

FINANCIAL MANAGEMENT POLICIES AND PROCEDURES

San Antonio Housing Trust Foundation, Inc.

2515 Blanco Rd.
San Antonio, TX 78212

210.735.2772

General Purpose

The purpose of the SAHTF Financial Management Policies and Procedures is to establish guidelines for control of the administration and implementation of the Trust Entities funds in accordance with the Trust Entities' goals and objectives; to properly safeguard the assets of the Trust Entities to make sound financial decisions, and have the ability to provide accurate financial reports. The Trust Entities are non-federal entities administering federal programs and are therefore required to account for and present their basic financial statements according to Generally Accepted Accounting Principles (GAAP) standards set by the Governmental Accounting Standards Board (GASB).

Table of Contents

Budget	4
Financial Reporting	4
Chart of Accounts.....	4
Annual Authorization of Signers	5
Accounts Receivable and Billing	5
Accounts Payable and Disbursement.....	5
Cash Receipts.....	6
Operating Reserve	6
Procurements.....	7
Bid Protests.....	8
Contracts Amendments, Modifications, and Change Orders	9
Inventory and Property Records	9
Contributions.....	9
In-Kind Contributions.....	10
Travel Expenses	10
Record Retention and Destruction.....	11

Exhibit A – Chart of Accounts

BUDGET

In August, the Executive Director shall present the proposed following year's Operating Budget along with a detailed budget narrative to the Finance Committee for review and approval. In September, the Finance Committee with the Executive Director shall present to the Foundation Board an annual Operating Budget that will translate the operating cost Board(s) over-reaching long term strategy, continuing commitments, new specific mandates, and annual objectives. The presented operational budget shall compare the prior year actuals, current "end of year" estimate, and the upcoming annual budget.

The Foundation Board shall have the only authority to increase or decrease the Operating Budget after the initial budget approval. The Finance Committee shall have the authority to adjust the specific budgeted line items, without requiring full board approval.

The Public Facility Corporation shall provide 25% of all revenues to support the Operational Budget. The Finance Corporation shall contribute 25% of all revenues to the Operational Budget.

FINANCIAL REPORTING – INTERNAL

The Executive Director shall ensure a full set of financial statements including a Balance Sheet, Income and Expense Statement, Cash Flow Statement are prepared in compliance with GAAP on a monthly basis by the 10th of the following month. The Treasurer with the Executive Director shall provide a monthly update to the Trust Board with respect to the operational budget actuals vs estimates. A quarterly update shall be provided an all Trust Entities on a quarterly basis.

FINANCIAL REPORTING – EXTERNAL

The Trust Board shall ensure an annual audit is performed by an independent Certified Public Accounting Firm to ensure completeness and accuracy of financial statements as well as to test internal controls in place. If an entity of the Trust expends more than \$750,000 in federal funds within a fiscal year, it will be required to undertake a A-133 Single Audit. The Executive Director shall be responsible for collecting and assembling information required by the external audit.

Additionally, the Executive Director shall be responsible for ensuring the Trust entities complete an annual return in accordance with a "Return of Organization Exempt Form Income Tax", for a non-profit organization or Form 990. The return is due to the IRS five months and fifteen days after the end of the fiscal year.

CHART OF ACCOUNTS

Beginning in FY 2021(October 1, 2020), the Chart of Accounts outlining the categories of assets, liabilities, net assets, revenue/support, and expenditures will be adjusted to meet the specific accounting needs of the organization. See the **Exhibit A** for the attached Chart of Accounts. The Trust migrated prior year account reconciliation codes and bank accounts to align with the current organizational mission.

All accounts shall be reconciled on a monthly basis with the external Bookkeeper and signed by the Assistant Director and Executive Director.

ANNUAL AUTHORIZATION OF SIGNERS

The Trust Boards shall approve resolutions of the authorized signatory for financial accounts and legal documents in accordance with our bylaws. The Executive Director/Assistant Director may sign as their delegated authority dictates (as Assistant Secretary/Treasurer). If there is a change of person in the above positions the board will need to update resolutions authorizing new signatories. Two authorized signatures are required for any physical checks or wire memos greater than \$1,000. From time to time, the Executive Director may have the need to delegate signature authority. The Board resolution shall provide the Executive Director this authority to designate delegate to authorizing signature to temporarily on the Executive Directors behalf. This authority shall be provided in a memo outlining the duration of the authority and reason for the delegation. A notification shall be provided to the Foundation Board Chairperson. Records shall be kept in line with the Trust Record Keeping Policy.

ACCOUNTS RECEIVABLE / BILLING

The Trust entities provide funds to affordable housing projects, programs, and initiatives in various forms of assistance. It is the policy of the trust to set aside funds for this purpose in a separate account. The trust may not utilize funds in the Project Disbursement account unless directed by the Foundation Board.

The Executive Director shall establish an administrative procedure to track, record, bill, collect, and close account receivables for services rendered. Records shall be kept in line with the Trust Record Keeping Policy.

ACCOUNTS PAYABLE / DISBURSEMENTS OF CASH

It is the policy of the Trust and its entities that all bills and invoices should be paid timely and no more than net 20 days of receipt said bill or invoice. Accounts payable should have been approved through Board Resolution either through the annual budget process, an interim budget process, or the appropriate procurement process as adopted in this policy document in order to be allowable expense. The Executive Director shall establish an administrative procedure to track, record, pay, and account for all cash or payments expended from the Trust Entities. All account payable records shall be kept in line with the Trust Record Keeping Policy.

1. Checks should never be made payable to cash.
2. Blank Check Stock should be maintained in a secured place with access only to those who have authorization to write and approve.
3. Voided or un-used checks shall be digitally recorded then shredded.
4. The Executive Director has authority to approve and establish purchases thresholds for managers, not to exceed \$250.
5. Any physical check issued above \$1,000 shall have two authorized signatures.
6. The Executive Director shall have access to an organizational credit card. The Executive Director may authorize use to one or more of the Management team for small purchases, not to exceed the \$250 threshold.
7. Credit Card payments shall be paid as soon as possible to avoid excess interest charges.
8. Credit Card "Points" shall be used only for organizations purposes such as business-related travel to reduce costs.

For the awarding of funds from the Trust Board, Foundation Board, Public Facility Corporation Board, and/or Finance Corporation Board for projects and/or programs funds will first be deposited into the Project Disbursement Account and assigned a corresponding tracking code for bookkeeping purposes to reconcile the source of the funds transfer. Funds will be distributed to the awardee in accordance with the corresponding agreement.

CASH RECEIPTS

It is the Policy of the Trust that the Executive Director shall have the authority to authorize changes to bank accounts. Cash accounts must have FDIC coverage, as well as, collateral protection form amounts over the FDIC protection limit.

The Trust Corpus is managed by the City of San Antonio and shall comply with all policies associated with the City's Finance Department.

The Foundation, Public Facility Corporation, and Finance Corporation shall have separate bank accounts set up for deposit and transfers only to ensure additional protection. Additionally, the Foundation shall have a separate Operating Bank Account and Operating Reserve Bank Account. The Trust entities shall also share a Project Disbursement Account in order to transfer in funds from the Trust entities specifically for disbursement to projects and programs.

All employees with access to cash shall be bonded or insured to protect the Trust. The Executive Director shall ensure that bank statements and financial accounts are reconciled on a monthly basis and review by an independent Certified Bookkeeper or a Board Member with CPA qualifications.

The Executive Director shall establish an administrative procedure for cash handling of cash/checks received through mail and/or through electronic funds transfer mechanisms.

Records shall be kept in line with the Trust Record Keeping Policy.

OPERATING RESERVE

To protect the Foundation's operations, it is the policy of the Foundation to work towards setting aside funds as an operational "Rainy Day" fund in a separate bank account. The Board recognizes how critical it is to ensure the Foundation's ability to manage operations through periods of unanticipated unbudgeted expenses or reductions due to market forces impacting the Foundation's revenue streams.

The Executive Director shall be authorized to transfer funds from the Operating Reserve Account to the General Operating Fund if the action is done accordance with this operating policy or when specific Foundation Board action is taken to respond a specific financial situation.

The Executive Director shall be authorized to transfer unbudgeted Operating Reserve funds from the Operating Reserve Account to the Foundation Project Fund if there is a surplus in reserves.

If there is a deficit or shortfall in the operating reserve fund, the Executive Director shall recommend to the Foundation Board a build-up schedule to the board when presenting the annual budget.

Operating reserves are used for the Foundation to meet commitments, obligations, or other contingencies for day-to-day operations. Operating Reserves are available for use at the discretion of the Trust Foundation's Board.

The Foundation Board Chairperson may authorize the Executive Director to utilize a portion of operating reserve funds in response community disaster if a specific response to a community need is required expeditiously.

This policy should be reviewed every three years by the Foundation Board (or designated committee), or sooner if conditions warrant.

PROCUREMENT

The Trust entities as its mission provide funds to create and preserve affordable housing opportunities. They seek projects to fund or partner with through occasional solicitations or an open application intake process.

The Trust also utilizes a number of Professional Services including auditing, bookkeeping, general counsel, and bond counsel. The trust also utilizes a number of small local vendors for other services related to general office supplies, computer services, web design services, janitorial services, landscaping, and routine maintenance of the Trust owned office located at 2512 Blanco Rd.

All procurement transactions shall be conducted in a manner that provides the maximum open and free competition. All staff must adhere to organizational Conflict of Interest policies and conduct procurement activities in accordance with sound, strong, good business practices.

Procurement by **Micro-purchase** is the acquisition of supplies or services, in the aggregate dollar amount of which does not exceed the micro-purchase threshold of \$10,000 in one year. Typically, these purchases are anticipated as part of the Budget Process. Micro purchases can be solicited without competitive quotes; however the Trust shall use reasonable judgment in determining the best value for these services. The Executive Director shall approve administratively all micro-purchases.

Procurements by the **Small Purchase Method** are those simple and informal procurements for securing services, supplies, and other property that does not cost more than \$50,000. Typically, these purchases are anticipated as part of the Budget Process. Price and Rate quotations must be obtained from an adequate number of qualified sources in writing. The Executive Director shall approve administratively small purchases.

Procurements for items over \$50,001 shall be through a Competitive Proposal process in the form of a **Request for Proposals**. Proposals are selected through criteria established in the RFP. All RFP's shall include a clear and accurate description of the requirements for the materials, products, or services to be procured. Awards shall be made only to responsible vendors or contractors who possess the ability to perform successfully and, in the timeframe requested. Consideration must be given to such matters as respondent background, integrity, ability to comply with any government requirements, record of past performance, completeness of submitted bid documents, responsiveness to prior bid requests, and financial and technical resources. The Executive Director shall recommend but the respective Board shall approve the

selected respondent and issue a Board Resolution authorizing the Executive Director to execute an agreement.

Procurements for *Professional Services* are in the form of a **Request for Qualifications** to evaluate the most qualified professional subject to negotiation of fair and reasonable compensation. Price is not a selection factor. The Executive Director shall recommend but the respective Board shall approve the selected respondent and issue a Board Resolution authorizing the Executive Director to execute an agreement for no more than 5 years.

Procurements for Selection of Affordable Housing Projects to support by grants or loans are in the form of a **Request for Applications**. Projects are selected through criteria established by the appropriate Board. These competitive proposals are announced periodically when funding is available through the Trust. The Executive Director shall recommend to the Foundation Board first. If approved, the Trust Board shall approve the selected respondent and issue a Board Resolution authorizing the Executive Director to execute an agreement.

Procurements for selection of Partnerships through the Public Facility Corporation and Finance Corporation that be considered non-competitive and open year-round. The Executive Director shall establish non-competitive **Partnership and Inducement Application** intake procedure that reviews potential partnerships and inducements based on specific policy established by the appropriate board. The Executive Director shall recommend actions related to partnerships and inducements to the Foundation Board first. If approved, action will be considered at the Public Facility Corporation and Finance Corporation board meeting(s).

The Trust shall take affirmative steps in procurements to provide preferences to utilize small, minority, and woman owned businesses where possible for sources of materials, supplies, equipment, and services. These steps include dividing work into smaller tasks so as to permit maximum participation, seek out certified services through the South Texas Regional Certification Agency in vending or contracting opportunities.

BID PROTESTS

A Bid Protest is a mechanism by which a bidder may contest the procedure or recommended outcome of a contract award by the Sub-recipient. Once a contract has been awarded, bidders will have 5 business days of notification award to submit a written protest. The Executive Director may not execute an agreement with a contractor until the 5-day period is completed and in the event of a protest, the protest procedures have been followed. Only protests alleging an issue concerning the following subjects shall be considered:

1. Errors in computing tabulation or evaluation of bid
2. Violation of Rules or Statutes
3. Discrepancies with material differences or quality of items

Protests must contain at a minimum:

1. Name, address and telephone number of the protester
2. Signature of the protester or its representative and evidence of authority to sign
3. Item(s) of protest

4. Detailed statement of the legal and factual grounds of the protest including copies of relevant data
5. Form of relief requested

The Executive Director shall cause staff to ensure records are maintained as follows:

1. A copy of the protest letter
2. Evidence the awarded bidder was notified of the protest
3. Evidence that an informal hearing or committee reviewed the protest to evaluate the facts and merits of the protest and decide whether or not to accept or reject the Protest.
4. Documentation showing the protest determination.

CONTRACT AMENDMENTS, MODIFICATIONS, AND CHANGE ORDERS

Amendments to contracts change the original terms or conditions of the existing agreement. The amendments can be in the form of contract modifications, change orders, or extensions. Any modifications cannot change the scope of services extensively or add anything to the scope of services that was not the original intent of the scope of services. Such modifications may require the project to be rebid.

Contract modifications are any alterations, additions or deletions to the original terms of a contract. A written executed contract amendment must exist for all contract modifications. The Cumulative cost of change orders cannot increase or decrease the original contract price by more than 25% or the Trust shall consider re-bid the remainder of the contract.

All Procurement records shall be kept in line with the Trust Record Keeping Policy.

INVENTORY AND PROPERTY RECORDS

Property and equipment, also known as Fixed Assets, can be defined as assets which cannot be easily converted into cash such as land, buildings, motor vehicles, furniture, fixtures, office equipment and computers.

Trust staff shall maintain a detailed list of inventory, property, and equipment records. Inventory should be reviewed at a minimum on an annual basis to ensure that the amount on hand is reconciled with the accounting records. Physical inventory must be taken, and results reconciled with the property records at least once every three years.

The Executive Director is responsible for safeguard property against loss, damage, or theft of the property, as well as, ensuring items are maintained in good condition. The Executive Director may authorize a sale of property however should ensure the highest possible return. Property and equipment are depreciated according to guidelines established by GAAP.

CONTRIBUTIONS

The Trust may solicit and accept gifts that are consistent with its mission and that support its core programs, as well as special projects. Donations and other forms of support will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, under the condition that there are no unreasonable restrictions that are contrary to the Trust's mission. Gifts of Real Property, Personal Property or Securities may only be accepted upon approval of the Trust Board.

IN-KIND CONTRIBUTIONS

Under Generally Accepted Accounting Principles (GAAP), all contributions received should be recorded as revenue upon receipt, including in-kind contributions.

The Statement of Financial Accounting Standards (SFAS) the standard for recording in-kind contributions in the general ledger for accounting purposes. According to SFAS, contributed services are recognized in financial statements if those services:

- create or enhance non-financial assets, or
- require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.
- Services requiring specialized skills are those provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, trainers, and other professionals and craftsmen.

The Trust shall establish in-kind contribution revenue and expense accounts in the Chart of Accounts to include:

- a. In-Kind Contribution – Materials and Supplies
- b. In-Kind Contribution – Services
- c. In-Kind Contribution – Property

TRAVEL EXPENSES

From time to time, Board Members and Employees may have the need to travel on behalf of the Trust entities. The Trust will cover reasonable and necessary pre-approved travel expenses including transportation, hotels, and food incurred for authorized business and training. Any person traveling on behalf of the Trust is expected to exercise the same care when incurring expenses that a prudent person would exercise if traveling on personal business or expending personal funds.

All things being equal, the traveler should choose the most reasonable rates available at the time regardless of personal preference for supplier. Airfare, hotel, and car rentals should be reasonable as defined by best value of business class or lower accommodations with respect to travel schedule. First class accommodations are not reimbursable, however the traveler may be reimbursed for the difference between available and best value of business class cost if documented and pre-approved by the Executive Director.

Expenses of traveling companions or pets are not eligible without prior approval from the Board Chairperson.

The Executive Director may authorize a pre-purchase of certain transportation and hotel costs with a Trust issued Credit Card or Check. All other travel related expenses such as ride sharing, taxi's, when the employee provides documentation of the expense with receipts from purchases or other verifiable documentation.

A per diem amount limited to the federal governments General Services Administration approved per diem limit of the destination city will be provided to employees, in advance when possible, for any overnight business travel.

The Executive Director may allow for actual mileage reimbursement if an employee (not receiving a car allowance) uses his or her personal vehicle for a business-related travel.

If a car rental is secured for a traveler, the car renter insurance including collision damage shall be an allowable cost and reimbursable. Ride sharing costs or taxi expenses are not allowable if a rental car has been approved.

The traveler should seek to prioritize the host hotel where the training or conference is located to reduce the need for other travel costs. Cost shall include lodging and taxes. At no time shall two unrelated employees share or occupy a hotel room.

Registration Fees for conventions, seminars, conferences, trainings, and other similar events shall be paid for in advance by the Trust.

The Executive Director shall have discretion allowing reimbursements over other incidental expenses such as reasonable laundry, tolls, telephone charges, gratuity expenses (up to 20%), parking, etc...

RECORDS RETENTION AND DESTRUCTION

It is the policy of the TRUST that all records be retained for five (5) years after submission of the final financial report which the project or program was completed and resolved. However, approval for Record Destruction must be obtained from the Executive Director and a list of destructed items must be maintained in perpetuity by the Trust.

All retention periods apply to paper and/or electronic media records. The originator of an electronic message is the record copyholder, just as the creator of a paper document is the record copyholder. The originator is responsible for preserving records of lasting importance to the Trust. For informational electronic messages such as meeting notices, reminders, informal notes, and telephone messages, users should delete the message once the administrative purpose is served. Backup copies of email systems will be cycled and replaced according to timetables established by the Trust. Timetables are encouraged to be of short duration so that the record keeping function remains with the record keeping system, not the backup system.