FINANCE POLICY

1.0 Purpose

This policy defines the financial responsibilities for ASNT.

2.0 Scope

This policy establishes the financial responsibilities for the fiscal and financial affairs of the Society.

3.0 References

- ***ASNT Bylaws***
- Policy J-3, ASNT Board of Directors Job Description
- Policy J-4.4, ASNT Secretary/Treasurer
- Policy J-4.6, Job Description – Executive Director
- Policy J-5.1, ASNT Executive Committee
- Policy J-5.10, Business and Finance
- Policy J-5-19, Operations Committee
- Policy J-5-20, Audit Committee

4.0 Financial Planning

4.1 General

4.1.1 Financial planning of the Society shall be directed toward:

(1) Assuring continuity and growth of services to members.

(2) Fulfilling the Society's obligations as a corporation.

4.2 Three-Year Financial Plan

4.2.1 The Executive Director shall prepare a three-year estimate of the income and expenses for the Business and Finance Committee, Operations Committee and Board of Directors for review by the first Friday in February with the annual budget.

4.2.2 Any adjustments made to the original draft shall be submitted to the Board of Directors prior to the last Board of Directors meeting at the Annual Spring Conference.

4.2.3 In developing the Three-Year Financial Plan, the last Three-Year Financial Plan shall be reviewed for financial impact. New initiatives presented via a Business Plan shall be incorporated into the Three-Year Financial Plan. The Three-Year Financial Plan will be updated annually to add an additional year and modify the previous plan, as needed.

4.2.4 The Three-Year Financial Plan will be based on the Society's long-range plans and programs, predicted growth of the Society, predicted trends in the U.S. economy as related to expected costs in subsequent years, and other factors that would be expected to influence the level of income and expense. Assumptions related to the various trends involved in the prediction shall be documented in the plan.

4.3 Annual Budget

4.3.1 The Executive Director shall prepare and present the proposed Annual Budget to the Business and Finance Committee and Operations Committee by the first Friday in February.

4.3.2 A copy of the draft budget shall be sent to the Board of Directors by the first Friday in February.

4.3.3 A final draft that has been reviewed and recommended by the Business and Finance Committee shall be presented to the Board of Directors at the last Board of Directors meeting at the Annual Spring Conference.

4.3.4 Budgeted income and expense shall be based on: (1) predicted U.S. trends, predicted Society growth, and Society financial commitments as outlined in the Three-Year Financial Plan, (2) refinements thereof based on current performance against budget as recorded in the monthly financial statements, (3) other factors shall be considered as appropriate.

4.3.5 It is desirable that the approved Annual Budget be a balanced budget reflecting a continuing growth in the net assets.

5.0 Financial Operations

5.1 General

The general management and day-to-day financial operation of the society shall be managed by the Executive Director within the scope of the budget and financial policy approved by the Board of Directors.

5.2 Excess Operating Cash Flow

To insure continuity of day-to-day operations of the Society, excess funds shall be invested prudently based on the investment policy. The investments will be monitored by the Executive Director and Senior Manager of Finance and Accounting monthly, and provide a written report quarterly to the members of the Business and Finance Committee. The Executive Director shall manage funds in compliance with the Board of Directors approved investment policy.

The Executive Director shall ensure that the investment manager provides an annual investment report to the Business and Finance Committee prior to the annual Fall Meeting. The Business and Finance Committee shall review the investment report at the Fall meeting, prior to Board of Directors meeting.

5.3 Financial Statements

To ensure that the Society maintains a proper financial position, the Executive Director working with the Senior Manager of Finance and Accounting, shall publish monthly financial reports to include statement of activities, financial position (balance sheet) and liquidity, with distribution to the Board of Directors, Operations Committee and Business and Finance Committee members. The following statistics shall be included in the financial report quarterly:

(1) Current ratio (current assets, current liabilities);

(2) Inventory turns;

(3) Major capital additions and deletions (in excess of $10,000);

(4) Accounts receivable - days sale outstanding and a schedule showing "total accounts receivable" by aged percent;

(5) Accounts payable days outstanding;

(6) Cash flow schedule;

(7) Investment schedule;

(8) Income statement;

(9) Balance sheet;

(10) Personnel additions and deletions; and

(11) Financial status of major projects.

6.0 Expenditures Not Included in the Budget (Non-budgeted Items)

Proposed expenditure for non-budgeted items outside the annual budget shall be reviewed and approved by the appropriate bodies. The Executive Director may approve non-budgeted items up to an accumulative amount of 5% of the annual expense budget per fiscal year. All non-budgeted items shall appear as line items in the monthly financial report.

7.0 Proposed New Initiatives

To ensure that the Society properly reviews all new initiatives carefully and thoroughly, the Executive Director shall prepare a Business Plan demonstrating the viability of the proposed initiative to the Society. The Business Plan shall be distributed to Business and Finance Committee and Operations Committee for review and recommendation 30 days prior to the Fall Meeting. New initiatives through the Business Plan may be presented by the Executive Director as the opportunities arises, but will be considered an ex-budget item until incorporated into the Three-Year Financial Plan and the Annual Budget.