is what will be presented to the Executive Committee. This proposed budget will be made available to the Executive Committee and the Board of Directors at least two weeks in advance of the annual convention.

- **Executive Committee** - (Historical perspective) The Executive Committee has members with long experience in the association. They will review all recommended Activity Packages and funding sources coming from the Finance Committee. The Executive Committee will also review capital expenditure and sinking fund plans, and reserve funding requirements. They will make any changes they think appropriate and submit recommendations on all items to the Board of Directors.
- **Board of Directors** – (Final authority) The Directors, as the final authority, will review and approve the Activity Packages and the funding sources. The Directors will also review and approve capital expenditure and sinking fund plans, and reserve funding requirements. If necessary, the Directors will approve any changes in the dues structure.
- **Management Team** – (Supporting the concepts of prior year experience, short-term view, and future plans) The Management Team liaisons are critical in providing data and historical insights into the programs offered. They are instrumental in understanding the organization and sharing thoughts about future programs.

## **Interim Procedures**

**New Activities** - New program ideas may occur in a budget year between business meetings. If the need arises to create a new program, product or service that is intended to become an ongoing Activity Package, the budgeting process described above will be employed. Namely the Core, Core Plus, and Expansion Levels will be defined and the Activity Package will be presented to the Finance Committee to determine whether they recommend that it be funded and added to the current approved budget. If the recommendation is to fund the Activity Package, then the funding source will also be determined. The Executive Committee will then make a decision regarding the recommendation from the Finance Committee. The Treasurer will report the addition of the Activity Package to the approved budget at the next regularly scheduled meeting of the Board of Directors.

**Critical Issues** - When an issue, challenge or concern not anticipated in the ABS process arises that is beyond the scope of a new program as described above, the ABS provides the flexibility for Florida Realtors to act. If the issue is of significant impact upon the association or the real estate industry, the Leadership Team, upon unanimous consent, can spend up to 5% of the Florida Realtor's reserves, net of the sinking fund balance, to address the concern. This amount shall not exceed \$500,000. The President will report the allocation from reserves to the Finance Committee, the Executive Committee and the Board of Directors at their next regularly scheduled meetings. These are true allocations not to be returned to the Reserve Fund.

The Leadership Team can use the same unanimous consent and notification guidelines to authorize temporary use of Reserve Fund assets in the event of a cash flow shortage in the Operating Fund. Under these circumstances, when the cash balance in the Operating Fund stabilizes, the assets would be returned to the Reserve Fund.

**Cutting Activities** - If a year is experiencing revenue shortfalls as compared to budget, the ABS provides for cutting expenses based upon the expenditure priorities already approved by the Directors for that budget year. When the expected revenue shortfalls are less than 5% of reserves net of the sinking fund balance, the Leadership Team can make these decisions upon unanimous consent. The rankings established when the budget was approved will be the starting point for such decisions. These cuts shall not exceed \$500,000. The President will

report the cuts made at the next regularly scheduled meeting of the Executive Committee and the Board of Directors.

In the event that anticipated revenue shortfalls are greater than 5% of reserves up to a maximum of \$500,000, the Finance Committee will review the approved budget for that year and will recommend to the Executive Committee a source of funding for the shortfall. That source could come from reserves, from the ranked list of expense reductions, or from a combination of the two. The Executive Committee will approve a final funding source to account for the anticipated shortfall.

**Current Year Actions** - Opportunities to enhance the Florida Realtors mission can occur in a budget year between business meetings of the association, yet not fit within the above defined areas (New Activities, Cutting Activities, or Critical Issues). The Leadership Team, by their unanimous consent, can authorize expenditures from Surplus Net Operating Income. The aggregate amount of all expenditures from Surplus Net Operating Income in the calendar year will not exceed 5% of the current year's reserves of Florida Realtors net of the Sinking Fund balance. This amount shall not exceed \$500,000, but is separate from the amount available described above in cutting activities or critical issues. The President will report the expenditure from Surplus Current Year Net Operating Income to the Executive Committee and the Board of Directors at the next regularly scheduled meeting.

### **Timing**

The entire ABS process is designed to secure Board of Directors approval of the association's budget for the upcoming year during the annual Convention. This approval establishes the Florida Realtors budget for the following year and communicates any associated dues level or other fee changes to local Boards / Associations in time for implementation.

In order to accomplish this goal, the process will follow the approximate timetable listed below.

Committee Chair and Vice Chair Interaction with Liaisons – February through April  
Strategic Thinking Committee input – late March or early April  
Leadership Team Review – mid to late May or early June  
Finance Committee – mid to late June  
Electronic Posting of Final Proposed Budget – at least two weeks prior to annual convention

### **Summary**

The Activity Budget System provides Florida Realtors with a rational and systematic tool to respond to both short term and long term resource allocation needs. It brings together the efforts of various leadership groups with different responsibilities and focuses them toward a common goal. The defining of Core, Core Plus, and Expansion Activity Levels supports the association's ability to react to its ever changing needs. The end result directs the energies and resources of Florida Realtors, towards delivering the best possible set of programs, products and services within the framework of financial realities and accountability.