

MAIN STREETS

PROGRAM ASSESSMENT

Exit Conference Date: May 21, 2019

Release Date: May 31, 2019

Report No. 19-12

City of Orlando
Office of Audit Services and Management Support

George J. McGowan, CPA
Director

Co-source Partner
RSM



MEMORANDUM OF TRANSMITTAL

To: Sherry Gutch, Business Development Division Manager

From: George J. McGowan, CPA
Director, Office of Audit Services and Management Support

Dates: Exit Conference: May 21, 2019
Release: May 31, 2019



Subject: Main Streets Program Assessment (Report No. 19-12)

At your request, the Office of Audit Services and Management Support, with major assistance from our co-source partner RSM, performed an assessment of the Main Streets Program. The primary objective of this project was to prepare and provide an informational matrix of current state of each Main Streets district in the City of Orlando. We also identified opportunities for improvement to the operations of the Main Streets Program and the individual districts.

This review consisted of inquiries of City personnel, district management and volunteers and examinations of supporting documentation. It is substantially less in scope than an audit made in accordance with internal auditing standards. The following was included within the scope of our assessment: governance structure, bylaws, board and committee structure, standard operating procedures, cash management, accounting, and financial reporting. This report contains the results of the review procedures and recommendations for your consideration.

We appreciate the cooperation and courtesies extended by the management of the Business Development Division and the representatives of the individual districts during the course of this review.

GJM

C: The Honorable Buddy Dyer, Mayor
Kevin Edmonds, Chief Administrative Officer
Jody Litchford, Deputy City Attorney
Brooke Rimmer-Bonnett, Economic Development Director
Pauline Eaton, Main Street Administrator



CITY OF ORLANDO

Main Streets Program Assessment

May 2019

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EXECUTIVE SUMMARY

Background

The Orlando Main Streets Program (“Program”) seeks to stimulate neighborhood economies with job and business promotion and empower local leaders to take a role to improve their communities. The City of Orlando (“City”) contributes financially to each District, matching funds raised by the District, between \$25,000 and \$50,000 annually per District. In addition to financial contribution, Districts also receive technical assistance, such as training of Board members.

There are currently ten (10) Districts within the Orlando Main Streets Program. Each District is supported by a Board of Directors and committees, and a full-time Executive Director to facilitate and manage the District’s activities:

- Audubon Park Garden District
- Church Street District
- College Park District
- Curry Ford West
- Gateway Orlando
- Ivanhoe Village Main Street
- The Milk District
- Mills 50
- SoDo District
- Thornton Park District

Overall Summary / Highlights

The Main Streets programs are important for economic growth in City neighborhoods. While we recognize each District is an independent organization, we identified opportunities for improvement and best practices at both the City and District level. A summary of these observations is listed on the following page, with each observation and recommendation detailed beginning on page 10.

Objective and Scope

The primary objective of the engagement was to provide an informational matrix and identify opportunities for improvement to the City of Orlando’s Main Streets Program. The following was included within the scope of our assessment for each of the City’s ten (10) Districts:

- Governance structure
- Bylaws
- Board and committee structure
- Memorandum of agreement (MOA) with the City
- Policies / standard operating procedures
 - Cash management
 - Accounting
 - Financial reporting

We held an entrance conference with the City’s Business Development Division and Main Streets Administrator to discuss the scope and objectives of our work, obtain preliminary data, and establish working arrangements prior to scheduling field work.

We gained an understanding of each District’s current operating environment. This was accomplished through interviews with each District’s Board Chairperson or Board Member and Executive Director, and review of bylaws and financial reports.

Utilizing the information gathered from interviews and through document review, we developed a matrix detailing the current state of each District, including data relevant to proper governance and operations, bylaw content, Board and Committee requirements and composition, cash management and reserve balances, and financial or other policies and procedures.

At the conclusion of our fieldwork, we worked with the Business Development and Main Street Administrator to co-develop a set of recommendations to facilitate improvements within the Program.

We would like to thank all City and District team members who assisted us throughout this review.

EXECUTIVE SUMMARY (CONTINUED)

Summary of Observations

City of Orlando Main Streets Program

MS.1	Dual Check Signing
MS.2	Board Review of Financial Reports
MS.3	Financial Policy
MS.4	Board Member Code of Ethics
MS.5	Conflict of interest policy
MS.6	Diversity Policy
MS.7	Chart of Accounts
MS.8	Bylaws Content

Audubon Park Garden District

AP.1	Update Bylaws to Reflect Current Practices
AP.2	Annual Review of Bylaws
AP.3	Formalize Diversity Policy
AP.4	Audited Financial Records

Church Street District

CS.1	Update Bylaws to Reflect Current Practices
CS.2	Board Review of Financial Reports
CS.3	Board Member Appointees
CS.4	Annual Review of Bylaws
CS.5	Formalize Diversity Policy
CS.6	Accrual-Based Accounting
CS.7	Develop District Policies

College Park District

CP.1	Reserve Account Balance
CP.2	Annual Review of Articles of Incorporation
CP.3	Formalize Diversity Policy
CP.4	Develop District Policies
CP.5	Audited Financial Records
CP.6	Board Approval of Committee Actions

Curry Ford West

CF.1	Update Bylaws to Reflect Current Practices
CF.2	Board Member Participation
CF.3	Independent Review of Financial Reports
CF.4	Develop District Policies

Gateway Orlando

GO.1	Board Member Count
GO.2	Board Voting Rights
GO.3	Update Bylaws to Reflect Current Practices
GO.4	Dual Check Signing
GO.5	Independent Review of Financial Reports
GO.6	Develop District Policies

Ivanhoe Village Main Street

IV.1	Develop District Policies
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The Milk District

MD.1	Update Bylaws to Reflect Current Practices
MD.2	Independent Review of Financial Reports
MD.3	Independent Financial System Access
MD.4	Inactive Bank Account
MD.5	Develop District Policies

Mills 50

M50.1	Update Bylaws to Reflect Current Practices
M50.2	Develop District Policies

SoDo District

SD.1	Dual Check Signing
SD.2	Audited Financial Records
SD.3	Update Bylaws to Reflect Current Practices
SD.4	Formalize Diversity policy
SD.5	Develop District Policies

Thornton Park District

TP.1	Develop District Policies
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BACKGROUND

City of Orlando Main Streets Program

The Orlando Main Streets Program (“Program”) is modeled after Main Street America, a national program established in 1980 in an effort to rejuvenate and strengthen downtown communities. Similarly, the City of Orlando’s program seeks to stimulate neighborhood economies with job and business promotion and empower local leaders to take a role to improve their communities.

Under the City’s Economic Development Department, the Business Development Division provides support to the Orlando Main Streets Program. The City contributes financially to each District, matching funds raised by the District. Under the Memorandum of Agreement (“MOA”), the City makes annual contributions between \$25,000 and \$50,000 per District. In addition to a financial contribution, Districts also receive technical assistance, such as training of Board members.

Main Streets Districts

There are currently ten Districts within the Orlando Main Streets Program. Each District is supported by a Board of Directors and committees, and a full-time Executive Director to facilitate and manage the District’s activities.

Audubon Park Garden District

The Audubon Park Garden District emphasizes sustainable living and the good food movement. The District supports an organic community garden, Fleet Farm’s urban farming program, a local-only farmer’s market, and Compost Orlando. Audubon Park Garden District won the 2016 Great American Main Street award as the country’s best example of commercial district revitalization.

Church Street District

The Church Street District encompasses hospitality and entertainment businesses located in the heart of downtown Orlando. With hotels, restaurants, and entertainment venues such as the Amway Center, Church Street focuses on enhancing the area further with local special events.

College Park District

The College Park District is located just outside of downtown Orlando and provides a small town feel in an urban setting. The District has recently focused on the Complete Streets Program, a streetscape project to improve the appearance of the main street and to re-engineer the street to promote foot traffic to businesses, increase bicycle use, and slow down vehicle traffic.

Curry Ford West

Curry Ford West is Orlando’s newest Main Street District, aiming to transform a commuter pass-through into a main street hub. The District is rapidly transforming, with diverse businesses moving into the area. Curry Ford is also home to one Orlando’s longest running fresh produce markets.

BACKGROUND (CONTINUED)

Main Streets Districts (continued)

Gateway Orlando

Gateway Orlando is the largest geographical District, located in Southeast Orlando and connecting the City's two main airports. This major thoroughfare also connects the City to the University of Central Florida, Gateway is considered a cultural melting pot.

Ivanhoe Village Main Street

Ivanhoe Village is located just north of Downtown. Describing itself as unapologetic, the eclectic neighborhood is made up of small shops and restaurants, and also includes the City's art museum, science center, and several performing arts locations.

The Milk District

The Milk District strives to enhance and preserve the small business community, while nurturing the arts, culture, and ongoing development. The District has a strong history of independent leadership, having established the Milk District brand several years before the area officially joined Orlando Main Streets Program.

Mills 50

Mills 50 is centrally located between several Districts, with easy access to Downtown Orlando. The District has many diverse businesses, and has an active Asian community. Mills 50 focuses on five pillars of the community including creativity, health, unity, balance, and diversity.

SoDo District

The SoDo District (South of Downtown) is an emerging business district with small retail and mixed-use spaces. Many large retailers advanced the district while boutique shops and mom-and-pop restaurants keep the region diverse. Orlando Health, one of Orlando's most established hospitals, has been a core business of the SoDo District since 1918.

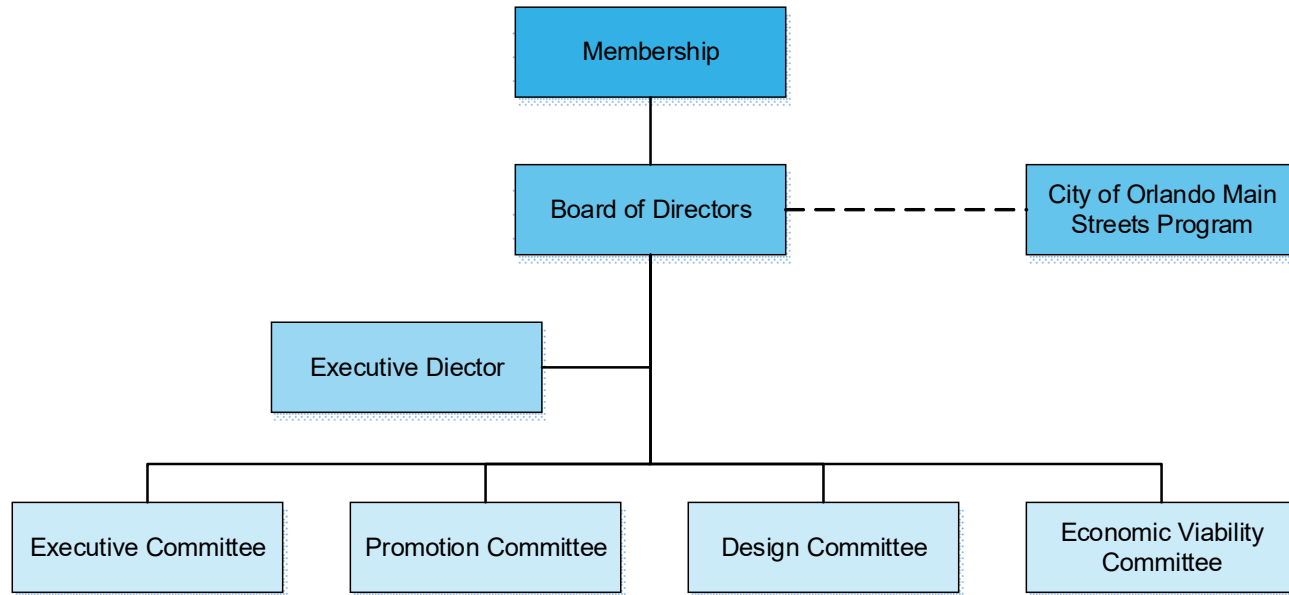
Thornton Park District

Thornton Park District is located east of Lake Eola. Connected directly to Downtown Orlando, the District is home to more than 50 locally owned shops, services, and dining establishments, with new residential units also adding to the District's diversity.

BACKGROUND (CONTINUED)

Organizational Structure

The general District organizational structure is illustrated below. Committee names and structure may be unique to each District.



District Benchmarking

Through review of District records and interviews with key stakeholders, we prepared a matrix to benchmark the Districts, illustrated on the charts that follow. The purpose of this process was to identify best practices and opportunities for improvement. Observation references made in the benchmarking chart are expanded upon in the Observation Matrix section of this report.

BACKGROUND (CONTINUED)

District Benchmarking (continued)

	Audubon	Church Street	College Park	Curry Ford	Gateway	Ivanhoe	Milk District	Mills 50	SoDo	Thornton Park	Additional Remarks
General Information											
Tax Status	501(c)(3)	501(c)(6)	501(c)(3)	501(c)(3) pending	501(c)(6)	501(c)(3)	501(c)(6)	501(c)(3)	501(c)(3)	501(c)(6)	
Board of Directors											
Number of Board Members	9-15 members 11 currently	5 elected members 14 currently (5 elected, 9 appointed) see Obs CS.3	≥ 15 members 18 currently	9-15 members 11 currently	9-15 members 8 currently see Obs GO.1	12-15 members 12 currently	≥ 3 members 10 currently	12-15 members 12 currently	11-19 members 17 currently	12-20 members 13 currently	
City representative, non-voting member, on Board	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Requirements to serve on Board	District membership, event engagement	District membership see Obs CS.1	District membership, involvement in committee/ events	Reside or work within District See Obs CF.2	District membership, event or committee involvement	District membership, required to serve on at least 1 committee	District membership and one of the following: resident, business, professional, or committee-level volunteer	Participation in 2 major and 5 minor events	District membership, requirement to serve on at least 1 committee	District membership, requirement to serve on at least 1 committee	
Financial requirements to serve on Board	\$250 give or get	None	None	\$100 give or get	None	\$500 give or get	None	\$100 personal contribution	\$500 give or get	None	
Term length / limits	2 years, no limit see Obs AP.1	1 year, no limit	3 years, 2 terms (President, VP 3 terms)	3 years, no limit	2 years, 3 terms	3 years, 3 terms	3 years, 3 terms	3 years, no limit see Obs M50.1	3 years, 3 terms	1 year, no limit	
Frequency of meetings	Monthly	Monthly	10 per year	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	
Board meeting quorum	50% plus one	50% plus one	50% plus one	Not defined in bylaws See Obs CF.1	50% plus one of Executive Committee See Obs GO.2	50% plus one	50% plus one	50% plus one	55% plus one	50% plus one	
BOD member make up	Primarily business	All business members	Primarily business, some residential	Residential and Business	Primarily business, some residential	Primarily business, some residential	Residential and Business	Residential and Business	Primarily residential members	Primarily business, some residential	
Committees											
Current committees	Executive, nominations, Project based see Obs AP.1	Events, Expansion, Marketing RFQ. Transitioning to project based committees. See Obs CS.1	Executive, Economic Vitality, Design, Promotion, Organization, Nominations	Design, Promotions/ Events, Economic Vitality, Organization	Executive, Promotions, Advisory Board. Transitioning to project based committees. See Obs GO.3	Organization, Promotions, Economic Vitality, Executive, Nominating, Events	Executive, Organization, Design, Economic Vitality, Promotions and Events	Promotion, Design, Business Development, Organization/ Executive	Promotion, Design, Economic Restructuring, Nominations, Organization	Promotion, Design, Organization, Executive	
Committee votes on District affairs	No	No	Yes - Executive Committee up to \$5,000 unbudgeted expense See Obs CP.6	No	Yes, Executive Committee See Obs GO.2	Yes - Executive Committee up to \$500 unbudgeted expense	No	No	No	Yes - Committees up to \$500 expense See Obs TP.1	
Term limits	1 year, no limit	1 year, no limit	2 years, no limit	1 year, no limit	1 year, no limit	1 year, no limit	1 year, no limit	Perpetual, no limit	1 year, no limit	1 year, no limit	

BACKGROUND (CONTINUED)

District Benchmarking (continued)

	Audubon	Church Street	College Park	Curry Ford	Gateway	Ivanhoe	Milk District	Mills 50	SoDo	Thornton Park	Additional Remarks
Membership											
Membership levels	<p><i>Residential:</i> Individual - \$25 Household - \$40 Garden Partner - \$50 Patron - \$100 Sustaining - \$195 Supporting - \$250 Benefactor - \$1000</p> <p><i>Business:</i> 6-Month - \$150 Standard - \$250 Nonprofit - \$1000 Home Based Business - \$100 Premier - \$500 Sterling - \$1000</p>	<p>Small business - \$1200 Large business - \$2400 Allied - \$25 Hotels - \$500 Community partner - \$1500 Sports team - \$1500</p>	<p>Contributor - \$100 Partner - \$250 Supporter - \$500 Visionary - \$1,000</p>	<p>Individual - \$25 Small Business - \$100 Small Business Premium - \$200 Corporate - \$500</p>	<p>Supporter - \$100 Partner - \$250 Sustainer - \$500 Bronze Sponsor - \$1000 Silver Sponsor - \$2500 Gold Sponsor - \$5000 Platinum Sponsor - \$10,000</p>	<p>Residential - \$25 Friend \$250 Contributor \$500 Supporter \$1000 Benefactor \$5000 Community Cornerstone \$7500</p>	<p>Community Nonprofit - \$50 Vendor / Event Producer - \$75 1% - \$150 2% - \$350 Whole Milk - \$750 Cream - \$1200</p>	<p>Residential - \$25 Small Business - \$150 Corporate Business - \$500</p>	<p>Residential - \$25 Business - \$250 Contributor - \$500 Benefactor - \$1500 Pillar - \$5000</p>	<p>Residential - \$50 Nonprofit - \$100 Summerlin - \$250 Central - \$500 Washington - \$1000</p>	
Membership meeting quorum	10% of active members	Majority of members entitled to vote	10% of active members	10% of active members	10% of active members	10% of active members	See Obs MD.1	See Obs M50.1	10% of active members	10% of active members	
District Employees/ Services											
Executive Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Bookkeeper	No	Yes	Yes	No	No	Yes	No	No	Yes	Yes	
CPA (prepares Tax Return)	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	
Financial											
Accounting system	QuickBooks	QuickBooks	QuickBooks	QuickBooks	QuickBooks	QuickBooks	QuickBooks See Obs MD.3	QuickBooks	QuickBooks	QuickBooks	
Accounting basis	Cash	Accrual See Obs CS.6	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash	
Check signing authorization	2 signatures: President, VP, general BOD member	1 signature: President, Exec. Director, Treasurer	2 signatures: President or Treasurer, Exec. Committee, Exec. Director	1 signature: Exec. Director, Treasurer, Secretary	1 signature: Exec. Director and President. See Obs GO.4	2 signatures: Exec. Director and Board member	1 signature: Exec. Director, President, Treasurer	1 Signature: Exec. Director, President, Treasurer	1 signature: Treasurer, President See Obs SD.1	1 signature: Exec. Director, Bookkeeper, President	See Obs MS.1
Preparer / Reviewer of bank reconciliation	Treasurer prepares / Ex. Director reviews	Bookkeeper prepares / Exec. Director, President reviews	Treasurer prepares/ Bookkeeper reviews	Exec. Director prepares/ Board reviews see Obs CF.3	Exec. Director prepares/ Treasurer reviews	Bookkeeper prepares/ Exec. Director, President, Treasurer reviews	Treasurer prepares/ Board reviews See Obs MD.2	Exec. Director prepares / President and Treasurer reviews	Bookkeeper prepares / Treasurer reviews	Bookkeeper prepares / Exec. Director and Treasurer reviews	
Number of bank accounts	2 checking accounts (operations and payroll)	1 checking account	3 accounts: Operations checking, operations reserve, strategic reserve See Obs CP.1	1 checking account	2 accounts (checking, savings)	1 checking account	4 accounts: Checking, Operating, Deposit, Inactive See Obs MD.4	3 accounts: Checking, Savings, Joint (Lunar Festival)	1 checking account	1 checking account	
Preparer / Reviewer of financial statements	Treasurer prepares / Ex. Director reviews see Obs AP.4	Bookkeeper prepares / Exec. Director, President reviews	Treasurer and Bookkeeper prepare/ Exec. Director reviews see Obs CP.4	Exec. Director prepares/ Board reviews see Obs CF.3	Treasurer prepares/ Board reviews See GO.5	Bookkeeper prepares/ Exec. Director, President, Treasurer reviews	Treasurer prepares/ Board reviews See Obs MD.2	Treasurer prepares/ President reviews	Bookkeeper prepares / Treasurer reviews See Obs SD.2	Bookkeeper prepares / Exec. Director and Treasurer reviews	See Obs MS.2

BACKGROUND (CONTINUED)

District Benchmarking (continued)

	Audubon	Church Street	College Park	Curry Ford	Gateway	Ivanhoe	Milk District	Mills 50	SoDo	Thornton Park	Additional Remarks
Financial (continued)											
Frequency financials reported to Board	Monthly	Annually and as requested See Obs CS.2	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	
Preparer of form 990	Treasurer	CPA	CPA	CPA	Treasurer	Bookkeeper	CPA	CPA	CPA	CPA	
Frequent transaction types	Electronic payments / collections. Checks seldom used.	Checks frequently used. Electronic payments/ collections.	Electronic payments / collections. Checks seldom used.	Electronic payments / collections. Checks seldom used.	Electronic payments / collections. Checks seldom used.	Electronic payments / collections. Checks seldom used.	Checks, cash, and electronic transactions used equally.	Electronic payments / collections. Checks seldom used.	Electronic payments / collections. Checks seldom used.	Electronic payments / collections. Checks seldom used.	
Bylaws											
City bylaw template used	Yes	Yes - Articles of Incorporation	Yes	Yes	Yes	Yes	Yes - Articles of Incorporation	Yes	Yes	Yes	
City recommended content included	Yes	No, see Obs CS.1	Yes	No, see Obs CF.1	Yes	Yes	No, see Obs MD.1	Yes	Yes, see Obs SD.3	Yes	
Reviewed annually	No, see AP Obs2	No, see Obs CS.4	No, see Obs CP.2	Yes	Yes	Yes	Yes	Every 3 years	Yes	Yes	
Other Policies											
Financial policy	Yes	No	Yes - Articles of Incorporation	No	Yes - Policy	Yes - Bylaws	No	Yes - Policy	Yes - Policy	No	See Obs MS.3
Board member agreement / handbook	Yes, BOD application	No	Yes	No	No	Yes	No	Yes	Yes	No	See Obs MS.4
Conflict of interest policy	Yes, Bylaws and policy	No	No	No	No	Yes - Bylaws	No	Yes - Policy	No	No	See Obs MS.5
Whistleblower policy	Yes, policy	No	No	No	No	No	No	Yes - Policy	No	No	See Obs MS.5
Contribution and gift policy	No	No	No	No	No	No	No	No	No	No	See Obs MS.5
Diversity Requirements	Yes, see Obs AP.3	No, see Obs CS.5	Yes, see Obs CP.3	No	No	No	No	No	Yes, see Obs SD.4	No	See Obs MS.6

OBJECTIVES AND SCOPE, APPROACH AND REPORTING

Objectives and Scope

The primary objective of the engagement was to provide an informational matrix and identify opportunities for improvement to the City of Orlando's Main Streets Program. The following was included within the scope of our assessment for each of the City's ten (10) Districts:

- Governance structure
- Bylaws
- Board and committee structure
- Memorandum of agreement (MOA) with the City
- Policies / standard operating procedures
 - Cash management
 - Accounting
 - Financial reporting

Approach

We held an entrance conference with the City's Business Development Division and Main Streets Administrator to discuss the scope and objectives of our work, obtain preliminary data, and establish working arrangements prior to scheduling field work. Our field work and reporting were disaggregated into the following phases:

Phase One: Discovery

The primary objective of this phase was to obtain a detailed understanding of each District's current operating environment. This was accomplished through interviews with each District's Board Chairperson and Executive Director, and review of the following documentation:

- Bylaws
- MOA
- QuickBooks chart of accounts
- Financial statements and latest 990 tax return

Phase Two: Documentation of Current State

In this phase, we developed a matrix documenting the current state of each District, including data relevant to proper governance and operations, such as:

- Bylaw content and key terms
- Board size and composition
- Committee size and composition
- Cash management controls and reserve balances
- Financial policy and procedure existence

Phase Three: Development of Recommendations

During this phase, we worked with the Business Development Division Manager and Main Streets Administrator to co-develop a set of recommendations to facilitate improvements within the program.

OBSERVATION MATRIX – CITY OF ORLANDO MAIN STREETS PROGRAM

MS.1 Dual Check Signing

Through discussions with District leaders and review of bylaws, we noted Districts did not consistently require or enforce two signatures for check signing. Requiring dual signatures is a preventative control designed to protect the District by preventing one person from having sole authority of writing checks on the organization's behalf. Without this control, there is an increased risk of misappropriation of funds.

We recommend all Districts have a minimum of two signatures required for all check or cash disbursements. Electronic or stamped signatures should not be permitted. These processes should be included in the District's Financial Policy (see Observation MS.3).

MS.2 Board Review of Financial Reports

Based upon discussions with District leaders, we noted Districts do not consistently present financial reports to the Board of Directors on a monthly basis. Without regular reporting of the District's financial status, the Board does not have all available information for decision making.

The City's Board Member Handbook states the Treasurer is responsible for "Preparation of a monthly financial report to the board, which should be submitted to the executive director for inclusion with the minutes of the meeting for the month following the reporting period. This should be submitted within two weeks of the following monthly board meeting."

We understand the responsibility of financial reporting varies between each District. Financial reporting is the responsibility of either the Treasurer, a bookkeeper, or Executive Director. The financial reports should be reviewed by someone independent from the preparer before being presented to the Board.

We recommend the financial reports be provided to the Board on a regular basis, no less than monthly. This should also be included in the District's Financial Policy (see Observation MS.3).

MS.3 Written Financial Policy

Through discussions with District leaders, we noted Districts do not consistently have a documented financial policy. The purpose of a Financial policy is to record the organization's practices and requirements with regard to funds management. Without a written policy in place, there is an increased risk of inconsistent financial practices and misappropriation.

We recommend all Districts have a Financial policy. A sample policy is presented in Appendix C.

OBSERVATION MATRIX – CITY OF ORLANDO MAIN STREETS PROGRAM

MS.4 Board Member Code of Ethics

During our review, we noted Districts do not consistently have a Board Member code of ethics, Board member agreement, or District-specific handbook. The City provides training and a handbook to each Board Member. However, the training takes place once at the beginning of each Board Member's first term, and the handbook does not address the individual nature of each District's Board member expectations. Without formally documenting ethics expectations, the District reduces its ability to enforce the responsibilities with consistency.

Per the American Institute for Certified Public Accountants (AICPA), a code of ethics outlines the conduct that is expected of the entity's governing board, executives, staff and volunteers. It sets an important "tone at the top" and demonstrates that the organization is serious about conducting business in a forthright and ethical manner.

The AICPA 2015 guidance for Not-For-Profit (NFP) organizations notes that most NFPs have policies and procedures in place to ensure that management and the Board maintain compliance with the applicable laws and regulations. While management and the Board may lead by example in complying with laws, they should also adopt formal, written policies and maintain documents showing compliance in this area.

We recommend each District develop and document a code of ethics and outline the expectations of its Board. Board Members should sign the document at least once per term to document their acceptance of the code of ethics. A sample policy is presented in Appendix D. Additionally, Districts may consider expanding the code of ethics to apply to all members and individuals participating in events on the District's behalf.

MS.5 Conflict of Interest Policy

Through discussions with District leaders, we noted Districts do not consistently have a Conflict of Interest policy.

Per the AICPA 2015 guidance for NFP organizations,

- *Conflicts of Interest:* A written conflict of interest policy provides guidance on steps to take if a conflict is identified or a board members' independence is impaired. An NFP's most valuable asset is its reputation. A conflict of interest, whether real or perceived, can damage that reputation if not handled appropriately. Board members, especially, should be beyond reproach. Most conflict of interest policies require that a board member who has a conflict not participate in discussions about that issue and abstain from voting on that particular issue.
- *Whistleblower:* A whistleblower policy creates a mechanism whereby, if an employee or volunteer becomes aware of a violation of policy or law, this can be reported without fear of retaliation. NFPs can protect the organization and ensure that directors, employees, and volunteers are aware of the policy and understand how to report concerns.

We also noted most Districts do not have a documented contribution/gift acceptance policy. This policy outlines circumstances when the organization may not be permitted to accept contributions. This may include contributions from persons or entities which do not align with the District's values, non-cash gifts, or services provided in lieu of monetary contribution.

We recommend each District develop and document a Conflicts of Interest policy and sections for whistleblower, and gift acceptance. A sample policy is presented in Appendix E.

OBSERVATION MATRIX – CITY OF ORLANDO MAIN STREETS PROGRAM

MS.6 Diversity Policy

Through discussions with District leaders, we noted Districts do not consistently have a Diversity policy. While some Districts make an active effort to incorporate diversity into their approach, these practices are not formally documented.

Per the AICPA 2015 guidance for NFP organizations, diversity among the members of the board can be critical to its success. A board should consider inclusiveness in its recruitment of board members to ensure representation of the members, constituencies or communities served by the organization. Different expertise, background, skills, locations, and ethnicities foster an array of ideas and discussions that are likely to benefit the organization. The nonprofit sector has seen modest progress in increasing diversity among chief executives and board members. It is important to bear in mind that, while the governing board is made up of individuals, it speaks with one voice on behalf of the organization.

We recommend each District develop and document a Diversity policy. Districts should also incorporate the process of performing a Board profile on an annual basis. The purpose of a Board profile is to identify the skills, areas of influence, and demographic make up of the Board to verify the District membership is properly represented (i.e. business and residential members, and area demographics). The results can be leveraged by the Board in recruiting and developing or executing District initiatives. A sample policy is presented in Appendix F. Districts may choose to adopt sample policy language as applicable and appropriate to the individual organizations.

MS.7 Chart of Accounts

During our review, we noted the use of the chart of accounts is decentralized and account types are used inconsistently among the Districts. Without a streamlined approach to accounting, District information may not be comparable and may also impact the City's review of financial documents.

We recommend the Districts adopt a consistent chart of accounts. A sample profit and loss statement and chart of accounts is presented in Appendix G.

MS.8 Bylaws Content

During our review, we noted the Main Street America bylaws template referenced by the City and Districts has not been updated to reflect current practices. While each District operates independently and establishes its own bylaws or articles of incorporation, some do not include the minimum content recommended by the Main Streets program.

We recommend the Orlando Main Streets Program consult with City Council to review the existing bylaws template and update the language for reference by existing and future Districts. The City may also consider updating the Memorandum of Agreement with Districts to address provisions not addressed in the existing bylaws. A summary of the Main Streets bylaws template is presented in Appendix H.

OBSERVATION MATRIX – CITY OF ORLANDO MAIN STREETS PROGRAM

City of Orlando Main Streets Program Management Response

Management action plan: Orlando Main Streets wishes to thank RSM for the work they have done gathering all the information and making recommendations to our 10 Orlando Main Streets.

The City of Orlando Main Streets staff concurs with the recommendations and will be utilizing the information in the report to meet with each Main Street Board of Directors and Executive Directors. After presenting each district with their recommendations, OMS Administrator will follow up with a written report or updated information from each district relevant to their recommendations.

Party responsible: Business Development Division Manager and Main Streets Administrator

Estimated completion date: August 1, 2019

OBSERVATION MATRIX – AUDUBON PARK GARDEN DISTRICT

AP.1 Update Bylaws to Reflect Current Practices

During our review, we noted the bylaws do not reflect the following current practices:

- The District uses project-based committees rather than formal committees as outlined in Article 7 of the bylaws. Due to the nature of project-based committees, term limits are not enforced for committee / event members. The bylaws state committee member terms are for one year (Article 7).

Additionally, we noted the bylaws do not include language recommended in the City's template for the following section:

- The number of Board member terms is not noted in the bylaws (Article 6). Currently, the District does not have a limit on the number of terms a board member may be in office.

We recommend the District update the bylaws sections noted to align with current practices and include recommended language.

AP.2 Annual Review of Bylaws

Through discussion with District leaders, we noted the bylaws are not reviewed on an annual basis. Without a regular review and update of the bylaws, the District risks noncompliance with the articles as practices are changed over time.

We recommend the Board of Directors review the bylaws at least annually and make updates as necessary as required per the bylaws.

AP.3 Formalize Diversity Policy

We noted the District makes an active effort to incorporate diversity into its approach by evaluating and recruiting Board members with diverse backgrounds to best represent the District; however, these practices are not formally documented.

We recommend the District formalize and document its Diversity policy, following the guidance described in Observation MS.6.

AP.4 Audited Financial Records

Through discussion with District leaders, we noted the District's financial records are not audited annually. However, Article 10 of the bylaws requires the books to be audited annually by a qualified accountant.

We recommend the District may elect to comply with the bylaws and complete an annual audit. Alternatively, the District may choose to update its bylaws to reflect current practices and remove reference to an annual audit.

OBSERVATION MATRIX – CHURCH STREET DISTRICT

CS.1 Update Bylaws to Reflect Current Practices

During our review, we noted the bylaws do not reflect the following current practices:

- The District accepts services or volunteered time valued at the cost of a membership in lieu of accepting payments for a membership; Article 2 of the bylaws does not include this membership option.
- In instances of financial hardship, the district accepts monthly payments for memberships. Regular monthly payments for small and large business members is addressed in Article 2; however, the bylaws do not address hardship payments.
- The District uses project-based committees rather than formal committees as outlined in Article 7. Due to the nature of project-based committees, term limits are not enforced for committee / event members. The bylaws state committee member terms are for one year (Article 7).

Additionally, we noted the bylaws do not include language recommended in the City's template for the following sections:

- Purpose of organization
- Order of Business
- Board member resignation requirements
- Board member orientation

We recommend the District update the bylaws sections noted to align with current practices and include recommended language.

CS.2 Board Review of Financial Reports

Through discussion with District leaders, we noted the Board of Directors does not review financial reports on a monthly basis. Rather, reports are prepared by a bookkeeper and reviewed by the President and Executive Director monthly and provided to the Board on an annual basis. Without regular reporting of the District's financial status, the Board does not have all available information for decision making.

We recommend the financial reports be provided to the Board on a regular basis, no less than monthly, following the guidance described in Observation MS.2.

CS.3 Board Member Appointees

During our review, we noted the Board of Directors is currently made up of five (5) elected members representing boroughs, and nine (9) appointed members. The elected members are voted upon by the District membership, and the appointed members are selected by the elected board members. Because the appointed positions consist of nearly two-thirds of the Board, the District membership may not be benefiting from appropriate representation.

As the District continues with its expansion to include additional neighborhood areas, we recommend the District designate Board positions to represent all regional areas and membership levels of the District. We also recommend the Board transition to having all positions appointed by the existing Board. To achieve this, we recommend the Board appointments occur on a rotating schedule, rather than having all positions appointed annually at the same time. The District may also consider utilizing a Nominations Committee, which will take into consideration the current make-up of the Board and seek to maintain the diversity of the Board.

OBSERVATION MATRIX – CHURCH STREET DISTRICT

CS.4 Annual Review of Bylaws

Through discussion with District leaders, we noted the bylaws are not reviewed on an annual basis. Without a regular review and update of the bylaws, the District risks noncompliance with the articles as practices are changed over time.

We recommend the Board of Directors review the bylaws at least annually and make updates as necessary as required per the bylaws.

CS.5 Formalize Diversity Policy

We noted the District makes an active effort to incorporate diversity into its approach by assigning five (5) Board positions to represent each business area, or borough, of the District. However, these practices are not formally documented.

We recommend the District formalize and document its Diversity policy, following the guidance described in Observation MS.6. Additionally, as the District continued its expansion to include additional neighborhood areas, we recommend the continued consideration of equal representation of all regional areas and membership levels of the District on the Board, as described in Observation CS.3.

CS.6 Accrual-Based Accounting

During our review, we noted the District uses accrual-based accounting. All other Districts in the Orlando Main Streets Program use cash basis. This inconsistency can lead to reporting and transparency issues.

We recommend the District present all reports to the City on a cash basis.

CS.7 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Financial (see Obs. MS.3)
- Code of Ethics (see Obs. MS.4)
- Conflicts of Interest (see Obs. MS.5)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

OBSERVATION MATRIX – COLLEGE PARK DISTRICT

CP.1 Reserve Account Balance

Through our review, we noted the District utilizes two reserve accounts totaling \$167,622 as of January 31, 2019 financial reports.

The Operating reserve account has \$142,270. The District's Policy on Financial Reserves states,

Operating Reserves are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, an unanticipated loss of funding or revenue, and uninsured loss. ... The target Operating Reserve Fund is equal to six (6) months of average monthly operating costs. Average monthly operating costs include all recurring, predictable expenses which as salaries, benefits, occupancy, office, travel, program, and ongoing professional services. ... Operating Reserves must used must be replenished within a reasonably short time period.

Referencing the Statement of Activity report for the period October through December 2018, we estimated that annual personnel and operating costs were approximately \$94,000.

The Strategic reserve account has \$25,353. The Policy on Financial Reserves states,

Strategic Reserves may be used for one-time, nonrecurring expenses that will build long-term, organizational capacity, such as staff and member development, launching new programs, and investment in organizational infrastructure.

To date, the District has used reserve funds one time for website redesign.

By maintaining high reserve balances, funds are not available for use for current member benefit and the District may not be meeting its mission. College Park is the only District in Orlando with a reserve account.

We recommend the District review its reserve account balances and at least annually qualify the amount needed for six months of operating costs, as specified in the Policy on Financial Reserves and recommended by the AICPA. The excess funds should be moved into the Operating account for District use.

CP.2 Annual Review of Articles of Incorporation

Through discussion with District leaders, we noted the bylaws are not reviewed on an annual basis. Without a regular review and update of the bylaws, the District risks noncompliance with the articles as practices are changed over time.

We recommend the Board of Directors review the bylaws at least annually and make updates as necessary as required per the bylaws.

OBSERVATION MATRIX – COLLEGE PARK DISTRICT

CP.3 Formalize Diversity Policy

We noted the District makes an active effort to incorporate diversity into its approach by evaluating and recruiting Board members with diverse backgrounds to best represent the District; however, these practices are not formally documented.

We recommend the District formalize and document its Diversity policy, following the guidance described in Observation MS.6.

CP.4 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Conflicts of Interest (see Obs. MS.5)

We recommend the District develop and document this policy, following the guidance described in the referenced Main Streets observations.

CP.5 Audited Financial Records

Through discussion with District leaders, we noted the District's financial records are not audited annually. However, Article 10 of the bylaws requires the books to be audited annually by a qualified accountant.

We recommend the District may elect to comply with the bylaws and complete an annual audit. Alternatively, the District may choose to update its bylaws to reflect current practices and remove reference to an annual audit.

CP.6 Board Approval of Committee Actions

Through our review, we noted the Executive Committee has the authority to vote on action for up to \$5,000 of unbudgeted expense. While committees are designed to provide day-to-day guidance of District activities, the AICPA guidelines state the Board should validate the Executive Committee's decisions at the next scheduled meeting. By allowing a committee to make financial decisions without Board approval, there is a lack of transparency to the Board.

We recommend the District update its articles of incorporation and practices to require Board approval on all committee activity.

OBSERVATION MATRIX – CURRY FORD WEST DISTRICT

CF.1 Update Bylaws to Reflect Current Practices

During our review, we noted the bylaws do not include language recommended in the City's template for the following sections:

- Define quorum needed for Board meetings (Article 6)
- Voting rights of members
- Suspension period for non-dues paying members
- Term limits for committee members
- Board member orientation
- Update fiscal year to reflect October 1 - September 30 (Article 12)

We recommend the District update the bylaws sections noted to align with current practices and include recommended language.

CF.2 Board Member District Participation

Through our discussion with District leaders and review of the bylaws, we noted Board members are not required to be paying members of the District, although they are required to reside or work within the District. Comparatively, all other Districts require a form of financial commitment from Board members, either through a membership, additional funds raised, or personal contribution. Without additional commitment, such as a requirement to be a dues paying member, Board members may be less engaged, reducing the District's benefit of their involvement.

We recommend the District consider requiring additional commitment from Board members in an effort to increase Board engagement. The nature of the additional commitment should be recorded in the District's bylaws or additional policy for Board member involvement.

CF.3 Independent Review of Financial Reports

During our review, we noted the financial reports (bank statement reconciliation and monthly financial reports) are prepared by the Executive Director, but are not formally reviewed by a second person before being presented to the Board. Without an independent secondary review, there is an increased risk for errors or misstatements in the financial reports.

We recommend establishing a segregation of duties such that the financial reports are reviewed by someone other than the preparer before being presented to the Board. See Observation MS.3 for additional guidance.

OBSERVATION MATRIX – CURRY FORD WEST DISTRICT

CF.4 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Financial (see Obs. MS.3)
- Code of Ethics (see Obs. MS.4)
- Conflicts of Interest (see Obs. MS.5)
- Diversity (see Obs. MS.6)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

OBSERVATION MATRIX – GATEWAY ORLANDO DISTRICT

GO.1 Board Member Count

Through discussion with District leaders, we noted the Board currently has eight (8) members. Per the District bylaws Article 6, the Board shall have not less than nine (9) members. Additionally, Article 6 states,

Any vacancy occurring in the Board of Directors, other than a vacancy resulting from normal expiration of a term of office may be filled by the affirmative vote of a majority of the current members of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

We recommend the District comply with the bylaws to maintain at least nine voting Board members.

GO.2 Board Voting Rights

Through our review, we noted the Executive Board (President, Vice President, Treasurer, Secretary, and Assistant Secretary) has voting rights on the Board, although the remaining Board members do not have voting rights. The Bylaws recognize the Executive Director and a City representative as non-voting members, but is silent on the non-voting status of the Board members outside of the Executive positions.

Article 6 of the bylaws states,

The Executive Board will oversee the day-to-day operations of the Partnership and will supervise the Program Manager.

Per AICPA NFP guidelines, the Executive Board or committee acts on behalf of the Board when it is not necessarily possible to have a meeting with the full Board. The full Board should validate the Executive committee's decisions at the next meeting.

By removing the voting capacity of elected non-Executive Board members, the District membership is not receiving the benefit of full representation on the Board. There is also an increased risk of lack of transparency when allowing committees to make financial decisions without Board approval.

We recommend all Board members of the District have voting rights, and for the bylaws to be updated to reflect this practice. Additionally, we recommend the Board approve all committee activity.

GO.3 Update Bylaws to Reflect Current Practices

During our review, we noted the bylaws do not reflect the following current practices:

- The District uses project-based committees rather than formal committees as outlined in Article 6. Due to the nature of project-based committees, term limits are not enforced for committee / event members. The bylaws state committee member terms are for one year (Article 6).
- Update "Program Manager" to "Executive Director" for consistency with the current position title.

We recommend the District update the bylaws sections noted to align with current practices and include recommended language.

OBSERVATION MATRIX – GATEWAY ORLANDO DISTRICT

GO.4 Dual Check Signing

During our review, we noted the District obtains one signature for check-writing; however, Article 7 of the bylaws require two signatures for each check. Requiring dual signatures is an internal control designed to prevent one person from having sole authority of writing checks on the organization's behalf. Without this control, there is an increased risk of misappropriation of funds.

We recommend the Districts comply with its bylaws and obtain two signatures required for all check or cash disbursements. See Observation MS.1 for additional guidance.

GO.5 Independent Review of Financial Reports

During our review, we noted the financial reports (bank statement reconciliation and monthly financial reports) are prepared by the Treasurer, but are not formally reviewed by a second person before being presented to the Board. Without an independent secondary review, there is an increased risk for errors or misstatements in the financial reports.

We recommend establishing a segregation of duties such that the financial reports are reviewed by someone other than the preparer before being presented to the Board. See Observation MS.3 for additional guidance.

Additionally, we noted the District compensates the Treasurer to prepare tax forms. This creates a potential conflict of interest, as the Treasurer is Board member and not independent of the organization. We recommend the District obtain competitive bids for tax services to verify the rates charged are competitive with the services provided.

GO.6 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Financial (see Obs. MS.3)
- Code of Ethics (see Obs. MS.4)
- Conflicts of Interest (see Obs. MS.5)
- Diversity (see Obs. MS.6)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

OBSERVATION MATRIX – IVANHOE VILLAGE MAIN STREET

IV.1 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Conflicts of Interest (see Obs. MS.5)
- Diversity (see Obs. MS.6)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

OBSERVATION MATRIX – THE MILK DISTRICT

MD.1 Update Bylaws to Reflect Current Practices

During our review, we noted the bylaws do not include language recommended in the City's template for the following sections:

- Purpose of organization
- Membership: Classes/ levels of membership; Dues collections; Voting rights of members; Suspension period for non-dues paying members
- Membership meetings: Board member election; Special meetings; Notice of planned membership and board meetings; Quorum for meetings; order of business
- Board of directors: vacancies; resignation; removal; occurrence of meetings; Board member orientation
- Financial requirements: payment requirements, deposit process, contributions, budgets (may also be reflected in a financial policy)
- General provisions: fiscal year, bookkeeping and records
- Bylaws and amendments: annual review of bylaws; method for Board to amend.
- Role of Executive Director

We recommend the District update the bylaws sections noted to align with current practices and include recommended language.

MD.2 Independent Review of Financial Reports

During our review, we noted the financial reports (bank statement, monthly financial reports, etc.) are prepared by the Treasurer, but are not formally reviewed by a second person before being presented to the Board. Without an independent secondary review, there is an increased risk for errors or misstatements in the financial reports.

We recommend establishing a segregation of duties such that the financial reports are reviewed by someone other than the preparer before being presented to the Board. See Observation MS.3 for additional guidance.

MD.3 Independent Financial System Access

Through discussion with District leaders, we noted the Executive Director and Treasurer share a login and password for the financial system. A shared login creates a high risk for the organization. Any user with access can make changes to the financial data, and there is no method to trace which individual made the changes.

We recommend the District establish unique logins and passwords for each individual using the financial system. This will help the organization maintain control of financial data and segregation of duties.

OBSERVATION MATRIX – THE MILK DISTRICT

MD.4 Inactive Bank Account

During our review, we noted the District has one inactive bank account. Such accounts increase the organization's risk to fraud and misappropriation, as users with access have the opportunity to utilize the account to move funds out of the appropriate accounts.

We recommend the District verify no activity has occurred and close the account.

MD.5 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Financial (see Obs. MS.3)
- Code of Ethics (see Obs. MS.4)
- Conflicts of Interest (see Obs. MS.5)
- Diversity (see Obs. MS.6)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

OBSERVATION MATRIX – MILLS 50

M50.1 Update Bylaws to Reflect Current Practices

During our review, we noted the bylaws do not include language recommended in the City's template for the following sections:

- Specify number of members needed to make a quorum at a membership meeting (Article 4).
- The number of Board member terms is not noted in the bylaws (Article 5). Currently, the District does not have a limit on the number of terms a board member may be in office.

We recommend the District update the bylaws sections noted to align with current practices and include recommended language.

M50.2 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Conflicts of Interest (see Obs. MS.5)
- Diversity (see Obs. MS.6)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

OBSERVATION MATRIX – SODO DISTRICT

SD.1 Check Signing Authorization

During our review, we noted the District obtains one signature for check-writing; however, Article 10 of the bylaws require two signatures for each check. Requiring dual signatures is an internal control designed to prevent one person from having sole authority of writing checks on the organization's behalf. Without this control, there is an increased risk of misappropriation of funds.

We recommend the Districts comply with its bylaws and obtain two signatures required for all check or cash disbursements. See Observation MS.1 for additional guidance.

SD.2 Audited Financial Records

Through discussion with District leaders, we noted the District's financial records are not audited annually. However, Article 10 of the bylaws requires the books to be audited annually by a qualified accountant.

We recommend the District may elect to comply with the bylaws and complete an annual audit. Alternatively, the District may choose to update its bylaws to reflect current practices and remove reference to an annual audit.

SD.3 Update Bylaws to Reflect Current Practices

During our review, we noted the bylaws do not reflect the following current practices:

- Update "Program Manager" to "Executive Director" for consistency with the current position title.

We recommend the District update the bylaws sections noted to align with current practices and include recommended language.

SD.4 Formalize Diversity Process

We noted the District makes an active effort to incorporate diversity into its approach by evaluating and recruiting Board members with diverse backgrounds to best represent the District; however, these practices are not formally documented.

We recommend the District formalize and document its Diversity policy, following the guidance described in Observation MS.6.

SD.5 Develop District Policies

Currently, the District does not have a formal policy for the following:

- Conflicts of Interest (see Obs. MS.5)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

OBSERVATION MATRIX – THORNTON PARK DISTRICT

TP.1 Develop District Policies

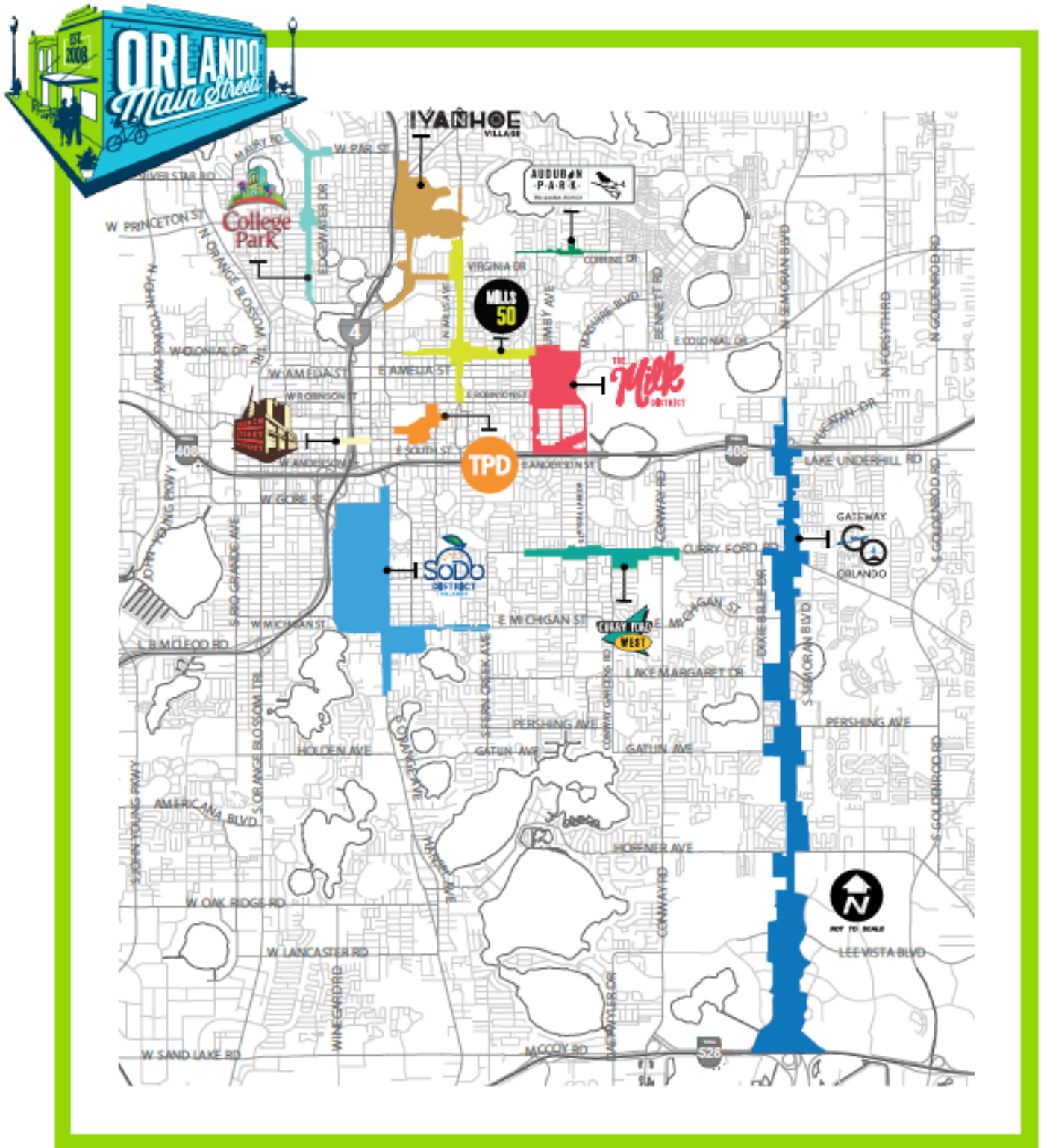
Currently, the District does not have a formal policy for the following:

- Financial (see Obs. MS.3)
- Code of Ethics (see Obs. MS.4)
- Conflicts of Interest (see Obs. MS.5)
- Diversity (see Obs. MS.6)

We recommend the District develop and document these policies, following the guidance described in the referenced Main Streets observations.

APPENDIX A – CITY OF ORLANDO MAIN STREETS DISTRICTS MAP

Below is a map of the City of Orlando showing each District's location.



APPENDIX B – NON-PROFIT ORGANIZATIONAL CATEGORIES

The following information was obtained from the City of Orlando Main Streets Board Member’s Handbook.

	501(c)(3)	501(c)(4)	501(c)(6)
Purpose	Charitable or educational	Non-profit civic leagues and organizations performing social welfare	Promotion of some common business interests
Comments	Must be both organized AND created exclusively for one or more of the purposes specified	Can serve as recreational purposes as well. Can serve a wider class of beneficiaries than (c)(3) and (c)(6) organizations.	Must be devoted to improvement of business conditions of one or more lines of business, rather than performance of articular services for individual persons. Primarily membership organizations.
Political Activity Allowed?	May not direct a substantial part of its activities to attempting to influence legislation. No political contributions may be made.	May be involved in lobbying activities but cannot support candidacy of an individual candidate for public office.	Unlimited lobbying efforts, as long as activities are directed to promoting business interests of the organizations.
Exempt from Federal Tax?	Yes	Yes	Yes
Charitable Deductions Available to Donors?	Yes	No	No
Eligible for Foundation and Federal Grants?	Yes	Usually not	Usually not
Property Taxes Exemption?	Yes	Usually not	Usually not
Business Deductions Available to Donors?	Only as charitable deductions	No	Only a portion of membership dues attributable to permissible lobbying activities, which have a direct interest to the member, are deductible.
Districts	Audubon Park Garden District College Park District Curry Ford, pending Ivanhoe Mills 50 SoDo District		Church Street District Gateway Orlando The Milk District Thornton Park

APPENDIX C – FINANCIAL POLICY SAMPLE

Excerpt from the University of Southern Maine, Financial Policies and Procedures Manuals for Nonprofit Organizations

Key Elements of a Financial Policies and Procedures Manual

Depending on the specific characteristics and activities of an organization, the financial policies and procedures manual may include the following elements:

Business Conduct Principles, Policies, and Procedures

- **Ethics Statement** – States the basic ethics and values of the organization related to financial management and conduct. BoardSource recommends that all nonprofits develop and publicize organizational ethical standards because “these and other steps that heighten transparency demonstrate a commitment to community and to operating in a manner worthy of the public trust.” *(See Appendix D of this report)*
- **Overall Compliance and Government Returns** – Clarify commitment to meeting all external regulations such as those reflected in the IRS Form 990 and Accounting Standards articulated by FASB. The document should also incorporate and spell out procedures that will ensure compliance and proper review.
- **Conflict of Interest Policy** – Ensures that the personal interests of board or senior staff members does not interfered with their acting in the best interest of the organization’s charitable purpose. The policy should outline which conflicts of interests must be disclosed, and procedures for annually disclosing and addressing conflicts should be outlined. *(See Appendix E of this report)*
- **Whistleblower Policy** – Explains how complaints from employees about perceived misuse of organizational financial resources would be addressed and protected. *(See Appendix E of this report)*
- **Document Retention and Destruction Policy** – Sets rules for storage and destruction of electronic and hard files, including back-up procedures.
- **Mandatory Vacation for Financial Staff** – Specifies required amount of vacation annually for financial management personnel. This prevents fraud by ensuring that staff members are occasionally seeing financial records and practices of their peers.
- **Gift Acceptance Policy** – Provides a framework for deciding whether a donation to the organization meets the organization’s needs or conflicts with any restrictions. This could prevent an organization from accepting a gift that would cause an undue burden (for example, a car if the maintenance costs would be to high), or from accepting money from an entity that conflicted with their mission (for example, a contribution from the tobacco industry to a smoking cessation organization). The policy should outline procedures for review of unusual gifts. *(See Appendix E of this report)*
- **Unrelated Business Activity** – States whether income from activities not related to the organization’s charitable purpose are allowed, and if so, how they will be handled to ensure compliance with tax law. Any resulting tax liability should be considered when planning and budgeting for such activities.

Roles and Responsibilities of Board and Staff

- **Board Roles** - Defines the role and levels of authority for the full governing board, the executive committee, the board treasurer, and any board committees involved in financial management (e.g., Audit Committee, Finance Committee)
- **Staff Roles** – Defines the roles and levels of authority for the Executive Director, senior financial managers such as a CFO, Finance Director, or Managing or Operations Director, other senior managers or department heads, and other staff involved in finance and administration, such as bookkeeping, accounting, payroll, and other administrative staff.

APPENDIX C – FINANCIAL POLICY SAMPLE (CONTINUED)

Budgeting and Reserves

- **Budgeting Procedures** – States who will prepare budgets for review and through what process they will be formally adopted. May clarify how budget performance will be monitored and how deviations from budget plans should be handled, including a process for making formal budget revisions or approving specific expenditures that exceed budgeted amounts.
- **Reserve Policies** – Specify if there is a target for unrestricted funds that can stabilize revenue in the case of unforeseen events or fund large expenditures. This policy can set a target for how much should be set aside and how it can be used.

Financial Reporting

- **Financial Statements** – States which reports will be produced (such as an income and expense statement and a statement of cash flows), the frequency of preparation (monthly, quarterly, annually), and which members of the board and staff will regularly receive and review the various statements.
- **Financial Ratio Analysis** – Articulates financial ratios that will be used to analyze financial performance and any desired standards.

Basic Information Regarding Financial Accounting System

- **Fiscal year** – The fiscal year cycle of the organization (e.g., calendar year, July-June, etc.).
- **Accounting Method** – Whether the organization will use a cash- or accrual-based accounting system. The cash basis of accounting records income when it is received and expenses when they are paid. An accrual-based accounting system recognizes income when it is earned or promised and expenses when they are incurred or obligated, regardless of when the cash transaction occurs.

Accounts Receivable and Cash Receipts

- **Receiving Cash** – Outlines procedures for processing checks and cash received in the mail or in person. The procedures should specify the staff members who will be involved and authorized to make decisions or record information at each stage of the transaction and how backup documentation will be retained. This policy should incorporate segregation of duties to prevent fraud.
- **Bank Deposits** – Outlines the process and timeline for depositing cash in the bank account once it has been properly recorded in the accounting system. This policy should incorporate segregation of duties to prevent fraud.
- **Processing of Credit Card Contributions** – Outlines procedures for processing credit card contributions received online, by phone, or in person. The procedures should specify the staff members who will be involved and authorized to make decisions or record information at each stage of the transaction and how backup documentation will be retained. This policy should incorporate segregation of duties to prevent fraud.
- **Accounts Receivable** – Outlines procedures to ensure that money owed to the organization is received in a timely and efficient manner. Should state how outstanding obligations will be reviewed and handled. Should clarify roles and responsibilities of those involved in billing and invoicing. Should clarify any accepted level of receivables that will not come in.

Accounts Payable and Cash Disbursements

- **Accounts Payable** – States the schedule on which money that is owed by the organization will be paid, procedures for authorization of expenditures, and requirements related to supporting documentation such as invoices and receipts (e.g., is there an amount below which receipts are not required, must all receipts be original, etc.). The procedures should specify the staff members who will be involved and authorized to make decisions or record information at each stage of the transaction and how backup documentation will be retained. This policy should incorporate segregation of duties to prevent fraud.

APPENDIX C – FINANCIAL POLICY SAMPLE (CONTINUED)

- **Cash Disbursement** – Clarifies who has check writing authority, who has check signing authority, and who may void checks. Should state the timeline for check writing and any policies related to deviating from the regular check-writing schedule. Should clarify if checks over a certain threshold will require more than one signature. The procedures should specify the staff members who will be involved and authorized to make decisions or record information at each stage of the transaction and how backup documentation will be retained. This policy should incorporate segregation of duties to prevent fraud.
- **Employee Expense Reimbursement Policy** – Clarifies which business-related expenses will be reimbursed for employees, such as mileage, meals, and so on, and outlines the timeline and process for employees to request reimbursement for those expenses.
- **Petty Cash** – Outlines special procedures related to petty cash to ensure security and appropriate use of the funds.

Payroll

- **Payroll Administration and Process** – Clarifies whether payroll will be handled internally or by an outside firm. Outlines backup documentation required (e.g. timesheets), timeline for transmission and payment of payroll, and approval authority and procedures. May clarify procedures for recording leave time. The procedures should specify the staff members who will be involved and authorized to make decisions or record information at each stage of the transaction and how backup documentation will be retained. This policy should incorporate segregation of duties to prevent fraud.
- **Salary Policy** – Clarifies how salaries will be determined for all employees, ensuring fairness, market competitiveness, and shared understanding across the organization.
- **Executive Compensation Policy** – States how compensation will be determined for the chief executive and other senior employees. In order to avoid IRS sanctions from a determination that executive compensation is not reasonable, instructions for the IRS Form 990 indicate that the review process must include (1) review by an independent body (e.g. personnel committee); (2) use of “comparability data,” such as market research; and (3) documentation of the board's consideration and approval (e.g. in meeting minutes).

Purchasing

- **General Purchasing or Procurement Policy** – Outlines procedures for purchasing supplies and equipment to ensure maximum value, proper authorization, and appropriateness for all purchases. May specify procedures for soliciting quotes, evaluating bids or proposals, comparing prices, and so on.
- **Credit Card Policies** – Clarifies which staff may be issued organizational credit cards, which expenditures may be charged to organizational cards, and cardholder responsibilities, such as monthly review and reconciliation, provision of backup documentation, and appropriateness of purchases.

Contractor and Vendor Policies

- **Vendor Verification** – Outlines procedure for ensuring that all new vendors are legitimate and authentic, preventing illegitimate vendors from receiving payment fraudulently (e.g., an employee's spouse).
- **Authority** – Clarifies who on staff has the authority to approve and sign contracts with vendors or individuals.

Asset / Property and Equipment Policies and Procedures

- **Capitalization Policy** – Outlines criteria that will be used to determine which assets should be reported as capital, so that they can be accounted for on financial statements and depreciated appropriately. Should state criteria such as a cost threshold and timeline of useful life, and the depreciation schedule.
- **Fixed Asset Inventory** – States how an inventory of all fixed assets (even those below the capitalization threshold, if appropriate) will be created and maintained, including what information will be maintained and how it will be reviewed.

APPENDIX C – FINANCIAL POLICY SAMPLE (CONTINUED)

Security Measures

- **Storage of Files** – States which files and records will be kept where, and what procedures will be undertaken to ensure their security and confidentiality, such as locking file cabinets.
- **Office Security** – States security procedures that will be undertaken to ensure the safety of files and records as well as equipment and supplies.
- **Computer Security** – Specifies procedures to protect and secure electronic records, for example with passwords. This ensures that confidential records are not accessed and that records cannot be tampered with by unauthorized personnel. May also specify procedures for backup to ensure that records are not lost.

Auditing

- **Engaging and Selecting an External Auditor** – States how often the organization will engage the services of a professional CPA firm for a review or audit. Outlines the process for selecting an auditor, including how often the organization will rotate auditing firms.
- **Audit Review** – Outlines how the audit will be reviewed by the staff and board, including whether the board will establish a separate audit committee.

Risk Management

- **Insurance Guidelines** – States any minimum insurances that will be retained, such as Directors and Officers Liability Insurance or Commercial Property Insurance.

Liabilities

- **Assumption and Authorization of Debt** – States whether the organization will establish debt and how it will be managed and repaid.

Investment Policies

- **Investment Policy** – Outlines goals for the rate of return, desired liquidity (availability) of funds, types of investment vehicles, prohibitions on any investments, and how a portfolio manager will be selected and supervised. This is particularly important for an organization with an endowment.

APPENDIX D – CODE OF ETHICS SAMPLE

Excerpt from BoardSource for Nonprofit Board Member Code of Conduct and Ethics

Sample 1

As a nonprofit organization at the forefront of [purpose of organization], [ORGANIZATION]'s policy is to uphold the highest legal, ethical, and moral standards. Our donors and volunteers support [ORGANIZATION] because they trust us to be good stewards of their resources, and to uphold rigorous standards of conduct. Our reputation for integrity and excellence requires the careful observance of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

[ORGANIZATION] will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter and spirit of all relevant laws; to refrain from any illegal, dishonest, or unethical conduct; to act in a professional, businesslike manner; and to treat others with respect. Directors and officers should not use their positions to obtain unreasonable or excessive services or expertise from [ORGANIZATION]'s staff.

In general, the use of good judgment based on high ethical principles will guide directors, officers, and employees with respect to lines of acceptable conduct. However, if a situation arises where it is difficult to determine the proper course of conduct, or where questions arise concerning the propriety of certain conduct by an individual or others, the matter should be brought to the attention of [ORGANIZATION]. Employees should contact their immediate supervisor and, if necessary, the director of human resources. Board members should raise any such concerns with the chair or the treasurer of [ORGANIZATION]'s board. In all questions involving ethics and conduct, the board will make relevant determinations, except that any individual whose conduct is at issue will not participate in such decisions.

Sample 2

We, as [ORGANIZATION] professionals (staff and board members), dedicate ourselves to carrying out the mission of this organization. We will do the following:

1. Recognize that the chief function of [ORGANIZATION] at all times is to serve the best interests of our constituency.
2. Accept as a personal duty the responsibility to keep up-to-date on emerging issues and to conduct ourselves with professional competence, fairness, impartiality, efficiency, and effectiveness.
3. Respect the structure and responsibilities of the board, provide them with facts and advice as a basis for their making policy decisions, and uphold and implement policies adopted by the board.
4. Keep the community informed about issues affecting it.
5. Conduct our organizational and operational duties with positive leadership exemplified by open communication, creativity, dedication, and compassion.
6. Exercise whatever discretionary authority we have under the law to carry out the mission of the organization.
7. Serve with respect, concern, courtesy, and responsiveness in carrying out the organization's mission.
8. Demonstrate the highest standards of personal integrity, truthfulness, honesty, and fortitude in all our activities in order to inspire confidence and trust in our activities.
9. Avoid any interest or activity that is in conflict with the conduct of our official duties.
10. Respect and protect privileged information to which we have access in the course of our official duties.
11. Strive for personal and professional excellence and encourage the professional developments of others.

APPENDIX D – CODE OF ETHICS SAMPLE (CONTINUED)

Sample 3

It is the intent of [ORGANIZATION] to strive for the highest ethical conduct from all board and staff. The leadership is particularly sensitive to individuals who hold management and governance positions of trust and confidence in fulfilling the mission and goals of the organization. These sensitive positions include officers, key senior staff members designated by the chief executive, and members of the board. In an effort to achieve the highest standards of conduct, each officer, key staff member, and board member is requested to acknowledge (by signing) the following adopted Code of Ethics by [month/day] each year. This acknowledgement will be kept on file in the human resource department.

All officers, key staff members, and members of the board of [ORGANIZATION] are required and expected to exercise the highest ethical standards of conduct and practice fundamental honesty at all times.

In support of [ORGANIZATION]'s standards of high ethical conduct, each officer, key staff member, and board member WILL NOT

- deceive, defraud, or mislead [ORGANIZATION] board members, officers, staff members, managers, supervisors, or other associates, or those with whom [ORGANIZATION] has business or other relationships
- misrepresent [ORGANIZATION] in any negotiations, dealings, contracts, or agreements
- divulge or release any information of a proprietary nature relating to [ORGANIZATION]'s plans, mission, or operational databases without appropriate approval
- obtain a personal advantage or benefit due to relationships established by any officer, senior staff member, or board member by use of the organization's name
- accept individual gifts of any kind in excess of \$[xxx], in connection with the officer's, key staff member's, or board member's relationship with [ORGANIZATION]. All such gifts are to be reported to the chief financial officer who shall divulge gifts received during the calendar year to the audit committee
- withhold their best efforts to perform their duties to acceptable standards
- engage in unethical business practices of any type
- use [ORGANIZATION] property, financial resources, or services of [ORGANIZATION] personnel for personal benefit
- violate any applicable laws or ordinances

Infractions of this Statement of Personal and Professional Standards of Conduct are to be reported directly to any member of the audit committee who shall, in his or her determination, bring the infraction to the full executive committee.

APPENDIX E – CONFLICT OF INTEREST POLICY SAMPLE

Excerpt from the American Institute for Certified Public Accountants (AICPA)

Conflict of Interest Policy

Purpose of Policy

This conflict of interest policy is designed to help directors, officers, and employees of the [Organization Name] identify situations that present potential conflicts of interest and to provide [Organization Name] with a procedure that, if observed, will allow a transaction to be treated as valid and binding even though a director, officer, or employee has or may have a conflict of interest with respect to the transaction. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in federal or state law, the law shall control. All capitalized terms are defined in Part 2 of this policy.

1. **Conflict of Interest Defined.** For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:
 - a. Outside Interests.
 - i. An Agreement or Transaction between [Organization Name] and a Responsible Person or Family Member.
 - ii. An Agreement or Transaction between [Organization Name] and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.
 - b. Outside Activities.
 - i. A Responsible Person competing with [Organization Name] in the rendering of services or in any other Agreement or Transaction with a third party.
 - ii. A Responsible Person's having a Material Financial Interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to; an entity or individual that competes with [Organization Name] in the provision of services or in any other Agreement or Transaction with a third party.
 - c. Gifts, Gratuities and Entertainment. A Responsible Person accepting gifts, entertainment, or other favors from any individual or entity that:
 - i. does or is seeking to do business with, or is a competitor of [Organization Name]; or
 - ii. has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from [Organization Name];
 - iii. is a charitable organization;
 - iv. under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of [Organization Name].
2. **Definitions.**
 - a. A "Conflict of Interest" is any circumstance described in Part 1 of this Policy.
 - b. A "Responsible Person" is any person serving as an officer, employee, or member of the board of directors of [Organization Name].
 - c. A "Family Member" is a spouse, domestic partner, parent, child, or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.
 - d. A "Material Financial Interest" in an entity is a financial interest of any kind that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation. (The board may wish to establish an amount that it would consider to be a "material financial interest.")
 - e. An "Agreement or Transaction" is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of pecuniary relationship by [Organization Name]. The making of a gift to [Organization Name] is not an Agreement or Transaction within the meaning of this document.

APPENDIX E – CONFLICT OF INTEREST POLICY SAMPLE (CONTINUED)

3. Procedures.

- a. Before board or committee action on and Agreement or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.
- b. A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- c. A person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- d. A person who has a Conflict of Interest with respect to an Agreement or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a conflict of interest may not vote on the Agreement or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the board of directors of [Organization Name] has a Conflict of Interest when he or she stands for election as an officer or for re-election as a member of the board of directors.
- e. Responsible Persons who are not members of the board of directors of [Organization Name], or who have a Conflict of Interest with respect to an Agreement or Transaction that is not the subject of board or committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Responsible Person has with respect to an Agreement or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect [Organization Name]'s participation in such Agreement or Transaction.
- f. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chair or the Chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

4. **Confidentiality.** Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of [Organization Name]. Furthermore, a Responsible Person shall not disclose or use information relating to the business of [Organization Name] for the personal profit or advantage of the Responsible Person or a Family Member or the Responsible Person's company.

5. Review of Policy.

- a. Each new Responsible Person shall be required to review a copy of this Policy and to acknowledge in writing that he or she has done so.
- b. Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions, or circumstances might include service as a director of or consultant to a not-for-profit organization, or ownership of a business that might provide goods or services to [Organization Name]. Each Responsible Person should also disclose to the board of directors any potential Conflict of Interest that may arise during the course of the year between the submission of annual disclosure forms. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.
- c. This policy shall be reviewed annually by each member of the board of directors. Any changes to the policy shall be communicated immediately to all Responsible Persons.

APPENDIX E – CONFLICT OF INTEREST POLICY SAMPLE (CONTINUED)

Excerpt from the National Council of Nonprofits

Whistleblower Protection Policy

[Organization's name] requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the [Organization's name], we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that [Organization's name] can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of [Organization's name]'s code of ethics or suspected violations of law or regulations that govern [Organization's name]'s operations.

No Retaliation

It is contrary to the values of [Organization's name] for anyone to retaliate against any board member, officer, employee or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of [Organization's name]. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Reporting Procedure

[Organization's name] has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with [insert here another title, such as Executive Director, or a board member, if the organization is very small and involving the board would be appropriate]. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the [Organization's name]'s [Compliance Officer] [or designated employee or board member], who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to their supervisor or the Executive Director or the organization's Compliance Officer [or other designated person].

Compliance Officer [or other title that is appropriate for your organization]

The [Organization's name]'s [Compliance Officer] is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The Compliance Officer will advise the [Executive Director and/or the Board of Directors] of all complaints and their resolution and will report at least annually to the [Treasurer/Chair of the Finance Committee/Audit Committee] on compliance activity relating to accounting or alleged financial improprieties.

Accounting and Auditing Matters

The [Organization's name]'s [Compliance Officer] shall immediately notify the Audit Committee/Finance Committee of any concerns or complaint regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved.

Acting in Good Faith.

Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

APPENDIX E – CONFLICT OF INTEREST POLICY SAMPLE (CONTINUED)

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The [Organization's name]'s [Compliance Officer] will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

Compliance Officer: * [Note: The Compliance Officer may be a board member, the Executive Director, or a third party designated by the organization to receive, investigate and respond to complaints.]

Excerpt from the Nonprofit Risk Management Center

Gift Acceptance Policy

[Organization Name] actively solicits gifts and grants to further the mission of the organization. Donations will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, without limitations. In the course of its regular fundraising activities, [Organization Name] will accept donations of money, real property, personal property, stock, and in-kind services. Where there is the potential for controversy if certain gifts are accepted, the organization has adopted the following Gift Acceptance Policy:

When considering whether to solicit or accept gifts, the organization will consider the following factors:

- Values—whether the acceptance of the gift compromises any of the core values of [Organization Name]
- Compatibility—whether there is compatibility between the intent of the donor and the organization's use of the gift
- Public Relationships—whether acceptance of the gift damage the reputation of [Organization Name]
- Primary Benefit—whether the primary benefit is to [Organization Name], versus the donor
- Consistency—is acceptance of the gift consistent with prior practice?
- Form of Gift—is the gift offered in a form that [Organization Name] can use without incurring substantial expense or difficulty?
- Effect on Future Giving—will the gift encourage or discourage future gifts?

All decisions to solicit and/or accept potentially controversial gifts will be made by the Executive Committee of the Board in consultation with the Executive Director. The primary consideration will be the impact of the gift on the organization.

Restrictions on Gifts—[Organization Name] will not accept gifts that (a) would result in [Organization Name] violating its [corporate charter/ bylaws/ articles of incorporation], (b) would result in [Organization Name] losing its status as an [IRC § 501(c)(3)] not-for-profit organization, (c) are too difficult or too expensive to administer in relation to their value, (d) would result in any unacceptable.

Policy approved by the Board of Directors on [Date].

APPENDIX F – DIVERSITY POLICY SAMPLE

Excerpt from Forefront, Our Diversity and Inclusion Statement and Principles

Diversity and Inclusion Statement

Believing that the wide array of perspectives resulting from diversity and inclusion allows all organizations to be more effective, we are committed to promoting diversity and inclusion in philanthropy and the nonprofit sector. We are also dedicated to greater diversity and inclusion within our own organization and provide equal opportunity to people of all races, ethnicities, religions, genders, sexual orientations, gender identifications, abilities, incomes, marital statuses, ages, geographic locations, philosophies, and veteran statuses in all levels of staff and governance.

Diversity Principles

The following principles and practices originated from the philanthropic sector executives, CEOs, and trustees of the Diversity in Philanthropy Project. They express the unity of our intention while respecting that our approaches may vary.

The principles and practices outlined here are not meant to be prescriptive; rather they represent a collective, affirmative effort to lift our field to a higher standard of operating practice. They can be employed in whole or in part to help philanthropic institutions more effectively achieve their missions.

Our Principles: We seek to encourage all foundation leaders to embrace the following principles intended to promote diversity as a matter of fairness and effectiveness in our profession.

Mutual Respect: Within the parameters of our core values and charter requirements, we are committed to diversity, equity, and inclusion; and we fundamentally value and respect experiences that are different from our own.

Freedom and Flexibility: We promote a broad approach to diversity while respecting each individual foundation's commitment to address those aspects most germane to its mission.

Knowledge and Creativity: By increasing diversity, equity, and inclusion, we believe we will access more expansive and varied ideas, information, and perspectives, making us more creative, informed investors.

Strategic Approach: To achieve our aims, we believe it is necessary to be strategic and intentional in formalizing and pursuing meaningful diversity goals as central aspects of our governance and programming.

Transparency: We believe we have a responsibility to society and our sector to achieve our goals with honesty and transparency, regularly reporting progress and lessons learned along the way.

APPENDIX F – DIVERSITY POLICY SAMPLE (CONTINUED)

Promising Practices: We seek to advance field effectiveness by encouraging voluntary diversity practices that have shown potential to enhance philanthropic sector performance – including periodic self-assessments of board and staff appointments, grantmaking and contracting that better enable institutional leaders to identify and act on strategic opportunities to increase their inclusivity and public problem solving leadership. Following are exemplary practices we have identified that more and more private grant making institutions are successfully utilizing in these connections:

- **Internal Diversity Assessments:** Conducting periodic assessments of board and staff appointments, grantmaking, and contracting to help institutional leaders identify priorities, recognize strategic opportunities, and enhance their diversity performance.
- **Diversity Plans:** Developing and implementing diversity plans to help leaders design specific and concrete steps to expand representation and engagement from diverse communities in their mission and work.
- **Field Development and Coordination:** Supporting more integrated and coordinated planning, investment, and action to expand the field's overall capacity for change.
- **Peer Support:** Building peer networks, both formal and informal, to help individuals, their institutions, and the larger field achieve greater diversity.
- **Periodic Progress Reporting:** Tracking progress, communicating accomplishments, and sharing lessons learned to establish field-wide performance benchmarks and enhanced transparency and public accountability.
- **Public Leadership:** Exercising visible leadership by encouraging others to join, publicly promoting the benefits of diversity, and identifying new strategies that lead to greater effectiveness.

APPENDIX F – DIVERSITY POLICYSAMPLE (CONTINUED)

Excerpt from Solid Ground Consulting

Board Profile Grid

Skills and Knowledge	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7	Board Member 8
Accounting / Financial Management								
Personnel Management								
Fundraising								
Strategic Planning								
Nonprofit Management								
Leadership								
Public Relations / Publications								
Meeting Skills								
Legal Issues								
Education								
Biology Site Ecology								
Grassroots Organizing								
Real Estate								
Contracts and Influence								
Business Community								
Media								
Government Agencies								
Ethnic/ Minority Groups								
Conservation Organizations								
Native American Tribes								
Demographics								
Female								
Under 45 years								
Ethnic/ Cultural Monitory								
Residential Member								
Business Member								

APPENDIX G – PROFIT & LOSS STATEMENT AND CHART OF ACCOUNTS SAMPLE

Profit & Loss Statement Sample

	October 1, 20XX – September 30, 20XX
Income	
Grants	
Corporate and Business Grants	
Foundation and Trust Grants	
Nonprofit Organization Grants	
Government Grants	
Total Grant Income	
Contributions	
Direct Public Support	
City of Orlando Funding	
Corporate Contributions	
Individual, Business Contributions	
Indirect Public Support	
Total Contributions Income	
Program Income	
Membership Dues	
Program Service Fees	
Special Events	
Total Program Income	
Other Income	
Investments	
Interest	
Other/Miscellaneous	
Total Other Income	
Total Income	
Expenses	
Payroll Expense	
Salaries	
Payroll Taxes	
Health Benefits	
Workers Compensation	
Total Payroll Expense	
Business Expense	
Business Registration Fees	
Total Business Expense	

APPENDIX G – PROFIT & LOSS STATEMENT AND CHART OF ACCOUNTS SAMPLE (CONTINUED)

	October 1, 20XX – September 30, 20XX
Expenses (continued)	
Contract Services	
Contract Services	
Accounting Fees	
Legal Fees	
Total Contract Services	
Administrative & General	
Books, Subscriptions, Reference	
Postage, mailing	
Printing, Copying	
Supplies	
Telephone, Telecommunications	
Advertising	
Insurance	
Meetings – Local	
Other	
Total Administrative & General	
Facilities and Equipment	
Janitorial Services	
Rent	
Parking	
Utilities	
Total Facilities and Equipment	
Travel & Meetings	
Conference, Convention & Meeting	
Main Street Conference – State	
Main Street Conference – National	
Travel and Meetings	
Total Travel & Meetings	
Program Expense	
Membership and Dues	
Special Events	
Total Program Expense	
Total Expenses	
Net Income	

APPENDIX G – PROFIT & LOSS STATEMENT AND CHART OF ACCOUNTS SAMPLE (CONTINUED)

Chart of Accounts Sample

Account	Acct. #	Type	Description
10000 · Bank Name - Checking	10000	Bank	Main operating account
10001 · Petty Cash	10001	Bank	Cash on hand for small purchases
10005 · Bank Name - Investment Account	10005	Bank	Money market, CD or other type investment account for excess funds not needed for current use
11000 · Accounts Receivable	11000	Accounts Receivable	Amounts of money owed by customers for goods or services delivered
12000 · Undeposited Funds	12000	Other Current Asset	Funds received, but not yet deposited to a bank account
14000 · Prepaid Assets	14000	Other Current Asset	An expense that has already been paid for, but which has not yet been consumed. (i.e. insurance, rent)
15000 · Furniture and Equipment	15000	Fixed Asset	Furniture and equipment with useful life exceeding one year
18000 · Marketable Securities	18000	Other Asset	Investments in stocks or bonds, individually or in mutual funds
18600 · Other Assets	18600	Other Asset	Assets used for program-related purposes other than current or fixed assets
18700 · Security Deposits Asset	18700	Other Asset	Deposits and other returnable funds held by other entities
20000 · Accounts Payable	20000	Accounts Payable	Unpaid or unapplied vendor bills or credits
27200 · Other Liabilities	27200	Other Current Liability	Liabilities other than payroll, accounts and grants payable, deferred revenue, loans
27220 · Payroll Tax Liabilities	27220	Other Current Liability	Unpaid payroll liabilities. Amounts withheld or accrued, but not yet paid
27270 · Health Benefits Payable	27270	Other Current Liability	Unpaid payroll medical liabilities. Amounts withheld or accrued, but not yet paid
30000 · Opening Balance Equity	30000	Equity	Opening balances during setup post to this account.
32000 · Unrestricted Net Assets	32000	Equity	Undistributed earnings of the business
43310 · Corporate and Business Grants	43310	Income	Grant monies received from corporations and business entities
43330 · Foundation and Trust Grants	43330	Income	Grant monies received from foundation or trusts
43340 · Nonprofit Organization Grants	43340	Income	Grant monies received from nonprofit organizations
43400 · Direct Public Support	43400	Income	Contributions (including the amount of dues greater than the value of benefits received), gifts, donations
43410 · City of Orlando Funding	43410	Income	Contributions from the City of Orlando
43420 · Corporate Contributions	43420	Income	Contributions from corporations, sponsorships
43450 · Individ, Business Contributions	43450	Income	Contributions from individuals, businesses, direct mail, telethons
44500 · Government Grants	44500	Income	Grant monies received from governmental entities including the City of Orlando
44800 · Indirect Public Support	44800	Income	Contributions received through federated fundraising agencies - United Way, CFC, etc.
45000 · Investments	45000	Income	Revenue from investments in cash, securities, and property
45030 · Interest-Savings, Short-term CD	45030	Income	Interest received from savings, CDs, and other short-term investments
46400 · Other Types of Income	46400	Income	Revenue from program-related sales, advertising, etc.
46430 · Miscellaneous Revenue	46430	Income	Revenue from occasional or non-material activities
47200 · Program Income	47200	Income	Program service fees and assessments
47230 · Membership Dues	47230	Income	Member dues that compare reasonably with membership benefits available, whether used or not
47240 · Program Service Fees	47240	Income	Participant fees, admissions, royalties, tuition, registration fees, and other program-related income
49000 · Special Events Income	49000	Income	Income earned through special event activities
49010 · Special Events Contributions	49010	Income	Contributions, gifts, donations related to a special event
49020 · Special Events Sales (Nongift)	49020	Income	Revenue at special events through sales of merchandise

APPENDIX G – PROFIT & LOSS STATEMENT AND CHART OF ACCOUNTS SAMPLE (CONTINUED)

Account	Acct. #	Type	Description
60005 · Salaries	60005	Expense	Salary expense for executive director
60010 · Payroll Taxes	60010	Expense	Payroll taxes associated with salaried employee(s)
60015 · Health Benefits	60015	Expense	Health benefits expense associated with salaried employee(s)
60020 · Workers Compensation	60020	Expense	Workers compensation expense associated with salaried employee(s)
60900 · Business Expenses	60900	Expense	Expenses of creating and maintaining the organization's business entity
60920 · Business Registration Fees	60920	Expense	Permits, registrations, licenses, moving, royalties, bank charges, credit card fees
62100 · Contract Services	62100	Expense	Fees for outside services
62110 · Accounting Fees	62110	Expense	Outside (non-employee) accounting, audit, bookkeeping, tax prep, payroll service, and related consulting
62130 · Fundraising Fees	62130	Expense	Outside (non-employee) fundraising consulting
62140 · Legal Fees	62140	Expense	Outside (non-employee) legal services
62150 · Outside Contract Services	62150	Expense	Outside contractors (non-employee) for projects, consulting, short-term assignments for internal organization
62600 · Facilities and Equipment	62600	Expense	Expenses related to office, storage, and other space
62650 · Janitorial Services	62650	Expense	Expenses related janitorial services (office cleaning)
62690 · Rent	62690	Expense	Office and storage expenses
62691 · Parking	62691	Expense	Packing expense associated with office lease
62692 · Utilities	62692	Expense	Basic utilities (electric, water, etc.) associated with office space
65000 · Operations	65000	Expense	Expenses related to providing program services and maintaining operations
65010 · Books, Subscriptions, Reference	65010	Expense	Books, subscriptions, reference materials, periodicals for use
65020 · Postage, Mailing Service	65020	Expense	Postage, parcel delivery, local courier, trucking, freight, outside mailing services
65030 · Printing and Copying	65030	Expense	Printing, copying, duplicating, recording
65040 · Supplies	65040	Expense	Supplies, materials, food and beverages, plaques, medicines
65050 · Telephone, Telecommunications	65050	Expense	Telephone equipment and service, telegraph, internet access, fax, conference calls
65110 · Advertising Expenses	65110	Expense	Expenses associated with advertising and marketing efforts
65120 · Insurance - Liability, D and O	65120	Expense	Non-employee or property insurance - liability, malpractice, directors
65125 · Meetings - Local	65125	Expense	Costs associated with conducting or attending local meetings, including but not limited to Board and Committee meetings
65150 · Memberships and Dues	65150	Expense	Membership and dues in organizations
65160 · Other Costs	65160	Expense	Miscellaneous, small, or non-recurring expenses
65165 · Staff Development	65165	Expense	Costs associated with the development of staff
66300 · Travel and Meetings	66300	Expense	Expenses related to travel, meetings, conferences
66310 · Conference, Convention, Meeting	66310	Expense	Conducting, or sending staff to, program-related meetings, conferences, conventions other than Main Street conferences
66311 · Main Street Conference - State	66311	Expense	Expenses associated with attending the State of Florida Main Street Conference
66312 · Main Street Conference - National	66312	Expense	Expenses associated with attending the National Main Street Conference
66320 · Travel	66320	Expense	Hotels, airfares, local transportation, car rentals, taxis, per diems, meals
69000 · Special Event	69000	Expense	Expenses associated with special events put on by the District (consider breaking these out to each individual event)

Note: Consider further breakdown of Chart of Accounts by duplicating account numbers into functional categories: First digit 6 - program services, 7* - management and general and 8* - fundraising.*

APPENDIX H – MAIN STREET AMERICA BYLAWS

Below is a high-level summary of the bylaws template in the current Orlando Main Streets Board of Director's Handbook. Districts may choose to add or remove content as applicable to the individual organization's processes.

- **Article 1 – Name and Principal Office of Incorporation**
 - Section 1 – The legal and common names of the District

- **Article 2 – Purpose**
 - Section 1 – State purpose of organization, and identify tax status (i.e. 501(c)(3))
 - Section 2 – State intent of organization
 - Section 3 – Dissolution of the organization

- **Article 3 – Program Area**
 - Section 1 – Geographic area of the organization. Include exhibit (i.e. map)

- **Article 4 – Membership**
 - Section 1 – Classes of membership to be determined by the Board
 - Section 2 – Board of Directors to establish annual dues
 - Section 3 – Business, organization, or individual membership process and requirements
 - Section 4 – Suspension of voting rights of members

- **Article 5 – Membership Meetings**
 - Section 1 – Annual membership meeting to elect officers and directors and discuss business
 - Section 2 – Special membership meetings. Quorum defined for special meetings.
 - Section 3 – Notice of membership meetings
 - Section 4 – Quorum defined and required for membership meetings
 - Section 5 – Voting activities when quorum is present
 - Section 6 – Roberts Rules of Orderly Newly Revised to govern parliamentary procedures

- **Article 6 – Board of Directors**
 - Section 1 – Composition of the Board, minimum and maximum Board members, term lengths and limits, nomination and election procedures.
 - Section 2 – Vacancies on the Board
 - Section 3 – Executive Director to be a non-voting member of the Board
 - Section 4 – Board may hold regular and special meetings. Defined number of regular meetings required per year. Process to hold special meetings. Quorum defined for special meetings.
 - Section 5 – Quorum defined and required for Board meetings
 - Section 6 – Board member write-in voting procedures
 - Section 7 – New Board members to participate in orientation (by the City)

APPENDIX H – MAIN STREET AMERICA BYLAWS (CONTINUED)

- **Article 7 – Committees**
 - Section 1 – List of committees, required members per committee, defined chairperson per committee. Committee member terms and term limits.
 - Section 2 – Board may appoint committees

- **Article 8 – Officers**
 - Section 1 – List officers to be elected annually (i.e. President, Vice President, Secretary, Treasurer, other)
 - Section 2 – Define responsibilities and duties for each officer position

- **Article 9 – Executive Director**
 - Section 1 – Executive Director position defined and responsibilities described


- **Article 10 – Board of Advisors**
 - Section 1 – Board of Advisors selection procedures, define responsibilities, define term

- **Article 11 – Finances**
 - Section 1 – Signature / approval requirements for expenditures of funds
 - Section 2 – Deposit of funds requirements
 - Section 3 – Board gift acceptance
 - Section 4 – Annual budget approval process

Note 1: Districts may choose to enhance this section with reference to the Financial Policy.
Note 2: Districts may choose to enhance or supplement Section 3 with the Conflict of Interest Policy.

- **Article 12 – General Provisions**
 - Section 1 – Fiscal year defined
 - Section 2 – Financial reporting requirements (i.e. reports required per quarter)

- **Article 13 – Amendments**
 - Section 1 – Board authority and voting requirements to amend bylaws



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