



Village Initiative  
3004 N 27<sup>th</sup> St  
Kansas City, KS 66104

## **Village Initiative Financial Policies & Procedures**

Village Initiative is committed to responsible financial management. The entire organization including the board of directors, administrators, and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of Village Initiative.

The policy and procedural guidelines contained in this handbook are designed to:

1. Protect the assets of Village Initiative
2. Ensure the maintenance of accurate records of Village Initiative's financial activities.
3. Provide a framework of operating standards and behavioral expectations.
4. Ensure compliance with federal, state, and local legal and reporting requirements.

The Executive Director of Village Initiative has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors.

A complete review of the policies shall be conducted every two years by the Board of Directors.

Every Director and every Administrator with financial related responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines.

Village Initiative shall purchase and maintain insurance on behalf of any person who is or was serving at the request of Village Initiative.

As a Director, Officer, Employee, Agent, Staff, Volunteer or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or status as such



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## **Financial Controls and Operating Procedures**

### **General Financial Management**

#### **Financial Integrity**

It is Village Initiative's Board policy that all accounting and financial management be done with integrity, fulfilling the command of Jesus, the Light of the World, when he said "let your light shine before men, that they may see your good deeds and praise your Father in heaven" (Matthew 5:16, NIV)

#### **Whistleblower**

Please see the Executive Director for a copy of Village Initiative's Whistleblower policy.

#### **Public Disclosure**

Village Initiative desires to be transparent in its operations and has determined that its financial books re available to partners (and others on a need-to-know basis), with the exception of sensitive information such as donor and payroll data.

Partners (and others interested on a need-to-know basis) may inspect Village Initiative's financial records in the presence of the Executive Director or his/her designee. Such an inspection must be requested in writing to the Executive Director and will be scheduled at a mutually convenient time during regular office hours.

#### **Records Retention**

Village Initiative has set the Records Retention Policy according to the attached schedule. Records no longer required shall be destroyed, but no records shall be destroyed if they may have an impact on any litigation involving Village Initiative.

#### **Independently Prepared Financial Statements**

The Board has determined that Village Initiative's financial records will be audited annually by and independent, licensed CPA. In addition, these statements will be furnished to anyone on written request.



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### **ECFA (Evangelical Council for Financial Accountability)**

Because the Board has established financial integrity as a top priority, it has adopted ECFA's Seven Standards of Responsible Stewardship (see [ECFA.org/Standards](http://ECFA.org/Standards)). Furthermore, the Board has decided to seek and maintain ECFA accreditation. Attached are the Seven Standards.

### **Treasurer**

On behalf of the Board, the Financial Officer/Treasurer & Board Chair are responsible for all Village Initiative's financial matters.

**Qualifications:** The Treasurer shall be a member of Village Initiative's board of directors and have the skill and experience required to oversee Village Initiative's financial activities. The Treasurer should also show evidence of being a Christian maturing in his/her faith since he/she will be dealing with Village Initiative's staff, Board, and sensitive financial areas.

**Appointment & Term:** The Treasurer will be appointed at the start of each fiscal year by the Board. The Treasurer will serve a two-year term, but may serve more than one consecutive term.

**Reporting Relationship:** The Treasurer reports directly to the Board. Although the Treasurer will have other working relationships within Village Initiative, the position is ultimately responsible to the Board. The Treasurer will serve as a resource to the Board in financial matters, and should therefore be present at all of the Board's meetings (except when in Executive Session)

### **Finance & Audit Committee**

The Finance & the Board is responsible to review and approve the budget, prepared by the Executive Director as well as other projects requested by the Treasurer. The committee will ideally include the Treasurer, the immediate past Treasurer (if available, during the first year after leaving office), the Executive Director, and the Program Director. The Board will meet monthly to review the financial statements prepared by the Financial Officer or more often if necessary.



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The Finance & Board is responsible to:

- # Oversee the financial reporting progress.
- # Monitor accounting policies and methods.
- # Monitor internal control processes, and oversee the hiring and performance of external auditors.

The Committee will consist of at least three people who have adequate financial expertise

### **Finance & Audit Committee Meeting Minutes**

Minutes of all meetings must be submitted to the Board for review and approval.

### **Internal Controls**

**To better protect** Village Initiative's assets and team partners, the Board has to approved Internal control minimums as recommended by the Finance and Board

### **Financial System Security / Access**

To better protect Village Initiative and our contributors, all financial records must be safeguarded. The accounting system must be protected with appropriate passwords that are not easy to guess, and all physical records (hard copies of invoices, checks, etc) must be kept in a secured area. Only authorized individuals should have access to view the accounting system, and only those authorized should be able to make changes to the data in the system.

### **Insurance**

Village Initiative desires to provide a safe environment for employees, volunteers, and guests alike. Recognizing that accidents may happen, Village Initiative strives to maintain appropriate insurance coverage commensurate with the degree of risk and financial resources of the ministry.

-General Liability Insurance - A commercial liability policy typically covers damage from accidents involving non-employees injured on Village Initiative's property

-Workers Compensation Insurance - A worker's compensation policy replaces lost wages and covers medical costs to employees injured by work place accidents.  
Directors and Officers Insurance-A D & O policy should protect Village Initiative's board of directors and officers during lawsuits alleging fraud or financial mismanagement by providing defense costs and some damages. The policy should not exclude employment-related claims.



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All Employees Driver's License on file

Other insurance - when appropriate or required by law. Village Initiative will also obtain property, auto, product liability, unemployment, and/or professional liability insurance.

### **Embezzlement**

Village Initiative's policy is to investigate all suspicions of embezzlement. If evidence is found supporting the suspicion of embezzlement by any individual or individuals, that information will be turned over to local law enforcement and to Village Initiative's insurance carrier. The Board is to be made aware as soon as possible of any suspicion of embezzlement.

### **Fiscal Year**

Village Initiative's fiscal year runs from January 1<sup>st</sup> through December 31<sup>st</sup>

### **Accounting Method**

Internal financial statements may be presented on a modified cash basis to help in leadership's decision-making processes. Modified cash means that most receipts and expenses will be processed on a cash basis. Payroll and receivables, however, will be processed on an accrual basis.

Village initiative requires year - end audited financial statements to be presented in accordance with GAAP. Audit adjustments must be made annually to bring the audited financial records into accrual basis.

### **Financial Statements**

Village Initiative's financial statements are to simply and effectively communicate Village Initiative's financial position to staff, donors, and others as may be appropriate.

Timeliness - Village Initiative financial states should be completed and distributed by the end of the following month or sooner if possible. When extenuating circumstances occur (such as short staffing due to vacation or turnover), this policy may be temporarily modified for one month at a time by the Treasurer and ratified by the Board.



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Required Report - Minimally. Village initiative's financial reports will include:

- # Statement of financial position (balance sheet) showing the current period with prior year comparison, and profit & loss statement.
- # Budget variance report showing the current period and year-to-date budget performance will be presented quarterly.

Functional Allocation - General and administrative expenses will be allocated to major programs based on reasonable allocation methods approved by the Treasure, the basis may be a percentage of total time (salaries); usage, square footage (Building use expenses), etc.

Distribution - Village Initiative's financial statements should be distributed to-

- # The Finance & Audit Committee and the Board as a whole.

### **Government Tax Requirements**

Our Board policy it to obey Jesus' mandated in Matthew 22:21 in which he said that we are to "give to Caesar what is Caesar's." At the same time, the Board wants to minimize the taxes the governmental authorities require of the Village Initiative.

Payroll Tax - All payroll tax deposits will be made according to the schedule set by each appropriate government agency.

Garnishments - All garnishments shall be withheld from employee wages and remitted to the appropriate state agency according to the garnishment order subject to federal and state garnishment limits.

Unrelated Business Income Tax (UBIT) - Village Initiative will file IRS for 900-T whenever required, and any state or locally required forms when unrelated business gross income is received above the reporting household.

Property Tax - All property taxes levied will be paid in a timely fashion. Properties owned and/or used by Village Initiative should be removed from the property tax roles through appropriate authorities and processes whenever permitted.

Sales/Use Tax - Sales and use taxes should be paid in accordance with appropriate state and local regulations in a timely fashion



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## Cash Management

### Petty Cash

The purpose of petty cash is to satisfy those situations where there is an immediate need for cash due to timing or vendor policies. Village Initiative's preferred method of payment is always following our disbursements policies. Petty cash may not be used for loans to team partners or for personal use.

Petty Cash Balance – Only one petty cash fund of \$500 is authorized for the ministry.

Procedures – The Program Director will be the custodian responsible for the petty cash fund. The Program Director will submit Petty Cash Log & Reconciliation form to the Finance Bookkeeper at least monthly.

Disbursements – all disbursements must include a receipt or signed as – advance voucher. These must document the recipient of the petty cash funds (individual and/or ministry), the amount and date of the transaction, the ministry purpose for which the funds were spent, and the recipient's signature

### Check Cashing

Village Initiative is not to serve as a check-cashing resource for any staff, volunteers, partners, constituency, or others

### Credit Cards

Village Initiative may provide team members with a credit card. The team member must provide receipts for each expenditure with a written purpose of the expenditure on the receipt. Expenditures must have the prior approval of the team member's supervisor. Receipts must be turned in to the Director within one week of the expenditure unless other arrangements have been made in advance. Personal charges are prohibited on any Village Initiative charge accounts. Any non-ministry or unauthorized expenses will be the team member's personal responsibility.

### Activity, Event, & Retreat Cash Advances

Activity, event and retreat cash advances must be approved by the requestor's supervisor, and must be accounted for according to Village Initiative's Accountable Reimbursement plan.



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## **Bank Accounts**

Establishing New Checking Accounts – The Board’s preference is to manage as few checking accounts as possible, the Board has authorized the Executive Director & Treasurer to determine the number and type of cash management accounts necessary to support Village Initiative’s cash management needs. All bank and investment accounts must be recorded on Village Initiative’s cash management needs. All bank and investment accounts just be recorded on Village Initiative’s financial statements and be reconciled monthly.

Designation of authorized Check Signatures – The Executive Director, Treasurer, and Board Chair are authorized to sign checks for each account held.

Check Signer Responsibilities – Check signers, prior to signing are to verify that expenditures are appropriate. This is measured by asking the following five questions (a “yes” response is required to each):

1. Is the check request signed by the person responsible for the general ledger expense account being charged
2. Is there supporting documentation, such as an invoice?
3. Is the expenditure reasonable, both as to amount and items being purchased?
4. Is the request for the expense account being charged with its approved budget?
5. Is there sufficient cash on hand to cover the expenditure and still meet Village Initiative’s other fixed obligations?

## **Cash Reserves**

Though the board would prefer to have at least one quarter of annual operating expenses and all designated funds in reserve, it has determined that the minimum cash reserve level is one twelfth of the annual operating expenses and all designated funds. Board approval is required before allowing reserves to fall below this minimum.

## **Investments**

The Executive Director will manage Village Initiative’s funds so as to maximize earnings within a conservative cash environment. When cash reserves exceed twice the preferred amount specified in the Cash Reserves policy, the Treasurer may invest those funds in medium risk investments to yield a higher return.





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## **Net Assets/Restricted Gifts**

Net assets are the not-for-profit organization accounting term for equity. Net assets are the difference between the assets and liabilities. Not-for-profit organizations report three classes of net assets:

1. Unrestricted
2. Temporarily restricted
3. Permanently restricted

Temporarily and permanently restricted net assets are stated based on the existence of donor-imposed restrictions.

### **Permanently Restricted Net Assets/Gifts**

Permanently restricted gifts, such as endowments, whose equity can never be spent may only be accepted with the prior approval of the Board. At that time, the Board will determine whether the donor's designated purpose for the gift is in agreement with Village Initiative's mission and purpose, and if accepted – how the gift will be managed.

### **Temporarily Restricted Net Assets/Gifts**

The Executive Director has responsibility for seeing that revenues received is allocated in accordance with any restrictions placed on its use by the grantor or contributor. Generally, grant funds are accompanied by a letter or other documentation from the grantor which outlines any stipulations on use of the funding. This documentation, along with the proposal and budget set as application for the grant, are used to guide the allocation of the grant revenue to various projects. These funds will be booked as temporarily restricted assets



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## Annual Budget

The Board has determined that an annual budget is required to help Village Initiative achieve its mission, goals, and to achieve the best possible stewardship. The budgeting process will help ensure that each expenditure is driving Village Initiative closer to its targeted goals and accomplishing its mission.

### Timing & Oversight

The Executive Director is responsible to:

- # meet with team partners to discuss budget goals and procedures at least annually
- # meet with the Finance & Audit Committee and prepare a fair and balanced budget for presentation to the Board.
- # Communicate any changes in the proposed budget to team partners, and
- # Monitor and report on budget performance throughout the year.

The budget process for the next fiscal year is to begin three months prior to the end of the current fiscal year, and should be completed by the end of the eleventh month of the current fiscal.

### Activities, Events, & Retreat

All activities, events and retreats are to be self-funding unless agreed to in advance through the budget process. This means budgeting realistic income as well as expenses for each event, tracking income and expenses separately in the general ledger (versus tracking the net).



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## Income

### Contributions & Gift Handling

When receiving and handling cash contributions:

- A.** There should be a minimum of two people pre-approved by the Executive Director with the contributions and gifts at all times.
- B.** The contributions and gifts need to be sealed in an envelope and signed by the donor or the two pre-approved staff members must sign the envelope once sealed.
- C.** All of the income received through any process (contributions, fees, registrations, sales, etc.) should be sealed with supporting documentation (deposit forms, etc.) in an appropriate pouch and delivered to the Accounting Office.
- D.** The Contribution/Receipt Log & Deposit Form should be completed in ink and signed by each staff member present
- E.** The cash portion should be deposited as soon as possible to allow them to be used in the posting process.
- F.** Cash received should be used to cash checks or pay for expenses, but should, instead, be deposited in full

In addition, the following policies apply to the handling of received income:

- 1** Income should not be stored in apportion of Village Initiative's premises other than the locked cash bag
- 2** The secure area where funds are counted and prepared for deposit must remain locked during that process.

### Transportation of Deposits

To protect Village Initiative's staff and volunteers, contributions must be handled in the following manner:

- 1.** Anytime money is being transferred, whether on or off site, a minimum of two people should be involved.



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### **Noncash Gifts (Gifts-in-kind)**

All noncash (gifts-in-kind) must be approved by the Executive Director before Village Initiative accepts them.

When noncash gifts are received, they are to be acknowledged in writing, but never assigned a value in the acknowledgement. An approximate value would be obtained for internal accounting purposes. If a noncash gift is given to Village Initiative with an assessed value above \$5,000 (excluding publicly traded securities), the Executive Director will complete Part IV of Section B on IRS form 8283 for the donor. If Village Initiative disposes of any gift for which an 8283 was issued within three years of the contribution date, the Executive Director will complete IRS 8282 and send it to the IRS and the donor. A record should be kept of all noncash gifts received and their disposition.

### **Stock Gifts**

When Village Initiative is given stocks or bonds, they must be in Village Initiative's name before Village Initiative will receive them. Village Initiative's broker will then be directed to sell the stocks or bonds on the next trading day.

### **Vehicles & Real Estate**

Village Initiative is willing to accept donated vehicles and real estate if they have a free and clear title. Arrangements for receiving vehicle or home donations must be made with the Executive Director in advance

### **Statements & Receipts**

Due to federal regulations, Village Initiative acknowledges in writing all gifts received. In addition, we will send at least semi-annual giving summaries to help our donors manage their intended donation strategy. All receipts and statements for the previous year will be sent by January 31<sup>st</sup>.

### **Contributions Received on Business Checks**

Gifts received on business checks of any kind are to be credited to the business and never to an individual.



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### **Checks Received for Non-Exempt Purposes**

Fees paid for weddings, funerals, registrations, etc, in which the person paying the fee received a benefit-directly-or indirectly-are not tax deductible and will not be included on contribution statements. Events in which a portion of the amount received is tax-deductible contribution will be stated as such in advance, and the donor's contribution statement will only state the deductible amount as such.

### **Fundraising/Donor Development**

Any onsite sales or fundraising appeals require the prior approval of Executive Director. These requests will only be considered for projects, organizations, or individuals sponsored or supported by Village Initiative or an accredited member of ECFA (Evangelical Council for Financial Accountability).

### **Village Initiative List Privacy**

Village Initiative lists will not be given, rented, or sold to any outside individual or organization. Any activity by outside individuals or organizations that we discover using a Village Initiative list will be responded to in writing by the Executive Director requesting they stop using our list entirely and demonstrate proof they have done so.

### **ECFA's Donor's Bill of Rights**

The Board has established integrity financial and otherwise, as a top priority. As such, we endorse and subscribe to ECFA's Donor Bill of Rights, in which they advise donors:

When you give, be sure you selected charity employ standards and policies that assure you of a "bill of rights" as a donor, You have the right to:

- # Know how the funds of ministry are being spent.
- # Know what programs you support are accomplishing.
- # Know that the ministry complies with federal, state, and municipal laws.
- # Restrict or designate you gifts to a particular project within the ministry's mission objectives
- # A timely and courteous response to your inquiries about finances and programs.
- # Visit office and program sites of a ministry to talk personally with the staff.
- # Give cheerfully without being pressured by the ministry.
- # Obtain a copy of the ministry's most recent audit, reviewed, or compiled financial statements.



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- # Know that there is a responsible governing board providing oversight to the ministry's mission.
- # Know that all appeals for funds are truthful and accurate.

Good charities willingly answer tough questions. Before you give to any charity, ask these questions. Worthy nonprofit ministries recognize they are recipients of the public trust and are willing and prepared to supply the answers.

- # Does the ministry have a clear and strong commitment to a certain mission objective?
- # Is there an independent board that oversees the ministry's operations and accepts responsibility for its activities?
- # Are the ministry's financial records annually audited, reviewed or compiled by independent certified public accountants?
- # Does the ministry practice financial disclosure?
- # Can anyone receive a copy of the ministry's most recent audited financial statements upon written request
- # Can donors obtain financial and other information about any program they have supported?
- # How does the ministry avoid conflicts of interest?
- # What are the guidelines and standards for fundraising?
- # Is there a review procedure to assure compliance with fundraising standards and guidelines?

Because of Village Initiative's commitment to integrity, we expect all communications to graciously comply with the spirit and intent of the Donor's Bill of Rights. Any questions regarding compliance with such communications should be directed to the Executive Director.

### **Compensation for Fundraising**

Village Initiative will not compensate employees or outside consultants for fundraising efforts on a percentage basis.



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### **Sales & Related Inventories**

Any department that wants to sell items needs to have the prior approval of the Executive Director. The kinds of issues that must be addressed are collection of sales taxes (where required by state and /or local laws) and procedures of tracking sales and purchases (see Sales Log, Monthly Perpetual Sales Inventory Log, and Physical Inventory Count forms). A complete physical inventory must be completed at least annually and reconciled to the general ledger.

### **Rental Income**

Village Initiative may allow the use of its properties, facilities, and equipment for groups or special events when in agreement with our stated purpose, mission, or Village Initiative's zoning use permit. Fees will be charged on a case-by-case basis managed by the Executive Director. Any group or individual using Village Initiative's properties, facilities or equipment is responsible for scheduling the setup and cleanup for the event unless other arrangements were made in advance. Damages and/or breakages incurred must be reimbursed by the group or individual using the property, facility, or equipment.

Property & Facility Use Fees – Unrelated business income tax (UBIT) and property tax regulation, if applicable, will be considered when setting property and facility use fees.

Events (Weddings, funerals, etc.) – All fees, including facility and equipment use fees, honorariums, and reimbursements, must flow through Village Initiative's financial records. Honorariums will be passed on to affected team partners through the payroll process.



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## Disbursements

### Accounts Payable

Check-Processing Schedule - Accounts payable checks will be processed once each week according to a regular schedule. To facilitate accounts payable workflow, completed check request forms should be submitted by the Executive Director throughout the week, and no later than noon the day before the scheduled check run. Although strongly discouraged, exceptions to this policy, if approved, must have the requestor's supervisor's signature on the check request form authorizing the off-schedule payment.

Vendor forms W-9 – Completed Forms (available for download at [WWW.irs.gov](http://WWW.irs.gov)) will be required from all vendors; independent contractors, and honorarium recipients. Payments cannot be made until a completed Form W-9 is on file in Village Initiative's vendor file.

Vender-Specified Terms – The board, wanting to protect the name and reputation of Christ's work on Earth, expects all invoices to arrive at the invoicing vendor's remittance address no later than the vendor's due date whenever possible. Village Initiative's policy is to pay invoices by their due date, as stated, but not immediately upon receipt unless that is the only way to satisfy the vendor's terms. If, for some reason, satisfying the vendor's terms is not possible, the Treasure should be notified and should make alternative arrangements with the vendor.

Required Documentation – All check Request forms must be signed by the authorized person responsible for the expense being charged. In addition, the check request must have supporting documentation such as an invoice, receipt, or other written document. The accounts payable person, at the time checks are processed, must stamp the supporting documentation as "Paid" and also complete the check information on the check request form.





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## **Payroll**

Pay Periods – Village Initiative pays employees by check or direct deposit on a regular basis and in a manner so that the amount, method and timing of such payments comply with any applicable laws or regulations. All employees are normally paid on the 15<sup>th</sup> and the last day of the month. If the regular payday occurs on a Saturday, Sunday or Holiday, employee will be paid on the last working day prior to the regular payday.

Time Sheets – All nonexempt employees (so identified by the Executive Director/Human Resource Officer) are required to complete an individual time record showing the daily hours worked. Time records cover one work week and must be completed contemporaneously throughout each workday. Because time records are legal documents, their falsification can result in discipline, up to and including termination. The following should be considered in filing out time records:

- A. Employees must record their starting time, time out for lunch, time in from lunch, quitting time, and total hours worked for each workday.
  - B. Employees are not permitted to sign in or commence work before their normal starting time or to sign out or stop work after their normal quitting time without the prior approval of their supervisor.
  - C. Employees are required to take lunch and/or meal breaks when appropriate.
  - D. Employees are required to sign each time sheet certifying that it is complete and includes all time worked for the ministry
  - E. Employee time records will be checked and signed by the supervisor involved.
- Unworked time for which an employee is entitled to be paid (paid absences, paid holidays, or paid vacation time) should be entered by the supervisor on the time record. Authorized overtime should also be identified by the supervisor, and prior approval for overtime must be given by the Human Resource Officer.

Exempt employees (so identified by the Human Resource Officer) are not required to fill out hourly time records but must account for daily attendance. In addition, exempt employees will not normally receive overtime compensation.

## **Reporting**

It is the Executive Director's responsibility to ensure that all government-required forms are accurately completed and submitted to the proper governmental authorities by their required due dates.



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## **Employee Payroll Advances**

Employee Payroll advances are not given.

## **Gift Cards**

Village Initiative does not give gift cards to employees or to volunteers since all recipients must have the grossed-up gift card value reported on Form W-2. Doing so for volunteers legally turns them into employees.

## **Employee Expense Reimbursements**

### **Accountable Reimbursement Plan**

Village Initiative has adopted an accountable expense reimbursement policy pursuant to Treasury Regulations X 1.162-17 and X 1.274-5T (f). This policy makes it legally possible for Village Initiative to reimburse legitimate approved expenses to employees without having to show the expenses as taxable income. The following are the terms of our accountable reimbursement policy.

- A.** Village Initiative employees will be reimbursed for ordinary and necessary business and professional expenses incurred on Village Initiative's behalf, if the following conditions are satisfied.
  - a.** the expenses are reasonable amount
  - b.** the employee documents, the amount, time and place, business purpose, and the business relationship of each person or persons entertained with the same kind of documentary evidence that would be required to support a deduction of expense on the employee's tax return (receipts are required; oral or employee-written statements will not qualify);
  - c.** the employee documents such expenses at least monthly by submitting attached – an expenses will not be reimbursed if submitted more than sixty (60) days after the expense is paid or incurred by the employee
- B.** Reimbursements will be paid out of Village Initiative funds, and not by reducing compensation by the amount of the reimbursements.
- C.** Reimbursable and professional expenses may include local transportation, overnight travel (including lodging and meals), entertainment, books, and subscriptions, education, vestments, and professional dues.



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- D. Village Initiative will not include as taxable income any business or professional expense reimbursement properly substantiated and reimbursed according to this policy, and the employee should not claim the amount of business expense on his tax return.
- E. Any advance or reimbursement by Village Initiative that exceeds the amount of business or professional expenses properly accounted for by an employee according to this policy must be returned to Village Initiative within 120 days after the associate expenses are paid or incurred by the employee, and will not be retained by the employee.
- F. If, for any reason, Village Initiative's reimbursements are less than the amount of business or professional expenses properly documented by the employee, the employee may deduct the unreimbursed expenses as allowed by law.
- G. Under no circumstances will Village Initiative reimburse an employee for business or professional expenses incurred on its behalf that are properly substantiated according to this policy.
- H. All receipts and other documentation from an employee to substantiate reimbursed expenses under this policy will be retained by Village Initiative.

### **Automobile Usage**

All vehicle-related expenses (gas, repairs, insurance, etc) for corporate vehicles will be paid by the ministry. However, employees are expected to exercise care in ensuing required maintenance is performed on the vehicle and to notify to supervisor if the vehicle is damaged, defective or in need of repair.

A contemporaneous log will be maintained for any non-business use of the vehicle. At the end of each calendar year, the ministry will determine the value of the non-business miles, and this value will be added to the Form W-2 compensation of employees driving corporate vehicles for personal use.

It is **Prohibited** to operate a corporate vehicle if you are:

- # Under the influence of **any** alcohol, illegal drugs, or legal drugs which may adversely affect your ability to safely operate a motor vehicle
- # Medically required to stop operating a motor vehicle; or
- # Not currently licensed by a state in the United States (or a country/territory, with which the United States has reciprocity with) to operate a motor vehicle.



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**I understand that Village Initiative will not be liable for any accidents while the vehicle is being used or parked for personal use.**

x \_\_\_\_\_

**I understand that I am personally liable for any traffic and parking tickets as well as any other moving violations under the applicable motor vehicle laws. This includes any violations in the ministry's name over which the employee had control, including but not limited to, current registration and proof of insurance**

x \_\_\_\_\_

### **IMPORTANT**

I have thoroughly read the above policy, understand it, and agree to follow it.

Printed: \_\_\_\_\_

Signed: \_\_\_\_\_ Dated \_\_\_\_\_



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## Fixed Assets

### Inventory

A listing of fixed assets will be maintained by the Executive Director that included all assets purchased with a cost equal to or greater than the capitalization level (see the following capitalization policy). A listing of assets that do not meet the capitalization level will also be inventoried annually (for example: notebook computers, cameras, cell phones, and instruments). All items in either the list should be identified as belonging to Village Initiative with an individually numbered inventory tag. A physical inventory of these items should be taken annually by a person outside of the accounting department and independent of those having custody of the equipment. The physical inventory schedule should be reconciled, signed, and dated by the person taking the inventory and by the Executive Director.

### Capitalization

Village Initiative's capitalization level is \$1,000. To facilitate the budget process, it is Village Initiative's policy to expense departmental capital purchases throughout the fiscal year, and then to reclassify them during the year-end general ledger review to the Fixed Asset section of the statement of the financial position (balance sheet). Depreciation should, following the year-end reclassification, be posted monthly in subsequent years.

### Depreciation

All assets will be depreciated monthly using the straight-line method over the asset's useful life based on the following schedule:

- # 5 years – Vehicles, computers and peripheral equipment, office machinery, and appliances
  - # 10 years – Office furniture and fixtures
  - # 15 years – Land Improvements
  - # 30 years – Residential buildings and improvements that extend the life of the asset
- Land is not depreciated.

### Retirement

When a Village Initiative asset is about to be retired, it will be donated to another ministry to be communicated to all staff through a method chosen by the Executive Director so that interested employees may bid on purchasing the item. If the winning auction bid is less than the fair market value of the item, the difference will be added to the employee's W-2 as noncash compensation. All such purchases are without any written or implied warranties as to usefulness, safety, or any other expectation.



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## Operating Procedures

### Separation of Duties

The check signer(s) must not be the person who writes checks or who does the bookkeeping, a Bank statements are reconciled by someone other than the check singer, or writer.

**Village Initiative procedure is:** Executive Director reviews invoices and checks request for error and once approved, Finance Bookkeeper prints the check out of Quick Books with Invoice attached. Approved Board Member or Executive Director signs the check and processes payment and Finance Bookkeeper files invoice, then enters data into Quick Books

The person recording the receipts prepares the deposit documentation in the presence of the Executive Director or assigned staff that receives donations from the P.O. Box; copies are made of all checks. Deposits are taken to the bank by the Executive Director or assigned staff. The Finance Bookkeeper verifies actual deposit slip to copies or deposit taken to the bank. Data Entry of checks is made by the Finance Bookkeeper. The Finance Bookkeeper performs monthly reconciliations, and the CPA will reconcile the books to the bank statements. Weekly reports by the Finance Bookkeeper shall be made to the Executive Director covering, at a minimum, receipts, disbursements, receivables, and payables. Monthly reports to the Board of Directors shall be provided by the Executive Director.

The Board of Directors has given authorization to the Executive Director to both write and sign a check should the situation arise and the parties who typically write and/or sign are not present to execute the transaction. Executive Director will notify the Board President should the situation arise.

### Financial Reporting

# Annual budgets are prepared by the Executive Director and Treasure, and approved by the Board

# Budgets are reviewed mid-year (June) and are adjusted a necessary to reflect changing conditions.

# A Cart of Accounts is available and used to code receipts and disbursements to the proper accounts.

# Non-standard journal entries are discussed with the CPA and Auditor to ensure proper accounting treatment



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# Monthly Financial Reports are provided to the Treasure and the Board of Director within 30 days of the close of the period.

# Reference explanations for and all budget variances of 10% or more are contained for the above referenced reports.

# Annual audits will be conducted by an independent CPA at the close of each fiscal year. Copies of these reports will be made available to the public.

# The Fiscal Period for the organization shall be January 1 to December 31.



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## **Safeguards and Internal Controls**

### **Safeguarding Assets**

# The Executive Director shall have primary responsibility to ensuring that proper Financial Management procedures are maintained and that the policies of the Board are carried out.

# The Board of Directors shall provide fiscal oversight in the safeguarding of the Assets of the Organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.

# A proper filing system will be maintained for all financial records.

# Bank statements are promptly reconciled on a monthly basis by Finance Bookkeeper.

# Inventory records will contain description, serial numbers, date of purchase or receipt, valuation and date of valuation.

# Appropriate insurance for all assets will be maintained

### **Payroll Controls**

# Personnel files are to be maintained at organizations site for all employees by the Executive Director.

# An outside payroll process firm will be used to process the payroll. The Executive Director notifies the payroll service of any changes to the payroll master file. The payroll service generates the payroll register, payroll checks and tax deposit checks, and sends them to the organization. The Executive Director and Finance Bookkeeper reviews the payroll register for proper process of amounts.





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## Accounting Systems

### Policies on Disbursements

- # The Executive Director has single signature authority up to and including \$5,000.
- # Checks for expenses of \$5,000 or higher will require dual signatures.
- # Expenditure requests will be initiated in writing and approved within specified authority by the Executive Director.
- # The Executive Director approved check requests after comparing to supporting documentation
- # All disbursements, except petty cash, are made by check and are accompanied by substantiating documentation.
- # All checks are pre-numbered and accounted for monthly
- # Finance Bookkeeper is responsible for invoices and check requests being marked "PAID" once they have been.
- # Day Labor cash is to reconciled monthly. Signatures are required by each client or intern receiving cash. Day labor log is to be maintained by Executive Director and reviewed by Finance Bookkeeper
- # Receipts are required for all petty cash disbursements. The petty cash is reconciled monthly.
- # The Executive Director and a Board member are the two signatures which are required on all checks over approved limits. If the Executive Director is absent, two Board partners' signatures are required.
- # Blank checks may never be signed in advance.
- # Persons utilizing Village Initiative cash to purchase items for Village Initiative must provide a receipt and appropriate change. An employee must verify that items received at Village Initiative match the items purchased.
- # Village Initiative credit cards may be checked out to approved individuals from the Executive Director to purchase items for Village Initiative. Persons utilizing Village Initiative credit cards to purchase items for Village Initiative must provide a receipt. An employee must very that items received at Village Initiative match items purchased.

### Policies on Deposits and Receipts

- # A copy of all receipts will be made for deposit file documentation.
- # Cash receipts (check or cash) should be recorded in a deposit ledger and then immediately endorsed with a "For Deposit Only" stamp. All checks are stamped with "Deposit Only" stamp immediately upon receipt.



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# Checks should be photocopied. Copies of checks and documentation should be attached to each deposit record.

# Cash should be verified by the documentation, which accompanies the cash receipt. All cash receipts received at Village Initiative is recorded on duplicate receipts one for the donor and one to be retained by Village Initiative. All documentation that arrives with cash receipts is photocopied with a signed receipt from donor to accompany the deposit documentation when available. Employees at Village Initiative are required to get a receipt signed by a donor for all cash donations received at Village Initiative to accompany the cash before given to the Executive Director for deposit.

# Copies of checks and documentation should be attached to each deposit record

# Deposits should be made into Village Initiative account at least once per week. A copy of the deposit record and a copy of the corresponding check documentation for each item should be retained.

# Executive Director or assigned staff will be responsible for making all Village Initiative's deposits on a weekly basis

# Finance Bookkeeper will reconcile the deposits monthly to the bank statement and The CPA will perform reconciliations to the bank statement

# A copy of the deposit slip from the Bank is compared and attached to the corresponding receipt copies and cash listing

### **Accounts Payable**

# The Executive Director reviews all checks and supporting documentation prior to signing checks. The Finance Bookkeeper will be responsible for obtaining the second signature from an authorized board member.

# After the checks are signed, the Finance Bookkeeper will attach check stub to check request or invoice. The check stubs and supporting documentation are then filed.

# The accountant reconciles the cash disbursements journal to the general ledger, using the cash disbursements journal, documentation and bank statement

### **Payroll**

# All personnel salaries/wage rates are authorized by the Executive Director. All changes in employment are likewise authorized by the Executive Director.

# The Executive Director maintains all personnel records

# The Executive Director monitors the usage of vacation and sick time, and maintains the attendance records.

# Each supervisor reviews and approves all time and attendance records for their employees. The approved time records are submitted to the Executive Director for their review.



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# Outside payroll company prepares the payroll, using the approved time records and salary/wage rates for each employee. Payroll is mailed to Executive Director to distribute checks to employees. Payroll documentation is filed

# All payroll tax checks are prepared at the time payroll is prepared. The payroll taxes are paid when due.

### **Bank Reconciliations**

# Finance Bookkeeper will reconcile monthly to the bank statement, and the CPA will perform reconciliations to the bank statement.

# The Executive Director will resolve all discrepancies with the bank, if necessary. The Executive Director will report the resolution of the discrepancies to the Treasurer and/or Board President.

# Finance Bookkeeper will adjust QuickBooks as needed



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