

Financial Procedures Manual of

READING FOR KICKS

A California Nonprofit Public Benefit Corporation

Table of Contents

- I. GENERAL
- II. CASH RECEIPTS
- III. CASH DISBURSEMENTS
- IV. PURCHASING
- V. PROPERTY
- VI. INSURANCE
- VII. TELEPHONE
- VIII. BOOKS OF ORIGINAL ENTRY
- IX. GRANTS AND CONTRACTS
- X. BUDGETS
- XI. LOANS
- XII. OTHER

I. GENERAL

1. The Board of Directors formulates financial policies, delegates administration of the financial policies to the Treasurer, and reviews operations and activities.
2. The Treasurer has management responsibility including financial management.
3. Current job descriptions will be maintained for all employees, indicating financial duties and responsibilities.
4. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts; etc.
5. All employees involved with financial procedures shall take vacations or leaves of 5 consecutive work days each year. During such periods, back-up personnel who have been cross-trained in their duties will perform their tasks.
6. A blanket employee dishonesty coverage in the amount of \$ [REDACTED] shall be maintained.
7. Professional financial service providers will be established annually. For [REDACTED], these include [REDACTED], [REDACTED], and [REDACTED].
8. The Treasurer will maintain a current and accurate log of the chart of accounts, job accounts and accounting classes.
9. These policies and procedures will be reviewed bi-annually by the Finance Committee, which will then refer its findings to the Board of Directors.

II. CASH RECEIPTS

1. The Secretary opens any mail addressed to READING FOR KICKS or without specific addressee. The receipt of checks or cash will be recorded in the accounting system.
2. The Secretary will endorse all checks to read as follows:

PAY TO THE ORDER OF [REDACTED]
Account # [REDACTED]
FOR DEPOSIT ONLY
READING FOR KICKS

- The endorsement will specify into which corporate account (*savings, checking*) the deposit will be made.
3. A report will be printed that includes the source and amount of the receipt as well as the total daily deposit amount.
 4. Duplicate deposit slips for the checks and cash will be completed. The Secretary will place them in an envelope for [REDACTED].

5. If no cash is present, the envelope may be sealed. If cash is present, the Treasurer will verify deposited funds prior to sealing the envelope. The Secretary will then make the deposit in person.
6. Documentation for all receipts (a copy of check, letter, etc.) will be attached to the duplicate slip and filed chronologically.
7. All receipts will be deposited intact. No disbursements will be made from cash or check receipts prior to deposit.
8. The Secretary will record each cash payment received in a number receipt book with a duplicate for the payer. Cash shall be locked in a secure location until taken to the bank.
9. The Treasurer will receive a copy of all deposit reports for review.

III. CASH DISBURSEMENTS

A. CHECK AUTHORIZATION

1. All invoices will be immediately forwarded to the Secretary or the Treasurer who will review all invoices for mathematical accuracy, validity, conformity to the budget (or other board authorization) and compliance with bid requirements.
2. Prior to payment, all invoices will be approved (indicated by initialing) by the Secretary or the Treasurer, who will code the invoice with an appropriate expense or other chart of accounts line item number, class and job number (where applicable).
 - a. By approving an invoice, the Secretary or the Treasurer indicates that it has been reviewed and authorizes a check.
 - b. The Secretary will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slip counts. The Secretary is responsible for timely follow-up on discrepancies and payment.
3. Approved invoices will be entered into the accounting system.
4. The Secretary will prepare checks on an as-needed basis.
5. Authorized signers on READING FOR KICKS' accounts include the Treasurer, the Secretary, the Vice-Chairperson, and the Chairperson.

B. CHECKS

1. The Secretary will be responsible for all blank checks.

2. All checks, including payroll checks (with the exception of direct deposit payroll items) will be signed by the Treasurer or designated members of the Board of Directors.
3. The Treasurer will generate checks for approved invoices through the accounting system.
4. Voided checks will have "VOID" written boldly in ink on the face and have the signature portion of the check torn out. Voided checks will be kept on file.
5. In no event will:
 - a. invoices be paid unless approved by an authorized signer
 - b. blank checks (checks without a date or payee designated) be signed in advance
 - c. checks be made out to "cash", "bearer", "petty cash", etc.
 - d. checks be prepared on verbal authorization, unless approved by the Secretary or the Treasurer.
6. In the event that it is necessary to issue a duplicate check for checks in an amount over \$██████, a stop payment will be ordered at the bank on the original check.

C. BANK RECONCILIATIONS

1. Bank statements will be received directly and opened by the Secretary.
2. The Secretary will reconcile the bank statement monthly.
3. The Treasurer will receive monthly statements of checks paid on all accounts.
4. The Treasurer shall verify the reconciliation of the bank accounts on at least a quarterly basis.
5. On all checks outstanding over 90 days, the Treasurer should take appropriate action.

IV. PURCHASING**A. PURCHASES UNDER \$ [REDACTED]**

1. All purchases over \$ [REDACTED] must be approved in advance by the Treasurer.
2. The Treasurer is responsible to know if the item ordered is within the budget and guidelines.
3. If purchase is less than \$ [REDACTED], persons authorized by the Treasurer for immediate purchase and delivery can make the purchase. When this is done, invoice copies are to be turned into the Secretary, then to the Treasurer.

B. PURCHASES OVER \$ [REDACTED]

1. All purchases including services over \$ [REDACTED] must be approved in advance by the Treasurer.
2. Purchases over \$ [REDACTED] will be required to undergo a competitive bid procedure.
3. All bid requests will contain clear specifications and will not contain features which unduly restrict competition.
4. The Secretary will be responsible to ensure that all conditions and specifications of a contract, bid, or order have been satisfactorily fulfilled and will be responsible for timely follow-up of these purchases.
5. The Secretary will obtain at least 3 bids wherever possible unless prior approval by Board of Directors has been obtained.
6. Purchases of over \$ [REDACTED] will not be fragmented or reduced to components of less than \$ [REDACTED] to avoid the bid process.

V. PROPERTY**A. EQUIPMENT**

1. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$ [REDACTED] or more and a useful life of more than one year.
2. The Secretary will maintain an inventory log; which shall list a description of the item, date of purchase or acquisition, price or fair value of the item and its location.
3. A depreciation schedule shall be prepared at least annually for the audited financial statements.
4. The Secretary will record all equipment in the accounting system. An entry must be made whenever property is disposed of or acquired.

VI. INSURANCE

1. Reasonable, adequate coverage will be maintained to safeguard the assets of the corporation. Such coverage will include property and liability, and other insurance deemed necessary.
2. The Treasurer will carefully review insurance policies before renewal.
3. The Secretary will maintain insurance policies in insurance files.
4. Insurance policies will correspond to the calendar year whenever possible.
5. The Secretary will prepare and maintain an insurance register.

VII. TELEPHONE

1. Personal long distance or cellular phone calls made on READING FOR KICKS' telephones must be logged with the Secretary, indicating that it is a personal call. Employees, if any, will be billed on these calls.
2. READING FOR KICKS business calls from phones outside the office should be billed to the READING FOR KICKS telephone account.

VIII. BOOKS OF ORIGINAL ENTRY

1. READING FOR KICKS will utilize a double entry system for accounting for all funds.
2. Adequate documentation will be maintained to support all general entries.
3. At the end of each month, the Secretary will prepare a Balance Sheet, Statement of Activities, and Statement of Activities by Project that will be reviewed by the Treasurer.
4. The Statement of Activities report will include a comparison to the budget.
5. READING FOR KICKS will maintain its accounting records on the () basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.

IX. GRANTS AND CONTRACTS

1. The Treasurer will carefully review each award and contract to ensure compliance with all financial and programmatic provisions. The Secretary will maintain originals of all grants and contracts in a file. The Treasurer will prepare initial entries as appropriate to record each award.
2. The Secretary will prepare and maintain on a current basis a Grant/Contract Summary form for each grant or contract awarded to READING FOR KICKS. This form shall include:

- a. the name, address, contact person, and phone number for the funding organization;
 - b. the time period applicable to expenditures;
 - c. all significant covenants (such as bonding or liability insurance requirements) and restrictions on expenditures;
 - d. all require financial and program report and due dates; and
 - e. the chart of accounts line item number for the revenue deposited.
3. Payments for projects for which READING FOR KICKS serves as fiscal agent shall be paid out within one week.
 4. The Treasurer will prepare financial reports to funding sources as required.
 5. The Treasurer will review and approve all reports to funding sources.
 6. It will be the responsibility of the Treasurer to insure that all financial reports are submitted on a timely basis.

X. BUDGETS

1. The Treasurer and the Secretary will prepare the financial budget.
2. The Secretary will insure that budgets are on file.
3. The Board of Directors must approve proposed changes in the budget, should they exceed \$ [REDACTED] or [REDACTED] % of the line item, whichever is greater.

XI. LOANS

1. The Board of Directors will approve loans.
2. A promissory note will be prepared and signed by the Chairperson and the Treasurer before funds are borrowed.

XII. OTHER

A. MINUTES OF MEETINGS

1. The Secretary will prepare accurate minutes of all meetings of the Board of Directors and committees.
2. The Chief Executive will note all items in the minutes relating to finance and take appropriate action.

B. NON-PROGRAM INCOME

Donations of cash and non-program related income will be separately accounted for.

C. ACCOUNTS RECEIVABLE

Documentation will be maintained for accounts receivable. 2. Accounts receivable will be recorded in the books and collected on a timely basis.

D. FINANCIAL PROCEDURES

Financial procedures will be reviewed bi-annually by the Finance Committee. The Board of Directors must approve changes to the financial procedure manual prior to implementation.

E. FORM 990

1. The Board of Directors in conjunction with the audit will authorize preparation of Form 990. Form 990 will be signed by an officer of the Board.
2. Copies of Form 990 will be files in the Secretary's files, and a copy of the READING FOR KICKS' Form 990 and Form 1023 shall be available for public inspection and/or copying.

F. AUDITS

The Board of Directors shall annually contract with an independent auditing firm a full audit of the books, to be completed prior to the following first of September.

G. PERSONNEL FILES

READING FOR KICKS' will maintain a personnel file for each student, volunteer, board member and officer, containing appropriate documents.

H. FISCAL AGENT STATUS

1. READING FOR KICKS' Finance Committee must authorize all fiscal sponsorship arrangements, which are then approved by the board.
2. All fiscal sponsorship arrangements will begin with a written agreement, stating the terms of the relationship and the purpose for the use of funds.

3. Fiscal sponsorships will be limited to projects for which the READING FOR KICKS' finance committee determines that the project is charitable and consistent with READING FOR KICKS' mission, and that no real or perceived conflicts of interest exist with board or executive committee members.
4. READING FOR KICKS will negotiate with the sponsored project a rate for indirect or direct costs to cover READING FOR KICKS expenses of administering the temporarily restricted fund.
5. Sponsored projects will be required to submit full and complete quarterly and year end reports to READING FOR KICKS by the end of READING FOR KICKS' fiscal year and must include:
 - a. detailed expenses using budget categories for original grant;
 - b. program accomplishments and activities; and
 - c. amount of remaining funds.
6. Any changes in the purpose for which grant funds are spent must be approved in writing by READING FOR KICKS before implementation. READING FOR KICKS retains the right, if sponsored project's breaches the fiscal sponsorship agreement, or if a sponsored project jeopardizes READING FOR KICKS' legal or tax status, to withhold, withdraw, or demand immediate return of grant funds.
7. The READING FOR KICKS' Treasurer will submit quarterly reports to the Executive Committee, to be circulated to the entire board, on the status of active fiscal sponsorships.
8. READING FOR KICKS will file appropriate tax forms for sponsored projects, including IRS form 1099.

Approved by READING FOR KICKS' Board of Directors

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____

Name _____ Date _____