**Fairbanks Youth Advocates**

**Financial Policies and Procedures**

Fairbanks Youth Advocates (referred to from here on as FYA or the Agency) is a 501(c)(3) organization governed by a board of directors. FYA receives funding from grants from governmental organizations, donations from individuals, organizations, estates, trusts and micro-enterprises such as Clearwater Counseling. .

**BOARD INTENT**

The FYA financial policies and procedures guide general financial management and oversight of the agency. The Board is ultimately accountable for the financial oversight of the agency, and delegates day-to-day decision making and operations to the Executive Director. The FYA financial policies and procedures direct how FYA accepts gifts, authorizes financial transactions, disburses funds, segregates duties, prepares and controls budgets, and how and when the board receives financial updates. Policy changes require Board approval of directors. Procedures may be updated upon mutual approval by the Board Treasurer and Executive Director.

**FYA FINANCIAL POLICIES**

1. FYA financial statements shall be prepared according to Generally Accepted Accounting Principles (GAAP), with standards of accounting established for non-profit organizations.
2. The FYA Board will receive, at each regularly scheduled board meeting, a presentation of the prior month’s balance sheet (statement of financial position), cash flow statement, profit and loss statement, and budget performance report.
3. The Board Treasurer and Executive Director shall prepare a draft operating budget for the next fiscal year and present to the Board for consideration not later than the regularly scheduled meeting in October. The operating budget shall be adopted by the Board before the start of the fiscal year. The budget shall not allow expenditures in excess of funds that are conservatively projected to be received (to include contributions from fund balances) in that fiscal year.
4. The FYA fiscal year is from January 1 to December 31.
5. All FYA financial transactions will be recorded in the general ledger (GL) group of accounts. GL accounts and sub accounts shall be created to segregate, accumulate and identify financial activity by FYA major lines of business, significant programs or restrictions on assets. The Treasurer and Executive director shall maintain a General Ledger chart of accounts and publish the most current version on the Board blog. Any additions or deletions of accounts shall be approved by the Treasurer or in his/her absence, the Board President.
6. The Treasurer and Executive Director shall implement sufficient internal workflows that ensure the most practicable segregation of duties.
7. Leases and contracts exceeding $5,000 annually shall be approved by the Board of directors. Copies of all active contracts and leases shall be maintained on the Board blog.
8. Loans, notes or other indebtedness shall be approved by the Board of directors. Loans, notes or other indebtedness shall include the signature of the Executive Director and the Treasurer, or in the absence of the Treasurer, the Board Chair, Vice Chair, or Secretary.
9. There shall be a schedule of insurance, maintained by the Executive Director and presented to the Board for review and recommended changes not later than the September regularly scheduled board meeting.
10. Donation. FYA will comply with IRS regulations related to financial donors and reporting. Financial donors shall receive, within 30-days after the end of the fiscal year, a schedule of their donations for the prior fiscal year. The Executive Director will identify individual donations/gifts greater than $250 and assist the Board in preparation of thank-you notes and cards.
11. The Board shall maintain an investment policy. Restricted cash equivalent assets shall be deposited into an appropriate Alaska Community Foundation account to the greatest extent practicable.

**RESPONSIBILITIES**

**Board of Directors Responsibilities**

1. Establish, maintain and enforce FYA 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.
6. Review reconciled bank and credit card statements, grant reports and other financial reports.
7. Occasionally and without notice, visit the FYA business office and ask to see copies of bank statements, purchase requests, payroll reports, grant reports, insurance policies, or any other financial related document. Review these documents for accuracy and proper recording.

**Executive Director Responsibilities**

1. Responsible for the day-to-day oversight of the agency.

2. Ensures policies and procedures adopted by the board of directors are followed.

3. Ensures FYA operates within the financial parameters established by the board of directors in the annual operating budget.

4. Responsible for the efficient and effective use of FYA funds and for controlling costs so as not to exceed the approved annual operating budget while at the same time striving for maximum value of resources.

**INTERNAL CONTROL STRUCTURES**

1. FYA shall maintain a system of internal administrative and accounting controls necessary to:

a. Safeguard assets against waste, loss, unauthorized use, and misappropriation;

b. Promote accuracy and reliability in accounting and operating data;

c. Encourage compliance with FYA policies; and

d. Evaluate the efficiency of financial operations in all areas of FYA.

2. Internal Control Principles:

***Segregation of Duties***. Financial tasks will be allocated to guard against any one individual from having the ability (either willingly or unknowingly) to make accounting errors or misappropriate funds. In situations where there might be an insufficient number of employees to achieve desired segregation of duties, the Executive Director and Treasurer shall have the authority to implement a compensating control. For example, credit card and bank statement reconcilers shall not be bank account signers or credit card users and visa-versa.

***Restricted Access***. Physical access to assets, bank accounts, credit cards, records or other sensitive items shall be restricted to the least number of people necessary.

***Records Retention***. Records shall be maintained and secured only to the extent and time necessary to comply with IRS rules, granting agency obligations, auditors, or any other requirements.

***Document Control***. All transactions supporting accounting documents (receipts, etc.) shall be initialed, dated and filed appropriately.

***Processing Controls***. These controls are designed to identify errors or opportunities for fraud before a transaction is conducted or posted to the FYA accounting systems. All transactions in the FYA accounting system shall be matched to a source document, which shall be verified by at least one responsible person (some source documents shall require two sets of initials). For example, The Executive Director and at least one board member shall certify the monthly credit card and bank reconciliations, or all expense and revenue transactions will be posted to an approved account in QuickBooks.

***Reconciliation Controls***. Designed to catch errors or potential fraud after transactions have been posted. This process involves reconciling the GL with sub-ledger accounts.

***Security Controls***. Designed to ensure only the minimum people necessary have access to physical and electronic information and/or the ability to manipulate information. Access to financial information and the ability to alter information will be restricted based on roles.

***Risk Assessments***. Designed to regularly identify, analyze and manage agency risk, relevant to the accuracy of FYA’s financial statements. This activity involves mitigating risk factors that could adversely impact the agencies’ ability to process, record and accurately report financial information.

**ACCOUNTING AND BOOKKEEPING PROCEDURES**

**1. Payroll**

a. FYA may use an outside service provider or firm to assist with payroll processing.

b. New Hires. Requests to hire and on-board new staff members shall be initiated by the Executive Director with a personnel action form. The personnel action form will include all necessary information for the bookkeeper and outside accounting service provider to set up the employee in QuickBooks. New hires must complete an application for employment, an IRS form w-4, an I-9 form and any other necessary documents to set up payroll functions.

c. Payroll will run bi-weekly. All employees are on the same payroll timelines.

d. Employees are required to submit a timecard. The timecard will document hours worked and leave taken. Timesheets shall be submitted by the employee to the designated folder and supervisors will ensure all timesheets are accounted for.

e. Direct supervisors will reconcile timesheets to shift calendars and sign in/out sheets, then pass them on to the Executive Director.

f. The Executive Director reviews and forwards supervisor approved timecards to the bookkeeper for payroll preparation.

g. Employees will be paid every other Friday. If that day falls on an FYA holiday or bank recognized holiday, employee pay will be made available the day prior to the holiday.Paychecks may be deposited directly into payee’s designated bank account.

h. Payroll taxes shall be paid within 5 days from when paychecks are issued to avoid missing a due date and incurring penalties and interest.

i. Timesheets are due to the bookkeeper by close of business the Friday prior to payday. If that day falls on a holiday, timesheets shall be due the last regular business day prior to the Friday holiday.

j. Salaries and Wages. The Executive Director’s salary is set by the Board of Directors and will be memorialized with an employment agreement. For all other staff, salaries will be negotiated by the Executive Director and memorialized with a written employment agreement. All changes in salary or hourly wage rates will be documented with an updated employment agreement.

k. A pay period is from the Saturday (at 12:01AM) after the timesheet is due, through to the fourteenth day following when the pay period began.

l. Accruals. Hourly, non-exempt employees may accrue up to 80 Paid Time Off (PTO) hours annually. Salaried exempt employees may accrue up to 120 PTO hours annually. The Executive Director may accrue up to 160 PTO hours annually.

m. Employees shall receive, for each payroll, a statement of earnings and accruals. The statement of earnings and accruals shall detail, by pay period and calendar year, all earnings, deductions and current leave balances.

n. Employees vs. Independent Contractors. The board shall approve all independent contractor agreements. The determination as to whether or not a worker is an independent contractor will follow IRS guidelines and will have a review by outside counsel.

o. Payroll processing responsibilities.

Gathering timesheets and payroll processing information Program Manager, ED, Bookkeeper or ED

Approving Timesheets Program Manager, ED or delegate

Computing wages Bookkeeper, 3rd Party Admin

Preparing Payroll Tax returns Bookkeeper, 3rd Party Admin

Preparing wage and earning statements Bookkeeper, 3rd Party Admin

Preparing W2’s Bookkeeper, 3rd Party Admin

Processing ACH transfers Bookkeeper, 3rd Party Admin

Approve payroll register ED or Treasurer

Printing and distributing bi-weekly earnings statements Bookkeeper or ED

p. Payroll tax compliance. The bookkeeper or 3rd party payroll administrator will prepare and file all payroll related tax filings. The 3rd party administrator will maintain a schedule of required filings and report to the ED when filings on the schedule are made. The 3rd party administrator will timely file all IRS W2 statements, IRS form W3 income tax transmittal statements, IRS form 940 Federal Unemployment Tax Returns, IRS form 941 FICA withholdings, and quarterly and annual state unemployment tax returns as needed.

q. Reconciling payroll deductions. The bookkeeper will reconcile employee payroll deductions at least monthly and report findings to the Executive Director.

r. Payroll Accounting Reconciliation. The bookkeeper will conduct a reconciliation between the payroll registers and the GL at least quarterly.

s. Terminations and resignations. When an employee leaves employment at FYA, the Executive Director will ensure that a personnel action form is completed. The Executive Director will conduct an exit interview and document the reasons for leaving. Turn over data will be shared with the board at least quarterly.

t. Payroll Procedures

1. Payday is every other Friday. Signed timesheets are due on the Friday preceding.

2. A pay period is from the Saturday (at 12:01AM) after the timesheet is due, through to the fourteenth day following when the pay period began.

3. Timesheets shall be submitted by the employee to the designated folder and supervisors will ensure all timesheets are accounted for.

4. Direct supervisors will reconcile timesheets to shift calendars and sign in/out sheets, then pass them on to the Executive Director.

5. The Executive Director forwards them to the payroll preparer.

6. Paychecks may be deposited directly into payee’s designated bank account.

7. Paychecks are distributed the Friday following end of pay period.

u. Payroll taxes shall be paid the same day as the paychecks are prepared to avoid missing a due date and incurring penalties and interest.

**2. General Ledger**

a. All transactions will be posted to QuickBooks and posted to an account or sub-account listed in the approved chart of accounts.

b. Journal entries shall be used sparingly. Each journal entry shall have a corresponding explanation and supporting documentation.

**3. Financial Reporting**

a. Financial Reports shall be made available to the board of directors not later than close of business the Friday prior to the regularly scheduled monthly board meeting. Board meetings are typically calendared for the 3rd Wednesday in the month.

b. For the regularly scheduled board meeting, the following financial statements will be produced: Balance Sheet or Statement of Financial Position; statement of Profit and Loss; Statement of Cash Flows; and Budget Performance Report.

**4. Processing Mail**

a. All mail will be sorted by at least two people. All mail shall be marked or stamped ‘received’ on the envelope and include the initials of the staff sorting and opening mail for that day.

b. All mail addressed to a specific staff person shall be left unopened, marked or stamped ‘received’, with a date on the envelope.

c. Any mail generally addressed to the organization that is not a bank statement or credit card statement shall be opened by two persons. Bank and credit card statements shall be transferred immediately, stamped or marked with a ‘received’ statement and the initials of staff opening mail to the bookkeeper.

d. All credit card and bank statements shall be marked “reviewed by” and date with the initials of at least two persons, one of which shall be a board member.

e. Invoices shall be marked or stamped “received” and transferred to the bookkeeper for processing.

f. Mail containing checks for FYA shall be stamped immediately in the endorsement area “For deposit only”, then photocopied and recorded into the daily check log. The photocopy shall be initialed by both parties opening mail that day. The daily check log is maintained in an Excel file. The daily log and the checks will be handed to the bookkeeper for processing, reconciling and deposit. Checks that cannot be deposited immediately shall be secured in a locked office or drawer.

g. Mail containing cash shall be recorded in the daily cash log. The individual cash notes shall be photocopied twice and in a manner that captures the note amount and serial number. The photocopies shall be initialed by the people opening mail that day. One photocopy shall be retained by the staff opening the mail. The second photocopy, the daily cash log and the cash shall be attached together and transferred to the bookkeeper for processing, reconciling and deposit. If the bookkeeper is not present, secure the cash, daily cash log and photocopy in a bank deposit bag and behind at least 2 locks (doors, cabinets, etc…).

h. Bank deposits, to the greatest extent possible shall be made not later than the next business day.

**5. Cash Management**

a. FYA will have two bank accounts at the same financial institution. An operations/payroll checking account and a savings account. The savings account may be a higher interest yielding account such as a money market account.

b. Transfers between the checking and savings accounts will be reported to the Board of directors.

c. The Executive Director and board members are the only authorized signers on checks. At a minimum, the Executive Director and the President will be signers.

d. FYA will maintain a separate investment policy. The Board and Executive Director shall appropriately invest funds not needed to meet short term cash flow demands.

**6. Bank and Credit Card Statement Reconciliation**

a. Bank account and credit card statement reconciliations will be conducted by the bookkeeper, the Treasurer or the third-party CPA. Check signers and credit card users shall never reconcile bank statements or credit card statements. Bank statement and credit card statement reconcilers shall not be check signers or credit card users.

b. Any bank statement or credit card statement irregularities shall immediately be reported to the Executive Director and/or Treasurer.

c. All bank and credit card accounts shall be reconciled monthly, and within one week of receiving the bank statement.

d. A properly reconciled bank statement or credit card statement will include: a bank reconciliation report from QuickBooks showing the unreconciled amount equal to zero, and; the unaltered bank statement, and; initials from the bookkeeper and at least one board member, to include the date the statement was reconciled on the statement, and; the Executive Director’s initials and date and a statement indicating the work has been reviewed. The reconciled statement and supporting documents shall be filed in a manner that can be easily retrieved by a board member for review, on demand.

e. The Executive Director, with the help of the bookkeeper, will investigate all deposits that have not cleared.

f. Reconciled statements and supporting documents shall be filed according to our Records Management procedures.

**7. Procurements.**

a. All procurements, either for goods or services, will be conducted impartially, in the best interests of FYA and based strictly on the merits of the supplier/contractor proposals. Factors to be considered should be quality, timeliness of delivery, cost, ability to perform, experience, etc…

b. FYA will not accept goods or services from a firm unless said firm has provided FYA with an IRS form W9.

c. FYA will only procure good and services from entities registered and in good standing with the State of Alaska.

d. All procurements will first require filling out a Purchase Request (PR) form. Any staff member may fill out a PR. The Executive Director shall approve all PRs. Executive Director initiated PR’s may be approved by the bookkeeper or a board member. All credit card purchases require a PR before using the credit card. Approved PR’s are sent immediately to the bookkeeper for processing. All correspondence related to the procurement decision must be retained.

e. FYA and staff will conduct procurement activities in the most ethical manner and avoid any real or perceived conflicts of interest. All FYA agents conducting procurement activities or making procurement decisions complete at least annually a review of the FYA ethics policy.

f. Procurements or contracts under $2,000. The Executive Director is authorized to use sound business judgment to procure goods and services under $2,000 in value.

g. Procurements or contracts between $2,000 and $5,000. The Executive Director shall solicit for best price from at least 3 qualified firms before making a procurement decision. If not possible to get 3 firms, the Executive Director must explain why on the PR.

h. Procurements or contracts in excess of $5,000. Will require at least 3 written bids and approval by the board of directors. If not possible to get 3 written bids, the Executive Director must explain why on the PR.

i. 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.

j. Records of price quotations and cost price analysis will be retained and include specifications, supplier’s names and addresses, prices quoted, and the basis for the award.

k. The bookkeeper may issue purchase orders (PO) as needed. The Executive Director and bookkeeper shall ensure all POs are tracked, used and closed in a timely manner.

l. Receipt of goods. All goods are to be delivered directly to the main office before disbursement. The Executive Director or bookkeeper will open all boxes and verify that the packing slip matches the PO, items ordered and received. The packing slip will be marked/stamped “received” by the bookkeeper or Executive Director and processed appropriately.

m. Fixed assets over $5,000 in value shall be capitalized. The Executive Director and bookkeeper shall use best judgment to depreciate the asset based on factors such as expected service life and residual value.

n. Invoices received prior to the receipt of goods shall be maintained by the bookkeeper in a file or binder and matches the invoice to the verified packing slip for payment once the goods are received.

o. Reimbursable expenses. There may be time when a staff member makes a procurement with their own funds and subsequently requests reimbursement. Reimbursement requires pre-approval by the Executive Director or bookkeeper. Pre-approval may be granted by email, or by the completion of a PR. Once approved, the purchase may be executed. Once back in the office, the staff member requesting reimbursement shall complete and process a PR, attach all supporting documents and remit to the bookkeeper for processing. Receipts are required for all reimbursements. Reimbursement requests shall be filed within 30-days of the expense.

**8. Travel Expenses**

a. All agency sponsored travel shall be in the best interest of FYA. All travel related expenses shall be reasonable and not reflect poorly on the agency (e.g…no first-class tickets, alcohol, entertainment, etc…)

b. All travel on behalf of the FYA agency shall be pre-approved by the Executive Director and documented on a PR or travel request form.

c. Travel services may be procured by FYA (e.g. hotel, conference fees, airfare, etc…) and shall be procured with an FYA credit card whenever possible.

d. Travel expenses may be reimbursed by FYA.

e. FYA does not reimburse for incidental expenses (laundry, room service, movies, etc..)

f. FYA does not reimburse for meals. Meals are covered with per diem.

g. Travel reimbursed by a third party or another agency will require pre-approval by the Executive Director.

h. Per diem shall be paid based at the rate of $55 per day.

i. Mileage reimbursement shall be pre-approved and based on the miles driven to and from the traveler’s home and event. Mileage reimbursement will be made at the standard rate determined by the IRS (2021 = $0.56 per mile). Mileage reimbursement will not ordinarily be approved if the cost for air travel and ground transportation at the destination is less than the anticipated mileage reimbursement expense.

j. Traveling companions. FYA will not reimburse expenses for a traveling companion, unless approved by the board or directors.

k. Travel in conjunction with paid time off is authorized. Per diem and other expenses not related to the movement or official business of the traveler will not be authorized.

l. Post travel reports are required and shall include all receipts, schedule of expenses, and reconciliation that calculates any funds due from or to the traveler.

**9. Payment Processing**

a. The bookkeeper will maintain all blank check stock in a locked location.

b. All checks will be pre-numbered, voucher style, containing one stub for the vendor, and one to be filed by the bookkeeper (to include all supporting documents).

c. Prior board approval is required for expenditures exceeding $1000 of a budget line item.

d. No checks will be made to cash.

e. Blank on incomplete (e.g. missing payee or amount) checks shall not be signed or issued.

f. Payments may not be split in order to circumvent this policy.

g. The bookkeeper and Executive Director shall establish emergency procedures to prepare and issue check in the event QuickBooks or IT systems are not available.

h. The person writing or preparing a check will hand off the prepared check to a designated person who will then put checks into envelopes and complete the mailing/billing process.

i. Check batches will be run at least on a weekly basis. Vendors will be paid as quickly as possible. Once checks are printed, the bookkeeper will promptly prepare checks for transport via the US mail system.

j. Checks will have at least 2 signatures.

k. All checks will have an accompanied PR.

l. In no event shall the person(s) signing the check approve a disbursement to themselves.

m. All voided checks shall be stamped “VOID” and filed in check number order.

n. Missing checks shall be documented with an explanation as to why they are missing and filed in the voided check folder.

o. All checks require supporting documentation (vendor invoice, employee timesheets, receipts, check request, or other supporting documentation). Check signers shall initial and date the supporting documentation as evidence that the supporting documentation was presented with the check for signature.

p. Unused pre-signed checks shall be destroyed or immediately used for current bills.

**10. Online/ACH and EFT payments.**

a. FYA encourages the use of electronic movement of funds to pay vendors, reimburse travel, or pay staff. The same controls used for purchases and cutting of checks should be maintained to the greatest extent possible.

b. Payments made electronically may be made only after a PR is correctly filled out and approved. All payments are documented with a completed PR and attached to an invoice or other claim for payment.

c. Electronic payments will be recognized in QuickBooks as if it were a check by entering a unique transaction ID number in place of the check number.

d. Recurring and automatic electronic payments are authorized for utilities or municipal sanitation services.

**11. Accounts Payable**

a. Accounts payable are aged on a 30, 60, 90 and 90+ day basis.

b. The Executive Director will report to the Board of directors any AP accounts aged over 90 days.

c. All bills will be entered into QuickBooks upon receipt using the date of the invoice not the date the bill is entered. Ensure the due date generated by QuickBooks matches the due date on the bill.

d. Bill payment checks will be processed weekly and mailed within a reasonable period after printing.

e. Bills are paid by their due date.

f. Bills will be paid pending availability of cash. Checks should not be pre-prepared.

g. The Tax ID number (employer identification number) for all individual vendors (to include casual laborers) is required to be on file. These vendors must be set up in QuickBooks as eligible to receive a Form 1099. No payments to these vendors should be made until their tax ID number has been provided.

**12. Petty Cash**

a. Its recognized that staff may need to make small purchases during off-hours to keep operations running smoothly.

b. FYA will not have cash based petty cash accounts.

c. FYA will use re-fillable VISA gift cards (or similar instrument). Balances on cards shall not exceed $200.

d. The Executive director will determine who the authorized users of the cards will be.

e. The cards will be kept locked up.

f. When used, receipts will be submitted to the bookkeeper.

g. The Executive director and bookkeeper will conduct monthly reconciliation of petty-cash card accounts.

**13. Fund Accounting**

a. All grants and other restricted funds receipts and expenditures will be accounted for in QuickBooks using a separate class (fund).

b. All unrestricted funds will be accounted for in the general operating class (fund) unless specified by this policy for reporting or tracking purposes.

c. 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.

d. Check requests and timesheets should allocate the documented expenditure to one or more programs, general operations, and/or fundraising.

e. Specific fundraising events may be accounted for as a separate class within the fundraising group.

f. 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.

**14. Records Management**

a. Hard copy and/or electronic files will be maintained for all supporting documents. All files will be maintained by fiscal year.

b. Reconciled credit card and bank statements will be kept in hard-copy format, in labeled drawers, filed by month, year and account number, to include all supporting documentation. These files must be established in a manner that any board member could see them with no-notice, on demand.

c. All paid vendor invoices shall be filed by hard copy, by fiscal year and alphabetically by vendor. These files must be established in a manner that any board member could see them with no-notice, on demand.

d. Timesheets and pay stubs are filed as hard copies, grouped by fiscal year and by pay period. Hard copies of 941 quarterly reports, ESD quarterly reports, payroll ACH, workers comp insurance premium payments are filed by quarter. Payroll information is in QuickBooks. 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. These files must be established in a manner that any board member could see them with no-notice, on demand.

e. 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.

f.. Employment records. A permanent employee file will be maintained for all employees, both current and former and include as a minimum:

- Form I-9, Employment Eligibility Verification;

- Current W-4;

- Employment agreement or other document establishing position, pay rate, and benefits;

- Documentation of changes in position, pay rate, or benefits; and Other payroll related documents such as payroll deductions or garnishments.

**15. Investment Policy**

The board of directors has the responsibility to protect and preserve FYA’s assets and to use those assets to further the agency’s mission. The general investment policy is two-fold: Invest assets that will not be needed for short-term cash flow needs and assets that are invested shall be conservatively managed, with the primary goal of not losing value to inflation. FYA assets investments should achieve the following:

Protect and grow the asset,

Earn a reasonable interest rate, and

Be liquid enough that it could be converted to cash within 45 days.

To achieve these goals, FYA will work with a firm that has expertise with nonprofits. FYA’s current investment firm is the Alaska Community Foundation.

**16. 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.

**17. Restricted Donations**

a. Donations may be restricted by purpose or by time and can be temporarily restricted or permanently restricted.

b. Any donation received with restrictions must be reviewed by the board prior to acceptance.

c. Restricted donations will be segregated from unrestricted funds in the accounting records and until the restrictions are met or no longer applicable.

d. The Executive Director shall maintain a schedule of restricted funds, to include any obligations associated with the funds.

**18. 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.

**19. Online Donations**

a. Donations are recorded in a manner that identifies the donor, the amount, the contribution method, and address of donor (if known).

b. The same information is entered into QuickBooks upon recording the donation.

c. All donors are thanked either by email, card, letter, and or phone call. Contributions are transferred individually from the online donation source, (currently Greater Giving and PayPal) to Alaska USA Federal Credit Union electronically.

**20. Check and Cash donations**

a. Donations are recorded in a manner that identifies the donor, the amount, and address of the donor. The equivalent and necessary information is entered into QuickBooks upon recording the donation.

b. All mail is opened per the Mail Opening procedure.

c. Checks are stamped for ‘Deposit Only’ as they come into the office.

d. Photocopies are made of checks and or cash, deposit slip, and deposit receipt and filed.

e. Cash and check donations are deposited into FYA’s checking account.

f. Contributions/deposits entered into QuickBooks are posted as soon as practicable.

g. A thank you note, email or phone call acknowledging the donation is sent to the donor as soon as possible.

**21. Noncash (In-Kind) Donations**

a. Donor names and donation details are recorded in a common database. The same information is entered into QuickBooks upon recording the donation.

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.

c. A thank you note is sent to the donor which includes a description of the item donated.

d. 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.

e. 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 a common database.

**22. IRS Donation Reporting Requirements**

a. FYA is required to offer a written receipt to the donor for any cash contributions. Any in-person donations should have a recording of at least the donor’s name. 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.

b. Non-cash donations.

1. A description of the item donated and the location of the donation is required for non cash donations. 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 provide the donor with Form 1098-C, Contributions of Motor Vehicles, Boats, & Airplanes, within 30 days of the receipt of the donation. 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.

3. The Executive Director may refuse any non-cash donation if he/she feels the acceptance and administration of the donation is not in the best interest of FYA.

**23. 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.

**24. Reporting Requirements**

a. 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.

b. Tax returns (IRS 990) are due to the IRS not later than May 15th of a calendar year unless an extension is granted by the IRS. The Board shall review the 990 or any amendments before filed. Review of the 990 shall be documented in the board meeting minutes.

c. 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.

d. Forms W-2 and the accompanying W-3 must be filed with the Internal Revenue Service no later than February 28.

e. Forms 1099 and the accompanying Form 1096 must be filed with the Social Security Administration no later than February 28.

f. Grant reports will be prepared and submitted as required by the grantor.

g. The Executive Director shall maintain a schedule of reports on the board blog, and report compliance status at each regularly scheduled board meeting.

Adopted by the FYA Board:

Updates: (dates)