

FINANCIAL POLICIES & PROCEDURES

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I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at CI:Now and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency. All CI:Now's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Executive Director and the Board of Directors.

II. Segregation of Responsibilities

The following is a list of personnel and contracted vendors with fiscal and accounting responsibilities:

A. Board of Directors

1. Reviews and approves the initial annual budget in December of the prior year and approves a mid-year budget revision in June of each year
2. Reviews monthly and annual financial statements and information
3. Reviews Executive Director's performance annually and establishes the salary
4. Reviews and approves in advance all contracts valued at \$25,000 or higher that create a financial obligation for CI:Now
5. Reviews and advises staff on internal controls and accounting policies and procedures
6. Selects and contracts with the external auditor
7. Three members of the board will be appointed by the board to be authorized signers on the bank accounts
8. Reviews monthly the year-to-date cumulative amount paid per payee
9. Reviews monthly all committed funding, as well as grant applications and potential contracts

B. Board Chair

1. Signs contract with UTHealth for Executive Director and other core staffing
2. Authorizes the contracted Accounting Services Firm to issue a check in payment of any UTHealth invoice
3. Provides second authorization to the Accounting Services Firm for payment of checks in the amount of \$10,000 or more
4. Reviews and approves all non-budgeted expenditures valued at \$5,000 or higher. If Board Chair is not available, Vice-Chair may approve the expenditure.
5. Reviews and approves all Executive Director reimbursements and fund requests

C. Board Treasurer

1. Reviews and approves all financial reports
2. Oversees the adherence to all internal controls

D. Executive Director

1. Is accountable for all financial matters.
2. Authorizes the issue of payments under \$10,000, except payments to UTHealth in any amount.
3. Payments in the amount of \$10,000 or more must be authorized by the Executive Director and at least one officer of the Board. The default Board signatory is the Chair. If the Chair is unable, the signatory should be the Vice-Chair. If neither the Chair nor Vice-Chair is able, the signatory should be the Secretary.
4. Payments to UTHealth in any amount must be authorized by an officer of the Board of Directors. The default Board signatory is the Chair. If the Chair is unable, the signatory should be the Vice-Chair. If neither the Chair nor Vice-Chair is able, the signatory should be the Secretary.
5. Provides the Accounting Services Firm with the Board-approved initial annual budget and mid-year budget revision with monthly detail
6. Reviews and approves budgeted staff reimbursements
7. Reviews and approves all contracts under \$25,000
8. Authorizes the Accounting Services Firm to cut checks under \$10,000, except those to UTHealth
9. Reviews all incoming invoices
10. Generates all outgoing invoices in required format and in QuickBooks Online
11. Reviews and manages cash flow
12. Approves inter-account bank transfers, if multiple accounts exist
13. Develops and negotiates all contracts
14. Reviews and approves all grant submissions
15. Develops and monitors organizational and program budgets
16. Monitors and manages all expenses to ensure most effective use of assets
17. Approves all program expenditures
18. Monitors grant reporting and appropriate release of temporarily restricted funds
19. Oversees expense allocations
20. Monitors and makes recommendations for asset retirement and replacement
21. Reviews, revises, and maintains internal accounting controls and procedures
22. Initiates donor thank you letter acknowledgements
23. Generates (directly or via staff delegation) the monthly Fiscal Year Outlook Report and YTD Payee Report
24. Reviews all financial reports prepared by the Accounting Services Firm

E. Senior Program Manager

1. Prepares and makes bank deposits
2. Provides the Accounting Services Firm with digitized copy of checks deposited
3. Receives and opens all incoming payments and invoices
4. Requests a W-9 from each vendor at the time of contract execution

F. Accounting Services Firm

1. Reviews all bank statements, reviews for irregularities, and reviews completed monthly bank reconciliations
2. Maintains general ledger
3. Except for outgoing invoices, enters all data into accounting system and maintains integrity of accounting system data
4. Via subcontract with payment processing service:
 - Prepares for CI:Now review a list of incoming invoices for review/authorization
 - Processes those incoming invoices approved for payment and prepares checks using digital signatures
 - Mails vendor checks and annual 1099s
5. Accrues expenses monthly per the Board-approved budgets (initial annual budget and mid-year budget revision) and request for payment via the Payment Processing Service subcontracted by the Accounting Services Firm
6. Reconciles all bank accounts
7. Prepares monthly and year-end financial reports
8. Processes inter-account bank transfers, if multiple accounts exist

III. Chart of Accounts and General Ledger

CI:Now has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts was developed by the Accounting Services Firm and is attached to this manual as an addendum.

The general ledger is automated and maintained using QuickBooks Online. All input and balancing is the responsibility of the Accounting Services Firm with final approval by the Executive Director.

IV. Cash Receipts

“Cash receipts” as used here means paper or electronic checks payable to CI:Now. CI:Now receives no payments in actual cash or coins and will not accept such without establishing Board-approved secure methods to track and secure it.

Cash receipts currently arise from contracts and grants, but may in the future include direct donor contributions.

CI:Now receives both paper checks and electronic/ACH deposits. The principal steps in the receipts process are as follows:

1. The Senior Program Manager receives a paper check via mail or in-person pickup. The check is stamped/marked immediately with
2. “Community Information Now”
3. “For deposit only to [bank name]” or “For mobile deposit only to [bank name]”
4. Acct #[account number]
5. The check with payment stub intact is digitized as a pdf with a clear naming convention, i.e.,

“{Funder name} pmt of Inv #{invoice number} \${check amount}” or “{Funder name} grant pmt \${check amount}”. That pdf is stored to CI:Now’s secure server and a copy securely uploaded to the Accounting Services Firm via their secure document share tool.

6. The check is deposited to CI:Now’s Broadway Bank nonprofit checking account by mobile app or, if it exceeds the daily mobile deposit limit, at a physical branch. If mobile-deposited, the check is marked “Deposited {date}” and filed. If deposited at a branch, the deposit slip is filed.
7. The Accounting Services Firm then credits the payment to CI:Now’s QuickBooks Online general ledger, applying the payment to the appropriate invoice, if applicable.
8. If the payment is electronic rather than by paper check, the invoice is uploaded to the Accounting Services Firm via their secure document share tool to enable matching the payment to the correct invoice. If the payment is for a grant, the grant award letter is uploaded.

V. Invoices and Accounts Receivable Monitoring

Organizations that contract CI:Now often have a preferred or required invoice format, often with a significant level of detail. Thus CI:Now generates invoices in, but does not send invoices from, QuickBooks Online. When an invoice is created in QuickBooks Online, an invoice number is auto-generated and line totals and an invoice total are automatically calculated. CI:Now then prepares a formatted invoice in pdf, using the QuickBooks Online invoice number and line and invoice totals, and emails the invoice to the contracting organization’s designated representative. A copy of that formatted pdf is uploaded to QuickBooks Online, attached to the appropriate invoice.

CI:Now, not the Accounting Services Firm, is responsible for monitoring accounts receivable aging via QuickBooks Online and pursuing payment on overdue invoices. Unless other arrangements have been made in the contract, the invoice term is net 30 days.

VI. Cash Disbursements & Expense Allocations

G. Cash Disbursements

Cash disbursements by paper check or ACH debit are currently generally made solely for the following budgeted expenses:

- Payments to vendors for goods and services
- Employee reimbursements

In the future, cash disbursements by paper check or ACH debit may also be made for the following budgeted expenses:

- Taxes/license fees
- Staff training and development
- Memberships and subscriptions
- Meeting expenses
- Marketing/promotional materials

No checks are made payable to “Cash” under any circumstances.

The Accounting Services Firm subcontracts the Payment Processing Service to process paper

checks and ACH payments weekly. Incoming invoices are securely transmitted to the Payment Processing Service, which automatically generates a list of outstanding invoices. The Executive Director and/or Board Chair logs in to the Payment Processing Service to review each invoice and, if appropriate, electronically authorize for payment.

Requests for cash disbursements are submitted to the Payment Processing Service in two ways:

- Original invoice
- Employee expense report or reimbursement request

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

- Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.
- Meals - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.
- Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The Executive Director reviews all requests for payment and:

1. Flags the vendor as a related party, if applicable
2. Verifies expenditure and amount
3. Approves for payment if in accordance with budget
4. Provides or verifies appropriate budget allocation information
5. Provides date of payment taking into account cash flow projections
6. Submits to the Payment Processing Service for processing
7. Authorizes payment (with date) by the Payment Processing Service

The Accounting Services Firm accesses all requests for payment transmitted to the Payment Processing Service and:

1. Immediately enters them into the QuickBooks Online Accounts Payable module
2. Monitors the Payment Processing Service workflow to ensure that requests for payment are processed timely by the Executive Director and/or Board Chair
3. Generates a related party report annually to ensure that all payments are tied to a submitted invoice or reimbursement request and that no checks go to a party to whom payment is not authorized.

The Payment Processing Service processes payments as follows:

1. Automatically generates a list of outstanding invoices for review and action by authorized users, currently the Executive Director and Board Chair
2. Prints checks according to allocation and payment date provided by the Executive Director and/or Board Chair
3. Electronically marks invoice "paid"
4. Mails checks and appropriate backup documentation

5. Files all backup documentation in the appropriate file

H. Expense Allocations

Most non-salary expenses that benefit more than one cost center (administration, fundraising, and program) are spread across centers using a shared cost method. Under this method, the number of full-time equivalents (FTEs) within a department are divided by the total number of FTEs at the organization to determine the percentage of shared costs they should bear. This is done on a monthly basis by the Accounting Services Firm. The Executive Director provides the Accounting Services Firm with a monthly breakdown of expenses per the Board-approved initial annual budget and mid-year budget revision to inform expense allocations.

I. W-9 and Form 1099

CI:Now's Senior Program Manager requests the vendor provide a W-9 at the time of contract execution. Those W-9s are provided to the Accounting Services Firm by upload to the Accounting Services Firm's secure document share tool. The Accounting Services Firm generates and mails the Form 1099 directly to vendors each year.

VII. Inter-Account Bank Transfers

CI:Now currently has only one account: a no-fee Small Business Checking account at Broadway Bank. Should a savings or secondary checking account be opened in the future, the Executive Director will monitor the balances in the bank accounts to determine when there is a shortage or excess in the primary checking account and determine when a transfer should be made to maximize the potential for earning interest. The Accounting Services Firm would be directed in writing when to make a transfer and in what amount. A copy of the transfer is given to the Board Chair.

VIII. Credit Card Policy and Charges

CI:Now will have no credit or debit cards. Staff may be reimbursed for approved expenses charged to personal credit cards per Section VI.

IX. Petty Cash Fund

CI:Now will maintain no petty cash fund. Staff may be reimbursed for approved out-of-pocket expenses per Section VI.

X. Accruals

To ensure a timely close of the General Ledger, the Accounting Services Firm may book accrual entries. Some accruals will be made as recurring entries, such as the pro-rated portion of the UTHealth quarterly invoice for salaries, benefits, supplies, and indirect costs. Accrual percentage splits among classes are calculated by the Executive Director based on staff timekeeping records and are applied by the Accounting Services Firm.

XI. Bank Account Reconciliations

All bank statements are provided to CI:Now in two ways:

- electronically via Broadway Bank's Small Business Banking site, to which the Accounting Services Firm has access; and
- in unopened mailed hard copy to the Executive Director.

The Executive Director reviews the statements for unusual balances and/or transactions.

The Accounting Services Firm:

1. Accesses statements via Broadway Bank's Small Business Banking Online Account Access for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
2. Verifies that voided checks, if returned, are appropriately defaced and filed.
3. Investigates any checks that are outstanding over six months.
4. Attaches the completed bank reconciliation to the applicable bank statement, along with all documentation.

XII. Procurement Methods

CI:Now's procurement method varies based on the price of the item or service procured. Purchases and the application of quotation requirements are applied on a per unit basis rather than a cumulative project basis.

A. Small Purchases of \$10,000 or less:

1. Supplies or services with a purchase price of \$3,500 or less may be purchased without obtaining competitive quotations or bids.
2. Supplies or services with a purchase price of \$3,501 to \$10,000 require competitive quotations or documentation as to why quotations are not available.
3. Excepting purchases from UTHealth, Small Purchases may be made by the Executive Director and do not require approval by the Board of Directors.

B. Medium Purchases of between \$10,000.01 and \$50,000:

1. Supplies or services with a purchase price in this range require a limited solicitation process generating rate quotations from an adequate number of qualified sources. The limited solicitation process must be documented.
2. As noted in Section II, Medium Purchases of \$25,000 or less may be made by the Executive Director and do not require board approval. Medium Purchases of over \$25,000, as well as any purchase from UTHealth, must be presented to the Board of Directors for review and approval. The Executive Director is not authorized to make purchases from UTHealth in any amount.

All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XVI. Financial Reports

The Accounting Services Firm will prepare the monthly and annual financial reports for review with the Executive Director and subsequent review by the Board of Directors. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, accounts payable register and aging, accounts receivable aging, cash flow projection, and any other requested reports. The Executive Director or designated staff will generate the monthly Fiscal Year Outlook and YTD Payee Reports.

XVII. Fiscal Policy Statements

All cash accounts owned by CI:Now will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.

So long as CI:Now contracts its core staffing to UHealth, no capital expenditures are anticipated. Should CI:Now ever make capital expenditures, all capital expenditures which exceed \$1,000 will be capitalized.

No petty cash fund will be maintained.

No salary advances will be made under any circumstances.

No travel cash advances will be made under any circumstances.

Reimbursements will be paid upon complete expense reporting and approval using the official CI:Now form. Reimbursements to the Executive Director will be authorized by the Board Chair.

Any donated item with a value exceeding \$50 will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of the receipt of the donation.

All volunteer time shall be recorded as in-kind donations.

The Executive Director and the Board Chair are the signatories on CI:Now's bank account(s).

Checks in the amount of \$10,000 or more require signature by both the Executive Director and the Board Chair.

Bank statements will be reconciled monthly. All bank statements will be given unopened to the Executive Director and provided to the Accounting Services Firm via the online banking website.

Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.

Accounting and personnel records will be kept in locked file cabinets in the finance office and only parties with financial and/or HR responsibility will have access to the keys.