

# Accounting Policies and Procedures Manual





## SECTION I



## **Accounting Policies and Procedures Manual**



## Accounting Policies and Procedures Manual

### Table of Contents

#### Section I

Introduction.....	6
Division of Duties .....	7
Executive Director.....	7
Accounting Contractor .....	7
Administrative Officer.....	7
Chairman of the Board .....	8
The Board of Directors .....	8
Cash Receipts Procedures.....	9
Funds Received by Wire Transfer.....	9
Inter-Fund Transfers .....	9
Funds Received from Debit Card Charges .....	10
Cash Disbursement Procedures.....	11
Reconciliations.....	13
Cash Flow .....	13
Bank Reconciliations.....	13
Reconciliations of Other General Ledger Accounts.....	14
Petty Cash Fund .....	16
Purchases .....	17
To Prompt a Purchase.....	17
Debit Card Purchases .....	17
Proper Documentation for all Purchases including AYF, Inc. Debit Card .....	18
Expenditures .....	19
Consultations.....	19



Contracts.....	19
Fixed Asset Management .....	20
Payroll.....	21
Personnel.....	21
Payroll Preparation and Timekeeping .....	21
Financial Reporting .....	23
Monthly Reports.....	23
Year-End Report/Audit.....	23
Grant Compliance .....	24
Governmental G.A.A.P.....	24
Fiscal Policy Statements.....	26
Annual Meeting Checklist .....	28
Accounting.....	29
Month and Year-End Close .....	29
Budget.....	29
Compensation Review .....	30
Document Destruction & Record Retention Policy .....	30
Revenue Recognition Policy.....	31
Uncollectible Receivables and A/R Allowance .....	31
Acknowledgement and Adoption of Section I.....	31
<b>Section II</b>	
Procurement Policy .....	33
Cash Control and Fraud.....	40
Inventory of Capital Equipment Policy .....	42
Investment of Funds .....	44
Working Capital and Contingency Funds.....	45
Annual Audit Policy.....	46
Annual Budget Process.....	47



Acknowledgement and Adoption of Section II .....49

**Forms**

Fixed Asset Log ..... 51  
Cash/Check/EFT Receipts Log ..... 52  
Incoming Invoice Log ..... 53  
Mail In Log ..... 54  
Mail Out Log ..... 55



## **Introduction**

This manual has been prepared to document the internal accounting procedures for Affirming YOUth Foundation, Inc. Its purpose is to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of Affirming YOUth Foundation, Inc. fiscal operations are expected to uphold the policies in this manual. It is the intention of Affirming YOUth Foundation Inc. that this accounting manual serve as our commitment to proper, accurate financial management and reporting.



## Division of Duties

The following is a list of personnel who have responsibilities within the accounting department:

### Executive Director:

1. Reviews and approves all financial reports.
2. Reviews and approves annual budget and submits to board of directors for final approval.
3. Reviews the payroll summary for the correct payee, hours worked and check amount.
4. Reviews all vouchers and invoices for those checks which require his or her signature.
5. Reviews and approves all contracts for goods and services that will exceed \$10,000 over the year, then will submit to the board of directors for final approval.
6. Approves all vouchers, invoices and checks.
7. Receives unopened bank statements.
8. With the Administrative Officer, and input from the Program Directors and the Accountant, develops the annual budget.
9. Reviews and approves all financial reports together with the Board of Directors.
10. Reviews and approves list of pending check disbursements.
11. Reviews all vouchers and invoices for those checks which require his or her signature.
12. Authorizes all interfund transfers.
13. Reviews all bank reconciliations.
14. Approves all reimbursements.
15. Manages the assets accounts.

### Accounting Contractor:

1. Processes all receipts and disbursements.
2. Processes the payroll, including payroll tax returns.
3. Submits requests for inter-fund transfers.
4. Maintains and reconciles the general ledger monthly.
5. Prepares all financial reports, including requests for reimbursements.
6. Manages the petty cash fund.
7. Arranges and coordinates reconciliation of bank accounts with independent party.
8. Reconciles the statement of debit card deposits and service charges.
9. Double checks all reimbursement requests against receipts provided.
10. Prepares cash receipts log and invoice log.
11. Processes credit card donations.





Administrative Officer:

1. Opens mail and receives all incoming checks and bank statements
2. Maintains check log
3. Prepares and mails donation letters to donors
4. Mails signed checks out to vendors

Audit Committee Chair:

1. Acts as second signature on checks exceeding \$5,000.
2. Reviews all vouchers and invoices for those checks which require his or her signature.

The Board of Directors

1. Authorizes expenditures in excess of \$5,000. except pre-approved capital expenditures (such as rent) which might exceed \$5,000.
2. Advise and Consult concerning Affirming YOUth Foundation's, Inc. Financial reporting process and internal control system.
3. Review and apprise audit efforts or independent accountant.
4. Reviews financials for presentation to the full board of directors.
5. Consider and approve any changes to this accounting Policies and Procedures Manual.



## Cash Receipts Procedures

The Executive Director receives all incoming mail. All checks received by the Administrative Officer should be recorded in cash receipts log which states the department to which the income is attributed and stamped for deposit only at Chase Bank. The Administrative Officer then makes two copies of the check with one copy to be filed with the deposit slips and the other copy to Accounting Contractor.

Next, the Accounting Contractor prepares a deposit slip and deposits the funds into the appropriate account. The validated deposit slip should be attached to the deposit book. All check copies should be filed according to month received.

All checks received should be locked in the accounting department's lock box until Accounting Contractor deposits them.

For monthly bank reconciliation review, Executive Director will compare check log kept by Administrative Officer with deposits on the bank statement.

Except as approved by the Board, no single account should contain more than \$100,000 - or the amount over which the FDIC will not insure.

### Funds Received by Wire Transfer:

The Executive Director will request a wire transfer of funds. This request will be prepared by the Administrative Officer and should be signed by the Executive Director.

Where appropriate - as in reimbursement of federal funds - the Consulting Accountant should forward a project financial statement to the Executive Director who prepares a request for reimbursement or advance and files or mails the necessary documents, providing a copy to the Administrative Officer.

Next, the Accounting Contractor will monitor the transfer of funds and maintain the appropriate records of this transaction.

As soon as the funds are credited to the Affirming YOUTH Foundation, Inc. account, the bank should send a credit memo to the Accounting Contractor. The Accounting Contractor should reconcile these credit memos to the total cash received at the end of the month.

If Executive Director is unavailable, the Audit Chair of the Audit Committee should authorize wire transfers.

### Inter-Fund Transfers:

Credit card donations for the Affirming YOUTH Foundation, Inc.- will be deposited in the general account. Therefore, from time to time it will be necessary to transfer funds from



one account to another. In order to transfer funds from one account into another account, the following procedures should be followed:

The Accounting Contractor should monitor the balance in the checking account, and determine if there are adequate funds to pay the daily expenses. The Administrative Officer should prepare a transfer memo for signature by the Affirming YOUTH Foundation, Inc. and appropriate co-signer to transfer the necessary amounts from one account to another. These transfers will occur concurrently with the associated disbursements.

*Funds received from Debit Card Charges:*

The *Accounting Contractor* is responsible for processing the receipt of funds through the debit card authorizer directly into the operating account. Transactions should be processed on a weekly basis, with a list of the debits and double-checked against the bank statement. The statement of deposits and service charges will be reconciled by the *Accounting Contractor*.



## Cash Disbursements Procedures

1. Incoming invoices will be logged in by the Administrative Officer (Diane Charles) and delivered to the responsible staff person for his/her approval and to prepare a check request voucher prior to disbursement dates.
2. The staff person responsible for ordering the product or service will check the validity of the invoice against proposals/bids, etc. and work accomplished/delivered and prepare a check request voucher prior to disbursement dates.
3. On a weekly basis, cash disbursements should be prepared by the Accounting Contractor for signature by authorized Affirming YOUth Foundation, Inc. officials for expenses, debts and liabilities of Affirming YOUth Foundation, Inc.
4. The Accounting Contractor is responsible for the preparation of disbursements. All disbursements are to be made by check unless the item is considered a petty cash item.
5. A check request voucher should then be completed by the purchasing staff person and attached to the original vendor invoice, and/or any other supporting documentation. The voucher should include the account codes to which the expense will be applied. A review of the account codes should be conducted at the same time of the monthly reconciliation.
6. The Accounting Contractor will prepare a folder of the check requests or a master list of all checks to be paid for approval by the Executive Director. If there are any questions or concerns about the amounts, the Accounting Contractor should provide necessary information prior to running any disbursements. If there are any items removed from the batch, the totals on the payment summary form should be corrected, initialed and dated by the Executive Director.
7. The Accounting Contractor should then run an aging accounts payable, which is generated by the accounting software. A total of the disbursements to be paid will be recorded on the form and sent to the Executive Director for approval, along with the current balance in any and all cash accounts.
8. Once the amount to be disbursed has been received, the Executive Director will review the requests and authorize the Accounting Contractor to print the checks from the computer system. The checks should be attached to the invoice, and other supporting documentation, being paid and submitted for signatures. A check register should be run and filed together with the disbursement transmittal form.



9. When the Executive Director signs each check, he/she should double check the check request voucher. This approval is to ensure the account and grant/project is charged to the correct expense and line item. All checks made to pay invoices must be signed by the Executive Director and if over \$500 by one of the Board of Directors authorized for signature.
10. After the checks have been signed cancel the invoice by stamping PAID on it in red ink, and pass the checks on to the Administrative Officer for mailing.
11. All checks will be mailed as soon as this process is completed.
12. Supporting documentation should be filed by the Accounting Contractor in appropriate vendor files.
13. The Accounting Contractor will utilize the paid invoice files to respond to any discrepancies which arise with vendors or other payees.
14. Once monthly, the Accounting Contractor will check the invoice log to determine if there are any outstanding invoices which have not yet been paid. If so, the Accounting Contractor will investigate the nonpayment of these invoices with the responsible staff member.



## Reconciliations

### Cash Flow:

Affirming YOUTH Foundation, Inc., is to maintain a minimum of ten percent (10%) of the operating budget in its operating accounts at all times. In the event that balances fall below that amount the Executive Director and Chair should be notified immediately.

### Bank Reconciliations:

1. Bank statements are to be received unopened by the Executive Director. The receiving party should review the contents for inconsistent check numbers, signatures, cash balances and payees and endorsements at a minimum. After this cursory review is conducted, the official should initial and date the bottom, right hand corner of the first page of each bank statement reviewed. The reviewed bank statement should then be forwarded to the Accounting Contractor (an individual without check signing rights) to reconcile the bank accounts using the approved reconciliation form.
2. The Accounting Contractor should reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this period of time, the Executive Director should be notified by a written memo from the Accounting Contractor.
3. When reconciling the bank accounts, the following items should be included in the procedures:
  - a. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
  - b. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
  - c. An investigation of items rejected by the bank, i.e., returned checks or deposits.
  - d. A comparison of wire transfers dates received with dates sent.
  - e. A comparison of canceled checks with the disbursement journal as to check number, payee and amount.
  - f. An accounting for the sequence of checks both from month to month and within a month.
  - g. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.



- h. A review and proper mutilation of void check.
  - i. Investigate and write off checks which have been outstanding for more than six months.
4. Completed bank reconciliations should be reviewed by the Executive Director and initialed and dated by the reviewer.
  5. Copies of the completed bank reconciliations will be forwarded to the Treasurer of the Board for his/her review.

Reconciliations of Other General Ledger Accounts:

1. Each month the Accounting Contractor and Executive Director should review the ending balance shown on balance sheet accounts such as the cash accounts, accounts receivable, accounts payable and deferred revenue. The Accounting Contractor and Executive Director should review the bank reconciliations, schedules of accounts receivable and deferred revenue and the aging of accounts payable to support the balances shown on the balance sheet.
2. Assets - These accounts will include cash, petty cash, pre-paid, property, equipment and fixtures, security deposits, and intangible assets.
  - a. Cash - The balances in cash accounts should agree with the balances shown on the bank reconciliations for each month.
  - b. Petty Cash - The balance in this account should always equal the maximum amount of all petty cash funds. The current amount equals \$300.00.
  - c. Prepaid - The amounts in these accounts should equal advance payments paid to vendors at the end of the accounting period.
  - d. Property, Equipment & Fixtures - The amounts in this account should equal the totals generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly.
  - e. Security Deposits - The balance in this account should equal amounts paid in escrow to landlords and lessors and should not change frequently, but should be updated as applicable.
3. Liabilities - These accounts are described as accounts payable, payroll tax liabilities, loans and mortgages payable, and amounts due to others.
  - a. Accounts Payable - The balance in this account should equal amounts owed to vendors at the end of the accounting period and the aging report.



- b. Payroll Tax Liabilities - The amounts in these accounts should equal amounts withheld from employee paychecks as well as the employers' portion of the expense for the period, that has not been remitted to the government authorities.
  - c. Due to Others - If there are any amounts owed to others at the end of the period they should be recorded and the correct balance maintained in the general ledger accounts.
4. Income/Expenses - These accounts are described as income from membership, contributions, publications, and other expense line items such as salaries, consulting fees, etc.
- a. Income - The amounts charged to the various cash accounts should be reconciled with funding requests, funders reports, draw down schedules, etc.
  - b. Gross Salary Accounts - The balances in the gross salary accounts should be added together and reconciled with the amounts reported on quarterly payroll returns.
  - c. Consulting - The amounts charged should be reconciled to the contracts.





## Petty Cash Fund

1. The petty cash fund should never exceed \$300.00.
2. The Administrative Officer and Accounting Contractor are custodians of the petty cash fund.
3. A single disbursement from petty cash shall never exceed \$100.00.
4. The petty cash fund shall be operated on an impress basis. This means that when it is time to replenish the petty cash fund, the Accounting Contractor shall total out the expenses made and identify those expenses by general ledger account number. When the check request is submitted for payment it should indicate the total amount needed to bring the fund back up to \$300.00. Also, the check request should breakdown the various expense accounts being charged, and the amount charged to each.
5. When a request for petty cash reimbursement is made to the Accounting Contractor, the item will be listed on the Petty Cash Fund Reconciliation Sheet. A description of the item charged should be recorded together with the amount. A vendor receipt must be received by the Accounting Contractor for the amount of the request in order for the request to be approved.
6. The recipient of the petty cash funds must sign the sheet to indicate receipt of the funds. The paid receipt should be attached to the sheet. All paid information should remain in the locked petty cash box until it is time to replenish the fund. At that time, the Petty Cash Fund Reconciliation Sheet and associated receipts are attached to the check request voucher.
7. The petty cash box is to be locked at all times when the Administrative Officer or Accounting Contractor is not disbursing or replenishing the fund. The locked petty cash box is to be kept in the locked file cabinets within the finance office.
8. At least once quarterly, the Executive Director should conduct a “surprise” review of the fund. When this is done, he/she should count, while the Administrative Officer or Accounting Contractor is in attendance, the total monies on hand and the total amount of receipts in the petty cash box. The two amounts should equal exactly \$300.00. Any discrepancies should be discussed and resolved immediately.
9. It is a policy of Affirming YOUTH Foundation, Inc. not to cash checks of any kind through the petty cash fund.



## Purchases

### To Prompt a Purchase:

1. When the normal cash disbursement procedure of invoice, etc., is not appropriate, (i.e., postage, petty cash, etc.) a check request should be completed and forwarded with any order form or other documentation to the Executive Director for approval. If the check is made out to the Executive Director, that individual cannot approve the check request voucher, those checks should be approved by the Chair.
2. Approved check requests should be sent to the Accounting Contractor for payment.
3. In the absence of backup materials, receipts for the purchase must be provided to the Accounting Contractor for attachment to the check request within two weeks from the check date.

### Debit Card Purchases:

1. Only the Executive Director carries corporate debit Card in his or her name. The purchase of airline tickets and other authorized business expenditures may be made by other employees or board members using the corporate debit Card. In every case of debit card usage, the individual charging an Affirming YOUth Foundation, Inc. account will be held personally responsible in the event that the charge is deemed personal or unauthorized.
2. Authorized uses of the debit card include:
  - a. Airline or rail tickets (at coach class or lower rates) for properly authorized business trips.
  - b. Lodging and meal charges that do not exceed the authorized reimbursement rate for persons traveling on official Affirming YOUth Foundation, Inc. business
  - c. Car rental charges (for mid-size or smaller vehicles) for properly authorized business trips
  - d. Properly authorized expenditures for which a debit card is the only allowed method of payment (such as monthly internet access)
  - e. Business telephone calls
  - f. Properly authorized entertainment at a rate which is consistent with the employee's level of responsibility within, or on behalf of, Affirming YOUth Foundation, Inc. and within the limits of the approved budget.
3. Receipts should be compiled and submitted with an expense report on a weekly basis.
4. Unauthorized use of the debit card includes:
  - a. Personal or non-business expenditures of any kind.



- b. Expenditures which have not been properly authorized.
- c. Meals, entertainment, gifts or other expenditures which are prohibited by:
  - 1. Affirming YOUth Foundation, Inc. budget and/or policies
  - 2. Federal, state, or local laws or regulations
  - 3. Grant conditions or policies of the entities from which Affirming YOUth Foundation, Inc. receives funds.

Proper Documentation for all Purchases, including Affirming YOUth Foundation, Inc. Debit card Purchases:

Every instance of debit card or other purchase use must be documented with travel authorizations, receipts, individuals paid for, nature of business, etc. before the expense will be considered authorized and will be approved for reimbursement. See details below.

- A. Lodging - Provide an itemized receipt from the hotel detailing every charge and the name of the person(s) for whom lodging was provided.
- B. Meals/Entertainment - Provide a receipt showing separately the cost for food/beverage and gratuities and including the names of every person for whom food or beverage was provided and the specific business purpose which was furthered by the expenditure. For example, Luncheon Meeting with Nancy Neville, president of the Des Moines Economic Development Corporation, and Reginald Burke, Executive Director of the Iowa Housing Partnership, to finalize the speakers and program for the November 10-12, 1996 Affirming YOUth Foundation, Inc. annual conference in Des Moines.
- C. Other Expenditures - A receipt from the vendor detailing every individual good or service purchased (including class of service for commercial transportation) accompanied by an explanation of the specific business purpose which was furthered by each expenditure. For example, Round trip coach flight Washington to Des Moines for Conference Director Susie Reed to review hotel proposals and facilities for the 1996 Affirming YOUth Foundation, Inc. annual conference.

The Administrative Officer will double-check all reimbursement requests against receipts provided and run a calculator tape which will be attached to the reimbursement form.

Expenditures:

An Expenditure will be any tangible or material item that costs \$ 5,000 or more. For all major expenditures such as computers, furniture, printers, copiers etc., three bids or price quotations must be obtained before a purchasing decision is made. If an annual amount will exceed \$5,00 a bidding process and review will be conducted. All bids, including



phone quotes, must be recorded and kept on file.

Consultants:

Contracts with consultants will include rate and schedule of pay, deliverables, time frame, and other information such as work-plan, etc. Justification for payment should be submitted to file. For example, if Affirming YOUTH Foundation, Inc. hired a writer to create a publication, a copy of the final version should be included in the file.

Contracts:

Contracts for purchasing products or services, similar to a purchase order, should be created and maintained for the file whenever appropriate. If the annual amount will exceed \$5,000 a bidding process and review will be conducted. All bids, including phone quotes, must be recorded and kept on file. All contracts to exceed \$10,000 over the course of the year should be approved by the Audit Committee.



## Fixed Asset Management

1. A permanent property log or database is to be maintained by the Administrative Officer for all fixed assets purchased by Affirming YOUth Foundation, Inc.
2. The log should contain the following information:
  - a. date of purchase
  - b. description of item purchased
  - c. received by donation or purchased
  - d. cost or fair market value on the date receipt
  - e. donor or funding source, if applicable
  - f. funding source restrictions on use or disposition
  - g. identification/serial number (if appropriate)
  - h. depreciation period
  - i. vendor name and address
  - j. warranty period
  - k. inventory tag number (all fixed assets should be tagged with a unique identifying number)
  - l. number of the Affirming YOUth Foundation, Inc. check used to pay for the equipment
3. At least annually, a physical inspection and inventory should be taken of all Affirming YOUth Foundation, Inc. fixed assets and reconciled to the general ledger balances. Adjustments for dispositions should be made.
4. The Accounting Contractor and Executive Director should be informed, in writing, via an interoffice memorandum of any material/physical or operational changes in the status of property and equipment. This should include changes in location, sale of, scrapping of and/or obsolescence of items and any purchase or sale of real estate.
5. All capital items which have a cost greater than \$1,000.00 will be capitalized and depreciated.



## Payroll

### Personnel:

1. The Administrative Officer is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information, at a minimum.
  - a. Employment application or resume
  - b. A record of background investigation
  - c. date of employment
  - d. position, pay rates and changes therein
  - e. authorization of payroll deductions
  - f. earnings records for non-active employees
  - g. W-4 Form, withholding authorization
  - h. I-9 Immigration Form
  - I. termination data, when applicable
3. All personnel records are to be kept locked in a locking file cabinet in the in the Executive Director's office. Access to these files other than by the Administrative Officer, Accounting Contractor, Executive Director or the independent auditor should be requested in writing to the Executive Director.

### Payroll Preparation and Timekeeping:

1. Timesheets are to be prepared by all hourly staff persons or those where grants require tracking and submitted weekly. Time should be input on a daily basis and, if in writing, completed in ink. Correction fluid should never be used in preparing timesheets. If an error needs to be corrected, a line should be drawn through the item and the corrected information recorded, and initialed by the person who made the correction.
2. Timesheets are to include specific time spent on each grant/project.
3. Timesheets are to be signed by the staff person and his/her supervisor.
4. All approved timesheets should be submitted to the Administrative Officer, who will verify the hours worked against his/her record.
5. The Administrative Officer will give completed timesheets to Accounting Contractor



who should then process the time and report the information to the payroll service bureau. The information reported should include:

- a. hours worked, by cost center
  - b. changes in pay rates or employment status
  - c. vacation, sick or personal hours used and earned
6. The Executive Director should review the payroll summary page of the payroll service report for inappropriate payees or unusual hours.
  7. Paychecks are distributed by direct deposit to employees' bank account.
  8. As an employee benefit, Affirming YOUTH Foundation, Inc. offers direct deposit through the employee's own financial institution. Through direct deposit, payroll is deposited as cash into the employee's account on payday.
  9. The Executive Director will provide initial and ongoing training related to fiscal policies and written procedures to appropriate personnel.



## **Financial Reporting**

### Monthly Reports:

The Consulting Accountant should prepare a set of monthly financial reports for distribution to the Chair, and the Audit Committee. The reports should include: a balance sheet and a statement of income and expenses for each department (operating, project); a consolidated balance sheet and consolidated income and expense report which show all departments combined; a budget-to-actual report for all accounts included in the annual operating budget; a list of deferred and receivable funds, and a cash flow projection. In addition, the monthly reports for the quarterly periods (December, March, June, September) will be submitted to the full board for their review and acceptance at the following board meeting.

The monthly statements should be reviewed by the Executive Director prior to distribution to the Chair of the Chair of the Audit Committee for initial comments. After the Audit Committee Chair's approval, the statements will be mailed to the full board as stated above. The monthly statements will be finalized by the conclusion of the month following the statement period.

### Year-End Report/Audit:

At fiscal year-end, and in time for the winter annual review meeting of the Board of Directors, a year end Audit report should be prepared summarizing the total income and expense activity for the year. A balance sheet should be prepared as of September 30 and should be attached to the income and expense report. This report will be initially reviewed by the Executive Director, and then by the Audit Committee, prior to distribution at the annual meeting.

Bids for an independent auditor to conduct this review will be accepted between September 1 and October 15. In accordance with Affirming YOUTH Foundation, Inc. policy, at least three proposals will be considered. The auditing process will begin on or about January 1.





## Grant Compliance

1. When a new grant is received or renewed, a copy of the executed grant must be forwarded to the Accounting Contractor.
2. The Administrative Officer with assistance from the Executive Director should set up a permanent file for the grant and maintain the contract along with any other financial correspondence regarding the grant.
3. It is the responsibility of the Accounting Contractor to review the grant contract and extract any fiscal items which must be complied with by Affirming YOUth Foundation, Inc. Typically, for government grants, reference will be made to various publications put out by the Office of Management and Budget (OMB) and the Comptroller General's Office to which Affirming YOUth Foundation, Inc. is responsible for adhering.

Currently, the publications include:

- |                    |  |
|--------------------|--|
| OMB Circular A-110 | (Grants and Agreements with Institutions of Higher Learning, Hospitals and Other Non-Profit Organizations) |
| OMB Circular A-122 | (Cost Principles for Non-Profit Organizations)   |
| OMB Circular A-133 | (Audits of Institutions of Higher Learning & Other Non-Profit Organizations)                               |

### Governmental Generally Accepted Accounting Principles:

4. It is a policy of Affirming YOUth Foundation, Inc. to adhere to any restrictions imposed by its funders, both governmental and private. Therefore, Affirming YOUth Foundation, Inc. employees are expected to bring to the attention of Executive Director or the Board of Directors, any instances of non-compliance.
5. When Affirming YOUth Foundation, Inc. is expending federal funds, prior written approval from the funder agency is required for the purchase of:
  - a. Capital expenditures for land or buildings
  - b. Insurance and indemnification expenses
  - c. Pre-award costs
  - d. Public information service costs
  - e. Publication and printing costs



- f. Rearrangement and alteration costs
6. Affirming YOUth Foundation, Inc. will never request federal funds to pay for the following costs:
- a. Bad debt expense
  - b. Contingencies
  - c. Contributions or donations to others
  - d. Entertainment expenses
  - e. Fines and penalties
  - f. Interest, fundraising and other financial costs
7. Federal funds received in advance will be deposited into a separate federally insured bank account. Any interest earned from those monies will be submitted to the funder agency. [It is Affirming YOUth Foundation's, Inc. current policy to receive federal funds only on a reimbursement basis.]



## **Fiscal Policy Statements**

1. All cash accounts owned by Affirming YOUth Foundation, Inc. will be held in financial institutions which are federally insured and have received a favorable CRA (Community Reinvestment Act) rating.
2. All capital expenditures which exceed \$250.00 will be capitalized on the books and records of Affirming YOUth Foundation.
3. Employee paychecks and/or personal checks will not be cashed through the petty cash fund of Affirming YOUth Foundation, Inc.
4. No salary advances will be made under any circumstances.
5. No travel cash advances will be made except under special conditions and preapproved by the Chair of the Board of Directors. Reimbursements will be paid upon full expense reporting using the official Affirming YOUth Foundation, Inc. form within the normal disbursement schedule.
6. Any item whose value exceeds \$50.00, received via donation, will be recorded in the books and records of Affirming YOUth Foundation, Inc.
7. Fiscal Management personnel are required to take annual vacation which will not interfere with fiscal procedures. Variances to this policy shall be made in special circumstances, with written permission from the Executive Director.
8. All volunteer time which exceeds \$50.00 shall be recorded in the books and records of Affirming YOUth Foundation, Inc.
9. It is the policy of Affirming YOUth Foundation, Inc. to reimburse out of pocket expenses only when supporting documentation has been presented for approved costs incurred.
10. It is the policy of Affirming YOUth Foundation, Inc. to establish pay rates which equal or surpass the federal minimum wage.
11. It is the goal of Affirming YOUth Foundation, Inc. to maintain a minimum of ten percent (10%) of the operating budget between its operating and savings bank accounts at all times. In the event that balances fall below that amount the Executive Director and Chair of the Board should be notified immediately.
12. All funds received by Affirming YOUth Foundation, Inc. for each project will be segregated into separate project accounts in the general ledger to avoid any possibility of commingling project monies with general operating funds. A full computerized ledger accounting system will be maintained. Monthly financial



statements including Balance Sheet and Statement of Revenues and Expenses will be produced for each project as a separate Department.

13. The Board Chair and Executive Director are signatories of all Affirming YOUTH Foundation, Inc. bank accounts. A third signatory will consist of the Affirming YOUTH Foundations, Inc. Treasurer to be selected by the Board of Directors. Two signatures are required for all disbursements and any disbursements exceeding \$5,000 must be authorized in writing by one of the Board of Directors with signature authority, currently the Audit Chair.
14. Bank statements will be reconciled monthly in order to account for any outstanding or lost checks.
15. Expense reports will be maintained which will disclose the nature of expenses, and the dates incurred.
16. Separate files will be maintained for each bank account and each vendor. Files will be kept separately for each fiscal year.
17. The services of a Certified Public Accountant will be engaged to prepare a formal financial audit of the Affirming YOUTH Foundation, Inc. fiscal year-end.
18. Correction fluid should never be used in preparing timesheets or any accounting documents.



## Annual Meeting Checklist

During each annual meeting, the following procedures will be performed.

1. The Board of Directors shall approve new signers to each bank account.
2. The Board of Directors shall approve any new and necessary bank accounts.
3. As required, new signers shall complete the appropriate signature card and corporate resolutions.
4. Name, address and telephone directory of new Board of Directors Officers will be obtained for the Administrative Officer.
5. A review of the current operating procedures should be made with the chairperson and the Board of Directors and reaffirmed or revised.
6. All financial institutions should be notified of any changes to the authorized signers of the accounts within three (3) business days following the annual meeting.
7. Membership of the Board of Directors should be approved.
8. Board of Directors meeting schedule should be approved.
9. Prior year financial statements presented.
10. Annual Budget should be presented and approved.



## **Accounting**

Affirming YOUth Foundation, Inc. uses Quickbooks Online accounting software. Each user maintains his/her own secure password and the system is cloud-hosted and backed up automatically. The following team members have separate logins to Quickbooks: Accounting Contractor, Fractional CFO, Executive Director.

The organization uses the accrual basis 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.

Throughout the fiscal year, expenses are accrued into the month in which they are incurred. The books are closed no later than 15 days after the close 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 30 days after the end of the fiscal year. Revenue is always recorded in the month in which it was earned or pledged.

## **Month and Year End Close**

Affirming YOUth Foundation, Inc. prepares regular financial reports on a monthly basis to the Executive Director. All reports are finalized no later than 15 days after the close of the prior month and no entries shall be made to a month once that month's books are closed. The Accounting Contractor is responsible for producing the following year-to-date reports within 15 days of the end of each month: Balance Sheet, Current Period and YTD P&L vs. Budget, Cash Flow statement, including explanations for budget variance. The Executive Director and Accounting Contractor review financial reports each month, and the Executive Director presents reports to the full Board of Directors on a quarterly basis.

## **Budget**

Affirming YOUth Foundation, Inc.'s annual budget is prepared and approved annually for all departments prior to the start of the fiscal year. The budget is prepared by the Accounting Contractor and the Executive Director in conjunction with the team to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.



The Executive Director will present a draft budget to the Board Treasurer in May/June, then the budget will be submitted to the Board of Directors for review via email prior to the board meeting. The Board of Directors will review and approve the budget at its last meeting prior to the start of the fiscal year (typically in August/September).

### **Compensation Review**

The annual process for determining compensation for the Executive Director and other highly compensated employees is as follows: The Secretary of the Board will annually evaluate the Executive Director on his/her performance and ask for his/her input on matters of performance and compensation. The Secretary of the Board will obtain research and information to make a recommendation to the full board for the compensation (salary and benefits) of the Executive Director and other highly compensated employees based on a review of comparability data, including GuideStar, Charity Navigator, and 990s of similar organizations using the 75th percentile as a guide. The full board indicates approval of Executive Director and other highly compensated individuals' salaries either in person or via email.

Compensation for the Affirming YOUTH Foundation, Inc. staff is determined by using salary surveys and conducting annual compensation and performance reviews. Merit increases are given, up to 8% depending upon performance and budget availability.

### **Document Destruction & Record Retention Policy**

- Paper or electronic documents indicated under the terms for retention in the following section will be transferred and maintained by the Accounting Contractor.
- All other paper documents will be destroyed after three years;
- All other electronic documents will be deleted from all individual computers, databases, networks, and back-up storage after one year;
- No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation (check with legal counsel or the human resources department for any current or foreseen litigation if employees have not been notified); and
- No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards (Single Audit Act).
- All records shall be kept a minimum of 7 years.
- Audit reports, legal correspondence, mortgages, depreciation schedules, year-end financial statements, insurance records, board minutes, by-laws, and tax returns shall be kept permanently.



### **Revenue Recognition Policy**

Contributions will be recorded as revenue in the period received or the period in which a pledge is received. Pledges will only be booked when Affirming YOUTH Foundation, Inc. receives written confirmation. Any pledges receivable will be closely reviewed each month to determine whether the amount is still collectible and whether the balance of the pledges receivable is adequately reserved with the allowance for doubtful pledges.

Donor or time restrictions will be recorded in the accounting and donor management systems and Affirming YOUTH Foundation, Inc. will prepare a schedule of restricted award revenue (and releases from restrictions) activity on an annual basis.

### **UNCOLLECTIBLE RECEIVABLES AND A/R ALLOWANCE**

Affirming YOUTH Foundation, Inc. will review the Accounts Receivable on a quarterly basis and determine which accounts it deems uncollectible to be written off. When necessary, management will establish an allowance for doubtful accounts to reflect the amount of receivables that it estimates will be uncollectible.

Section I of the Accounting Policies and Procedures manual is adopted and acknowledged by the Affirming YOUTH Foundation, Inc. on this 8<sup>th</sup> day of June 2019.

*Jonathan Spikes*

---

**Jonathan Spikes - Chairman**





## SECTION II



## **PROCUREMENT POLICY**

All procurements made by Affirming YOUth Foundation, Inc. (The Foundation) involving the expenditure of Federal Funds will be made in accordance with the following procurement standards. The policy is written to comply with the requirements of the Uniform Guidance.

Procurement transactions, regardless of method or dollar value, will maximize open and free competition consistent with the standards of 24 CFR Sections 84.41 through 84.48. The Foundation shall not engage in procurement practices which may be considered arbitrary or restrictive.

Purchases will be reviewed by the Executive Director or designee to prevent duplication and to ensure that costs are reasonable.

### **I. METHODS FOR PROCUREMENT**

Procurements shall be made using one of the following methods: (a) small purchase procedures, (b) competitive sealed bids, (c) competitive negotiations, (d) non-competitive negotiation and shall be made in accordance with procedures set forth at 24 CFR § 84.44 (a)(1) through (a)(3) at a minimum.

#### **A. Small Purchases**

Purchases which cost over \$2,500 will require three over-the-telephone quotations of rate, price, etc. A memorandum will be prepared setting forth the date calls were made, parties contacted and prices obtained. For purchases of less than \$2,500, efforts will be made to get the lowest and best price, but written records of such efforts are not necessary.

Purchases of supplies, equipment and services which cost over \$2,500 will require written estimates but no legal advertisement is required. The Foundation will solicit written responses from at least three vendors, and if no such responses are available, a statement explaining the procurement will be prepared and filed.

#### **B. Competitive Sealed Bids**

Bidding will be employed when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award



is cost. When the cost of a contract, lease or other agreement for materials, supplies, equipment or contractual services, other than those personal or professional, exceeds \$10,000, an Invitation for Bids (IFB) notice will generally be prepared. This notice will be published at least once in the Miami Herald, the official newspaper of general circulation in Miami Dade County. This newspaper notice will appear not less than seven (7) days and not more than twenty-one (21) days before the due date for bid proposals. The Foundation may also solicit sealed bids from responsible prospective suppliers by sending them a copy of such notice.

The IFB will include a complete, accurate and realistic specification and description of the goods or services to be procured, the bid deposit, payment bond and bond performance required (if applicable), the location where bid forms and specifications may be secured, the time and place for opening bids, and whether the bid award will be made on the basis of the lowest price or lowest evaluated price. The newspaper notice must also contain language which calls to the attention of bidders all applicable requirements which must be complied with.

Sealed bids will be opened in public at the time and place stated in the IFBs. The bids will be tabulated by the Treasurer or designated official at the time of bid opening. The results of the tabulation and the bid procurements will be examined for accuracy and completeness by designated audit committee, who will make recommendations to the complete board of directors. A contract will be prepared for execution by the successful bidder. After the contract is signed, all bid deposits will be returned to all unsuccessful bidders.

The Foundation may cancel an Invitation for Bid or reject all bids if it is determined that such is in the best interest of the Foundation. Bidders will be notified in writing of such cancellation or rejection. The Foundation may allow a vendor to withdraw a bid if requested at any time prior to the bid opening. Bids received after the time set for bid opening shall be returned to the vendor unopened.



### C. Competitive Negotiations

The Foundation will use competitive negotiations, regardless of contract amount, upon a written determination that:

1. Specifications cannot be made specific enough to permit the award of a bid on the basis of either the lowest bid or the lowest evaluated bid price (in other words, bidding is not feasible).
2. The services to be procured are professional in nature.
  - a. Proposals will be solicited through newspaper advertisement; additionally, a Request for Proposal (RFP) may be prepared and mailed to qualified vendors. The newspaper advertisement must be published at least seven (7) days and not more than twenty-one (21) days before the date for receipt of the proposals. The RFP will describe services needed and identify the factors to be considered in the evaluation of proposals and the relative weights assigned to each selection factor. The RFP will also state where further details regarding the RFP may be obtained. The RFP will call attention to the same regulations discussed in the bidding process. Requests for proposals will always include cost as a selection factor.
  - b. Award must be made to the offeror whose proposal is determined in writing by the Foundation to be the most advantageous to the Foundation. Evaluations must be based on the factors set forth in the RFP and a written evaluation of each response prepared. The review committee may contact the firms regarding their proposals for the purpose of clarification and record in writing the nature of the clarification. If it is determined that no acceptable proposal has been submitted, all proposals may be rejected. New proposals may be solicited on the same or revised terms or the procurement may be abandoned.

For the procurement of certain professional services, an alternative to RFPs may be used. The Foundation may publish a Request for Qualification (RFQ). RFQ's are handled in a similar manner to RFPs, with the exception that cost is not a factor in the initial evaluation. The Treasurer or designated official will evaluate the responses and rank them by comparative qualifications. The highest scoring person or firm will be contacted and the Treasurer or designated official will negotiate cost. If the Treasurer or designated official is unable to negotiate a satisfactory cost arrangement, the second highest scoring person or firm will be invited to negotiate. The Treasurer or designated official will maintain a written record of all such negotiations.



**D. Noncompetitive Negotiation**

Noncompetitive negotiations may be used for procurements in excess of \$10,000 when bidding or competitive negotiations are not feasible. The Foundation may purchase goods or services through non-competitive negotiations when it is determined in writing by the Executive Director or designated official that competitive negotiation or bidding is not feasible and that:

1. An emergency exists which will cause public harm as a result of the delay caused by following competitive purchasing procedures, or with the exception of certain professional services (principally engineering services), competitive negotiations will proceed as follows:
2. The product or service can only be obtained from one source, or
3. Only one satisfactory proposal received through RFP or RFQ or
4. The federal government has authorized that particular type of noncompetitive negotiation.



Procurement by noncompetitive negotiation requires the strictest attention the observation of impartiality toward all vendors. The Foundation must approve all procurements by non-competitive negotiation when only one supplier is involved or only one bid or response to an RFP/RFQ is received.

- E. Bids will only be accepted from those contractors who have a proven record of ability to successfully complete the scope of work being bid. References will be requested along with the contractor's bid proposal. All contractors submitting a bid must produce (along with his/her bid documents) written proof of liability insurance and workers compensation coverage. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources in awarding contracts.
- F. Upon submission of a bid, the contractor will present a bid guarantee equivalent to 5 percent of the amount of the contractor's submitted bid. Unsuccessful bidders will have their bid guarantee returned to them with the notice which advises them they an unsuccessful bidder. The successful bidder will post (at the signing of the contract and notice to proceed) a performance bond equal to 100% of the contract amount, along with a payment bond equivalent to 100 percent of the contract amount.

## II. CONTRACTS

Generally, all procurements in excess of \$2,500 will be supported by a written contract. Where it is not feasible or practical to prepare a contract, a written finding to this effect will be prepared and some form of documentation regarding the transaction will also be prepared. The contractual provisions required by the " Common Rule," 24 CFR Part 84 Sections 47 and 48 and 24 CFR Part 92 Sections 504, 505 and all others as applicable will be included in all contracts. All contracts will contain language which allows the Foundation the option of canceling any contract for cause. Said cause shall include (but not be limited to ) demonstrated lack of ability to perform the work specified, unwillingness to complete the work in a timely fashion, cancellation of liability insurance or workers compensation, failure to pay suppliers or workers, unsafe working conditions caused by the contractor, failure to comply with Davis-Bacon wage laws (where applicable), failure to keep accurate and timely records of the job, or failure to make those records available to the Foundation upon request or any other document matter which could cause a hardship for the Foundation if a claim should arise or the work not be completed on schedule at the specified cost.



### **III. LOCALLY OWNED, MINORITY-OWNED, FEMALE-OWNED AND SMALL BUSINESSES**

All necessary affirmative steps will be taken and documented to solicit participation of locally owned, minority-owned, female-owned and small businesses. Where possible and feasible, delivery schedules will be established and work will be subdivided to maximize participation by small businesses or minority-or women-owned businesses. Subdivided components will be bid as a separate contract. Where feasible, evaluation criteria will include a factor with an appropriate weight for these firms. A list of locally owned, minority-owned, female-owned and small businesses and also minority businesses located with the Foundation's area of business operation shall be maintained and used when issuing IFBs, RFPs and RFQs. This list shall be consulted when making small business purchases. The Foundation will use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce. The successful bidder will be required to use these same criteria in selection of suppliers and subcontractors whenever possible.

### **IV. DOCUMENTATION**

All source documents supporting any given transaction (receipts, purchase orders, invoices, RFP/RFQ data and bid materials) will be retained and filed in an appropriate manner. Where feasible, source documents pertinent to each individual procurement shall be separately filed and maintained. Where it is not feasible to maintain individual procurement files, source documents will be filed and maintained in a reasonable manner (e.g. chronologically, by vendor, by type of procurement, etc).

Whatever form of documentation and filing is employed, the purpose of this section is to ensure that a clear and consistent audit trail is established. At a minimum, source document data must be sufficient to establish the basis for selection, basis for cost, (including the issue of reasonableness of cost), rationale for method of procurement and selection of contract type, and basis for payment.

### **V. CODE OF CONDUCT**

#### **A. Conflict of Interest**

No Affirming YOUth Foundation member, employee, consultant, appointed official or designated agent will take part or have an interest in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of the Foundation, partners of such individuals, immediate family members, or an organization which employs or intends to



employ any of the above has a financial or other interest in any of the competing firms.

These rules shall be effective for the period of service and for one year after leaving said position.

Exception to these rules may be sought from the U.S. Department of Justice ( DOJ). Such request for exemption must be sent in writing to DOJ. In order to make such request, first, the full nature of the conflict must have been made public and proof of such disclosure must be submitted to DOJ, and secondly, the Foundation must submit to DOJ a legal opinion which states that the potential conflict will not be a violation of state or local law.

### **B. Acceptance of Gratuities**

No Affirming YOUTH Foundation member, employee, consultant, appointed official or designated agent shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, subcontractors or potential subcontractors.

### **C. Penalties**

Any Affirming YOUTH Foundation member, employee, consultant, appointed official or designated agent who knowingly and deliberately violates the provisions of this code will be open to civil suit by the Foundation without the legal protection of the Foundation. Furthermore, such a violation of these procurement standards is grounds for dismissal by the Foundation (if an employee or consultant) or termination of official responsibilities and functions (if Foundation member, appointed official or designated agent).

Any contactor or potential contractor who knowingly and deliberately violates the provisions of these procurement standards will be barred from future transactions with the Foundation.





## Cash Control and Fraud

### I. POLICY:

- A. It is the policy of Affirming YOUth Foundation, Inc. (AYF) to maintain active controls on the receipt of revenues and to ensure that revenues are deposited to appropriate budget cost center accounts.

### II. PROCEDURES:

- A. The Executive Director is responsible for maintaining procedures for the security of revenues generated by Affirming Youth Foundation, Inc.
- B. Affirming YOUth Foundation, Inc. will maintain the security of revenues through the following methods:
  - 1. All incoming revenue by mail from third parties (insurance providers, state agencies, and donations) is logged into the accounting data system by accounting personnel.
  - 2. All incoming checks or cash obtained by clinicians are receipted and logged by accounting personnel, delivered to accounts receivable, entered, and deposited daily.
  - 3. All checks are duplicated for the accounting files.
  - 4. The Executive Director deposits any revenues received into the organization's bank account on a daily basis.
  - 5. Employees who are responsible for receiving and/or processing incoming checks or cash are prohibited from any and all activities associated with transferring or depositing revenue into any bank account associated with the organization.
  - 6. Monies received for Medicaid or Medicare services are transferred electronically directly from the source into the organizations bank account.
  - 7. The Corporate Compliance Policy, specifically the procedures on monitoring and auditing will serve as the organization's oversight in the area of fraud. Procedures will ensure that monitoring and auditing practices are being



8. conducted on an ongoing basis in critical areas of the organization's operation to maintain compliance with all laws and guidelines governing the organization. Internal self-audits will include, but not be limited to, fiscal services (billing and coding), marketing, contractual services, health and safety practices, use of agency resources, confidentiality, dual relationships, and medical necessity.



## **Inventory of Capital Equipment**

### **I. POLICY:**

- A. It is the policy of Affirming YOUTH Foundation, Inc (AYF) to ensure that the assets of the organization are accounted for and are available for use through minimizing risks of misuse, damage, theft, or loss. An inventory of assets will be maintained for the purposes of calculating depreciation, tracking and security, and loss reporting for insurance.

### **II. PROCEDURES:**

- A. A capitalized asset will be defined as a product purchased having a useful life of greater than one year and having a cost of greater than \$1,000.
- B. Accountability will be required of those individuals empowered with the authority to decide as to the acquisition, employment, and disposition of the asset. Should documentation be absent regarding the assignment of accountability of an asset to a specific individual, accountability shall rest with the program manager whose budget account paid for the asset, or program manager who received equipment through donations or transfer.
- C. Capital Equipment Inventory:
  1. The organization will maintain a capital equipment inventory list for the purposes of tracking and security, calculating depreciation, and loss reporting for insurance.
- D. All items valued at over \$1,000 will be recorded in the capital equipment inventory by item and location and charged as "equipment" in the general ledger. Items with a cost of over \$1,000 will be given a control tag, recorded in the inventory by item and location, and charged as a "fixed asset" in the general ledger.
  1. The capital equipment inventory will designate all items by account, e.g., the corresponding program where the item is located and the fiscal account of that entity.
  2. Programs or service sites receiving equipment are responsible for notifying the Administrative Assistant when the equipment arrives.



3. The Administrative Officer will be responsible for recording all purchases in the inventory at the time payment is made.
  4. All staff members are responsible to coordinate disposal of capital equipment with the Administrative Officer. The Administrative Officer is responsible for removing the asset from the inventory. Items will be marked as “disposed,” with a date and method of disposition. The item will continue to have a value recorded on the inventory, until the end of the fiscal year of the disposal. The value of the item will then be removed from the inventory records, but all other information will be retained for a period of five years from the date of disposal.
  5. The Administrative Officer will be responsible to conduct a physical fixed asset inventory every other year, in even years. Items will be marked as “missing” and “found,” as appropriate, at the time of the inventory and updated in the inventory.
- E. Each Administrative Officer is responsible for any and all equipment reflected on the official inventory report that is charged to their account. The program Manager will be responsible for equipment as follows:
1. Accepting and signing the official inventory report upon each physical count.
  2. Notification of any change as outlined in the above policy.
  3. Notification to the proper party of any equipment that is lost, damaged, or stolen.
  4. Making available all items of equipment for the purpose of physical inspection.



## **Investment of Funds**

### **I. POLICY:**

- A. It is the policy of Affirming YOUTH Foundation, Inc. (AYF) to receive maximum benefit from a surplus of operating funds in a manner that will strengthen the stability of the organization. Surplus operating funds are defined as excess funds that are available after liquidation of available lines of credit.

### **II. PROCEDURES:**

- A. The Executive Director is responsible for determining the existence of surplus funds and the prompt investment of those funds into safe interest-bearing accounts.
- B. The Executive Director utilizes current bank balances and projections of cash flow to determine the availability of investment funds.
- C. The Executive Director determines the cash flow needs for 30 days to determine the length of investment of excess funds.
- D. The Executive Director oversees the deposits of funds in an interest-bearing checking account or other interest-bearing accounts, when applicable.
- E. Long-term investments such as endowment funds or targeted gifts are overseen and directed by the Audit Committee, when applicable.



## **Working Capital and Contingency Funds**

### **I. POLICY:**

- A. It is the policy of Affirming YOUTH Foundation, Inc. (AYF) to maintain adequate working capital and contingency funds through specific fiscal mechanisms and practices that will ensure the continuation of services without interruption.

### **II. PROCEDURES:**

- A. The Executive Director is responsible for the fiscal planning functions that ensure services are provided without interruption.
- B. The Executive Director will create cash flow projections weekly to ensure that adequate funds are being received.
- C. The Executive Director will utilize the cash flow projection information to adjust payments as required to ensure cash is available for operations.
- D. The organization will utilize the financial planning process, which includes an annual budget to ensure cash is available for annual operations.
- E. The organization will work towards implementing a contingency fund based on the ratio of one-third of the operating funds for a three-month period.
- F. Financial planning of expenditures is done on a weekly and monthly basis with long-range cash flow projection to maximize funds.



## Annual Audit Policy

### I. POLICY:

- A. It is the policy of Affirming YOUth Foundation, Inc. to complete an annual audit by an independent organization to ensure that business is conducted consistent with sound fiscal practices, and to utilize the results of the audit to improve the financial condition of the organization.

### II. PROCEDURES:

- A. The Executive Director is responsible for ensuring that an annual audit is arranged, completed, and the results are received and provided to the Board of Directors, The Children's Trust, The William R. Kenan Charitable Trust and The Office of Justice Programs.
- B. The **Executive Director** contract with a local accounting firm annually to conduct an audit of the organization's fiscal practices, books, and records.
- C. The **Executive Director** will facilitate the onsite review and organization of records needed to ensure a successful audit.
- D. The Executive Director will receive a written report from the accounting firm, will review the report and present the findings to the Board of Directors.
- E. The Board of Directors will act on any recommendations to correct and/or enhance business practices.
- F. The **Executive Director** will additionally report recommendations of the audit to the staff. Feedback and suggestions will be sought from the staff to assist in the enhancement of business practices.
- G. The actions taken to enhance business practices and the results of those actions will be documented and reported in the staff meeting minutes.



## **Annual Budget Process**

### **I. POLICY:**

- A. It is the policy of Affirming YOUTH Foundation, Inc. (AYF) to develop an annual budget that ensures resources are being appropriately allocated for the mission, goals, and objectives of the organization to be met.
- B. It is the policy of AYF to have the annual budget finalized and approved by the Board of Directors prior to fiscal year end.

### **II. PROCEDURES:**

- A. The Executive Director will provide all program managers with revenue and expense worksheets three months prior to the new fiscal year.
- B. The Program Manager will provide monthly estimates of revenue by payer source and any anticipated increases or decreases in operating expenses within the program areas to the Executive Director.
- C. The Executive Director will work in cooperation with the CPA in providing an estimate of revenue by payer source.
- D. The Executive Director will provide any anticipated increases or decreases in expenses within the area of operations.
- E. The Executive Director will be responsible for salaries and fringe benefits of personnel in all programs and departments.
- F. All reports will contain a brief justification for any budget increases of over 10% from the previous year in any operating category.
- G. The estimates of revenue and expenses are due two weeks after the worksheets are distributed.
- H. The Executive Director will submit to the CPA proposals for spending increases and decreases based on the AYF's strategic plan.





- I. The Executive Director in collaboration with the CPA will compile the results of all submissions and develop a draft of the budget for the next fiscal year.
- J. The draft budget will be presented to the Board of Directors no later than two months prior to the beginning of the next fiscal year for review, feedback, and revision.
- K. The Executive Director in collaboration with the CPA will make the final adjustments following the review, feedback, and revisions and will present the final budget proposal for approval to the Board of Directors.
- L. Following final approval, the final budget for the fiscal year will be distributed to all programs, unit, and administrative staff to ensure an organization-wide awareness of the financial plan for the next fiscal year.



Section II of the Accounting Policies and Procedures Manual is acknowledged and adopted by the Affirming YOUTH Foundation, Inc. on this 6th day of September 2019.

*Jonathan Spikes*

---

**Jonathan Spikes - Chairman**



# FORMS



## Affirming Youth Foundation, Inc. Fixed Assets Log

Qty	Description	Serial Number	ID Tag #	Condition of Asset	Purchase Date	Value Estimate	Funding Source/Award #	Vendor	Address	Title Holder	Item Location/User







