



**Financial Policies
2021-2022**

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Philosophy Statement:

Students United is committed to the principles of equity and inclusion. As an organization, we are committed to constant growth towards a more inclusive, welcoming and accessible community. In addition to complying with all applicable federal, state, and local laws, we are dedicated to constantly growing towards increased financial literacy for all involved. Our goal is to have fiscal policies that are transparent, accurate, and responsive to student input, while we continue to examine how power and money interact in the pursuit of our mission.

ARTICLE I: BUDGET

Students United will utilize a coding system for all budget categories. If spending in any area exceeds the budgeted level, adjustments should be made by the Board of Directors. All budget line-items approved and/or adjusted must be noted in the minutes of the meeting at which the action was taken.

No Students United budget item will be less than \$50, except for those that are zero.

Budget and Expenditures

Section 1

- The Board of Directors shall be responsible for approving the budget of Students United and comparing actual financial activity to budgeted financial activity throughout the fiscal year.
 - a. Two signatures shall be required for each expenditure. The Board of Directors has the authority to appoint no more than one (1) assistant treasurer to be a signer on all Students United accounts.
 - b. The State Chair shall be authorized to make expenditures clearly identified in the approved budget and/or specifically called for by an approved Students United regulation or program.
 - c. The Board of Directors shall be responsible for interpreting all expenditure mandates of Students United.

Section 2

- The fiscal year of Students United shall begin on July 1 and end on June 30.

Section 3

- Approval or amendment of the budget shall require a two-thirds vote by the board of directors

Section 4

- In all cases, travel shall be limited to that authorized by the current approved budget or by a two-thirds vote of the Board of Directors.

Section 5

- Students United shall contract with an auditing firm on an annual basis to perform an independent audit at the conclusion of each fiscal year.

ARTICLE II: GENERAL ACCOUNTING PROCEDURES

The State Chair, Vice Chair, Treasurer, and Executive Director shall be signatory agents on all Students United accounts.

Students United follows the Generally Accepted Accounting Principle (GAAP)

ARTICLE III: PURCHASING

All contractual business conducted by or on behalf of Students United or any of its projects or programs should be transacted under the corporate name Minnesota State University Student Association or 'Students United' whenever possible. In the event that this is not possible, Students United should be listed as a secondary party to the contract. The Students United Employer Identification Number (EIN) shall be provided on all applications or contractual agreements entered into by the Students United, its properties or programs.

Students United requires three competitive bids whenever products or services outside of the regular budget are needed. Also, whenever possible or when Students United changes vendors or service providers, competitive bids are solicited.

Prior to searching for contracting bids, the Executive Director shall set a pay range based off appropriate pay rate data and what the budget allows to determine the rate in which to pay contractors. Students United will not agree to a rate that is outside the pay range. A new pay range shall be determined with each bidding process.

Products and services subject to the bidding process because they are out of the realm of the regular budget, must be approved by the Board of Directors if the product or service exceeds \$1,000. In addition, all contracts above \$10,000 must be approved by the Board of Directors. This approval shall be secured prior to contracting.

ARTICLE IV: ACCOUNTS PAYABLE

All expenditures must be supported by receipts, invoices, statements, payment requests, etc. Receipts will be required for local travel except for mileage, local bus, parking meters or other minor expenditures.

All invoices/bills must be reviewed by the Executive Director and the Director of Operations.

Each invoice must have an account code with the signatures or initials from the authorized signers on it or must have a payment request form attached.

. Each Payment Request Form requires the name of the payee, the reason for the charge, the account code, invoice information and the approved amount.

Invoices are submitted to Students United's bookkeeping company for payment. The treasurer will be cc'd on all emails to the bookkeeping company related to financial transactions. The bookkeeping company will use the Officer's electronic signatures for approved invoices.

All Students United financial transactions require approval by two signers: two Officers or one Officer and the Executive Director. If a signer has not responded to an invoice within 24 hours from receiving an invoice, the Director of Operations can be used as a backup signer to ensure that invoices are paid in a timely manner. In the event the Director of Operations becomes a signer of an invoice, all signers will be cc'd on the email to the bookkeeper. The Director of Operations shall only be authorized to approve up to 3 invoices in a fiscal year. Any additional invoice approvals from the Director of Operations will have to be approved by the Board of Directors first.

ARTICLE V: BOOKKEEPING

Bank statements shall be recorded and reconciled to the general ledger on a monthly basis. Once reconciliation is completed a report will be prepared for the Officers and Executive Director with the results.

Copies of each payment request forms, deposit records/receipts and transfer records/receipts will be retained at the Students United office or electronically.

FICA, Federal Withholding and State Withholding tax deposits are filed by Payroll Control Systems (PCS), as well as payroll tax returns (IRS form 941 and MN Dept. of Revenue form MW5). Qualified professionals will prepare tax forms.

Payroll services are provided by a third-party vendor.

ARTICLE VI: ANNUAL AUDIT

The Board of Directors will select the auditor and the qualifications are that the auditor be either a CPA or an LPA and familiar with Not-For-Profit accounting procedures. The board of directors will review the results of the audit and approve any audit recommendations.

ARTICLE VII: REIMBURSEMENT POLICIES:

Section 1: General Policies

All requests for expense reimbursement must be submitted no later than 60 days from the date on which the expense is incurred.

Students United shall seek direct billing for expenses whenever it is deemed feasible. Supplies and equipment not able to be procured through direct billing should be secured by usage of the Students United corporate credit card, unless otherwise prohibited.

Section 2: Travel Policies

Students United reimburses mileage according to the State of Minnesota Department of Transportation distances between member campuses. Students United will use the IRS approved mileage rate.

In all cases, travel shall be limited to that authorized by the current approved budget or by prior consent of two-thirds majority of the Board of Directors.

Officers and staff submit a Travel Expense Statement when seeking reimbursements for travel expenditures.

Campuses and individuals granted personal vehicle reimbursement for Board meetings must sign a mileage request form.

Mileage reimbursements to the campuses will be mailed to the campus, following the meeting.

For Students United meetings and conferences, Students United shall:

- Reimburse business expenses for all officers and staff members;
- Pay basic accommodation costs based off the budget for the current fiscal year
- Pay standard mileage costs for two state vehicles from each state university to transport students. Additional vehicles will require board approval. The Board of Directors may approve the costs for any additional vehicles on a case-by-case basis.

Meals, including tax and a reasonable gratuity, excluding alcohol, may be claimed when an officer or staff member is required to travel. A daily meal stipend of \$50 shall be provided to officers and staff members for each full day they are in travel status.

Lodging may be provided if the individual would need to leave before 6 a.m. to arrive at their destination on time, or if they cannot drive back home by 10pm.

Lodging may be provided if the individual would be required to drive more than 8 hours in one 24-hour period, in order to meet their Students United business obligations.

Lodging may be provided based on extenuating circumstances, at the discretion of the Executive Director and/or Officers.

Travel advances of up to \$200 per participant may be made for the federal lobby trip. The State Chair and the Executive Director can approve, upon mutual consent, reasonable travel expenses by students representing Students United, not otherwise specifically mentioned in these policies on travel reimbursement, when such an expense would be viewed as essential to the mission of Students United. This consent approval shall be obtained prior to the travel. We also encourage the individual campuses to reinvest in their students' state involvement.

ARTICLE VIII: COMPENSATION FOR SERVICES POLICY

Officers are paid hourly through Students United's payroll company.

Board members shall serve without compensation. Board members shall be allowed reasonable reimbursement for expenses incurred in the performance of their duties, as specified in Students United policies.

In order to avoid a conflict-of-interest situation between an individual Board Member and Students United, the following procedure will be observed; the Board Member is asked or

volunteers to perform a service in their capacity as a Board Member, the Board Member will not charge or be reimbursed for the service. Example: A Board Member attorney is requested by the Board to research and/or give an opinion regarding director liability. That task will be done by the attorney as a volunteer Board Member at no charge.

1. If the Board Member is requested by the organization to perform a service, or provide a product for the organization, competitive bids will be sought and/or comparable valuation determined. If the contract is awarded, the Board Member will be paid accordingly for the service or product.
2. If the Board Member desires to provide the service or product as a contribution, they will submit a bill to the organization, be reimbursed, and then contribute that reimbursement as a contribution.

ARTICLE X: CREDIT CARD POLICY

The Students United Board of Directors has authorized the use of corporate credit cards for paying bills. Said cards will be used to pay budgeted Students United bills to vendors for the exact price of the product or service received. The Students United credit cards shall be in the name of the association and issued to Officers, and necessary staff. Responsible parties shall provide documentation for all charges to the card on a monthly basis.

Any misuse, loss, questionable expenditure or other unauthorized use of the credit cards shall be reported to the credit card companies immediately. Failure to resolve any unauthorized use of the cards shall result in reporting the situation to the Board of Directors and, if necessary, the proper legal authorities.

The Operations Team and Treasurer shall work to ensure the following:

- The bills for the credit cards shall be paid on time each month.
- No fees or interest shall accrue because of failure to pay or late payment.
- Accurate records are kept concerning the use of the cards.
- The ATM feature of the cards will not be used.
- All bills are mailed or emailed directly to the Students United, Inc. address of record for proper processing.
- Any annual fees shall be paid along with the bills in question.
- All parts of the credit card agreements between the vendors and Students United be enforced and carried out by all parties.
- All credit card bills, and documentation shall be available for review by the Students United auditor.

- The credit cards are not linked to home equity, home line of credit, home improvement or other mortgage loans.
- No check card function is used in connection with the credit cards.

ARTICLE XI: INVESTMENT POLICY

It is the policy of the Students United Board of Directors (Board) to treat all assets of the Students United, including Funds that are legally unrestricted, as if held by Students United in a fiduciary capacity for the sake of accomplishing its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws.

Investment Assets

For purposes of these policies, investment assets are those assets of Students United which are available for investment in the public securities markets as stocks, bonds, cash, or cash equivalents, either directly or through intermediate structures.

Supervision and Delegation

The Board of Directors of Students United has adopted these policies and reserves to itself the exclusive right to amend or revise these policies.

Section 1: Investment Consultant, Advisors, and Agents

The Board is specifically authorized to retain one or more investment advisors (Advisors) as well as any administrators, custodians, or other investment service providers required for the proper management of Students United’s Funds. The Board may utilize an Advisor as an investment consultant (the “Consultant”) to advise and assist the Board in the discharge of its duties and responsibilities. In that regard, a Consultant may help the Board to:

1. Develop and maintain investment policy, asset allocation strategies, risk-based fund objectives, and appropriate investment management structures;
2. Select, monitor, and evaluate Investment Advisors and/or investment entities;
3. Provide and/or review quarterly performance measurement reports and assist the Board in interpreting the results;
4. Review portfolios and recommend actions, as needed, to maintain proper asset allocations and investment strategies for the objectives of each fund; and,
5. Execute such other duties as may be mutually agreed.

In discharging this authority, the Board may receive reports from, pay compensation to, enter into agreements with, and delegate discretionary investment authority to such Advisors. When delegating discretionary investment authority to one or more Advisors, the Board will establish and follow appropriate procedures for selecting such Advisors and for conveying to each the scope of their authority, the organization’s expectations, and the requirement of full compliance with these Policies.

Objectives

Students United’s primary investment objective is to preserve and protect its assets by earning a total return for each category of assets (a “Fund”), which is appropriate for each Fund’s time horizon, distribution requirements, and risk tolerance. Students United currently maintains:

Long-term Reserves and may add other Funds in the future.

These policies apply to all Students United Funds, although the specific objectives, risk parameters, and asset allocation will vary, as appropriate, from Fund to Fund.

Section 1: Asset Allocations

Actual asset allocations for each Fund will be established and maintained by Students United on the advice of its Consultant and/or Advisors, within the ranges provided in the following table:

Investment Fund	Asset Class		
	Equities	Fixed-Income	Cash and Cash Equivalents
Long-term Reserves	40–60%	40–60%	0–15%

When appropriate, specific objectives for each Fund, including specific asset allocation parameters and performance standards, may be reflected in an appendix attached to these policies. Such specific objectives shall nonetheless be within the foregoing ranges which can only be modified by the Board.

Section 2: Rebalancing Procedures

The Board will monitor the asset allocation of each Fund based on reports provided by Students United’s Consultant and/or Investment Advisors. The Board may establish any reasonable rebalancing procedure based on either periodic reviews or departures from a range and may use its discretion to determine the timing of rebalancing actions. To achieve rebalancing, Students United may either move money from one asset class to another or may direct future contributions and expenditures from particular classes as is most convenient.

Investment Guidelines

To accomplish its investment objectives, Students United is authorized to utilize any legal investment structure including separately managed portfolios, mutual funds, exchange traded funds, limited partnerships, and other commingled investment entities. This authority is subject to the requirements and restrictions contained in these policies.

When utilizing mutual funds or other commingled entities, the Board shall see that Students United’s staff, Consultant, and/or Investment Advisors have selected the investment entity appropriately based on the strategies and provisions contained in the entity’s prospectus. In that event, the terms and conditions of the prospectus are deemed to control the entity’s internal asset allocation, asset quality, diversification, and other requirements.

For separately managed portfolios, the following additional requirements shall apply:

Section 1: Asset Quality

1. **Common stocks** — The Advisor may invest in any unrestricted, publicly traded common stock that is listed on a major exchange or a national, over-the-counter market, and that is appropriate for the portfolio objectives, asset class, and/or investment style of the Fund that is to hold such shares.
2. **Convertible preferred stock and convertible bonds** — The Advisor may use convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stock and convertible bonds must be BBB or better, as rated by Standard & Poor's; or BAA or better, as rated by Moody's; or RM. The common stock into which both may be converted must satisfy the standard of Section 1, above.
3. **Fixed-income securities** — The quality rating of bonds and notes must be A or better, as rated by Standard & Poor's or Moody's. The portfolio may consist of only traditional principal and interest obligations with maturities of seven years or less. The Advisor may not utilize derivatives without the prior permission of the Board.
4. **Short-term reserves** — The quality rating of commercial paper must be A+1, as rated by Standard & Poor's; P+1, as rated by Moody's, or better. The assets of any money market mutual funds must comply with the quality provisions for fixed-income securities or short-term reserves.
5. **Other securities** — The Advisor may invest in real estate investment securities (REITs), international securities traded in the United States directly or as depositary shares, international securities traded on recognized foreign exchanges, commodities and any other publicly traded investments that the Committee determines to be appropriate.

Section 2: Asset Diversification

The Advisor will maintain reasonable diversification at all times. The equity securities of any one company should not exceed 5 percent of the portfolio at the time of purchase and the combined debt and equity securities should not exceed 10 percent of the portfolio at any time. The Advisor shall also maintain reasonable sector allocations. In that regard, the maximum allocation to any one economic sector shall be 150% of the sector's weighting, as defined in the published index used for measuring the portfolio's performance (e.g., S&P500, Russell 1000, etc.). These restrictions do not apply to U.S. Government securities.

Section 3: Custody and Securities Brokerage

The Board will establish such custodial and brokerage relationships as are necessary for the efficient management of Students United's Funds. Whenever the Board has not designated a brokerage relationship, Students United's Investment Advisors may execute transactions wherever they can obtain best price and execution.

Section 4: Cash Flow Requirements

Students United will be responsible for advising the Consultant and each Advisor in a timely manner of Students United's cash distribution requirements from any managed portfolio or Fund. Each Advisor is responsible for providing adequate liquidity to meet such distribution requirements.

Investment Restrictions

Students United’s investment assets are to be managed with regard to the following restrictions for tax, risk, or mission purposes:

Section 1: Tax-Based Restrictions

Students United is a charitable organization under § 501(c)(3) of the Internal Revenue Code. Consequently, its income is generally exempt from Federal and State income tax with the exception of income that constitutes Unrelated Business Taxable Income (UBTI). Since UBTI can be generated by leveraged investments (resulting in “debt-financed income”), Students United will not utilize margin, short selling, or other leveraged investment strategies unless the Investment Committee grants a specific exception as described below.

Section 2: Risk-Based Restrictions

Students United will not engage in option strategies (puts, calls, straddles) nor will it invest in any non-publicly traded securities including but not limited to managed futures funds, hedge funds, private equity funds, or other alternative investments unless approved by the Board as provided below.

Section 3: Exceptions to the Investment Restrictions

The Board recognizes the evolving nature of the investment world and that, under some circumstances, Students United may wish to utilize newer or more complex investment strategies. Therefore, the Board is authorized to grant exceptions to the foregoing restrictions. For tax-based restrictions, the Board is to determine if a particular strategy or investment will generate UBTI, for which it may rely on advice of counsel. When granting exceptions, the Board must determine that the potential rewards outweigh the incremental risks.

Reporting Requirements

1. Monthly — The Board will obtain written monthly custodial statements. Such statements should contain all pertinent transaction details for each account that holds all or a portion of any Students United investment Funds. Each monthly statement should include:
 - the name and quantity of each security purchased or sold, with the price and transaction date; and,
 - a description of each security holding as of month-end, including its percentage of the total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income (yield) at market.

In addition, if not included in the custodial reports, the Consultant and/or the Investment Advisor(s) should provide a report for each Fund or portfolio showing the month-end allocation of assets between equities, fixed-income securities, and cash. The monthly review of custodial statements may be delegated to appropriate Students United staff.

2. Quarterly — The Board should obtain from its Investment Consultant and/or Investment Advisors, a detailed review of Students United’s investment performance for the preceding quarter and for longer trailing periods as appropriate. Such reports should be provided as to each Fund and as to Students United investment assets in the aggregate. As to each Fund, the Students United should establish with its Investment Consultant and/or Investment Advisors the specific criteria for monitoring each Fund’s performance including the index or blend of indices that are appropriate for the objectives of each Fund and for the investment style or asset class of each portfolio within a Fund. The Board shall meet with the Consultant to conduct such reviews to the extent it deems necessary.
3. 3.Periodically — The Board should meet with its Investment Consultant at least annually to review all aspects of Students United’s investment assets. Such a review should include (1) strategic asset allocation, (2) manager and investment entity performance, (3) anticipated additions to or withdrawals from Funds, (4) future investment strategies, and (5) any other matters of interest to the Students United.

ARTICLE XII: OPERATING RESERVE POLICY

Purpose

The purpose of the Operating Reserve policy for Students United is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of Students United for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve policy will be implemented in concert with the other governance and financial polices of Students United and is intended to support the goals and strategies contained in related policies as well as in strategic and operational plans.

Definitions and Goals

The Operating Reserve Fund is defined as the designated fund set aside by action of the Board of Directors. The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes. The target minimum Operating Reserve Fund is equal to six months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation.

The amount of the Operating Reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Board of Directors, and included in the regular financial reports.

Accounting for Reserves

The Operating Reserve Fund will be recorded in the financial records as Board-Designated Operating Reserve. The Operating Reserve Fund will be funded and will be available in cash or cash equivalent funds.

Funding of Reserves

The Operating Reserve Fund will be funded with surplus unrestricted operating funds.

Use of Reserves

Use of the Operating Reserves requires three steps:

1. Identification of appropriate use of reserve funds.

The Executive Director and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

2. Authority to use operating reserves

The Executive Director will submit a request to use Operating Reserves to the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve months to restore the Operating Reserve Fund to the target minimum amount. If the use of Operating Reserves will take longer than 12 months to replenish, the request will be scrutinized more carefully. The Board of Directors will approve or modify the request and authorize transfer from the fund.

3. Reporting and monitoring.

The Executive Director is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Executive Director will maintain records of the use of funds and plan for replenishment. They will provide regular reports to the Board of Directors of progress to restore the fund to the target minimum amount.

ARTICLE XIII: ACCOUNT OPENING AND CLOSING

It may be determined by the Treasurer and staff that a current bank account or investment account should be closed, or a new account should be opened. In this case, the closing and opening of new bank and/or investment account(s) requires approval by the Students United Board of Directors.

ARTICLE XIV: WHISTLEBLOWER PROTECTION POLICY

section 1: reason for statement

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

section 2: reporting responsibility

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

section 3: no retaliation

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

section 4: reporting procedure

Students United has an open-door policy and suggests that employees share their questions, concerns, suggestions or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with the State Chair. Supervisors and managers are required to report complaints or concerns about suspected ethical and legal violations in writing to the State Chair, who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to their supervisor or the Executive Director or the organization's State Chair.

section 5: State Chair

Students United State Chair is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. The State Chair will advise the Executive Director and/or the Board of Directors of all complaints and their resolution and will report at least annually to the Treasurer on compliance activity relating to accounting or alleged financial improprieties.

section 6: accounting and auditing matters

The Students United State Chair shall immediately notify the Treasurer and Fiscal Committee of any concerns or complaints regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved.

section 7: acting in good faith.

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

section 8: confidentiality

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

section 9: handling of reported violations

The Students United State Chair will notify the person who submitted a complaint and acknowledge receipt of the reported violation or suspected violation. All reports will be promptly investigated, and appropriate corrective action will be taken if warranted by the investigation.

ARTICLE XV: EXECUTIVE COMPENSATION POLICY AND PROCEDURES

It is the policy of Students United that all compensation paid by Students United to an executive employee shall be competitive and reasonable. For these purposes, the term “compensation” includes salary, personal time off and other compensated time off, health, life and disability insurance programs, and deferred compensation/retirement benefits.

In determining the amount of compensation to be paid or provided to an executive employee, the following factors to the extent applicable shall be considered:

- the employee’s qualifications;
- the nature, extent, scope and complexity of the employee’s duties;
- the compensation levels paid by similarly situated organizations for functionally comparable positions; and
- the compensation being paid to other Students United employees, including non-executive employees.
- The current fiscal climate and financial stability of the organization.

Peer Group

The Students United peer group for competitive market comparisons consists of organizations of similar size and complexity.

Authority for Setting Compensation

The Board sets compensation for the Executive Director. It delegates to the Executive Director the authority to set compensation for other executives, subject to the Board-approved budget for salaries.

Procedure

The Board shall use the following procedure to set the compensation of the Executive Director:

1. The Board, when making decisions related to compensation, shall be made up entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement. A person has a conflict of interest with respect to a compensation arrangement when:
 - a) the person is economically benefiting from the compensation arrangement;
 - b) the person is a family member of or in an employment relationship subject to the direction or control of any person in “a” above; or

- c) the person has some other material financial interest affected by the compensation arrangement.
- 2. The Board will obtain and rely upon appropriate data as to comparability prior to making its determination regarding the compensation of the Executive Director. Appropriate comparability data includes, but is not limited to:
 - a. compensation levels paid by similarly situated organizations for functionally comparable positions; and
 - b. current compensation surveys compiled by independent organizations.
 - c. Minnesota Council of Nonprofits salary book
- 3. The Board shall document the basis for its compensation determination for the Executive Director concurrently (before the later of the next meeting of the authorized body or 60 days after the final action) with making that determination. To that end, the written or electronic records of the Board must note:
 - d. the terms of the compensation arrangement that was approved;
 - e. the date it was approved;
 - f. the names of the Board members present during debate on the compensation arrangement that was approved;
 - g. the names of the Board members who voted in favor of and against it; and
 - h. if the Board determines that reasonable compensation for a specific arrangement is higher or lower than the range of comparability data obtained, the basis for its determination.

ARTICLE XVI: SCHOLARSHIP SPENDING POLICY

One of Student’s United’s responsibilities is the management and investment of its scholarship program endowments, which are created and supported by donors with the intent of providing ongoing support for student scholarships.

This spending policy is in place to secure the future of all current and future scholarship endowments. An exception is made for the Carothers Scholarship, as well as to allow for spending for scholarship awards and program-related expenses on an annual basis. Additionally, the Students United Board of Directors may increase spending on a scholarship program on a case-by-case basis when special circumstances are present.

At year-end, December 31, Students United will determine the market value of each scholarship program. A maximum of four (4%) of that amount will be available to withdraw for scholarships and related-program expenses during the following fiscal year.

ARTICLE XVII: FISCAL COMMITTEE

The Treasurer is the chair of the Fiscal Committee, which includes three other board members. The Treasurer, in conjunction with the State Chair, shall select members of the committee. The committee is responsible for developing and reviewing financial procedures, financial statements, and investment accounts, fundraising plans, and the annual budget with staff and other board members.

ARTICLE XIX: Capitalization Policy

It is Students United's policy to capitalize all assets purchased or received by donation that cost \$1,000 or more individually. All capitalized assets will be depreciated. Assets purchased or received by donation that cost less than \$1,000 individually will be expensed in the period purchased. It is also Students United's policy to capitalize all repairs and improvements to property or leasehold improvements that cost \$1,500 or more.

ARTICLE XX: Gift Acceptance Policy

Students United Gift Acceptance Policy

Overview

Students United raises funds for programs, general operations, events, and special projects. This policy is meant to guide gift acceptances from donors, organizations, or foundations. Our aim is to mirror values emulated within our mission-driven work. Students United is committed to the principles of equity and inclusion. As an organization, we are committed to constant growth towards a more inclusive, welcoming and accessible organization. We value people's perspectives and lived experiences in all forms.

Students United's fundraising works to implement core [Community Centric Fundraising Principles](#). Key considerations include:

- Fundraising must be grounded in race, equity, and social justice. This means we encourage donors to think about the above topics, and their roles and privileges within these areas, understanding that people are on different points on various continua.
- We value our community and work within our community to support the broader work of higher education and connected communities. Our mission is not as important as the collective community.
- We equally value the strength in our community: volunteers, staff, donors or board members. Each role is critical to building a strong, just, and equitable community.
- Time is valued equally as money.
- Donors are partners and this means we aim to be transparent and have difficult conversations when needed.
- We foster a sense of belonging, not othering.
- We promote the understanding that everyone – donors, staff, funders, board members, volunteers, students, partners – all benefit from engaging in the work of social justice. Fundraising is not just charity or compassion.
- We see the work of social justice as holistic and transformative, not transactional.
- We recognize that healing and liberation requires a commitment to economic justice.

Purpose

Students United solicits and accepts gifts that are consistent with its mission and values. Donations and other forms of support will generally be accepted from individuals, partnerships, foundations, corporations, government agencies or other entities.

Types of Gift

During regular fundraising activities, Students United, will accept donations of money and in-kind services. Students United will accept real property, personal property, and stock on a limited basis as approved by the Board of Directors.

Disclaimer to Refuse

When consider potential gifts, Students United reserves the right to refuse gifts on a case-by-case basis. Students United reserves the right to refuse gifts if values, motives or personal behavior do not align with core values and work.

Students United will not accept gifts that (a) would result in Students United violating its governing bylaws, (b) would result in Students United losing its status as an IRC § 501(c)(3) not-for-profit organization, (c) are too difficult or too expensive to administer in relation to their value, (d) would result in any unacceptable consequences for [Students United, or (e) are for purposes outside Student United’s mission. Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Director of Director in consultation with the Executive Director.

Use of Legal Counsel—Students United will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- A. Gifts of securities that are subject to restrictions or buy-sell agreements.
- B. Documents naming Students United as trustee or requiring Students United to act in any fiduciary capacity.
- C. Gifts requiring Students United to assume financial or other obligations.
- D. Transactions with potential conflicts of interest.
- E. Gifts of property which may be subject to environmental or other regulatory restrictions.

*adapted from the Nonprofit Risk Management Center

<https://www.councilofnonprofits.org/sites/default/files/documents/SAMPLE%20Gift%20Acceptance%20Policies.pdf>

Appendix

Operations Team: Made up of the Executive Director, Director of Operations, and the Office Manager; this team ensures that the day-to-day operations of Students United are running as smoothly and efficiently as possible.

Coding System: An internal system that is used to categorize what budgets are used on what purchases.

Expenditure: An instance of funds being spent

Independent Audit: an examination of the financial records, accounts, business transactions, accounting practices, and internal controls of a charitable nonprofit by an "independent" auditor

Generally Accepted Accounting Principle (GAAP): GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information. GAAP aims to improve the clarity, consistency, and comparability of the communication of financial information.

Employer Identification Number (EIN): An Employer Identification Number (EIN) is a unique identification number that is assigned to a business entity so that it can easily be identified by the Internal Revenue Services (IRS). It is commonly used by employers for the purpose of reporting taxes.

Vendors: A vendor is a party in the supply chain that makes goods and services available to companies or consumers.

General Ledger: the main accounting record of a company or organization

FICA: The Federal Insurance Contributions Act (FICA) is a U.S. law that mandates a payroll tax on the paychecks of employees, as well as contributions from employers, to fund the Social Security and Medicare programs.

Federal Withholding and State Withholding Tax: A withholding tax takes a set amount of money out of an employee's paycheck and pays it to the government. The money taken is a credit against the employee's annual income tax. If too much money is withheld, an employee will receive a tax refund; if not enough is withheld, an employee will have an additional tax bill.

IRS form 941: As an employer, you are responsible for withholding federal income tax and other payroll taxes from each employee's paycheck and remitting it to the IRS. Each Form 941 you file reports the total amount of tax you withheld during the quarter.

MN Dept. Of Revenue form MW5: Withholding tax deposit from

Home Equity: Home equity is the value of a homeowner's interest in their home. In other words, it is the real property's current market value (less any liens that are attached to that property). The amount of equity in a house—or its value—fluctuates over time as more payments are made on the mortgage and market forces impact the current value of the property.

Home Line of Credit: A home equity line of credit, also known as a HELOC, is a line of credit secured by your home that gives you a revolving credit line to use for large expenses or to consolidate higher-interest rate debt on other loans¹ such as credit cards.

Home Improvement: A loan to make improvements on one's principal or secondary residence; may be a home equity line of credit or a traditional loan in a fixed amount.

Mortgage Loans: A mortgage is a type of loan that's used to finance property

Assets: property owned by a person or company, regarded as having value and available to meet debts, commitments, or legacies

Stocks: a share which entitles the holder to a fixed dividend, whose payment takes priority over that of common-stock dividends.

Bonds: A bond is a fixed income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental). A bond could be thought of as an [I.O.U.](#) between the lender and borrower that includes the details of the loan and its payments. Bonds are used by companies, municipalities, states, and sovereign governments to finance projects and operations.

Cash Equivalents: Cash equivalents are investments securities that are meant for short-term investing; they have high credit quality and are highly liquid

Asset Allocation Strategies: Strategic asset allocation is a portfolio strategy whereby the investor sets target allocations for various asset classes and rebalances the portfolio periodically. The target allocations are based on factors such as the investor's risk tolerance, time horizon, and investment objectives.

Risk-Based Fund Objectives: Risk-based funds offer greater flexibility to cater to participants' needs because they are static and straightforward. They operate under rules that keep their composition of stocks, bonds and cash within certain ranges defined by their investment objective as stated in the prospectus

Portfolios: A collection of financial assets. It could include stocks, bonds, cash and cash equivalents, or alternative investments.

Distribution Requirements: Distribution resource planning is a method used in business administration for planning orders within a supply chain.

Risk Tolerance: Risk tolerance is your ability and willingness to stomach a decline in the value of your investments

Long-Term Reserves: LONG-TERM RESERVES are the balance sheet assets reserved for managing emergencies and long-term risks beyond the current year.

Equities: the value of the shares issued by a company

Reserves: Reserve is the profit achieved by a company where a certain amount of it is put back into the business which can help the business in their rainy days

Fixed-Income: Fixed income is an investment approach focused on preservation of capital and income. It typically includes investments like government and corporate bonds, CDs and money market funds.

Asset Class: An asset class is a grouping of investments that exhibit similar characteristics and are subject to the same laws and regulations. Asset classes are thus made up of instruments that often behave similarly to one another in the marketplace

Rebalancing Procedures: Rebalancing is the process of realigning the weightings of a portfolio of assets

Managed Portfolios: Portfolio management is the art and science of selecting and overseeing a group of investments that meet the long-term financial objectives and risk tolerance of a client, a company, or an institution.

Mutual Funds: A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets.

Exchange traded funds: An ETF is a basket of securities, shares of which are sold on an exchange. They combine features and potential benefits similar to those of stocks, mutual funds, or bonds

Limited partnerships: A limited partnership (LP) exists when two or more partners go into business together, but the limited partners are only liable up to the amount of their investment.

Commingled investment entities: A commingled is when an investment manager accumulates money from several investors and combines it into one fund

Prospectus: A prospectus is a formal document that is required by and filed with the Securities and Exchange Commission (SEC) that provides details about an investment offering to the public

Reasonable Diversification: Diversification is a risk management strategy that mixes a wide variety of investments within a portfolio

Custody and Securities Brokerage: A service in which a brokerage or other financial institution holds securities on behalf of the client

Unrelated Business Taxable Income (UBTI): Unrelated Business Income Tax in the U.S. Internal Revenue Code is the tax on unrelated business income, which comes from an activity engaged in by a tax-exempt 26 USCA 501 organization that is not related to the tax-exempt purpose of that organization.

Short Selling: Short selling is an investment or trading strategy that speculates on the decline in a stock or other security's price. It is an advanced strategy that should only be undertaken by experienced traders and investors.

Leveraged Investment: Leverage results from using borrowed capital as a funding source when investing to expand the firm's asset base and generate returns on risk capital. Leverage is an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment.

Puts: In finance, a put or put option is a financial market derivative instrument that gives the holder the right to sell an asset, at a specified price, by a specified date to the writer of the put

Calls: A call is an option contract giving the owner the right, but not the obligation, to buy a specified amount of an underlying security at a specified price within a specified time.

Straddles: In finance, a straddle strategy refers to two transactions that share the same security, with positions that offset one another. One holds long risk, the other short.

Hedge Funds: a limited partnership of investors that uses high risk methods, such as investing with borrowed money, in hopes of realizing large capital gains.

Private Equity Funds: Private equity typically refers to investment funds, generally organized as limited partnerships, that buy and restructure companies.

Tax-Based restrictions: A tax base is a total amount of assets or income that can be taxed by a taxing authority, usually by the government. It is used to calculate tax liabilities. This can be in different forms, including income or property

Custodial Statements: A custodian or custodian bank is a financial institution that holds customers' securities for safekeeping to prevent them from being stolen or lost. The custodian may hold stocks or other assets in electronic or physical form.

Aggregate: Aggregation is the consolidation of an individual's financial data from multiple institutions to one singular institution

Operating Reserve: An operating reserve is an unrestricted fund balance set aside to stabilize a nonprofit's finances by providing a "rainy day savings account" for unexpected cash flow shortages, expense or losses

Nonrecurring expenses: These are expenses specifically designated on a company's financial statements as an extraordinary or one-time expense the company does not expect to continue over time, at least not on a regular basis

Endowments: A financial endowment is a legal structure for managing, and in many cases indefinitely perpetuating, a pool of financial, real estate, or other investments for a specific purpose according to the will of its founders and donors.

Depreciated: In accountancy, depreciation refers to two aspects of the same concept: first, the actual decrease of fair value of an asset, such as the decrease in value of factory equipment each year as it is used

Gift: A gift is an offering of money or assets made by one person to another in which nothing of comparable value is given, or expected to be given, in return

Donors: A person or institution who gives assets to another person or institution, either directly or through a trust.

Community Centric Fundraising Principles: The 10 Principles of Community-Centric Fundraising are ever-evolving core principles that have been developed from conversations with so many fundraisers of color over the past few years. These 10 Principles are how we aspire to transform fundraising and philanthropy, so that they are co-grounded in racial and economic justice. We envision these principles changing and adapting over time, as we all continue to have more conversations and healthy arguments

In-kind Services: Services, material, equipment or labor committed or received at a conservative value that would otherwise be paid from the project budget

Gift of Securities: Gifted stock is stock given from one person or entity to another person or entity

Buy-Sell agreements: A buy-sell agreement, also known as a buyout agreement, is a legally binding agreement between co-owners of a business that governs the situation if a co-owner dies or is otherwise forced to leave the business, or chooses to leave the business