

Alice's Kids, Inc.

Financial Policy

Updated: July 27, 2020

PHILOSOPHY

The purpose of financial management in the operation of Alice's Kids is to fulfil the organization's mission in the most effective and efficient manner and to remain accountable to Stakeholders, including clients, partners, funders, employees and the community. In order to accomplish this, Alice's Kids commits to providing accurate and complete financial data for internal and external use by the Executive Director and the Board of Directors.

INTERNAL CONTROLS

The Corporation is committed to maintaining best practices in its financial controls, reporting and record keeping. To that end, proper separation of financial controls shall be maintained including requiring transactions to be authorized by a person(s) other than the person(s) signing or executing the transaction with a third person(s) reviewing financial transactions, including bank statements.

The Board of Directors is ultimately responsible for the financial management of all activities. The Executive Director is responsible for the day-to-day financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.

Employees and the Board of Directors are expected to use good judgment, to adhere to high ethical standards, and avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee or Board member conflict with the interests of the organization.

ACCOUNTING PROCEDURES

All funds of the Corporation, not otherwise employed, shall be deposited from time to time in general or special accounts in such banks, trust companies, or other depositories as the Board of Directors or any committee to which such authority has been delegated by the Board may select, or as may be selected by the President or by any other officer or officers or agent or agents of the Corporation, to whom such power may from time to time be delegated by the Board. For the purpose of deposit and for the purpose of collection for that account of the Corporation, checks, drafts, and other orders of the Corporation may be endorsed, assigned, and delivered on behalf of the Corporation by any officer or agent of the Corporation.

The organization uses the accrual basis of accounting. The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash. The fiscal year of the Corporation shall be January 1 through December 31 but may be changed by resolution of the Board of Directors.

Journal Entries are double entries in the accounting system (Debit & Credit) recording the business transactions of the organization. The Finance Manager is authorized to make any and all Journal Entries necessary to conduct the business of the organization.

All bank statements and cancelled checks will be opened and reviewed by the Executive Director in a timely manner. The Executive Director will sign and date the statements in the upper right hand corner. Once reviewed, bank statements are submitted to the Finance Manager for reconciliation. The Finance

Manager will close the books on the last day of each month. Bank reconciliations will occur within 30 days of the close of the month.

The financial records of the Corporation shall be maintained by the Finance Manager and Executive Director and shall be subject to review and audit as determined by the Board of Directors. The organization shall adopt, and financial records shall be maintained, in accordance with an approved record retention policy. Correct books of account of the activities and transactions of the Corporation shall be kept at the office of the Corporation. These shall include a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these Bylaws, and all minutes of meetings of the Board of Directors.

Financial Planning & Reporting

The organization's annual budget is prepared and approved at the annual meeting in the fall. The budget is prepared by the Executive Director in conjunction with the Treasurer using responsible assumptions and projections as background, with the general goal of an unrestricted surplus. The budget is to be presented to the Board of Directors in time for reasonable approval by the Board prior to the start of each fiscal year. The budget may be revised during the year, if approved by the Board of Directors.

The Finance Manager is responsible for preparing standard financial reports such as a Statement of Financial Income & Expense and a Balance Sheet, on a monthly basis. All reports should be finalized no later than 30 days after the close of the prior month and emailed to the Treasurer. The Treasurer will review and email the reports to the Board of Directors. The most recent financial reports are to be reviewed at each board meeting.

An independent audit committee shall be established consisting of at least two members of the board without signature authority. The audit committee shall be responsible for ensuring that an internal or external audit, as appropriate in conformance with best practices for nonprofit organizations of the same or similar budget size, be performed each year. In addition, the Audit Committee shall receive and handle any concerns and complaints that arise regarding the corporation's finances.

All IRS forms and payments pertaining to payroll and independent contractors, including but not limited to Form 941 for quarterly tax payments, Form W-2 and Form 1099-MISC, are to be completed by the Treasurer and filed according to published deadlines. IRS Form 990 is to be completed each year by the Treasurer, reviewed by the Board of Directors and filed by the Treasurer according to published deadlines. The Virginia Department of Agriculture & Consumer Services Office of Charitable & Regulatory Programs Form 102, along with any relating payments, should be completed annually by the Treasurer and filed according to published deadlines.

REVENUE PROCESSING

All contributions will 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 as designated in the organization's Chart of Accounts. Donor restricted or board designated funds must be recorded separately from general operating funds with restrictions clearly defined.

All contributions, whether cash or checks, are to be handed over to the Finance Manager in a timely manner for processing. The Finance Manager is responsible for endorsing and photocopying all checks. Contributions must be adequately secured until deposited and must be deposited in the bank within one week of receipt. The validated bank receipt should be stapled to the copies of the corresponding checks and filed with the monthly financial records.

EXPENSE & ACCOUNTS PAYABLE PROCESSING

All expenditures must be approved by the Executive Director or the Vice President, and managed within the parameters of the overall approved budget. The Board of Directors must be notified of any significant variances with an explanation of the variance.

Written checks or electronic payments for approved expenditures must be signed by the Executive Director or Finance Manager. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed. Any payment to the Executive Director must be approved by both the Vice President and the Treasurer. Any payment to the Finance Manager must be approved by the Executive Director or Vice President. No advances of funds to employees, officers, or directors are authorized.

The Finance Manager has authority to initiate payments for all payroll obligations, including tax liabilities, within the parameters of the budget approved by the Board of Directors.

No contractual commitment for bank loans, credit cards, or real estate lease or purchase, may be made without specific approval of the Board of Directors.

The President is authorized to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, provided that the Board of Directors has authorized the contract.

ASSET MANAGEMENT

The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested on occasion in such property, real, personal, or otherwise, or stock, bonds, or other securities, as the Board of Directors in its sole discretion may deem desirable, without regard to the limitations, if any, now imposed or which may hereafter be imposed by law regarding such investments, and which are permitted to organizations exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code.