
ΣΤΔ
Sigma Tau Delta
Financial Policy

[Approved by the Board of Directors at the 48th Meeting, March 10-11, 1999, in St. Louis,
MO. Updated March, 2000]

I. Budget

- A. The fiscal year will consist of the twelve-month period from January 1 to December 31.
- B. The annual operating budget for the fiscal year will project income and expenses and will provide for programs and support services as directed by the President and the Board of Directors.
- C. The budget period will consist of the fiscal year. Prior to the beginning of the budget period/fiscal year, the Board of Directors will approve the annual budget.
- D. The Executive Director will assist the Treasurer in preparing semi-annual financial statements that compare revenue and expenditures and that identify and explain significant variances from the Board approved budget. These financial statements will be presented to the Board of Directors at their semi-annual meetings.
- E. During the fiscal year/budget period, any major change of income or expenditure which would significantly alter the annual plan of operation will be reflected in a budget revision and approved by the Board of Directors.

II. Annual Audit

- A. Sigma Tau Delta will follow generally accepted accounting guidelines.
- B. The Executive Director will recommend to the Board and, with the Board's approval, engage an independent auditor to perform an annual audit of financial records of the society.

- C. In alternating years the independent auditor will perform a *full audit*, and in intervening years, the independent auditor will perform a *review audit* (less comprehensive in scope than a full audit, but more detailed than a compilation).
- D. The independent auditor will present his/her report to the Executive Director, who in turn will submit copies of it to the President and Treasurer. The Treasurer will report the results of the audit each year to the Finance Committee and the Board of Directors for their review.

III. Asset Protection

- A. Annually, the Board of Directors will review and approve The Financial Policy and the Investment Policy of the Society.
- B. At the direction of the President, with the approval of the Board of Directors, the Executive Director of the Society will purchase insurance against liability losses to the Society and its Board members and employees in performance of their duties on behalf of the Society.

IV. Society Income

- A. Income raised for Sigma Tau Delta from all sources shall be used for the regular operation of the Society, for the implementation of its policies and programs, and for the distribution of benefits to its members (chapters and individuals), as approved by the Board of Directors.
- B. To that end, the Society will hold in reserve assets equivalent to 150% of its annual budget.

V. Investments

- A. All investments of the Society shall adhere to such federal and state laws as now apply or may be applicable to the investments in the future.
- B. With the assistance and consultation of the Executive Director and Investment Manager, as applicable, the Treasurer shall review the investment portfolio and report to the Board at its semi-annual meetings.
- C. The Society will invest funds not used for annual operations. The purpose of these

investments shall be:

1. To earn the maximum in interest and dividends;
2. To ensure the financial security of Sigma Tau Delta, enabling the Society to continue its operations and programs even when annual income from other sources is insufficient to meet the costs of those operations and of the Society's programs;
3. To provide resources to increase the services that the Society offers to its members; including, but not limited to:

Scholarships, fellowships, and grants for study to promote learning and scholarship in literature and language;

Grants to encourage the effective teaching of literature and language;

Internships and other work-related programs that will enhance the skills and career opportunities of the Society's members;

Prizes and awards for academic achievement and creative writing;

Annual conventions;

Publications;

Programs to promote literacy in the United States;

Improved communication among chapters and members;

Programs to help prepare student members to assume positions of responsibility in society upon their graduation.

D. Investment Management:

1. The Board may engage an Investment Manager or a Company to secure or act as the Investment Manager for the Society. The Manager hired shall have the necessary specialized research facilities and skilled personnel to assure expertise in investments.
2. The Investment Manager will recommend to the Treasurer a comprehensive and written *Investment Policy* (to cover such matters as asset allocation, risk management, and so forth). The Treasurer will in turn submit the *Investment*

Policy to the Finance Committee and the Board of Directors respectively for their approval.

E. Purchase and Redemption/Sale of Investments

1. Investments of Society funds will be made in accordance with guidelines set forth in the Constitution of the Society.
2. On the recommendation of the Treasurer and the Finance Committee, the Board of Directors will approve specific policies for the purchase and sale/redemption of the Society's investments.

