San Luis Obispo County Community Fire Safe Council, Inc.
Operating Policy

Title: Insider Transactions and Conflict of Interest

Issue Date: 5/8/2008  
Revision Date:  
Number: 001

President’s Signature: s/ President James Patterson

**Purpose:** Comply with the Sarbanes Oxley Act Insider Transactions and Conflicts of Interest recommendations.

**Procedure:**
1. No Officer or Board Member, family member or business shall benefit from transactions of the SLOCCFSC.
2. Officers and Board Members annually must disclose potential conflicts of interest.

**Responsibility:** Enforcement responsibility is a responsibility of the Executive Board and Board of Directors.

**Reference:** Sarbanes-Oxley Act Nonprofit recommendations.

NOTE: This policy is covered in FSC By-Laws. 05.08.2008
Purpose: Comply with the Sarbanes-Oxley Act Responsibilities of Independent and Competent Audit Committee recommendations.

Procedure: Audit Committee

a. The Audit Committee, chaired by the Treasurer, reviews financial results, procedures and retains the accountant of the Fire Safe Council.

b. The Audit Committee meets with the Executive Board of the Fire Safe Council to hold discussions relative to the financial integrity of the Fire Safe Council.

c. The Audit Committee ensures compliance with legal and regulatory requirements.

d. Each member of the Audit Committee shall be financially literate.

Responsibility: The Audit Committee will report the fiscal status of the SLOCCFSC to the Board of Directors at the annual meeting.


NOTE: This policy will be included in FSC By-Laws
Purpose: Comply with the Sarbanes Oxley Act Certified Financial Statements recommendations.

Procedure: The President and Treasurer must certify the appropriateness of financial statements and that they fairly present the financial condition and operations of the SLOCCFSC.

Reference: Sarbanes Oxley Act Nonprofit recommendations.
Purpose: Ensure the security, safety, and integrity of the SLOCCFSC financial resources.

Procedure:
1. Members of the Executive Committee shall be the only signatures allowed on the SLOCCFSC checking account.

2. All checks drawn on the SLOCCFSC checking account in amounts exceeding shall require two signatures.

Responsibility: The Audit Committee of the SLOCCFSC shall have the responsibility to make certain policy is being adhered to.
Purpose: Comply with the Sarbanes Oxley Act Disclosure recommendations.

Procedure:

1. The SLOCCFSC shall, upon request, provide their donors, clients, public officials, the media and others with an accurate picture of their financial condition.

2. Financial statement shall be easily accessible for review.

Reference: Sarbanes Oxley Act Nonprofit recommendations.
Purpose:

Accrue funds equal to necessary operating costs, not to exceed $10,000 from Fire Safe Council sources of revenue, where appropriate.

Procedure:

1. A Prudent Reserve line Account will be created by the Fire Safe Council Accountant. This will be a line account not a separate bank account.

2. 5% of all gross revenue, where appropriate, will be transferred from the Grant Revenue Realized line account to the Prudent Reserve line account until a Prudent Reserve balance of $10,000 is achieved.

3. The use of the Prudent Reserve Account must be approved by the Board of Directors.

Responsibility:

The Business Manager, with the approval of the Treasurer, will direct the Fire Safe Accountant to transfer funds from the Administrative line account to the Prudent Reserve line account.
Title: Contract for Services and Purchasing

Issue Date: 5/18/2008  Revision Date: 1/26/2012  Number: 007

President’s Signature: s/ James Patterson, President

Purpose:
To ensure a fair and equitable process for the contracting for services and the purchase of goods and services.

Procedure:
1. Contract for Services or Purchases exceeding $7500 shall have three written proposals.
2. Contract for Services or Purchases less than $7500 is required to have three verbal proposals with written quotes.
3. Purchases less than $2,500 can be approved by the Business Manager.

Responsibility:
1. The Business Manager shall solicit proposals for Contract for Services or Purchases.
2. Business Manager will submit completed proposals to the Treasurer for review.
3. The Treasurer will review the proposals and forward the proposals to the Executive Committee with a recommendation for action.
**San Luis Obispo County Community Fire Safe Council, Inc.**

**Operating Policy**

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**Purpose:** Comply with the Sarbanes Oxley Act Record Retention recommendations and Internal Revenue Service Publication 4221 Public Charities Compliance Guide for 501 (c) (3) Public Charities.

**Procedure:** Taxpayers who are subject to the federal income tax or who are required to file information returns with the Internal Revenue Service must keep accurate records. Generally, no penalty is imposed for failure to keep the required records. However, in case of a dispute with the IRS, the burden of proof is on the taxpayer. Incomplete or nonexistent records may result in interest, penalties and loss of legitimate deductions.

This guide provides suggested retention times for specific types of records. It is not all-inclusive. For questions about specific applications, consult with the SLOCCFSC Tax Advisor.

**Keep these records permanently:**

- Audit records & reports.
- Canceled checks for contracts.
- Charts of accounts.
- Contracts & leases (in effect).
- Corporate, charters, bylaws, corporate meeting minute books, registers, etc.
- Current insurance records, claims, policies, etc.
- Financial statements (year-end; others are optional.
- General ledger and journals.
- Income and other tax returns & supporting documentation.
- Tax and legal correspondence.

Keep these records for **SEVEN YEARS** from the later of the tax return due date or filing due date, plus any amendment or extension date.

- Accident reports/settled insurance claims.
- Canceled checks.
- Expense reports, analyses, distribution schedules and payment vouchers.
- Expired contracts, mortgages, notes and leases.
- Invoices to customers and bills from suppliers.
- IRS Form 8300: report on cash transactions over $10,000 received in a trade or business.
- Cost ledgers and other cost accounting records and reports
- Purchase orders, shipping & receiving records and related correspondence.
- Sales records.

Keep these records for **THREE YEARS** from the later of the tax return due date or filing due date, plus any amendment or extension date.

- Bank Statements and deposit slips.
- Employment applications.
- Expired insurance policies.
- Internal audit reports.
- Petty Cash and cash paid-out vouchers.

Keep these records for **TWO YEARS** from the later of the tax return due date or filing due date, plus any amendment or extension date.

- Bank reconciliations.
- Duplicate deposit slips.
- General Business Correspondence.

**Responsibility:** The Business Manager shall be responsible for Record Retention at the direction of the Executive Committee and Board of Directors.

**Reference:** Sarbanes-Oxley Act Nonprofit recommendations. Internal Revenue Service Publication 4221 Public Charities Compliance Guide for 501 (c) (3) Public Charities.
Title: Whistle Blower Protection

Issue Date: 5/18/2008  Revision Date:  Number: 009

President’s Signature: s/ James Patterson, President

**Purpose:** Comply with the Sarbanes-Oxley Act Whistle Blower Protection recommendations.

**Procedure:** If an infraction of the Sarbanes-Oxley Act Whistle Blower Protection recommended provision occurs the Executive Committee shall convene an extraordinary meeting of the Board of Directors to address the infraction.

**Responsibility:** Whistle Blower Protection recommended provision to be enforced by the Executive Committee and Board of Directors.

**Reference:** Sarbanes-Oxley Act Nonprofit recommendations.
San Luis Obispo County Community Fire Safe Council, Inc.
Operating Policy

Title: Electronic Invoice Payment Limitations

| Issue Date: | 5/27/2010 | Revision Date: | Number: | 010 |
|-------------|-----------|---------------|--------|

President’s Signature: s/ James Patterson, President

Purpose:
Limit the daily item amount of electronic invoice payments to $10,000.
Limit the total of daily electronic invoice payments to $20,000.

Procedure:
1. For invoices exceeding $10,000 the Business Manager will contact the Fire Safe Council Officers for permission to electronically submit the invoice for payment. Three (3) of the six (6) Officers must approve the invoice for payment.

2. If permission is granted the Business Manager will advise Mission Community Bank to accept the invoice exceeding $10,000 for payment.
San Luis Obispo County Community Fire Safe Council, Inc.
Operating Policy

Title: Equipment Maintenance and Replacement Reserve Account

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<th>Issue Date: 5/27/2010</th>
<th>Revision Date:</th>
<th>Number: 011</th>
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Purpose:

To allocate and accrue funds necessary for equipment, maintenance and replacement from Fire Safe operating funds and other sources of revenue where appropriate. Certain Fire Safe Council equipment is utilized on multiple projects and the resulting repairs and depreciation costs will be apportioned to those projects in order to facilitate repairs and replacement of the equipment as necessary.

Procedure:

1. An Equipment Maintenance and Replacement Reserve line account will be created by the Fire Safe Council Accountant. This will be a line account not a separate bank account.

2. The Fire Safe Council will identify and approve the appropriate Equipment Maintenance and Replacement Reserve allocation from current revenue sources or operating funds.

3. Funds will be transferred from the Grant Revenue Realized or Operating funds line account to the Equipment Maintenance and Replacement Reserve line account.

4. There will be no limit to the amount of funds accrued to the Equipment Maintenance and Replacement Reserve Account.

5. The responsibility of repairs to chippers used on chipping project provided by vendors shall be the responsibility of the vendor.

6. Equipment Maintenance and Replacement Reserve funds shall be used only on Fire Safe Council Equipment.
San Luis Obispo County Community Fire Safe Council, Inc.
Operating Policy

Title: Equipment Maintenance and Replacement Reserve Account

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Responsibility:

Upon approval of the Fire Safe Council Board of Directors. The Business Manager, with the approval of the Treasurer, will direct the Fire Safe Accountant to transfer funds from the Administrative line account to the Equipment Maintenance and Replacement Reserve line account.
San Luis Obispo County Community Fire Safe Council, Inc.
Operating Policy

Title: Contract Administration Reimbursement Rates

### Purpose:
To establish reimbursement rates for direct and indirect expenses incurred in administering grants and other projects. The Fire Safe Council incurs direct and indirect expenses administering grants and other contributions received.

**Direct Expenses:** Direct expenses are those incurred by the Fire Safe Council supported by specific invoice for detailed services or products in support of the grant or project (i.e. management services, travel expenses, special insurance policies, etc). These charges are billed directly to the grant or project.

**Indirect expenses:** Several expenses incurred by the Fire Safe Council are general business expenses that cross over grant administration and business processes for the Fire Safe Council that are not separable (i.e. tax preparation, bookkeeping services, legal fees, Board of Director meetings, Business Manager expenses). These expenses are funded by charging an indirect rate to grants and other contributions. The indirect charge is transferred from the grant proceeds to the Operating Budget of the FSC.

**Fiscal Sponsor:** Organizations ineligible to apply for grants may petition the San Luis Obispo County Community Fire Safe Council, Inc. to serve as their fiscal sponsor. When the FSC serves as the fiscal sponsor, direct and indirect expenses incurred by the FSC will be charged against the grant or contribution.

### Procedure:
Rates for direct, indirect and fiscal sponsor are as follows:

**Direct expenses:** 100% of allowable direct expenses supported by invoice will be charged directly to the grant.

**Indirect Rate:** FSC will assess a 15% Indirect Charge to revenue proceeds for administration of grants and other contributions. Business Manager will direct bookkeeper to transfer the contract administration rate amount from received revenue and show it as revenue in the FSC Operating Budget.
**Fiscal Sponsor Rate:** FSC will assess a 15% Charge to revenue proceeds to serve as the fiscal sponsor for other organizations. Business Manager will direct bookkeeper to transfer the contract administration rate amount from received revenue and show it as revenue in the FSC Operating Budget.

**Responsibility:** The Treasurer and Business Manager will periodically review grants, contributions and fiscal sponsorship requests and recommend contract administration rates to the Board of Directors.
Purpose:

It is the policy of San Luis Obispo County Community Fire Safe Council, Inc. (Fire Safe Council) that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in our workplace.

Procedure:

The Fire Safe Council will maintain an ongoing drug-free awareness program to inform employees about:

a) The dangers of drug abuse in the workplace;
b) Our policy of maintaining a drug-free workplace;
c) Penalties that we may impose upon them for drug abuse violations occurring in the workplace.

The Fire Safe Council will provide a copy of our Drug Free workplace policy statement to all employees. Employees must acknowledge receipt of the policy and agree to comply. Failure to comply may result in appropriate disciplinary action by the Fire Safe Council Board of Directors including dismissal.

Responsibility:

As a condition of employment with the Fire Safe Council, employees:

a) Must abide by the terms of this policy, and
b) Must notify the Fire Safe Council in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace, and must do so no more than five calendar days after the conviction.

Within 30 calendar days of learning about an employee’s conviction, the Fire Safe Council will either:

a) Take appropriate personnel action against the employee, up to and including dismissal, or:
b) Require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for these purposes by a Federal, State or local health, law enforcement, or other appropriate agency.