



EMPLOYEE MANUAL

Policy Title: **ACCOUNTING PROCEDURES**

Policy No.: 43.0

Section Nos.: 43.0 – 43.14

Approval Date: 01/17/2018

Effective Date: January 2018

Approved By: Board of Directors

43. FINANCIAL CONTROLS AND ACCOUNTING PROCEDURES

The statements contained in this document are designed to:

- Document financial transaction procedures applicable to all campuses.
- Serve as a reference for both experienced and infrequent users of Finance controls.
- Provide guidance and reference for all persons performing financial functions.
- Promote administrative efficiency by clearly documenting correct methods of transaction processing.
- Promote consistency and uniformity in the treatment of financial transactions.
- Complement training of personnel to meet financial reporting and management control requirements.
- Reduce the need of central processing support staff to spend time answering each individual inquiry on a particular subject. With these documents, departmental users will be referred to the appropriate procedure in the documentation.

If there is a question on any of the material covered in the procedures, users are urged to contact the Ark Accounting Manager at finance@thearkofrefuge.org



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OVERVIEW Of The Ark Of Refuge Accounting System:

The financial records of The Ark of Refuge are maintained using a Cash basis of accounting. Access to the accounting system is controlled to maintain the reliability and integrity of the data. Security is set by the CFO to allow different levels of access. Not all Executive/ Board Position(s) has(ve) full access to the entire system including setup and administration. *(Note positions that have access to the accounting systems and whether or not it is limited to only certain modules or functions, if applicable).*

- **Data Backup:** Backup is done daily to assure that the data is secure and will not be lost in the event of a computer failure. USB's or Micro Form Factors are rotated according to the day of the week and once per month. Year-end backups (Micro Form Factor Hard drive are kept for 2 years. Hard drives are stored in a locked fire-resistant cabinet.
- **Funds Received:** The funds received policies and procedures ensure that all incoming funds are properly recorded and safeguarded through separation of duties and proper documentation. The Executive/board position(s)) designate which staff is authorized to collect incoming The Ark of Refuge funds.
- **Funds Disbursed:** Specialized procedures govern check writing and petty cash procedures. Only the CFO may authorize the issuance of checks. Access to the check printing system is limited to accounting staff and is controlled by ADP by the COO and CFO. Petty cash access is limited to staff assigned by the CFO .
- **Payroll System:** Access to the payroll system is controlled to assure accurate and confidential data. Access is limited to the accounting staff responsible for payroll processes. Payroll is processed by finance staff. Payroll data is maintained on line and transmitted to the payroll service for processing. The payroll service is responsible for tax payments and reports. The CFO verifies the payments at the end of each month by analyzing the payroll service reports and the bank reconciliation statement.



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43.1 REVENUE

SUMMARY OF ADMINISTRATIVE PROCEDURE

This statement defines operating and non-operating revenues. It addresses commonly asked questions on interdepartmental sales, recording receipts as credits to expense, and sales of departmental equipment.

43.1.1 Definition of current operating revenue. *Within THE ARK current funds, revenue is defined as any transaction which results in an increase in the current financial resources (i.e., net assets) of THE ARK as a whole. Operating revenue results from the sale of THE ARK's primary products and services to a non-THE ARK entity or from carrying out other activities that support THE ARK's missions.*

Examples of operating revenue include: Gifts, Grants, Contracts, Investment & Endowment Income, Departmental Sales & Services To External Entities, Miscellaneous Receipts, & Auxiliary Enterprise Sales.

Sources of operating revenues include: Equity Loans from the Board of Directors, Municipalities, Donors, and other public customers; incidental sales to the general public and other ARK departments may be included.

Bank Accounts: The Ark of Refuge maintains 3 bank accounts for expenses. Each account is assigned to a different category on General Ledger. There are two checking accounts that operate a personnel and operating, while a savings account hosts equipment expenditures. The opening of any University bank account requires proper approval. No individual or department bank accounts are permitted. Bank accounts are centrally authorized and monitored. They require approval by the Board. Bank accounts for outside clubs or organizations cannot use the Agency's tax ID number.

FUND ACCOUNTS

Emergency Response	Food Distribution	Poverty Diversion
- Crisis Transport.	- Food Pantry	- Rental Assistance
- Emergency Shelter	- Amazon Senior Hunger	- Care Grant
- Motel Vouchers	- Holiday Meals	- Street Outreach
- Courtesy Cards	- Supplies	- Car Maintenance



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43.2 DESIGNATIONS OF REVENUE

43.2.1 Restricted current fund revenues.

These are resources that are available for current operating purposes but whose expenditure is limited by an external source (e.g., donors, government, grantor, etc.) to specific purposes, programs, schools, departments, etc. Restricted revenues, recorded when earned are recognized as revenue in THE ARK financial statements only to the extent that such funds are expended, as required by generally accepted accounting principles (GAAP). To accomplish GAAP recognition, THE ARK requires that all restricted current funds be recorded in separate fund accounts, per program designation. The ARK does not use Grant Fund Coding Conventions, we simply list the name of the umbrella program.

Funds with internal restrictions are not classified as restricted current funds because a restriction imposed by the governing board or administration can be removed at their discretion. These funds are typically loans from the board of directors and recorded as equity on the balance sheet and general revenue on the P/L.

43.2.2 Unrestricted current fund revenues.

These are resources that are not restricted by external sources and are expendable for operating purposes. Included are undesignated educational and general, auxiliary enterprise, and internally designated resources. The absence of an external restriction implies that the resource is available for current operations and, therefore, must be recorded in current unrestricted revenues.

43.2.3 Other revenues (non-operating) and fund additions.

Resources that are restricted by outside persons, agencies (such as on-loan funds), endowment and similar funds, or plant funds are accounted for as restricted revenues in the appropriate fund group to which the restriction applies.

For example, a donor might state that their gift is to be used for the purchase of library books. The gift would be recorded as a current restricted gift in a restricted gift fund. If, however, the donor stated the gift was to be used for the construction of a library, it would be recorded as a restricted gift in plant funds. To take it a step further, a gift received whereby only the income earned on the gift could be spent for the purchase of library books would be recorded in endowment and similar



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funds; the income earned on the gift which is available to spend would be recorded in current restricted funds.

In accordance with GAAP, all gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments in endowment and similar funds. Income derived from the endowment and similar funds is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in unrestricted current funds.

43.2.4

Detailed Operating Procedures

a. Offsetting revenue and expenses.

Revenue is always recorded at the gross amount, not net of any discounts, etc. For example, tuition, fees and room and board charges are recorded at the gross amount according to Trustee approved rate schedules even though there is no intention of collection directly from the student. Institutional scholarships, staff tuition waivers, etc., are then recorded as expenditures. However, refunds to students as a result of courses dropped during the refund period are recorded as reductions to tuition revenue since these are viewed as corrections of amounts previously recorded as revenue that will not be earned.

b. Recurring interdepartmental sales.

Self-supporting departments established primarily to provide goods or services to other THE ARK departments are generally set up as internally designated or auxiliary funds. Examples include Mail Service, Central Stores, and Central Copying. Interdepartmental sales for these operations don't result in an increase in the overall net assets of THE ARK. Accordingly, the sales are recorded as reductions in expenses. In this way, all revenue and expense activity in these funds are eliminated from THE ARK financial statements and overall, THE ARK expenditures will not be double-counted.

Auxiliary enterprise funds are also used to account for revenues of operations established primarily to furnish goods or services to students, faculty, or staff. Often, auxiliaries incidentally service the general public. These sales by auxiliary enterprises are recorded as revenues. The primary source of funding is the key factor. For example, departments may purchase goods from Dining Services,



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but those sales would be recorded as a reduction of expenses rather than revenue.

c. Recording receipts as credits to expense account codes.

Revenue should never be recorded in an expense account code, except in the following instances:

1. Interdepartmental sales by an operating account or department with an unrestricted range. This is because an interdepartmental sale does not add new dollars to THE ARK's net assets; it merely increases the net assets of one THE ARK unit and decreases the net assets of another. When interdepartmental sales are part of the normal operations of the department.
2. Vendor credits and other corrections of expenditure transactions resulting from the overpayment of an employee or a vendor invoice, return of goods, etc., should be recorded as a credit to the expense account code originally charged when the goods or services were bought.
3. Vendor payment discounts received from the timely payment of vendor invoices are properly credited to the expense account code originally used for the purchase.

d. Sales of departmental equipment.

Occasionally, departments must sell surplus unused or obsolete equipment originally purchased with departmental funds. Departments should contact Purchasing first to determine the proper property disposition procedure and then contact the appropriate campus Property Control contact to adjust the inventory as instructed in the disposal procedure.

If the sale is made to another THE ARK department, the transaction should be recorded on an Equipment Re-Location Form. The department buying the equipment should debit an equipment account and the selling department should credit an equipment account code.

If the sale is made to an outside party, the transaction will involve the receipt of cash and be recorded by crediting to the campus miscellaneous receipts account. If approved by the Chief Financial Officer (CFO), the sale proceeds may be credited directly to an equipment account code thereby utilizing the funds generated from the sale of surplus equipment in the current year's budget.



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43.3 BILLING FOR GOODS SOLD OR SERVICES RENDERED

43.3.1 Summary of Administrative Procedure

This statement defines who has the authority to make sales on credit, what rules must be followed, and the responsibility for reconciliations and proper accounting.

43.3.2 Authority and responsibility for sales on credit.

All sales of goods or services by THE ARK departments are to be made only upon receipt of cash (i.e., no sales are allowed to be made on credit) unless written approval in advance is received from the campus Chief Financial Officer (CFO).

Departments with CFO approval to make credit sales must follow the policies and procedures of the campus Credit and Collections department (unless specifically exempted in writing by the campus CFO) relative to the extension of credit, invoice and statement generation and frequency, aging analysis, delinquent account follow-up, and write-off of non-collectible accounts.

All accounts receivable resulting from amounts owed by governments, employees, contractees, grantees, and other customers must be reconciled by the responsible account manager on a monthly basis.

43.3.3 Accounting for credit sales transactions.

Sales invoices are generally recorded in Banner via an approved campus form immediately upon forwarding the sales invoice to the customer. The applicable account code is credited. When the cash is received from the customer, the balance sheet account is credited using a proper Crediting rule.

43.3.4 Accounting for uncollectible accounts and billing errors.

If accounts receivable must eventually be written off as uncollectible, this is an expense that must be recorded in a suitable expense account code, not as a reduction of revenue. Uncollectible accounts are always recorded as a charge to an expense account code. However, if an error was made billing a customer too much for which a subsequent corrected billing entry is made, then this is properly recorded as a reduction of revenue.



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43.4 ACCEPTING AND DEPOSITING OF CASH AND CHECKS

43.4.1 Background

This policy provides guidelines and minimum standards for proper receipt and depositing of currency, checks, and other cash equivalents (collectively hereinafter referred to as "cash" or "cash items") to ensure that the assets of THE ARK are protected, accurately processed, and properly reported.

43.4.2 Scope

The policy applies to all individuals or departments who receive, and deposit cash and cash equivalents and applies to all component institutions of THE ARK. Unique campus needs may require minor deviations from this policy. Any substantive change must be documented and approved by the campus CFO and the ARK Treasurer's Office

a. Bank Accounts.

The ARK CFO/Treasurer or designee must pre-approve any banking or credit relationship established for the purpose of collecting or depositing THE ARK funds, uses THE ARK name or the name of one of its component institutions, or uses THE ARK tax identification number.

The ARK Treasurer's Office should be contacted to assist in developing a banking solution. The Vice Chancellor for Financial Affairs must be a signatory on the account.

b. Timeliness of cash deposits.

In order to optimize investment earnings and reduce the possibility of theft and loss, all receipts of checks and currency are to be deposited in a timely manner and in a depository account under the Name and Tax ID of THE ARK consistent with the detailed procedures in the following documents:

- Coin and Currency Deposit Procedure;
- Check Deposit Procedure;
- Procedure for Depositing Cash or;
- Cash Equivalents via Armored Car Service or police escort (to be developed).



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- Checks and currency totaling \$1000 or more must be deposited within 48 hours (two business days) of receipt or once a week whichever comes first.
- Checks and cash should never be held by a department awaiting accounting information.

Gifts from donors should be promptly delivered to the donation center to be evaluated by, CFO and or representative of THE ARK.

c. Responsibility for safeguarding the receipt of cash items/receipts.

The CFO or designee(s) is responsible for authorizing & notifying the ARK Treasurer of any cash collection areas and implementing appropriate internal controls consistent with this policy and the accompanying detailed procedures. Such controls include:

- a. Clearly define and document delegate responsibility for cash items from the time of receipt to the time of deposit. Responsibility for the billing, cash handling, record-keeping, and reconciliation functions should be assigned to separate individuals, to the extent possible, and will include the central Financial Operations Center (FOC) as appropriate.
- b. Open and process mail on a timely basis and in the presence of coworkers, if possible. Maintain a log of all cash items received.
- c. Endorse checks immediately upon receipt using an endorsement stamp approved by the ARK Treasurer's Office (if available). Accepting 2 party checks for payment are allowed when:
 1. Two-party checks made payable to The Ark of Refuge, or a third party may be deposited.
 2. We will only accept checks made payable to The Ark of Refuge and a third party; after the third party has endorsed the check. We will not endorse a check prior to the other payee(s) without CFO approval. Accepting third-party checks for payments are allowed when the original payee has re-endorsed the check payable to THE ARK OF REFUGE INC.



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THE ARK OF REFUGE INC SHALL:

1. Provide over cash items awaiting deposit through the use of **locked** safes, strong boxes, or file cabinets. Cash items should never be left in or on desks or unattended at any time. Dual controls over cash are strongly encouraged and preferred to protect both the ARK and the employees handling cash.
2. Not commingle cash receipts with any other personal or business cash funds and do not reduce cash receipts by amounts needed for petty cash transactions. Use standard bank deposit forms.
3. In general, large cash receipts should be discouraged, and an alternative non-cash method of payment should be requested. However, if received, individual cash transactions of more than \$10,000 from one individual/entity must be reported to the IRS by each campus.

This requires solicitation and proper storage of personal identification information including the remitter's social security number or Tax ID. For purposes of this paragraph, cash is defined as coins and currency of the U.S. or any other country, cashier's checks, bank drafts, traveler's checks or money orders.

4. Ensure checks deposited using remote deposit devices must be kept in a locked safe. After 45 days from the date of the deposit, checks must be destroyed using cross-cut shredding or an approved shredding/disposal service for paper documents.
5. Ensure Cash receipts and deposits are subject to periodic surprise audits by THE ARK management and internal and external auditors.

This policy provides minimum requirements for processing cash and cash equivalent deposits. An individual campus may institute additional or more stringent requirements.



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43.5 CHECK DEPOSIT PROCEDURES

43.5.1 Endorsement Procedures

In general, checks must be endorsed the same as what is written on the Payee Line of the check. A check made out to any component institution may be deposited with a THE ARK endorsement stamp. Similarly, a check made out to THE ARK may be deposited by a component institution.

43.5.2 Check Requirements

All checks must be endorsed and logged as soon as possible after receipt. Deposit stamp example (including checks deposited via Desktop Scanner):

FOR DEPOSIT ONLY
The Ark of Refuge, inc.
Bank: XYZ BANK
ACCT # :123456789

- a. Checks made payable to a 3rd party may only be signed over to THE ARK if they were issued by THE ARK (i.e. refund checks).
- b. Checks made payable to a 3rd party and THE ARK must be endorsed by the 3rd party prior to THE ARK endorsing and must be deposited in a THE ARK bank account.
- c. Checks missing the signature of the issuer can not be deposited.
- d. Changes to the front of the check (i.e. amount, payee name, date, etc. may only be made by the issuer of the check using a single line to cross out any incorrect information and must be initialed by the issuer).
- e. In the event of a discrepancy in amounts between the convenience box (###'s) and legal (written) amount the check must be deposited for the legal amount.

43.5.3 Remote Scanning Procedures

Approved Scanners: EC Series Scanners (RDM Corp); Epson CaptureOne (Epson Corp); VisionX Video and Documentation (Panini Corp); CheXpress CX30 or TellerScan TS240 (Digital Check Corp).

* THE ARK does not allow checks to be scanned via a Mobile Option (i.e. Smartphone App).



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In addition to limitations on depositing checks as indicated in the Check Requirements section above items ineligible for remote deposit also include:

- a. Checks Drawn on a foreign bank (includes Canadian checks).
- b. Checks drawn on a domestic bank in a foreign currency.
- c. Checks made payable to both THE ARK and a 3rd party.
- d. Checks more than 6 months old.
- e. Travelers checks, money orders, and postal money orders.
- f. Duplication of deposits is prohibited (either in its paper-based form or in a digital form within another Deposit File) unless Citizens has notified THE ARK that an item has been rejected or returned.

* Items ineligible for desktop scanning must be deposited at a local bank branch.

43.5.4

Check Storage And Destruction Procedures

- a. All checks must be stored in an access-controlled secure fireproof location.
- b. Remotely deposited checks should be stored according to policy guidelines.
- c. When destroying Items, an appropriate method of destruction must be used that will result in the paper-based item being unable to be processed and all sensitive personal and financial information undecipherable. Acceptable destruction methods include: cross-cut shred, pulp, or incinerate.



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43.6 CASH RECEIPTS SECURITY AND CONTROLS PROCEDURE

There are a limited number of departments (or locations) at THE ARK that are authorized to accept cash and/or other items. Any cash and/or other item collection department (or location) must be approved in writing (i.e. an e-mail) by one of the following: Campus CFO or designee(s). The Treasury will keep a record of these locations and indicate if they are a Central Designated Location.

These departments (or locations) are required to safely store, properly record, and promptly deposit all cash items into an approved THE ARK (The Ark or its subsidiaries) bank account(s) in accordance with applicable THE ARK or campus policies and procedures.

Campus locations may, and are encouraged to, create more detailed procedures that meet their unique circumstance. However, these local procedures may not be any less restrictive than what is in this Cash Receipts Procedure.

Control Point: Campuses must provide a list of areas accepting cash/coin/checks to Treasury to include in a database once a year and as changes are made. Campus CFOs should evaluate the maximum amount of cash at hand at any given point during events and activities.

43.6.1 Accepting Cash

Locations that accept cash should have a secure area to receive and process funds. For high-volume locations, cash registers with locking drawers and POS Systems should be used in lieu of cash boxes/change drawers when possible and should be in view of a camera.

Locations accepting cash without these controls in place must obtain prior written approval from the campus CFO or their qualified financial designee. When these controls are not able to be in place two people should be present when possible, during use of the cash drawer.

At all times when cash is counted, two people must confirm the amount of cash as described below. Opening the Registers: Verify the starting balance of cash is that of standard practice of the location. This must be confirmed in the presence of a 2nd person and documented both with the names written and signatures/initials of each person.

a. Cash pickups during the day:

Dependent on the volume of cash in the register, cash collections may be done during business hours to reduce register balances. Excess funds, as determined by the campus CFO, must be brought to a secure area within the facility. Cash counts must be done by both the teller and the person picking up the cash. A receipt (Exhibit B Chain of Custody Document) must be given to the teller at the



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time of transfer for use in day end reconciliation. A POS System may be able to record these pickups (Retailpro).

- b. A three-part pre-numbered receipt or an approved point-of-sale/cashiering system must be generated and given to customers for all cash sales/donations.
- c. Change exchanged between cashier and safe must have dual control and both parties must complete change request form.
- d. Closing the Register or Cash Drawer:

Indicate the amount of cash in the drawer at the time of closing. This amount must match the total of

1. The opening balance plus;
2. Sales from POS or other system record minus;
3. Noncash sales: minus
4. Amount of any cash pickups completed during the day. Drawer amounts should then be brought back to the starting balance and the drawer secured in a safe or other secure location for use with the next cashier / next day. The starting cash should be counted the next morning and confirmed it is correct.

- e. Funds to Deposit:

Funds in excess of the starting balance must be brought to a secure central location (for example, the designated 'Cash Room'). The funds must be counted and tied out to a printout/receipt from a System of Record (POS system, inventory record) when available in the presence of whoever was responsible for those funds. If funds placed in a drop box total \$1000 or more, additional controls (camera and/or alarm) must be in place.

- f. Bringing Funds to a Central location for bank deposit:

Once a final count of the cash has been completed, cash/coin must be placed in a clear disposable deposit bag and a deposit slip indicating the amount of the deposit included. The bag should then be sealed and secured for transport to the bank. The Chain of Custody document,



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with dual deposit signatures to record the funds to the GL, must be attached to the Deposit Bag. Ordering the disposable deposit bags must be coordinated through the ARK Treasurer's Office.

g. Each deposit requires:

A Deposit Ticket, Disposable bag adhesive strip to be attached to the chain of custody.

Control Point: Chain of Custody Document - Except for funds deposited to a drop box and totaling less than \$1000, funds must not be given to another employee without a signed Chain of Custody included with the funds and a copy of such document or receipt provided to the employee who surrendered control of the funds. The department surrendering control of the deposit to either the bank or Armored Carrier is responsible for keeping this documentation.

* If there are any discrepancies at time of a custody change or when comparing cash receipts to the System of Record, they must be immediately reported and investigated.

43.6.2

Training

All employees accepting Cash/Coin/Checks must complete training including reading and acknowledgment of this procedure and any other required training including an annual refresher training thereafter. The manager and backup person must be provided to Treasury as part of Exhibit A and whenever there is a change in authorized personnel.

Control Point: The Manager of each business unit is responsible for ensuring these trainings take place and retaining appropriate documentation. The initial training and subsequent annual training should be documented and submitted to the head of the department or CFO (or CFO designee), whoever is responsible for making sure cash controls are followed.

43.6.3

Storage Of Cash/Coin

Cash, checks, and receipts are kept in a lockable container, such as a cash box/safe, and ideally stored in an area that is not visible to unauthorized personnel. Adequate security controls over the lock box/safe must be maintained at all times, including changing security controls at least annually, terminating access when an employee leaves or change positions, etc.



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However, in unique situations where cash, checks and receipts are stored in an open area that is visible, the cash box/safe is under continuous video surveillance. In either case, unsecured cash boxes and safes are not left unattended during the working day. At night, all funds and cash boxes are kept in a secured (locked) storage area, such as a lockable file cabinet, closet or safe.

43.6.4. Central Cash Collection Locations (Cash Rooms)

Cash Rooms are secure areas not accessible to the general public and include location. The creation of any additional cash rooms must be approved by CFO and THE ARK Treasurer's Office.

43.6.5 Transportation/Bank Deposits

Deposit balances in excess of \$1000 must be brought to an approved Central Designated Location every day. Deposit balances below this amount may be brought to a Central Designated Location once per week. Cash Rooms must make deposits in accordance with the policy or on a preapproved police-escorted schedule. In no case may these scheduled pickups be less than once per week.

All cash transfers in excess of \$1000 must be in a deposit bag. If it is destroyed for any reason, the reason for destruction must be noted in the same documentation of deposits.



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43.7 EXPENSING

All purchases have a fund account to which they can be accredited as well as a program. There are policy details the protocol for each method of payment.

FUND ACCOUNTS

Emergency Response	Food Distribution	Poverty Diversion
- Crisis Transport.	- Food Pantry	- Rental Assistance
- Emergency Shelter	- Amazon Senior Hunger	- Care Grant
- Motel Vouchers	- Holiday Meals	- Street Outreach
- Courtesy Cards	- Supplies	- Car Maintenance

When making a purchase of less than \$10,000 the following processes are initiated:

43.7.1 Business Debit Card

All expenditures under 5000 can be purchased using a business debit card. This option is reserved solely for managerial staff. we utilize this two-step process for the recording of expenses. Step one; Bank reconciliation Step 2; recording of receipt.

The recording of the receipt takes place immediately by accessing the mobile-friendly QuickBooks intuit app. The employee shall download the application on their phone and take a picture of the receipt while the mobile app is open. This will immediately log the purchase into General Ledger.

43.7.2 ACH Transfer

An ACH transfer can only be initiated after written approval from the deputy director or programmatic manager. All ACH transfers including zel, cash out, and Apple Pay are automatically recorded through bank reconciliation. A screenshot or a scanned copy verification of transfer is captured and recorded on the general Ledger using a mobile-friendly intuit product.

43.7.3 Electronic Check

Electronic checks are processed via a request for W9 or direct deposit form. These types of requests shall only be satisfied for governmental entities, donating organizations, and tribal communities.

If the Ark of Refuge gifts another organization as a result of a sub-recipient second-tier award, an electronic check would be inappropriate. Simultaneously, If a donor would like to gift our organization in the form of a check it must come as a: money order, or a cashier's check.



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Receipt Book- Cash Transaction

- Receipt books are assigned by the Board to CFO
- The CFO is responsible for safeguarding the receipt book.
- Receipt Books must be kept in a secure place at all times.
- Receipt Books consist of three-part, pre-numbered forms. They should be used in numerical order and filled out completely. The original is to be given to the person (participant) from whom funds have been received. The second copy (yellow) is to be sent with the transmittal form and the cash to the CFO for processing and deposit. The third copy (pink) is to remain in the receipt book.
- Receipts may be voided, but the pink copy of any voided receipt must remain in the book.
- The receipt book should be reviewed against either the monthly bank statement or Cash Receipts log to assure all cash received was recorded and deposited.
- When all the receipts are used, the book must be returned to the (Executive position) or other designee who will issue a new book.



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43.8 CASH DISBURSEMENT – PETTY CASH

43.8.1

Purpose of Petty Cash: Departments are encouraged to use petty cash funds to reduce time, paperwork and administrative expenses for minor business expenditures. Petty cash may be used to reimburse authorized expenditures up to \$200 per transaction for:

- Local retail purchases
- Meeting expenses
- Business meals
- Local transportation expenses (i.e., day trips)
- Books
- Subscriptions
- Postage
- Similar expenses

43.8.2

Advance Payments to Employees.

In some cases, the petty cash Custodian may find it necessary to advance up to \$200 cash to an employee for non-overnight travel or for miscellaneous business supplies. Under no circumstances will petty cash advances be allowed (1) for overnight travel, (2) for more than 48 hours before the expense is anticipated, (3) for more than \$200, (4) without a signed receipt (Petty Cash Voucher), (5) to a student or other non-employee, (6) for non-business purposes, or (7) outstanding for more than 4 days. Contact Accounts Payable immediately if advances are not resolved fully within 4 days.

43.8.3

When petty cash may not be used.

- For transactions over \$200 (splitting one transaction over \$200 into 2 or more parts is specifically not allowed).
- To make personal loans.
- To pay employees or non-employees' compensation for services rendered (including honoraria or other stipends).
- To pay moving expenses.



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- To buy hazardous materials or controlled substances
- As a check-cashing service
- To pay for an expense that is personal or otherwise not allowable.

Receipts of cash or checks by the department may not be commingled with petty cash funds; all receipts are to be deposited intact with the Cashier/Bursar within two business days.

43.8.4 Establishing a petty cash fund.

Each petty cash fund is the responsibility of primarily one employee called the "Custodian" of the fund. There may be only one Custodian per petty cash fund. The Custodian is personally responsible for the value of the fund and to ensure that all policies and procedures are adhered to. Requests to establish petty cash funds must be approved by the responsible Department Head, the Chief Financial Officer (CFO), and the Deputy Director.

Petty cash funds will be established at an amount not to exceed \$5,000, unless specifically approved by CFO. Petty cash funds require monthly reconciliation (and monthly replenishment, if un-replenished receipts exceed \$300). Petty cash funds are established and replenished with a check or cash issued to the fund Custodian by the Agency. Every program has been approved petty cash fund by the CFO for proper accounting.

43.8.5 Revocation of a Petty Cash Fund

If it is determined that a petty cash fund is being misused or not properly accounted for, the fund will be closed. The CFO may close petty cash funds at any time without reason.

43.8.6 Emergency Payroll Cash out Preference (On-Duty/ In-Field)

If the ark of refuge staff is on an assignment that requires extensive travel arrangements and payroll falls on the date of arranged travel, it is at the complete discretion of the CFO to allow the cashing out of payroll via cash withdrawal from a business bank account. This measure is to be taken only in emergencies. An emergency can include; Banking issues, fiscal depravities due to company expenditures, and medical emergencies.



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a. Cash-out Process:

1. *The cash-out process begins with a physical check written from the ark of refuge business account. This can be out of the business account checkbook, electronic, printed in-house on official check paper.*
2. *If and when reasonable, the CFO is allowed to print a physical check for an employee, the employee shall endorse the back of the check returning it to the care of the organization.*
3. *The employee then receives the cash value with or without deductions based upon their employment status and deduction amounts.*
4. *The endorsed printed check is copied or photographed alongside the ID of the employee, with a written affidavit that confirms the endorsement of the payroll check back to the company in exchange for the cash value.*
5. *The scanned copies of these documents or images are then emailed to the company's payroll specialist for recording.*
6. *The physical copies are returned to the campus for filing within the employee file.*



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PETTY CASH VOUCHER

ARK OF REFUGE, INC

Paid to (Please Print) :		Date (mm/dd/yyyy) :		Petty Cash Voucher (PCV)#:											
				<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>											
Description and Purpose of Expenditure		Original Amount		Revised Amount											
FOAPAL <table border="1"> <tr> <td></td> <td></td> <td></td> <td>020</td> <td></td> </tr> <tr> <td>Fund</td> <td>Orgn</td> <td>Acct</td> <td>Prog</td> <td>Actv</td> </tr> </table>					020		Fund	Orgn	Acct	Prog	Actv				
			020												
Fund	Orgn	Acct	Prog	Actv											
Prepared by (Cash Fund Custodian) :															
Authorized Account Signature (If other than Custodian) :		Received by (Signature) :													

Paid to (Please Print) :		Date (mm/dd/yyyy) :		Petty Cash Voucher (PCV)#:											
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Description and Purpose of Expenditure		Original Amount		Revised Amount											
FOAPAL <table border="1"> <tr> <td></td> <td></td> <td></td> <td>020</td> <td></td> </tr> <tr> <td>Fund</td> <td>Orgn</td> <td>Acct</td> <td>Prog</td> <td>Actv</td> </tr> </table>					020		Fund	Orgn	Acct	Prog	Actv				
			020												
Fund	Orgn	Acct	Prog	Actv											
Prepared by (Cash Fund Custodian) :															
Authorized Account Signature (If other than Custodian) :		Received by (Signature) :													



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43.9 GENERAL LEDGER

43.9.1 Categorized Recording (Personnel, Operating, & Equipment Costs)

The Ark of Refuge maintains a general ledger that is split into 4 Categories; Misc., Personnel, Operating, & Equipment Costs. Each category has its own set of fund accounts and regulations.

43.9.2 Data Entry

the ark of refuge utilizes an intuit product for our on-the-go financial controls. All debits and credits are entered on the general Ledger parentheses (GL). For a detailed explanation on this process please see Section 43.7 Expensing.

43.9.3 Accounts Receivable

For each grant, contract, loan, or other agreement, the Deputy Director will designate the staff responsible for the preparation of invoices, payment requests, or reports necessary to secure payment to The ARK of Refuge. The following procedures ensure that all requests for funds are properly recorded and tracked.

- Generally, the (Designated Department) processes invoices to partner agencies, with copies provided to the (Financial position).
- Generally, (Designated Department) processes requests for funds from (Identified funder), with copies provided to the (Financial position).
- The CFO prepares requests for funds from other agencies.
- Billings to funding agencies are entered as revenue/receivable when sent out to the agencies.
- Aged receivables are reviewed by (Executive position).
- Write-offs of uncollectible receivables must be approved by the (Executive position) and documented through the general journal entry for each write-off.
- Accounts receivables are reviewed by the (Executive position) and CFO annually to ensure that receivables have a reasonable expectation of being collected and any necessary steps are to taken to ensure collection. If there is no reasonable expectation of collection, a decision is made on what action to take.



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43.9.3

Monthly Report of Expenditures (Traceable expenditures)

a. Allocation of Costs

The purpose of the cost allocation policy is to ensure that all programs are charged their fair share of the costs whose benefits are not readily identifiable with a specific program or funding source but are necessary to the general operation of the organization.

b. Indirect Costs

Indirect costs are those costs that are not attributable to a specific center and which generally benefit the organization as a whole, such as salaries, benefits and other costs relating to the (director, accounting staff, and other administrative staff. Costs relating to the Board of Directors are also considered indirect costs.

- Only the CFO/ Deputy Director can sign lease agreements.
- Copies of all leases will be maintained by the Accounting Department. An RFP authorizing payment of the lease for the fiscal year is maintained by the Accounting Department. The RFP will be reviewed by the CFO/ Deputy Director annually.

43.9.4

Consultant/Contract Services

- The CFO/ Deputy Director will review and approve proposed contracts.
- Consideration is made regarding in-house capabilities to accomplish services before contracting for them.
- Written contracts clearly defining work to be performed are maintained for each consultant and contract services by CFO and Accounting department.
- The qualifications and reasonable charges for fees are considered in hiring consultants and proof of insurance and Form W-9, at minimum, will be required.

43.9.5

Furniture and Equipment

All furniture and equipment purchases must be pre-approved by the CFO/ Deputy Director



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43.10 LOANS

43.10.1 Third-Party Loans

- Loans from outside sources (other agencies, banks, etc.) are authorized through board action and initiated by the (Executive position) or another designee.
- Loans to third parties must be approved by the (Executive position) and evidenced with a Promissory note prepared by CFO and signed by requesting third parties before funds are released.
- Upon repayment of funds, the promissory note is returned to the (Financial position).

43.10.2 Intra-Fund Loans

- Intra-fund loans must be authorized by the Deputy Director or CFO. Only The Ark of Refuge Funds may be used for this purpose. Custodial funds will not be used for intra-fund loans.
- An Internal Lending Rate is established by The Ark of Refuge Board to determine the cost of using The Ark of Refuge funds.

43.10.3 Employee Loans

Loans may be made to employees to meet emergency situations.

- All requests must be submitted to the (Executive Director) or another designee in writing, for approval.
- Generally, employee loans are limited by established guidelines and may not exceed the net pay for one pay period; are interest-free; and must be repaid within six months.
- Employees must execute a repayment agreement that states that repayment to The Ark of Refuge will be automatically deducted from the employee's paycheck(s), and agree if termination of employment occurs prior to full loan repayment, the remaining balance will be deducted from the final paycheck.
- Employee loans will be made only from the General Fund.



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43.10.4

Equity Loans – Investments

An equity contribution can be made by the board or owner to reflect either an investment or a short-term operational loan. Both shall represent an unencumbered ownership interest in an asset.

- An equity contribution of \$75,000.00 is required by the Board of Directors on an annual basis.
- Maturity of the loan is to be determined in conference proceedings. If there is no conference, this policy dictates 12 months, (1) year as the maturity date. If that is not fiscally possible by the NGO it is due when the organization has the ability to pay without an encumbrance.
- Investments made on part of board members for operational expenditures shall be reimbursed at an interest rate of 3.29% (percent).
- All equity investments will be entitled equity contributions, and contributors shall be entitled to equity repayments, due when the organization has the ability to pay without encumbrance or in one year.



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43.11

PERSONNEL FILES

Nonprofit Organization operates on a biweekly payroll. A personnel file is established and maintained with current documentation, as described throughout this section and more fully described in Nonprofit Organization's Personnel Manual.

The following forms, documents, and information shall be obtained and included in the personnel files of all new employees:

1. Employment Application (and resume, if applicable)
2. Applicant references (work & personal)
3. Interview questions and notes
4. Form W-4 Employee Federal Withholding Certificate
5. State Withholding Certificate
6. Form I-9 Employment Eligibility Verification
7. Copy of driver's license
8. Copy of the Social Security card issued by the Social Security Administration
9. Starting date and scheduled hours
10. Job title and starting salary
11. Authorization for direct deposit of a paycheck, with a voided check or deposit slip

For employees without a current, valid driver's license, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Voter's registration card
4. U.S. Military card
5. ID card issued by a federal, state or local government, provided it contains a photo
6. School record or report card (for persons under age 18 only)

For employees without a Social Security card, acceptable alternative documents shall include:



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1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)

Payroll records are kept and processed for a maximum of seven years.

1. Cumulative Earnings
2. Leave Records
3. Employee Authorization Deduction Forms



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43.12 PROPERTY, INVENTORY AND CONTROL

The Ark of Refuge property inventory procedures provides for management control of The Ark of Refuge owned property and documentation of property for potential insurance losses and tax reporting. All property in excess of \$5,000.00 in value but less than the established capitalization threshold at the time of original purchase is included in inventory.

- The Ark of Refuge will maintain property records to reflect furniture and equipment purchased, including tagging of these items, and include location, changes, deletions, etc.
- Every year a physical inventory and of all furniture and equipment plus estimates of supplies on hand is completed prior to year-end. Any discrepancies are brought to the attention of the (Executive or Financial position) for appropriate action.
- Transfer of furniture or equipment within or between locations is approved by the Deputy Director or Programmatic Manager.
- Equipment to be retired is documented with an explanation for release. The listing of equipment to be retired is authorized by the Deputy Director or Programmatic Manager. Any salvage value received is so noted on the records.
- Equipment acquired under a Federal award will be used and disposed of in accordance with 45 C.F.R. § 75.320.

43.12.1 Fixed and Capital Assets

The Ark of Refuge has established a capitalization threshold of \$5,000.00 for property expected to benefit the operations of the organization for multiple years to be considered a fixed asset. All properties with an acquisition cost in excess of \$5,000.00 are purchased with The Ark of Refuge funds so that no property has federal character.

- The cost of all property acquired through federal, or state funds will be clearly designated on the Statement of Financial Position as Paid in Capital, including depreciation of such assets.
- Capital Assets include buildings and improvements.
- Property purchased meeting the fixed asset definition is tagged with a pre-numbered asset tag noting The Ark of Refuge and added to the list of assets maintained by the accounting department. This list is categorized by type of fixed asset, e.g., buildings, furniture and equipment, plant assets, etc., and includes the asset number, date of installation, cost



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including taxes, shipping and installation fees, and life expectancy for depreciation purposes. A copy of the invoice(s) should be maintained with these asset records until the asset is sold or deleted.

43.12.2 Equipment Depreciation

The purpose of depreciation is to recognize the decreased value of the property over time (useful life) and to quantify this 'usage' as an expense to each cost center deriving benefit from its use.

- A fixed asset, as previously defined, is depreciated according to the Ark of Refuge Depreciation Policy.
- The Depreciation Policy sets the useful life of property types (Buildings, Capital Assets, Furniture & Equipment, Vehicles, etc.) which may differ from depreciation methods used for income tax purposes.
- Depreciation Schedules are prepared for the full fiscal year utilizing the guidelines of the Depreciation Policy.
- A separate schedule is made for each property/asset type. The schedule is maintained by the CFO As depreciable property is purchased, it is added to the depreciation schedule in the month following purchase/installation.
- A recurring journal entry is set up for posting each month, charging the depreciation expense to the appropriate program(s).



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43.13 AUDITS

The Ark of Refuge is required to have a financial audit on a bi-annual basis. Periodically, as determined by the Board, a Request for Proposal is sent to audit firms qualified to provide the type of audit that meets The Ark of Refuge and/funder's need. The Audit Committee is responsible for soliciting bids, interviewing firms, and making recommendations to the Board of Directors when selecting the firm to be awarded the audit contract. Acceptance of the audit contract will be evidenced by a signed audit engagement letter that contains the type of service to be provided, the timeframe for providing the service, the cost for the service including incidental expenses, the term of the engagement, and a clause stating, "if unanticipated issues arise during the course of the audit that will result in additional fees, the audit firm will notify the Audit Committee for approval prior to incurring additional costs". The audit is reviewed in detail by the Audit Committee but presented to the board by the auditor and accepted by the Board of Directors based upon a recommendation by the Audit Committee.

43.13.1 Taxes and Reporting Requirements

- The auditor prepares Form 990 "IRS Return of Organization Exempt from Income Tax," the (State Form) "(State Form Name) Exempt Organization Annual Information Return," and all other related documents.
- The CFO completes and submits Welfare Exemption and Business Property forms on The Ark of Refuge owned and leased offices.
- Welfare Exemption forms for The Ark of Refuge multi-family properties are completed by The Ark of Refuge property management staff.



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43.14 GRANTS AND CONTRACTS

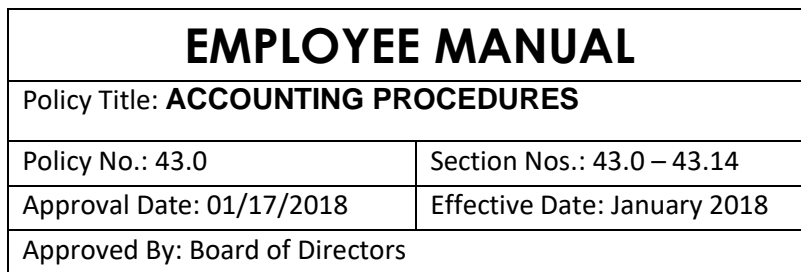
Contract and grant documents are reviewed and approved by appropriate program staff, as well as the CFO prior to being signed by the Deputy Director.

- The Deputy Director OR CFO will carefully review each award to ensure that The Ark of Refuge will be in compliance with all financial provisions.
- The Program Manager will carefully review each award to ensure that all programmatic provisions will be met.
- Original copies of signed grants and contracts are filed in the contract file with copies to the CFO program staff, and Deputy Director
- The CFO will assign appropriate general ledger account numbers and customer numbers for each new grant or contract.
- The CFO will designate the appropriate staff responsible for the preparation of reports, payment requests and/or invoices.
- The CFO will maintain individual contract files containing copies of the grant/contract, any amendments, relevant correspondence regarding the grant/contract, and reports of expenditures or billings.
- A log of all grants/contracts is maintained by Deputy Director detailing grant/contract numbers, effective dates, and reporting requirements.

43.14.1 Budgets

Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with funding source requirements. Budgets should use reasonable assumptions of income and expenses. All budget assumptions should be documented to facilitate a thorough analysis and evaluation, not only of the budget but of the actual revenue and expenditures as they relate to the budget.

- The organization's budget is prepared by the finance department.
- Budgets are submitted to the CFO for review and approval prior to submission to the Board of Directors.
- The Deputy Director will submit an annual organization budget to the Board of Directors for their approval.
- The General Fund budget is established and approved by the Board of Directors.

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