Girls Inc. of the Central Coast

Accounting Policy

1) Last updated 5/16/19

INTRODUCTION

The following accounting manual is intended to provide an overview of the accounting policies and procedures applicable to the Girls Inc. of the Central Coast, which shall be referred to as “Girls Inc. of the Central Coast” or "the Organization" throughout this manual.

Girls Inc. of the Central Coast is incorporated in the state of California and is exempt from federal income taxes under IRC Section 501(c)(3) as a nonprofit corporation.

Girls Inc. of the Central Coast’s mission is:
To inspire all girls to be strong, smart, and bold, to respect themselves and the world around them.

Girls Inc. of the Central Coast’s vision is:
Empower girls achieving success in a complex and diverse world.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

GENERAL POLICIES

ACCOUNTING FUNCTION OVERVIEW

Organization

Three staff members have the primary responsibility to approve and execute the accounting activities and process financial information: Executive Director, Deputy Director and Office Manager.

The Board of Directors and specifically the officers (President, Vice President, Secretary and Treasurer) have responsibility for the financial and fiduciary stability of the organization.

The policy has been updated 3/27/2019.

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Subject: FRAUD

Effective Date: 1/28/2015	Version:

Scope

This policy applies to any fraud or suspected fraud involving employees, officers, or directors, as well as committee members, volunteers, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with Girls Inc. of the Central Coast. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with Girls Inc. of the Central Coast.

Policy

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the Treasurer and the Chair of the Executive Committee, who will coordinate all investigations.

Actions Constituting Fraud

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Appropriation of funds, securities, supplies, equipment, or other assets of the organization for the benefit of an individual or other organization;
2. Any dishonest or fraudulent act;
3. Forgery or alteration of any document or account belonging to the organization;
4. Forgery or alteration of a check, bank draft, or any other financial document;
5. Impropriety in the handling or reporting of money or financial transactions;
6. Disclosing confidential and proprietary information to outside parties;
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the organization. Exception: gifts less than $100 in value;
8. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.

Investigation Responsibilities

The Executive Committee has the primary accountability for the investigation of all suspected fraudulent acts as defined in the policy. The Executive Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Executive Committee will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors.

Any decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, as will final dispositions of the case.

Confidentiality

The Executive Committee and the Executive Director treat all information received confidentially. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.

Authority for Investigation of Suspected Fraud

The Executive Committee, upon majority vote, will have:

1. Free and unrestricted access to all records and premises, whether owned or rented; and
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

Reporting Procedures

All care will be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects dishonest or fraudulent activity will contact the Executive Director, the Treasurer, or the Chair of the Executive Committee immediately. The employee or other complainant may remain anonymous.

All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Executive Committee Chair or legal counsel.

No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution; and
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by legal counsel or the Executive Committee.

Subject: FINANCIAL SECURITY

Effective Date: 1/28/2015	Version:

Accounting Department

The blank check stock shall be stored in a locked cabinet secured with a second bar lock. A working supply of checks is issued to the bookkeeper and a log is kept of numbers issued.

Cash and checks shall be stored in a locked cabinet secured with a second bar lock.

The Office Manager and the Executive Director shall be the only individuals with access to the secured cabinets.

Access to Electronically Stored Accounting Data

All accounting data is recorded on-site by the contracted bookkeeper weekly. The Executive Director and Office Manager have access to the data for report production and to ensure that data has been properly recorded. Any changes and/or corrections to existing data are to be provided to the bookkeeper, which has sole responsibility for making those changes

Storage of Back-Up Files

A electronic copy of data is maintained in a secure off-site fire protected environment location by the contracted bookkeeper. Access to back-up files shall be limited to individuals authorized by management.

Subject: GENERAL LEDGER AND CHART OF ACCOUNTS	
Effective Date: 1/28/2015	Version:

The general ledger is defined as a group of accounts that supports the information presented in the major financial statements. The general ledger is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system, which consists of account titles and account numbers assigned to the titles. General ledger accounts accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gain and loss account.

The chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

There are two types of accounts: real accounts and nominal accounts. Real accounts are asset, liability, and net asset accounts that appear on the statement of financial position. Nominal or temporary accounts are revenue and expense accounts and gain and loss accounts that appear on the statement of activities. Nominal accounts are closed annually and real accounts are permanent.

Distribution of Chart of Accounts

Designated staff with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts and revisions promptly.

Account Definitions

General Ledger

Category	Definition
Assets	
	Assets are probable future economic benefits obtained or

controlled by the organization as a result of past transactions or events. They are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed assets are tangible assets with a useful life of more than one year that are acquired for use in the operation of the organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable

Other assets include long-term assets that are assets acquired without the intention of disposing of them in the near future. Some examples are security deposits, property and long-term investments.

Liabilities

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities are classified as current or long-term.

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities; short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mortgage loan.

Net Assets

Net Assets is the difference between total assets and total liabilities. See the next section for the policies on classifying net assets.

Revenues

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from rendering services or other activities that constitute an organization's ongoing major or central operations. Revenues of Girls Inc. of the Central Coast include contributions, grants, special events, fiscal sponsorship fees, etc.

Expenses

Expenses are outflows or other using up of assets or incurrences of liabilities from rendering services or carrying out other activities that constitute ongoing major or central operations.

Gains and Losses

Gains are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the organization except those that result from revenues or contributions.

Losses are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the organization except those that result from expenses.

Gains or losses occur when a fixed asset or investment is sold or written off as worthless.

Classification of Net Assets

Net assets of the Organization shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be satisfied through organizational actions and/or the passage of time.

Permanently Restricted Net Assets - Net assets stipulated by donor-for specific activity and not subject to change. Generally, donors of such assets permit the use of all or part of the income earned from permanently restricted net assets for general operations or for other purposes.

Net assets accumulated that are not subject to donor-imposed restrictions, but which the Board of Directors has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

Fiscal Year of Organization

The fiscal year begins on July 1 and ends on June 30. Any changes to the fiscal year must be ratified by majority vote of Board of Directors and a change to the bylaws.

Journal Entries

All general ledgers entries that do not originate from a subsidiary ledger shall be supported by journal vouchers, which shall include a reasonable explanation of each such entry.

Examples of such journal entries include:
1. Recording of non-cash transactions;
2. Corrections of posting errors;
3. Non-recurring accruals of income and expenses.

Certain journal entries, called recurring journal entries, occur in every accounting period.

These entries may include, but are not limited to:
1. Depreciation of fixed assets;
2. Amortization of prepaid expenses;
3. Accretion of discounts on promises to give;
4. Accruals of recurring expenses;
5. Amortization of deferred revenue.

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a journal voucher.

The Executive Director shall authorize all journal entries not originating from subsidiary ledgers.

Subject: POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

Effective Date: 1/28/2015	Version:

REVENUE

Revenue Recognition Policy

Funds are recognized in the General Ledger as revenue as they are received.

CONTRIBUTIONS RECEIVED

Accounting for Contributions

Contribution income shall be recognized in the period in which it is received. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

Receipts and Disclosures

To comply with Internal Revenue Code and rules, the following guidelines with respect to contributions received shall be adhered to.

All separate contributions received shall require a receipt provided to the donor. All receipts prepared shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any non-cash property received;
2. A statement of whether any goods or services were provided to the donor in consideration, in whole or in part, for any of the cash or property received; and
3. If any goods or services were provided to the donor a description and good faith estimate of the value of those goods or services shall be recorded.

Classification of Income and Net Assets

All income received is classified as "unrestricted", with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted
2. Special endowments received from donors requesting that these funds be permanently

restricted for specific purposes

3. Income received on behalf of fiscal management agreements

Other forms of contribution income may be received which carry stipulations that restrict the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of contribution income is received, it shall be classified as Temporarily Restricted income.

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), it will be reclassified from "Temporarily Restricted" to "Unrestricted" in the Statement of Financial Position and Statement of Activities.

Occasionally, the Board of Directors may determine that it is appropriate to set funds aside for specific projects. To the extent these set-asides result from a Board action, rather than a donor-imposed requirement, the resulting set-aside shall be classified as unrestricted. To appropriately identify these funds in financial statements they shall be labeled Board-Designated funds and shall be reported as a separate component of unrestricted net assets.

CASH RECEIPTS

Overview

Cash (including checks payable to the organization) is a liquid asset, which requires strong internal controls in this area.

In-House Cash Receipts Processing

Cash receipts are centralized to ensure that cash received is appropriately directed, recorded, and deposited on a timely basis.

All checks are recorded and initialed on the daily register of checks when received by the designated staff person.

Grant Income: The Executive Director is responsible for properly designating the program and income categories for the grant and preparing the formal acknowledgement to the grantor.
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Special Events Income (Sponsorships/Donations): The checks are recorded in the file of the event with all accompanying personal information.

Cash:
The designated staff person counts the cash in the presence of the person delivering the cash. Both the designated staff person and the individual delivering the cash sign a numbered receipt for the counted amount. A copy of the receipt is given to the individual delivering the cash and a copy is kept for the official records.

Deposit Process:

1. The Office Manager prepares a deposit slip that lists the check amount;
2. Photocopy of the deposit slip and all checks that are included on that deposit slip are maintained for permanent record;
3. Deposits are delivered to the bank;
4. The staff person who originally logged the check verifies with his/her initials on the daily check receipt log that the check has been deposited;
5. The deposit record is given to the bookkeeper to record; and
6. The photocopy is filed with the deposit records for that bank account.

Donor Credit Cards: donors requesting the debit of their credit card provide the credit card number, expiration date, and signature.

- The Office Manager is responsible for processing/ charging the credit card trough Paypal.
- A confirmation received is printed and kept by the Office Manager.
- A written acknowledgement and a copy of the receipt are sent to the donor.
- Once acknowledgements are completed or at the end of a Pledge all the information of the credit cards are shredded by the Office Manager in double custody.

Endorsement of Checks

All checks received are immediately restricted by endorsement of the individual preparing the daily receipts listing. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only;
2. Girls Inc. of the Central Coast;
3. Bank name; and
4. Bank account number of Girls Inc. of the Central Coast.

Timeliness of Bank Deposits

Bank deposits will be made a minimum of once a week.

Reconciliation of Deposits

On a monthly basis, the bookkeeper, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately investigated.

Subject: POLICIES ASSOCIATED WITH EXPENDITURES AND REIMBURSEMENTS

Effective Date: 1/28/2015	Version:

PURCHASING POLICIES AND PROCEDURES

Overview

The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

Responsibility for Purchasing

The Executive Director has approval authority over all purchases and contractual commitments included in the approved annual budget. The Executive Committee shall make the final determination on proposed purchases not included in the approved annual budget.

Authorizations and Purchasing Limits

The Executive Director and the Program Director are authorized to make credit card purchases not to exceed $10,000. Receipts for all credit card purchases are reconciled with the monthly statements.

The Program Director may make direct purchases as approved in the programs annual budget. The Executive Director must approve all purchases in excess of this amount.

All contracts (new and renewals) in excess of $2,500, not approved as part of the annual budget, must be reviewed and approved by the Executive Committee.

Required Solicitation of Quotations from Vendors

Purchases in excess of $5,000 for labor, equipment, supplies, and services shall be made only after receiving, whenever possible, oral quotations from at least three (3) vendors.

Expenditures exceeding $10,000 for labor, equipment, supplies, and services shall be made only after receiving, whenever possible, written quotations from at least three (3) vendors.

Special Purchasing Conditions

Emergencies:
Quotations will not be required for emergency purchases where the health, welfare, and safety of staff and protection of Organization property is involved.

Single Distributor/Source:
Quotations are not required where there is only one (1) distributor for merchandise needed and no other product meets the stated needs or specifications,

Conflicts of Interest Prohibited

No member of the Board of Directors, employees, officers, committee member, or agents, shall derive any personal profit or gain, directly or indirectly, by reason of their participation. Each individual shall disclose to the Board of Directors any personal interest which they may have in any matter pending and shall refrain from participation in any decision on such matter.

Unless disclosed and approved by the Board of Directors, officers, employees, committee members, or agents shall not participate in the selection, award, contract, or transaction with another party where any of the following has a financial interest in the transaction:

1. The Board member, officer, employee, committee member, or agent;
2. Any member of their immediate family;
3. A partner; and
4. An organization in which any of the above is an officer, director, or employee.

Prohibition of Loans

Loans to Board Members, employees, officers, or agents under all circumstances are prohibited.

POLITICAL ACTIVITIES

Prohibited Expenditures

Expenditure for political activities is prohibited. For purposes of this policy, political activities shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees;
2. Contributions to the campaigns of individual candidates for public office;
3. Contributions to political parties;
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office; and
5. Expenditures for the placement of political advertisements in periodicals.

ACCOUNTS PAYABLE MANAGEMENT

A well-managed accounts payable function assists in maintaining good cost control and efficient business practices.

An employee independent of ordering and receiving of goods and services performs the recording of assets or expenses and the related liability. The amounts recorded are based on the vendor invoice for the related goods or services. Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized;
2. Invoices are processed in a timely manner; and
3. Vendor credit terms and operating cash are managed for maximum benefits.

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

Original invoices with appropriate supporting documentation are required for payment. Invoice copies, once verified as unpaid by researching the vendor records may be processed for payment.

Accounts Payable Cut-Off

For purposes of the preparation of the monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the tenth day of the following month shall be recorded as accounts payable as of the end of the immediately preceding month, if the invoice pertains to goods or services delivered by month-end.

Establishment of Control

Invoices are processed for payment upon receipt.

Preparation of a Request for Payment

Prior to any account payable being submitted for payment, the following documents should be attached:

1. Approved vendor invoice;
2. Packing slip (where appropriate);
3. Approved employee expense report;
4. Receiving report (or other indication of receipt of merchandise and authorization of acceptance); and
5. Any other supporting documentation deemed appropriated

Processing of Payment Requests

The designated staff person shall apply the following procedures to each Request for Payment:

1. Check the mathematical accuracy of the vendor invoice;
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report;

3. Document the program department and budget line item;
4. Obtain the review and approval of the department director associated with the goods or services purchased

Approvals by designated staff indicate their acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with program department and budget line item designation, and agreement to pay vendor in full.

Payment Discounts

Payments are to be scheduled to take advantage of all vendor discounts.

Employee Expense Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made upon the receipt of a properly approved and completed Request for Payment form and appropriate receipts. Expense reports will be processed for payment in the next payment cycle. Expenses older than three months will not be reimbursed unless approved by Executive Director.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the Executive Director.

TRAVEL AND BUSINESS ENTERTAINMENT

Travel Advances

Wherever possible travel will be paid in advance with the organization credit card. Travel advances are limited to $100 for a documented extraordinary need for additional funds. Travel advances are to be expended only in accordance with the travel policies as explained later in this section.

Employees with outstanding travel advances are required to submit an expense report within 30 days of returning from travel. Outstanding advances of more than 30 days will be deducted from the employee's next paycheck. Additional travel advances will not be issued to an employee with outstanding balance due from previous business trips.

Employee and Director Business Travel

Business trips will be approved in advance by the Executive Director, or in the case of the Executive Director or member of Board of Directors, by the Executive Committee. At the conclusion of a business trip, a Request for Payment form is to be completed in accordance with the following policies:

- Identify each incurred business expense ;
- With the exception of tips and reimbursed mileage, all business expenses must be supported with invoices/receipts;
- All travel arrangements will be made by staff, under the direction of the Executive Director;
- Mileage will be reimbursed at the standard federal rates currently in effect, as published each year by the IRS;
- Program department and budget line items must be identified for all expenditures;
- For all meals and other business entertainment, the following must be clearly identified: a) names, titles, organizations, and business relationships of all persons entertained, b) business purpose of the entertainment (topics discussed, etc.);
- All payment requests must be signed and dated by the employee or Director;
- All payment requests must be approved by the Executive Director; and
- Only one expense report form should be prepared for each trip and shall include original receipts for all expenses.

An employee will be reimbursed for expenses meeting the preceding criteria. If the expenses result in a balance due, the employee shall attach a check or sign a statement indicating authorization to settle the balance due through a payroll deduction.

Reasonableness of Travel Costs

Travelers shall be reimbursed for those business-related expenses that are reasonably incurred. Accordingly, the following guidelines shall apply:

1. Travelers shall stay in standard rooms;
2. When utilizing rental cars, travelers are to rent midsize or smaller vehicles; share rental cars whenever possible;
3. No entertainment or alcohol expenses shall be reimbursed;
4. Travel expenses are limited to the federal per diem rates.

Special Rules Pertaining to Air Travel

The following additional rules apply to air travel:

1. Air travel should be at coach class; first class air travel shall not be reimbursed unless there is a documented and approved reason;
2. Memberships in airline flight clubs is not reimbursable;
3. Cost of flight insurance is not reimbursable;
4. Cost of upgrade certificates is not reimbursable;
5. Cost of canceling and rebooking flights is not reimbursable, unless it can be shown that it was necessary or required for legitimate reasons (such as changed meeting dates, illness, family emergency, etc.);
6. Travelers must identify and pay for all personal flights, even if such flights are incorporated into a flight schedule that serves business purposes;
7. Charges for excess baggage weight will not be reimbursed.

Spouse/Partner Travel

Personal expenses associated with family member accompanying an employee or board member on business travel will not be reimbursed The cost of a shared hotel room need not be allocated between employee/director and family member for purposes of this policy.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

Printing of vendor and expense reimbursement checks are to be prepared weekly. On-line payments are allowable as appropriate. Staff independent of those who initiate or approve expenditures, as well as those who are authorized check signers shall prepare checks and online payments.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies described in this manual;
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors;
3. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services;
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks;
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer;
6. Checks shall be utilized in numerical order, except when a “hand-drawn” check is issued under emergency circumstances only;
7. Checks shall not be made payable to “bearer” or “cash”;
8. Checks shall never be signed prior to being prepared; and
9. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

Check Signing

Checks of more than $5,000 require two signatures.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Mailing of Checks

After signature, checks are returned to the designated staff to be mailed immediately. Individuals who authorize expenditures should not mail checks.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID" utilizing the current date. All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by the Office Manager or Executive Director. A journal entry is made to record the stop payment and any related bank fees.

Record-Keeping Associated with Independent Contractors

Vendors are to provide a completed W-9 form. Payments to vendors shall be accumulated over the course of a calendar year. An IRS Form 1099 will be prepared in accordance with IRS policy.

PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

The Internal Revenue Service (IRS) and the federal courts govern the determination of independent contractor for federal tax purposes. The federal courts (IRS 1779) have determined that there are three relevant categories to consider: behavioral control, financial control, and relationship of the parties.

Behavioral Control

These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the work. For example:

Instructions – if one receives extensive instructions on how work is to be done, this suggests that an individual is an employee. Instructions can cover a wide range of topics, for example:

- how, when, or where to do the work;
- what tools or equipment to use;
- what assistants to hire to help with the work ; and
- where to purchase supplies and services.

If one receives less extensive instructions about what should be done, but not how it should be done, an individual may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

Training – if the business provides a contractor with training about required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that an individual may be an employee.

Financial Control

These facts show whether there is a right to direct or control the business part of the work. For example:

Significant Investment – if one has a significant investment in the work, an individual may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.

Expenses – if one is not reimbursed for some or all business expenses, then an individual may be an independent contractor, especially if the unreimbursed business expenses are high.

Opportunity for Profit or Loss – if one can realize a profit or incur a loss, this suggests that an individual is in business for oneself and that one may be an independent contractor.

Relationship of the Parties

These are facts that illustrate how the business and the worker perceive their relationship. For example:

Employee Benefits – if one receives benefits, such as insurance, pension, or paid leave, this is an indication that an individual may be an employee. If one does not receive benefits, however, one could be either an employee or an independent contractor.

Written Contracts – a written contract may show what both an individual and the business intend. This may be very significant if it is difficult, if not impossible, to determine status based on other facts.

If an individual qualifies for independent contractor status, the individual will be provided an IRS Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis, is $600 or more. Excluded from compensation are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

Subject: CASH AND CASH MANAGEMENT

Effective Date: 7/29/2016	Version: 4/16/19

Cash Accounts

Establishing a New Bank/Investment Account:

The Executive Director will work with the Finance Committee to identify potential new financial institutions to carry out the banking and investment needs of the organization. Once a financial institution has been identified through this review process, the Finance Committee will forward a recommendation for approval to the Executive Committee and the full Board of Directors for final approval.

Periodically (three to five years), the Finance Committee, will conduct a review of financial services provided by an existing bank/investment company to assure the needs of the organization are still being met and the services provided continue to be cost effective. If the current bank/investment company is not meeting the organization's need and/or is not cost effective, the Finance Committee will conduct a Request for Proposals (RFP) for banking/investment services.

Primary Checking Account (Operating Account):

The Primary Checking Account, referred to as the "Operating Account", is where all initial receipt and disbursement activity is documented. The Operating Account balance will retain sufficient "Operating Cash", as defined below, for daily cash transactions of the Organization. Cash balances in excess of budgeted operating needs will be considered "Excess Available Funds" as defined below.

"**Operating Cash**" is the cash required to be available to fund the daily budgeted expenses of the Organization. Operating cash may be held in the Operating Account and/or in the Investment Account as interest-bearing money market funds and/or CDs held for no more than six months.

The "Target Allocation of Operating Cash" will be equal to 40% of the adopted operating expense budget. The target allocation should cover approximately six months of operating expenses. This allocation target will be discussed as a part of the annual budget review and adoption process to assure there will be sufficient cash for daily operating needs.

"**Excess Available Funds**" are considered cash balances in excess of the Operating Cash needed for daily budgeted operations. "Excess Available Funds" that accumulate in the Operating Account may be transferred to the primary investment account and be subject to the "Investment Policy".

Bank Reconciliations

Monthly bank accounts statements are received each month and forwarded to the bookkeeper to review for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. Unusual or unexplained items shall be reported immediately to the Executive Director.

Reconciliation between the bank balance and general ledger balance is prepared by the Bookkeeper. All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed and initialed by the Executive Director monthly.

Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files. All canceled checks returned with bank statements shall be filed in numerical order by bank account and month

Cash Flow Management

The Executive Director monitors cash flow needs to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

Stale Check

All checks shall be imprinted with “void after 90 days.”

Checks of $500 or less that are more than 90 days old that have not cleared the bank are to written-off. Contact will be made with the payee to resolve the issue with uncashed checks that are more than 90 days and that exceed $500.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred. Stale checks written off in subsequent fiscal years to the year in which the check was written, the credit shall be to miscellaneous income.

Reserves

The purpose of the reserves is to ensure the stability of the mission, programs, employment, and ongoing operations of the organization and to provide a source of internal funds for organizational priorities such as building repair and improvement, program opportunity, and capacity building.

The reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the reserves to be used and replenished within a reasonably short period of time. The Reserve is defined as a designated fund set aside by action of the Board of Directors. The maximum amount to be designated as reserve will be established as follows, 50% of the Adopted Expense Budget as approved by the Board of Directors. This amount should be sufficient to maintain ongoing operations and programs for a period of six to eight months. The Board of Directors designated reserve serves a dynamic role and will be reviewed and adjusted in response to both internal and external changes.

The amount of the reserve target will be calculated each year after approval of the annual budget, reported to the Finance Committee/Board of Directors, and included in the regular financial reports

Subject: PREPAID EXPENSES

Effective Date: 1/28/2015	Version:

<u>Accounting Treatment</u>

Payments of expenses that have a time-sensitive future benefit shall be treated as prepaid expenses and amortized over the corresponding time period. For purposes of this policy, payments of less than $500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year shall be classified as non-current assets.

<u>Procedures</u>

All incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

A schedule of all prepaid expenses shall be maintained. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

Subject: FIXED ASSET MANAGEMENT

Effective Date: 1/28/2015	Version:

Capitalization Policy

Physical assets acquired with unit costs in excess of $5,000 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Contributed Assets

Contributed assets with fair market values in excess of $500 shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized fixed assets shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition;
2. Cost;
3. Description (including color, model, and serial number);
4. Location of asset;
5. Depreciation method; and
6. Estimated useful life.

An annual physical inventory of all assets capitalized will be prepared. This physical inventory shall be reconciled to the property log and adjustments made as necessary. The Executive Director will approve all adjustments resulting from this reconciliation.

Receipt of Newly Purchased Equipment and Furniture

At the time of arrival, all newly purchased equipment and furniture shall be inspected for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

Descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.

Depreciation and Useful Lives

All capitalized assets are maintained in the special fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15^{th} day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year.

The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 years
General office equipment	5 years
Computer hardware and peripherals	2 -3 years
Computer software	1 - 3 years
Leased assets	life of lease
Leasehold Improvements	remaining lease term

For accounting and interim financial reporting purposes, depreciation expense shall be recorded semi-annually.

Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Fixed Assets

In the event a non-expendable asset is sold, scrapped, donated or stolen, the fixed asset listing and property log are adjusted . If payment is received for the asset, then the difference between the payment received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss if the payment received is less than the book value and a gain if the payment received is more than the book value.

Write-Offs of Fixed Assets

The Executive Director approves the disposal of capitalized fixed assets that are not repairable or obsolete. Property that is discovered missing or stolen will be reported immediately to the Executive Director. If not located, this property will be written off the books with the proper notation specifying the reason.

Subject: LEASE

Effective Date: 1/28/2015	Version:

Classification of Leases

Leases shall be classified as capital or operating leases.

A lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to Girls Inc. of the Central Coast at the end of the lease term;
2. The lease contains a bargain purchase option;
3. The lease term is equal to 75% or more of the estimated economic life of the leased property; or
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases.

Accounting for Leases

Operating leases shall be accounted for as expenses in the period in which the obligation to make a lease payment is incurred.

Capital leases shall be treated as fixed asset and shall be recorded as a fixed asset and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The fixed asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.

Subject: ACCRUED LIABILITIES

Effective Date: 1/28/2015	Version:

Identification of Liabilities

The bookkeeper shall establish a list of commonly incurred expenses that shall be accrued at the end of an accounting period. Some of the expenses that shall be accrued at the end of an accounting period are:

1. Salaries and wages;
2. Payroll taxes;
3. Vacation pay;
4. Rent; and
5. Interest on notes payable.

Accrued Leave

Accrued leave is recorded as a liability. The total liability at the end of an accounting period shall equal the total earned but unused hours of leave, up to the maximum individual amount, multiplied by each employee's current hourly pay rate.

Subject: NOTES PAYABLE

Effective Date: 1/28/2015	Version:

Record-Keeping

A schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements shall be maintained. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender;
2. Date of agreement or renewal/extension;
3. Total amount of debt or available credit;
4. Amounts and dates borrowed;
5. Description of collateral, if any;
6. Interest rate;
7. Repayment terms;
8. Maturity date;
9. Address to which payments should be sent; and
10. Contact person at lender

Accounting and Classification

An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due within the next year shall be classified as a current liability in the statement of financial position. The principal portion of payments due beyond one year shall be classified as long-term/non-current liabilities in the statement of financial position.

Demand notes and notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of each accounting period.

A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Periodically, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated and resolved.

Non-Interest-Bearing Notes Payable

As a charitable organization, notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved may be received. In such cases, unpaid interest shall be recorded as income.

For demand loans, recording of interest expense and contribution income shall be performed at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate.

For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid. The difference between the cash proceeds of the note and the present value shall be recorded as contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

Subject: POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

Effective Date: 1/28/2015	Version:

FINANCIAL STATEMENTS

Standard Financial Statements of the Organization

Financial statements are management tools to assist in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic annual financial statements shall include:

1. **Statement of Financial Position** - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term;

2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted);

3. **Statement of Cash Flows** - reports the cash inflows and outflows of the organization in three categories: operating activities, investing activities, and financing activities;

4. **Statement of Functional Expenses** - presents the expenses of the organization in both a natural, or objective, format and by function (i.e. which program or supporting service was served).

Frequency of Preparation

The objective of the accounting function is to prepare accurate financial statements in accordance with generally accepted accounting principles. In meeting this responsibility, the following policies shall apply:

A standard set of financial statements shall be produced on a monthly basis, by the 25th day of each month based on cash. The standard set of financial statements shall include:

1. Statement of Financial position
2. Statement of Activities
3. Comparison of actual year-to-date revenues and expenses with year-to-date amounts budgeted.

Review and Distribution

All financial statements and supporting schedules shall be review and approved by the Executive Director prior to presentation to the Board.

The Executive Director may prepare and include an additional supplemental schedule to explain material variances to the approved budget.

Annual Financial Statements

A formal presentation of the audited annual financial statements shall be provided to the Board of Directors annually after review and approval of the Executive Committee.

GOVERNMENT RETURNS

Overview

To legitimately conduct business, knowledge of tax filing obligations and compliance with all requirements of federal, state and local jurisdictions is necessary.

Filing of Returns

The independent auditor shall be responsible for identifying all filing requirements and assuring compliance with all such requirements.

The external Payroll Service prepares Federal and all applicable state payroll tax returns and assures compliance with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each employee.

Public Access to Information Returns

Federal regulations, effective in 1999, require the following forms be "widely available" to all members of the general public:

1. The three most recent annual information returns (Form 990), excluding the list of significant donors that is attached to the Form 990, but including the accompanying Schedule A;
2. Original application for recognition of its tax-exempt status (Form 1023 or Form 1024), as filed with IRS, and all accompanying schedules and attachments; and
3. Requests will be responded to within 48 business hours.

Subject: FINANCIAL MANAGEMENT POLICIES

Effective Date: 1/28/2015	Version:

BUDGETING

Overview

A budget is a management and Board commitment to a plan for present and future activities that directs the efficient and prudent utilization of financial and human resources. It provides an opportunity to examine the composition and viability of programs and activities in conjunction with the available resources.

Preparation and Adoption

The Executive Director shall gather proposed budget information and prepare the first draft of the budget. The draft budget is presented to the Finance Committee for discussion, input, and initial approval.

The Finance Committee approved draft is then submitted through the Executive Committee to the full Board of Directors in May for discussion and input. The Board of Directors shall adopt the final budget in June.

Monitoring Performance

Comparing and analyzing actual results with budgeted plans shall measure financial performance. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be prepared and presented to the Finance Committee and the Board of Directors by the Executive Director providing a written explanation of any budget variances in excess of the greater of 5% or $1,000.

Budget Modifications

Reclassifications of budgeted expense amounts of less than $1,000 may be made by the Executive Director. Reclassifications in excess of this thresholds and any budget modification resulting in an increase in budgeted expenses or decrease in budgeted revenues shall be made only with approval of the Board of Directors

Subject: FUNCTIONAL EXPENSE ALLOCATIONS	
Effective Date: 1/28/2015	Version:

Overview

Allocation of costs to each program: To determine the actual costs of delivering each of the programs, there shall be an allocation of all identified costs.

Direct Charging of Costs

Certain internal costs shall be directly charged to the appropriate function based upon underlying documentation. The following costs shall be directly charged based on the budgeted amount or percentages for each department for each fiscal year. The percentages may change from year to year depending on the number of staff, program participants, anticipated usage, etc.

Cost	Basis For Charge
Salaries	
Executive Director	% of time spent on a particular program
Office Manager	% of time spent on a particular program
Telephone	% based on size of staff
Photocopying	% based on size of staff, # of participants
Supplies	Actual and % based on size of staff/program budget
Bookkeeper/Payroll service	% based on size of staff, anticipated # of checks
Insurance	% based on size of staff, # of participants, program budget
Occupancy	% based on size of staff

With the exception of salaries, which are recorded with each payroll cycle, all other costs identified above shall be allocated and recorded to the appropriate functions as they occur.

Subject: ANNUAL REVIEW/AUDIT

Effective Date: 1/28/2015	Version:

ANNUAL REVIEW/AUDIT

Role of the Independent Accountant

An independent accounting firm shall conduct the annual review of the financial statements. The independent accounting firm will communicate directly with the Audit Committee upon the completion of their review. Members of the Audit Committee are authorized to initiate communication directly with the independent accounting firm.

How Often to Review the Selection of the Independent Accountant

A review of the selection of its independent accountant shall be conducted in the following circumstances:

1. Dissatisfaction with the service of the current firm;
2. A need for fresh perspective and new ideas;
3. Every 3 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every three years; simply to re-evaluate the selection).

Selecting an Independent Accountant

The following factors shall be considered in selecting an accounting firm:

1. The firm's reputation in the nonprofit community;
2. The depth of the firm's understanding and experience with not-for-profit organizations;
3. The firm's demonstrated ability to provide the services requested in a timely manner; and
4. The ability of firm personnel to communicate with personnel in a professional and congenial manner

If proposals are to be solicited from independent accountants, the following information shall be included:

1. Period of services required;
2. Type of contract to be awarded (fixed fee, cost basis, etc.);
3. Complete description of the services requested (audit, management letter, tax returns, etc.);
4. Identification of meetings requiring their attendance, such as staff or Board of Directors meetings;
5. Organizational chart;
6. Other information considered appropriate; and
7. Due date of proposals.

After receipt of proposals, the Audit Committee shall review proposals and interview prospective firms as appropriate and shall make a recommendation to the Board of Directors.

Preparation for the Annual Review

Staff shall prepare documents and assist the independent accounting firm in order to ensure a smooth and timely review of its financial statements. Schedules, documents, and information requested by the auditors [reviewers] are to be provided in a timely manner.

Finance Committee Responsibilities

The Finance (Audit) Committee's responsibilities include, but shall not be limited to, the following:

1. Appointment of, and communication with, the independent accountant;
2. Review and approval of the annual, reviewed financial statements;
3. Discussion of internal control matters with the independent accountant;
4. Responding to any reported instances of fraud;
5. Conducting a quarterly analysis of the financial statements;
6. In conjunction with the Executive Director, review annual operating budget for recommendation to the Board of Directors; and
7. Making policy and other recommendations to the Board of Directors regarding financial issues identified by the review.

The Finance Committee is entitled to examine all documents within the control of staff.

Subject: RECORD RETENTION

Effective Date: 8/1/18	Supersedes: 1/28/15

RECORD RETENTION

<u>Policy</u>

Records are to be retained as required by law and destroyed them when appropriate. The destruction of records must be approved by the Executive Director, and logged into Destroyed Record Log. The formal records retention policy is as follows:

Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Independent Audit or Review reports	10 Years
Bank reconciliations	2 Years
Bank Statements	10Years
Chart of Accounts	7 Years
Cancelled Checks	7 Years
Contracts, mortgages, notes and leases:	
Expired	7 Years
Correspondence:	
General	2 Years
Legal and important matters only	Permanently
Routine with customers and/or vendors	2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	7 Years after expiration
Duplicate deposit slips	2 Years
Employment applications	3 Years
Expense analyses/expense distribution schedule	7 Years
Financial statements:	
Year end	10 Years
Other	Optional
Garnishments	7 Years
General ledgers/year end trial balance	10 Years
Insurance policies (expired)	3 Years
Internal audit reports	3 Years
Internal reports	3 Years
Invoices (to customers, from vendors)	7 Years
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 Years
Participant Records (applications)	5 Years
Payroll records and summaries	10 Years
Personnel records (terminated)	5 Years

Petty cash vouchers	3 Years
Physical inventory tags	3 Years
Payment Request forms	7 Years
Rent Payment Records	7 Years
Requisitions	1 Year
Subsidiary ledgers	7 Years
Tax returns	Permanently
Worksheets, examination reports and other documents relating to determination of income tax liability	7 Years
Time sheets/cards	7 Years
Voucher register and schedules	7 Years
Withholding tax statements	7 Years

Subject: Accounting Donor Pledges

Effective Date: 5/28/2019	Version:

CONTRIBUTIONS RECEIVABLE– Accounting for Donor Pledges

The "Organization" conducts a variety of fundraising activities throughout the year during which donors may make "contribution pledges" for one or more years. This policy will help ensure that a donor pledge receivable amount is determined and recorded, and that if any pledges become uncollectable that the pledge receivable is adjusted accordingly. Included in this policy is the flow of responsibility within the organization for the employees tracking of donations.

Establishing the Donor Pledge Receivable

Organization staff should prepare a schedule summarizing the donor pledges to be received in the upcoming fiscal year in order to record the appropriate donation revenue and receivable amounts prior to June 30 of each fiscal year. The Executive Director should present the receivable information to the Finance Committee for review at their final meeting of each fiscal year. The Finance Committee may authorize the Executive Director to reduce the pledge receivable based on prior year history of uncollectable pledge receivables written off to bad debt.

Quarterly Review and Adjustment to Donor Pledge Receivable

On a quarterly basis, Organization staff should prepare and present to the Finance Committee for review a report on the pledges received during the previous quarter and the pledges that are past due and may become uncollectable.

Upon Finance Committee review of the pledges received, staff will prepare and enter a journal entry to record the adjustment to the Pledge Receivable and the Donation Revenue accounts.

The Executive Director will discuss with the Finance Committee the report on potential uncollectable pledges to determine if these pledges should be written off or further attempts at collection will be made. Prior to June 30 of each year, the Executive Director will present to the Finance Committee and the Board of Directors a full report on the uncollectable pledges. Upon review and approval by all parties, the Executive Director will authorize a journal entry to "write-off" the uncollectable donor pledges. The Bookkeeper will prepare a journal entry to reduce the Pledge Receivable and to "write-off" the uncollectable pledges amount to "Bad Debt Expense".

Subject: STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

Effective Date: 5/16/19	Version:

I. SCOPE OF THESE INVESTMENT POLICIES

These policies are intended to serve as a framework for the overall management of the funds and investments of Girls Inc. of the Central Coast, a California nonprofit public benefit corporation ("GICC"). These policies are intended to provide for the management of the funds and investments of GICC in conformance with the Uniform Prudent Management of Institutional Funds Act (California Probate Code §§18501-18510).

II. GENERAL STATEMENT OF PURPOSE

- To set forth the policies adopted by the Board of Directors of GICC with respect to the administration, management and investment of funds donated to GICC when the cash balances in GICC's bank accounts and money market funds exceeds the cash needed by GICC for current operating expenses, (e.g. salaries, office expenses, program expenses, professional expenses and other administrative expenses) to be paid within the next 6 months.
- To operate under the Uniform Prudent Management of Institutional Funds Act while recognizing that the funds invested by GICC are not endowed funds and that no gift instrument pursuant to which funds have been donated to GICC restricts expenditure of such funds on a current basis.
- To invest the funds of GICC with the care, skill, prudence, and diligence, under the circumstances, that a prudent person acting in a like capacity and familiar with such matters would use in the investment of assets of a nonprofit organization of similar character under similar circumstances.
- To achieve returns on GICC's funds reasonably suited to the purposes and desired duration of GICC investing such funds, taking into consideration the projected need for liquidity in light of the operating expenses of GICC to be funded within the next 6 months.
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III. ADMINISTRATION

Board of Directors - The Board of Directors of GICC has general charge over the affairs, property and assets of GICC, and is responsible for directing and monitoring the management of GICC's assets and properties. As such, the Board of Directors is authorized to delegate certain responsibilities and may employ or arrange for the services of such other persons or agents as in its opinion are necessary or desirable for the proper administration of GICC's funds, and to pay reasonable compensation for their services and expenses.

Finance Committee – The Board of Directors has appointed a Finance Committee to which it has delegated responsibility for making recommendations to the Board of Directors regarding investment of GICC's excess available funds (i.e. funds not needed for operating expenses within the next 6 months). The Finance Committee is comprised of a minimum of three (3) members and a maximum of seven (7) members, three (3) of whom shall be members of the Board, of which one of those shall be the Treasurer of GICC and shall serve as the Chair of the Finance Committee.

The Finance Committee shall:

(a) Make recommendations to the Board of Directors regarding the investment of GICC's excess cash balances (i.e. cash balances in excess of funds needed for current operating expenses).

(b) Review and monitor the investment objectives, procedures, performance and practices of GICC, and all fees paid, if any, for management of GICC's funds. Performance will be measured and evaluated not less than quarterly.

(c) Recommend the engagement of such investment advisors or managers as the Finance Committee may determine is (or are) necessary or desirable from time to time, and provide recommendations to such advisors on the administration of GICC's funds as the committee deems appropriate.

(d) Manage the purchase of cash equivalents including money market funds, CD's and U.S. Treasuries that come due in accordance with the Investment Objectives of GICC.

IV. INVESTMENT OBJECTIVES

The objective with respect to the management of GICC's Excess Available Funds (i.e. funds in excess of fund needed for current operating expenses) shall be to provide for a rate of a return on such a portion of such funds in excess of the rate of return GICC would realize by retaining such funds in saving accounts or money market funds, while minimizing the risk of permanent capital losses.

1. With respect to GICC's Excess Available Funds, GICC's target allocation shall be as follows:

2% to 10% in cash and cash equivalents, such as saving accounts and money market funds, including funds GICC's existing money market fund with Schwab;

25% to 40% in short-term CD's with terms of no more than 1-year, and U.S. Treasuries; and;

50% to 65% in *managed investment funds such as* GICC's Stewardship Fund with Community Foundation and ETF's.

2. In making and implementing investment decisions, GICC will seek to diversify its investments unless, under the circumstances, it is prudent not to do so. In general GICC will invest in the following:

(a) Cash and cash equivalents such as savings accounts and money market funds;

(b) Short-Term Certificate of Deposits (e.g. CD's with terms of 3 months, 6 months, 9 months, and, possibly, 1 year) which may be purchased through Schwab One Source CD, which will improve the rate of return on GICC's Excess Available Funds while increasing FDIC insurance protection and minimizing risk of capital loss;

(c) The GICC Stewardship Fund managed by Community Foundation for Monterey County ("Community Foundation").

(d) Exchange Traded Funds (ETF's) purchased through Schwab Investment Account. The ETF's may include domestic and international equity funds, such as ETF's that track the S&P 500 and/or European equities; and, domestic bond funds, including investment grade corporate bonds.

GICC shall maintain sufficient liquidity to permit funding of its operations for no less than 6 months taking into consideration the duration of the CD's in which it invests.

V. INVESTMENT GUIDELINES

Rate of Return Goal - GICC's will attempt to achieve an average annual rate of return of no less than 2% or more on the CD's and U.S. Treasuries in which it invests and a total rate of return of 5% on its other investments (i.e. GICC's Stewardship Fund and ETF's) measured over a 3-year period. The total return goal on its other investments shall be reviewed at least annually by the Finance Committee which will be reported to the Board of Directors.

X. INVESTMENT POLICY REVIEW

To assure continued relevance of the above policies and objectives, the Finance Committee shall review this Statement of Investment Policies and Objectives at least annually and recommend any changes to the Board of Directors.