














## Financial Best Practices - Do's

-  Do make sure that the assets of the association are safeguarded and used solely for the benefit of members.
-  Do adopt a budget prior to the start of the fiscal year.
-  Do compare budget to actual expenses on a monthly basis.
-  Do identify and explain differences between budget and actual expenses and plan accordingly.
-  Do prepare and present complete and accurate financial statements to the board of directors on a monthly basis.
-  Do make deposits timely. Keep detailed records of all deposit transactions.
-  Do have proper supporting written documentation for every check written or wire transfer made. Make sure every disbursement is authorized. (Documentation includes invoices, receipts, approved minutes of the board of directors, etc.)
-  Do require 2 signatures for every check written.
-  Do reconcile the bank accounts monthly.
-  Do have an Internal Audit Committee review the financial records on a quarterly basis. Do have an annual audit or review by an independent certified public accountant if your internal policies require it.
-  Do comply with federal and state laws and regulations with respect to tax-exempt status. When in doubt, consult your accountant. Association funds should only be used for the exempt purpose.
-  Do file all federal and state reports on time. This includes IRS Form 990, 1099's, payroll tax reports, etc.
-  Do formally adopt and implement policies regarding (a) conflicts of interest, (b) code of ethics, (c) document retention, (d) travel reimbursement policies, check signing authority, and (e) financial and operational standards.

## **Financial Best Practices - Don't's**

- Don't give out members' personal information (i.e. social security number, home address, e-mail address, telephone number, health matters, etc.) to unauthorized persons. This information is confidential and subject to privacy laws.
- Don't spend more than you make. Do not operate "in the red".
- Don't conduct transactions for "private inurement" (for the benefit of an insider).
- Don't deposit association funds into personal bank account.
- Don't accept "post-dated" checks.
- Don't spend funds for activities not approved by the membership.
- Don't write checks for "Cash".
- Don't sign blank checks (missing payee and/or amount).
- Don't sign checks payable to oneself.
- Don't withdraw cash from the association's bank accounts.
- Don't use debit cards and be cautious about the use of credit cards.
- Don't pay bills from statements. Require vendors to provide an original invoice. Be careful of copies and faxes to avoid duplicate payment.
- Don't "co-mingle" PAC funds with the association's general funds.
- Don't destroy association records until after the retention timeline has passed.