

Artists helping the homeless

Accounting Policies and Procedures

General

Prudent business practices and Generally Accepted Accounting Principles shall be followed [Ref AICPA Audit and Accounting Guide for Non-for Profit Entities].

- The organization utilized the accrual method of accounting.
- The records and accounts of the organization should accurately depict all transactions.
- The organization will conduct its business ethically.
- The accounting function will adhere to all other organizational policies (such as donor confidentiality)
- Where practical, accounting duties shall be segregated to provide adequate internal control.

The Executive Committee shall have oversight of accounting procedures, reports and matters.

Financial statements shall be prepared regularly in a timely manner and reviewed by the Board of Directors or its designated body.

- Receipts and costs of major individual programs shall be reported separately.
- Transactions involving key executives and/or board members shall be clearly disclosed.

The organization shall file all governmental reports in a timely manner. A Certified Public Accountant shall be engaged for an independent audit and preparation of IRS Form 990 (applicable version).

- The applicable version of the Form 990 shall be reviewed by the Board of Directors prior to filing.
- A public copy of the submitted Form 990 shall be available to the public.

Prior to the start of the year, the Board shall approve a budget that will serve as an operating plan.

- Board approval of the budget generally authorizes expenditures consistent with the plan.
- The budget shall serve as a guideline or benchmark as the year unfolds
- Major significant program or expense changes during the year shall be reported to and approved by the Board of Directors.

Annually, a report shall be prepared and provided donors and others describing the programs and activities of the preceding year as well as providing summary financial information.

Accounting functions, including, but not limited to payroll processing, general ledger maintenance and bank reconciliations may be outsourced to a qualified service provider.

Bank Accounts

Only the Board of Directors can authorize bank accounts, designate check signers and approval limits

Receipts:

All receipts shall be recorded and deposited in the bank in a timely manner.

- Checks shall be restrictively endorsed immediately upon receipt.
- Large amounts shall be deposited in the money market account.

Acknowledgements will be sent the donor for all donations on a timely basis.

- In-kind donations will also be acknowledged on a timely basis. (See Gift Policy for acceptance procedures)
- In-kind donations will be recorded in the ledger if the value of the gift can be reasonably estimated.

Grants and designated gifts shall be segregated in the ledger to assure funds are used consistent with contributor's instructions.

Disbursements:

All disbursements, cash or check, shall be recorded in the general ledger.

- Supporting invoices or documentation shall be retained.
- Supporting invoices or transaction documentation shall accompany all credit card payments.
- Documentation must include client name, if applicable.
- Direct or electronic payment may be used with the above documentation and authorization requirements
- Disbursements from the Money Market Account shall be restricted to transfers to the checking account unless otherwise approved by the Board of Directors in advance.

Cash Expense Funds provided employees shall be handled on an impressed basis with reports submitted timely (no less than once a quarter).

- Reports shall be accompanied by supporting invoices or transaction documentation.
- Reports shall be reviewed and approved by either the Treasurer or Director.
- Documentation must include client name, if applicable.

Payroll:

Employees shall be paid on the 5th and 20th of the month for hours worked from the 1st to 15th and 16th to end of month, respectively.

- Pay rates and hours shall be approved by the Director.

Payroll taxes and reports shall be paid and filed when due.

Account Reconciliations:

All bank accounts shall be reconciled monthly.

Accounts Receivable

Accounts Receivable shall be reviewed monthly and appropriate action taken for collection.

Bad Debts shall be written off in a timely manner.

Inventory

Inventory shall be carried at the lower of cost or market.

Inventory items used for internal purposes shall be charged to the respective function.

A sales record shall be maintained for the sale of inventory, including donated art.

Prepaid Expenses and Deposits

Prepaid Expenses and Deposits shall be reviewed no less frequently than semi-annually to assure validity.

Fixed Assets

A record of all fixed assets shall be maintained.

- Individual items under \$400 shall be expensed.

Fixed Assets shall be depreciated over their expected useful life.

Retirements, lost or stolen items shall be removed from the ledger.

Accounts Payable

Generally, the organization pays its bills when due.

- Disputed items should be recorded as a payable until resolved.
- Payables shall be reviewed no less often than quarterly.

All amounts owed shall be recorded in the appropriate period.

Notes Payable

Only the Board of Directors can authorized long term indebtedness or encumber any organization assets.

Payments shall be made consistent with the note agreement, with the current amount classified as a current liability.

Fund Balances

Separate balances shall be maintained for individual restricted or designated funds.