Attachment V

Eastern West Virginia Community Action Agency, Inc. Accounting & Financial Policies and Procedures Manual

Eastern West Virginia Community Action Agency, Inc.

Accounting & Financial Policies and Procedures Manual

Effective Date(s) of Accounting Policies

The effective date of all accounting policies described in this manual is October 1, 2015. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated parenthetically immediately following the policy heading.

Effective Date of Policy: ***9/14/15***
Date Last Amended: _____
Date of Next Review (if policy requires periodic review): _____

Superseded policy statements should be retained for future reference in connection with any audits or investigations (likely for a period of 5 to 7 years).

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SECTION 2: FORMS

File Name	Form Name and Content
In-Kind Donation Form	In-Kind Donation Form (in development)
Leave Request	Leave Request
Purchase Order	Computer Generated
Travel Reimbursement Request	Travel Reimbursement Request
Travel Request Form	Travel Request Form
Vendor Approval	Vendor Approval (in development)
Vendor Evaluation	Vendor Evaluation (in development)
Gift Acceptance Form	(in development)

INTRODUCTION

The following accounting manual is intended to provide an overview of the accounting policies and procedures for Eastern West Virginia Community Action Agency, Inc., which shall be referred to as "EWVCAA" or "the Agency" throughout this manual.

EWVCAA is incorporated in the state of West Virginia. The Agency is exempt from federal income taxes under IRC Section 501(c)(3) as a nonprofit corporation. EWVCAA's tax-exempt mission is as follows:

Eastern West Virginia Community Action Agency serves disadvantaged people by determining their needs, advocating and providing programs that help remove them from the causes of poverty.

This manual shall document the financial operations of the Agency. Its primary purpose is to formalize accounting policies and selected procedures for all staff who have a role in accounting processes and to document internal controls.

If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The contents of this manual were approved as official policy of the Agency by the Board of Directors, Executive Director, and Chief Financial Officer. All EWVCAA staff members are bound by the policies herein, and any deviation from established policy is prohibited.

GENERAL POLICIES

ORGANIZATIONAL STRUCTURE

The Role of the Board of Directors

EWVCAA is governed by its Board of Directors, which is responsible for the oversight of the Organization by:

1. Planning for the future.
2. Establishing broad policies, including financial and personnel policies and procedures.
3. Approving grant applications.
4. Reviewing and approving the annual audit.
5. Reviewing financial information.
6. Identifying and proactively dealing with emerging issues.
7. Interpreting the Organization's mission to the public.
8. Soliciting prospective contributors.
9. Hiring, evaluating, and working with the Executive Director.
10. Establishing and maintaining programs and systems designed to ensure compliance with terms of contracts and grants.
11. Authorizing establishment of all bank accounts and check signers.

The Executive Director shall be responsible for the day-to-day oversight and management of The Agency.

Board of Directors Committee Structure

The Board of Directors shall form committees to assist the board in fulfilling its responsibilities. These committees are responsible for the review of particular programs and providing recommendations to the full board. Standing board-level committees of The Agency consist of the following:

1. Executive Committee
2. Finance Committee
3. Personnel committee

See the Agency's bylaws for board and committee details. However, roles of committees with direct responsibilities for the financial affairs of the Agency are further described in this manual. These committees shall be referred to in appropriate sections of this manual.

Finance Committee Responsibilities

The Finance Committee is responsible for direction and oversight regarding the overall financial management of EWVCAA. Functions of the Finance Committee include:

1. Review and recommendation of the Organization's annual budget (prepared by the staff) for final approval by the full board.
2. Long-term financial planning.
3. Establishment of investment policy and monitoring investment performance.

4. Evaluation and approval of facilities decisions (i.e., leasing, purchasing property).
5. Monitoring of actual vs. budgeted financial performance.
6. Oversight of reserve funds.
7. Review of financial procedures.
8. Reviews Audit and Tax Return.
9. Presents Audit and Tax Return to Full Board for approval.

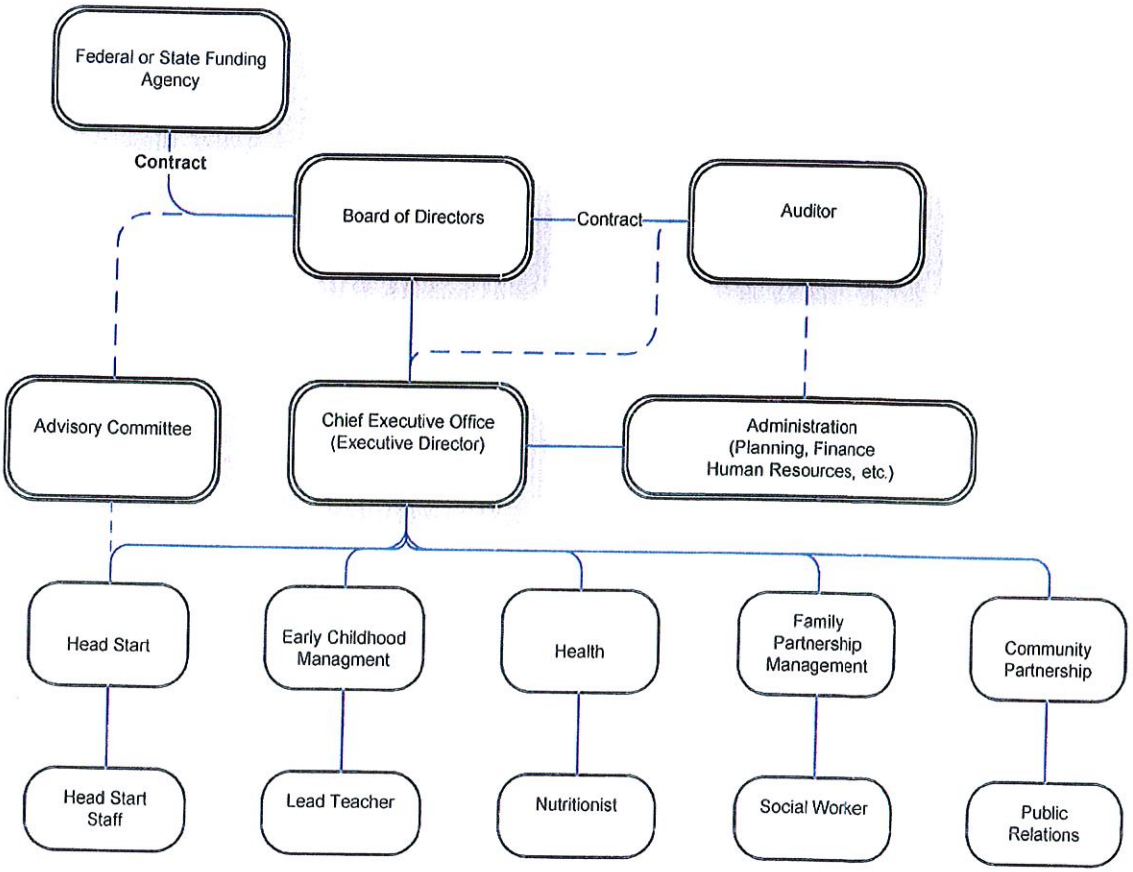
The review of the Agency's financial statements shall not be limited to the Finance Committee, but shall involve the entire Board of Directors.

The Roles of the Executive Director and Staff

The Board of Directors hires the Executive Director, who reports directly to the board. The Executive Director is responsible for hiring and evaluating Program Manager/Coordinators for each of the Agency's programs. Each Program Manager reports to the Executive Director.

Program Managers/Coordinators are responsible for hiring employees to work in that program with approval from the Executive Director. All employees within a program shall report directly to that program's Manager/Coordinator, who shall be responsible for managing and evaluating all employees within the program.

Example Organization Chart



ACCOUNTING DEPARTMENT OVERVIEW

Organization Structure

The accounting department consists of 2 staff members who manage and process financial information for EWVCAA. The following positions comprise the accounting department:

- Chief Financial Officer
- Senior Accountant

Other officers and employees of EWVCAA who have financial responsibilities are as follows:

- Executive Director
- Program Managers
- Treasurer – Board level
- Finance Committee – Board level
- Executive Committee – Board level
- Full Board of Directors
- Personnel Committee

Department Responsibilities

The primary responsibilities of the accounting department consist of:

- General ledger
- Budgeting
- Cash and investment management
- Asset management
- Grants and contracts administration
- Purchasing
- Accounts receivable and billing
- Cash receipts
- Accounts payable
- Cash disbursements
- Payroll
- Financial statement processing
- External reporting of financial information
- Bank reconciliation
- Reconciliation of subsidiary ledgers
- Compliance with government reporting requirements
- Annual audit
- Leases
- Insurance

Standards for Financial Management Systems

In accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, EWVCAA maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.

2. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance, and/or the award.

3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.

4. Effective control over and accountability for all funds, property, and other assets. Sample Organization must adequately safeguard all such assets and ensure they are used solely for authorized purposes.

5. Comparison of outlays with budget amounts for each award.

6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (*2 CFR Part 301, Performance Measurement*)

7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by EWVCAA. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements.. *2 CFR Part 200.305 Payment*

8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the 2 CFR Part 200 Subpart E, Cost Principles, and the terms and conditions of the award.

BUSINESS CONDUCT

Practice of Ethical Behavior

EWVCAA requires board members, committee members, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities, and all directors, committee members, and employees to comply with all applicable laws and regulatory requirements. Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of EWVCAA depend to a very large extent on the following considerations.

Each employee must apply her or his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each employee is responsible for applying common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with EWVCAA policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the Agency or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each director, manager, and supervisor is responsible for the ethical business behavior of her or his subordinates. Directors, managers, and supervisors must carefully weigh all courses of action suggested in ethical, as well as economic, terms and base their final decisions on the guidelines provided by this policy, as well as their personal sense of right and wrong.

Compliance with Laws, Regulations, and Organization Policies

EWVCAA does not tolerate:

- The willful violation or circumvention of any federal, state, local, or foreign law by an employee during the course of that person's employment.
- The disregard or circumvention of EWVCAA policy or engagement in unscrupulous dealings.

Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

The performance of all levels of employees will be measured against implementation of the provisions of these standards.

CONFLICTS OF INTEREST

Introduction

In the course of business, situations may arise in which an Agency decision maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All directors and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Agency in dealing with outside entities or individuals,

2. Disclose real and apparent conflicts of interest to the Board of Directors, and

3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

What Constitutes a Conflict of Interest

All employees and directors of EWVCAA owe a duty of loyalty to the Agency. This duty necessitates that in serving the Agency they act solely in the interests of the Organization, not in their personal interests or in the interests of others.

The persons covered under this policy shall hereinafter be referred to as "interested persons." Interested persons include all members of the Board of Directors and all employees, as well as persons with the following relationships to directors or employees:

1. Spouses or domestic partners

2. Brothers and sisters

3. Parents, children, grandchildren, and great-grandchildren

4. Spouses of individuals listed in 2 and 3

5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a [35%] or more ownership or beneficial interest

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the Organization. Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or non-financial (e.g., seeking preferential treatment, using confidential information).

A conflict of interest arises when a director or employee involved in making a decision is in the position to benefit, directly or indirectly, from his or her dealings with the Agency or person conducting business with the Agency. (A potential conflict of interest exists when the director or employee, or his or her

immediate family {spouse, parent, child, brother, sister and spouse of parent, child, brother, or sister} owes/receives more than 1% of the benefiting business/profits.)

Examples of conflicts of interest include, but are not limited to, situations in which a director or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Agency and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services.

2. Negotiates or approves a contract, sale, or lease on behalf of the Agency and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services.

3. Employs or approves the employment of, or supervises a person who is an immediate family member of the director or supervising employee.

4. Sells products or services in competition with the Agency.

5. Uses the Agency's facilities, other assets, employees, or other resources for personal gain.

6. Receives a substantial gift from a vendor, if the director or employee is responsible for initiating or approving purchases from that vendor.

Honoraria Acceptance

An EWVCAA employee shall not accept an honorarium for an activity conducted where agency-reimbursed travel, work time, or resources are used or where the activity can be construed as having a relationship to the employee's position with EWVCAA; such activity would be considered official duty on behalf of EWVCAA. A relationship exists between the activity and the employee's position with The Agency if the employee would not participate in the activity in the same manner or capacity if they did not hold their position with EWVCAA. The employee should make every attempt to avoid the appearance of impropriety.

An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee's EWVCAA duties.

Nothing in this policy shall be interpreted as preventing the payment to EWVCAA by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to EWVCAA (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to EWVCAA should be deposited to the Agency account and an appropriate entry should be made coded to the same program or department to which the employee's corresponding time was charged.

Disclosure Requirements

A director or employee who believes that he or she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Therefore, EWVCAA requires the following:

1. At the inception of employment, the person shall have a duty to disclose any conflicts. Using the prescribed form, these individuals shall inform, in writing and with a signature, the Executive Director and the chair of the Finance Committee, of all potential reportable conflicts.

2. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.

3. The Executive Director shall review all forms completed by employees, and the Finance Committee shall review all forms completed by directors and the Executive Director and determine appropriate resolution in accordance with the next section of this policy.

4. Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a staff, director, or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.

5. A staff, director, or committee member who plans not to attend a meeting at which he or she has a reason to believe that the management, board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

6. A person who has a conflict of interest shall not participate in or be permitted to hear management's, the board's, or the committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.

7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting.

8. If required by Federal awarding agencies, Sample Organization will notify those agencies in writing of any *potential* conflict of interest. *(2 CFR Part 200.112, Conflict of interest)*

Resolution of Conflicts of Interest

All real or apparent conflicts of interest shall be disclosed to the Finance Committee and the Executive Director of the Agency. Conflicts shall be resolved as follows:

- The Finance Committee shall be responsible for making all decisions concerning resolutions of conflicts involving directors, the Executive Director, and other members of senior management.
- The chair of the committee shall be responsible for making all decisions concerning resolutions of conflicts involving Finance Committee members.
- The chair of the Board shall be responsible for making all decisions concerning resolutions of the conflict involving the chair of the Finance Committee.
- The Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Finance Committee.

An employee or director may appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the chair of the board.
- Appeals must be made within 30 days of the initial determination.
- Resolution of the appeal shall be made by vote of the full Board of Directors.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the board.

Disciplinary Action for Violations of This Policy

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Agency or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her or his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.

2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.

3. Against any director, manager, or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

A Board member who violates this policy will be removed from the Board.

Policy on Suspected Misconduct

Introduction

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all organizations, EWVCAA faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts, collectively referred to as misconduct throughout this policy, may include, but not be limited to:

- Financial losses and liabilities.
- Loss of current and future revenue and customers.
- Negative publicity and damage to the Organization's good public image.
- Loss of employees and difficulty in attracting new personnel.
- Deterioration of employee morale.
- Harm to relationships with clients, vendors, bankers, and subcontractors.
- Litigation and related costs of investigations, etc.

Our Agency is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the Agency.

Definitions

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions that violate the Agency's Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual.

2. Fraud (see below).

3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records).

4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the federal government or by the Agency in connection with this policy.

5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Agency.

6. Unauthorized personal or other inappropriate (non-business) use of equipment, assets, services, personnel, or other resources.

7. Acts that violate federal, state, or local laws or regulations.

8. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to EWVCAA. Exception: gifts valued at $25 or less.

9. Impropriety of the handling or reporting of money in financial transactions.

10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

Fraud is further defined to include, but not be limited to:

- Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the Agency, as well as those of our clients, subcontractors, vendors, contractors, suppliers, and others with whom the Agency has a business relationship).
- Intentional misstatements in the Agency's records, including intentional misstatements of accounting records or financial statements.
- Authorizing or receiving payment for goods not received or services not performed.
- Authorizing or receiving payments for hours not worked.
- Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports.

EWVCAA prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers, and others responsible for carrying out the Agency's activities.

Reporting Responsibilities

All employees, officers, and volunteers are responsible for immediately reporting suspected misconduct to their supervisor, Chief Financial Officer, or the Chair of the Finance Committee. When supervisors have received a report of suspected misconduct, they must immediately report such acts to their manager, the Chief Financial Officer, or the Finance Committee.

Whistleblower Protection

The Agency will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a federal offense or any other possible violation of the Organization's Code of Conduct.

Investigative Responsibilities

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures.

The Chief Financial Officer has the primary responsibility for investigating suspected misconduct involving employees below the Executive Director and executive management level. The Chief Financial Officer shall provide a summary of all investigative work to the Finance Committee.

The Finance Committee has the primary responsibility for investigating suspected misconduct involving Executive Director and executive level positions, as well as board members and officers. However, the Finance Committee may request the assistance of the Chief Financial Officer in any such investigation.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the Agency.

In fulfilling its investigative responsibilities, the Finance Committee shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc.

Members of the investigative team (as authorized by the Finance Committee shall have free and unrestricted access to all Agency records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy, and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, the status, or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

Protection of Records – Federal Matters

EWVCAA prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered violations of the Organization's Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in this Policy on Suspected Misconduct.

Disciplinary Action

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be coordinated with appropriate representatives from the Personnel Committee, Executive Director, CFO, and affected Program Manager. In the event any of the above are involved in the infraction they cannot participate in the process. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Reprimand
- Probation
- Suspension
- Demotion
- Termination
- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for information purposes only and does not bind the Agency to follow any particular policy or procedure.

Confidentiality

The Finance Committee and the Chief Financial Officer treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Financial Officer or the Finance Committee Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect EWVCAA from potential civil liability.

An employee who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.

2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the EWVCAA legal counsel or the Finance Committee.

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy (such as disclosure to outside investigators hired by the Organization to aid in an investigation).

However, all known frauds involving the Executive Director, senior management, or members of the Board of Directors, as well as all material frauds involving employees below the senior management level, shall be disclosed by the Finance} Committee to the Agency's external auditors.

The Agency will disclose, in a timely manner, in writing to Federal awarding agencies all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. *(200.113 Mandatory disclosures)*

SECURITY

Accounting Department

EWVCAA's blank check stock shall be stored in a file cabinet in the Accounting Department. This cabinet will be locked with a key that is kept in the Accounting Department. Access to this file cabinet shall be by keys in the possession of the Chief Financial Officer and Senior Accounting Payable Clerk.

Petty cash is stored in a drawer locked with a key in the Weatherization Department. The Petty Cash Custodian and the Weatherization Coordinator will be the only employees with keys to the petty cash drawer. All other Petty Cash type transactions are paid with a debit card attached to an account with a $500 balance.

Access to Electronically Stored Accounting Data

EWVCAA utilizes passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system. Information technology staff members are restricted from accessing accounting software.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties. On an annual basis, EWVCAA performs a review of accounting software users to ensure they have the appropriate access levels. Unnecessary access will be rescinded.

Storage of Sensitive Data

In addition to accounting and financial data stored in the Accounting Department, other sensitive data, including protected personally identifiable information (PII) such as social security numbers of employees and/or clients [list examples of sensitive data] may be stored in areas other than the Accounting Department. Locations of sensitive data include, but are not limited to:

1. Other Organization departments such as [programs, Human Resources, etc.]
2. Electronic or on-line storage

The Organization's policy is to minimize the storage of sensitive data outside the Accounting Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Accounting Department as soon as possible. Please see the Organization's technology policies for standards for electronic and on-line storage.

Destruction of Consumer Information

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. EWVCAA will also shred all consumer information obtained by the Organization for any reason. Shredding will be performed on a schedule determined by each department that possesses such data,

and the schedule shall be made a part of the Record Retention policy (see the "Fiscal Management" policies section of this manual).

General Office Security

During normal business hours, all visitors are greeted immediately and directed to the appropriate staff member. After hours, a key is required for access to the offices of EWVCAA. Keys are issued only to employees of EWVCAA.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue, and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gain and loss account.

EWVCAA's chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

Each account number shall be preceded by a two-digit fund number.

Account Segments

In addition to a general ledger code there the following:

Program Code –	2 digits
Project Code --	4 digits
Grant Code --	3 digits

Distribution of Chart of Accounts

All EWVCAA employees involved with account coding or budgetary responsibilities will be issued a current chart of accounts, or the section of the chart of accounts applicable to their program. As the chart of accounts is revised, an updated copy of the chart of accounts shall be promptly distributed to these individuals.

Control of Chart of Accounts

The Chief Financial Officer monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts must be approved by the Chief Financial Officer, who ensures that the chart of accounts is consistent with the Organizational structure of EWVCAA and meets the needs of each division and department.

Fiscal Year of Organization

EWVCAA shall operate on a fiscal year that begins on April 1 and ends on March 31. Any changes to the fiscal year of the Organization must be ratified by majority vote of EWVCAA's Board of Directors.

Accounting Estimates

EWVCAA utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Useful lives of property and equipment
2. Fair market values of investments
3. Fair market values of donated assets
4. Values of contributed services
5. Cost allocation calculations

The Chief Financial Officer will reassess, review, and approve all estimates yearly. All conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, shall be disclosed to the Finance Committee and the external audit firm.

Journal Entries

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, including an explanation of each such entry. Examples of such journal entries are:

1. Recording of noncash transactions
2. Corrections of posting errors
3. Nonrecurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

Recurring journal entries shall be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a journal voucher.

All journal entries not originating from subsidiary ledgers shall be authorized in writing by the Chief Financial Officer by initialing or signing the entries.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

EWVCAA receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements in the following manner:

1. **Grant income** – Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).

2. **In-Kind Contributions or Non-Federal Share** – Recognized as income when received. (See the following section titled "Cost Sharing and Matching.")

3. **Program Income** – Defined as gross income generated by a supported activity or earned as a result of an award, and is recognized as a reduction in expenditures in the period in which it is received.

4. **Nongovernmental Cash Contributions** – Recognized as income when received, unless accompanied by restrictions or conditions. (See the next section on contribution income.)

5. **Fee-for-Service Income** – Recognized as income when services are rendered unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.

6. **Interest income** – monthly accrual based on when it was earned.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer.

Definitions

The following definitions shall apply with respect to the policies described in this manual:

Contribution – An unconditional transfer of cash or other assets to the Agency, or a settlement or cancellation of the Agency's liabilities, in a voluntary nonreciprocal transfer by another entity or individual.

Condition – A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets. In practical terms, this means a donor has imposed some type of stipulation other than a purpose or time period stipulation (which is defined as a restriction below) and that condition has some degree of uncertainty as to whether or not it will occur, and if the condition is not met, the Agency is not entitled to the contribution. Conditions may or may not be within the control of the Agency.

Restriction – A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.

Nonreciprocal Transfer – A transaction in which an individual or entity incurs a liability or transfers assets to EWVCAA without directly receiving value in exchange.

Promise to Give – A written or oral agreement to contribute cash or other assets.

Exchange Transaction – A reciprocal transaction in which EWVCAA and another entity each receive and sacrifice something of approximately equal value.

ADMINISTRATION OF FEDERAL AWARDS

Definitions

EWVCAA may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to the Agency to carry out its programmatic purpose.

Cooperative Agreement: A legal agreement where the Agency implements a program with the direct involvement of the funder.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal "award."

Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. However, all proposals shall be reviewed by the Chief Financial Officer prior to submission to government agencies or other funding sources to ensure the proposed budget includes all appropriate costs. The Board of Directors shall approve the creation and submission of any proposals that are outside the existing program areas and have an award value in excess of $25,000.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Accounting Department shall review the terms, time periods, award amounts, and expected expenditures associated with the award. A *Catalog of Federal Domestic Assistance* (CFDA) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.

2. Create new general ledger account numbers (or segments). New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.

3. Gather documentation. See the following section, "Document Administration", for details.

Compliance with Laws, Regulations, and Provisions of Awards

EWVCAA recognizes that as a recipient of federal funds, the Agency is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Agency meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal agency:

1. For each federal award, the Executive Director, Chief Financial Officer and Program Manager will share the responsibilities for administering the award.
2. Each grant manager shall attend a training on grant management prior to beginning his or her role as a grant manager (or as early in their functioning as a grant manager as practical). Thereafter, all grant managers shall attend refresher/update courses on grant management every two years.

3. The grant manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:

    a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
    b. Review -*2 CFR Part 200 Appendix XI, Compliance Supplement* (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.
    c. Review the section of the *Catalog of Federal Domestic Assistance* (CFDA) applicable to the award.
    d. The grant manager will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.

4. The Accounting Department shall forward copies of applicable laws regulations to the grant manager (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).

5. The grant manager and/or the Accounting Department shall identify and communicate any special changes in policies and procedures necessitated by federal awards as a result of the review of each award.

6. The grant management team shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to 2 CFR Part 200 Appendix XI, *Compliance Supplement*, and communications with federal awarding agency personnel.

7. The grant management team or CFO shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The grant manager shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Document Administration

For each grant/award received by EWVCAA from a federal, state, or local government agency, a master file of documents applicable to the award shall be prepared and maintained. The responsibility for assembling each master file shall be assigned to the Program Manager assigned to administer the program.

The master file assembled for each government award shall include all of the following documents (including originals of all documents received from the awarding agency):

1. Copy of the initial application for the award and corresponding budget
2. All correspondence to and from the awarding agency post-application, leading up to the award
3. The final, approved budget and program plan, after making any modifications
4. The grant agreement and any other documents associated with the initial making of the award
5. Copies of pertinent laws and regulations, including awarding agency guidelines, associated with the award
6. Subsequent grant modifications (financial and programmatic)
7. Copies of program and financial reports
8. Subsequent correspondence to/from the awarding agency
9. Results of any monitoring visits conducted by the awarding agency, including resolution by EWVCAA of any findings arising from such visits
10. Correspondence and other documents resulting from the closeout process of the award

The preceding grant document file shall be organized into four sections as follows:

1. Pre-award documents
2. Post-award documents, including reports
3. Laws, regulations, and agency guidelines
4. Audit/monitoring-related documents

On the inside front cover of the grant document file shall be a Summary of Critical Award Provisions, prepared by the Program Manager. This summary shall include, at a minimum, the following:

1. Key compliance requirements, including citations of applicable laws and regulations
2. Important deadlines
3. Correspondence contact information at the awarding agency

The original grant document file shall remain in the office of the Program Manager in a locked filing cabinet. The Program Manager shall maintain a separate file of frequently requested documents that shall consist of photocopies of the documents included in the secure grant document file. The purpose of this file of copied documents is to limit the potential for loss of valuable documents. Any other EWVCAA employee making a valid request for access to grant documents shall be provided with the file of copied documents and shall be asked to sign this file out of the Program Manager's office.

Closeout of Federal Awards

EWVCAA shall follow the closeout procedures described in 2 CFR 200.343 – 345, Closeout, and in the grant agreements as specified by the granting agency.

EWVCAA and all subrecipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

COST SHARING AND MATCHING (IN-KIND)

Overview

EWVCAA values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or federal agency regulations identify specific values to be used.

EWVCAA shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met:

1. They are verifiable from EWVCAA records.

2. They are not included as contributions (or match) for any other federally-assisted project or program.

3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

4. They are allowable under the federal cost principles, 2 CFR Part 200 Subpart E, Cost Principles.

5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.

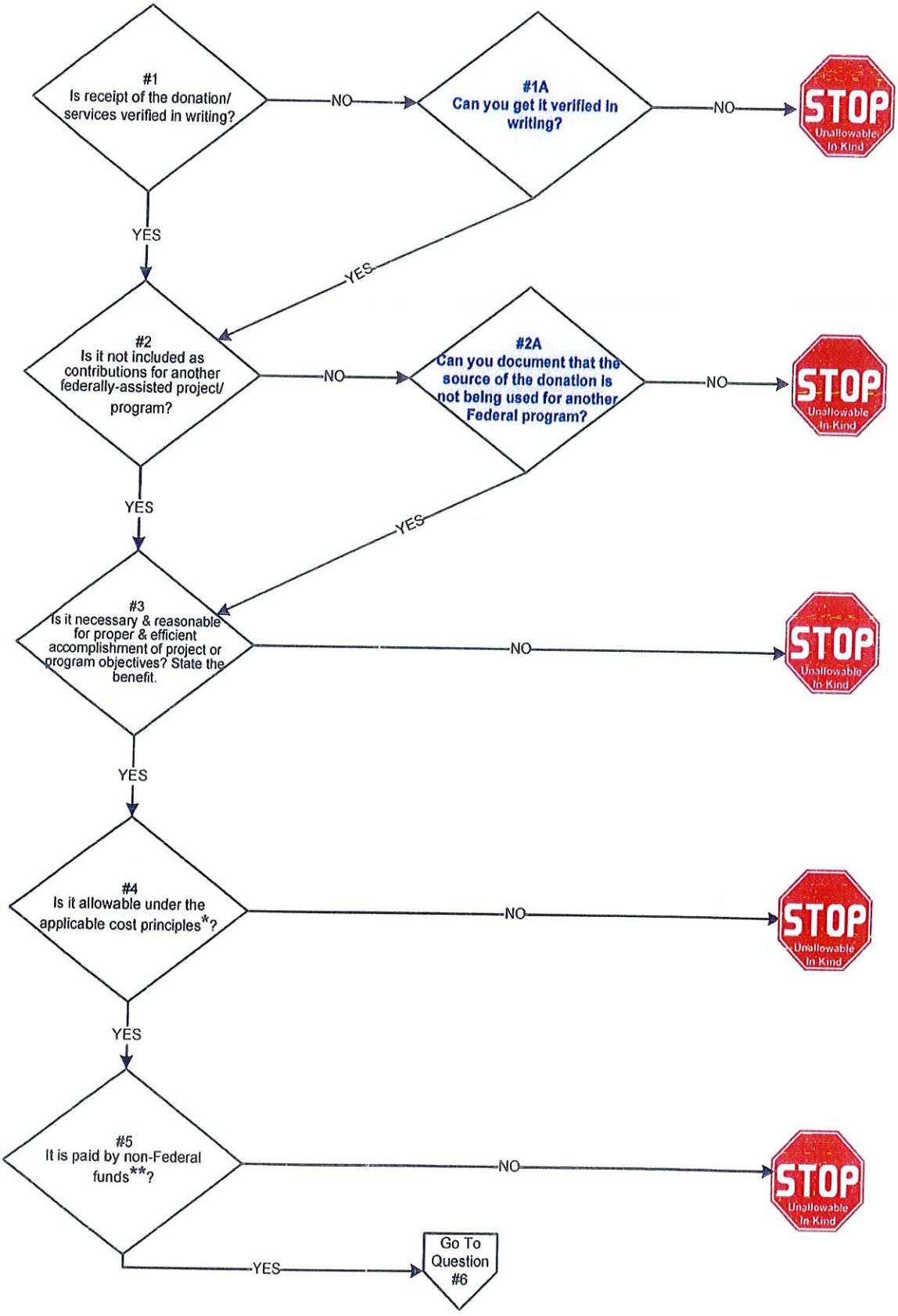
6. They are provided for in the approved budget when required by the federal awarding agency.

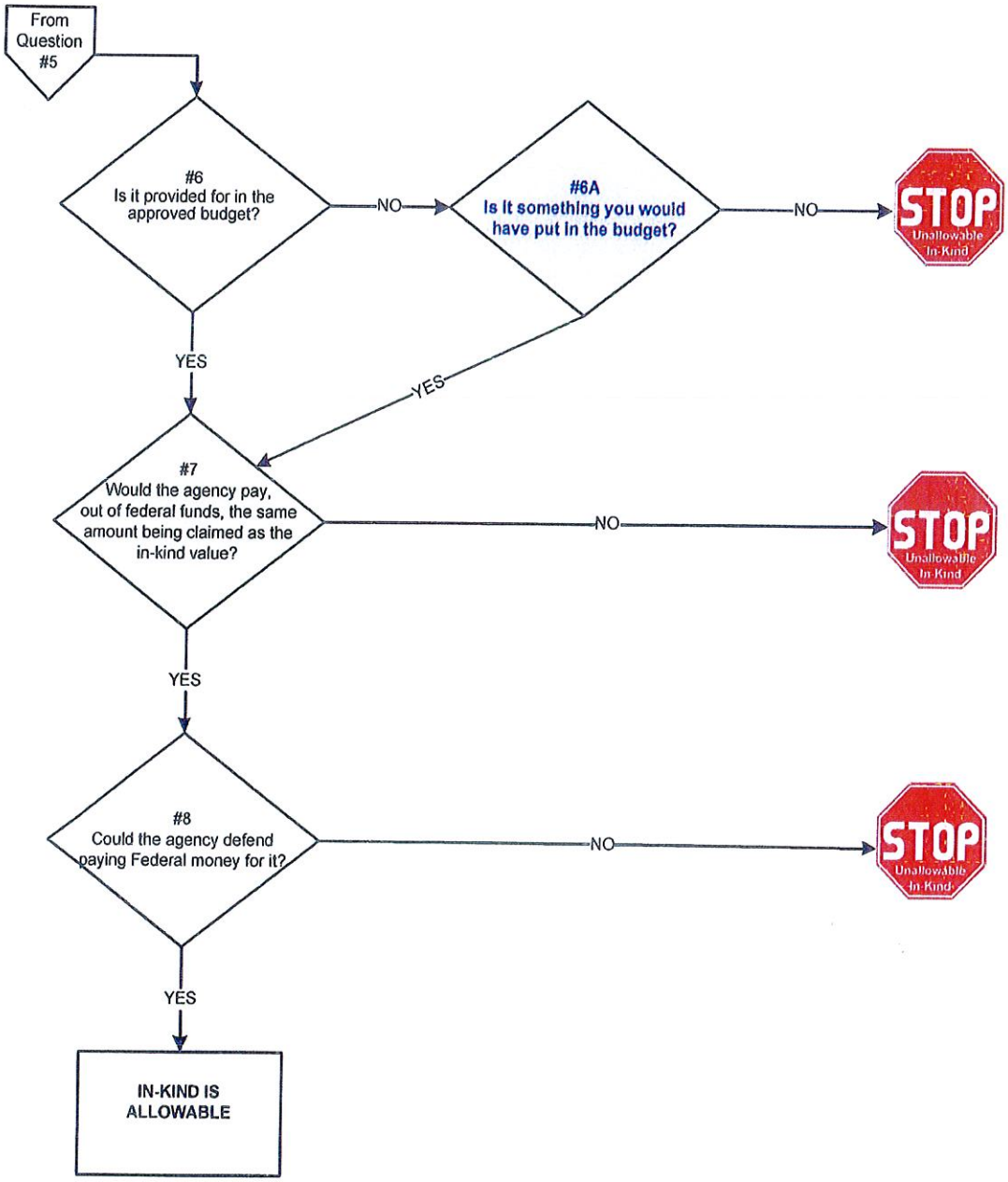
7. They conform to all provisions of federal administrative regulations, 2 CFR Part 200 Subpart D, Post Federal Awards Requirements.

8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by 2 CFR Part 200.306(i)l1) to establish its value.

The following flowchart should be used to determine the allowability of in-kind.

In-kind Allowability Flowchart





* **2 CFR Part 200** Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

** Except where authorized by Federal statute to be used for cost sharing or matching:
Determinations have been made on a case-by-case basis on whether Federal funds from other programs are allowable match for an ACF program. These determinations are based on specific requirements of ACF programs and language in applicable statutes. Specifically:

1. USDA funds are of Federal origin and, therefore, cannot be counted as match.
2. Bureau of Indian Affairs - Indian Self-Determination and Education Assistance Act (P.L. 93-638, as amended). The Act authorizes the use of funds for matching purposes as long as the identified use is specifically related to the approved grant activities.
3. Title XX Social Services Block Grant funds are considered to be Federal funds and, therefore, may not be used as match for ACF programs.
4. Expenditure of funds from the Housing and Community Development Act of 1974, P.L. 93-383 may count as allowable match for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the "Community Development Program," as required by the Housing and Community Development Act. (Grants Administration Manual, Section 3.05.408(b)(1-4))

Valuation and Accounting Treatment

In-kind typically falls into one of the following categories:

- Cash
- Space, buildings, land, and equipment
- Volunteer time and services
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash

- EWVCAA shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public. Discounts taken as in-kind must be supported by a letter from the vendor stating that it is providing this discount in support of the program.

Space, Buildings, Land, and Equipment

Buildings and Land

If the purpose of the contribution is to assist the EWVCAA in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings, or land, depreciation may be claimed as matching, unless the awarding agency has approved using the full value as match.

Equipment, land, or buildings are valued at their fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

Space

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- Information on the date of donation and records from the appraisal will be maintained in a property file.
- If less than an arms-length transaction, will be valued based in actual allowable costs to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market value.

Volunteer Time and Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in in-kind if the services are an integral and necessary part of the program.

Examples of contributed services received and recorded as income and expense by EWVCAA

Include volunteer hours of Board members, volunteers from community who help with projects, partnerships with other agencies to provided direct client services.

Volunteer services will be valued at rates consistent with those paid for similar work in the Agency. For skills not found in the Agency, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

EWVCAA requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:

- Date service was performed
- Volunteer name and address
- Hours donated (time in and out)
- Service provided
- Signature of volunteer

The sign-in sheets will be delivered to the Accounting Department monthly so they can be tallied, valued, and recorded as in-kind in the accounting records.

Supplies

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items with federal funds.

GIFT ACCEPTANCE

Overview of Gift Acceptance Policies

A gift/contribution is consideration given to the Organization for which the donor receives no direct benefit and requires nothing in exchange (it is nonreciprocal) other than assurance that the intent of the contribution will be honored by EWVCAA. Two broad principles apply to all gifts given to the Organization:

1. A gift shall not be accepted that is not in the charitable interest of the donor, considering the donor's financial situation and philanthropic interests, as well as tax, legal, and other relevant factors.

2. A gift shall not be accepted unless there is a reasonable expectation that acceptance of the gift shall ultimately benefit EWVCAA.

EWVCAA will not accept any donations that imply endorsement of businesses, products or services. Donor businesses may not use EWVCAA's name for promotion of any product or service.

Categories of Gifts

Gifts to the Agency are classified into two categories, based on the level of risk associated with acceptance of the gift.

Gifts of **marginal risk** include the following:

- Cash and cash equivalents (e.g., certificates of deposit)
- Gifts of securities actively traded on a U.S. public market (e.g., publicly-traded stocks, mutual funds, corporate and government bonds, etc.)
- Personal property with a fair value of less than [$5,000] (new or used)

Gifts of the preceding three categories shall be considered to be of marginal risk only if they are either unrestricted or restricted to one specific, existing EWVCAA program.

Gifts of **greater-than-marginal risk** include the following:

- Any gift requiring the acceptance of a restriction that:
    - is not clearly identifiable with an existing program of EWVCAA,
    - would require the addition or modification of an EWVCAA program,
    - would not be consistent with the mission of EWVCAA,
    - would not be consistent with EWVCAA's tax-exempt purpose under IRC section 501(c)(3),
    - would require the reclassification of unrestricted net assets to temporarily restricted
    - would violate any federal, state, or local law or regulation, or
    - would result in excessive control to the donor, or anyone designated by the donor, over the subsequent use of the contributed asset

- Any gift from a donor involved in businesses or activities that may be deemed to be inconsistent with the mission of EWVCAA
- Personal property with a fair value of [$5,000] or more (new or used)
- Real property (either an outright gift of property or the donated use of such property)
- Non-publicly-traded securities (e.g., ownership interests in privately-held businesses, partnerships, etc.)
- Charitable remainder trusts
- Charitable lead trusts
- Conditional promises to give/pledges
- Unusual items or items of questionable value (including works of art, animals, historic artifacts, memorabilia, etc.)
- Life insurance
- Notification of the intent to give noncash assets through a bequest

Gift Acceptance Procedures

Gifts of marginal risk may be accepted by the Executive Director without any further review and approval. Gifts of greater-than-marginal risk may be accepted only after review and approval of both the Chief Financial Officer and Executive Director. This review and approval shall be documented on a Gift Acceptance form.

It is also the policy of EWVCAA to liquidate all gifts of publicly-traded securities within ten days of receipt unless it is determined by the Chief Financial Officer that holding the securities as an investment of the Organization would be fiscally prudent, appropriate, and consistent with the EWVCAA's investment policies.

CONTRIBUTIONS ACCOUNTING

Distinguishing Contributions from Exchange Transactions

EWVCAA receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. EWVCAA shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. EWVCAA's intent in soliciting the asset, as stated in the accompanying materials.

2. The expressed intent of the entity providing resources to EWVCAA (i.e., does the resource provider state that its intent is to support EWVCAA's programs or that it anticipates specified benefits in exchange?).

3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of EWVCAA (contribution).

4. Whether payment received by EWVCAA is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by EWVCAA, or the cost of those assets plus a markup (exchange transaction).

5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution).

6. Whether assets are to be delivered by EWVCAA to individuals or organizations other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or organizations closely connected to the resource provider (exchange transaction).

Donor Privacy

EWVCAA respects the privacy of its donors and also recognizes that donors wish to be connected to the Agency. EWVCAA uses donor information to notify them of information, plans and activities. Donor information is shared with staff, board members, volunteers and consultants on a "need-to-know" basis.

EWVCAA does not share their donor list with any third party unless donor permission has been granted. Requests to remain anonymous will be honored.

Recognition of Contribution Income (GAAP)

EWVCAA shall recognize contribution income based on the following factors:

1. Unconditional contributions of assets (cash, property, etc.) shall be recognized as income upon receipt of the asset by the Agency.

2. Unconditional promises to contribute assets shall be recognized as income upon receipt of clear communication of the promise from the donor or the donor's legal representative (e.g., trustee, attorney, etc.). See additional guidelines in the next section.

3. Conditional contributions and conditional promises to give shall be recognized as income upon the satisfaction of the condition.

4. Contributed services shall be recognized as income only to the extent that the contributed services possess either one of the following characteristics:

   a. The service creates or enhances a non-financial asset (e.g., land, buildings, intangible assets, etc.).
   b. The service requires a specialized skill, it is provided by an individual possessing that skill, and the service is one that would typically need to be purchased if it had not been contributed to the organization.

All noncash contribution income received shall be recorded at fair value. (See policy below.)

Contribution income shall be classified as unrestricted, temporarily restricted, or permanently restricted in accordance with the definitions and guidelines described earlier.

Valuation of Noncash Contributions

As stated in the preceding section, all noncash contributions of assets shall be recorded at their fair value as of the date of the gift. Fair values used in accounting for donated assets shall be determined by the Agency, not by the donor, although in some cases a value may have been provided by a donor. (See subsequent policies associated with IRS Form 8283.)

The determination of the fair value of donated assets shall be determined as follows:

1. For contributions of publicly-traded securities, fair value shall be determined by the Chief Financial Officer based on a Web-based search (using [name the site here, e.g., E*Trade, etc.]) of the closing price of the security on the date that the security was transferred to EWVCAA (in addition, a printout of this Web search shall be retained in the accounting department's records for future reference and substantiation of this procedure.

2. For contributions of personal property, fair value shall be determined by the program manager or Executive Director, using appropriate public records (price lists for new assets, other guides for used assets) subject to the review and approval of the Chief Financial Officer– such valuation documented using a standard form.

3. For contributions of real property, fair value shall be determined by an appraisal performed by an independent appraiser hired by EWVCAA (not an appraiser hired by the donor).

4. For contributions of all other assets, fair value shall be determined by the Chief Financial Officer.

For contributed services that meet the previously described criteria for recording, the fair value of the services shall be determined by multiplying the hours worked by each volunteer, as documented on the Organization's Volunteer Time Sheet, by an applicable hourly rate. The applicable hourly rate shall be determined by Senior Accounting Clerk and shall generally be equal to an estimate of an hourly wage rate plus estimated employee benefits costs at [___%] or an hourly rate typically charged by external contractors possessing the skills provided by the volunteer.

All determinations of hourly rates used to value contributed services shall be reviewed, documented, and approved by the Chief Financial Officer.

Unconditional Promises to Give

- Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) in the period that EWVCAA receives communication of the promise.

- Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management.

- Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value.

- Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to EWVCAA at the time the Agency receives a promise from a donor, considering the dollar amount of the promise and the time period of the promise (e.g., for promises of less than $100,000, the Agency shall generally use the interest rate applicable to certificates of deposit for the same approximate duration available from its bank).

- When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

Conditional Promises to Give

The Agency shall not record an asset or contribution income for any conditional promise to give. However, the Agency shall maintain a record of such conditional promises to give and monitor these gifts for purposes of identifying when the condition associated with each such promise has been satisfied. As noted below, this schedule shall also be used in connection with preparing the Agency's footnote disclosures associated with contributions.

Receipt of Donations

Upon receipt, all monetary donations will be processed according to the Cash Receipts policies contained in this manual. Information on restriction of gifts shall be communicated to the Fiscal Department so the gift can be recorded and governed according to the wishes of the donor. After funds are deposited, check copies, cash receipts, source of the gift, intended use and any other information

included with the gift is delivered to the Development Department. The Development Department will acknowledge gifts within 3 business days of receipt. Please see the following section on Receipts.

The accounting system and the donor database must be reconciled to each other at least monthly.

Receipts and Disclosures

EWVCAA and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying regulations. To comply with those rules, EWVCAA shall adhere to the following guidelines with respect to contributions received by the Agency.

The Accounting Department shall provide a receipt to the donor for every separate contribution received. All receipts shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received.

2. A statement of whether EWVCAA provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received.

3. If any goods or services were provided to the donor by EWVCAA, a description and good faith estimate of the value of those goods or services.

If EWVCAA receives cash in excess of $75 or noncash property with a value in excess of $75 as part of a quid pro quo transaction, the Agency shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo transaction" is one in which a payment received by EWVCAA is made both as a contribution and as a payment for goods or services provided by the donee organization. In such instances, EWVCAA shall provide to the donor a receipt stating that only the amount contributed in excess of the fair market value of the goods or services provided by EWVCAA may be deducted as a charitable contribution. The receipt shall also include a good faith estimate of the fair market value of the goods or services provided to the donor by EWVCAA.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. Hence, EWVCAA shall not provide receipts when it receives cash or property in excess of $75 in any of the following circumstances:

1. The goods provided to the donor during 2015 bear EWVCAA's name or logo and have an aggregate cost of $10.40 or less and the donor gave the Agency at least $52.00.

2. The goods provided to the donor in 2015 have a fair market value equal to no more than 2% of the contribution or $104, whichever is less.

3. The gift received by EWVCAA resulted from the Organization's 2014 fund-raising appeal that included articles worth no more than $10.40, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments subsequent to 2014 are incorporated into this policy manual by reference.

All estimates of the fair market value of goods or services provided by EWVCAA shall be prepared by the Accounting Department.

There are currently no quid pro quo transactions in which EWVCAA is involved.

EWVCAA complies with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

IRS Form 8283, Noncash Charitable Contributions

In certain instances, EWVCAA may be requested to sign a Form 8283 (section b, Part IV) by a donor who has made a material contribution (over $5,000) of noncash assets to the Agency. The signature of an organization official on Form 8283 signifies an acknowledgment of the description of the donated asset and the date of the gift. It does NOT represent any level of certification of, or agreement to, the valuation of the gift that has been assigned by the donor or the donor's appraiser, but it does serve to inform EWVCAA of the value intended to be deducted by the donor, which is useful in connection with the subsequent filing of Form 8282. (See the next section for the policies regarding Form 8282.)

Any Form 8283 presented by a donor for signature by EWVCAA shall be reviewed, along with the donated asset and any relevant documentation pertaining to the asset's description and condition, by the Chief Financial Officer, who shall have final responsibility for agreeing or disagreeing with the donor's description of the asset and for signing the Form 8283.

The Chief Financial Officer shall retain a copy of any Form 8283 that has been signed and shall forward a copy of each Form 8283 to the Senior Accounting Clerk for subsequent tracking of the donated asset. (See related policy below.)

IRS Form 8282, Donee Information Return

When EWVCAA subsequently sells assets that have been contributed to it, the filing of a Form 8282 may be required. Among the exceptions from filing Form 8282 are subsequent sales of assets contributed to the Agency more than three years before the sale, and sales of assets that when contributed had a fair value of $5,000 or less, as evidenced by the Form 8283 presented to the Organization by the donor at the time of the gift.

Form 8282 is not required with respect to donated assets that are consumed or distributed in fulfillment of the Agency's tax-exempt mission.

Responsibility for tracking donated assets and determining whether filing Form 8282 is required is assigned to [Senior Accountant]. It is the policy of EWVCAA to file such forms in a timely manner (within 125 days of the sale). Upon completion of a Form 8282 by the [Senior Accountant], the form shall be reviewed and signed by the [Director of Finance]. Delivery of the form to IRS shall be done by mail, performed by the [Senior Accountant].

A Form 8282 shall also be prepared and filed if EWVCAA transfers a donated asset to another charitable nonprofit organization (subject to the same exceptions as described above). In such cases, the Form 8282 shall be filed with IRS within 125 days of the transfer and a copy of the Form 8282 shall

be provided to the successor nonprofit organization within 15 days of filing the Form 8282 with the IRS, along with a copy of the original Form 8283 received from the donor.

Disclosures of Promises to Give

As stated earlier, EWVCAA shall record an asset and an increase in net assets for unconditional promises to give. In addition, in connection with its annual financial statements, EWVCAA shall prepare a schedule of unconditional promises to give that discloses the annual amounts to be collected in each of the next five fiscal years, and a total amount due thereafter, less the amount representing interest as a result of discounting long-term promises to give to net present value.

In connection with conditional promises to give, which shall not be recorded on the financial statements, EWVCAA shall nonetheless prepare a similar schedule of future payments for disclosure in the Agency's annual financial statements.

Endowment Funds

It is the policy of EWVCAA to establish and accept endowments that are permanently restricted for the benefit of one or more programs or purposes within the scope of the Agency's mission, subject to the gift acceptance policies described earlier.

It is also the policy of the Agency to account for any endowments in accordance with any and all explicitly communicated donor-imposed stipulations that have been accepted by the organization, including stipulations associated with the classification of subsequent interest income, dividend income, realized gains and losses, unrealized gains and losses, and other investment income as unrestricted, temporarily restricted, or permanently restricted, as well as future appropriations and expenditure of endowment funds. To the extent the Agency counting for and classification of the endowment or investment income or for the appropriation and expenditure of endowment funds, EWVCAA shall follow the guidelines described in the State of West Virginia.

The interpretation of how West Virginia State Law applies to a particular endowment of EWVCAA shall be made by the Chief Financial Officer and subject to the review and approval of the Finance Committee.

In connection with all endowment funds of the Agency, EWVCAA shall disclose in a footnote to its annual financial statements all of the following information:

1. A description of the board's interpretation of relevant state law regarding the net asset classification of donor-restricted endowment funds.
2. A description of the Agency's policies for the appropriation of endowment assets for expenditure.
3. A description of the Agency's endowment investment policies, including, at a minimum:

    a. The Agency's return objectives and risk parameters.
    b. How those objectives relate to the Agency's endowment spending policies.
    c. The strategies employed for achieving those objectives.