

Policy Manual

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20. ACCOUNTING POLICIES

Accounting Basis

CARES uses the accrual basis of accounting that recognizes revenues when they have been earned and expenses when they have been incurred.

Accounting File Back-Up

CARES accounting files are located on a server secured by the Department of Veteran Affairs whom administers the back-up of all files.

Accounts Payable Accruals

CARES accrues unpaid expenses on its financial records.

Accounts Receivable Write-Off

It is the policy of CARES to ensure that all available means of collecting accounts receivables have been exhausted before write-off procedures are initiated. The Executive Director is required to approve the receivable if it is deemed uncollectible.

If write-off procedures have been initiated, the following accounting treatment applies:

- Invoices written off that are dated during the current year will be treated as a reduction of the appropriate revenue account.
- Invoices written off that are dated prior to the current year will be treated as bad debt.

Annual Leave Accrual

In the last month of the fiscal year, it is the policy of CARES to accrue the value of the annual leave liability due employees.

Annual Leave Payments

CARES allows employees to carry forward no more than 120 hours of unused vacation day into the next year. Unused leave earned in excess of his amount during the year and not used will be lost.

Audit Committee

CARES Audit Committee consists of all members of the board. The Treasurer will chair the committee and ensure corrective action is taken when necessary.

Bank Reconciliations

Bank statements are addressed to and reviewed by the Executive Director and the Auditor. The Executive Director forwards the statement to the outside accounting agency responsible for bank reconciliations. The outside accounting agency is not a check signer.

Budget

CARES is required to maintain an annual budget. The budget will be compiled by the Executive Director and presented to the board of directors at the annual budget meeting. The board of directors has the authority to approve, modify, or reject the budget.

Board-Designated Funds

CARES maintains a board-designated, unrestricted fund which may be used to earmark funds for certain activities.

Chart of Accounts

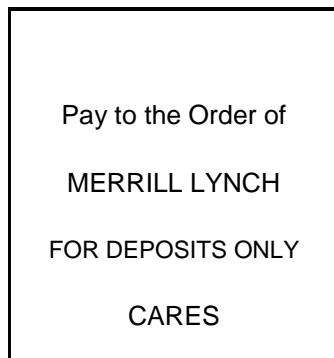
It is the policy of CARES to maintain a chart of accounts. All employees involved with accounting coding responsibilities or budgetary responsibilities will have access to the chart of accounts. The chart of accounts must be updated by the Grants Management Specialist as needed.

Check Disbursements

CARES will keep unused check supplies in a safe located in the Main Office. All check disbursements will require approved invoices or expense vouchers and will have a completed Check/Purchase Request Form.

Check Endorsement/Stamp

CARES will endorse checks with a stamp that will include the following information:



Check Signers

CARES gives check-signing authority to the President of Board of Directors and CARES Executive Director. Check disbursement amounts that are below \$5,000 requires one signature. Check disbursements in the amount of \$5,000 or higher will require the signature from both authorized signers.

Contributions

Upon receipt of a contribution, CARES will send thank-you letters on CARES letterhead acknowledging all contributions, regardless of amount. The letter will indicate the dollar amount contributed.

Collection Procedures

It is CARES policy to complete customer requests and forward an invoice for payment. Invoices for payment will be sent per contract requirements if applicable or immediately upon completion of the service. Thirty days after the date of the original invoice, CARES will send a reminder of payment due. Forty-Five days after the date of the original invoice, CARES will contact the customer via telephone and attempt to collect the amount due. If sixty days has elapsed without payment, CARES will aggressively continue to collect payment. Should non-payment continue the delinquency is brought to the board to determine what measures should be taken.

Control Over Checks and Cash

Checks received will be noted on the Checks Received Log Form, which will include receipt date, receiver's initials, name of payer, check number, amount of check, the Investigator/Project # to post, date sent to the bank and sender's initial. Checks will be endorsed before given to the Accounting Specialist.

Date Received Stamp

All incoming mail will be stamped with the date it was received by CARES. The stamped paperwork will become a permanent record of the date of receipt

Deferred Revenues

Revenues that have not been earned will be included with unearned revenue on the financial statements and recorded as revenue when earned.

Depreciation

See Section 7: Purchasing.

Deposit of Receipts

Receipts in aggregate of \$5,000 per day must be deposited on the same business day. All receipts regardless of amount must be deposited by close of business on Friday.

Expense Reimbursements – Executive Director

Credit card purchases and requests for reimbursements over \$500 made by the Executive Director will be reviewed and approved by the CARES Board President

The Executive Director will submit reimbursement requests or credit card purchase receipts to CARES staff.

CARES staff will review and forward to the CARES President for approval. CARES President will provide signature or email approval.

CARES staff will process and record payments in the accounting system per usual procedures.

Fringe Benefits

CARES distributes fringe benefits to the functions of the organization based on actual salaries charged to the functions. Fringe benefits include FICA taxes, unemployment taxes, employee insurance premiums, and pension payments.

Financial Statement Preparation and Distribution

CARES will prepare and distribute quarterly financial statements that will include the Statement of Functional Expenses, the Statement of Activities, and the Statement of Financial Position. These statements will be presented and reviewed at the quarterly board of directors meeting.

Investigators may review their study account detail at any time by logging into the CARES secure website.

Grants and Contracts

CARES must comply with all regulations and laws with regard to grants and contracts. CARES will follow federal accounting, cost allocations, and audit guidance contained in, but not limited to the Uniform Guidance.

Independent Contractor

CARES will evaluate criteria established by the IRS when assigning individual employee or independent contractor status. Individuals qualifying as independent contractors will sign an Independent Contractor Agreement and will be issue a 1099 if compensation is \$600 or more.

Insurance

CARES must have an independent consultant review the organization's insurance policies to ensure that coverage and limitations adequately meet the needs of the organization, members, and employees.

Investments

It is the policy of CARES to invest excess cash in certificates of deposits and bonds. An authorized bank representative will advise the Executive Director of the most efficient allocation and the Executive Director will review and approve the investment allocation. Investment in common stock and other securities not fully insured by the Federal Deposit Insurance Corporation is Prohibited.

IRS Form 990

CARES allows for public access to IRS Form 990. This access may be provided at the CARES Office at a mutually agreeable time or via email.

IRS Form 1099

CARES will complete IRS Form 1099 for all individuals who receive \$600 or more in compensation. Compensation does not include expense reimbursements.

Lobbying Expenditures

CARES does not pay for lobbying expenditures.

Journal Entries

All journal entries must be reviewed and approved by the Executive Director.

Occupancy Expenses

Occupancy Expenses are not incurred by CARES. Edward Hines Jr. VA Hospital provides rental in-kind.

Overhead Allocation

CARES will allocate overhead expenses to the various functions of the organization on a direct cost basis.

Paid Stamp

CARES will alter each invoice with a "PAID" stamp as follows:

PAID
Ck#/Date
Amount
Account
Verified/Approved

Payment Terms

CARES will pay vendor within 30 days after the receipt of an invoice unless a prompt payment discount is offered.

Receiving

Upon receipt of packages, the receiver will obtain shipping document and stamp with the date received. The items will be distributed to the requester and a signature from the requester will be required verifying items received.

Refund of Overpayment/Invoice Adjustments

The account for which the refund is requested is reviewed by the Grants Management Specialist to assure appropriateness and approved by the Executive Director. Refunds issued will reduce the corresponding revenue account accordingly. Adjustments to invoices are made via credit memo and are applied to the original invoice.

Request for New Policies and Procedures

CARES encourages employee involvement in keeping policies up to date. Employees may send a request to the Executive Director for changes, addition of new policies, and elimination of existing policies.

Reserves

It is the policy of CARES to approve the annual budget such that its reserves equal 12 months of operating revenues.

Salary and Fringe Benefit Accrual

It is the policy of CARES to accrue unpaid salaries and fringe benefits in the financial statements of the organization.

Segregation of Duties

It is the policy of CARES to work with an independent auditor to ensure adequate segregation of duties exists. Suggestions on improving controls through duty segregation will be given serious consideration, and employees will be required to participate in the interest of both CARES and the employee.

Taking Work Home

CARES may allow employees to remove from the office documents and files over night only with the permission of their immediate supervisor. Additionally, only copies of replaceable documents should be taken from the office. Patient identifiable data must be properly secured.

Voided Checks

If checks are physically available, then CARES will stamp "VOID" on the signature portion of the check and file. It is then recorded as a voided check in the system and reconciled at the end of the month.

Write-Off of Stale Dated Checks

CARES has a right to write off stale dated checks.

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