

**NEVADA HEALTH INFORMATION EXCHANGE BOARD OF DIRECTORS
MEETING MINUTES**

**January 31, 2014
1:00 pm**

Via Teleconference

BOARD MEMBERS PRESENT

Brian Labus, Chair
Elizabeth “Betsy” Aiello, Vice Chair
Lindsey Harmon, Secretary
Linda Montgomery, Treasurer
Andrew “Andy” Pasternak IV, MD
Eric Lloyd
David LaBarge, NV-HIE CEO, Ex officio
Lynn O’Mara, State Health IT Coordinator, Ex officio
Amber Joiner, DHHS Deputy Director, Ex officio

BOARD MEMBERS EXCUSED

Mary Siero

NV-HIE STAFF PRESENT:

Chris Henkenius, NV-HIE HIE Consultant
Carolyn Cramer, NV-HIE Legal Counsel
Sherry Hayden, NV-HIE Director of Finance & Operations
Jane Holman, NV-HIE Director of Marketing & Communications
Hope Tingle, NV-HIE Staff

DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS) STAFF PRESENT

Stefani Hogan, OHIT

OTHERS PRESENT

Todd Radtke, Nevada Rural Hospital Partners (NRHP)
Chris Nelson, WestCare
Eric Maddox, HealthInsight

1. Call to order, roll call, determination of a quorum and announcements

Mr. Labus called the meeting to order at 1:01 pm, and advised meeting attendees there was an error on the agenda regarding the posting date of the agenda. The agenda was posted according to Open Meeting Law requirements by 9:00 am on Tuesday, January 28, 2014. Ms. Tingle called the roll, and informed Mr. Labus that a quorum was present.

2. Public comment

There was none.

3. Approve meeting minutes from January 15, 2014, board meeting

Mr. Labus asked if there were any changes to the minutes of the January 15, 2014, meeting. Hearing none, the minutes were approved as written.

4. Approve meeting minutes from January 24, 2014, board meeting

Mr. Labus asked if there were any changes to the minutes of the January 24, 2014, meeting. Hearing none, the minutes were approved as written.

Mr. Labus combined both Items 5 and 6 for purposes of discussion. 5. Discuss and decide on actions to cease operations of the NV-HIE at the end of the Grant Period (i.e. 02/07/2014). 6. Discussion and action related to dissolution of the non-profit corporation and/or NV-HIE Board of Directors.

- 5. A. Discussion and action regarding the release of NV-HIE staff from the non-compete clause in their employment letters.**
- 5. B. Discussion and action regarding final financial liabilities including payroll.**
- 5. C. Discussion and action regarding Board Responsibilities after 02/07/2014.**
- 5. D. Discussion and action regarding termination Orion SaaS Software Agreement.**

Mr. Labus turned the floor over to Ms. Cramer. After having some discussions with Mr. Tirus, the attorney responsible for filing the initial Articles of Incorporation, Ms. Cramer advised the board they needed to appoint someone to act on behalf of the Board as an agent responsible for the wind-down activities of the Corporation. These activities could likely take more than 30-45 days to complete. Ms. O'Mara indicated there were compliance requirements with both NRS.82.451 and NRS.82-456. Mr. Lloyd advised that he had joined the meeting. Dr. Pasternak asked how much work and what needs to be done? Ms. Cramer indicated she did not know how much time will still be needed. In answer to Dr. Pasternak's question, Mr. LaBarge called on Ms. Hayden to review the sequence of events and tasks needing to be done in order to dissolve the corporation. There is a question as to what is and isn't covered by the current grant if done prior to February 7, 2014. The estimated time to complete the tasks on the Dissolution Task List, developed by NV-HIE staff, is approximately 446 man hours which includes 60 hours of clerical support. It is likely to take until the end of February 2014 to complete most items on the list. Ms. Montgomery asked what the implications were of keeping staff on after February 7, 2014.

Ms. Joiner indicated she had received the plan that morning and had not yet had time to review it completely. DHHS will continue to look for funds to cover staff for a few weeks. Future board meetings will likely be needed through the wind-down period. It is anticipated the additional funds would be in place by February 8, 2014. Ms. Cramer advised that the board could name Mr. LaBarge and Ms. Hayden as agents, and the scope of work in the additional grants would be to engage in the wind up affairs of the NV-HIE. Ms. Joiner indicated there would be funds to cover the activities, but the question is how much and for how long they would cover. Dissolution costs are not part of the federal grant, according to Ms. O'Mara. Additional discussion ensued regarding the timing of naming a trustee or an agent to act on behalf of the board during the dissolution process, and after. Mr. Labus asked Ms. Cramer what the motions

would need to be from the board's perspective. Ms. Cramer listed two possible motions: 1) a motion to name Mr. LaBarge and Ms. Hayden as the board's agents for the purposed of taking actions to wind down the corporate business; 2) give Mr. LaBarge authority to sign and accept the additional grant funds from DHHS if appropriate.

Ms. Montgomery stated she could not vote on something she doesn't know what she's voting on, and can't vote if she doesn't know there will be funds available. Ms. Aiello is concerned that there might be more tasks to do, and that having another meeting next week is a good idea. Ms. O'Mara pointed out there is a Corporate Dissolution packet on the Secretary of State's website that walks through everything. After additional discussion, Ms. Harmon made a motion to allow Mr. LaBarge to accept the funds from DHHS. There was follow up discussion and no second was made on this motion. Ms. Harmon made a motion to appoint Mr. David LaBarge and Ms. Sherry Hayden as agents for the dissolution of the corporation.

MOTION: To appoint Mr. David LaBarge and Ms. Sherry Hayden as agents for the board for the dissolution of the corporation.

SECOND: Dr. Pasternak

APPROVED: Unanimously

There was additional discussion related to the time period Mr. LaBarge and Ms. Hayden would act as agents on behalf of the board. As a result, the following motion was made by Dr. Pasternak:

MOTION: To end the trustee's duties by February 28, 2014.

SECOND: Mr. Lloyd

APPROVED: Unanimously

In order to cover the personnel costs during the wind down period, the DHHS grants must be made available to the NV-HIE staff. To accomplish this, the following motion was made by Dr. Pasternak:

MOTION: To authorize Mr. LaBarge to accept the funds from DHHS as needed for the purposes of close out.

SECOND: Mr. Lloyd

APPROVED: Unanimously

Discussion regarding 5.A. was held. Mr. Henkenius of H4 Technology advised his contract also had a non-compete clause which he wished to be relieved from. After more discussion, Mr. Henkenius asked to retract his request as he did not want to impact the removal of this clause from Mr. LaBarge and Ms. Hayden. Ms. Harmon made the following motion:

MOTION: To release all employees of the NV-HIE under a non-compete clause from their non-compete agreements.

SECOND: Mr. Lloyd

APPROVED: Unanimously

Item 5.B. has already been covered. Ms. Cramer indicated there was nothing to do with regards to Item 5.D. as Mr. LaBarge and Ms. Hayden will be forwarding the paperwork to her. Ms. Montgomery feels there will be a need for more than one or two additional board meetings before this is all done, as there are still outstanding issues to be addressed. Ms. Hayden advised she had not put any hours in the plan to engage an auditor to do the final audit in order to file the 990. Ms. Hayden will re-activate the three RFPs for the audit under the new conditions. Ms. Aiello asked if someone needs to take over the Open Meeting Law responsibilities once the NV-HIE staff are no longer available. Ms. Harmon volunteered to assume those responsibilities after the end of February 2014. Ms. Montgomery volunteered to assume responsibilities on the financial side after the end of February 2014.

7. Public Comment #2

There was none.

8. Adjournment

Mr. Labus adjourned the meeting at 2:55pm.

CERTIFICATE OF SECRETARY

I, _____, the undersigned, the duly elected and acting Secretary of the NEVADA HEALTH INFORMATION EXCHANGE (A Nevada Non-Profit Corporation), do hereby certify that the foregoing Meeting Minutes of said Corporation are a true and correct reflection of the Board of Director's Meeting held on the ____ day of _____, 2014.

Lindsey Harmon, Secretary

Nevada Health Information Exchange

Fiscal Policies & Procedures

Approved by the Board of Directors, _____

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Accounting Procedures

This section covers basic accounting procedures for the Nevada Health Information Exchange (NVHIE). The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

Policy: The NVHIE uses the accrual basis of accounting. The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash. Using the accrual method eliminates the financial distortion of large advance payments, such as insurance or maintenance contracts, etc., that span more than one month. This method provides a more accurate picture when actual expenses are compared to budgeted amounts. It also eliminates the possibility of overlooking incurred but unpaid expenses when making budget projections.

Procedures:

- Throughout the fiscal year, expenses are accrued into the month in which they are incurred. The books are closed no later than the fifth day after the end of the month. Invoices received after closing the books will be counted as a current-month expense.
- At the close of the fiscal year, this rule is not enforced. All expenses that should be accrued into the prior fiscal year, are so accrued, in order to ensure that year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 90 days after the end of the fiscal year after the final year-end audit.
- Revenue is always recorded in the month in which it is earned or pledged.
- A list of equipment purchases greater than \$1,000 and other purchases of any amount for computers, computer accessories, software and other electronic devices assets shall be recorded including the following information: Date of purchase, item description, cost, serial number or other identifier, physical location, and disposition.

Journal Entries

Policy: The Director of Finance and Operations shall be responsible for writing and posting Journal Entries on a timely basis.

Procedures:

- Journal entries are double entries in the accounting system (debit and credit) to record the business transactions of the NVHIE. Journal entries may be posted daily but not less than once a week. Invoices shall be paid and posted at least twice monthly.
- All journal entries must have documentation attached to support the entry. All entries generated by the Director of Finance shall be reviewed and countersigned by the CEO.

Bank Reconciliations

Policy: All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 5 days of the close of the month.

Procedures:

- All bank statements will be opened, reviewed, reconciled and initialed by the Director of Finance and Operations upon receipt.
- The NVHIE Treasurer will review the bank statement and corresponding bank reconciliation and initial the report after reviewing.

Monthly Close

Policy: The NVHIE monthly financials will be closed within five (5) working days following the end of the month.

Procedures:

- The Director of Finance and Operations will review the preliminary monthly financial report for accuracy and accrue necessary missing expenses.
- Recurring entries will be generated and prepaid expense entries made to bring the monthly report to its most accurate reflection of the NVHIE's financial position.
- A monthly and year-to-date Income Statement shall be generated with Budget comparisons, along with a corresponding Balance Sheet for the period.

Recordkeeping

Policy: The Director of Finance shall keep all NVHIE records on hand in accordance with its records retention policy.

Procedures:

- All permanent records shall be kept in a locked file cabinet (Consult Retention Policy for Records designated to be kept permanently). The goal will be to migrate most non-permanent paper documents to e-files with routine back-up procedures. A quality assurance process must be in place to ensure all scanned documents are legible, scanned to the correct location and not askew before the paper documents are shredded or destroyed.
- All documents are filed immediately in their appropriate folder either in the file cabinet or the e-folder by the Director of Finance or his/her designee.

Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded. Internal controls are a set of policies and procedures to prevent deliberate or misguided use of funds for unauthorized purposes.

Lines of Authority

Policy: The Board of Directors is responsible for authorizing all bank accounts and check signers. Financial institutions where NVHIE accounts are maintained are notified of any changes in check signers following the transition of officers or changes in staff with check signing responsibilities.

Procedures:

- **Purchasing:** The Director of Finance and the President/CEO are responsible for reviewing and approving all expenditures prior to disbursement of the funds. This applies to goods, contracts, equipment or supplies.

Expenditures less than \$200-These purchases require no cost comparison data. The invoice is approved by the Director of Finance and Operations and the President.

Purchases up to \$2,500-The Treasurer may approve the purchase without obtaining additional approvals as long as the purchase is in accordance with and under the authority of an approved budget category. These purchases require 3 estimates for comparison.

Purchases \$2,501-\$5,000-These expenditures need approval from the President and the Treasurer. These purchases require 3 estimates for comparison.

Purchases \$5,001 and greater-These expenditures need pre-approval from the Board of Directors. These purchases will be conducted under an open bidding process and require at least 3 estimates for comparison.

The President/CEO and the Treasurer have sole signatory authority for the checking account. For expenditures. The President may solely sign checks up to \$5,000, and checks in excess of \$5,000 must be co-signed by the Treasurer.

Conflict of Interest

Policy: All employees and members of the Board of Directors are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee or Board member conflict with the interests of the organization. Both the fact and the perceived appearance of a conflict of interest should be avoided.

Procedures:

- Upon or before the hire, election, or appointment, each employee and Board member must provide a full written disclosure of all direct or indirect financial interests that could potentially result in a conflict of interest. Examples include employer, business, and other nonprofit affiliations, and those of family members or a significant other. This written disclosure will be kept on file and will be updated annually and as needed.

- Employees and Board members must disclose any interests in a proposed transaction or decision that may create a conflict of interest. After disclosure, the employee or Board member will not be permitted to participate in the transaction or decision.
- Should there be any dispute as to whether a conflict of interest exists:
 - The President/CEO shall determine whether a conflict of interest exists for an employee, and shall determine the appropriate response.
 - The Board of Directors shall determine whether a conflict of interest exists for the President/CEO or a member of the Board, and shall determine the appropriate response.

Segregation of Duties

Policy: Ideally, the organization’s financial duties should be distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization’s assets while also considering efficiency of operations. Where the staff is small, this becomes problematic because often staff must play several roles. However, there are some functions that can help define separation of duties.

Procedures:

- All invoices shall be reviewed and approved by the Director of Finance and Operations and the President/CEO. While the checks for payment of invoices may be written by the Director of Finance and Operations, he/she has no signatory authority and no access to the bank accounts.
- The bank reconciliations are performed by the Director of Finance and Operations and reviewed by the Treasurer. All disbursements are made by pre-numbered checks.
- An annual financial audit will be conducted by a qualified outside accounting firm. Applicable financial and administrative guidelines relating to specific grant funding shall be followed.

Physical Security

Policy: The Nevada Health Information Exchange maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, real estate and other valuable property.

Procedures:

- Blank checks are stored in a locked cabinet and access to the cabinet is limited to the President/CEO and the Director of Finance and Operations.
- The accounting software is password protected, and only the Director of Finance and Operations and the President/CEO have the password. In addition, the laptops are undocked and taken home by staff when they leave.
- The office is locked at night, weekends and holidays, and only authorized employees and the bonded janitorial agency have keys.
- All sensitive and important documents are locked away before employees leave. Eventually, documents will be scanned and stored electronically with password protection.

Financial Planning & Reporting

The organization's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The presentation of the Financial Statements shall follow the recommendation of the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Organizations." Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted, temporarily restricted and permanently restricted.

Budgeting Process

Policy: The organization's annual budget is prepared and approved annually for all departments. The budget is prepared by the Director of Finance and Operations in conjunction with the President/CEO and the other directors on staff. The budget is to be approved by the Board of Directors prior to the start of each fiscal year.

Procedures:

- The Director of Finance and Operations will work together with the President/CEO and all program Directors to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
- The Director of Finance and Operations will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
- The President/CEO, Director of Finance and Operations, and the Board Treasurer will present a budget 30 days prior to the end of the fiscal year to the full Board of Directors.
- The budget shall contain revenues and expenses forecasted by month. A chart describing monthly cash flow shall be included.
- The Board of Directors will review and approve the budget at its last meeting prior to the start of the fiscal year.

Internal Financial Reports

Policy: The Director of Finance and Operations prepares regular financial reports on a monthly basis. All reports are finalized no later than 10 days after the close of the prior month. The exception to this schedule is yearend when a preliminary financial is prepared before the annual audit and finalized after the audit is completed.

Procedures:

- The Director of Finance and Operations is responsible for producing the following reports within 10 days of the end of each month: Balance Sheet, Income Statement of Month-to-Date and Year-to-Date including Budget vs. Actual.
- The President/CEO and Board Finance Committee review financial reports each month, and the Finance Committee presents reports to the full Board of Directors on a monthly basis.
- On a quarterly basis, the Director of Finance and Operations prepares a narrative report that summarizes the organization's current financial position and includes explanations for budget variances.

Audit

Policy: An audit of the NVHIE's financials shall be performed annually after the conclusion of the last month in the fiscal year by an independent third party accounting firm. Prior to the end of the year, the Director of Finance and Operations shall outline the scope and requirements for the audit and seek Requests for Proposals from three accounting firms. Those responses shall be reviewed by the Audit Committee, and one of the accounting firms shall be awarded the auditing contract.

Procedures:

- Prior to the physical presence of the auditor(s) on site, a list of items is sent to the Director of Finance and Operations for preparation. This list includes reconciliation of assets and liability accounts, descriptions of relevant industry, regulatory and other external factors, the selection and application of accounting policies, measurement and review of the NVHIE's financial performance, Internal controls, major deviations from budget, subsequent expenditures, and expenditures within or exceeding a certain scope determined by the external auditors. This list is not exhaustive but meant to be exemplary.
- The auditor's report shall be presented to the Audit Committee upon the conclusion of the audit. It will state whether the financial statements fairly represent the organization's financial position, provide recommendations for added controls, and make necessary adjusting journal entries to correct any misstatements.

Tax Compliance

Exempt Organization Returns

Policy: The NVHIE is a tax-exempt not-for-profit entity organized under section 501(c)(3) of the Internal Revenue Code. As such, it is required to file a Form 990 by the fifteenth (15th) day of the fifth (5th) month after the close of its fiscal year.

Procedures:

- The current fiscal year according to the bylaws of the NVHIE ends on June 30. Therefore, the Form 990 must be completed and filed on or before November 15th each year.
- The Director of Finance and Operations is responsible for assuring that the NVHIE complies with the filing deadline of the Form 990.

Quarterly/Annual Payroll Reports

Policy: The NVHIE will comply with all filing requirements and deadlines for payroll tax deposits, payroll tax reports, and other payroll-related reports and expenditures. Currently, this process is facilitated by Intuit.

Procedures:

- The Director of Finance & Operations shall establish a calendar with key dates identified for timely submission of funds and reports for federal and state taxes (quarterly and annually), workers' compensation insurance premiums, employment taxes, and independent contractor forms.

- The Director of Finance & Operations shall oversee and verify the timely filing of all required tax deposits and reports.

Revenue & Accounts Receivable

Invoice Preparation

Policy: All grants and projects are invoiced each month to capture all billable time and expenses and ensure a regular healthy cash flow for the organization. All final invoices for the prior month are completed by the 15th of the following month (ex: June 15th for May).

Procedures:

- The Director of Finance & Operations gathers relevant expense documentation, prepares all invoices, and submits to the Director of IT for approval by the 10th of each month.
- Following approval, the Director of Finance & Operations makes two copies of the invoice. One copy is mailed to the client/customer no later than the 15th of the month and one copy is filed in the client folder.
- As part of the monthly close process, the Director of Finance & Operations reviews an Accounts Receivable Aging report and alerts the Director of IT of invoices more than 60 days overdue.
- The Director of Finance & Operations determines appropriate collection efforts for long outstanding invoices. The CEO is also notified of any receivables that are more than 60 days outstanding and/or more than \$1,500.

Revenue Recognition

Policy: All revenues will be recorded in accordance with GAAP. Contributions are recorded as pledged or received in accordance with FASB 116, and must be credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the organization's Chart of Accounts.

Procedures:

- The Director of Finance & Operations reviews all revenue in excess of \$5,000 and indicates on the letter or copy of the check how the revenue shall be recognized (as earned/contributed, conditional/unconditional and restricted/unrestricted). If there is a question or uncertainty about how to recognize a particular contribution, the Director of Operations will ensure that the donor is contacted to clarify the intent of the contribution.
- The Director of Finance & Operations is responsible for posting revenue to the general ledger in accordance with the designation made by the donor.

Cash Receipts

Policy: All cash shall have a receipt written designating the payee, the amount, and the reason for the cash paid. Checks received shall be stamped with an endorsement stamp immediately upon receipt.

Procedures:

- All checks and cash received is posted daily to the computer log, a deposit ticket prepared, and an adding machine tape run to show the total. The total must agree with the computer posting. The deposit ticket and the monies are then given to the Director of Finance and Operations who runs a separate adding machine tape independently. She then compares this to the computer posting to verify the amount.
- All deposits are made the same day they are received/created.

Deposits

Policy: The NVHIE does not have a safe or secure means of protecting cash or valuables. Therefore, it is the policy to make daily deposits so that cash is not on the premises.

Procedures:

- The same person that prepares the deposit ticket and posts the payments may not also deposit the cash/checks.
- The bank-generated receipt shall be attached to the manually written deposit slip in the deposit book.

Expense & Accounts Payable

Payroll

Policy: NVHIE has a semi-monthly payroll cycle. This means there are 2 pay periods each month. The first pay period starts on the 1st day of the month and ends on the 15th of the month with payment on the 18th day of the month. The second pay period starts on the 16th day of the month and ends on the last day of the month with payment on the 3rd day of the subsequent month. A full time person is designated to be paid 2080 hours annually. Therefore, the number of hours paid in a semi-monthly pay period may not exceed 86.67 ($2080/24=86.67$) even if there are more than 10 working days.

Procedures:

- If the pay date falls on Saturday, the check will actually be paid on Friday, and if it falls on Sunday, the check will be dated on Monday.
- Holidays will be paid in 8 hour increments.

Time Sheet Preparation & Approval

Policy: All employees, exempt and non-exempt, are required to record time worked, holidays, leave taken for payroll, benefits tracking, and cost allocation purposes

Procedures:

- Employees complete time sheets and submit them to their supervisors on the due date, based on the schedule produced at the beginning of the year.
- Supervisors review, correct if necessary, sign and submit timesheets to the Director of Finance & Operations within three (3) working days from the time sheet due date.

- The Director of Finance & Operations is responsible for entering time sheet information into the payroll and accounting systems as needed. All paid time off balances are maintained within the payroll system, based on the information provided on approved timesheets.

Payroll Additions, Deletions, and Changes

Policy: It is important that changes to employees' payroll records be documented so that there is an audit trail. Therefore, every change, no matter how insignificant, must be documented with a paper change and signed by the Director of Finance and Operations and the CEO.

Procedures:

- Payroll Change forms are available on the Shared Drive under the Finance Folder/Forms.
- Direct Debit forms are also available on the Shared Drive under the Finance Folder/Forms.

Payroll Preparation & Approval

Policy: Completed, signed timesheets should be forwarded to the Director of Finance and Operations.

Procedures:

- The time worked versus time not worked should be denoted in the proper category.
- Sick time is paid from the vacation accrual. In addition to 120 hours of paid vacation/sick leave, eleven holidays are designated as paid holidays. They are New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Nevada Day, Thanksgiving Day, Family Day, Veteran's Day, and Christmas Day.
- The Director of Finance and Operations enters the hours in the appropriate categories, runs the payroll calculations and verifies the amounts on each check before submitting the payroll to Intuit to be finalized.
- Intuit transmits the Direct Deposits on the designated pay date to each employee and notifies the Director of Finance and Operations of the net payroll and the payroll taxes to be paid.

Pay Upon Termination

Policy: Whenever possible, employees should give at least two weeks' notice prior to terminating to allow for a smooth transition.

- Involuntary Termination-Employees who are involuntarily terminated will receive their final check the same day as their termination date. Whether they receive pay for their accrued vacation is at the discretion of the Manager given the circumstances under which the involuntary termination occurred.
- Voluntary Termination-Employees who give adequate notice (2 weeks) in writing and terminate voluntarily will be paid in a timely fashion in accordance with Nevada State law and shall receive any accrued vacation pay in their final check.

Procedures:

- Notification is given to the Director of Finance and Operations in writing on a Payroll Change Form stating the final termination date, whether the termination is voluntary or involuntary and whether the employee is eligible to be paid accrued vacation.

- The Director of Finance and Operations will work with Intuit to generate an interim check on a timely basis that complies with Nevada State Law depending on the circumstances.

Purchases & Procurement

Policy: Any expenditure in excess of \$5,000 for the purchase of a single item should have bids from three (3) suppliers if possible. These bids will be reviewed by the Director of Finance and Operations and the bid award must be specifically approved in advance by the President/CEO and the Director of Finance and Operations.

Procedures:

- Checks written for expenditures \$5,000 or less may be approved by the President/CEO.
- Checks written for expenditures greater than \$5,000 require the approval of both the President/CEO and the Treasurer.

Independent Contractors

Policy: Services provided to the NVHIE by independent contractors that exceed \$600 shall be reported to the IRS on a Form 1099 in accordance with the designated timeframe.

Procedures:

- The Director of Finance and Operations shall be responsible for gathering and retaining all tax information needed for independent contractors on the IRS Form W-9.
- The tax flag for 1099 reporting shall be activated at the time the Vendor Master for the independent contractor is built and shall remain activated as long as the amount paid to the independent contractor exceeds the IRS threshold of \$600 annually.
- The Independent contractor will be sent a Form 1099 in February if the payments exceed \$600, and the amount of 1099 payments will be reported to the IRS on a form 1096.

Invoice Approval & Processing

Policy: All invoices must be approved by the President/CEO and the Director of Finance and Operations prior to being paid. Approved invoices will be paid within 30 days of receipt. Invoices received but not paid shall be accrued in the month in which the expense was incurred.

Procedures:

- Invoices and bills will be opened and reviewed by the Office Manager. The Director of Finance and Operations will be notified immediately of any unexpected or unauthorized expenses.
- Invoices are then routed to the appropriate department Director for authorization, then to the Director of Finance and Operations and the President/CEO prior to payment being issued. If the expense is greater than \$5,000, Treasurer and the President/CEO must also approve the expenditure.
- Copies of all invoices paid will be filed in the finance department. After two years these documents will be archived, and they will be destroyed in accordance with the Records Retention Policy.

Cash Disbursements

Policy: The NVHIE will not pay cash for any of its disbursements. All expenditures will be paid by check or via the company credit card with the appropriate approval process. If an employee pays an expense with his/her own money, an expense report will be completed with receipts attached and submitted to the Director of Finance and Operations for reimbursement.

Petty Cash

Policy: No petty cash fund will be maintained by the NVHIE. All expenditures will be paid by check or via the company credit card with the appropriate approval process. If an employee pays an expense with his/her own money, an expense report will be completed with receipts attached and submitted to the Director of Finance and Operations for reimbursement.

Employee Expense Reimbursements

Policy: Employees who incur expenses while conducting business on behalf of the NVHIE shall complete an Expense Reimbursement Form with appropriate documentation attached to obtain reimbursement. Expense Reimbursement Forms are on the Shared Drive.

Procedures:

- Receipts for business expenditures must be attached. Items eligible for reimbursement are outlined in the Travel and Expense Reimbursement Policy.
- Mileage Records or Mapquest printouts for destinations/trips should be attached for mileage reimbursement.
- The business purpose of the expenditure should be noted on the form.

Travel Expenses

Policy: The Travel and Expense Reimbursement Policy should be consulted for the reimbursable expenditure guidelines and reporting procedures. It may be accessed through the Shared Drive under Finance/Policies.

Company Credit Card

Policy: NVHIE has one corporate credit card. It is designated for use only for authorized business expenditures. Because the President/CEO is the sole cardholder, he must authorize its use on each occasion. Receipts should have the business purpose of the expenditure written on them, and receipts should be given to the Director of Finance and Operations who has the responsibility to match the receipts to the expenditures on the credit card bill.

Procedures:

- The Director of Finance and Operations verifies each expenditure on the credit card bill and matches it to a corresponding receipt.
- Items unable to be matched will be disputed either with the vendor directly or through the credit card company, whichever makes the most sense.
- All receipts will be coded to the appropriate expense category, and final approval will rest with the President/CEO.

Asset Management

Cash Management and Operating Reserve

Policy: The NVHIE shall strive to have at least 120 operating cash on hand at all times. 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.

Procedures:

- Monies will be deposited daily and will not be kept on the premises.
- The Director of Finance and Operations will monitor the cash on hand and manage the Accounts Payable and Accounts Receivable to comply with the above reporting.
- Days' cash-on-hand will be one of the metrics reported to the Board each month. It will be the cash deposited and available as of the last working day of the preceding month.
- The amount of the operating reserve will be calculated each year after approval of the annual budget, reported to the Board of Directors, and included in regular financial reports.
- The operating reserve will be funded with surplus unrestricted operating funds.

Capital Equipment

Policy: Capital equipment shall be defined as equipment having a life of 5 years or more and a value of \$1,000 or more.

Procedures:

- All equipment designated as capital equipment shall be categorized as a capital asset on the Balance Sheet.
- All capital equipment shall be assigned an estimated life using the American Hospital Association Capital Assets Depreciation Schedule Lives.
- Equipment shall be listed on a spreadsheet, depreciated monthly, and reconciled at least quarterly.
- A contra-account shall be established to accumulate the monthly depreciation and allow for the net asset value to be reported.
- Capital equipment will be paid from excess operations or from the funded depreciation account whenever possible.

Restricted Funds

Policy: It shall be the policy of the Board to established two restricted funds: 1) a Funded Depreciation account to provide for the replacement of future assets, and 2) an Improvement/Development Fund to dedicate revenue to the future enhancement of the NVHIE (ie: additional functionality or new services yet to be determined).

Document Retention and Destruction Policy

Policy: This policy identifies the record retention responsibilities of staff, volunteers, members of the board of directors, and outsiders for maintaining and documenting the storage and destruction of NVHIE's documents and records.

Procedure: NVHIE's staff, volunteers, members of the board of directors, committee members and outsiders (independent contractors via agreements with them) are required to honor the following rules:

- a. Paper or electronic documents indicated under the terms for retention in the following section will be transferred and maintained by NVHIE;
- b. All other paper documents will be destroyed after three years;
- c. All other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year;
- d. No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation; and
- e. No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards.

The following table indicate the minimum requirements and is provided as guidance for the retention of the NVHIE's documents: *

TYPE OF DOCUMENT	MINIMUM REQUIREMENT
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	3 years
Checks (for important payments/purchases)	Permanently
Contracts, mortgages, notes, & leases	7 years
Contracts still in effects	Contract period
Correspondence (general)	2 years
Correspondence (legal & important matters)	Permanently
Correspondence (with customers & vendors)	2 years
Deeds, mortgages, bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analyses & schedules	7 years
Year-end financial statements	Permanently
Insurance records, current accident reports. Claims, policies, and so on (active & expired)	Permanently
Internal audit reports	3 years

TYPE OF DOCUMENT	MINIMUM REQUIREMENT
Inventory records for products, materials & supplies	3 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws, and charter	Permanently
Patents and related papers	Permanently
Payroll records and summaries	Permanently
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

*From the National Council of Nonprofits, AICPA Inc.

DRAFT

POLICY: TRAVEL AND EXPENSE REIMBURSEMENT POLICY	EFFECTIVE:
FIS 001	REVISED:

PURPOSE

The Board of Directors of the Nevada Health Information Exchange (NV-HIE) recognizes that the staff, officers and board members of NV-HIE may be requires to travel or incur other expenses from time to time to conduct Company business and to further the mission of this non-profit organization. The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) to provide a uniform and consistent approach for the timely reimbursement of authorized expenses incurred. It is the policy of NV-HIE to reimburse only reasonable and necessary expenses actually incurred by Personnel.

When incurring business expenses, the NV-HIE expects Personnel to exercise discretion and good business judgment with respect to those expenses, be cost conscious and spend NV-HIE’s money as carefully and judiciously as the individual would spend his/her own funds, follow the prescribed guidelines, and report expenses on a timely basis with the required supporting documentation.

PROCESS

1. Expense Report

Expenses will be reimbursed to the individual upon submission of a written expense report. The Travel Expense Reimbursement Form must be submitted within two (2) weeks of the completion of the travel. The Travel Expense Reimbursement Form must be completed even if no additional reimbursement is requested, and if funds were advanced to the individual, the Travel Expense Reimbursement Form is used to reconcile the actual expenditures to the advance received.

2. Receipts

Receipts will not be required for meals and incidentals reimbursed on a per diem basis. However, receipts will be required for lodging, car rentals, other modes of ground transportation, airfare, and parking. When the company credit card is used, those receipts must be submitted, and the per diem rates will be applied to the reconciliation of those expenses.

3. General Travel Guidelines

i. Advance Approval

All trips involving air travel and/or at least one overnight stay and/or out-of-state travel must be approved in advance by the individual’s supervisor or by the Board Treasurer. Using the Travel Expense Reimbursement Form, estimates of the proposed

costs, including supporting documentation available, shall be submitted to the approving party. Once this form is approved, it can be used as the basis for requesting a travel advance and is attached to a Check Request Form and submitted to the Director of Finance for generation of an advance. A reconciliation must be provided upon the conclusion of the travel.

ii. Necessity

In determining the reasonability and necessity of reimbursable expenses, the business purpose and benefits must be provided. Consideration of the necessity of the individual's presence versus the costs of less expensive alternatives (telephone or video conferencing, local programs or training, etc.) will be weighed.

iii. Personal and Spousal Travel Expenses

Individuals traveling on behalf of NV-HIE may incorporate personal travel or business with Company-related trips; however, all expenses must be segregated and greater expense may not be incurred as a result of the personal travel including, but not limited to, extra hotel costs, additional stopovers, meals or transportation. Expenses associated with the travel of an employee's spouse, family member or friends are not reimbursable.

4. Air Travel

i. General

No less than three (3) cost estimates shall be obtained if possible. NV-HIE will reimburse the cost of the lowest coach class fare for direct, non-stop flights from the airport nearest to the individual's home or office to the airport nearest the destination. Air reservations should be made as far in advance as possible in order to take advantage of reduced fares.

ii. Saturday Stays

Personnel traveling on behalf of NV-HIE are not required to stay over Saturday nights in order to reduce the price of an airline ticket. However, sometimes, the airfare is significantly less, and if an individual voluntarily chooses to take advantage of the reduced price, the lodging and meal expenses incurred over the weekend shall be reimbursed to the extent the expenses incurred do not exceed the difference between the price of the lowest priced airline ticket and the Saturday night stay. To receive reimbursement for such lodging and meal expenses, the individual must supply, along with the Travel Expense Reimbursement Form, documentation of the difference between the price of the Saturday stay and non-Saturday stay airline tickets.

iii. Frequent Flyer Miles and Compensation for Denied Boarding

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Personnel traveling on behalf of NV-HIE may accept and retain frequent flyer miles and compensation for denied boarding for their personal use. Individuals may not deliberately patronize a single airline to accumulate frequent flyer miles if less expensive comparable tickets are available on another airline, and the “Three Cost Estimates” rule will not be waived.

5. Lodging

Personnel traveling on behalf of NV-HIE will be reimbursed at the following per diem rates lodging rates:

Location	County	Oct '13	Nov '13	Dec '13	Jan '14	Feb '14	Mar '14	Apr '14	May '14	Jun '14	Jul '14	Aug '14	Sep '14
Incline Village/Reno/Sparks	Washoe	93	93	93	93	93	93	93	93	93	125	125	93
Las Vegas	Clark	92	92	92	92	92	92	92	92	92	92	92	92
Stateline/Carson City	Douglas, Carson City	88	88	88	88	88	88	88	88	88	88	88	88
Standard Rate	All Other	83	83	83	83	83	83	83	83	83	83	83	83

Personnel shall make use of available corporate and discount rates whenever possible.

6. Meals and Incidentals

Personnel traveling on behalf of NV-HIE shall be reimbursed for at the per diem rates (including tips) established by the State of Nevada as outlined in the following table:

Location	County	Breakfast	Lunch	Dinner	Incidentals	Total M&IE	First & Last Travel Day
Incline Village/Reno/Sparks	Washoe	\$8	\$12	\$26	\$5	\$51	\$38.25
Las Vegas	Clark	\$12	\$18	\$36	\$5	\$71	\$53.25
Stateline/Carson City	Douglas Carson City	\$10	\$15	\$31	\$5	\$61	\$45.75
Standard Rate	All Other	\$7	\$11	\$23	\$5	\$46	\$34.50

7. Ground Transportation

Employees are expected to use the most economical ground transportation appropriate under the circumstances and should generally use the following, in this order of desirability:

i. **Courtesy Cars**

Many hotels have courtesy cars which will transport guests to and from the airport at no charge. The hotel will generally have a well-marked courtesy phone at the

airport if this service is available. Employees should take advantage of this free service whenever possible.

ii. Airport Shuttle or Bus

Airport shuttles or busses generally travel to and from all major hotels for a reasonable fee. At major airports such services are as quick as taxis and considerably less expensive. Airport shuttle or bus services are generally located near the airport's baggage claim area, and often round-trip tickets provide a discounted rate.

iii. Taxis

When courtesy cars and airport shuttles are not available, a taxi is often the next most economical and convenient form of transportation when the trip is for a limited time and minimal mileage is involved. A taxi may also be the most economical mode of transportation between an individual's home and the airport.

iv. Rental Cars

Rental cars are expensive, so other forms of transportation should be considered whenever practical. Employees will be allowed to rent a car while out of town provided that advance approval has been given by the individual's supervisor and if the cost is less than alternative methods of transportation.

8. Personal Automobile

Staff will be compensated for use of their personal cars when used for company business. When individuals use their personal car for travel, including travel to and from the airport, mileage will be reimbursed at the rate of .56 cents per mile. If an employee uses his/her car for a long distance trip that might ordinarily be made by air, the employee will be reimbursed either the mileage allowance or the round trip coach airfare amount, whichever is less.

9. Parking and Tolls

Parking and toll expenses, including charges for hotel parking incurred by personnel traveling on company business, will be reimbursed. The costs of parking tickets, fines, car washes, valet services, etc., are the responsibility of the employee and will not be reimbursed. On-airport parking is permitted for short business trips. For extended trips, long-term parking should be used.

10. Business Meetings

Reasonable expenses incurred for business meetings or other types of business-related expenses will be reimbursed only if the expenditures are approved in advance by the CEO of NV-HIE and qualify as tax deductible expenses. Detailed documentation for any such expense must be provided including:

Nevada Health Information Exchange

- i. Date and place
- ii. Nature of the expense
- iii. Names, titles and corporate affiliation of those present
- iv. A complete description of the business purpose for the activity including the specific business matter discussed
- v. Receipts for the expenses incurred

11. Other Expenses

Reasonable NV-HIE related telephone, fax and shipping (Fed-Ex, UPS, postage, etc.) charges due to the absence of personnel from his/her place of business are reimbursable. In addition, emergency secretarial work incurred are reimbursable for the purpose of work on behalf of NV-HIE.

12. Non-Reimbursable Expenditures

The Nevada Health Information Exchange maintains a strict policy that expenses in any category that could be perceived as lavish or excessive will not be reimbursed. These types of expenses are inappropriate for reimbursement by a non-profit, charitable organization. Examples of expenses that are not reimbursable include, but are not limited to, the following:

- i. Travel insurance
- ii. First class tickets or upgrades
- iii. Limousine travel
- iv. Movies, liquor or bar costs
- v. Membership dues at any country club, private club, athletic club, golf club, tennis club or similar recreational organization
- vi. Participation in or attendance at golf, tennis or sporting events without the advance approval of the chairman of the board
- vii. Purchase of golf clubs or any other sporting equipment
- viii. Spa or exercise charges
- ix. Clothing purchases
- x. Unauthorized conferences & entertainment
- xi. Valet services
- xii. Car washes
- xiii. Toiletry articles
- xiv. Expenses for spouses, friends or relatives
- xv. Unauthorized overnight retreats

This list of expenses, by way of example only, offers categories for non-reimbursement and is meant to be only a guideline. It does not imply that categories of expenses not included on this list should automatically be eligible for reimbursement.

APPROVAL:

Signature

Date

David LaBarge
Chief Executive Officer
Nevada Health Information Exchange

DRAFT

NV-HIE proposed By-Law change February 7, 2014

Current text of By-Laws reads:

ARTICLE XIV – MISCELLANEOUS

2. Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of December in each calendar year or otherwise as the Board of Directors or Executive Committee may determine.

Proposed change:

2. Fiscal Year. The fiscal year of the Corporation shall end on the 30th day of June in each calendar year or otherwise as the Board of Directors or Executive Committee may determine.

CERTIFICATE OF SECRETARY

I, _____, the undersigned, the duly elected and acting Secretary of the NEVADA HEALTH INFORMATION EXCHANGE (A Nevada Non-Profit Corporation), do hereby certify that the foregoing Amendment to the By-Laws of said Corporation was adopted by the Board of Directors at the Meeting held on the ____ day of _____, 2014.

Lindsey Harmon, Secretary