

## finance

**Fiscal Year:** The fiscal year is from January 1 through December 31.

**Accounting Records:** The accounting records will be kept at the Northwest Youth Services office.

**Monthly Financial Statements:** The financial statements will be prepared by the Executive Director or their appointee to insure GAAP (Generally Accepted Accounting Principles) are followed.

**Bank Statements:** The bank statements will be opened and reviewed by the Treasurer to maintain a separation of duties.

**Payroll:** The payroll is prepared by the Northwest Youth Services staff and reviewed by the Treasurer once a quarter.

**Cash:** The transfer of funds from the checking, savings or reserve fund is overseen by the Executive Director and the Treasurer.

**Chart of Accounts:** The Finance Committee will approve any changes in the chart of accounts and financial statement presentation.

**Annual Audit and Review:** An annual Audit or Review of Financial Statements shall be performed by a certified public accountant. The Board of Directors shall decide each year on a Review or Audit of Financial Statements. The Finance Committee shall choose the certified public accountant.

**Compliance with Federal and State Laws:** The Finance Committee shall oversee the preparation and filing of the Internal Revenue Service Form 990 Return of Organization Exempt from Income Tax for each fiscal year. This Tax Return will be filed by the due date, or approved extended due date. In addition, any and all required state and federal information or tax returns will be filed in an accurate and timely manner.

**Budget:** The Budget will be prepared by the Executive Director or their appointee and presented to the Finance Committee for approval. The Finance Committee will present the recommended Budget to the Board of Directors for Approval.

**Deposited Funds:** Northwest Youth Services funds shall be deposited in such banks or financial institutions as may be designated by the Finance Committee.

**Check Signing Authority:** The signature of the Executive Director, Board President or Treasurer is required for all checks, with the exception of checks made out to the Executive Director, which shall be signed by the Board President or Treasurer.

**Insurance Coverage:** Adequate insurance will be carried, coverage to include Northwest Youth Services facility, staff, officers and other volunteers where applicable. Liability coverage covering members of the Board of Directors will also be carried. Any private vehicle used for Northwest Youth Services business must be properly licensed and insured by the vehicle owner.

**Depreciation Policy:** Assets purchased or received as a donation that are valued over \$500 will be capitalized and depreciated over the useful life of that asset. Any item valued under \$500 will be expensed.

**Expense Reimbursement:** The Executive Director may approve and pay reimbursable expenses for staff and volunteers within the Board approved budget. All reimbursement requests must be submitted within 30 days of the incurrence of the expense, or payment may not be made.

**Conference and Staff Training Budget:** Advance approval by the Finance Committee will be required if staff plans to attend a Conference or training that is in excess of the budgeted amount.

**Donated Stock or Donated Investments in Marketable Securities:** The Treasurer will review stock and investment donations and ascertain when to sell the stock or marketable securities.

**Procurement Policy:** NWYS adheres to applicable federal and state guidelines with regard to the procurement of goods and services, including the Procurement Standards in OMB Circular A-110.

**All liability accounts:** will be reviewed and properly accrued at year end.

**All transactions:** in the accounting system will be dated when the transaction occurred and checks dated only when they are written.

**Recognition of pledges:** All multi-year unconditional pledges will be recorded and recognized in the current period when the pledge is made.

**Prepaid expenses:** Prepaid expenses such as rent and insurance will be recorded as such and expensed monthly or as incurred in the current period.

## fiscal management and investment policy

NWYS will allocate unrestricted funds in the following manner:

1. Fund operating expenses and fundraising goals as outlined in the annual budget as approved by the Board of Directors.
2. Maintain a minimum of 10% of NWYS' annual budget in operating cash accounts to ensure that monthly payroll and other Agency expenses can be met.
3. Pay off any revolving debt, meeting any qualification that a minimum balance remain in order to keep the account open
4. Surplus unrestricted funds will be split equally between (1) paying down long-term debt and (2) building three months' of annual budget reserves maintained in short-term investments as described below:

Short-term investments may include fully insured obligations of a federally insured bank, such as savings account, bank money market funds, and Certificates of Deposit, not to exceed the FDIC depository insurance limit and other instruments, if approved by the Northwest Youth Services Board of Directors.

Short-term investments shall be evaluated by the Finance Committee annually based on the following criteria, listed in order of priority:

- Safety
- Liquidity
- Revenue

## reserves management

Reserves are not to be used for normal operating expenses or program growth. Funds deposited into the reserve account shall be accessed only through approved board action.

Use of reserve funds can be considered in emergency situations such as, but not limited to, unanticipated discontinuation of previously promised grant funds to continue program activities for a defined period until alternative funds are found or program is thoughtfully wound down.

Once the minimum reserve balance is achieved and maintained, reserves in excess may be committed to an endowment fund through board action.

**Long-term Pledges and Promises:** The Finance Director and the Executive Director will meet at least annually (at year-end) to determine all outstanding pledges and promises to give and consider whether each is conditional or unconditional, ensuring that all unconditional are properly recognized in the year received.

Finance will maintain a tracking tool for restricted funds beginning January 2019 and will reconcile the restricted funding on a monthly basis.

## consistent documentation of preparation and review

To ensure that controls are being practiced and to document the review of those controls:

- Treasurer will initial and date bank statements received directly from the bank upon confirmation that the statements received by staff, and used for reconciliation, are identical to the ones received by the Treasurer.
- Treasurer will initial and date bank reconciliations upon review of the reconciliation and requested documentation for transactions reviewed.
- Treasurer will initial and date credit card statements received directly from the bank upon confirmation that the statements received by staff, and used for reconciliation, are identical to the ones received by the Treasurer.
- Treasurer will initial and date credit card reconciliations upon review of the reconciliation and requested documentation for transactions reviewed.
- Executive Director will initial and date each monthly processed payroll report and any special processed payroll reports.
- Executive Director will initial and date all monthly paid time off reports.

**Security:** All check stock must be kept in a secure (i.e. locked office) location at Northwest Youth Services. Access to this check stock must be limited to the Executive Director and the Treasurer, or their appointees. A physical inventory of check stock must be provided to the Finance Committee once each year.

Any computer station that has financial or client information stored on it must have limited access.

All payroll and client files must be in a secure location with limited access.

A backup copy of all computer records must be made at least once a week and removed from the premises. This backup must be kept in a secure off-site location and monitored by the Executive Director.

## **Contracts/mous, federal funding procurement, suspension, debarment and monitoring policy 3/31/2021**

NORTHWEST YOUTH SERVICES (NWYS) has developed these policies and procedures to ensure contracts or purchases with an entity or agency are not made if they have been suspended or debarred by the federal government, and to ensure purchases and contracts are made and maintained in accordance with federal funding regulations.

The Federal Government prohibits expending federal funds on goods and/or services from any entity Suspended or Debarred from doing business with the federal government. Procurement of goods and/or services with federal funds from a supplier or contractor should be checked for Debarment before purchasing and/or awarding a contract or subaward and will not be made with a vendor or contractor listed as suspended or debarred.

### **procedure**

Prior to purchasing or contracting with any entity or agency NWYS staff ensure the entity or agency has not been Debarred or Suspended by the federal government at the System for Award Management (SAM) website (<http://www.sam.gov/>). All procurement contracts and agreements for both goods and services must have the following verbiage included in the documentation immediately adjacent to the signature line:

“Debarment and Suspension Certification - The contractor (or vendor, or consultant, depending on the transaction) certifies to the best of its knowledge and belief that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency in accordance with Executive Order 12549.”

The SAM website must be checked to verify the entity or agency has not been debarred or suspended prior to making a purchase or entering into a contract with an entity or agency with federal dollars. The finance department must document the suspension and debarment verification by including a printout of the exclusions search in the contract file. If the entity or agency is on the list, contracts cannot be approved until the entity or agency is removed from the exclusions listing.

After a contract is awarded, the program director responsible for supervising the contract funded with federal funds must perform a risk assessment over the contractor or subrecipient and monitoring of the subrecipient for grant compliance requirements. Monitoring will be performed throughout the contract period. Program directors are responsible for knowledge of their programs' grant compliance requirements and will be responsible for any subrecipient monitoring, and must provide their records of risk assessment and monitoring to the finance department upon request to comply with audit requirements.

### **contracts/mous, federal funding performance objectives - reporting 11/30/2021**

- Behavioral Health program staff as well as Organizational leadership, Finance, and Development work to provide stable leadership in the Behavioral Health services as well as other services funded by federal contracts to ensure compliance with all grant requirements.
- Finance has partnered with the Advancement team and Program Support/Data Analytics team to ensure reporting deadlines and requirements are adequately tracked and completed by due dates to funders..

### **in-kind lease agreements**

Review of lease agreements: Finance team members will review all lease agreements for in-kind rent apportionment and will recognize in-kind income and expenses in the current fiscal year.

### **approval processes with auditable documentation 11/30/2021**

Finance, organizational and service leadership staff have multiple approval processes in place to ensure

- All purchases and personnel changes undergo supervisory review and rechecking before being processed. All purchases and expenses require supervisor approval before submission to Finance. Finance/Banking Manager check costs against budget projections and funding eligibility before processing.
- Personnel changes are reviewed and approved by both the staff supervisor and at least one Director, HR (CER) staff notify Finance of any personnel changes such as pay increase, addition of staffing, or changes to current staffing so Finance can log and check validate any changes shown during payroll processing.
- All personnel and other expenses are double checked and matched against funding eligibility during monthly grant billings, and service managers review their financial reports monthly and can follow up with questions or concerns during monthly meetings with Finance Team members.
- Board Finance Committee and other board members receive financial reports monthly with review and narrative of any revenues/expenses outside of budgeted projections.
- Staff will ensure these processes are logged and documented with signatures or initials to confirm approval and review and documentation is maintained for audit purposes.

The organization bylaws, and state and federal laws define the Executive Director as responsible for committing the organization through contract, MOU, etc. Any unusual circumstance or emergent need should be communicated to your supervisor and the Director of Operations who will work with the Executive Director to ensure the emergent need is addressed.

## **purchasing procedure**

NORTHWEST YOUTH SERVICES (NWYS) has developed these purchasing procedures to ensure that organizational expenses are paid with organization funds. As much as possible, staff should plan ahead to order program supplies or needed items through the Office Manager or coordinate use of an organization credit card for off-site program expenses. Staff reimbursement for use of personal funds should be limited to emergent needs only and should be kept to purchases of \$75 or less, not including mileage.

All general office supplies or equipment will be ordered by the Office Manager/Site Leads/Service Managers only and should not be ordered by staff unless needed for a pillar service-specific purpose. All **leases (new and renewals), service agreements, contracts, credit applications, MOU's and utility start/stop orders** must be processed through the Finance Office and signed by the Executive Director.

### **Leases, Contracts, and MOUs**

New leases, renewing leases, contracts, and MOUs will be reviewed by the Director of Operations to identify risk and any requirements that bind the organization to performance, or other conditional agreement. Regular recurring payments such as leases are paid directly by Finance and do not require payment requests or purchase orders for each payment.

### **Purchase Orders**

Purchase orders should be used for the majority of organization purchases, including but not limited to:

- Computers, furniture, electronics, program equipment or supplies
- Staff training registrations
- Client items that can be purchased online (bus passes, household supplies, grocery orders, gift cards, etc.)
- Client hotel stays (at hotels with an organization card on file)

Purchase Order forms should be fully filled out and approved by the supervisor of the program to which the expense will be billed. Submit approved forms to the Office Manager for purchase.

Staff training registrations should be requested with a fully filled and approved Purchase Order form. Multiple staff may share the same Purchase Order if they are requesting registration for the same training, as long as each of their supervisors approve the form. Submit approved forms to the Office Manager for registration and processing.

## **Organization Credit Card**

For urgent purchases or those that must be made in person or off-site, staff have access to Organization Credit Cards. Such expenses may include:

- Small client item purchases (food, clothing, household items)
- Normal program expenses (keys, gas for organization vehicle, dump fees, etc.)

Certain programs have their own Organization Credit Card to use for program expenses. Staff may request the use of their program supervisor's card or if unavailable, that of the Office Manager. Cards must be used for organization business expenses only and all purchases must be approved by the supervisor of the program to which the expense will be billed prior to making the purchase. Once the purchase is completed, staff must fill in the purchase information on the cardholder's Organization Credit Card Expense form and attach the itemized and signed receipt. The receipt must include the last four digits of the CC number. If it is not automatically printed on the receipt, staff must write it in.

## **Petty Cash**

Staff may request the use of petty cash for small urgent purchases if they are not able to access an organization credit card or if the vendor/seller does not accept credit cards. Staff must fill out a Petty Cash Request form and have it approved by their supervisor, then bring the approved form to Finance to receive up to \$100 in petty cash. After making the purchase the staff must return the receipt and change to Finance by the end of the following business day.

## **Checks**

For larger expenses to be paid to vendors or landlords, staff may request a check to be paid directly to the vendor. Any personal use of staff funds will also be reimbursed by check and should be kept to purchases of \$75 or less, not including mileage. If you have questions, ask your supervisor for help. Normal check transactions may include:

- Rent, deposit, or damage payments to landlords
- Contract work (professional service fees, youth jobs contracting, other vendor invoices)
- Staff reimbursements for use of personal funds (\$75 or less of emergent needs only)
- Staff mileage reimbursements (mileage is not subject to the \$75 cap guideline)

Checks are normally cut by Finance approximately once per week, but urgent checks may be processed within 1-2 days by coordinating directly with Finance. Staff may request a check by filling out a Payment Request form and attaching documentation of the expense (invoice, receipts, contracts). The Payment Request form must be approved by the supervisor of the program to which the expense will be billed and then submitted to Finance.

Mileage payments require filling out a Mileage Reimbursement form, not a Payment Request form. Mileage Reimbursement forms should be fully filled out and approved in the same manner as a Payment Request form and then submitted to Finance.

Invoices from outside vendors or contractors may be approved directly by the program supervisor and submitted to Finance for payment without the Payment Request form cover page. The program supervisor must sign the invoice and indicate the program to be charged in order to approve it.

No checks will be processed or check stock released without proper documentation.

## **Online Payments**

For expenses that offer online payment options, staff may also coordinate with Finance to set up online payments directly with vendors or landlords. This is a preferred method for expenses that allow for it, as it will speed up and simplify the payment process. This method may include payments for expenses such as:

- Regular reoccurring payments such as rent
- Monthly subscription services
- Any other payment or staff reimbursement that would normally be paid by check, if allowed or preferred

Online payments require the same level of documentation and approval as check requests, including a filled and approved Payment Request form or invoice. Regular recurring payments such as subscriptions or leases do not require documentation to be submitted each time as long as Finance has documentation and approval of the amount and term of recurring payments. No online payments will not be processed without proper documentation.



## **NWYS Board Policy: Fundraising Purpose**

This policy governs the fundraising practices of Northwest Youth Services. It governs the acceptance of gifts (including grants) by NWYS and provides guidance to prospective donors and their advisors when making gifts to NWYS. This policy applies to all gifts received by NWYS for any of its programs or services.

## **General Policy**

The Board of Directors of NWYS and its Executive Director, or designee, solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of NWYS. NWYS adheres to a relationship-based approach to fundraising. Solicitation of gifts is based on the concepts of mutual respect and ongoing partnership and with an interest in matching the interests of the donor with the needs of the organization.

NWYS will accept gifts to the organization, as described below, without prior review by the Board of Directors, in accordance with due diligence practices established by NWYS. All gifts are recorded in accordance with Generally-Accepted Accounting Principles.

## **Unrestricted and Restricted Gifts**

NWYS is authorized to accept the following:

- Gifts of cash: Accepted in any form. Checks shall be made payable to "Northwest Youth Services" and in no event shall be made payable to any employee, agent, or volunteer for the credit of NWYS.
- Tangible Personal Property: Accepted, provided that the donor shall sign a statement of ownership and disclose any liens on the property. NWYS will not accept any property subject to a restriction on the ability of NWYS to use, sell, or otherwise deal with the property as it deems necessary.
- Publicly-traded Securities: Accepted, provided that NWYS will promptly sell any contributed securities.
- Closely-held Securities and Other Intangibles: Accepted, provided that NWYS does not accept securities or other intangible assets that may not be sold, have no value, or may result in additional liability to NWYS.
- Life Insurance Policies: Accepted, provided that NWYS is the owner and the irrevocable beneficiary of the policy. If the policy is not fully paid up, the donor will be encouraged to make annual gifts to NWYS sufficient to cover additional premiums. NWYS has the right to retain the life insurance policy, cash it in, or otherwise make use of its value.
- Real Estate: Accepted, provided that all gifts of real estate will be evaluated and satisfy due diligence requirements of NWYS. NWYS will not accept any real estate subject to a restriction on the ability to use, sell, or otherwise deal with the property as deemed necessary by NWYS. Costs related to acceptance of gifts of real property, such as legal fees, surveying costs, hazardous waste surveys, etc., will be allocated as mutually agreed and will not affect the recorded value of the gift. Appraisal costs are the responsibility of the donor.
- Bequests: Accepted, provided that a bequest will not be recorded as a gift until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the gift will be recorded in accordance with Generally-Accepted Accounting Principles.
- Charitable Pledge Agreements: Accepted, if payable in assets listed above.
- In-kind Gifts (e.g., supplies, equipment, services): Accepted, provided that the in-kind gift does not involve costs incurred as a result of accepting the gift, such as transportation or storage. In the event costs may be incurred, the gift will be reviewed by the Board of Directors prior to acceptance.

## **Use of Legal Counsel**

NWYS will seek the advice of legal counsel in matters relating to the acceptance of gifts, when appropriate.

For non-standard gifts, NWYS encourages prospective donors to seek the assistance of their own legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

## **Appraisals and Legal Fees**

NWYS does not appraise property. It is the responsibility of the donor to secure an appraisal where required. NWYS will not pay the legal fees of the donor. The donor will pay any fees for appraisals and legal advice required.

## **Donor Acknowledgements**

Donors to NWYS will receive a formal acknowledgement of their gift and written donation receipt in a timely manner. Contributions made to NWYS are tax deductible to the fullest extent of the law. If the donor receives anything in exchange for the donation, the tax receipt will clearly state what portion of the donation is tax deductible. In the case of donations requiring additional IRS documentation, (e.g., tangible property with a value of \$5,000 or more), all appropriate tax documentation (e.g., Form 8282) will be provided.

All new donors will be included in informational mailings and receive invitations to special events.

## **Donor Privacy Policy**

Any information supplied to NWYS by donors will be used solely to fulfill their donation and will not be shared for any reason, unless permission to do so is granted by the donor. All requests to remain anonymous will be honored. NWYS does not sell or share donor lists.

Donors who supply NWYS with their address, telephone number, or email address may be contacted periodically for donor relations purposes and/or with information regarding upcoming events. Donors may place limitations on the frequency and/or means of contact or may request to be permanently removed from the mailing list by contacting NWYS via email, phone, or mail. All requests to limit contact and/or be removed from the mailing list of NWYS will be honored.