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Operational Manual

Chapter 1
Officers

Section 1. Designation of Officers

The officers of the organization shall be elected BOD with portfolio positions defined as Chairperson of the Board or President, a Vice President, a General Secretary, and a Treasurer.

In order to assist the officers in the management of the organization, there shall be five "permanent" offices which shall include: (a.) Director of Membership (b.) Director of Finance, (c.) Director of Scholarship, (d) Director of Information Systems, and (e) Director at Large. The President and/or the Chairperson of the Board shall have the authority to make the appointments to these offices. The function, role and responsibilities of these offices are to be defined by the Board of Directors.

Section 2. Qualifications

Any member of Houston-NEDA, who is a graduate and degree holder of NED University of Engineering and Technology and have established leadership and team building qualities, may serve as officer of this corporation. Other qualifications for directors of this corporation shall be as follows:

1. Each officer shall adhere to the provisions of Chapter 2 and shall take 'Oath of Conduct' as defined in Chapter 7, before assuming his/her office,
2. Each officer shall make a concerted effort to attend board meetings.

Section 3. Election and Term of Office

Officers shall be elected or selected by the board of directors, at any time, and each

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officer shall hold office for a period of two years, until he or she resigns or is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

1. Election of Board of Director members shall take place within 24 months from the date when they assume their office. See section 6 of Chapter 7 for term limits.

Section 4. Removal and Resignation

Any member of a BOD may be removed with the recommendation of the Conflict Resolution Committee and after obtaining 51% of the votes of the General Assembly. Any officer may resign at any time by giving written notice to the board of directors or to the President or General Secretary of the organization. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the board of directors relating to the employment of any officer of the organization.

Section 5. Vacancies

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the board of directors. In the event of a vacancy in any office other than that of president, such vacancy may be filled temporarily by appointment by the President until such time as the board shall fil1 the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

Section 6. Duties of President

The President shall be the main spokesperson of the organization and shall, subject to the control of the board of directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Chapters of incorporation, or by these bylaws, or which may be prescribed from time to time by the board of directors. Unless another person is specifically appointed as Chairperson of the board of directors, the President shall preside at all meetings of the board of directors and, if this corporation has members, at all meetings of the members. Except as otherwise expressly provided by law, by the Chapters of incorporation, or by these bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments

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which may from time to time be authorized by the board of directors. Some of the approved list of atypical duties of the President are as follows:

1. The President shall have the powers to appoint ad-hoc committees, sub-committees or a panel of experts. Such ad-hoc committees, sub-committees or panels shall be appointed for a specific purpose and a specific period of time.
2. The President shall present each year to the General Assembly of the association, his report on activities and achievements of the association for the preceding year.
3. The President shall jointly with the Treasurer operate General fund bank accounts of the association. Signature of both shall be necessary for all financial transactions associated with the General fund accounts.
4. The President shall keep the General Assembly interested and involved, shall maintain just, open and active environment in the association.
5. The President shall keep the Board of Directors informed, involved, shall maintain just, open and cohesive working environment among all BOD members.
6. The President and the General Secretary shall represent this association at the board meetings of NEDIAN-NA or NED ALEF, when required.
7. The President shall ensure that goals and objectives of the association are achieved.
8. The President with the majority concurrence of Board members, shall appoint chairman of various committees from members of the Board or the members.

Section 7. Duties of Vice President

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have other powers and perform such other duties as may be prescribed by law, by the Chapters of incorporation, or by these bylaws, or as may be prescribed by the board of directors.

Section 8. Duties of General Secretary

The office of the General Secretary shall:

Certify and keep at the principal office of the association the original, or a copy, of these bylaws as amended or otherwise altered to date.

Keep at the principal office of the association or at such other place as the board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and

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place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.

Be custodian of the records and of the seal of the association and affix the seal, as authorized by law or the provisions of these bylaws, to duly executed documents of the association.

Keep at the principal office of the association a membership ledger containing the name and address of each and any members, and, in the case where any membership has been terminated, he or she shall record such fact in the membership ledger together with the date on which such membership ceased.

Exhibit at all reasonable times to any director of the association, or to his or her agent or attorney, on request therefor, the bylaws, the membership book, and the minutes of the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the Chapters of incorporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors. Some of the approved list of atypical duties of the General Secretary are as follows:

1. The General Secretary shall be responsible for calling all the meetings of the Board of Directors and the General Assembly. He or She shall take necessary action to ensure that all members are properly and promptly informed of all forthcoming meetings and that all information and other materials are sent to the members according to these Chapters.
2. The General Secretary shall keep the General Assembly informed via the electronic media, social media, newsletters, letters, etc.
3. The General Secretary shall be responsible for all press releases of any activities of the association after securing approval from the Board of Directors.
4. The General Secretary and the President shall represent this association at the board meetings of NEDIAN-NA or NED ALEF and shall provide meeting minutes of such participation to the BOD of this association within the monthly or quarterly board meetings.
5. The General Secretary shall encourage and inculcate the General Assembly to express their views in the matters of the association and dissemination of knowledge.

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Section 9.

Duties of Treasurer

The treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the association in such banks, trust companies, or other depositories as shall be selected by the board of directors.

Receive, and give receipt for, monies due and payable to the association from any source whatsoever.

Disburse, or cause to be disbursed, the funds of the association as may be directed by the board of directors, taking proper vouchers for such disbursements. Any expenditure of over $500 for non-budgetary items shall be approved by the Board.

Keep and maintain adequate and correct accounts of the association's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.

Exhibit at all reasonable times the books of account and financial records to any director of the association, or to his or her agent or attorney, on request therefor.

Render to the President, Chairperson of the Endowment Board of Trustees and Board of Directors of Houston-NEDA, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of the association.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the Chapters of incorporation of the association, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors. Some of the approved list of atypical duties of the Treasurer are as follows:

1. The Treasurer shall, jointly with the President, operate the General Fund bank account of the association.
2. The Treasurer shall, jointly with the Chairperson of the Endowment Board of Trustees, operate the Endowment Fund bank account of the association.
3. The Treasurer shall be responsible for the safe custody of all books of accounts and other related financial records of the association. He or She shall also be responsible to get the financial statements of the association audited by a CPA when authorized by the Board of Directors, and to present the financial statements for the approval of the Board and the General Assembly.
4. The Treasurer shall prepare quarterly statement of income and expenses and other financial statements for the information of the Board of Directors.
5. The Treasurer shall report to the General Assembly the following:

   a) General financial conditions of the association on quarterly basis;

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b) Financial balance sheet statements of the association on annual basis;

c) Propose fiscal budget for the following year for approval from the Board of Directors and the General Assembly.

6. Treasurer shall be responsible for monitoring deadlines relating to various filings. Treasurer will use resources needed to complete the IRS, State and other filings in a timely manner.
7. Treasurer shall be responsible to share documentation of all financial transactions between Houston-NEDA and any other entity with the Board of Directors.
8. Financial support to students, alumni and faculty members at the NED University shall be arranged directly through the finance department of the university, which in return should provide proper documentation to Houston-NEDA to show that the NED university has received funds from Houston-NEDA and the university has disbursed those funds in a verifiable manner to students or faculty members involved in learning, teaching, performing research and managing projects at the university. Chapter 14 is applicable to all financial transactions between Houston-NEDA and any other entity receiving funds from Houston-NEDA.

Section 10. Compensation

The salaries of the officers, if any, shall be fixed from time to time by resolution of the board of directors. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered to or for the corporation. All officer salaries shall be approved in advance in accordance with this corporation's conflict of interest policy, as set forth in Chapter 14 of these bylaws.

At present, no officer is authorized to withdraw any salary, compensation or any other financial benefit for their services, as the positions of officer of the corporation are currently defined as voluntary in nature.

Section 11. Transfer of Records and Properties

All the members of the outgoing Board of Directors shall be responsible jointly and severally for orderly and prompt transfer of all records and properties of the association to the newly elected Board of Directors. Moreover, they shall be obligated to cooperate with the new Board of Directors in establishing itself as the new Board of the association. The General Secretary also has the responsibility to ensure that a detailed list of all old records and assets are properly maintained and all such records are transferred to the incoming General Secretary. Administration of all Social media and associated accounts of this association shall be transferred in full to the newly elected BOD appointee. The incoming President and General Secretary are responsible to verify and acknowledge in writing the receipt of all such records and to obtain

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satisfactory explanation of any missing item.

If an Officer of Houston-NEDA fails to provide sufficient documents at the time of transition, such as minutes and financial reports or if the treasurer fails to provide all unused check books, record and possession of all bank accounts, fail to file any federal IRS, state or local forms that are required; he or she will be bared to contest in the election for the next five years by the General Assembly majority with 51% quorum present and may be legally prosecuted for any financial damages incurred by the association.

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Chapter 2
Committees

Section 1. Executive Committee

a. The executive authority of the association shall vest in the Seven Members of the Executive Committee, composed of following:

   President, Vice President, General Secretary, Treasurer, and (3) Directors.

b. The executive authority vested in the executive committee shall be exercised through the President of the Executive Committee.
c. The Executive Committee shall the empowered to prescribe rules and regulations for the conduct of business of the association, for smooth implementation of various provisions of the bylaws and to prescribe other functions to be performed by the officers & executives of the association.
d. The Executive Committee shall also keep regular minutes of its proceedings, cause them to be filed with the corporate records.
e. The Executive Committee shall have the power to nominate and appoint by majority decision, any General Member of the association, to fill in any vacant position fallen due to resignation, removal or death of any member of the Executive Committee for its remaining term.
f. To ensure continuity and smooth transition, after the expiry of the term, the outgoing President shall automatically become a member of Advisory Council appointed by the Executive Committee until the term of newly formed Executive Committee expires.
g. The Executive Committee shall adopt in all instances but not inconsistent with the bylaws and any other special rules of the association, the rules contained in the current edition of 'Roberts's Rule of Order'.

Section 2. Permanent "Standing" Committees

Along with the Executive Committee, the following committees shall be permanent "standing" committees: (a.) Membership Committee; and (b.) Election Committee.

The function, role and responsibilities of the committees are to be outlined by the Executive Committee or Board of Directors in consultation with the Advisory Council.

Section 3. Other Committees

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The corporation shall have such other committees as may from time to time be designated by resolution of the board of directors. These committees may consist of persons who are not also members of the board and shall act in an advisory capacity to the board.

Section 4. Advisory Council

Houston-NEDA shall utilize the services of an Advisory Council. The initial Advisory Council shall be appointed by the board. Subsequent, appointments shall be made in accordance with terms approved by the Board of Directors. The function, role and responsibilities of the Advisory Council can be updated based on mutual consensus among the Board of Directors or Executive Committee.

The function, role and responsibilities of the Advisory Council are such as to guide the Executive Committee and Board of Director members and the General Assembly on matters of importance to Houston-NEDA and its well-being with complete neutrality and without any bias towards any opinion of the Board of Directors.

To ensure continuity and smooth transition, after expiry of term, the outgoing President shall automatically become an Advisory Council member of the newly elected Board of Directors. Members of Advisory Council shall have no vote in the Board of Director meetings with exception of its power under unusual term limit condition of BOD defined under special condition.

Special Condition: In case, the current BOD created hinderance and undue obstruction in conduction of election before the end of 23rd month of their term than the General Assembly with the assistance of the Advisory Council has power to dissolve the current BOD and immediately form an election committee to conduct new elections for electing a new BOD.

Section 5. Meetings and Action of Committees

Meetings and action of committees shall be governed by, noticed, held, and taken in accordance with the provisions of these bylaws concerning meetings of the board of directors, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular and special meetings of committees may be fixed by resolution of the board of directors or by the committee. The board of directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these by-laws.

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Chapter 3
Execution of Instruments, Deposits, and Funds

Section 1. Execution of Instruments

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the corporation to *enter* into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 2. Checks and Notes

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the treasurer and countersigned by the President or Chairperson of the Board of the association as stipulated in section 9 of Chapter 8.

Section 3. Deposits

All funds of the corporation shall be deposited from time to time to the credit of the association in such banks, trust companies, or other depositories as the board of directors may select.

Section 4. Gifts

The board of directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the nonprofit purposes of this corporation.

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Chapter 4
Policy Description

1. CONFLICT OF INTEREST
2. COMPENSATION POLICY
3. WHISTLEBLOWER POLICY
4. DOCUMENT RETENTION POLICY
5. NON-DISCRIMINATION / HARASSMENT POLICY
6. ACCOUNTING POLICY
7. JOINT VENTURE POLICY

As attached.

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ADDENDUM

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Conflict of Interest Policy Adopted by Houston-NEDA

Article I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt Organizations' interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of Houston-NEDA or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II

Definitions

1. **Interested Person**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

[Hospital Insert – for hospitals that complete Schedule C

If a person is an interested person with respect to any entity in the health care system of which Houston-NEDA is a part, he or she is an interested person with respect to all entities in the health care system.]

2. **Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which Houston-NEDA has a transaction or arrangement,

b. A compensation arrangement with Houston-NEDA or with any entity or individual with which Houston-NEDA has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Houston-NEDA is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III

Procedures

1. **Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest**

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

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c. After exercising due diligence, the governing board or committee shall determine whether Houston-NEDA can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in Houston-NEDA's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Violations of the Conflicts of Interest Policy**

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from Houston-NEDA for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Houston-NEDA for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Houston-NEDA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

[*Hospital Insert – for hospitals that complete Schedule C*

d. Physicians who receive compensation from Houston-NEDA, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.]

Article VI

Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

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a. Has received a copy of the conflicts of interest policy,
b. Has read and understands the policy,
c. Has agreed to comply with the policy, and
d. Understands that Houston-NEDA is exempt from taxation and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII

Periodic Reviews

To ensure that Houston-NEDA operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
b. Whether partnerships, joint ventures, and arrangements with management Houston-NEDAs conform to Houston-NEDA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, Houston-NEDA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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COMPENSATION POLICY FOR OFFICERS, DIRECTORS, TOP MANAGEMENT OFFICIAL AND KEY EMPLOYEES Of Houston-NEDA

1. Policy and Purposes

This is the policy of Houston-NEDA with respect to the review and approval of compensation of its officers and employees. It is the policy of Houston-NEDA that all compensation paid by the organization is reasonable based upon a review of comparability information. This policy provides a procedure for the review and approval of the compensation of the officers, directors [trustees], CEO, executive director or top management official, and key employees of the organization ("Compensated Individuals") consistent with applicable federal tax law. (The IRS Form 990 definitions for some of the identified positions are included in the Appendix and used in this policy with the same meanings.)

2. Procedure for Approval of Compensation

A. General. The board of directors or trustees, or authorized committee ("Governing Body") shall review and approve the compensation of Compensated Individuals.

[THE FOLLOWING ALTERNATIVE VERSION OF PARAGRAPH B IS FOR 501(c)(3) AND 501(c)(4) ORGANIZATIONS, WHICH ARE SUBJECT TO INTERMEDIATE SANCTIONS FOR EXCESS BENEFITS UNDER 26 U.S.C. § 4958. (NOTE: COMPLIANCE WITH DETAILED REGULATIONS MAY CREATE A REBUTTABLE PRESUMPTION THAT THE COMPENSATION IS REASONABLE AND NOT AN EXCESS BENEFIT PURSUANT TO TREAS. REG. § 53.4958-6):]

B. Specific Requirements. The Governing Body reviewing and approving compensation for Compensated Individuals shall satisfy the following requirements or procedures:

(1) Approval by Persons Without a Conflict of Interest. Compensation shall be reviewed and approved by the Governing Body, provided that persons with a conflict of interest with respect to the compensation arrangement at issue are not involved. Members of the Governing Body do not have a conflict of interest if they (a) are not benefitting from or participating in the compensation arrangement; (b) are not in an employment relationship subject to the direction or control of any person benefitting from or participating in the compensation arrangement; (c) do not receive compensation or other payments subject to the approval of any person benefitting from or participating in the compensation arrangement; (d) have no material financial interest affected by the compensation arrangement; and (e) do not approve a transaction providing economic benefits to any person participating in the compensation arrangement, who in turn has or will approve a transaction providing economic benefits to the member. (Form 990, Part VI, Line 15, Instructions; Treas. Reg. § 53.4958-6(c)(1)(iii).)

(2) Use of Comparability Data. In its review and approval of compensation, the Governing Body shall affirmatively determine that compensation is reasonable to the organization based upon information sufficient to determine whether the value of services is the amount that would ordinarily be paid for like services by like enterprises, whether taxable or tax exempt, under like circumstances. Relevant information includes, but is not limited to, compensation levels paid by similarly situated organizations, both taxable and tax exempt, for functionally comparable positions; the availability of similar services in the geographic area of the organization; current compensation surveys compiled by independent firms; and actual written offers from similar institutions competing for the services of the

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compensated person. If the organization has average annual gross receipts of less than $1 million for the prior three tax years, the Governing Body will have appropriate comparability information if it has information on compensation paid by three comparable organizations in the same or similar communities for similar services. (Form 990, Part VI, Line 15, 2009 Instructions; Treas. Reg. §§ 53.4958-4(b), 53.4958-6(c)(2)).

(3) Recording Compensation Deliberations. The Governing Body's review and approval of compensation shall be promptly recorded in the minutes of its meetings and contain: (a) the terms of the compensation and the date approved; (b) the names of the members of the Governing Body who were present during the discussion and those who voted on the approved compensation; (c) the comparability data obtained and relied upon, and how it was obtained; (d) any action taken with respect to consideration of the compensation by a member of the Governing Body who had a conflict of interest with respect to the compensation; and (e) if the reasonable compensation is higher or lower than the range of comparability data obtained, the basis for the decision. Such minutes shall be reviewed and approved by the Governing Body as reasonable, accurate and complete within a reasonable time after the review and approval of the compensation. (Form 990, Part VI, Line 15, 2009 Instructions; Treas. Reg. § 53.4958-6(c)(3).)

[IF THE ORGANIZATION HOLDS PROPERTY FOR CHARITABLE PURPOSES AND THEREFORE MAY BE SUBJECT TO CALIFORNIA GOVERNMENT CODE **§** 12586(g), THE FOLLOWING LANGUAGE SHOULD BE ADDED:]

(4) Review and Approval for Certain Executive Officers. In addition to the requirements of this policy applicable to all Compensated Individuals, any compensation set for the CEO or president, and CFO or treasurer, (or individuals with equivalent powers, duties or responsibilities comparable to these positions), must be determined to be just and reasonable. The Governing Body's review and approval shall occur initially upon hiring, whenever the term of employment, if any, is renewed or extended, and whenever the compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.

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APPENDIX

DEFINITIONS[1]

Director or trustee. A "director or trustee" is a member of the organization's **governing body**, but only if the member has voting rights. A director or trustee that served at any time during the organization's **tax year** is deemed a current director or trustee. Members of advisory boards that do not exercise any governance authority over the organization are not considered directors or trustees. An "institutional trustee" is a trustee that is not an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

Officer. An **officer** is a person elected or appointed to manage the organization's daily operations. An officer that served at any time during the organization's **tax year** is deemed a current officer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its **governing body**, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers can include a president, vice-president, secretary, treasurer and, in some cases, a Board Chair. In addition, for purposes of Form 990, including Part VII, Section A, and Schedule J (Form 990), treat as an officer the following persons, regardless of their titles.

1. *Top management official*. The person who has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization.

2. *Top financial official*. The person who has ultimate responsibility for managing the organization's finances.

If ultimate responsibility resides with two or more individuals (for example, co-presidents or co-treasurers), who can exercise such responsibility in concert or individually, then treat all such individuals as officers.

Key employee. For purposes of Form 990, a current **key employee** is an **employee** of the organization (other than an **officer**, **director** or **trustee**) who meets all three of the following tests, applied in the following order:

1. *$150,000 Test*: Receives **reportable compensation** from the organization and all **related organizations** in excess of $150,000 for the **calendar year** ending with or within the organization's **tax year**.

2. *Responsibility Test*: At any time during the calendar year ending with or within the organization's **tax year**:

a. Has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors, or trustees;

b. Manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or

c. Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for **employees**.

3. *Top 20 Test*: Is one of the 20 employees other than officers, directors, and trustees who satisfy the $150,000 Test and Responsibility Test with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

If the organization has more than 20 individuals who meet the $150,000 Test and Responsibility Test, report as **key employees** only the 20 individuals that have the highest reportable compensation from the organization and related organizations. Note that any others, up to five, might be reportable as current **highest compensated employees**, with

[1] The definitions in this Appendix are taken from the IRS 2009 Instructions for Form 990 at page 22.

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over $100,000 in reportable compensation. Use the calendar year ending with or within the organization's tax year for determining the organization's current key employees.

An individual that is not an employee of the organization (or of a disregarded entity of the organization) is nonetheless treated as a key employee if he or she serves as an officer or director of a disregarded entity of the organization and otherwise meets the standards of a key employee set forth above. See Disregarded Entities, later [on page 24 of the Instructions], for treatment of certain employees of a disregarded entity as a key employee of the organization.

If an employee is a key employee of the organization for only a portion of the year, that person's entire compensation for the calendar year ending with or within the organization's tax year, from both the filing organization and related organizations, should be reported in Part VII, Section A. **Management companies** and similar entities that are **independent contractors** should not be reported as key employees. The organization's **top management official** and **top financial official** are deemed officers rather than key employees.

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COMPENSATION POLICY FOR OFFICERS, DIRECTORS, TOP MANAGEMENT OFFICIAL AND KEY EMPLOYEES Of Houston-NEDA

1. Policy and Purposes

This is the policy of Houston-NEDA with respect to the review and approval of compensation of its officers and employees. It is the policy of Houston-NEDA that all compensation paid by the organization is reasonable based upon a review of comparability information. This policy provides a procedure for the review and approval of the compensation of the officers, directors [trustees], CEO, executive director or top management official, and key employees of the organization ("Compensated Individuals") consistent with applicable federal tax law. (The IRS Form 990 definitions for some of the identified positions are included in the Appendix and used in this policy with the same meanings.)

2. Procedure for Approval of Compensation

A. General. The board of directors or trustees, or authorized committee ("Governing Body") shall review and approve the compensation of Compensated Individuals.

[THE FOLLOWING ALTERNATIVE VERSION OF PARAGRAPH B IS FOR 501(c)(3) AND 501(c)(4) ORGANIZATIONS, WHICH ARE SUBJECT TO INTERMEDIATE SANCTIONS FOR EXCESS BENEFITS UNDER 26 U.S.C. § 4958. (NOTE: COMPLIANCE WITH DETAILED REGULATIONS MAY CREATE A REBUTTABLE PRESUMPTION THAT THE COMPENSATION IS REASONABLE AND NOT AN EXCESS BENEFIT PURSUANT TO TREAS. REG. § 53.4958-6):]

B. Specific Requirements. The Governing Body reviewing and approving compensation for Compensated Individuals shall satisfy the following requirements or procedures:

(1) Approval by Persons Without a Conflict of Interest. Compensation shall be reviewed and approved by the Governing Body, provided that persons with a conflict of interest with respect to the compensation arrangement at issue are not involved. Members of the Governing Body do not have a conflict of interest if they (a) are not benefitting from or participating in the compensation arrangement; (b) are not in an employment relationship subject to the direction or control of any person benefitting from or participating in the compensation arrangement; (c) do not receive compensation or other payments subject to the approval of any person benefitting from or participating in the compensation arrangement; (d) have no material financial interest affected by the compensation arrangement; and (e) do not approve a transaction providing economic benefits to any person participating in the compensation arrangement, who in turn has or will approve a transaction providing economic benefits to the member. (Form 990, Part VI, Line 15, Instructions; Treas. Reg. § 53.4958-6(c)(1)(iii).)

(2) Use of Comparability Data. In its review and approval of compensation, the Governing Body shall affirmatively determine that compensation is reasonable to the organization based upon information sufficient to determine whether the value of services is the amount that would ordinarily be paid for like services by like enterprises, whether taxable or tax exempt, under like circumstances. Relevant information includes, but

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is not limited to, compensation levels paid by similarly situated organizations, both taxable and tax exempt, for functionally comparable positions; the availability of similar services in the geographic area of the organization; current compensation surveys compiled by independent firms; and actual written offers from similar institutions competing for the services of the compensated person. If the organization has average annual gross receipts of less than $1 million for the prior three tax years, the Governing Body will have appropriate comparability information if it has information on compensation paid by three comparable organizations in the same or similar communities for similar services. (Form 990, Part VI, Line 15, 2009 Instructions; Treas. Reg. §§ 53.4958-4(b), 53.4958-6(c)(2)).

(3) Recording Compensation Deliberations. The Governing Body's review and approval of compensation shall be promptly recorded in the minutes of its meetings and contain: (a) the terms of the compensation and the date approved; (b) the names of the members of the Governing Body who were present during the discussion and those who voted on the approved compensation; (c) the comparability data obtained and relied upon, and how it was obtained; (d) any action taken with respect to consideration of the compensation by a member of the Governing Body who had a conflict of interest with respect to the compensation; and (e) if the reasonable compensation is higher or lower than the range of comparability data obtained, the basis for the decision. Such minutes shall be reviewed and approved by the Governing Body as reasonable, accurate and complete within a reasonable time after the review and approval of the compensation. (Form 990, Part VI, Line 15, 2009 Instructions; Treas. Reg. § 53.4958-6(c)(3).)

[IF THE ORGANIZATION HOLDS PROPERTY FOR CHARITABLE PURPOSES AND THEREFORE MAY BE SUBJECT TO CALIFORNIA GOVERNMENT CODE § 12586(g), THE FOLLOWING LANGUAGE SHOULD BE ADDED:]

(4) Review and Approval for Certain Executive Officers. In addition to the requirements of this policy applicable to all Compensated Individuals, any compensation set for the CEO or president, and CFO or treasurer, (or individuals with equivalent powers, duties or responsibilities comparable to these positions), must be determined to be just and reasonable. The Governing Body's review and approval shall occur initially upon hiring, whenever the term of employment, if any, is renewed or extended, and whenever the compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.

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APPENDIX

DEFINITIONS[2]

Director or trustee. A "director or trustee" is a member of the organization's **governing body**, but only if the member has voting rights. A director or trustee that served at any time during the organization's **tax year** is deemed a current director or trustee. Members of advisory boards that do not exercise any governance authority over the organization are not considered directors or trustees. An "institutional trustee" is a trustee that is not an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

Officer. An **officer** is a person elected or appointed to manage the organization's daily operations. An officer that served at any time during the organization's **tax year** is deemed a current officer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its **governing body**, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers can include a president, vice-president, secretary, treasurer and, in some cases, a Board Chair. In addition, for purposes of Form 990, including Part VII, Section A, and Schedule J (Form 990), treat as an officer the following persons, regardless of their titles.

1. *Top management official*. The person who has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization.

2. *Top financial official*. The person who has ultimate responsibility for managing the organization's finances.

If ultimate responsibility resides with two or more individuals (for example, co-presidents or co-treasurers), who can exercise such responsibility in concert or individually, then treat all such individuals as officers.

Key employee. For purposes of Form 990, a current **key employee** is an **employee** of the organization (other than an **officer**, **director** or **trustee**) who meets all three of the following tests, applied in the following order:

1. *$150,000 Test*: Receives **reportable compensation** from the organization and all **related organizations** in excess of $150,000 for the **calendar year** ending with or within the organization's **tax year**.

2. *Responsibility Test*: At any time during the calendar year ending with or within the organization's **tax year**:

a. Has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors, or trustees;

b. Manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or

c. Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for **employees**.

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[2] The definitions in this Appendix are taken from the IRS 2009 Instructions for Form 990 at page 22.

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3. *Top 20 Test*: Is one of the 20 employees other than officers, directors, and trustees who satisfy the $150,000 Test and Responsibility Test with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

If the organization has more than 20 individuals who meet the $150,000 Test and Responsibility Test, report as **key employees** only the 20 individuals that have the highest reportable compensation from the organization and related organizations. Note that any others, up to five, might be reportable as current **highest compensated employees**, with over $100,000 in reportable compensation. Use the calendar year ending with or within the organization's tax year for determining the organization's current key employees.

An individual that is not an employee of the organization (or of a disregarded entity of the organization) is nonetheless treated as a key employee if he or she serves as an officer or director of a disregarded entity of the organization and otherwise meets the standards of a key employee set forth above. See Disregarded Entities, later [on page 24 of the Instructions], for treatment of certain employees of a disregarded entity as a key employee of the organization.

If an employee is a key employee of the organization for only a portion of the year, that person's entire compensation for the calendar year ending with or within the organization's tax year, from both the filing organization and related organizations, should be reported in Part VII, Section A. **Management companies** and similar entities that are **independent contractors** should not be reported as key employees. The organization's **top management official** and **top financial official** are deemed officers rather than key employees.

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WRITTEN DOCUMENT RETENTION AND DESTRUCTION POLICY
OF Houston - NEDA

The Organization shall keep records for as long as they may be needed to document evidence of compliance with provisions of the appropriate Code. Generally, this means that the Organization shall keep records that support an item of income or deduction on a return until the statute of limitations for that return runs. The statute of limitations has run when the organization can no longer amend its return and the IRS can no longer assess additional tax. In addition, the Organization strives to fulfil its obligations to preserve information relating to litigation, audits, and investigations.

Permanent Records

The organization shall retain permanently

- Application for recognition of tax-exempt status
- Certificate of Formation and Amendments, if any
- Bylaws and Amendments, if any
- Board Minutes

Employment Tax Records

Employment records, if any shall be retained for at least four years after the date the tax becomes due or is paid, whichever is later.

Financial Documents

Financial documents shall be retained until the statute of limitations runs. These include, but are not limited to the following:

- Grant Applications and Awards
- Paid bills, invoices, receipts, deposit slips, canceled checks and other documents supporting the entries in books and entries on the tax and information returns.

Non-Tax Records

- Property acquisition title documents
- Property improvement records for insurance recovery, if any
- Insurance claims and disposition of claims
- Legal Notices received until proper disposition
- Any Creditor, Grantor, or Insurance Company required documents
- Any records required by any State Agency

Legal Hold

From time to time, the Board of Directors may issue a notice, known as a "legal hold," suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the Board of Directors.

The information listed in the retention schedule below is intended as a guideline and may not contain all the records the Organization may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to the Board of Directors.

File Category	Item	Retention Period
Corporate Records	Bylaws and Articles of Incorporation	Permanent
	Corporate resolutions	Permanent

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	Board and committee meeting agendas and minutes	Permanent
	Conflict-of-interest disclosure forms	4 years
Finance and Administration	Financial statements (audited)	7 years
	Auditor management letters	7 years
	Payroll records	7 years
	Check register and checks	7 years
	Bank deposits and statements	7 years
	Chart of accounts	7 years
	General ledgers and journals (includes bank reconciliations)	7 years
	Investment performance reports	7 years
	Equipment files and maintenance records	7 years after disposition
	Contracts and agreements	7 years after all obligations end
	Correspondence — general	3 years

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Insurance Records	Policies — occurrence type	Permanent
	Policies — claims-made type	Permanent
	Accident reports	7 years
	Safety (OSHA) reports	7 years
	Claims (after settlement)	7 years
	Group disability records	7 years after end of benefits
Real Estate	Deeds	Permanent
	Leases (expired)	7 years after all obligations end
	Mortgages, security agreements	7 years after all obligations end
Tax	IRS exemption determination and related correspondence	Permanent
	IRS Form 990s	7 years
	Charitable Organizations Registration Statements	7 years
Human Resources	Employee personnel files	Permanent
	Retirement plan benefits (plan descriptions, plan documents)	Permanent
	Employee handbooks	Permanent
	Workers comp claims (after settlement)	7 years
	Employee orientation and training materials	7 years after use ends
	Employment applications	3 years
	IRS Form I-9 (store separate from personnel file)	Greater of 1 year after end of service, or three years
	Withholding tax statements	7 years
	Timecards	3 years

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Technology	Software licenses and support agreements	7 years after all obligations end

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1. Electronic Documents and Records.

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

2. Emergency Planning.

The Organization's records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the Organization operating in an emergency will be duplicated or backed up at least every week and maintained off-site.

3. Document Destruction.

The President is responsible for the ongoing process of identifying its records, which have met the required retention period, and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding. Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

4. Compliance.

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Organization and its employees and possible disciplinary action against responsible individuals. The Board of Directors will periodically review these procedures with legal counsel or the organization's certified public accountant to ensure that they are in compliance with new or revised regulations.

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Joint Venture Policy of Houston-NEDA

In compliance with Internal Revenue Service guidelines for approval and management of any joint venture or similar agreement entered into by Houston-NEDA, the Board of Directors adopts the following guidelines:

Purpose
Houston-NEDA has adopted this Policy to safeguard our Exempt status if we invests in, contributes assets to, or participates in a Joint Venture or similar arrangement with another entity which may be Exempt from taxation or otherwise.

Activities Subject to this Policy
For the purposes of this policy, the term "Joint Venture" is defined as any arrangement, including contractual or more formal arrangements undertaken through a limited liability company, partnership, or other entity, though which Houston-NEDA and another entity jointly undertake any activity or business venture, or otherwise agree to joint ownership of any asset. A Joint Venture may include both taxable and tax-exempt activities.

Approval and Management of Joint Activities
Before making any decision to participate in a Joint Venture, Houston-NEDA will ensure that the Joint Venture furthers Houston-NEDA's exempt purposes. Houston-NEDA will negotiate at arm's length contractual and other terms of participation that safeguard Houston-NEDA's exemption from federal income tax. Such terms shall be in writing in the operating agreement of the Joint Venture and shall include the following minimum requirements:

- With respect to any whole joint venture (that is, a joint venture in which Houston-NEDA contributes substantially *all* of its assets to the enterprise), Houston-NEDA shall exercise control over the Joint Venture by holding fifty-one percent (51%) or more of the voting rights and/or veto power;
- With respect to any ancillary joint venture (that is, a joint venture to which a portion of Houston-NEDA's resources are contributed), Houston-NEDA would, at a minimum, maintain sole control over the tax-exempt activities of the Joint Venture and would have voting and ownership interests in the Joint Venture that are consistent with the Houston-NEDA's capital contributions;
- A requirement that any subsequent contract with Houston-NEDA's partner in the Joint Venture be negotiated at arm's length and for fair market value;
- A requirement that the Joint Venture give priority to Houston-NEDA's tax-exempt purposes over maximization of profit for the participants of the Joint Venture; and
- A prohibition on activities that would jeopardize Houston-NEDA's tax-exempt status.

Where there is any question as to whether a particular Joint Venture may pose a risk to Houston-NEDA's tax-exempt status, a decision to enter into such Joint Venture will be made only in consultation with Houston-NEDA's legal and/or tax counsel.

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HOUSTON_NEDA

ACCOUNTING POLICIES AND PROCEDURES MANUAL

11/21/2020

The following staff is involved with the accounting processes:

- Executive Committee/Treasurer
- Operations Director/Finance Director
- Bookkeeper

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I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at Houston-NEDA and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Executive Director and Finance Committee of the Board of Directors.

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II. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Reviews Executive Director's performance annually and establishes the salary
4. Two members of the board will be appointed by the board to be authorized signers on the bank accounts
5. Reviews and approves all contracts over ($00,000)
6. Reviews and approves all non-budgeted expenditures over ($00,000)
7. Reviews and advises staff on internal controls and accounting policies and procedures
8. Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor

Executive Director/Chief Executive Officer

1. Reviews and approves all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews and signs all issued checks and/or approves check signing procedures
4. Reviews and approves all contracts under ($00,000)
5. Reviews and approves all grant submissions
6. Approves inter-account bank transfers
7. Is on-site signatory for all bank accounts
8. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
9. Oversees the adherence to all internal controls

Treasurer

1. Approves all program expenditures (may be done by a Program Manager at larger organizations)
2. Monitors program budgets
3. Reviews all payrolls and is responsible for all personnel files
4. Reviews and manages cash flow
5. Reviews and approves all reimbursements and fund requests
6. Processes all inter-account bank transfers
7. Assists Executive Director with the development of annual and program budgets
8. Reviews all incoming and outgoing invoices

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9. Manages the petty cash fund
10. Receives and opens all incoming accounting department mail except bank statements
11. Monitors and manages all expenses to ensure most effective use of assets
12. Monitors grant reporting and appropriate release of temporarily restricted funds
13. Oversees expense allocations
14. Monitors and makes recommendations for asset retirement and replacement
15. Reviews, revises, and maintains internal accounting controls and procedures
16. Initiates donor thank you letter acknowledgements
17. Reviews all financial reports

General Secretery/President

1. Overall responsibility for data entry into accounting system and integrity of accounting system data
2. Processes invoices and prepares checks for signature
3. Makes bank deposits
4. Processes payroll
5. Maintains general ledger
6. Prepares monthly and year-end financial reports
7. Reconciles all bank accounts
8. Mails vendor checks
9. Manages Accounts Receivable

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III. Chart of Accounts and General Ledger

Houston NEDA has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Operations Manager is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the bookkeeper with final approval by the Operations Manager.

The Operations Manager should review the general ledger on a periodic basis for any unusual transactions.

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IV. Cash Receipts

Cash receipts generally arise from:

1. Contracts and Grants
2. Direct donor contributions
3. Fundraising activities

The principal steps in the cash receipts process are:

The Receptionist receives incoming mail and forwards it unopened to the Operations Manager. The Operations Manager opens, date stamps, and distributes the mail. The Operations Manager enters all checks into a log, stamps all checks “for deposit only,” and makes two (2) copies of each check. The checks are kept in a locked cabinet until handed to the bookkeeper for processing and deposit.

Weekly (or more often if necessary), the Operations Manager submits the following to the Bookkeeper for processing: the endorsed checks, the deposit log book, and the correct account allocation for each deposit. The Bookkeeper processes the deposit and takes it to the bank for deposit. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement. The deposit log book is returned to the Operations Manager.

All cash received will be counted, verified, and signed off by the Operations Manager and another available staff member. The cash will immediately be posted using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited within 24 business hours.

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V. Inter-Account Bank Transfers

The Operations Manager monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. The Operations Manager recommends to the Executive Director when a transfer should be made to maximize the potential for earning interest. The Bookkeeper is directed in writing when to make a transfer and in what amount. A copy of the transfer is given to the Operations Manager.

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VI. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed weekly. Invoices submitted to the Operations Manager by Wednesday will be processed and paid by Friday of the same week. Checks can be prepared manually within one day, but this should be limited to emergency situations.

Requests for cash disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must have the account code written on them and approved by the Program Manager prior to being submitted to accounting.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The Operations Manager reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections

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5. Submits to the Bookkeeper for processing

The Bookkeeper processes all payments and:

1. Immediately enters them into the Accounts Payable module
2. Prints checks according to allocation and payment date provided by the Operations Manager
3. Submits checks, with attached backup documentation, to Executive Director for approval and signature. All checks in excess of $xx,xxx must be authorized by the Board of Directors
4. Stamps invoice "paid"
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Runs an accounts payable aging at the middle and end of each month and submits to the Operations Manager to assure timely payment of all invoices

Expense Allocations

Most non-salary expenses that benefit more than one cost center (administration, fundraising, and program) are spread across centers using a shared cost method. Under this method, the number of full-time equivalents (FTEs) within a department are divided by the total number of FTEs at the organization to determine the percentage of shared costs they should bear. This is done on a monthly basis by the Operations Manager. Occupancy expenses may be split between departments based on the percentage of square footage that is used by each department.

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VII. Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which Houston-NEDA receives funds.

The receipts for all credit card charges will be given to the Operations Manager within two (2) weeks of the purchase along with proper documentation. The Operations Manager will verify all credit card charges with the monthly statements. A record of all charges will be given to the Bookkeeper with applicable allocation information for posting. A copy of all charges will be attached to the monthly credit card statement when submitted to the Executive Director for approval and signing.

The Executive Director's credit card usage will be provided to the Board Chair and the Board Treasurer.

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VIII. Accruals

To ensure a timely close of the General Ledger, Houston-NEDA may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.

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IX. Bank Account Reconciliations

1. All bank statements are given unopened to the Executive Director. The Executive Director reviews the statements for unusual balances and/or transactions.
2. The Executive Director gives the statements to the Bookkeeper for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Bookkeeper will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Bookkeeper will investigate any checks that are outstanding over six months.
5. The Bookkeeper will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the Executive Director.

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X. Petty Cash Fund

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed $250 and is kept in a locked file cabinet at all times.
2. The Operations Manager oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Operations Manager and another staff member. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.
5. The Operations Manager and the Bookkeeper together will periodically count the cash in the petty cash fund.
6. No checks will be cashed by the petty cash fund.

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XI. Property and Equipment

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than one thousand dollars ($1,000). Items purchased with a value or cost less than one thousand dollars ($1,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months
Computer Software	36 months
Leasehold improvements	Length of lease

1. A Fixed Asset Log is maintained by the Bookkeeper including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.

2. The Log will be reviewed by the Operations Manager.

3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.

4. The Operations Manager shall be informed in writing of any change in status or condition of any property or equipment.

5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

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XII. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, termination data where applicable, a signed confidentiality agreement, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Operations Manager.

2. All employees will fill out an I-9 form and submit the allowable forms of identification to the Operations Manager.

3. The completed I-9 forms will be kept in a secure location separate from the personnel files.

4. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.

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XIII. Payroll Processing

1. Timesheets are to be prepared by all staff on the approved form and submitted semi-monthly on the ____ and __ of the month. If the ____ and/or ____ of the month fall on a weekend or holiday, the timesheets are to be submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.
2. Timesheets are to be kept on a daily basis and completed in ink – unless prepared electronically.
3. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable.
4. Timesheets are to be signed and dated by the employee and the employee's supervisor for submission to the Operations Manager.
5. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the Executive Director before the change can be made.
6. The Bookkeeper will process payroll in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
7. Paychecks will be distributed by the Operations Manager on the ____ and _____ of each month. If the _____ and/or the _____ fall on a weekend or holiday the paychecks will be distributed the day before.
8. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
9. Employees may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
10. The Operations Manager will review payroll expenditures and allocations monthly.
11. All quarterly federal and state payroll reports will be prepared and filed appropriately.
12. All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.

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XIV. End of Month and Fiscal Year-End Close

1.The Operations Manager will review and sign off on all month- and year-end journal entries. They will be printed and filed for audit trail purposes.

2. At the end of each month and fiscal year end, the Operations Manager will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.

3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.

4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the Operations Manager and Executive Director, no more entries or adjustments will be made into that month or year's ledgers.

5. At the end of the fiscal year, the Operations Manager or outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the CEO, the Board Finance Committee, and the Board Chair for their review and approval. The Operations Manager will then file the return with the Internal Revenue Service by the annual deadline.

6. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

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XV. Financial Reports

The Bookkeeper will prepare the monthly and annual financial reports for distribution to the Operations Manager. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Finance Committee and Board of Directors for review and approval.

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XVI. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by Houston-NEDA will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.

2. All capital expenditures which exceed one thousand dollars ($1,000) will be capitalized.

3. Employee or public personal checks will not be cashed through the petty cash fund.

4. No salary advances will be made under any circumstances.

5. No travel cash advances will be made except under special conditions and pre-approved by the Executive Director.

6. Reimbursements will be paid upon complete expense reporting and approval using the official Organization form. Reimbursements to the Executive Director will be authorized by the Board Chair.

7. Any donated item with a value exceeding ($50) will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of the receipt of the donation.

8. All volunteer time shall be recorded as in-kind donations.

9. The Executive Director and one designated Board and staff member are the signatories on (Organization's) bank accounts. Disbursements exceeding ($2,500) require a second signature by an authorized board or staff member. Checks over $xx,xxx require approval from the Board of Directors.

10. Bank statements will be reconciled monthly. All bank statements will be given unopened to the Executive Director for review.

11. Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.

12. Accounting and personnel records will be kept in locked file cabinets in the finance office and only parties with financial and/or HR responsibility will have access to the keys.

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Nondiscrimination/Anti-Harassment Policy and Complaint Procedure of Houston-NEDA

Objective

Houston-NEDA is committed to a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment.
Therefore, Houston-NEDA expects that all relationships among persons in the office will be business-like and free of explicit bias, prejudice and harassment.

Houston-NEDA has developed this policy to ensure that all its employees can work in an environment free from unlawful harassment, discrimination and retaliation. Houston-NEDA will make every reasonable effort to ensure that all concerned are familiar with these policies and are aware that any complaint in violation of such policies will be investigated and resolved appropriately.

Any employee who has questions or concerns about these policies should talk with the director of human resources or a member of the personnel practices committee.

These policies should not, and may not, be used as a basis for excluding or separating individuals of a particular gender, or any other protected characteristic, from participating in business or work-related social activities or discussions. In other words, no one should make the mistake of engaging in discrimination or exclusion to avoid allegations of harassment. The law and the policies of Houston-NEDA prohibit disparate treatment on the basis of sex or any other protected characteristic, with regard to terms, conditions, privileges and perquisites of employment. The prohibitions against harassment, discrimination and retaliation are intended to complement and further those policies, not to form the basis of an exception to them.

Equal employment opportunity

It is the policy of Houston-NEDA to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, age, disability, marital status, citizenship, national origin, genetic information, or any other characteristic protected by law. Houston-NEDA prohibits any such discrimination or harassment.

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Retaliation

Houston-NEDA encourages reporting of all perceived incidents of discrimination or harassment. It is the policy of Houston-NEDA to promptly and thoroughly investigate such reports. Houston-NEDA prohibits retaliation against any individual who reports discrimination or harassment or participates in an investigation of such reports.

Sexual harassment

Sexual harassment constitutes discrimination and is illegal under federal, state and local laws. For the purposes of this policy, "sexual harassment" is defined, as in the Equal Employment Opportunity Commission Guidelines, as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when, for example: a) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, b) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or c) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Title VII of the Civil Rights Act of 1964 recognizes two types of sexual harassment: a) quid pro quo and b) hostile work environment. Sexual harassment may include a range of subtle and not-so-subtle behaviors and may involve individuals of the same or different gender. Depending on the circumstances, these behaviors may include unwanted sexual advances or requests for sexual favors; sexual jokes and innuendo; verbal abuse of a sexual nature; commentary about an individual's body, sexual prowess or sexual deficiencies; leering, whistling or touching; insulting or obscene comments or gestures; display in the workplace of sexually suggestive objects or pictures; and other physical, verbal or visual conduct of a sexual nature.

Harassment

Harassment on the basis of any other protected characteristic is also strictly prohibited. Under this policy, harassment is verbal, written or physical conduct that denigrates or shows hostility or aversion toward an individual because of his or her race, color, religion, sex, sexual orientation, gender identity or expression, national origin, age, disability, marital status, citizenship, genetic information, or any other characteristic protected by law, or that of his or her relatives, friends or associates, and that: a) has the purpose or effect of creating an intimidating, hostile or offensive work environment, b) has the purpose or effect of unreasonably interfering with an individual's work performance, or c) otherwise adversely affects an individual's employment opportunities.

Harassing conduct includes epithets, slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes; and written or graphic material that denigrates

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or shows hostility or aversion toward an individual or group that is placed on walls or elsewhere on the employer's premises or circulated in the workplace, on company time or using company equipment by e-mail, phone (including voice messages), text messages, social networking sites or other means.

Individuals and Conduct Covered

These policies apply to all applicants and employees, whether related to conduct engaged in by fellow employees or by someone not directly connected to Houston-NEDA (e.g., an outside vendor, consultant or customer).

Conduct prohibited by these policies is unacceptable in the workplace and in any work-related setting outside the workplace, such as during business trips, business meetings and business-related social events.

Reporting an Incident of Harassment, Discrimination or Retaliation

Houston-NEDA encourages reporting of all perceived incidents of discrimination, harassment or retaliation, regardless of the offender's identity or position. Individuals who believe that they have been the victim of such conduct should discuss their concerns with their immediate supervisor, any member of the personnel practices committee, human resources or any ombudsman. See the complaint procedure described below.

In addition, Houston-NEDA encourages individuals who believe they are being subjected to such conduct to promptly advise the offender that his or her behavior is unwelcome and to request that it be discontinued. Often this action alone will resolve the problem. Houston-NEDA recognizes, however, that an individual may prefer to pursue the matter through complaint procedures.

Complaint Procedure

Individuals who believe they have been the victims of conduct prohibited by this policy or believe they have witnessed such conduct should discuss their concerns with their immediate supervisor, human resources, any member of the personnel practices committee or any ombudsman.

Houston-NEDA encourages the prompt reporting of complaints or concerns so that rapid and constructive action can be taken before relationships become irreparably strained. Therefore, while no fixed reporting period has been established, early reporting and intervention have proven to be the most effective method of resolving actual or perceived incidents of harassment.

Any reported allegations of harassment, discrimination or retaliation will be investigated promptly.

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The investigation may include individual interviews with the parties involved and, where necessary, with individuals who may have observed the alleged conduct or may have other relevant knowledge.

Houston-NEDA will maintain confidentiality throughout the investigatory process to the extent consistent with adequate investigation and appropriate corrective action.

Retaliation against an individual for reporting harassment or discrimination or for participating in an investigation of a claim of harassment or discrimination is a serious violation of this policy and, like harassment or discrimination itself, will be subject to disciplinary action. Acts of retaliation should be reported immediately and will be promptly investigated and addressed.

Misconduct constituting harassment, discrimination or retaliation will be dealt with appropriately. Responsive action may include, for example, training, referral to counseling or disciplinary action such as a warning, reprimand, withholding of a promotion or pay increase, reassignment, temporary suspension without pay, or termination, as Houston-NEDA believes appropriate under the circumstances.

If a party to a complaint does not agree with its resolution, that party may appeal to Houston-NEDA's executive director or the chief operating officer.

False and malicious complaints of harassment, discrimination or retaliation (as opposed to complaints that, even if erroneous, are made in good faith) may be the subject of appropriate disciplinary action.

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Director M R Yousuf DocuSigned by: M R Yousuf 11/22/2020
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Director Sohban Khan DocuSigned by: Sohban Khan 11/21/2020
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Director Zahid Babar DocuSigned by: Zahid Babar 11/21/2020
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General Secretary Nasir Hussain DocuSigned by: Nasir Hussain 12/5/2020
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DEFINITIONS

Race/Color Discrimination

Race discrimination involves treating someone (an applicant or employee) unfavorably because he/she is of a certain race or because of personal characteristics associated with race (such as hair texture, skin color, or certain facial features). Color discrimination involves treating someone unfavorably because of skin color complexion. Race/color discrimination also can involve treating someone unfavorably because the person is married to (or associated with) a person of a certain race or color. Discrimination can occur when the victim and the person who inflicted the discrimination are the same race or color.

Race/Color Discrimination & Work Situations

The law forbids discrimination when it comes to any aspect of employment, including hiring, firing, pay, job assignments, promotions, layoffs, training, fringe benefits, and any other term or condition of employment.

Race/Color Discrimination &Harassment

It is unlawful to harass a person because of that person's race or color.

Harassment can include, for example, racial slurs, offensive or derogatory remarks about a person's race or color, or the display of racially offensive symbols. Although the law doesn't prohibit simple teasing, offhand comments, or isolated incidents that are not very serious, harassment is illegal when it is so frequent or severe that it creates a hostile or offensive work environment or when it results in an adverse employment decision (such as the victim being fired or demoted).

The harasser can be the victim's supervisor, a supervisor in another area, a co-worker, or someone who is not an employee of the employer, such as a client or customer.

Race/Color Discrimination &Employment Policies/Practices

An employment policy or practice that applies to everyone, regardless of race or color, can be illegal if it has a negative impact on the employment of people of a particular race or color and is not job-related and necessary to the operation of the business. For example, a "no-beard" employment policy that applies to all workers without regard to race may still be unlawful if it is not job-related and has a negative impact on the employment of African-American men (who have a predisposition to a skin condition that causes severe shaving bumps).