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FFY Financial Policies and Procedures: Draft 3/01/07

A. Internal Controls

1. General: The Board of Directors of Foundation For Youth (FFY) is ultimately responsible for the financial operations of the organization. The Board of Directors approves an annual budget, and strives to maintain a fund balance that is considered prudent. The Board of Directors monitors actual revenue and expense against budget throughout the year, through reports by the Treasurer and Executive Director.

All financial policies shall be in writing and included in this document.

Financial duties specified in this document shall be included in job descriptions.

2. Separation of Duties: The BOD recognizes the need for separation of duties to the extent possible in order to safeguard and exercise control over revenue and expenditures. FFY's Board officers, Executive Director, Mission Management Services (MMS) and Payroll Service share the fiscal responsibilities as outlined below.
3. Auditor: The Board of Directors is responsible for ensuring that the financial records of FFY are audited annually. FFY shall employ an independent accounting firm to file annual tax returns and conduct an annual independent audit in accordance with Generally Accepted Accounting Principles (GAAP). The Business Committee will annually recommend an independent auditing firm to conduct the audit. The selection shall be made by the end of December for a given year's audit. The Business Committee will meet with the auditor to review findings, and will report such findings to the full Board of Directors. The Business Committee will recommend changes in financial policies resulting from the auditor's report, subject to Board approval.
4. Bookkeeper and/or Payroll Service: FFY shall employ an inside or outside bookkeeping service and/or payroll service to assume responsibility for the following:
 - Preparation of monthly financial statements, including a balance sheet and comparisons against annual budget, using revenue and expense accounts as established in the FFY Chart of Accounts. Preparation of accounts payable for disbursement as required each month.
 - Payroll tax and other payroll withholding.

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- Maintenance of bank accounts, including reconciliation to the general ledger on a monthly basis, which is then shared with the Executive Director.
- Filing payroll taxes quarterly and/or as required.

The Business Committee, subject to Board approval, shall select the Bookkeeper and/or Payroll Service.

The Executive Director and the Business Committee shall review financial statements submitted by the Bookkeeper monthly. Year-to-date actual revenue and expense information compared with budgeted revenue and expense, as well as a balance sheet, shall be reviewed by the Treasurer of the Board of Directors at least monthly, and by the Board of Directors at least quarterly.

Preparers of financial statements shall disclose to the Business Committee any “significant issues” regarding estimates, judgments, or controversy between Board and staff members and auditors, and any items of public interest or involving unusual application of rules.

5. Bank and investment Accounts: FFY shall maintain one checking account for operating expenses and savings accounts for Restricted monies and Capital funds. The bookkeeping service, with approval from an authorized signatory shall make transfers among accounts as necessary.

The Chief Financial Officer shall open, review, and initial all bank statements prior to giving them to the Bookkeeper for reconciliation. The Bookkeeper shall reconcile the bank statement within 10 business days of receiving the statement. The reconciliation shall be reviewed and approved by the Executive Director.

Checks, checkbooks, and bank statements shall be kept in a locked file cabinet in Bookkeeper’s office. Checks shall be pre-numbered and used in sequence. The signing of blank checks is prohibited.

Outstanding checks shall be investigated after six months, then voided if they are not expected to be cashed.

The Business Committee shall authorize all bank accounts signatories. The bank shall be immediately informed of all signatory changes.

6. Income and Deposits: A designated person shall distribute the mail and pass any bank statements unopened to the CFO. The designee shall pass any cash or checks to the bookkeeping service for safekeeping in a fireproof file cabinet until such funds are deposited. A designated representative of the bookkeeping firm shall photocopy all checks and

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prepare deposit slips for each account as necessary. Cash and check receipts received at the Registration desk shall be sent daily to the bank with Park Security.

The deposit coordinator shall make the bank deposits, and make copies of the 'Deposit' form and bank deposit receipts, which shall be given to the bookkeeper. The bookkeeper shall also reconcile the credit card receipts to the FFY credit card account. The original forms, together with the copies of the checks, shall be placed in the Deposit file in the CFO's office. Any cash or checks received shall be kept in the locked, fireproof file cabinet in the bookkeeper's office until time of deposit.

All contributions to FFY shall be acknowledged in writing within 10 business days following IRS guidelines, which currently require written acknowledgement for contributions of \$250 or more. FFY will provide the organization's tax identification number and verification of tax-exempt status to donors as needed. Names of donors shall be published unless a donor requests anonymity. The Business Committee should investigate any omission of names.

FFY cash may not be used to cash checks for employees or any other persons.

If "in-kind" donations are made, a reasonably full written description shall be made of the items donated. FFY representatives are prohibited from providing estimates of the value of in-kind donations to donors.

Funds raised for a specific purpose designated by the donor shall be restricted on the FFY Balance Sheet if the funds are not fully spent during the fiscal year they were contributed and as referenced above, kept in a separate banking account.

7. Expenses and Accounts Payable: The bookkeeping representative shall collect invoices each month and shall complete an 'Accounts Payable' form for each invoice indicating the appropriate expense account number. The Bookkeeper will prepare and mail checks as necessary.

The bookkeeping representative will reconcile the credit card statements with help from program directors for all credit cards with the exception of the Visa card. The Associate Director will verify all credit card purchases. Monthly Visa statements will be given directly to cardholder for reconciliation. Upon receipt of statement, cardholder has 5 business days to reconcile statement, obtain approval from Associate Director, and submit to bookkeeping representative for card payment.

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Salary information is confidential, and payroll checks will be distributed to employees by a designated FFY employee. Other checks shall be mailed to vendors by the bookkeeping firm. The original 'Accounts Payable' forms shall be kept in a locked file cabinet in the bookkeeper's office for one year, after which they may be stored as long as is required by the IRS.

8. Reimbursements: Staff and volunteers shall submit requests for reimbursements on 'Accounts Payable' forms to the appropriate Director. Incidental expenses may also be claimed through petty cash, which is maintained by a designated FFY employee. Petty Cash shall be limited to \$300, and shall be reconciled on a regular basis.
9. Assets and Depreciation: FFY shall maintain a list of all assets (furniture, equipment, etc.) valued at \$500 or more. The list shall contain serial numbers or other identifying information, when possible. Depreciation of these assets will be accounted for in accordance with GAAP. The assets list shall be provided to the insurance carrier on a regular basis to assure proper insurance coverage
10. Special Events Procedures: The following policies should be observed for Special events:
 - a. A list of attendees shall be prepared prior to the event, showing who is attending, who has paid, who is to pay at the door, who is complimentary. An alphabetical list will expedite the process.
 - b. Donations from non-attendees should also be tracked on a separate list.
 - c. Cash may be taken for change at the event if a receipt is given to the bookkeeper showing the amount, signed and dated, and also showing the return, signed and dated.
 - d. Any cash and checks collected at the door should be recorded on the attendee list. In addition, a receipt, preferably numbered, should be issued for any cash received.
 - e. After the event, cash and checks should be totaled separately by a two-person team, one of who shall be a board member or employee of FFY, and turned in to be deposited, with the list showing source of deposit and total.
 - f. Uncollected funds should be identified and collected.
 - g. A reconciliation should be provided on the attendee sheet showing the number of tickets ordered, number paid for prior to the event, number complementary or at reduced price, total amount deposited, total uncollected, and total written off.
 - h. The event manager shall create other controls as necessary.

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11. Organizations conducting fundraising events on behalf of FFY:
If such events occur, the following information should be available from the organization: Copies of bank statements and reconciliations, a summary of all money collected that balances to bank book deposits made, a summary of all expenditures on the event, and a copy of procedures related to the receipt of funds.
 12. The above policies and procedures are also in effect when FFY is the fiscal agent for other organizations. In addition to the above-mentioned procedures, bank statements, account reconciliation reports and other mutually agreed upon reports will be provided to the organization for which FFY is acting as fiscal agent.
 13. These policies shall be distributed to all employees and Board Members, who shall sign an acknowledgement that they have received, understand and agree to abide by the written list of financial policies. The written acknowledgement will be kept in the employees' personnel files.
- B. FFY shall have a written Code of Ethics, a plan for distributing the Code and having it acknowledged, and a procedure for handling violations. The Code of Ethics will describe the treatment of conflicts of interest by employees and Board Members, and will require an annual statement by Board Members stating that they have not misappropriated assets or misstated financial reports.
- C. FFY shall have a written Safety and Disaster Recovery Plan that will describe emergency planning for various emergencies that could foreseeably occur. The Plan will also describe computer virus protection, backup, and backup storage plans, list assets, and describe the plan of operation in the event that FFY's facilities are damaged. It will also provide for a review of FFY's insurance policies.
- D. Legal compliance and maintenance of tax-exempt status shall be monitored by the Business Committee. Form 1023, IRS form 990 with schedules A and B, employment tax records, and Public Charity status shall be monitored.
- E. A written Investment Policy shall be prepared.