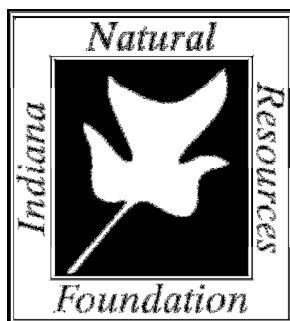


Operating Procedures Manual
Indiana Natural Resources Foundation



Adopted May 2003

I. GENERAL ORGANIZATIONAL PROCEDURES

Subject: Corporate Organization

Date Issued: May 2003

General Principles

The Indiana Natural Resources Foundation (Foundation) was created on July 1, 1990, under Indiana Code 14-12-1/et seq.

The role of the Foundation is to provide funding for the Indiana Department of Natural Resources' (Department or IDNR) programs, services and facilities.

Tax Status of the Foundation

The Foundation is a public body, corporate and public wit purposes that are charitable and educational.

The Foundation is a governmental instrumentality and is not subject to federal income tax under section 115 of the Internal Revenue Code of 1986.

Purpose of the Foundation (I.C.14-12-1-9)

Sec 9 (a) The exclusive purpose of the Foundation is to acquire real and personal property to be donated under subsection (b).

(b) The Foundation may donate real and personal property to the following:

- (1) The Department, subject to subsection (c).
- (2) Any unit of local government.

(c) The Foundation must have the approval of the Director to donate real or personal property to the Department.

As added by P.L.1-1995, SEC.5.

Powers of the Foundation (I.C.14-12-1-10)

Sec. 10 The Foundation may do the following:

- (1) Adopt bylaws for the regulation of the Foundation's affairs and the conduct of the Foundation's business.
- (2) Adopt an official seal, which may not be the seal of the state.
- (3) Maintain a principal office and other offices the Foundation designates.
- (4) Sue and be sued in the name and style of "Indiana Natural Resources Foundation", with service of process being made to the chairman of the Foundation by leaving a copy at the principal office of the Foundation or at the residence of the chairman if the Foundation has no principal office.
- (5) To exercise the powers or perform the duties of the Foundation, so the following:

- (a) Acquire by any means except eminent domain a right or an interest in or upon real or personal property of any kind or nature. The foundation shall hold the legal title to the property acquired in the name of the Foundation.
 - (b) Dispose of a right or an interest in real property.
- (6) Make and enter into all contracts, undertakings, and agreements necessary or incidental to performance of duties and the execution of the powers of the Foundation under this chapter.
 - (7) Employ an Executive Director and other employees that are necessary in the Foundation's judgment and fix their compensation.
 - (8) Conduct studies of the feasibility of certain natural resource projects and facilities.
 - (9) Receive and accept from any person grants for or in aid of the acquisition, construction, improvement, or development of any part of the projects of the Foundation and receive and accept aid or contributions from any source of money, property, labor, other things of value, to be held, used, applied, or disposed of only for the purposes consistent with the purposes of this chapter for which grants and contributions may be made.
 - (10) Hold, use, administer, and expend money that may be acquired by the Foundation.
 - (11) Do all acts and things necessary or proper to carry out the powers expressly granted in this chapter.

Subject: Foundation Membership, Directors, Officers and Committees

Date Issued: May 2003

General Principles

Pursuant to Indian Code 14-12-1 sections 5 through 8, the Foundation consists of twelve (12) members, not more than six (6) of whom may be of the same political affiliation, appointed by the Governor. At least one (1) member shall be appointed from each congressional district. A member of the Foundation may not be an officer or employee of:

- (1) The United States, the state, or a political subdivision; or
- (2) An agency of the United States, the state, or a political subdivision.

The term of each member is four (4) years. A member appointed to fill the unexpired term of a member serves until the end of the unexpired term. At the expiration of a member's term, the member may be reappointed. The term of each member begins July 1 and continues for four (4) years. Three (3) terms begin each year. At the Foundation's first meeting after June 30 of each year, the members shall select one (1) of the members to serve as Chair until the Chair's successor is selected.

- (1) The officers of the corporation shall consist of a Chair, a Vice Chair, a Secretary, and such officers as may be elected or appointed by the members. The same person may hold any two or more offices, except that the duties of the Chair and the Secretary shall not be performed by the same person.

The twelve members of the Foundation collectively form the Board of Directors (Board) of the corporation.

- (2) Standing committees of the Foundation include the Executive Committee, Finance Committee, Planning Committee and Fund Raising Committee as established in the by-laws of the corporation.
- (3) The Director of the Indiana Department of Natural Resources (IDNR), or the Director's designee, is an advisor to the Foundation. An advisor to the Foundation may do the following:
 - (a) Attend all meetings of the Foundation
 - (b) Participate in all proceedings at the Foundation meetings other than voting.
- (4) The Executive Director is the Chief Executive Officer of the Foundation and acts under the guidance of the Department Director and the Foundation Members, carrying out its actions affecting the Foundation.

Subject: Indiana Natural Resources Fund

Date Issued: May 2003

General Principles

The Fund is hereby established. Expenditures from the Fund may be made only to carry out the purposes of this procedure. The Foundation shall do the following:

- (1) Hold the Fund in the name of the Foundation.
- (2) Administer the Fund.
- (3) Make all expenditures from the Fund.
 - (a) Gifts of money to the Fund, the Foundation, or the proceeds from the sale of gifts donated to the Fund or the Foundation shall be deposited in the Fund.
 - (b) The expenses of administering this chapter shall be paid from money in the Fund.
- (4) The money in the Fund at the end of a state fiscal year remains in the Fund and does not revert to any other fund. If the Foundation is terminated, the money in the Fund reverts to the Department.
- (5) The Fund is subject to audit as if the Foundation were a state agency. As added by P.L.1-1995, SEC.5.(e)

II. FINANCIAL POLICIES AND PROCEDURES

Subject: Approval of Financial Documents

Date Issued: May 2003

General Principles

Approval of the Executive Director must be obtained before the Foundation may enter into a contract, lease or deed valued at \$5,000 or less. Approval of the Board must be obtained before the Foundation may enter into a power of attorney, mortgage, loan or letter of credit or a contract, lease or deed valued at more than \$5,000.

Specific Guidelines

Upon approval of the Executive Director or the Board, Foundation documents shall be executed to the guidelines specified below. Control is established using countersignatures and/or individuals that are able to make an independent judgment of the appropriateness of the transaction.

(1) Contracts, leases or deed valued at \$5,000 or less shall be executed by the Executive Director and attested by the Secretary.

(2) Contracts, leases or deeds valued at more than \$5,000 shall be executed by the Chairperson or Vice-Chair and attested by the Secretary.

(3) Powers of attorney, mortgages, loans and letters of credit shall be executed by the Chairperson or Vice-Chair and attested by the Secretary.

Subject: Compliance Audit

Date Issued: May 2003

General Principles

The Foundation is subject to audit as if the Foundation were a state agency including, but not limited to, audits by the Indiana State Board of Accounts. The Board of Accounts shall have full and unrestricted access of all books and records of the Foundation.

Subject: Internal Audit

Date Issued: May 2003

General Principles

The Members are committed to a program of internal auditing designed to test the effectiveness of internal control.

Specific Guidelines

The Foundation's internal audit program may be conducted by the Division of Accounting and Internal Audit, IDNR. An internal audit may be initiated at random or at the request of the Board. The Division of Internal Audit shall have full, free, and unrestricted access to the books and records of the Foundation. The Finance Committee also may at any time audit the books and records of the Foundation. The Finance Committee also may at any time audit the Foundation's books and records, including expenses concerning the Officer, Directors, and staff of the Foundation, and shall have full, free and unrestricted access to the books and records of the Foundation.

Subject: Financial Systems Development and Maintenance

Date Issued: May 2003

General Principles

The design, development, and maintenance of a financial system for the Foundation are the responsibility of the IDNR Division of Accounting and the Internal Audit. These systems should facilitate the flow of work while adhering to sound business practices.

Specific Guidelines

- (1) The IDNR Division of Accounting and Internal Audit staff functions as the financial agent for the Foundation and handle financial transactions from the request stage through disbursement.
- (2) The format and integrity of Foundation financial records is the responsibility of the IDNR Division of Accounting and the Internal Audit.
- (3) The Foundation will use an appropriate data package for accounting information.
- (4) The general ledger will serve as the principal financial record of the Foundation. It should be organized to reflect the financial structure of the Foundation and provide information to all levels of management.
- (5) Source documents are required for every financial transaction.
- (6) Correcting entries are to be made by reversing the erroneous entry and then making the correct entry. "Netting" is never allowed.

Subject: Internal Control

Date Issued: May 2003

General Principles

The financial and business processes of the Foundation shall be developed and operated under a system of internal controls. This system of internal controls will be adequate to: safeguard the assets of the Foundation, check the accuracy and reliability of accounting data protect the confidentiality of donor information, promote operational efficiency, protect the personnel of the Foundation, and encourage adherence to prescribed managerial policies. In short, internal controls are essential to the sound business management of the Foundation.

Specific Guidelines

- (1) Staff members who develop, operate, and supervise financial systems have the responsibility for making internal controls an integral part of the system.
- (2) Business practices should include division duties when possible, so that no person has complete control over all aspects of a financial transaction.
- (3) Internal controls are subject to cost/benefit analysis. Where the cost of a procedure far outweighs the possible losses, or the procedure causes gross inefficiency, the control is considered inappropriate.
- (4) Whenever a machine system or electronic data processing equipment is used, it must be examined regularly for proper controls. Special attention must be paid to effective programming, separation of, responsibilities, and security of both equipment and programs.
- (5) The Division of Accounting and the Internal Audit is responsible for development and maintenance of financial systems including the internal control features.
- (6) The Executive Director shall be responsible for assuring that an adequate system of control is established for the Foundation.

Subject: Accounting Policies

Date Issued: May 2003

General Principles

Foundation accounting policies shall be based on generally accepted principles of accounting, which is consistent with state agency practice.

Subject: Chart of Accounts

Date Issued: May 2003

General Principles

A Chart of Accounts will be maintained by the IDNR Division of Accounting and Internal Audit.

Subject: Principal Financial Reports

Date Issued: May 2003

General Principles

The financial reports of the Foundation provide information to the Board of Directors for evaluating the performance of management. Financial reports also aid management in the use of Foundation resources.

The Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balances are the principal financial reports. These statements shall be prepared in a manner consistent with state agency practice.

Specific Guidelines

(1) There will be an independent audit of financial statements by the Indiana State Board of Accounts according to its audit schedule.

(2) The IDNR Division of Accounting and Internal Audit will prepare unaudited financial statements for the Board of Directors and Foundation management.

Subject: Capitalization and Valuation of Assets

Date Issued: May 2003

General Principles

The Foundation follows the practice of expensing minor property, plant and equipment when purchased. Items purchased for more than \$5,000 will be capitalized consistent with guidelines issued to state agencies.

Specific Guidelines

(1) Non-cash assets received as gifts will be recorded at the fair market value at the date of donation.

(a) Securities will be valued according to applicable regulations of the Internal Revenue Code.

(b) Independent appraisals will be secured for gifts of property other than cash securities.

(2) Cash donations will be recorded as the total amount received in U.S. currency.

Subject: Cash Collections and Deposits

Date Issued: May 2003

General Principles

Cash (checks, currency and coin) received by the Foundation from any source must be logged and deposited in conformance by Indiana law.

Specific Guidelines

- (1) Foundation cash receipts will be sent directly to the business office of the Foundation.
- (2) A Deposit to the authorized bank must be prepared. Along with copies of all checks and deposit slips, the deposit shall singly list all checks, coin and currency as o designated.
- (3) A copy of the deposit letter, with a copy of the check(s), shall be provided to the Executive Director and the IDNR Division of Accounting and Internal Audit.
- (4) The IDNR Division of Accounting and Internal Audit shall post receipts to the automated accounting system. Posting of receipts includes date, payer, amount, and purpose.

Subject: Authorization for Bank Accounts

Date Issued: May 2003

General Principles

The Foundation will maintain bank accounts to transact the business of the Foundation, including receipts, disbursements and investing. Accounts will be established only in banks previously approved by the Board of Directors.

Specific Guidelines

- (1) The Foundation may establish both general-purpose and dedicated bank accounts.
- (2) Requests to establish new general-purpose bank accounts will be made to and approved by the Board of Directors.
- (3) Requests to establish new dedicated bank accounts shall be approved by the Executive Director of the Department.
- (4) All checks for disbursement from general-purpose bank accounts shall be written and signed at the request of the Chair or the Executive Director.
 - (a) Requests for disbursements from general-purpose bank accounts for amounts up to and including \$25,000 may be approved and signed by the Executive Director or the Chair without prior approval of the Board.
 - (b) Request for disbursements from general-purpose bank accounts from amounts in excess of \$25,000 may be approves and signed by the Executive Director and Chair or Vice Chair with advice of disbursement made at the next Board of Directors meeting.. Previously approved disbursements by the Board of Directors do not require advice, but as a matter of procedure, the Board of Directors will be advised of the disbursement.

(c) Individuals authorized to sign checks will be bonded.

(5) All checks for disbursements of any amount from dedicated accounts shall be written and signed by the Executive Director at the request of the IDNR Director or the Director of the Division to whom the account is dedicated.

(6) The Board of Directors may direct that monies in dedicated accounts be reverted to a general-purpose bank account if:

(a) The project or program for which the money in dedicated account was earmarked has been completed or terminated;

(b) The administrative burden and cost of maintaining the dedicated account significantly outweighs the benefit or need to maintain the dedicated account.

(7) All bank statements shall be sent to the business office of the Foundation.

Subject: Returned Checks

Date Issued: May 2003

General Principles

The Foundation shall pursue the collection of items returned after deposit to a Foundation bank account.

Specific Guidelines

(1) A "returned Check" is any negotiable item returned because of missing signature, stale date, non-sufficient funds, closed account, etc.

(2) Returned items shall be reported to the Foundation immediately upon receipt by IDNR staff.

(3) The IDNR staff will contact the maker of the item to get it corrected or replaced.

(4) If an item remains uncollected for 45 days, the gift will be voided on all records. The donor, at the last known address, will be notified of the voided gift.

III. GENERAL DONATION PROCEDURES

Subject: Fundraising Areas of Responsibility

Date Issued: May 2003

General Principles

The Foundation Board with the input of the IDNR established fundraising priorities. The Board will determine feasibility programs and develop the most effective strategy for specific programs within the established priorities.

It shall be the responsibility of the Executive Director, in consultation with the Foundation Board, to serve as the coordinator for all solicitation of funds from private individuals, foundations, businesses, corporations and other organizations should be developed in consultation with the Executive Director.

Solicitation of businesses, individuals, foundations, corporations and other organizations will be made in accordance with ethical business and fund raising practices. Appeals to vendors and businesses, with the potential for having a future relationship with the Foundation or the Department, will be made in spirit of charity with no overt or implied promise of future business or threat of withdrawal of business.

Subject: Gift Acceptance Policy

Date Issued: July 2008

General Principles

The Foundation shall accept only gifts which are consistent with the mission, goals, purposes and services of the Foundation for the implementation and support of its accepted administrative practices and the pursuit of its programs of public service.

Specific Guidelines

Guidelines for gift acceptance were adopted by the Board of Directors on July 8, 2008 and are attached as Addendum A to this policy.

IV. GENERAL OPERATING PROCEDURES

Subject: Code of Ethics

Date Issued: May 2003

General Principles

The Foundation will abide by the rules adopted by the Indiana State Ethics Commission, a copy of which is attached hereto and made a part hereof.

Specific Guidelines

In all fundraising activities, the Foundation staff shall abide by the ethical guidelines established by the Association of Fundraising Professionals.

Subject: Consultants and Other Contractors for Professional Services

Date Issued: May 2003

General Principles

The services of independent consultants may be secured when such services are specialized, highly technical, and cannot be economically or satisfactorily performed by Foundation employees as part of their normal duties. The use of consultants for such services should be for specific tasks and for definite periods. Consultants are independent contractors who are not staff of the Foundation. Payments shall be made in full compliance with all state and federal laws, orders, and regulations. Examples include attorneys or public relations specialists. Vendors, who provide specific materials or non-professional services to the Foundation, such as printing, are not covered by this policy.

Specific Guidelines

(1) An independent consultant or contractor is an individual offering professional or expert advice or services for a fixed fee or based on a schedule of charges.

- (2) Every reasonable effort shall be made to ascertain that there is no conflict of interest.
- (3) Agreements with consultants or contractors for professional services must be in writing and contain information describing the services to be performed, beginning and ending dates, amount fee, expenses to be paid, and the results.
- (4) The Executive Director may approve consulting agreements valued at \$5,000 or less.
- (5) The Board of Directors must approve consulting agreements valued at more than \$5,000.

Subject: Administrative Costs

Date Issued: May 2003

General Principles

The Board of Directors may exact an administrative fee of a defined percentage of the amount raised by any fundraising conducted by the Foundation, to cover administrative and operating expenses, including but not limited to personnel, marketing, travel, special events and general overhead. The Board of the Foundation may waive the administrative fee subject to the Department continuing its support through assigned personnel.

Subject: Investment Income

Date Issued: May 2003

General Principles

Income, net of investment fees, derived from investments from unrestricted donations will be recorded as unrestricted dollars.
Income, net of investment fees, derived from investments from dedicated accounts will be credited to the dedicated account, unless the donor intent provided otherwise.
All gains and losses arising from the sale collection or other distribution of investments will be accounted for in the Foundation fund, which owns the assets.

Subject: Investment Function

Date Issued: May 2003

General Principles

The Finance Committee shall establish policies and strategies concerning the investment of Foundation funds. Such policies and strategies will be in accordance with state law.

Subject: Other Cash Disbursements

Date Issued: May 2003

General Principles

Invoices for goods and services will be paid in a timely manner, according to the terms of payment and trade discounts that should be taken.

Specific Guidelines

(1) Either the vendor invoice or original receipts must be attached when payment is submitted for approval. It is preferable to include all receipts.

(2) Vendor invoices or other requests for payment must be date-stamped on the day received.

(3) Routing

(a) The person who ordered the goods or services must approve the invoice and forward it to the Executive Director or Finance Committee Chair.

(b) The Executive Director or Finance Committee Chair must approve payment of invoices.

(c) Checks will be used as payment of approved invoices.

(4) If the invoice is not approved the person who ordered the goods or services will be responsible for payment.

Subject: Purchasing

Date Issued: May 2003

General Principles

The Foundation will require that purchases and contractual expenditures from the Foundation's general-purpose bank accounts in an amount exceeding \$25,000 follow the same procedures used by the IDNR. The Foundation is committed to competitive bidding procedures whenever possible. However, the Foundation recognizes that time constraints or the quality or nature of goods or services may preclude the use of bidding procedures.

Proposed purchases and contractual expenditures from the Foundation's general-purpose bank accounts in an amount exceeding \$25,000 must be submitted to the Board of Directors or to the Executive Committee for approval before being made.

Purchases and contractual expenditures from the Foundation's dedicated bank accounts are not required to follow the same procedure used by the IDNR, nor are competitive bids required. The Executive Director shall ensure that appropriate procedures are followed to demonstrate that the purchases and contractual expenditures from dedicated accounts are made wisely and in accordance with donor intent.

Specific Guidelines

(1) Restrictions

(a) Generally, purchases from IDNR and Foundation staff members shall not be allowed.

(b) The Foundation shall not make personal purchases for any individuals.

(c) Cash purchases are not allowed.

(2) Payments for goods and services

(a) Trade and cash discounts, along with freight shall be treated as adjustments to the purchase price.

(b) Promotional merchandise shall not be accepted as part of a purchase agreement.
(3) The nature of fundraising activities may require expenses to be incurred for the acknowledgement, appreciation and entertainment of volunteers, donors or prospective donors. This type of expense will be limited to small tokens of appreciation, meals, and refreshments and travel expenses, etc. unless prior approval is obtained from the Board.

Subject: Operating Budget

Date Issued: May 2003

General Principles

The Foundation Operating Budget is a statement of proposed expenditures prepared by the IDNR Division of Accounting and Internal Audit. After approval by the Board of Director, it becomes an authorization to incur the expenditures.

Specific Guideline

(1) Preparation

(a) Projections of operating expenses will be based on historical data and estimates of new programs, costs or personnel.

(b) The Executive Director will provide program and capital expenditure information.

(2) Format

(a) The budget may contain financial information including prior year and current year amounts and proposed amounts for the coming fiscal year.

(b) Supporting schedules may include rationale for projections, personnel requirements, and fundraising projections.

Subject: Travel

Date Issued: May 2003

General Principles

The Foundation will adhere to the travel policies of the State of Indiana.

Specific Guidelines

The Foundation will comply with the State of Indiana travel policy and procedure with the following exceptions:

(1) Room rates may be exceeded when it is necessary for the purpose of the trip and convenience of the contacts involved.

(2) Business travel expenses may be paid for individuals who do not work for the Foundation, when approved by the Executive Director.

Subject: Custodianship of the Office Property and Equipment

Date Issued: May 2003

General Principles

For the purposes of this procedure, "property" is considered real or personal property that the Foundation uses in the performance of its business. The Foundation may use property that belongs to the IDNR.

It is the responsibility of the Foundation to maintain a reasonable level of physical security and ensure the proper usage of all property purchased by or assigned to it. This policy is not intended to cover property that the Foundation administers as a gift or that is held for investment.

Specific Guidelines

- (1) Overall custodianship of IDNR property assigned to the Foundation shall be the responsibility of the IDNR.
- (2) Individuals shall have responsibility for security and proper usage of property assigned to their areas.
- (3) Private use of Foundation property shall not be permitted.
- (4) Although property may be of nominal value, for example, office supplies, it will be subject to proper control and usage.
- (5) The Foundation shall assume no responsibility for any loss, theft, or damage to a staff member's personal property that is brought to the office.
- (6) Property of the IDNR that is assigned to the Foundation is subject to regulations of the Department of Administration and to the Memorandum of Understanding between the Foundation and IDNR.

Subject: Records Control and Access

Date Issued:

May 2003

General Principles

The Executive Director has the responsibility for records access and control.

Specific Principles

All records of the Foundation shall be maintained in compliance with the Indiana Public Records Act.

Subject: Records Retention

Date Issued: May 2003

General Principles

All records of the Foundation shall be retained in accordance with Indiana law and the procedures established by the Commission on Public Records.

RECORDS RETENTION SCHEDULE

<u>Record Types</u>	<u>Retention Period</u>
A. Corporate files (Articles of Incorporation, minutes, by-laws, procedures, etc.)	All originals permanently retained
B. Accounting reports (transaction reports, work papers, etc.)	Fifteen years from end of fiscal year
C. Contracts	Fifteen years from end of fiscal year in which work completed
D. Records of Restricted gifts	In perpetuity Originals for fifteen years;
E. Other records of gifts	Then destroy Originals for fifteen years;
F. Other receipts	Then destroy Originals for fifteen years;
G. Vouchers (Travel, invoices, etc.)	Then destroy Original for fifteen years;
H. Bank statements & checks	Then destroy Original for fifteen years;
I. Wills and Trusts files	Then destroy Original for fifteen years;
J. Fund files (Correspondence & agreement)	Then destroy Original for three years;
K. Miscellaneous (Records that do not fit in other broad categories)	Then destroy
L. Internal Revenue Service Records	In accordance with IRS Regulations

Subject: Affirmative Action and Equal Employment and Sexual Harassment

Date Issued: May 2003

General Principles

The Foundation shall not discriminate against any person because of race, color, national origin, age, gender, disability or status as a veteran.

The Foundation complies with applicable federal laws, regulations and executive orders prohibiting discrimination on the basis of race, color, national origin, age, gender, disability or status as a veteran.

Specific Guidelines

The Foundation shall follow the State of Indiana's policy on sexual harassment.

Subject: Membership in Organizations

Date Issued: May 2003

General Principles

The Foundation acquires memberships in organizations when the Foundation and/or the individual staff member will benefit as part of their job-related activities. Memberships in the name either of the Foundation or of individuals are permitted as noted in the guidelines.

Specific Guidelines

- (1) Institutional memberships shall be used where is possible.
- (2) Memberships on an individual level shall be permitted in business and professional organizations.
- (3) The Executive Director and/or Chair must approve any membership.