

Fairbanks Youth Advocates

Financial Policies and Procedures

* Yellow highlighted portions have been finalized/approved by the board. 12/12/2013

GENERAL

Fairbanks Youth Advocates (referred to from here on as FYA) is a 501(c)(3) organization governed by a board of directors. FYA receives funding from the profits of Clearwater Counseling (CC) (a subsidiary of FYA), grants from governmental organizations, and donations from individuals, organizations, and businesses.

RESPONSIBILITIES

Board of Directors Responsibilities

1. Establish the financial and accounting policies and procedures.
2. Adopt an annual operating budget.
3. Authorize expenditures not included in the annual budget.
4. Authorize transactions that may impact the financial position of FYA, this includes but is not limited to the borrowing of funds, acceptance of grants and/or donations with restrictions.
5. Ensure payroll and other taxes are paid in a timely manner.

Board President

Assure the integrity of the board's process and occasionally represent the board to outside parties. Conduct an annual evaluation of the Executive Director and communicate the goals and objectives for the Executive Director during the upcoming year as approved by the board of directors or executive committee of the board.

Board Secretary

The secretary is the officer responsible for signing all official documents on behalf of the board of directors.

Board Treasurer

In the absence of a bookkeeper, the Treasurer is responsible for maintaining the the accounts and records. Review the financial records to include reconciled bank statements, grant reports, and other required financial reports and reconcile the reports to the accounting records. Monthly reviews are recommended but required at least quarterly. The Treasurer is also responsible for providing a summary of the current financial status of FYA to the board of directors at regular board meetings. The summary will include, as a minimum, the current balance sheet and profit & loss reports from the accounting program. An analysis of future cash flows may also be presented as needed.

Executive Director

The Executive Director (ED) is responsible for the day to day activities of FYA and is the official spokesperson and face of FYA. The ED will ensure the policies and procedures established by the board of directors are followed and is responsible for operating within the financial parameters established by the board of directors in the annual operating budget. The ED is responsible for the efficient and effective use of FYA funds and for controlling costs so as not to exceed the operation budget. Prior board approval is required for expenditures that exceed \$1000 over and beyond the budgeted line item. Board approval is also required for any expenditure not contained in the operating budget. Prior board approval is required for expenditures that exceed the budget line item by \$1000. Board approval is also required for any expenditure not contained in the operating budget. The ED will not make any financial commitments not previously authorized by the board.

FINANCIAL AND ACCOUNTING

FYA and its subsidiary Clearwater Counseling (CC) maintain separate checking accounts and accounting records using QuickBooks. FYA financial activity is consolidated with CC for tax reporting purposes. All accounting transactions (except CC) will be recorded in FYA's QuickBooks ledger. All transactions will be assigned to the appropriate account and class (fund). Use of the memo field is encouraged to assist other users to understand the transaction. All transactions require supporting documentation that is filed within the accounting office (see FILES section below).

Journal Entries

Journal entries should be used sparingly when another QuickBooks function will not work. The reason for the journal entry will be stated clearly in the memo field of the entry. All journal entries are to be printed and filed with supporting documentation.

Fund Accounting

All grants and other restricted funds receipts and expenditures will be accounted for in QuickBooks using a separate class (fund). All unrestricted funds will be accounted for in the general operating class (fund) unless specified by this policy for reporting or tracking purposes. Expenditures are required to be reported as Program, Management & General, and Fundraising for tax return and financial reporting in accordance with Generally Accepted Accounting Principles. The check requests and time cards should allocate the documented expenditure to one or more programs, general operations, and/or fundraising. Specific fundraising events may be accounted for as a separate class within the fundraising group. An allocation of indirect costs (utilities, general supplies, rent, etc.) may be made to the various programs, to include grants as allowed by the granting agency, and fundraising. These allocations will be made based on a rational methodology appropriately documented, such as percent of building used by the activity, hours of employees spent on the activity, or another acceptable basis.

Investments

Authorized investments are limited to demand deposits (checking or savings accounts, certificates of deposit or money market) at institutions covered by FDIC, NCUA or similar insurance.

Internal Controls

FYA shall maintain a system of internal administrative and accounting controls necessary for:

1. Safeguarding assets against waste, loss, unauthorized use, and misappropriation;
2. Promote accuracy and reliability in accounting and operating data;
3. Encourage compliance with FYA policy; and
4. Evaluate the efficiency of financial operations in all areas of FYA.

Donations

For the purposes of this policy, the term "Cash" includes coin, currency, checks, money orders, credit card payments, or electronic bank transactions. FYA can receive either cash or noncash donations. Non-cash (in-kind) donations are accepted on a case-by-case basis after considering the need for the item(s) and other factors that may be applicable. FYA has the right to decline any donation.

Restricted Donations

Donations may be restricted by purpose or by time and can be temporarily restricted or permanently restricted. Any donation received with restrictions must be reviewed by the board prior to acceptance. Restricted donations will be segregated from unrestricted funds in the accounting records and until the restrictions are met or no longer applicable.

Donated Securities

As a general policy, donated securities (stocks, bonds, mutual funds, exchange traded funds, etc.) will be sold when received, following review and decision by the board of directors.

Online Donations

1. Donors get an email notification and thank you via email, stating their donation amount and our tax ID. This serves as a receipt for tax purposes. The "donation response" is saved as a canned response in Google email.
2. Donors are recorded in a spreadsheet noting their contribution method, amount & address. The same information is entered into QuickBooks upon recording the donation.
3. Contributions are transferred individually from the online donation source, (currently GreaterGiving and PayPal) to Alaska USA Federal Credit Union electronically.

Check and Cash donations

1. Donors are logged in a spreadsheet noting their contribution method and amount by the ED. The same information is entered into QuickBooks upon recording the donation. (A less redundant bookkeeping procedure is currently being explored)
2. Photocopies are made of checks and or cash, deposit slip, and deposit receipt and filed.
3. Cash and check donations should be deposited into FYA's Alaska USA checking account as soon as possible after receipt.
4. Contributions/deposits entered into QuickBooks as they come in or on a scheduled basis pursuant to evolving bookkeeping protocol.
5. Thank you note acknowledging the donation should be sent to the donor at the time of donation.

Delete - Bookkeeper on staff

~~Interim Procedures until Bookkeeper is on staff~~

~~All cash donations are recorded by ED in a Google Doc titled Donations. Deposits and expenditures are recorded in Google Doc Titled Record of Account Payable. Both of these Google Documents should be updated weekly. Board Treasurer records this information into Quick Books at least monthly.~~

Noncash (In Kind) donations

1. Donors and details of the donation are recorded in a Google Doc called Donations (current year). The same information is entered into QuickBooks upon recording the donation.
 - a. Donations of expendables (office supplies, etc.) are recorded as both in-kind revenue and expense. (If in-kind donations are accompanied by a current receipt of purchase, their value will be recorded and included in a receipt to the donor)
 - b. Donations of capital goods or for the construction of capital assets (appliances, building materials, etc.) are recorded as in-kind revenue and as an asset.
2. Thank you note sent to donor and should include a description of the property donated.
 - a. Except as noted below, FYA is not in a position to establish the value of any non-cash donation. For tax purposes, it is the donor's responsibility to determine and support the value of the donation.
 - b. When non-cash donations are received with a current receipt/bill of sale (i.e. the donor purchased the item and then donated it to FYA), the value on the receipt/bill of sale may be included. A copy of the donor's receipt/bill of sale will be filed in the FYA Donors file at Clearwater Counseling office until an FYA office is established.

IRS Issues & Requirements

1. FYA is required to provide a written receipt to the donor for any contributions of \$250 or more received in a single day in order for the donor to be able to claim a deduction. The receipt must contain the name and address of FYA, date of the contribution, and whether any goods or services were provided to the donor in return for the contribution and the fair market value of the goods and services provided to the donor.
 - a. The value of cash donations received
 - b. For non-cash donations a description of the property donated and the location of the donation. See above regarding reporting the value of the donation on the receipt.
2. Donations of cars, boats, & airplanes to FYA that the donor values over \$500 will require FYA to provided the donor with Form 1098-C, Contributions of Motor Vehicles, Boats, & Airplanes, within 30 days of the receipt of the donation.
3. FYA may be asked to complete and sign part IV of Form 8283, Noncash Charitable Donations, for noncash donations of \$5,000 or more. This is an acknowledgement that, if FYA sells the donated property within 3 years of the date of the donation, FYA will file Form 8282, Donee Information Return, with the IRS and provide a copy to the donor.

Other Income

Unless specified by FYA board of directors, donors of restricted donations, or grantors, all interest or other income earned on deposits or investments is unrestricted.

Disbursements

All expenditures are authorized by the board of directors through the adoption of an annual operating budget. Prior board approval is required for expenditures exceeding \$1000 of a budget line item.

Two signatures are required on all checks written for \$1,000 or more. Exception - A single signature can be authorized for recurring expenses, \$1000 or more, specifically approved by the board, annually, with the budget.

Payments may not be split in order to circumvent this policy. Officers, excluding the treasurer, and selected other board members who have signed the bank's corporate signature card may be signers on the checking account. The Executive Director is also a signer on the account.

Purchases of \$5000 or more

1. For purchases of non-expendable personal property with a value of \$5000 or more, or for the award of a contract of \$5000 or more, Fairbanks Youth Advocates will require three competitive price quotations from potential

suppliers (where available) and complete a cost price analysis (if practicable).

- a. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to FYA, price quality and other relevant factors considered.
- b. Records of price quotations and cost price analysis will be retained and include
 - i. Specifications
 - ii. Suppliers names and addresses
 - iii. Prices quoted
 - iv. The basis for the award
 - v. Written justification and approval

Accounts Payable

1. All bills will be entered into QuickBooks on receipt using the date of the invoice not the date the bill is entered. Make sure the due date generated by QuickBooks matches the due date on the bill. (Interim Procedures- date check is entered will be used until bill payment and recording functions are consolidated with a bookkeeper.)
2. Bill payment checks will be processed weekly and mailed within a reasonable period after printing. Bills should be paid by their due date to prevent FYA being charged late fees.
3. Do not hold checks pending availability of cash in the checking account. If sufficient funds are not available, do not prepare or print the bill payment check.
4. The tax ID number (social security number or employer identification number) for all individual vendors (to include casual laborers) is required to be on file.
 - a. These vendors must be set up in QuickBooks as eligible to receive a Form 1099
 - b. No payments to these vendors should be made until their tax ID number has been provided.

Consultants and Consulting Fees

Consulting or professional services may be required to provide expertise not otherwise available. Services that are expected to cost \$5000 or more will be obtained through competitive bidding. A request for proposal (RFP) describing the scope of work needed will be submitted to appropriate service providers and/or by advertising with the goal of obtaining at least 3 bids. The bids will be evaluated based on cost, ability to perform, competence, skill and experience, and other appropriate factors. No contract shall be subdivided to avoid these requirements

*We have a policy in place that says we will do this for certain at 5000 or more.

FYA Credit Card

- The Executive Director shall obtain a credit card for FYA use only.

Preferably the credit card should be in the name of Fairbanks Youth Advocates.

- Only one physical credit card is permitted. The authorized signers on the card should be the Executive Director & the Shelter Supervisor.
- If an appropriate rewards (airfare, travel) credit card is obtained, the rewards may only be used for FYA business.
- The credit card will be used only for FYA purchases.
- Receipts for credit card purchases will be turned into the Executive Director as soon as practicable. A credit card purchase form should be attached to the receipt documenting what was purchased and why, as well as the fund/class to be associated. A copy of the purchase should be forwarded to the treasurer/bookkeeper for recording in QuickBooks.
- On receipt of the credit card statement, a copy should be forwarded to the treasurer/bookkeeper and reconciled to the receipts. The bill should be paid only upon satisfactory completion of the reconciliation.
- All credit card bills will be paid in full and in a timely manner to prevent interest and fees from being assessed.

Check Writing Procedures

1. No blank or incomplete (missing payee or amount) checks will be signed or issued.
2. ~~Hand written checks will be used until other payment options are available and implemented. (i.e. computer generated checks and/or credit card purchases). All checks must be printed using QuickBooks.~~
3. Checks require supporting documentation (vendor invoice, employee time card, receipts, check request, or other supporting documentation).
 - a. The check signers should initial and date the supporting documentation as evidence that the supporting documentation was presented with the check for signature.

Payroll Procedures

1. Pay periods will be the 1-15, and the 16 through the end of each month.
2. Signed time cards are due the first workday following the end of the pay period.
3. Time cards must be submitted by the employee to their supervisor. Supervisors approve by sending them onto the ED. The ED forwards them to the Payroll preparer.
4. Payroll is prepared from time card information.
5. Paychecks will be picked up in person by staff. ^{or copies of paystubs} 6
6. Paychecks are to be distributed no later than ~~five (5)~~ ^{When possible, paychecks will be direct deposited 5 days after} days following the end of the pay period. ^{payroll.}
7. ~~Federal payroll taxes are required to be paid monthly by EFTPS no later than by the 15th of the following month.~~ Payroll taxes should be paid the same day as the paychecks are prepared to avoid missing a due date and incurring penalties and interest.

7. Federal payroll taxes are required to be paid semi-weekly by EFTPS. If the payday falls on a Wednesday, Thursday, and/or Friday then the tax deposit must be by the following Wednesday. If the payday falls on a Saturday, Sunday, Monday, and/or Tuesday then the tax deposit must be made by Friday.

Leave Processing

Leave is calculated in QuickBooks payroll and is printed on the pay check stub. Leave accrual is printed on the pay stub and employees are responsible to ensure the balance is correct.

Payroll Record Retention

A permanent employee file will be maintained on all employees and include as a minimum:

1. Form I-9, Employment Eligibility Verification;
2. Current W-4;
3. Employment agreement or other document establishing position, pay rate, and benefits;
4. Documentation of changes in position, pay rate, or benefits; and
5. Other payroll related documents such as payroll deductions or garnishments.

Travel Expenditures

Prior to the commencement of travel for FYA business, employees must receive the authorization of the Executive Director. The Executive Director should, when possible, notify the board of directors of any upcoming travel for FYA. Each employee traveling on FYA business will file a travel report with the Executive Director within three working days upon returning. The travel report shall consist of dates, means of travel, arrival and departure times (and can consist of boarding passes and electronic schedules). The Executive Director will provide a trip report to the board of directors for any official travel by the Executive Director. Reimbursable travel expenses consist of:

1. Air travel and rental car (if deemed necessary at destination) expenses. Premium fares (first or business class airfare or luxury rentals) will not be reimbursed.
2. If a privately owned vehicle is used, the traveler is authorized reimbursement for mileage driven on FYA business at the federal standard business mileage rate.
3. A daily per diem allowance of \$50 to cover the costs of food, and incidentals will be the agreed upon allowance, per day, for business travel outside of Fairbanks for FYA employees. (established by the board of directors, in lieu of the State of Alaska standard per diem rate.)
4. Lodging will be reimbursed on a preapproved basis. Premium lodging will not be reimbursed.

Bank Reconciliation Procedures

A bank reconciliation shall be performed on a monthly basis for all FYA bank accounts to ensure all activity recorded by the bank is recorded in QuickBooks. The bank reconciliation should be performed within one week of receiving the bank statement.

1. If there are checks over 90 days old that have not cleared, consider asking the payee about the check. Document the response in the vendor/employee file.
2. Investigate all deposits that have not cleared. If it is suspected that a deposit is in transit at the date of the bank statement, call or access account on-line and note the actual deposit date on the reconciliation.
3. The FYA and CC bank reconciliation report from QuickBooks along with the bank statement will be printed and filed, and posted to the board website as a .pdf. The President will review them and approve through the blog comment process. Other board members are invited, but not required to comment as desired.

Reporting Requirements

1. Quarterly payroll tax reports (Form 941, Employer's Quarterly Federal Tax Return & Alaska Quarterly Contribution Report) are prepared after the end of each calendar quarter and must be filed no later than the last day of the month following the quarter.
2. Forms W-2 and 1099 are required to be prepared after the end of the calendar year and provided to the recipients no later than January 31 of the following year.
3. Forms W-2 and the accompanying W-3 must be filed with the Internal Revenue Service no later than February 28.
4. Forms 1099 and the accompanying Form 1096 must be filed with the Social Security Administration no later than February 28.
5. Grant reports will be prepared and submitted as required by the grantor.

Supporting documentation must be maintained in the Organization files. Review by the treasurer is recommended.

Files

Hard copy files will be maintained for all supporting documents. These files will be maintained by fiscal year.

1. Donor records are filed alphabetically by donor. (online contribution statements are both printed and archived in the cloud, they will be also stored on the FYA office workstation when set up.)
2. All paid vendor invoices are filed alphabetically by vendor.
3. All payroll transactions are filed alphabetically by employee. Employees that receive non payroll payments (i.e. travel, per diem, or reimbursements) will also have a vendor file and will be set up as a vendor in QuickBooks.
4. A separate file or binder will be set up for each grant. The grant files are maintained by the grant period regardless of the FYA's fiscal year. A copy of all grant transactions (checks with supporting invoices, time cards, etc.) will be filed with the related grant. The original supporting documents will be filed in FYA's regular vendor or employee file as appropriate.

Annual Operating Budget

An annual operating budget is required to be adopted by the board of directors prior to the beginning of FYA's fiscal year. The budget should not allow expenditures

in excess of funds that are conservatively projected to be received in that fiscal year.