

*Federal regulations require that all organizations receiving federal grants must have a Board-approved client grievance policy and procedures in place to ensure client needs are being met appropriately. The following document is provided here as a **sample only** to assist CDBG-funded subrecipients in establishing their own policy and procedures and does not necessarily imply City endorsement or guaranteed compliance with all applicable regulations, policies, and laws should the sample be duplicated by CDBG-funded subrecipients. Subrecipients should consult the United States Department of Housing and Urban Development (HUD) [Playing by the Rules](#) handbook, 2 CFR 200, and their assigned City project manager should they have any questions regarding the adequacy of their client grievance policy and procedures.*

[REDACTED]  
**Client Grievance Procedure**

**Policy**

A procedure is provided for clients seeking redress of an action of the agency's Board of Directors, Board Committees, Executive Director, staff or volunteers.

Every effort shall be made to resolve the grievance informally at the lowest possible level of responsibility. If the aggrieved party believes a satisfactory solution to the problem or complaint has not resulted from the informal process, the individual may initiate the formal grievance process.

**Informal Procedure**

1. Discuss the matter with the appropriate program coordinator.
2. If the first step does not resolve the issue, request a meeting with the Executive Director.
3. If no solution can be found with the Executive Director, the concern becomes a formal grievance.

Should any individual wish to formally grieve an action, that grievance may be initiated by submitting a letter directly to the Executive Director or the Board of Directors. This letter must contain:

1. A statement as to who specifically is bringing the grievance.
2. A statement as to the nature of the grievance.
3. A discussion which clearly outlines the rationale of why the impropriety is believed to exist with appropriate documentation (if available).
4. The action requested to successfully resolve the grievance.
5. The name, telephone number and address of the individual to be contacted regarding the grievance.

**Formal Procedure**

1. The individual shall present in writing and discuss the grievance with the appropriate program manager. The program manager shall give written response within five (5) days.
2. If the grievance is not resolved in discussion with the program manager, or if the matter directly involves the Executive Director or Board of Directors, the aggrieved party may present the grievance in writing to the Executive Director. If applicable, the Executive Director will receive a copy of the program manager's written response. The Executive Director will give the aggrieved party a written answer within a reasonable period of time not to exceed 30 working days.
3. If no resolution has occurred through above means, the aggrieved party may then present the grievance in writing to the Executive Committee of the Board of Directors.
4. The Executive Committee will schedule a meeting to review the grievance. The aggrieved party may request a hearing before the Executive Committee. While it is not mandatory that the aggrieved party appear at the meeting, a ten-minute period will be provided for the aggrieved person to orally present information in support of the grievance.

5. The decision of the Executive Committee shall be final and binding on [REDACTED] and the aggrieved individual. The Executive Committee shall, within thirty days of the hearing of the grievance, provide to the aggrieved person the following:

- (a) A written finding of the fact.
- (b) A written decision concerning the grievance and an explanation thereof.

6. The Executive Committee of the Board of Directors shall have no power to change, amend, or alter any of the provisions of the existing policies of [REDACTED] and the decision shall be based solely upon a question of interpretation, application or enforcement of these policies.

7. The Grievance process and record of its activity is confidential.

[REDACTED]  
[REDACTED] Avenue  
San Diego, CA [REDACTED]  
619-[REDACTED]  
Fax-[REDACTED]

[REDACTED]  
**Cultural Competency Policy**

All staff, board members and volunteers will be informed and have knowledge of the policies, procedures and standards required by the Ryan White CARE Act and the Americans with Disabilities ACE (ADA) and agency policies and procedures regarding cultural sensitivity, diversity, and inclusiveness:

Staff who have direct contact with clients and volunteers who work 20 hours per week or more on a regular basis will receive training to provide appropriate services to all clients, including people of color, gay men, lesbians, transsexuals, trans-genders, former and active substance abusers, persons with mental health concerns, persons of differing abilities and others. Training will enable staff to recognize the differences in physical and emotional life challenges, including disabilities of all kinds, culture and ethnicity, religion and spirituality, and in histories, traditions and languages.

Formal collaboration with other agencies through Memorandum of Understanding will assure the delivery of culturally competent services.

**SAMPLE SUBCONTRACTOR/VENDOR  
 GRIEVANCE POLICY & PROCEDURES**

*Federal regulations require that all organizations receiving federal grants must have a Board-approved subcontractor/vendor grievance policy and procedures in place to ensure subcontractor/vendor needs are being met appropriately. The following document is provided here as a **sample only** to assist CDBG-funded subrecipients in establishing their own policy and procedures and does not necessarily imply City endorsement or guaranteed compliance with all applicable regulations, policies, and laws should the sample be duplicated by CDBG-funded subrecipients. Subrecipients should consult the United States Department of Housing and Urban Development (HUD) [Playing by the Rules Handbook](#), 2 CFR 200, and their assigned City project manager should they have any questions regarding the adequacy of their subcontractor/vendor grievance policy and procedures.*

██████████  
**VENDOR GRIEVANCE PROCESS**

Effective ██████, 2017

**I. PURPOSE**

The purpose this document is to outline the processes ██████████ uses to manage and respond to Vendor grievances. Following the completion of the Vendor Grievance Process, Vendors can seek an independent third party review.

**II. STATEMENT AND SCOPE**

**A. Statement:** All Vendors must be treated in a fair and open way.

**B. Scope:** This process applies to all Vendors.

**III. DEFINITIONS**

“Company” means ██████████.

“Vendor” means any company that the Company has a contract with or that submits an offer, formally or informally, to provide goods or services.

**IV. PROCEDURE**

**A. Types of Grievances**

1. Pre-award grievance - Occurs when a Vendor has been informed prior to contract award announcement that they will not receive an award (e.g., the Vendor failed to meet minimum bid requirements).

2. Post-award grievance - Occurs when a Vendor is informed concurrently with or after the award announcement.

**B. Method for Filing a Grievance:** The preferred method for submitting a Vendor grievance is to contact the Executive Director of ██████████.

**C. Timelines**

1. Pre-award grievance - Must be submitted within 14 calendar days after the grievant knows (or should have known) of the facts giving rise to the grievance.

2. Post-award grievance – Must be submitted within 30 calendar days after the announcement of the final award(s).
3. Exceptions - Exceptions to the above noted timeline will be considered on a case-by-case basis.

**D. Disqualifying Factors for a Grievance:** The factors listed below could result in a grievance being dismissed:

1. Failure of a grievant to meet established timelines for filing a grievance (as set forth above) will result in a dismissal of the grievance.
2. Failure of a grievant party to cooperate with the Company during the investigation of the grievance, including without limitation the failure to provide requested information in a timely manner, may result in a dismissal of the grievance.
3. Exceptions will be considered on a case-by-case basis. Exceptions must be approved by the Executive Director.

**E. Responsibilities**

1. Grievance Response:

- a) The Executive Director will contact the grievant in writing (including via e-mail) within seven (7) business days after receipt of the grievance with the following:
  - An overview of the grievance process
  - A request for additional information (if applicable)
  - An initial timeline for review and resolution of the grievance
- b) The Company will also be responsible for reviewing all appropriate records related to the grievance, such as bid documentation and any other applicable documentation related to the grievance. In addition to reviewing data, the Company will be responsible for interviewing internal personnel as appropriate.
- c) A formal written response will be provided to the grievant within 90 days of receipt of the original grievance indicating disposition of the matter, unless such a time period is extended in order to obtain feedback from outside experts.

- d) Aggrieved Party - The grievant must reasonably cooperate with the Grievance Response Process during its evaluation of the grievance, including without limitation following all timelines and responding to requests for information in a timely fashion.

**F. Outcomes:** The Vendor Grievance Process will result in one of the following outcomes:

- 1. Sustain the original bid.
- 2. Bid or Re-Bid.
- 3. Award a contract to the grievant.

**V. CONTACT FOR QUESTIONS**

Any questions regarding this process may be directed to the Executive Director at 619-████-████.

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Federal regulations require that all organizations receiving federal grants must have a Board-approved financial management policy and procedures in place to ensure proper controls, best practices, and ethical dealings regarding all of their financial transactions. The following document is provided here as a **sample only** to assist CDBG-funded subrecipients in establishing their own policy and procedures and does not necessarily imply City endorsement or guaranteed compliance with all applicable regulations, policies, and laws should the sample be duplicated by CDBG-funded subrecipients. Subrecipients should consult the United States Department of Housing and Urban Development (HUD) [Playing by the Rules Handbook](#), 2 CFR 200, and their assigned City project manager should they have any questions regarding the adequacy of their financial management policy and procedures.



## FINANCIAL MANAGEMENT POLICIES AND PROCEDURES

The purpose of the Financial Management Policies and Procedures is to establish guidelines for the Board of Directors and staff of [REDACTED] to be applied when developing financial goals and objectives, making financial decisions, and reporting the financial status of the organization.

### ORGANIZATIONAL STRUCTURE

- Role of the Board of Directors
- Finance Committee Responsibilities
- Audit Committee Responsibilities
- Roles of the executive director and staff

#### Role of the Board of Directors

It is the policy of [REDACTED] that the Board of Directors is the ultimate authority for determining fiscal policy and procedures. The Board's responsibilities also include review and approval of the annual budget and regular monitoring of the organization's finances throughout each fiscal year. The Board may delegate oversight responsibility to the treasurer of the board and the Finance Committee of which the treasurer is chair.

#### Finance Committee Responsibilities

The Finance Committee shall be responsible for the oversight and coordination of the following: annual budget presentation for board approval, presentation of periodic financial statements, management of the endowment fund investments, annual financial report, internal controls, and financial policies.

The Treasurer of and [REDACTED] shall serve as the Chair of the Finance Committee. The long-term financial objectives for [REDACTED] are reviewed and approved by the Finance Committee following the recommendations of the Executive Director.

#### Audit Committee Responsibilities

The Audit Committee is authorized to consider matters related to the financial statements of the organization and other official financial information provided to the public; the system of internal controls; and the annual independent audit process, including the engagement of and receiving of all reports from the independent certified public accountants.<sup>1</sup>

The committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the organization's internal controls. The committee will have access to the organization's external professionals to render advice and counsel in such matters.<sup>2</sup>

The Audit Committee will recommend selection the independent auditor to the board of directors.

<sup>1</sup> Nonprofit Risk Management Center, ©2003  
<sup>2</sup> Nonprofit Legal and Tax Letter, ©2008

**Role of Executive Director and Staff**

*Executive Director*

The Board of Directors may delegate all day-to-day authority for administration and implementation of approved financial policies and procedures to the Executive Director. This includes, but is not limited to:

- Develop and submit to the Board of Directors an annual budget to include: anticipated restricted and unrestricted income, other resources, cost allocations, capital expenditures, and other expenses.
- Implement said budget after approval by the Board of Directors.
- Signing contracts obligating ██████████ for goods, services, leases, rents, etc. with the parameters established by the annual budget. Amounts significantly in excess of budgeted amounts are to be submitted to the board for approval.
- Signing contracts obligating ██████████ to deliver programs and services in exchange for payments as outlined in the annual budget. Amounts significantly in excess of the budgeted amount are to be submitted to the Board for approval.
- Authorizing staff to make purchases of goods, materials, supplies, and services within the guidelines established by the annual budget. Substantial variations from the budgeted amounts will be brought to the Board's attention for review.
- Accepting donations, contract payments, fees, and other sources of income on behalf of ██████████ and depositing said income in the appropriate banking or savings accounts as authorized by the Board of Directors.
- Disburse funds as needed to accomplish the mission and purpose of ██████████ as specified in the annual budget. This is to include, but not be limited to: salaries, taxes, operational expenses, capital expenditures, and other expenditures as authorized by the Board of Directors in the annual budget or through appropriate votes by the Board at regularly scheduled meetings.
- Establish petty cash funds to be used to meet short-term minimal cost needs of Second Chance programs and administration.
- Establishing an accounts receivable system to bill and track amounts due from individuals, corporations, government agencies, organizations and others identified through the annual budgeting process.

*CFO*

The Executive Director may delegate the general and daily financial management and reporting to the CFO. The CFO acts as the primary fiscal agent, implementing all financial policies and procedures. The CFO recommends expenditures and revenue objectives for and ██████████ in accordance with the Board approved long-term plans, and develops the annual budget in cooperation with the management team and Board committees.

**BUSINESS CONDUCT**

- ▶ Practice of Ethical Behavior
  - Conflict of Interest
- ▶ Compliance with Laws, Regulations, and Organization Policies
- ▶ Disciplinary Action

- Bonding

▶ Practice of Ethical Behavior

**Conflict of Interest**

Board members and staff members should act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. ██████████ has policies in place, and routinely and systematically implements these policies to prevent actual, potential, or perceived conflicts of interest.

*Conflict-of-Interest Policy*

██████████ has a written conflict-of-interest policy. The policy is applicable to board members and staff, and volunteers who have significant independent decision-making authority regarding the resources and programs of the organization. The policy identifies the types of conduct or transactions that raise conflict-of-interest concerns, sets forth procedures for disclosure of actual or potential conflicts, and provides for review of individual transactions by the uninformed members of the board of directors.

*Conflict-of-Interest Statement*

██████████ provides board members, staff, and volunteers with a conflict-of-interest statement that summarizes the key elements of the organization's conflict-of-interest policy. The conflict-of-interest statement provides space for the board member, employee or volunteer to disclose any known interest that the individual, or a member of the individual's immediate family, has in any entity that transacts business with the organization. The statement is provided to and signed by board members, staff, and volunteers, both at the time of the individual's initial affiliation with the organization and at least annually thereafter.

▶ Compliance with Laws, Regulations, and Organization Policies

██████████ does not tolerate the willful violation or circumvention of any Federal, state, local, or foreign law by an employee during the course of that person's employment; nor does the Organization tolerate the disregard or circumvention of ██████████ policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

▶ Disciplinary Action

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to ██████████ or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken against—

1. Any employee who authorizes or participates directly in actions that are a violation of this policy.

2. Any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Any director, manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

**Bonding**

All [redacted] employees shall be bonded through an employee's dishonesty bond policy. In addition, the Chairman, Secretary, Treasurer and all Board of Directors officers shall be bonded by a reputable bonding company. Bonding insurance shall be reviewed and approved by the Executive Director, the CFO and the Finance Committee and shall last for the length of the officers' appropriate term.

► **Practice of Ethical Behavior**

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of [redacted] depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers. In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with [redacted] policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action. Each director, manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, managers and supervisors must weigh carefully all courses of action suggested in ethical as well as economic terms, and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

**FRAUD**

- Scope
- Policy
- Actions Constituting Fraud
- Other Irregularities
- Investigation Responsibilities
- Confidentiality
- Authority for Investigation of Suspected Fraud

► **Scope**

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

► **Policy**

The management of [redacted] 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 Accounting Manager, Executive Director or, alternatively, to the Chair of the Board Finance Committee, who coordinates all investigations.

► **Actions Constituting Fraud**

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

1. Any dishonest or fraudulent act.
2. Forgery or alteration of any document or account belonging to [redacted].
3. Forgery or alteration of a check, bank draft, or any other financial document.
4. Misappropriation of funds, securities, supplies, equipment, or other assets of [redacted].
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 [redacted]. Exception: gifts less than a \$1.00 value.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.
9. Any similar or related irregularity.

► **Other Irregularities**

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the employee's direct supervisor. If there is a question as to whether an action constitutes fraud, contact the Fiscal Officer, Executive Director or the Chair of the Finance Committee for guidance.

► **Investigation Responsibilities**

The Finance Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Finance 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 Finance Committee will issue reports to appropriate designated personnel and, to the full board of directors.

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 and senior management, as will final dispositions of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with Federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to the organization.

It is the policy of [REDACTED] to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in award documents.

► **Confidentiality and Reporting Procedures**

The Finance Committee, Executive Director, and CFO will treat all information received confidentially. Any employee who suspects or discovers dishonest or fraudulent activity will notify the CFO, Executive Director or the Finance Committee Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. 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 Finance Committee or legal counsel. Great care must 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. 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.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by [REDACTED] legal counsel or the Finance Committee or their delegates.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect [REDACTED] from potential civil liability.

► **Authority for Investigation of Suspected Fraud**

Members of the Finance Committee or their delegates will have:

1. Free and unrestricted access to all [REDACTED] records and premises, whether owned or rented;
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 of any such items or facilities when it is within the scope of their investigations.

**SECURITY**

- Accounting Department
- Access to Electronically Stored Data
- Storage of Back-up Files
  - Confidentiality and Records Security

► **Accounting Department**

The door to the Accounting Department will have a secure lock. This door shall be closed and locked in the evenings and whenever the Accounting Department is vacant.

► **Access to Electronically Stored Accounting Data**

It is the policy of [REDACTED] to use passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

Accounting personnel are expected to keep their passwords secret. The CFO, a responsible individual independent of programming functions, shall perform administration of passwords.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties.

► **Storage of Back-Up Files**

It is the policy of [REDACTED] to maintain back-up copies of electronic data files off-site in a secure, fire-protected environment. Access to back-up files shall be limited to individuals authorized by management.

**Confidentiality and Records Security**

Financial records are restricted materials with limited access. Only the Executive Director and the CFO (or others so authorized) shall have access to financial records (vendor files, checks, journals, payroll, etc.).

**TECHNOLOGY AND ELECTRONIC COMMUNICATIONS**

- Purpose and Scope
- Acceptable Use of Organization Property
- Password Security Confidentiality
- Copyrighted Information Installation of Software
- Other Prohibited Uses
- Disciplinary Action for Violations
- Reporting of Suspected Violations

**GENERAL LEDGER AND CHART OF ACCOUNTS**

- Chart of Accounts Overview
- Distribution of Chart of Accounts
- Control of Chart of Accounts
- Account Definitions
- Classification of Net Assets
- Changes to the Chart of Accounts
  - Fiscal Year of Organization
- Journal Entries

**General Ledger**

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all the financial transactions of

██████████ and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

██████████ uses QuickBooks accounting software.

► **Chart of Accounts Overview**

The chart of accounts is the framework for the general ledger system and the basis for ██████████ accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account. ██████████ chart of accounts is comprised of \_\_\_\_\_ types of accounts:

Insert

Each account number shall be preceded by a two-digit component number and a three-digit fund code, allowing for complete tracking and reporting of financial transactions by funding source.

► **Distribution of Chart of Accounts**

██████████ employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts will be promptly distributed to these individuals.

► **Control of Chart of Accounts**

The ██████████ chart of accounts is monitored and controlled by the CFO. Responsibilities include the handling of all account maintenance, such as additions and deletions. The CFO, who ensures that the chart of accounts is consistent with the organizational structure and meets the needs of each component and program, should approve any additions or deletions of accounts.

- **Account Definitions**
- **Classification of Net Assets**
- **Changes to the Chart of Accounts**

**Fiscal Year of the Organization**

The fiscal year shall be July 1<sup>st</sup> to June 30<sup>th</sup> of each year.

► **Journal Entries**

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal entries or other documentation, which shall include a reasonable explanation of each such entry. Examples of such journal entries include: Insert

**REVENUE AND CASH RECEIPTS POLICIES**

**REVENUE**

- Revenue Recognition Policies
- Refunds of Revenue Received
- Revenue Recognition Policies

██████████ receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of ██████████ in the following manner:

1. **Grant/Contract Income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).
2. **Fees and Rents** - Recognized as income when received except at year end when accrual entries are made.
3. **Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e. recorded as revenue when received) as deemed appropriate by the Accounting Manager.

► **Refunds of Revenue and Cash Receipts Received**

It is the policy of ██████████ to apply refunds associated with revenue and cash receipts collected by--

**Client Fees and Rents:** Refunds of client fees and rents will be refunded based on agreements. Refunds are made for unused services.

**Security Deposits:** Tenant security deposits and any interest accrued will be refunded in accordance with the specific terms of each tenant's sublease with ██████████

**CONTRIBUTIONS RECEIVED**

- Definitions
- Distinguishing Contributions for Exchange Transactions
- Accounting for Contributions
- Receipts and Disclosures

The Board of Directors of and ██████████ through its Executive Committee, has adopted the following policy concerning the acceptance of contributions to ██████████. In general, cash and in-kind gifts of any nature may be accepted. If restrictions are imposed by the donor on the use or disposition of a gift, the expense to ██████████ of honoring the restrictions (if not underwritten by the donor) should be considered before the gift is accepted. The ██████████ may accept such gifts only if it is willing and able to honor the restriction.

*In-kind Gifts of Property*

For in-kind gifts of property that is not readily saleable (for example, real estate), costs of holding, maintaining and reselling the property should be considered before the gift is accepted.

In-kind gifts should not be accepted if the donor is unable to convey good and marketable title to the property or acceptance of the gift would subject ██████████ to possible legal liability. Appropriate steps should be taken to verify whether the donor is able to convey good and marketable title to the property.

Gifts of nonresidential real estate should not be accepted without first obtaining an environmental assessment of the property to determine if ██████████ would be subjected to possible environmental cleanup liability.

In-kind gifts in which the donor reserves a life interest in the property may be accepted subject to the Board's approval and subject to the other requirements of this Policy Statement. In such cases, consideration should be given as to which party will incur expenses to hold and maintain the property during the donor's lifetime.

Gifts in the form of a below-market sale of property to [REDACTED] may be accepted subject to the Board's approval and subject to the other requirements of this policy statement.

Questions concerning the appropriateness of any gift will be referred to and decided by the executive director.

#### *Donated Materials and Services*

Donated materials and equipment shall be reflected in the Financial Statements as their estimated values measured on the date of receipt. A substantial number of volunteers donate significant amount of time to [REDACTED] Program services on an on-going basis.

#### *Donor-Imposed Restrictions*

Contributions may be received with donor-imposed restrictions. Some restrictions permanently limit the organization's use of contributed assets. Other restrictions are temporary in nature, limiting the organization's use of contributed assets to (a) a later period or after a specific date (a time restriction), (b) a specific purpose (a purpose restriction), or (c) both.

Restrictions may (a) be stipulated explicitly by the donor in a written or oral communication accompanying the contribution or (b) result implicitly from the circumstances surrounding receipt of the contributed asset – i.e. making a gift to a capital campaign whose stated objective is to raise funds for a new building. Contributions of unconditional promises to give with payments due in future periods should be reported as temporarily restricted contributions unless the donor expressly stipulated or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the current period.

#### *Donor-Imposed Conditions*

Transfers of assets and promises to give with donor-imposed conditions should be recognized as contribution revenue when the conditions have been substantially met or when the conditions have been explicitly waived by the donor, i.e. a contribution of cash or a promise to give cash in support of a proposed program should be recognized when the program is undertaken. Transfers of assets with donor-imposed conditions should be reported as refundable advances until the conditions have been substantially met. Transfers of assets on which resource providers have imposed conditions should be recognized as contributions if the likelihood of not meeting the conditions is remote. Unconditional contributions received without donor-imposed restrictions should be reported as unrestricted support that increases unrestricted net assets. Unconditional contributions received with donor-imposed restrictions should be reported as restricted support that increases permanently restricted or temporarily restricted net assets, depending on the nature of the restriction.

#### **Accounting for Contributions**

All contributions shall be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117. Contributions are recorded as pledged or received in accordance with FASB 116, and must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in the [REDACTED] Chart of Accounts.

The value of any gift will be recorded on [REDACTED] books and records as required by standard accounting practices, which may not necessarily be the same value attributed to the gift for tax purposes. [REDACTED] will obtain an appraisal for in-kind gifts where necessary to assign a value if the value is not readily ascertainable by other means (for example, real estate or securities that are not publicly traded).

The value of in-kind gifts will be determined net of any mortgages, liens, and other encumbrances. No employee should give individualized legal, tax, or estate planning advice to any donor. Donors should be referred to a qualified legal or tax advisor for such advice.

#### **Receipts and Disclosures**

All [REDACTED] donors and contributors shall be properly acknowledged for their contributions in accordance with IRS guidelines. The assigned staff for Resource Development in coordination with the Accounting Manager shall ensure proper recognition of contributors and grantors.

A written acknowledgement should be sent to the donor for all gifts exceeding \$250 in cash or in-kind value. All pledges and deferred gift commitments should be formally acknowledged either by a pledge form signed and dated by the donor or a written acknowledgement given by [REDACTED] to the donor.

#### **BILLING/INVOICING POLICIES**

- ▶ Responsibilities for Billing and Collection
- ▶ Invoicing
- ▶ Accounts Receivable
- ▶ Classification of Income and Net Assets

#### **CASH RECEIPTS**

- Processing of Checks and Cash Received Through the Mail
- ▶ Endorsement of Checks
- ▶ Timeliness of Bank Deposits
- ▶ Reconciliation of Deposits
- ▶ Use of Lockbox
- ▶ Processing of Lockbox Receipts
- ▶ Processing of Credit Cards
- ▶ On-Site Collections at Conferences and Seminars

#### **Processing of Checks and Cash Received Through the Mail**

The following procedures for cash received through the mail or given to a [REDACTED] representative shall be in place: When mail is opened, all checks shall be endorsed with the [REDACTED] official stamp. Mail is logged in and sorted by [REDACTED] support staff and distributed to the appropriate personnel. All cash and checks received through the mail shall be forwarded to the Accounting Manager's office. The Accounting Manager records all checks and cash by date, name of company or individual, designation, and amount.

After recording checks, or cash, an individual deposit ticket shall be prepared with triplicate copies, bearing a different designation of each account. That record shall include date of deposit, name of sender, amount, and designation. A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks. All cash and checks shall be deposited the same business day if possible, and no later than the next business day into a [REDACTED] bank account.

The CFO shall ensure appropriate entries in the general ledger for all deposits. The CFO shall reconcile all logs of incoming cash/checks with the deposit slips. Cash and checks exceeding one thousand dollars (\$1,000) shall be object of dual control executed by the receiver and the CFO or any two (2) other authorized staff members.

► **Endorsement of Checks**

It is the policy of [REDACTED] that all checks received that are payable to the organization shall immediately be restrictively endorsed by the individual who prepares the deposits. The restrictive endorsement shall include the following information:

1. For Deposit Only
2. [REDACTED]
3. The bank name
4. The bank account number of [REDACTED]

- **Timeliness of Bank Deposits**
- **Reconciliation of Deposits**
- **Use of Lockbox**
- **Processing of Lockbox Receipts**
- **Processing of Credit Cards**
- **On-Site Collections at Conferences and Seminars**

**ACCOUNTS RECEIVABLE MANAGEMENT**

- **Monitoring and Reconciliations**
- **Collections**
- **Credits and Other Adjustments to Accounts Receivable**
- **Accounts Receivable Write-Off Authorization Procedures**
- **Reserve for Uncollectible Accounts**

**EXPENDITURES and DISBURSEMENT POLICIES**

**PURCHASING POLICIES AND PROCEDURES**

- **Responsibility for Purchasing**
- **Non-discrimination Policy**
  - Use of Purchase Requisitions
  - Authorizations and Purchasing Limits
  - Solicitation of Quotations from Vendors
  - Evaluation of Alternative Vendors
  - Affirmative Consideration of Minority, Small Business and Women Owned Business
  - Special Purchasing Conditions
  - Vendor Files and Required Documentation
- **Ethical Conduct in Purchasing**
- **Conflicts of Interest Prohibited**
- **Receipt and Acceptance of Goods**

► **Responsibility for Purchasing**

The CFO will assign an account expense code to the purchase requisitions, sign and date for approval.

► **Non-discrimination Policy**

All vendors/contractors who are the recipients of [REDACTED] funds funds, or who propose to perform any work or furnish any goods under agreements with [REDACTED] shall agree to these important principles:

1. Vendors/Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

**Use of Purchase Requisitions**

All purchases will be made through the use of purchase requisitions or other approved methods. A purchase order must be submitted to the Accounting & Operations Coordinator. Purchase requisitions must clearly state price, item, vendor name, purchaser, destination, and date of request.

**Authorizations and Purchasing Limits**

Any expenditure in excess of *twenty-five thousand dollars* (\$25,000.00) for the purchase of a single item should have bids from three (3) suppliers if possible. These bids are reviewed by the Accounting Manager and the bid award must be specifically approved in advance by the Executive Director.

Purchases of less than five thousand dollars (\$5,000.00) may be made at the discretion of [REDACTED] Executive Director without competitive bids. However, for fixed assets, reasonable diligence should be exercised to comparatively shop for available sources.

Any purchase made by a board member on behalf of [REDACTED] will require prior approval by the Executive Director and the Finance Committee.

**Solicitation of Quotations from Vendors**

Selection of the appropriate vendor, prices and specifications for items should be determined (standard materials consistently purchased at lowest available price, usually at one vendor on a regular basis).

Prior to purchasing goods or services from a "new" vendor, the payment schedule and procedure should be explained to the vendor. If the vendor has a bookkeeping system that requires special consideration/payments, the Accounting Manager should be notified prior to the purchase.

**Special Purchasing Conditions**

Special purchases or large orders may result in special checks being written, therefore, in such cases to get substantial discount on a purchase, no promise of date of payment can be made without first checking with the Accounting Manager or the Executive Director.

**Vendor Files and Documentation**

All detail will be filed alphabetically by vendor identification and maintained in locked cabinets in the [REDACTED] accounting office.

- ▶ Ethical Conduct in Purchasing
- ▶ Conflicts of Interest Prohibited
- ▶ Receipt and Acceptance of Goods

**ACCOUNTS PAYABLE MANAGEMENT**

- Recording of Accounts Payable
- Accounts Payable Cut-off
- ▶ Payment Discounts
- Reconciliation of A/P Subsidiary Ledger to General Ledger

**Recording of Accounts Payable**

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner. All claims submitted for payment must be approved by the Accounting & Operations Coordinator prior to payment.

Accounts payable checks will be processed on a twice monthly schedule or as necessary. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

**Processing of Accounts Payable**

Upon payment of a bill, a copy of the check or duplicate of stub shall be stapled onto the bill and payment date and check number shall be printed on the invoice. The paid invoices shall be filed alphabetically according to company/individual name and shall be kept on a fiscal year basis on file.

The Accounting & Operations Coordinator shall receive the Accounts Payable checks prepared by the accounting Assistant and ensure that the appropriate signatures are executed. Check signers should initial supporting documents to help prevent duplicate presentation. The checks and necessary accompanying materials are then mailed.

All payments, transactions and invoices shall be filed with supporting documentation after execution by the Accounting & Operations Coordinator, and files will be kept confidential.

▶ **Payment Discounts**

To the extent practical, [REDACTED] will take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

▶ **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 CFO.

Also on a monthly basis, the following procedure will be performed:

1. Check all statements received for unprocessed invoices.
2. Check the Purchase Order file for open PO's that are more than 60 days old and follow up.

**TRAVEL AND BUSINESS**

- Local Mileage Reimbursement
- Out-of-town Travel Expenses
- Board Travel Expenses
- Expenditure Reimbursement
- Travel Advance

**Local Mileage Reimbursement**

Reimbursement for mileage will be based on the travel rate established by the Executive Director and the CFO and approved through the budgeting process. Travel reimbursement shall not be above IRS Guidelines.

Mileage reports are submitted to the CFO for approval within the first 5 days of the month immediately following the reporting period. These forms must provide complete, accurate information including destination, actual miles traveled, and purpose of travel. At any time, the mileage claimed by a staff member may be validated by [REDACTED] management for accuracy.

Mileage to and from the employee's residence to the place of work will not be paid by [REDACTED]

All parking and other expenditure receipts must be attached to the expense voucher as a condition for payment.

**Out-of-Town Travel Expenses**

[REDACTED] shall provide employees traveling out of town on official business \$50.00 per day for meals and incidental expenses (M&E) – this is a flat fee and no receipts are required to be maintained. Exceptions to the policy will be made on case-by-case bases and approved by either the Executive Director or Accounting Manager. However, lodging and transportation expenses will only be reimbursed upon presentation of valid receipts. All other expenses to be incurred shall be pre-approved by the Executive Director or the Accounting Manager, and will be reimbursed upon presentation of the appropriate receipts.

**Board Travel Expenses**

Board members traveling to represent [REDACTED] or authorized by the Board of Directors to assist [REDACTED] on business, will be reimbursed for travel and per diem expenses in the same manner that staff are reimbursed.

**Expenditure Reimbursement**

Expenses pre-approved and directly related to [REDACTED] business activities (mileage, meals, hotel, supplies, etc.) will be reimbursed to employees upon submission of an Expense Voucher.

**Travel Advance**

Prepare a (Travel Advance) Check Request form and submit it to the Accounting & Operations Coordinator.

The (Travel Advance) Check Request form must include the most reasonable estimates for costs to be incurred on the specific trip.

**CASH DISBURSEMENTS**

- ▶ Check Preparation
  - Check Signing
- ▶ Mailing of Checks
  - Voided Checks and Stop Payments
- ▶ Record Keeping-Independent Contractors
  - Expenditure Procedures
  - Credit Card Expenditures

▶ **Check Preparation**

**Check Signing**

The Executive Director and the Director of Development shall, unless otherwise decided by the Board, sign all checks, drafts, or orders for payment of money issued in the name of [REDACTED]. In the absence of either individual, the signature of the Board Chair or the Treasurer must be obtained.

All contracts, commitments for services in the name of [REDACTED] and other legal obligations shall be signed by the Executive Director. Unless otherwise decided by the Board.

▶ **Mailing of Checks**

**Voided Checks and Stop Payments**

Voided checks will be stamped and retained within a designated file in a locked cabinet.

▶ **Record-Keeping Independent Contractors**

**Expenditure Procedures**

All expenditures shall be approved by the Executive Director. While the Board has authorized the Executive Director and the CFO to make whatever purchases are needed for the day-to-day operation of [REDACTED] non-routine expenditures exceeding *five thousand dollars* (\$5,000.00), must be pre-approved by the Finance Committee prior to purchase. All authorized expenditures shall be coded by account number using [REDACTED] Chart of Accounts.

**Credit Card Expenditures**

The use of business credit cards by the [REDACTED] Executive Director and designated staff is authorized only when the use of check or regular accounts payable processes are not possible. Credit card expenditures shall not exceed *three thousand dollars* (\$3,000) each and must be pre-approved by the Executive Director and/or the CFO. Monthly credit card expenditure reports shall be submitted to the Accounting & Operations Coordinator for review and reconciliation.

**PAYROLL AND RELATED POLICIES**

- ▶ Classification of Workers as Employees or Independent Contractors
  - Payroll Administration

- ▶ Changes in Payroll Data
- ▶ Payroll Taxes
  - Preparation of Timecards
  - Processing of Timecards
  - Review of Payroll
  - Distribution of Payroll

▶ **Classification of Workers as Employees or Independent Contractors**

**Payroll Administration**

Proper records shall be maintained at all times by the Accounting & Operations Coordinator in each staff member's personnel file.

Compensation ranges for all staff positions shall be developed in accordance with approved Job Classification and Compensation policies and is subject to the approval of the Executive Committee and Board of Directors. No employee of [REDACTED] may be compensated outside of the approved range.

The compensation of the EXECUTIVE DIRECTOR shall be determined by the Executive Committee of the Board.

- ▶ **Changes in Payroll Data**
- ▶ **Payroll Taxes**

**Preparation of Timecards**

All staff members must be complete and submit a timecard which accurately records work time and leave hours used. Please see procedures for timecards for complete details.

**Processing of Timecards**

Payroll is executed bi-monthly using a payroll service. Monthly payroll expenses shall be verified by the CFO against payroll reports and direct deposit reports and reconciled with checking account reports.

Paychecks or direct deposits will be provided to each employee by the Accounting & Operations Coordinator.

**Review of Payroll**

Payroll checks and direct deposit advice slips will be reviewed by the CFO.

**Distribution of Payroll**

Checks are issued on the twentieth day of the month for the pay period covering the first to the fifteenth of the month. Checks will be issued on the fifth day of the following month for the pay period covering the sixteenth through the last day of the month. If a payday falls on a weekend day or holiday, checks are issued on the last working day before the weekend.

**CASH AND CASH MANAGEMENT**

- Cash Accounts
- Bank Reconciliations
- ▶ Cash Flow Management
  - Stale Checks
  - Petty Cash
- ▶ Wire Transfers

**Cash Accounts**

Funds of ██████████ shall be deposited in ██████████ bank accounts as may be designated by the Board of Directors, or as designated by the donor in the case of restricted contributions. The Accounting Manager shall maintain and oversee bank and investment accounts, and ensure ██████████ day-to-day financial operations. Several accounts are maintained by ██████████ as follows:

1. Checking Account
2. Money Market Account
3. Certificates of Deposit
4. Brokerage Account

These accounts may be changed as ██████████ financial conditions and requirements change. Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of six months or less. The agency places its temporary cash investments with highly rated financial institutions. The CFO shall closely monitor the balances of the checking account, money market and certificates of deposit accounts. At times such investments may be outside of the FDIC insurance.

All checks, cash, money orders, and credit card deposits, are reviewed by the CFO and deposited in the appropriate accounts. All checks received from fund raising events, foundations and corporate donations and miscellaneous contributions, shall be deposited into the accounts. Monies shall be transferred from the checking account into the money market account or the investment account when necessary, by the CFO.

Checks are written on the (15<sup>th</sup>) fifteenth and (30<sup>th</sup>) and/or (31<sup>st</sup>), of each month to meet monthly obligations, or ongoing operational expenditures.

**Bank Reconciliations**

Bank reconciliations shall be completed monthly by the an outside party not involved with the day-to-day operations of the accounting office and cross-referenced with the cash and receipts logs and the monthly Financial Statements. The Financial Statements shall be reviewed by the Executive Director and presented to the Finance Committee at its monthly meeting.

All bank statements, credit card statements, and endowment fund reports will be reconciled every month by the CFO, and records will be kept in the CFO office.

▶ **Cash Flow Management**

**Stale Checks**

A check outstanding for more than six (6) months will be voided with a possible stop payment request to the bank upon approval of the CFO.

**Petty Cash**

The purpose of petty cash is to give staff more flexibility when small items need to be purchased immediately to provide a convenient method of payment or staff reimbursement. Petty cash may be used for payment of training and office consumable supplies and for staff reimbursement of training and office consumable supplies purchased.

When a staff member purchases an item (office consumable or training supply) prior approval is required.

In certain exceptional circumstances, it is possible that a staff member would incur an expense without prior approval. It should be clearly understood that ██████████ is not obligated to reimburse a staff for such an expense.

To be reimbursed for an approved purchase, staff must submit a Petty Cash Request form to the Accounting & Operations Coordinator with receipts attached for each expense itemized on the form.

Petty cash expenditures should be limited to \$100 for any one item unless under an extraordinary circumstance.

Petty cash is subject to a "surprise count" from the CFO at any time to ensure that it is properly documented at all times.

A petty cash "rolling" fund provides a systematic method for paying and recording out-of-pocket cash payments too small to be made by check. The ██████████ locations shall maintain a two hundred (\$200.00) petty cash fund, in which the total at any one time is \$200 in combination of cash and receipts.

The Accounting & Operations Coordinator shall maintain control of, and responsibility for, payments disbursed from the Petty Cash fund at all times; however, amounts should not exceed twenty-five Dollars (\$25.00) for each transaction and the total Fund should not exceed two hundred dollars (\$200.00).

The petty cash box shall remain locked and under the control of the Accounting Manager and one other employee they designate.

▶ **Wire Transfers**

**INVESTMENT POLICIES**

- ▶ Delegation of Authority
- ▶ Investment Objectives
- ▶ Allowable Investments
- ▶ Diversification
- ▶ Accounting Treatment
  - Procedures and Reporting

▶ **Delegation of Authority**

The Executive Director shall invest ██████████ funds in such a way as to maximize return while protecting principal, and will follow the guidelines listed below.

► **Investment Objectives**

The investment philosophy of [REDACTED] regarding short-term investments is **safety of principal and liquidity**. The investment goals of the Endowment Fund long-term investment portfolio shall give proper recognition to risk and return. The Endowment Fund investment strategy shall be reviewed and evaluated by the Finance Committee annually, to ensure the portfolio's proper diversification, security and return of investments.

► **Allowable Investments**

Acceptable investments shall be: Certificates of Deposit and Bankers Acceptances rated A1; Domestic Corporation Commercial Paper rated A1 and/or P1 by two (2) major rating services; all short-term Securities of the U.S. Government or an agency thereof.

Accounts such as interest-bearing checking accounts, money market accounts, certificates of deposit, investment-grade commercial paper, and government securities are to be the primary investments. Investing in any other type of investment vehicle requires prior approval by the Board of Directors.

► **Accounting Treatment**

All purchased investments shall initially be recorded at cost. All investments acquired by donation to [REDACTED] shall initially be recorded at their fair market value as of the date of donation.

**Donated securities (stocks, bonds) will be sold immediately**, unless the donor places special restrictions on sale of the securities. Donated investments shall be recorded as unrestricted, temporarily restricted, or permanently restricted income and net assets based on the existence or absence of such restrictions, as defined earlier.

Adjustments to market value result in unrealized gains and losses on investments. Such gains and losses resulting from contributed investments shall be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of explicit restrictions on such appreciation and depreciation from the donor, as defined earlier.

**Procedures and Reporting**

Investment of [REDACTED] funds should not exceed \$100,000 in any one institution for federal insurance purposes, unless approved by the Board of Directors.

Investments should be limited in term. Any investments with a term longer than three years must be approved by the Board of Directors.

Within guidelines, maximum interest rates shall be sought, with the maturity of the investments governed by expected cash needs.

All financial institutions shall be selected and approved by the Finance Committee and must have long-term investment rating of A or higher by Standard and Poor's, or a compatible rating. A current list of financial institutions approved as depositories for investment will be kept on file and updated regularly. This list includes commercial banks, savings and loans, and brokerage houses insured by the Securities Protection Investment Corporation.

All securities are to be written in the name of "The San Diego [REDACTED] Program".

Investment activity should be reviewed by the management committee on a regular basis. Endowment Fund Investments shall be reported with the monthly financial statements at the market value. The Finance Committee shall review and determine the general investment strategy for all [REDACTED] funds.

**FIXED ASSET MANAGEMENT**

- Capitalization Policy
- Contributed Assets
- Establishment and Maintenance of a Fixed Listing
- Receipt of Newly Purchased Equipment and Furniture
- Depreciation and Useful Lives
- Repairs of Fixed Assets
- Disposition of Fixed Assets\Write-offs of Fixed Assets
  - Deeds, Conveyances, etc.

► **Capitalization Policy**

Physical assets acquired with unit costs in excess of \$5000 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, are subject to depreciation over their estimated useful lives, as described later.

► **Contributed Assets**

Assets with fair market values in excess of \$5000 (per unit) that are contributed to [REDACTED] 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, 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
6. Estimated useful life

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by [REDACTED]. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the CFO.

**Receipt of Newly-Purchased Equipment and Furniture**

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

In addition, 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<sup>th</sup> day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year.

Furniture, and fixtures	5 yrs
General office equipment	5 yrs
Computer hardware and peripherals	3 yrs
Vehicles	10 years (bus), 5 years (new), 3 years (used)
Leasehold Improvements	5 years
Buildings/Land improvement	20 years (portable), 30 years

For accounting and interim financial reporting purposes, depreciation expense will be recorded on a yearly basis.

► **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.

► **Disposition of Fixed Assets\Write-offs of Fixed Assets**

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

**Deeds, Conveyances, etc**

The Executive Director and the CFO shall execute all deeds, conveyances, mortgages, leases, contracts and other instruments in the name of [REDACTED]. However, if in any case the Finance Committee shall direct a different method of execution or signature it may do so notwithstanding the provisions of this Section.

**LEASES**

- Classification of Leases
- Accounting for Leases

[REDACTED] conducts a major part of its operations from leased facilities. Leases and other contractual agreements are negotiated by ...and executed with the approval of the ....

The CFO shall review leases when they are due for renewal and shall seek bids for best proposals before entering into new agreements and prior to submission to the Executive Director for approval.

New leases in excess of twenty-five thousand dollars (\$25,000) per year require the approval of the Finance Committee.

All leases shall be approved by the Executive Director and the CFO and subsequently presented to the Finance Committee for ratification through the budgeting process. The following rules also apply:

Leases will correspond to the fiscal year whenever possible.

Copies of all leases will be maintained in the Accounting office.

The Executive Director and the CFO are authorized to develop and enter into contractual agreements with vendors, bankers, and third parties for the purpose of ensuring [REDACTED] general operations.

The Finance Committee shall review such agreements and make recommendations when necessary.

**ACCRUED LIABILITIES**

- Identification of Liabilities
- Accrued Leave

**NOTES PAYABLE**

- Record Keeping
- Accounting and Classification
- Non-Interest Bearing Notes Payable

All notes, loans and other indebtedness to be contracted in the name of [REDACTED] (except open accounts and all other routine banking transactions), shall require the signatures of the Chair of the Board, or the Treasurer of the Board and the signature of the Executive Director, unless otherwise specified by the Board or established in the present management policies and procedures.

All indebtedness over \$5,000.00 (Five Thousand) must be approved by a majority vote of the Finance Committee; the Board must approve all indebtedness over \$5,000.

**FINANCIAL STATEMENTS**

- Standard Financial Statements of the Organization
- Frequency of Preparation
- Review and Distribution
- Special Quarterly Distribution
- Annual Financial Statements

[REDACTED] financial statements shall be prepared on the accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP"), and more specifically in accordance with standards of accounting and reporting established for non-profit organizations.

**Presentation of Financial Statements**

The presentation of the Financial Statements shall follow the recommendation of the Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations" (SFAS No. 117).

Under these presentations, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of [REDACTED] and changes shall be classified as unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of and [REDACTED] in accordance with the limitations of its charter and bylaws. The principal sources of unrestricted funds are grants, contributions and investment income.

Temporarily restricted net assets are those resources currently available for use for program services. They are expendable only for purposes specified by the donor or grantor and may or will be met by the actions of and [REDACTED] and/or the passage of time. Such resources originate from grants and contributions restricted for specific purposes or a specific future time frame. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are those resources that are required to be maintained permanently, but which and [REDACTED] is allowed to use up or to expend all or part of the income which is derived from the donated assets.

**Internal Financial Statements**

Monthly Financial Statements will be prepared in a format approved by the Finance Committee. The statements shall be presented to the Executive Director, the Chairman of the Finance Committee and the Finance Committee for review.

The Financial Statements shall include information about all [REDACTED] funds and cash position as of the end of each month.

The Financial Statements will then be submitted to the Executive Committee and/or the Board of Directors for final review and approval on a monthly basis.

**Accounting and Record-Keeping**

The CFO, with oversight by the Finance Committee shall have the direct responsibility for ensuring the accuracy of the accounting records.

The CFO is responsible for the preparation of the Chart of Accounts, reporting formats, accounts payable processing, payroll input and payroll processing, cash receipts input, journal entries for general ledger, and bank reconciliations. The CFO is also responsible for Form 1099 reporting, Form 5500 reporting, and Form 990 reporting.

**GOVERNMENT RETURNS**

- Filing of Returns
- Public Access to Information Returns

**Income Taxes**

[REDACTED] is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code as amended. Accordingly, no provisions for income taxes shall be reflected in the financial statements.

**UNRELATED BUSINESS ACTIVITIES**

- ▶ Identification and Classification
- ▶ Reporting

**BUDGETING**

- Preparation and Adoption
- Monitoring Performance
- Budget Modifications

**Preparation and Adoption**

The budgeting process shall relate in a timely manner to the budget request presented annually to funding sources. The Executive Director and the CFO in conjunction with the management team will coordinate the internal preparation of the budget draft, which will be then presented to the appropriate committees for review.

The Resource Development Committee shall review the specific revenue goals tied to the fund raising activities of the organization, and make recommendations to the Finance Committee. The Program Committee shall actively participate in the planning of upcoming program expenditures and formulate recommendations to the Finance Committee.

The Finance Committee shall review and approve the recommended budget revenues and expenditures for the fiscal year budget, and submit the final budget for approval to the Board of Directors.

The Executive Director, the CFO, and the Treasurer shall be responsible for presenting to the Finance Committee and other Board Committees an annual operating budget draft ninety (90) days prior to the end of the fiscal year and a proposed budget thirty (30) days prior to its submission to the Board of Directors.

*Revenue Goals and Reports*

The responsibility for reaching [REDACTED] budgeted revenue goals on a yearly basis is shared by the Executive Director and the Board of Directors and is specifically coordinated by the Resource Development Committee of the Board. The Executive Director, in conjunction with the assigned staff for Resource Development and Marketing, develops and proposes revenue goals and objectives and submits them to the appropriate Committees prior to Board discussion and approval.

The assigned staff for Resource Development and Marketing prepares a monthly report on the status of the fund raising activities and presents it to the Executive Director and to the Resource Development Committee. The Finance Committee reviews monthly revenues and expenditures and if necessary makes recommendations to the Board and to the Executive Director of [REDACTED]

The Finance Committee and [REDACTED] Executive Director shall continuously plan for the long-term financial stability of the organization in accordance with the agency's long-term plans which will be reviewed periodically, and adjusted when necessary.

The Finance Committee shall use due diligence in overseeing the investments of [REDACTED] funds, by establishing and monitoring an investment strategy that gives proper recognition to risk and return.

*Program and Event Budgets*

All programs and special events of [REDACTED] require a budget. Preparation of program and special event budgets will be completed by assigned staff for approval of the CFO. Event expenditure advances will be provided upon the approval of the event budget.

*Contingencies*

Grants often require the fulfillment of certain conditions as set forth in the related instrument. Failure to fulfill the conditions could result in the return of funds to the grantors. It is the responsibility of the CFO to oversee the fulfillment of grant conditions. All grants shall be properly acknowledged in accordance to IRS regulations and all grantors shall be properly recognized.

**ANNUAL AUDIT**

- Role of the Independent Auditor
- Frequency of Reviewing the Selection of the Auditor
- Preparation for the Annual Audit
- Concluding the Audit

▶ **Role of the Independent Auditor**

[REDACTED] will have an audit of its financial statements and other financial information provided to the public, and its system of internal controls annually by a firm of Independent Certified Public Accountants. The auditing firm will be selected by the Audit Committee.

The role of the independent auditor is to disclose to the committee all critical accounting policies and practices used within the organization as well as share with the committee any discussions with management about such policies and practices.

The independent auditor will not provide non-auditing services to [REDACTED]

▶ **Frequency of Reviewing the Selection of the Auditor**

The lead and reviewing partners of the auditing firm will be rotated every five years.

▶ **Concluding the Audit**

Upon completion of the audit, the Audit Committee will meet with the representative of the audit firm auditor to review the results of the report, specifically material weaknesses in internal controls or reportable conditions.

**INSURANCE**

- Coverage Guidelines
- Insurance Definitions

Reasonable and adequate coverage will be maintained to protect [REDACTED] interests as well as the Board of Directors and [REDACTED] employees. The following insurance policies shall be kept on a yearly basis:

Commercial Property Contents and Computer Policy, General and Professional Liability Insurance, Child Sexual Abuse and Child Molestation Liability Insurance, Directors and Officers Liability Insurance, Employee's Dishonesty Bond Insurance, Employee's Life Insurance, Workers Compensation Insurance, Long-Term Disability Insurance, and Employees Health Insurance.

Insurance policies shall be maintained with the insurance files on a yearly basis by [REDACTED] Accounting Manager. Insurance policies shall correspond to the fiscal year whenever possible. Insurance policies shall be carefully reviewed by the Executive Director and/or Accounting Manager before renewal each year.

▶ **DOCUMENT RETENTION and DESTRUCTION**

**Document Retention**

[REDACTED] follows the document retention procedures outlined in the Document Retention Schedule-Appendix A. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

*Electronic Documents and Records*

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

**Document Destruction**

The Accounting Manager is responsible for the ongoing process of identifying [REDACTED] records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

**FUNCTIONAL EXPENSE ALLOCATIONS**

- ▶ Direct Charging for Costs
- ▶ Allocation of Overhead Costs

**ADMINISTRATION OF FEDERAL AWARDS**

- ▶ Preparation and Review of Proposals
- ▶ Post-Award Procedures
- ▶ Compliance with Laws, Regulations, and Provisions of Awards
- ▶ Billing and Financial Reporting
- ▶ Cash Draw downs Under Letters of Credit
- ▶ Procurement Under Federal Awards

- ▶ Solicitation of Bids from Vendors
- ▶ Provisions Included in all Contracts
- ▶ Making of Sub-awards
- ▶ Monitoring of Sub-recipients
- ▶ Equipment and Furniture Purchased with Federal Funds
- ▶ Standards for Financial Management Systems
- ▶ Budget and Program Revisions
- ▶ Close Out of Federal Awards

**CHARGING COSTS TO FEDERAL AWARDS**

- ▶ Segregating Unallowable from Allowable Costs
- ▶ Criteria for Allowability
- ▶ Direct Costs
- ▶ Indirect Costs
- ▶ Accounting for Specific Elements of Cost
- ▶ Cost Sharing and Matching

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*Federal regulations require that all organizations receiving federal grants must have a Board-approved procurement policy and procedures in place to ensure federally funded purchases are done ethically and fairly. The following document is provided here as a **sample only** to assist CDBG-funded subrecipients in establishing their own policy and procedures and does not necessarily imply City endorsement or guaranteed compliance with all applicable regulations, policies, and laws should the sample be duplicated by CDBG-funded subrecipients. Subrecipients should consult the United States Department of Housing and Urban Development (HUD) [Playing by the Rules](#) Handbook, 2 CFR 200, and their assigned City project manager should they have any questions regarding the adequacy of their procurement policy and procedures.*

### Procurement Policy for Subcontracted Services

All procurements made by [REDACTED] (" [REDACTED] ") involving the expenditure of dollars for subcontracted services under Federally-funded contracts will be made in accordance with the following procurement standards.

Procurement transactions will maximize open and free competition consistent with the standards of 2 CFR Subpart D 200.317 through 200.320. [REDACTED] will not engage in procurement practices which may be considered arbitrary or restrictive.

#### Competitive Proposals

This technique is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. The following requirements apply:

- A request for proposal (RFP) which clearly and accurately states the technical requirements for the services required will be prepared;
- Publically advertise (UT San Diego, Daily Transcript) for 1 month or more;
- All evaluation factors and their relative importance will be determined;
- Proposals will be solicited from an adequate number of qualified sources and the agency will honor reasonable requests by parties to have an opportunity to compete;
- Second Chance shall evaluate responses to its solicitation in accordance with the predetermined evaluation criteria; and
- Award will be made to the responsible firm whose proposal is most advantageous to the agency with price and other factors considered.

#### Noncompetitive Proposals

This technique may be used only when the award of a contract is not feasible through competitive proposals and one of the following circumstances applies:

- The service is available only from a single source;
- A public emergency or condition requiring urgency exists which will not permit the use of competitive solicitation;
- The funding source authorizes the use of noncompetitive proposal; or
- Competition is determined to be inadequate after receiving proposals from numerous sources.

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