

AZLP Financial Policies

Approved by AZLP State Committee 01.28.23

1. Financial Relationships

1.1 The Treasurer shall develop and maintain appropriate banking relationships and is authorized to make disbursements in furtherance of AZLP business, except as noted herein. All party business must be conducted through the AZLP account. No funds shall be deposited into or expended from personal accounts, except properly authorized reimbursements.

1.2 The Treasurer is authorized to set up checking accounts, with the approval of the Board, in order to carry out the business of the AZLP. Persons permitted to sign will include only the Treasurer, the Assistant Treasurer, and the Chair. A debit card shall only be issued to the Treasurer, and shall solely be used for online payments of budgeted items or expenses pre-approved by the board as described herein. No third party payment applications, or any other financial relationship may be created without Board approval.

1.3 Treasurer, Assistant Treasurer, and Chair, upon vacating their respective position, are responsible for coordinating with the new Treasurer, or if the position is unfilled, the Chair, and to transfer all financial records and banking instruments (i.e, checks, passwords) and visit the bank to be removed as bank account signatories within 10 business days from the approval by the new BOD of the finalized meeting minutes.

1.4 Newly elected Treasurer, Assistant Treasurer, and Chair, if the Treasurer position is unfilled, is responsible for coordinating with the outgoing officers to facilitate transfer of all financial records and banking instruments (i.e, checks, passwords) and visit the bank to be added as bank account signatories within 10 business days from the approval by the new BOD of the finalized meeting minutes.

1.5 Outgoing and incoming officers are responsible for notifying the Audit Committee and AZLP State Chair in writing that these transition actions have been completed. The notification shall include copies of bank forms evidencing the transition which shall be maintained as party records.

2. Budget

2.1 The Treasurer, in consultation with the Board of Directors ("BOD"), shall develop an annual operating budget and present it to the BOD for approval. The budget shall run from April 1 - March 31, having the first draft submitted by February 28th to the BOD to provide feedback for a finalized budget to be submitted for approval. The Budget shall be approved by two-thirds (2/3) of the BOD. This budget shall include a statement of anticipated revenue and expenditures in sufficient detail to adequately specific activities and plans, including those for raising funds, and to the major categories of expense required to implement each activity or plan.

2.2 Sufficient detail shall be provided that (at a minimum) include underlying assumptions and amounts for at least the following major categories:

- Donations to the AZLP
- Conventions and Events
- Publications and Materials
- Earmarked Funds
- Administrative and General Expenses
- Cash Reserves

2.3 No budget shall be submitted for approval that exceeds 110% of actual revenue received over the preceding 12 months. The net total of the budget should be \$0 (income = expenses) to ensure a balanced budget.

2.4 The Treasurer shall maintain a cash reserve minimum balance of no less than three (3) months of budgeted administrative and general expenses.

2.5 Modifications to the budget must be approved by a two-thirds (2/3) vote by the BOD prior to additional fund disbursements for any new or updated expenses.

3. Expense Disbursements

3.1 Disbursements, including expense reimbursement, must be supported by receipts including the date, amount, and description, and uploaded to the shared drive. If the business purpose is not apparent, a brief explanation shall be provided and maintained.

3.2 Monthly expenses and reimbursements shall be approved by a two-thirds (2/3) vote of the board on a monthly basis, at the recommendation of the Treasurer.

4. Project and Event Funding

4.1 Funding for projects and events require a three-fourths (3/4) vote of the BOD. The motion and vote shall be recorded in official meeting minutes.

4.2 Requests for event funding in excess of \$250 must include a detailed proposed budget and be reviewed by the Treasurer prior to submission to the BOD. Modification to the budget must be approved and documented in the same manner. The BOD may approve a reserve for the activity, allowing for new or unexpected expenses, in which case an additional vote to expend those funds is not required. After a project or event is approved, brief written reports on financial status shall be provided to the BOD until such time the project or event is concluded. A closing report summarizing the expenditures and any lessons learned shall also be provided.

5. Cash

5.1 There shall be no petty cash fund.

5.2 All donations made in cash must immediately be counted and documented with the amount of cash received, date, printed names, signatures on a hard copy that's turned into the

Treasurer by two (2) people and provided to the Treasurer to be deposited into the bank account within 10 business days of being received.

6. Other Treasurer Responsibilities

6.1 The Treasurer shall prepare a monthly written financial report to the board reflecting the Party's financial position. The report shall include, at a minimum, starting balance, ending balance, and expenses and revenue by budget category for the prior month, and comparison with budget projections, if available. The report shall be provided to the board within seven (7) business days of the availability of the bank statement.

6.2 The Treasurer is responsible for filing appropriate reports with government agencies in a timely manner, as required by law. Reports shall be provided to the Audit Committee within three (3) business days of filing.

6.3 The Treasurer shall report in writing any unauthorized expenses to the BOD within three (3) days.

6.4 The Treasurer shall be provided with signed and completed copies of all contracts upon execution by AZLP within three (3) days.

6.5 The Treasurer shall maintain a historical archive of all financial records including invoices, expense receipts, contracts, and financial reports. Access shall be granted to board members and members of the Audit Committee.

6.6 The Treasurer is expected to attend Board meetings and maintain open communication and coordination with the Assistant Treasurer.

6.7 The Treasurer shall maintain an inventory of AZLP assets.

6.8 Failure to perform these duties is grounds for removal pursuant to the Bylaws.

7. Audit Committee

7.1 The Audit Committee, comprised of three (3) members, is responsible for providing independent review and oversight of financial transactions, including reviewing all financial records and reports to government authorities, reporting findings, and making recommendations to strengthen AZLP's financial systems. The Audit Committee has no decision-making authority. The Audit Committee shall have access to the Party's financial records and reports to government authorities at any time.

7.2 The Audit Committee shall review monthly bank statements and financial reports within seven (7) business days, upon receipt from the Treasurer, and provide quarterly reports to the BOD, except that irregularities or discrepancies must be reported to the Board and State Committee within 24 hours.

7.3 An audit may be initiated by the Audit Committee, at its discretion, to review any State Committee member's request for an inquiry into AZLP's financial records. Initiation of such an audit shall be reported to the BOD and State Committee within five (5) business days.

7.4 The Audit Committee Members shall be elected by Class C members for a two (2) year term at State Committee Meetings held in even numbered years to ensure consistency of auditory review during changes of party leadership in odd numbered years. No member of the Board or State Committee is eligible to serve on the Audit Committee. The Audit Committee shall elect its own Chair. In establishing an Audit Committee pursuant to these policies, the Committee may be elected in an odd numbered year for a term of one (1) year.

7.5 Should a member of the Audit Committee resign, or otherwise become unable to perform their duties, the remaining Audit Committee members may appoint a new member to serve until the next State Committee meeting.

7.6 The Audit Committee may only be dissolved and committee members may only be removed by a two-thirds vote (2/3) of the State Committee.

8. Modification of Financial Policies

8.1 The BOD may modify the financial policies with a two-thirds (2/3) vote. Modifications must be ratified or rejected by the State Committee at the next meeting.

8.2 Only the State Committee may vote to abolish the financial policies.