



FISCAL POLICIES

Member of Citygate Network, Guide Star Platinum, Alliance Defending Freedom (ADF), and Evangelical Council for Financial Accountability (ECFA)



2024 Edition

303 E. Gurley St. #459, Prescott, AZ 86301

AgapeHousePrescott.org • (928) 910-1089

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Acknowledgements:

2019, Second Quarter, Compiled originally by Administrative Director and Janice Fritsche, Accounts Receivable Volunteer.

2020, April, Received recommendations from: Alyx Cohan, nonprofit Certified Public Assistant, (CPA) and Great Expectations, Accounting Firm.

2020, November, Compiled by Laura Hamblin, Attorney and Human Resources (HR) Consultant.

2020, Fourth Quarter, Reviewed with Admin Director and Board of Agape.

2022, Revisions recommended by ADF, Alliance Defending Freedom on 11.23.21, board approved 1.17.22.

2022, January, Financial Chairman recommended to make efficiency changes to revise the Financial Chairman of the Board responsibilities, 1.17.22

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Revisions suggested by Internal Control Audit David Gregory, Alliance Defending Freedom (ADF), & Evangelical Council for Financial Accountability (ECFA) approved 11.21.22.

Agape House of Prescott

Fiscal Policies—Purpose and Responsibilities

Introduction:

Agape House of Prescott is a 501(c)3 nonprofit organization that serves homeless families in crisis by providing discipleship, mentoring, life skills training, and interim housing. We offer hope by providing life skills training, information and referrals to partners with appropriate agencies to make needed services available. We offer healing through healthy loving supportive mentoring and peer support.

As a ministry initiated and sustained by God, the organization has a mandate to conduct all of its affairs decently and above reproach both in the sight of God and man. That accountability includes a commitment to operate with the highest level of integrity and to avoid conflicts of interest. This document describes the policies and procedures followed by Agape House of Prescott to ensure that financial statements conform to generally accepted accounting principles; assets are safeguarded; regulations or guidelines of grantors and donors are adhered to; and finances are managed with accuracy, efficiency, and transparency.

Among the organization and its Board, officers, and management employees, there exists a fiduciary duty, which carries with it a broad and unbending duty of loyalty. The Board, officers, and management employees are responsible for administering the affairs of the organization honestly and prudently, and for exercising their best care, skill, and judgment for the sole benefit of the organization. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the organization or knowledge gained there for their personal benefit. The interests of the organization must have the first priority, and all purchases of goods and services must be affected on a basis that secures for the organization full competitive advantages as to product, service, and price.

Following these policies and procedures will help safeguard Agape House of Prescott assets and ensure that they are used for appropriate purposes based on organizational objectives, and requirements of funders, other applicable rules and regulations, and best practices for nonprofit organizations.

Board, Staff, Consultants, and Stewardship Team Responsibilities:

The following is a list of parties who have fiscal, administrative, or accounting responsibilities, and their respective duties:

Board of Directors (and Sub-Committee Team):

- Set, oversee and clearly articulate the organization’s vision, mission, and values.
- Provide leadership and strategic direction for the mission, budget, and development of initiatives that sustain Agape House of Prescott.
- Must have read, understood, and agreed to adhere to the Policies and Procedures as given by the board. These are reviewed and revised (if necessary) annually each May.
- Set a proper tone for Agape House of Prescott by articulating a code of ethics, mandating compliance with the code, showing no tolerance for dishonesty or ethical misconduct, questioning unusual transactions of activities, and supporting appropriate training.

- Review and approve the annual budget prior to the beginning of the fiscal year, and any subsequent budget modifications, and ensure that, in the case of grant funds, modifications are obtained, in accordance with requirements of the contract between Agape House of Prescott and other funders.
- Appoint board members who have signing authority and establish the limits or circumstances that require dual signatures with the executive director.

Checks for \$1.00 - \$700 requires one signature

Checks for \$701 - \$1500 requires one signature and an email approval of a board member

Checks for \$1500+ requires two signatures.

Revised 3.21.22

- Review monthly financial reports and resident care team reports.
 - Conduct quarterly budget reviews, plus set annual budget at the beginning of each fiscal year.
 - Monthly financial reports shall include; Reconciliations for savings, checking, and credit cards. Standard Balance Sheet, Standard Profit and Loss Report, and the Year to Date Budget verses Actual shall be reviewed monthly. Income by customer detail report shall be reviewed by the administrative director for the purpose of sending out monthly in-kind receipts and contribution receipts.
 - Develop and approve the job description for the executive director, administrative director, resident care director, and other staff.
 - Select a qualified executive director, and staff team. Communicate this selection to funders, grantors, and the community.
 - Hire the executive director and staff, establish salary and benefits for the position based on responsibilities and on comparative information gathered from the AGRM/Citygate Network, the national Bureau of Labor Statistics, and aggregate pay data on national and local nonprofit organizations.
 - Annually review the executive director and staff's performance and establish salary increases if appropriate.
 - Must meet minimum wage requirements as outlined by federal and state law.
 - Review and approve internal controls and accounting policies and procedures.
 - Serve as a resource to the executive director in implementing internal controls.
 - Assess risk periodically, determine the adequacy of internal controls and determine the types and amounts of insurance coverage required for the organization.
 - Review contracts with third parties, including independent contractors if those contracts are for \$24,000 or more.
 - Verify that purchases of supplies or services of between \$3,000 and \$24,000 adhere to the standards set by policy, and that potential conflicts of interest are addressed.
 - Assign a member(s) to co-sign. Dual signatures are required for all check purchases above \$1,500.
- Revised 3.21.22
- Assign a member(s) to review and approve all expenses reimbursable to the executive director or staff charged directly, such as the detail on any credit card issued to executive director or staff, before payment of the charges.
 - Determine whether Agape House of Prescott should have a simpler financial review statement or financial audit and, if so, assure this is budgeted, allocated, and pre-approved by the funders. The board is responsible to select, contract with, and hear the report from the auditor.
 - Review Agape House of Prescott compliance periodically and assure that the whistleblower

protection policies are in place for anyone reporting suspected illegal acts, waste, fraud or abuse of funds.

- Verify that Agape House of Prescott is not involved in any impermissible political activities or lobbying activities.

Executive Director, under Supervision of Board of Directors:

- Provide continuous leadership in the implementation of the mission, strategic direction, budget, and objectives set by the board of directors.
- Review key monthly financial reports such as balance sheet, PandL, and budget comparison reports.
- Review, co-sign, and mail checks. Bookkeeper is not to mail checks.
- Review payroll journals (reports of time worked and pay rates by individual) to ensure hours worked and rates are complete and accurate.
- Review bank statements including checks, electronic payments, transfers and other transactions to identify any irregularities.
- Have an overview of insurance policy.

Administrative Director, under Supervision of Executive Director:

- Ensure that a comprehensive, accurate budget and subsequent modifications are developed annually and presented to the board of directors for review and approval.
- Present key financial and programmatic reports to the board of directors. Present reports monthly. Provide complete and accurate explanations of the reports. Describe any changes, discrepancies, or variances in any of the reports, including the budget comparison report. Highlight any aspects of the reports or the organization's financial position of which the board should be aware in fulfilling its leadership role.
- Review and present monthly financial reports; balance sheet, PandL, and budget comparison reports.
- Review and approve invoices, checks, and reimbursement requests and other supporting documentation.
- Review and approve all program expenditures to verify that they are reasonable, allowable, and properly allocated.
- Review bank statements including checks, electronic payments, transfers and other transactions to identify any irregularities.
- Review completed monthly bank reconciliations with bookkeeper. Ensure adherence to all internal controls is thorough and complete.
- Initiate donor thank-you letters, contribution receipts, and in-kind receipts monthly and maintain donor records.
- Prepare reports with insurance provider annually with the board of directors to be sure that Agape House of Prescott has proper coverage. Report to the board on the organization's insurance status and recommend changes as needed.
 1. Directors and Officers Insurance
 2. Liability
 3. Property
 4. Worker's Compensation Insurance
 5. Volunteer Accident Policy
 6. Non – Owned Auto Policy

(Revised 9.14.20 with Jon Barron, Great American Merriam Insurance part of Citygate Network.)

Financial Chairman of the Board, under Supervision of Board of Directors:

- Provide continuous leadership and guidance for budget, goals and objectives set by the board.
- Financial Chair must review and sign each month's financial reports; balance sheet, PandL, and income by customer detail report.
- Financial Chair must review and sign monthly reconciliations for savings, checking, and credit cards.
- Review, co-sign, and mail checks. Bookkeeper is not to mail checks.
- Financial Chair must sign each payroll.
- Review and sign bank statements including checks, electronic payments, transfers and other transactions to identify any irregularities.
- Have an overview of insurance policy.
- Per Financial Chairman, all financial reports will be sent electronically. Board Chair will send electronic approval of these reports monthly prior to board meeting via email. Furthermore, as recorded in board minutes financial reports shall be presented by financial chairman and accepted by the board. Stamp Log has been discontinued and will no longer record usage of stamps. Bookkeeper will keep electronic files of all financial reports. Admin Director will no longer keep electronic files of these. Hardcopies of these reports will NOT be filed in back locked closet. Revised 1.17.22

Bookkeeper

- Bookkeeping services are provided by Great Expectations Bookkeeping.
- Annual 990, audits, and reviews are completed with nonprofit specialist Alyx Cohan, CPA.
- Prepare monthly financial reports including a balance sheet, PandL, budget comparison, and other reports as needed for review by the finance committee, and board of directors.
- Reconcile bank accounts; checking, savings, and credit cards.
- Enter various transactions into the accounting system, such as deposits, payroll, in-kind donations, debit, and credit card transactions.
- Calculate draw-downs based on allowable, allocable, and reasonable expenses.
- Prepare checks for payments of all expenses for the period, and provide the unsigned check with the backup documentation and an addressed stamped envelope to the executive director for signing and processing.
- Enter monthly automatic expenses.
- Back up accounting software once a month onto three separate thumb drives.
 1. i-drive, automatic daily online backup
 2. Quailview Loop
 3. Gail Gardner Way, Locked Closet
- Bookkeeper is not to mail checks.
- Prepare 1099s and W2s annually and provide them to vendors and employees as required by the Internal Revenue Service.
- Perform an initial review of timesheets for executive director approval.
- Prepare direct deposit payroll and print paystubs, and provide them to the administrative director with supporting documentation. Financial Chair must sign each payroll.
- Review and prepare all federal and state quarterly and annual payroll tax reports, and prepare checks for tax deposits.
- Prepare documentation required for worker's compensation insurance audits.

- Classify receipts, expenditures, and payroll properly by account and object of expenditure.
- Assure that the history of determining an expense to be reasonable and necessary is preserved along with the receipts.

Outside CPA

- Prepare annual nonprofit organization filings.
- Perform audits or reviews of Agape House of Prescott financial statements.
- Perform a compliance audit in accordance with Uniform Administrative Requirements.

Cash/Check Donation Processing

Normal:

1. Executive Director (E.D.) gets mail from UPS store. Normally this happens each Monday morning.
2. E.D. and designated volunteer or staff will open the mail in the office.
3. E.D. and designated volunteer or staff will select mail with donations.
4. Volunteer or Staff will write check/cash amount on deposit sheet.
5. Volunteer or Staff will initial deposit sheet.
6. E.D. will stamp back of checks for deposit.
7. E.D. will write check number on envelope.
8. E.D. will total checks/cash entries on deposit sheet.
9. E.D. will initial deposit sheet.
10. Bookkeeper will validate check/cash total and initial deposit sheet.
11. Bookkeeper will scan checks into computer.
12. E.D. will take deposit to the bank.
13. E.D. will return deposit confirmation from bank to bookkeeper.
14. Bookkeeper will generate thank you letter. E.D. will sign and send to donor.
15. Admin Director assigns marketing avenue designation for each donation.
16. Note: Virtuous CRM will be used for tracking marketing platforms and restricted funds.

Checks that are delivered to the office:

1. E.D. will stamp back of check.
2. E.D. will place check in lockbox until next deposit

NOTE: If check is for a significant amount, it is deposited in bank using above process.

Cash that is delivered to office

1. Agape receptionist, volunteer, board or staff will receive cash and creates a receipt to donor at time of donation.
2. Agape receptionist, volunteer, board or staff will place cash in lock box and notifies Executive Director.
3. E.D. will process donation with normal process, except for significant amount.

Revised, 3.6.22 under the recommendation of David Gregory, Internal Controls.

Agape House of Prescott

Financial Procedures and Controls

Security of Financial Information and Other Records:

Financial management records, electronic and printed, will be secured at all times. Access to those records will be restricted to those whose job responsibilities require access.

Access to the accounting system will be limited to those whose job responsibilities require such access. Each individual will have his or her own password for the system. If security requirements of the accounting system provide for different levels of access to separate modules, the access rights of each individual will be based on their job-related level of need for access.

All Human Resources, (HR) records including residents, applicants, donor records, and personnel (staff and volunteer) records will be kept in a locked area with access limited to those whose job responsibilities require access. (Revised June 2021 per recommendation from Cyber Insurance, Great American Merriam Insurance.)

Segregation of Responsibilities:

The board and staff of Agape House of Prescott will ensure the appropriate level of segregation of duties at all times. The board and staff will accomplish that by following the policies and procedures included in the fiscal policies. *(Please also see recommendations from Alyx Cohan, CPA office, SEGREGATION OF DUTIES, which follows this policy.)*

Cash Receipts:

Blank checks, checks or cash held for deposit, and checks held for employees or vendors will be kept in a locked area with access limited to those whose job responsibilities require access. Cash receipts generally come from the following sources:

- Contracts and grants (federal, state and other)
- Direct donor contributions
- Fundraising activities

Incoming mail will be opened by the Executive Director or staff member designated by the Executive Director. When checks or cash are received, he or she will perform the following tasks:

1. Stamp the back of any checks received "For Deposit Only."
2. Count any cash received.
3. Complete a deposit slip.
4. Make a photocopy, or electronic copy of any checks received and any accompanying documentation.
5. Make timely bank deposits at least once each week or scan directly from office.
6. Obtain an office copy of the receipted bank deposit.
7. Provide a copy of the checks and deposit slip and receipt (or check scanning report) to the accountant/bookkeeper to record in the accounting system.

Under no circumstances shall the bookkeeper perform any of the above seven tasks or remote deposit.

Remote Deposits to Foothills Bank/ Glacier Online Banking:

1. Checks are to be scanned
2. Original checks are to be kept for up to 60 days until reconciliation has been completed.
3. Original checks are to be destroyed after reconciliation of previous month.

(Revised 9.15.20, per suggestion of Jennifer Salas, Foothills Bank/ Glacier Online Banking.)

Expense Allocations:

Payroll and other costs that benefit a single program or cost objective shall be assigned solely to that program or cost objective. Most expenses that benefit more than one program or function (typically administration, rent and other occupancy costs, and minor expenditures such as shared supplies) are allocated to each program or department using a shared cost method.

1. Programming
2. Operations
3. Fundraising

(See separate standard expense allocations sheet.)

All expenditure of federal funds must be adequately documented to be considered allowable.

Internal Control for Accountability, approved, 11.21.22

1. Once a month a random test shall be completed for verification purposes including income and expense records.
2. Periodic audits are to be completed at least every five years.
3. Cash counters are to be bonded.
4. Review deposit sheet for four sets of initials once a month.
5. For record keeping purposes: Cash receipt book should be numbered similar to check numbers.
6. Count procedure should be performed in a locked office with glass window.

Bank Reconciliations:

Bank accounts will be reconciled monthly as outlined in the Fiscal Policies—Basis and Responsibilities policy prior to a board meeting for the finance team to review.

Payroll and Time and Effort Reporting Procedures:

All employees are required to complete, sign, and submit time sheets and personnel activity reports meeting the requirements of Uniform Administrative Requirements. These requirements can be met with separate documents or a single combined document.

Payroll Procedures:

Time sheets completed by each employee accurately account for all time worked during each payroll period. After approval of time sheets, the bookkeeper completes payroll processing through the direct deposit system. The bookkeeper will prepare checks or electronic direct deposit and a record of payroll by person. The executive director will review the record of payroll by person for accuracy, including proper rates and hours. Checks for payroll and contracted workers are sealed in envelopes by the executive director, and held by the executive director in a locked area for distribution.

Personnel Activity Reports (PARs):

The time and effort of all employees charged to programs, grants or activities will be supported by a

personnel activity report or other documentation that clearly shows the distribution of activity of each employee. Agape House of Prescott uses this documentation to verify the way employees' time is split between cost objectives. This requirement applies to supervisory and nonsupervisory employees, as well as to hourly and salaried employees. Each PAR MUST:

- Be an after-the-fact record of actual time worked. It cannot be dated before the end of the time period. Budget estimates determined before the work is performed do not qualify.
- Must account for the total activity (100%) of time for which the employee is compensated.
- Must be signed by the employee and supervisor, with printed names, titles, and dates for each signature. Signatures certify that the percentage of time being reported under each objective is correct. The supervisory official will have firsthand knowledge of the activities performed by the employee. There will be a notation that the distribution of activity represents a reasonable approximation of the work actually performed by the employee.
- Will be prepared every other week and will coincide with payroll periods.

Debit and Credit Card Procedures:

Agape House of Prescott utilizes debit and credit cards that can be used subject to the following requirements:

Use of Debit Card by the Executive Director:

The executive director of Agape House of Prescott is authorized to utilize the organization's debit card subject to a limit of up to \$300 for the purchase of payment of allowable cost/expenses related to the normal operation of the programs and services of Agape House of Prescott. This includes but is not limited to:

- Equipment and supplies for residents, office, or renovation team.
- Volunteer and staff appreciation and development.
- Postage, printing and expense, Travel expenses.
- Turn around period for move-in budget is \$500 to be used for painting, cleaning, carpet cleaning, pest control, and minor handyman repairs.

The executive director will retain original, itemized receipts and other documentation for all card purchases, and will provide these to a board member. The board member will initial documentation, or provide other evidence of their review related to the executive director's use card(s).

Use of Cards by Other Management Staff:

Other management staff may use cards for the purchase or payment of costs and expenses related to the normal operation of the programs and services of Agape House of Prescott with prior approval from the executive director, subject to a \$100 limit. Prior approval may be received in writing, by email, or over the phone. If approval is by phone, the date, time of approval, and type and amount of the expenditure approved will be noted by the executive director and made part of the supporting documentation.

With reimbursement form as soon as possible after the expenditure, anyone using the cards will produce the original receipt and other documentation related to the expense for internal processing and submission first to the staff member's supervisor and then, after approval to the accountant/bookkeeper. The documentation and/or accompanying notes will explain the nature of the item(s) purchased in a way that permits verification that the item is reasonable, necessary, and allowable, and specify the program(s) or functions(s) to which it should be allocated.

Debit Card Purchases Are Limited to the Following Areas:

- Transitional housing expenses including: Rent/housing, utilities, children, transportation, case mentor/management supplies and equipment.
- Volunteer and staff appreciation and development, continuing education
- Postage, Travel, Supplies, Equipment purchases, Office supplies, Hospitality

Lost or Stolen Cards:

If a debit or credit card is lost or stolen, the person designated with responsibility for the card must report the loss or theft to the executive director immediately. The admin director or executive director will immediately contact the bank and cancel the card and request a replacement card. The circumstances will be documented, date and time bank was contacted, and determine if other steps are needed related to the lost or stolen card.

Credit Card Codes and Passwords

No staff member is allowed to change the original code/password for the debit card that they utilize without permission from the executive director.

Misuse of Credit or Debit Cards

If staff abuse or misuse a card, the executive director will require the staff member to relinquish the card to the executive director. The executive director will determine if other steps are needed based upon the circumstances related to the misuse of the card, up to and including initiation of civil or criminal proceedings. If the executive director abuses or misuses a card, the card must be relinquished to the board chair or treasurer. The board will determine if other steps are needed based upon the circumstances.

Information Technology Controls:

Information technology controls are created to protect confidential information, preserve financial data, and operate efficiently. Procedure for properly protecting electronic information:

- Backups of important data will be made and stored off-site, in locked closet, and daily with i-drive.
- Backups will be backed up daily with i-drive. Updated 6.20.22
- Surge protectors will be used on all computers and UBS/battery backups on the server.
- Access to computers with confidential information will be limited to those needing access required for the performance of job duties.
- Access will be immediately removed when someone leaves or is terminated.
- Secure passwords will be used and changed at least quarterly.
- Up-to-date anti-virus protection, ad-blocking, and anti-spam software will be used.
- Any remote devices such as laptops, smartphones or notepads that are integrated with the computer system will be secured with passwords and/or encrypted, and set up to allow remote deletion of confidential information.
- Hard drives will be defragmented periodically, error logs will be reviewed for potential problems, and problems will be remedied.
- License and warranty information will be maintained in a secure central location.
- Upon receipt of State/ Federal funding, separate accounting must be kept. Revised 1.17.22

Information Technology Controls:

Information technology controls are created to protect confidential information, preserve financial

data, and operate efficiently. Agape House of Prescott will properly protect its electronic information with the following procedures:

Savings Reserve Policy:

A seven-month savings reserve policy has been set in the amount of \$100,000. These funds would be unrestricted and board accessible. At the discretion of the board, these funds may be investable. Board Approved 6.20.22

Background Information:

It is the policy of Agape House of Prescott to maintain a seven-month savings reserve. This plan represents a proactive approach should unexpected disruptions occur in our income stream. Agape House would implement a multi-tiered plan to continue operations even if income were to drop 50%. Fixed assets would be maintained and payroll controlled. This amount provides the ability to operate and meet our base objectives by implementing reductions of non-essential items and services. We would be able to cover housing costs for current residents, but may restrict new residents. These funds may be invested at the Board's discretion, but must be readily available for use should Agape House need to access.

Creating a proactive atmosphere responding to the national crisis and inability of nonprofit longevity and sustainability- 38% of nonprofits nationwide face closure each year due to poor planning revolving around economic decline and lack of savings reserve. Sustainability lies within the diversified income streams including; individuals, fundraisers, grants, foundations, direct marketing, digital campaigns, churches, clubs, and businesses. Current report and income graph reflecting diversified income streams are available upon request.

As a non-profit organization, Agape House of Prescott strives to utilize its assets for maximize effectiveness and benefit to the community. At the same time, we recognize the need to plan for unexpected disruptions in our income stream. We are continually reviewing all non-discretionary expenses, and analyzing the stability of all our income sources. We have developed a multi-tiered plan to continue operations even if our income stream were to drop to the lowest conceivable level. As a result of those studies, we maintain a reserve fund of \$100,000. Sustainability lies within that amount and safely secures our ability to operate and meet our base objectives for a minimum of 6 months. If we were to enter what appeared to be a protracted lean time, additional steps would be taken to extend our sustainability beyond 6 months. Items of limitation would include: 10%-20% salary reduction, tangible tokens of appreciation, travel, community relations, staff development, household items, facility/maintenance reduction, marketing/print reduction, graduation gifts, etc.

Therefore, it is imperative that sustainability lies within the fiscal policy to maintain a savings reserve of 7-months. This incorporates a reduced income by over 50%. Current reports are available upon request reflecting documentation regarding tier percentage decline. It is projected that even amidst economic decline \$117,000 is a reasonable projection based upon decline of giving at 100% in the top and bottom tiers, relying on the mid tiers as foundational and golden donors even with a decline of giving at variable rates ranging from 50%-70%. In such times, a suggested decrease of expenses has also been included to reflect a limited 6-month budget of \$99,970 reflecting a reduction of non-essential items and reduced payroll. Fixed expenses will be maintained. Furthermore, it is the board's foresight to maintain a balance of \$100,000 in a savings reserve implementing and maintaining a proactive approach to ensure longevity and sustainability amidst times of economic despair. Revised 6.20.22

Addendum to Financial Procedures and Controls Policy

Recommendations of Alyx Cohan, CPA Nonprofit

Segregation of Duties - Two Person Office

Below is an example of how an organization with two staff members could implement segregation of duties:

Accountant, Administrative Employee or Receptionist

- Write checks
- Process payroll
- Record accounts receivable
- Receive and record cash
- Reconcile bank statements
- Record general ledger entries

Executive Director or Manager

- Authorize purchases
- Authorize check requests
- Authorize invoices for payment
- Sign checks
- Mail checks
- Approve general ledger entries
- Sign employee contracts
- Approve and distribute payroll
- Complete deposit slips and make deposit
- Reconcile petty cash
- Perform bank transfers
- Receive open, and review bank statements

Board Treasurer/Finance Committee Member

- Review and approve bank reconciliations against bank statements
- Sign reimbursement checks for the Executive Director or Manager

Agape House of Prescott Financial Reports

All expenditures are to be incurred and paid in accordance with a budget approved by the board of directors. The following financial statements are prepared:

Balance Sheet:

- Assets (what we have)
- Liabilities (what we owe)
- New assets (what's left)

The balance sheet is created at a particular point in time, and will be completed at the end of each month in order to “close out the month.” Net assets will be classified as restricted by donors, designated by the board for use in certain areas, or as available for use where needed.

Profit and Loss Report- Statement of Income and Expenses and Budget Comparisons:

These statements report contributions received and income earned, as well as expenses for payroll and for products and services received. Reports will be generated for a period of time such as month and/or year-to-date and may be compared to the prior year, and/or to budgeted amounts.

Other Financial Reports:

Quarterly, a Federal Fiscal Report (FFR) must be submitted to the Grant Solutions before the next quarter's Part C funds can be drawn. An accurate form SF-425 will be submitted to ACL by December 31 each year. Other financial reports will be prepared for review as requested by the Board of Directors, or its finance or audit committee including:

- Cash flow report
- Statement comparing budget to actual for the period and Year-to-Date
- Dashboard report (key asset and operating results)
- Cash flow forecast
- An aging of accounts payable
- An aging of accounts receivable

Agape House of Prescott Gift Acceptance Policy

Agape House of Prescott greatly values the financial support that it receives from individuals, foundations and corporate giving programs. Regarding restricted funding; all Obligations, Reporting Requirements, Non-Discrimination Policies, and Memorandums of Understanding (MOU's) will be reviewed and disclosed prior to acceptance of gifts. Those generous donations – large and small – are critical in sustaining and expanding the efforts of Agape House to foster and promote greater government transparency and openness. The following gift acceptance policy summarizes what gifts are, and are not, acceptable at Agape House. It also enables volunteers, consultants and staff to respond to donors in a timely and consistent manner and to accommodate novel or complex donations that may require consideration of several interrelated factors. In order to honor donor stipulations, gifts that are earmarked for a specific individual are not deductible as charitable contributions. Donations are able to be restricted to “resident care” or “transitional housing household items,” however donations are not to be earmarked for a specific individual. It is not a substitute for flexibility and independent judgment by the Agape House Board of Directors. Revised 1.17.22 and 11.21.22

The Gift Acceptance Policy is which governs what types of gifts the organization is able to receive. Agape House accepts any cash gift from a donor who purely wants to help us restore the lives of people who are hungry, homeless, abused, or addicted. There may be donations that have grounds for denial, but not on any kind of categorical basis. However, none of the policies are by design, categorical about the types of donors from whom gifts shall be accepted. Consideration will be given in each case in regards to the gift outside the norm on a case-by-case basis. Consideration will be given to the intent and heart of the donor, the donor's expectations.

Restricted Funds must be used within the designated purposes. Gifts in Kind that have a more precise acceptance criteria which cannot be readily liquidated or gifts that may have administrative costs that exceed their value. The organization will not accept a gift that implies or requires an endorsement from the organization. Consideration will be given to the heart of the donor. Agape House shall accept any cash gift from a donor who purely wants to help restore the lives of families in crisis.

Additional Resources:

1. <https://www.councilofnonprofits.org/sites/default/files/documents/SAMPLE%20Gift%20Acceptance%20Policies.pdf>
2. <http://nonprofitorgs.blogspot.com/2012/05/do-you-laundry-tainted-donations.html>
3. <https://nonprofitquarterly.org/2010/03/21/when-a-donor-becomes-tainted/>

This policy pertains to all GOLDEN DONORS including cash donations of \$1,000- \$4,999.

This policy pertains to all PLATINUM DONORS including cash donations at \$5,000 or more.

As well as, donations of life income gifts, gifts in kind, real estate, insurance policies, etc. Agape House accepts gifts of cash, stock, mutual fund shares, bonds, tangible properties, and insurance policies. Agape House reserves the right to place conditions on accepting the gift or, if it deems necessary, to decline the gift.

1. **General Gift Acceptance:** Any contribution from any source in excess of \$100,000 will be reviewed and approved before acceptance by the Board of Directors.
2. **Designated Support:** Should a donor wish to provide designated support for a specified project, the relationship between the donor's personal views and the nature of the project requires special

scrutiny to assure that there is not a conflict of interest. Approval by the Board is required before any gift from an individual, foundation, or family foundation in support of a particular project can be accepted.

In order to take a proactive stance during marketing campaigns, marketing team shall provide a disclaimer prior to receipt of gift within the marketing campaign time period. For example; within the marketing campaign materials a disclaimer will be made stating “during this campaign in the case of excessive or underfunding, any funds that cannot be used within this particular project shall be redirected towards a similar project or applied to the general fund.” The goal of AHOP is to create realistic expectations of what will be accomplished with each charitable donation. Transaction shall be considered satisfied when all steps have been completed:

- A. Marketing materials completed with direct and clear objectives.
- B. Nonprofit organization receives a charitable contribution.
- C. Charitable Contribution Receipt is sent within 30 days.
- D. Funds used as restricted or requested by donor within allotted time period.
- E. Campaign will be closed out at the time reports are sent to donors stating how the funds were used.

In the case of overfunding within a particular campaign, in circumstances when donations exceed the estimated cost of the project, AHOP leadership will contact donor to alert donor excess donations came in. Leadership team will ask donor if they wish for the funds to be returned or redirected to a secondary project or to be utilized within the general fund.

In the case of underfunding within a particular marketing campaign, in circumstances when donations did not match the required funds needed and the project is not able to be completed, AHOP leadership will contact donor to alert donor. Leadership team will ask donor if they wish for the funds to be returned or redirected to a secondary project or to be utilized within the general fund. Revised 11.21.22

3. **General Support**

- A. Cash or In-Kind Donations Under \$1,000: Agape House accepts donations from any source under \$1,000 as such amounts are not a “Significant Donation.” A “Significant Donation” is deemed as any gift over \$1,000. All donations under \$1,000 are not deemed as significant enough to be perceived as influencing, unless the Board of Agape House identifies the donation as being inappropriate.
- B. Cash or In-Kind Donations above \$1,000 or more:
1. Individuals
 - a. Any gift of \$1,000 or more must not have nor create a conflict of interest with the mission of Agape House.
 - b. No project support will be accepted that could potentially provide tangible benefit to the donor nor enhance his/her professional or personal interests.
 - c. Any concern or question about the appropriateness of a potential donor or the source of donation will be reviewed and determined by the Board of Directors.
 2. Corporations
 - a. Agape House will only accept contracts or grants from businesses with which there is no real or perceived conflict of interest.
 - b. Any concern or question about the appropriateness of a potential donor or the source of donation will be reviewed and determined by the Board of Directors.
- C. Foundations and Grants
1. Agape House may solicit and accept donations from national, local, community, or family foundations including those directly connected to a business entity or a business/professional association.
 2. Donations from foundations with only one director shall be reviewed as if the donation came from an individual donor.
 3. Foundation donations are subject to approval by Board of Directors.
- D. Gifts of Stock
1. Publicly traded securities are sold as soon as feasible by Agape House and are valued & acknowledged on the date the securities are irrevocably transferred to Agape House.
- E. Investment
1. Agape House holds an endowment and investment account with Thrivent Financial. Please contact the office for more information. Revised 11.21.22
- F. Car and Automobile Donations
1. Automobile donations valued at less than \$4,999 will be accepted and be given directly to a resident of Agape House completing necessary IRS State Form 1098-c. The donor is to complete Form 8283. Please consult with the Agape House bookkeeper for all automobile donations to ensure completeness and accuracy of the necessary forms.
- G. Gifts of Tangible Personal Property
1. Personal property should not be accepted by Agape House unless it can be disposed of quickly and has a minimum value of \$5,000. A qualified appraisal must be supplied by

the donor along with the gift. Final acceptance of any gift of tangible personal property will be made by the Board of Directors.

H. Tangible Gifts to Staff

1. Any tangible gift to staff with a value of \$50 or more will only be accepted if approved by the Agape House Board of Directors. All staff and volunteers must declare gifts above a value of \$50 and must complete a Conflict of Interest Disclosure Statement.

4. **Deferred Donations**

The rules for structuring deferred gifts can often be complex. Agape House will encourage the donor to consult his/her own legal and financial advisors so as to avoid creating any undesirable tax consequences for the donor's estate or heirs.

A. Bequests:

1. In the event of an inquiry about a prospective bequest, acceptability of an existing bequest, or assets left or proposed to be left in a will may be made only in accordance with the terms outlined in the General Donations section, above.

B. Gifts of Life Insurance:

1. Agape House may be named as the beneficiary of life insurance or commercial annuities. Agape House will not, however, encourage the purchase of life insurance policies to benefit its programs.

C. Donations of Retirement Plans:

1. Agape House may be named the beneficiary of a qualified retirement plan, individual retirement account (IRA), and other types of retirement plans.

5. **Donations of Real Estate**

A. All donations of real estate are subject to immediate sale except in the case of a Retained Life Estate.

B. Donations of real estate may include developed or undeveloped property.

C. Agape House will not accept property with multiple owners unless there is an acceptable preceding legal agreement with each owner regarding the ultimate disposition of property.

D. Property may be given in the following ways:

1. An outright donation of property.
2. To establish a Charitable Remainder Trust.
3. To establish a Retained Life Estate that allows the donor to live in the property during his/her lifetime. Expenses for maintenance, real estate taxes, and any property indebtedness will be paid by the donor.
4. As a bequest in a will.

E. Agape House will only consider donations of real estate that are above the following market values:

1. Outright donation – \$50,000
2. Charitable Remainder Trust – \$100,000
3. Retained Life Estate – \$100,000

4. Bequest – \$50,000

F. Donations of real estate must be reviewed prior to acceptance and will require the following documentation and information:

1. General description of the property;
2. Demonstration of clear title of ownership. No donation of real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged;
3. Value of the property – while it is the donor’s responsibility to obtain an independent appraisal of the property, Agape House will obtain its own appraisal of the fair market value and marketability of the property. The Board of Directors will inform the donor that the IRS will require an appraisal within a period that begins sixty days before the date of the donation and ends on the day before the due date (including extensions) of the federal income tax return on which the donation is first claimed as required by law; and,
4. Agape House will calculate the costs to maintain, safeguard, and insure the property (including property tax, if applicable) during the holding period.

G. The Board of Directors will prepare a written summary of the real estate donation proposal and submit that summary to the Agape House Board of Directors for review. It will include:

1. Description of property including title of ownership and tenant information, if any;
2. The proposed arrangement of the donation and its value;
3. The purpose of the donation, what program/s it will benefit, and whether it is a cash or endowment gift;
4. An estimate or appraisal of property, property’s fair market value, and marketability;
5. Expenses, encumbrances, carrying costs prior to disposition, and income potential;
6. Environmental risk assessment;
7. Zoning restrictions;
8. Any special arrangements requested by the donor; and
9. A description of the donor and any potential conflicts of interest.

H. The donor should not engage with potential buyers of the property.

6. **Transparency**

Agape House does not accept anonymous gifts over \$5,000.

Gifts Acceptance Policy is based upon Matthew 2:11 when kings gave gifts to the Messiah and family, gifts were received. Furthermore, Ezra 1 when foreign kings gave gold and riches so the Israelites could rebuild the temple, gifts were received.

Agape House of Prescott Purchasing and Procurement Policy

Purchasing and Procurement Objectives:

Agape House of Prescott's policy has the following objectives:

- Limit purchases to necessary items.
- Minimize the possibility of theft or misuse.
- Control costs while ensuring quality.
- Comply with federal or other regulations where applicable.
- Properly identify the nature and program or supporting service of the purchase.

It is the policy of Agape House of Prescott to follow ethical, responsible, and reasonable purchasing procedures. These policies describe the principles and procedures to be followed by all staff in connection with their purchasing responsibilities.

Responsibility for Purchasing:

All purchases will be approved in the annual budget by the Board of Directors. Further approval of unplanned expenditures may be approved within the following budget by the Administrative or Executive Directors.

- Executive Director, up to \$300 prior to board approval.
- Turn Around Crew, up to \$500 at the time of move in to cover move in expenses such as; painting, cleaning, carpet cleaning, pest control, and minor handyman repairs.
- Administrative Director, up to \$100 for approved expenditures.
- Administrative Director will setup automatic payments when available for monthly expenses of office and program costs.
- Resident Care Director, up to \$100 per resident family per month.
- Expenses above \$500 must have three competitive bids.

Ethical Conduct in Purchasing:

Individuals involved in the purchasing process will discourage the offer of, and decline gifts or gratuities for themselves, their families or friends from potential vendors. They will never discriminate unfairly by dispensing special favors or privileges to anyone whether for remuneration or not.

Conflicts of Interest Prohibited:

Employees and members of the board of directors have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. Board members, as well as any employees involved in the procurement/purchasing process, are expected to disclose any potential conflict of interest and to remove themselves from discussion and decision making in any item of business in which they have a conflict of interest. Refer to Conflict of Interest Policy for more detailed information.

An actual or potential conflict of interest occurs when the employee, officer, or agent, any member of his or her immediate family, his or her life partner, his or her business partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The basic principles that apply are that any potential conflict must be disclosed and the individual who has a potential conflict cannot be involved in decision-making related to the area in which they have a conflict.

Personal gain is prohibited. Transactions are prohibited where the individual, partner or relative has significant ownership in a firm with which Agape House of Prescott does business. Any kickback, bribe, substantial gift, or special consideration to an individual or relative is prohibited as a result of any transaction or business dealings involving Agape House of Prescott in which the individual has influence. Actual or potential conflicts of interest involving federally funded activities must be reported to the federal awarding agency.

Procurement under State or Federal Awards:

Procurement of goods and services that will be charged to state or federal awards received by Agape House of Prescott is subject to all of the policies above and also to the following:

- Agape House of Prescott will purchase only those items necessary for the performance of the duties required by a state or federal award.
- When appropriate, an analysis will be made of lease versus purchase acquisitions to determine which would be most economical and practical.
- Documentation of the basis for contractor selection shall be retained when competitive bidding is performed; documentation for why competitive bidding was not done shall be retained.

Vendor contracts shall include a written statement that they have not been suspended or disbarred from doing business with any state or federal agency. Davis-Bacon prevailing wage requirements for construction contracts must be met if required by the state or federal award.

General Procurement Standards:

Purchases must be necessary and reasonable for the performance of the federal or other award and shall be properly identified with an award(s). Economical purchase procedures (such as consolidation of purchases), and lease versus purchase, where appropriate shall be considered.

- Purchases shall be treated consistently as direct or indirect costs.
- Purchases treated as direct or indirect costs cannot also be used to meet cost sharing or matching requirements.
- Costs charged to federal and other awards shall be net of any applicable credits.
- Costs charged to federal and similar awards shall be allowable based on guidance.
- Costs shall be determined in conformity with U.S. generally accepted accounting principles.
- Contractors that develop or draft specification requirements, statements of work, or invitations for bids or requests for proposals will be excluded from competing for such procurements.
- All solicitations shall include a clear and accurate description of the technical requirements for the material, product, or service to be procured.

- Documentation for purchases will be sufficient for an independent person to determine what was purchased, and for what purpose.
- Documentation for purchases shall be kept for at least 7 years and shall document the rationale for the method of procurement, the selection of the contract type, contractor selection or rejection, and the basis for the contract price and verification that the contractor is not suspended or debarred.

Competition:

Purchases shall be conducted in a manner that facilitates competition. No action shall be taken to limit competition such as:

- Placing unreasonable requirements on firms in order for them to qualify.
- Requiring unnecessary experience or excessive bonding.
- Specifying a brand name instead of allowing an equal product to be offered.
- Any arbitrary action in the procurement process.

Purchase solicitation shall identify requirements that are to be fulfilled, and shall incorporate a clear and accurate description of the item or service to be procured.

Purchase Thresholds:

Requirements vary based on the size of the purchase.

Micro-Purchases:

Micro-purchases are purchases of supplies or services are those that do not exceed \$3,000.

Small Purchases:

Small purchases are purchases between \$3,000 and \$25,000 (the current level of the Simplified Acquisition Threshold). These amounts will be indexed for inflation.

- Micro-purchases shall be distributed among qualified suppliers but don't generally require competitive quotations.
- Small purchases will be made only after price or rate quotations are obtained from an adequate number of qualified sources. Prices can be obtained from published or online price lists.

Purchases in excess of the Simplified Acquisition Threshold, including services, equipment or supplies, purchases, leased or contracted for, require a cost or price analysis (cost analysis evaluates cost components, price analysis evaluates the total price). These purchases shall be made only after receiving, whenever possible, quotations from at least three vendors. Selections shall be recommended to the financial chairman or Executive Director for approval with quotations attached. Recommendation and selection shall be based on the following criteria:

- A clear and accurate description of the product or service to be purchased.
- Skill and experience of key personnel.
- Experience providing products or services to Agape House of Prescott.
- Any specific requirements we have included in our solicitation of bids.
- Demonstrated commitment to the nonprofit sector.

- Information received from vendor references.
- Commitment to our time deadlines.
- Cost.
- Preference for products and services that conserve natural resources and protect the environment, to the extent possible.

Construction services shall be procured by sealed bids following formal advertising. Contracts shall be awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the request for bids and is the lowest in price.

Vendor contracts shall include a written statement that they have not been suspended or debarred from doing business with any federal or state agency. Alternatively, Agape House shall check the SAM (System for Award Management <https://www.sam.gov/index.html>) vendor database. Davis-Bacon prevailing wage requirements for construction contracts must be met if a federal award is involved.

Exceptions to Competitive Bidding:

Competitive bidding will not be required in certain limited circumstances including:

- The item is available only from a single source.
- An emergency or urgent need will not permit a delay for competitive selection.
- Staff or client health, welfare, or safety does not permit a delay for competitive selection.
- After solicitation of a number of sources, competition is deemed to be inadequate.

Documentation of the basis for contractor selection shall be retained when competitive bidding is performed. A written explanation shall be prepared and maintained whenever a normally required competitive selection is not used.

Uncertainties and Violations:

Any questions regarding compliance with this policy should be directed to the Financial Chair or Executive Director. Deliberate violations of any aspect of this policy by an employee will be subject to corrective action, including possible termination of employment. The termination of a volunteer relationship may occur if a board member or other volunteer violates the policy.

Property and Equipment:

Property and equipment include items such as:

- Office furniture and equipment;
- Computer hardware;
- Computer software; and,
- Leasehold improvements.

Capitalization and Depreciation:

It is Agape House of Prescott’s policy to capitalize all items that have a unit cost greater than \$2,500 and a useful life of more than one year. Items purchased with a value or cost less than \$2,500 and a

useful life not to exceed one year will be expensed in the period purchased.
The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months
Computer Software	36 months
Leasehold improvements	Length of lease

A Fixed Asset Log will be maintained by the accountant including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, and the depreciable life of the asset. Inventory shall be completed annually at the end of each fiscal year. Annually, a physical inspection and inventory will be taken of all fixed assets, and the accounting system will be updated to reflect any items that are disposed of or are no longer in service.

A control system shall be in effect to ensure adequate safeguards are in place to prevent loss, damage or theft. The executive director shall be informed in writing of items that are missing, have been disposed of, or are no longer in service. Any missing items must be investigated.

Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

Employee Expenses:

Board approval is required for hire and wage.

Operational Expenses:

All expenses incurred above \$100 must receive board approval. All requests for reimbursement must complete a reimbursement form and submit receipts. Two members of the board hold credit cards, and one member shall hold a debit card. The credit and debit cards are used for operational expenses such as professional services, insurance, bills, postage, printing, fundraising expenses, and transitional housing household items, etc. All professional services expected to exceed \$1000 must have a minimum bid of three in competitive fields. The Executive Director has the discretion of utilizing up to \$300 prior to board approval. All contractors must be bonded, licensed, and insured as recommended by the Great American Merriam Insurance Agency.

Volunteer and Donor Appreciation:

Volunteer Appreciation Award is granted after 100 hours for volunteer service. A gift up to \$40 is standard once per year. A Conflict of Interest Disclosure Form is required for gifts greater than a \$50 value, please see Volunteer Handbook. It is important to keep in mind “no goods or services were provided in exchange for this contribution.”

In regards to Donor Appreciation: A nominal insubstantial token gift with the name and logo of the organization is acceptable. Tokens such as coffee mug, calendar, poinsettias, magnets, keychains are acceptable token gifts and are not considered to have substantial value outside of donor appreciation. Donors and volunteers should receive a poinsettia each December, as well as, a thank you card or small token gift in May and August in order to build donor relationship. Revised 6.21.21

Nominal Token Gifts

To be considered as a nominal insubstantial token gift all goods and services provided must have a value less than 2% of the donation given or the gift must bear the organizations name or logo including calendars, mugs, magnets, or poinsettias with branding label within the limit adjusted annually by the IRS. Poinsettias given as a way to show appreciation towards donors the free and unordered low-cost articles are also considered to be insubstantial.

Written disclosure- A donor must receive a timely receipt for donations given. The deductible portion must be clearly stated on the contribution receipt. A donor may only take a deduction for the amount which is allowable for deduction. Receipt will be given to clarify the eligible deductible donated amount and the difference between the non-deductible exchange transaction. When figuring the fair retail value of an item, the IRS is concerned with the value of the item in the hands of the donor, without regard to how much or how little it cost the organization to obtain the item. The fair market value if a premium is the price the donor would ordinarily have paid to purchase the item at full retail value. A contribution receipt will be given to all donations above \$75.00, partly as a contribution and partly for goods received. See example below:

All gifts under \$75: The donation of \$25.00 did receive a token gift flower during a fundraiser campaign with a non-deductible exchange transaction of \$11.25, allowing \$13.75 for as a deductible donation, this amount is eligible for the AZ Charitable Tax Credit.

All gifts above \$75: If your donation received a Christmas Poinsettias this is considered a nominal insubstantial token gift.

Quid Pro Qou Receipts

Receipts given for an exchange of items or services is known as a Quid Pro Qou. These receipts shall be administered as part of an exchange at a yard sale, craft show, admission tickets, silent auction, or in exchange for a tangible good or an event/service provided. A Quid Pro Quo receipt informs the donor that the “deductible amount of the contribution is limited to the amount of donation above the fair market value of goods or services received from the organization.” The Quid Pro Qou receipt must also provide the donor with an estimate of the fair market value for the cost of goods & services provided and must state to the donor that the “deductible amount is the fair market value of property above the goods or services provided by the organization.”

Example: For your donation of \$50 to help us support homeless families in crisis, we will deliver to your home or office a beautiful Christmas poinsettia a retail value of \$11.25. The retail value must be deducted from your contribution to our ministry to determine the tax-deductible portion of your gift.

Thank you for your donation. The IRS requires that donations to Agape House of Prescott less than \$75 are deductible to the extent that they exceed the fair market value of anything received in return, except in the case of a nominal token gift, such as a coffee mug, flower, magnet, or keychain with the ministry’s name & logo attached. The following information is provided to assist you in accurately reporting your charitable contribution.

Policy Approved

11.21.22

Amount of Gift	\$25.00
Value of flower	\$11.25

Tax- Deductible Contribution \$13.75

Transitional Housing Budget:

This budget balances the average of three low-income families: \$800 Rent, \$300 Utilities, \$100 Household. The first 30-day setup includes \$500 Household setup costs (utilities turned on, miscellaneous household items, such as shower curtain rings, brooms, mattresses, etc.). Also, each family mentor has the discretion to spend up to \$100/ month without prior permission in one month's time for the immediate needs of a family (such as health items, food for one week, gasoline for work, vehicle maintenance, etc.). During the first 30 days, Agape House may assist with immediate debt assistance between \$300- \$500, at the discretion of the Resident Care Team, after setting up a budget and debt repayment plan.

Restricted Funds:

Restricted funds must be restricted for use for their designated purposes. When a restricted fund is received the funds will be held within the Restricted Funds Account as specified in software until the funds are extinguished per the donors' specifications or requirements. As of 2020, there are three restricted funds:

1. Resident Care (Collected for specific purpose such as Mattress or Holidays)
2. 90 Day Rental Assistance Program
3. Capital Campaign

Furthermore, specifying a particular class will allow higher clarification. Funds must be utilized within the same year received. The class shall be used at the time of income received and at the time of expenditure. A specified paper trail must be kept for accounting and auditing purposes. Restricted donations are tax deductible.

Accounting for Restricted Funds:

The objective of accounting for restricted funds is to comply with generally accepted accounting principles and with requirements for annual filings. It is appropriate to receive donations, as long as these funds are placed within a restricted account and utilized as donor specified. The bookkeeper shall mark the donation or grant as restricted funds, place a note in the memo, and class it appropriately for ease in record retention. To track restricted donations and associated expenses the best practice is to use a class. Use the specified class on each sales receipt to tag all restricted donations with the same class. Then use the same class on each expense.

At year end, any unused restricted funds must either be returned to the donors or the donors must in writing tell Agape House that the funds can be used for other purposes. Also, if any funds are not used these must be reported on the equity section of the balance sheet as temporarily restricted net assets on Dec 31st, year-end. Restricted funds, as all donations, are tax deductible. Per tax code, restricted donations are tax deductible, as long as the donation is given to a 501(c)3 nonprofit organization and the charity is using the funds for mission-related purposes. Agape House of Prescott is to track and document restricted funds for record keeping and grant purposes.

(Revised 4.15.20 per recommendation of Lisa Nau, Great Expectations Accounting Services and Alyx Cohan, Nonprofit Specialist CPA)

Year-End Giving:

All year end gifts must be received or postmarked prior to December 31st. This applies to the April 15th deadline for Arizona Charitable Tax Credits, as well. Funds must be received or postmarked prior to April 15th to qualify for the previous years' tax return. All donations will be entered into the accounting system on the date of the deposit. It is not necessary to contact the donor, nor to refuse the check. The responsibility is with the donor to report and maintain backup for donations to the IRS.

Accounting for April 15th Tax Deadline and Dec 31st Year-End Giving:

All donations received by Agape House of Prescott shall be stamped with DATE RECEIVED if a postmark has not been placed. It is the responsibility of the donor, not the organization, to file with taxes. The donation will be entered into accounting software, QuickBooks, as the date it was received rather than the date of the check.

Furthermore, it is acceptable to state in the contribution receipt;

“Thank you for the donation of \$xx.xx amount, check date 00-00-00, made to Agape House.”

(Revised 4.27.20 per recommendation of Lisa Nau, Great Expectations Accounting Services.)

Accounting for Donated Professional Services:

The objective of accounting for donated professional services is to comply with generally accepted accounting principles and with requirements for annual filings. Agape House of Prescott will also track and document in-kind items that qualify for Grant Matching.

Fair value will be determined at the date of the gift. Services will only be recorded as donations if:

- Services are performed as part of Agape House of Prescott programs or services, and would otherwise be performed by paid personnel.
- Agape House of Prescott has control over the activities of the donors of the services.
- Agape House of Prescott has a clearly measurable basis for the amount claimed. The following in-kind items will be recorded in the accounting system:
 - Items intended to be used or controlled by Agape House of Prescott (for example: a computer or copier that would be used by Agape House; or adaptive equipment, the use of which Agape House oversees).
 - Donated use of items or facilities, such as real estate.
 - Donated services that are key to Agape House of Prescott operations, programs or services and have been performed by specialists (such as review of contracts by an attorney).

Agape House of Prescott maintains an open book policy and the yearly 990 is available upon written request. Individuals who want to view it must call the office to schedule an appointment. Revised 11.21.22

Agape House of Prescott Travel Reimbursement

Travel outside of the local area can be reimbursed to staff, board, volunteers, and residents (if provided as part of the Agape House goals such as education or community participation). This includes travel necessary for participation in subcommittees, attending workshops, conferences or other trainings, advocacy, development, or networking activities.

Pre-Approval of Travel

All reimbursable travel must be allowable, allocable, reasonable, and necessary to achieve the purposes of Agape House of Prescott and the involved funding sources, in accordance with federal cost principles and Agape House of Prescott's approved budget and written travel policies and procedures; and must be pre-approved by the individual's immediate supervisor, Administrative Director or the Executive Director. The approving individual has authority about the mode of travel that will be reimbursed, and preference will always be given to the mode that is the most economic and efficient (e.g., coach rather than first class airfare). Any reasonable accommodation needs will be considered in this determination.

Reimbursement and Documentation

Documentation for the cost and purpose for travel must be submitted for reimbursement. A travel reimbursement request form with supporting documentation must be submitted within 3 days of travel.

Reimbursement for approved business use of personal vehicles will be based on rates established by Agape House of Prescott that do not exceed the federal approved rate.

Per Diem

Meals for out-of-area travel will be reimbursed at rates that do not exceed the federal per diem rates that are documented on the U.S. General Services Administration Per Diem Rate Lookup Website <https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-lookup>.

To receive per diem reimbursement for meals associated with out-of-area travel, travel must begin before or be inclusive of 7:00 am (for breakfast), 10:00 am – 1:00 pm (for lunch) and/or end after 7:00 pm (for dinner).