

Artists Helping the Homeless (AHH) is a small not for profit. Revenues in 2019 and 2020 are in the \$1,000,000-\$1,500,000 range. Because of the size of the organization, only two people handle all the accounting functions. Both are aware of transactions and documentation requirements. They are:

Kar Woo – President and Executive Director

Russ Townsley – Accountant/Administrator (volunteer)

Cash Receipts

Revenues consist of donations (32%), grants (45%) and payments pursuant to agreements (20%). Some of the latter two are invoiced. Substantially all receipts are by check or ACH payment. Checks are received at our administrative office and our two permanent facilities. Mail is brought to the administrative office, opened by either of the above, checks given to Townsley who endorses checks (stamp – for deposit only), makes a copy and prepares and makes the bank deposit. Deposits are made the banking day received by Townsley. Townsley then enters the deposits into QuickBooks

The agency receives some donation of stocks and mutual funds through an account at TD Ameritrade. Upon advice of the donation, Townsley monitors the account and sells the security upon receipt. The proceeds are transferred to the local bank account.

A similar process is followed with donations via Pay Pal, however due to the amounts involved, funds are accumulated and transferred by Townsley when they exceed \$5,000.

AHH infrequently receives cash donations, often from events held by other organizations. These funds are typically presented to Woo who gives the cash and supporting data (usually a list of donors and amounts) to Townsley who verifies the amount of funds received and deposits it.

AHH prepares and sends an acknowledgment for individual and corporate donations. These typically have a personal note from Woo. Grants are acknowledged and reports submitted to the grantors upon expenditure of the funds.

AHH has a single member LLC, Finnegan Place LLC, which operates an apartment house. Rent (typically cash) is received by the facility manager who prepares a receipt and hand delivers the funds with a copy of the receipt to Woo periodically. Woo logs the amounts received into a schedule before giving them to Townsley. Townsley then (1) counts the cash, balances to the receipts and prepares a deposit, (2) logs the receipts into a worksheet which (a) tracks that all prenumbered receipts have been received, (b) posts the receipts to a schedule showing the unpaid balance by tenant (also viewable by the facility manager and Woo), (3) makes the deposit and enters it into QuickBooks. The log and QuickBooks ledger are reconciled periodically. ***Finnegan Place LLC is not included in this application.*** The same procedures are followed for rents paid by employees at the Lawrence facility which total about \$25,000 a year.

Cash Disbursements

The majority of agency purchases and grants are made by check and credit card. Most purchases are handled by Woo. Invoices are received by mail at the administrative office or at the facilities and given to Townsley by Woo. Townsley prepares a check and gives to Woo for signature. Both are authorized to handle transactions on all accounts.

Once a month, Townsley pulls the credit cards statements on-line, compares listed charges to receipts provided by Woo or with expense reports submitted by the facility managers, case managers and drivers (gas only). Employees have credit cards with limits consistent with their responsibilities. Any undocumented expenditure is investigated. AHH policy is to pay all charges posted during a month on the last day of the month. Townsley makes an ACH payment. Credit card companies electronically send payment acknowledgements to Woo. The credit card statements are then coded and entered into QuickBooks.

Woo does make some cash purchases and obtains receipts for such disbursements. The primary use of cash is for medication, legal (client) expense, food (meal) and small purchases. Credit cards are not used for medication to avoid clients being able to make further purchases at pharmacies which link the purchasing credit card to the prescription. By policy, cash is not given to homeless clients. Townsley reviews, summarizes and posts receipts for cash payments.

Townsley prepares the payroll based on timecards submitted by each employee. The pay stub is then given to Woo who reviews and prepares/signs the check (we are considering using QB payroll system next year). Once the checks have been issued, Townsley enters them into QuickBooks.

Major commitments including loans must be approved by the Board.

Bank Reconciliations/Financial Statements

All bank accounts are reconciled on QuickBooks monthly by Townsley. A copy of the reconciliation and the bank statements which include copies of check paid are provided the Treasurer (Board Member) who reviews and sends a confirmation or any questions about specific items.

Financial statements are prepared monthly by Townsley, submitted to the Board or the Executive Committee (Board Leadership). Townsley reviews the financials at a meeting of the Board (odds months) or Executive Committee (even months). These groups regularly ask questions regarding the statements as part of their review.

AHH's financial statements have been audited by Vaughn Cornish or Schmidt, Cornish & Smith, CPAs, since 2011.