

YAVAPAI BIG BROTHERS BIG SISTERS FINANCIAL POLICIES

Table of Contents

FINANCIAL REPORTING POLICY.....	2
FINANCIAL REPORTS.....	3
JOURNAL ENTRIES POLICY	4
OPERATING BUDGET AND FINANCIAL REPORTING POLICY	5
REVENUE ACCOUNTABILITY AND RECOGNITION POLICY	6
CASH DISBURSEMENTS POLICY.....	8
CHECK SIGNING POLICIES	9
CASH MANAGEMENT POLICY	10
PETTY CASH POLICY	11
MATERIALS AND SUPPLIES POLICY	12
PURCHASE AND ACQUISITION POLICY	13
MAINTENANCE AND REPAIR POLICY	17
CREDIT CARD POLICY.....	18
PAYROLL POLICY	19
STAFF TRAVEL AND MILEAGE POLICY.....	20
LABOR POLICY	21
CASH RESERVE POLICY	23
FIXED ASSET/CAPITALIZATION POLICY.....	24

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YAVAPAI BIG BROTHERS BIG SISTERS FINANCIAL REPORTING POLICY

POLICY:

The purpose of this policy is to facilitate reporting and contract requirements for all programs to funding sources and to establish the COO as the clearinghouse for this information.

PROCEDURE:

1. The President/CEO, when notified by an outside agency, will notify the appropriate Supervisor, the COO, Program Manager and Community Development Manager of any upcoming monitors.
2. The President/CEO will notify the COO, Program Manager and Community Development Manager of any contract negotiations, awards and contract changes that take place outside of the Bookkeeping Department.
3. Program staff will submit all necessary volunteer logs to the operations department on a monthly basis. The operations department, in conjunction with the program manager, will maintain all records of all contractual reports and substantiating documentation.
4. The President/CEO will communicate regularly about grant amendments, grant awards and budget changes to the management team and staff.

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YAVAPAI BIG BROTHERS BIG SISTERS FINANCIAL REPORTS

POLICY:

Financial Reports will be made in a timely manner to the Board of Directors. The report shall assist the Board in making management and financial decisions.

PROCEDURE:

1. The COO will provide the President/CEO and Finance Committee with a monthly report of revenues, expenses and balance sheet. Revenue and expenses shall be spread on a line item basis.
2. The Investment Advisor shall make yearly reports and recommendations to the finance committee
3. The Treasurer will provide the Board of Directors with the above mentioned statements and reports quarterly.

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**YAVAPAI BIG BROTHERS BIG SISTERS
JOURNAL ENTRIES POLICY**

POLICY:

All journal entries shall be entered into the accounting system with supporting documentation and explanation.

PROCEDURES:

1. The bookkeeper shall reconcile all operating checking accounts on a monthly basis.
2. The bookkeeper is responsible for a complete explanation and supporting documentation of journal entries.
3. The COO will approve all journal entries. The Bookkeeper will enter journal entries into the system.
4. The bookkeeper and COO will be responsible for correcting any errors and referring to a CPA or accounting procedures when questions arise.
5. The President/CEO will review adjustments to the accounting records on a periodic basis.

Approval Date: 8/17/99
Review Date: 9/2013
Review Date: 2/08/2021

YAVAPAI BIG BROTHERS BIG SISTERS OPERATING BUDGET AND FINANCIAL REPORTING POLICY

PURPOSE:

The purpose of operating budgets and financial reporting is to provide planning of current and future objectives of a particular program, coordinate the activities of the entire organization and provide Yavapai Big Brothers Big Sisters with a basis in which to formalize program planning and priorities. Budgets also allow BB/BS staff to look at costs from a broad standpoint for control purposes.

POLICY:

A formal operating budget shall be incorporated into the accounting system as part of the overall financial reporting package to allow the reporting of budget variances and appropriate and timely corrections of any budgetary problems.

PROCEDURE:

1. The President/CEO, COO and Finance Committee will prepare budgets for all BB/BS programs.
2. The President/CEO, COO, and Finance Committee will approve a finalized budget for the Prescott area and Verde Valley area and budgets will be submitted to the Board of Directors for final approval.
3. Applicable Department heads will receive a copy of the budget to facilitate management of those items directly under their control.
4. The President/CEO and the finance committee will receive a monthly financial reporting package for the previous month.
5. This package will include all revenues and expenses designated to the appropriate program and expenses incurred, on a line item basis, for each month and cumulatively. This package will also include a current balance sheet with comparative cash balances.

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Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
REVENUE ACCOUNTABILITY AND RECOGNITION POLICY**

POLICY:

Donations, contributions, contract payments, and grant fees are to be deposited within one week of receipt. A minimum of two employees will be responsible for the opening of mail and consequent recording of receipt and making deposits.

PROCEDURE:

1. All mail is opened by the Receptionist. Checks are totaled with a corresponding adding machine tape.
2. Reception will copy any checks that are to the attention of the CEO or Director Fund Development and process the original check accordingly. Reception will copy any checks and any documentation provided for events, giving the copies to the person in charge of the event. Additionally, Reception will copy all checks received (except bowling checks) for bookkeeping.
3. Reception will batch all BFKS checks and post total in Bowling Batch Log, assigning a batch number for all documentation.
4. Reception will prepare a Bank Deposit Summary Sheet (for scanning) or bank deposit(s) slips on a daily basis, as checks are received.
5. Reception will turn over the daily deposit to bookkeeping including any backup documentation. Back up documentation for BFKS will be turned into the ISS office for posting to the bowling database.
6. Bookkeeping will post deposits in accounting records, make deposits at the bank or via remote deposit scanning. A printed copy of the bank's scan record will be kept with scanned checks and the bank scan batch number noted in deposit documentation. Scanned checks are to be destroyed in time frame determined by bank (currently 60 days).
7. When the bookkeeper is not available to make deposits all checks will be locked in the bookkeeping file cabinets.
8. Deposits will be made within three days receipt, or immediately for amounts greater than \$100.00.
9. All deposit documentation will be reviewed for accuracy and initialed by the Executive Assistant to the CEO and Fund Development Director. If there is a

discrepancy, the bookkeeper and the COO will be notified. The Executive Assistant will print and mail receipts.

Library/policies/financial policies/financial policies 10-04
Policies and procedures reviewed by finance committee 10/04-12/05-12/06
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**YAVAPAI BIG BROTHERS BIG SISTERS
CASH DISBURSEMENTS POLICY**

POLICY

1. All disbursements will be made by check or electronic transfer when necessary. All checks over \$1,000.00 require two authorized signatures, with the exception of payroll checks, which require one signature. Authorized signers are not permitted to write checks they sign or write/sign checks to themselves.

PROCEDURE

1. Personnel authorized to sign checks are: President/CEO and COO and Authorized Board Officers.
2. The bank shall be notified of any change in authorized signers.
3. All invoices and check requests are to be presented to the Bookkeeping Department for payment. The President/CEO or the COO will approve all accounts payable and sign checks. Two signatures are required over \$1,000.00.
4. The bookkeeper shall prepare disbursement checks and submit them to the COO, the President/CEO or an authorized board member for approval by signature. All checks presented for signing shall be currently dated and coded to the appropriate expense category.
5. Signed checks shall be recorded in the check register by the Bookkeeper before checks are released.
6. Once signed, the checks are to be returned to the bookkeeper for mailing. The check stubs shall be attached to the corresponding receipts, invoices or check requests, and filed.
7. Checks will only be written to specific parties, never to “bearer” or “cash” except checks written for money orders required for fingerprint and DMV examinations. Copies of proper forms for submitting fingerprint and DMV examinations will be provided with the check request.
8. The COO will report discrepancies to the President/CEO.

Approval Date: 9/16/03
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No Policy Revisions
Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
CHECK SIGNING POLICIES**

POLICY AND PROCEDURE:

1. \$0.00 up to \$999.99 – One signature required by the President/CEO, COO, or authorized Board Officer.
2. \$1000.00 or more – Two signatures required by the President/CEO, COO, and/or authorized Board Officer.
3. Payroll checks - One signature required by President/CEO, COO, and/or authorized Board Officers.

Revised and approved by Executive Committee September 16, 2003

Approval Date: 9/16/03
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No Policy Revisions
Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
CASH MANAGEMENT POLICY**

POLICY:

Management of all cash accounts, including Yavapai Big Brothers Big Sisters checking accounts requires authorization and approval of the President/CEO or COO. Any action that affects the status of these accounts requires notification to and approval of the Board of Directors.

PRODEDURE:

1. The bookkeeper has the responsibility to reconcile all bank statements. Any discrepancies shall be reported immediately to the COO.
2. The COO will review bank reconciliation, spot check to verify payees, and verify approval by signature on bank reconciliation report.
3. Only authorized signers may issue checks drawn on the BB/BS accounts. (See check signing policies).
4. All cash receipts are deposited immediately into their appropriate accounts
5. Corporate Officers, in conjunction with the President/CEO, are authorized and empowered to transfer, buy, sell, etc. securities. See Corporate Resolution.
6. The bookkeeper is authorized to transfer funds from one bank account to another with a transfer request by the President/CEO or the COO.

Approval Date: 8/17/99
Review Date: 9/2013
No Policy Revisions
Review date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
PETTY CASH POLICY**

POLICY:

A petty cash fund is a cash fund of a predetermined amount established with an employee who will have responsibility as a “custodian” of the fund on behalf of Yavapai Big Brothers Big Sisters. The custodian is personally responsible for the fund and will be required to reimburse any unexplained shortages.

PROCEDURE:

1. The fund is to be used by staff and volunteers for expenses incurred on behalf of Yavapai Big Brothers Big Sisters. The usual maximum balance in the fund is \$100.00 except for special occasions, when more may be required.
2. This fund is for expenses of immediate need and cannot wait for normal requisitioning channels or those for small incidental items.
3. Petty cash vouchers will be used and accompany each purchase receipt.
4. Petty cash will not be reimbursed without a purchase receipt and petty cash voucher.
5. Custodians of the petty cash funds will approve and sign petty cash vouchers, record the amount, date, and explain the expense and where to charge it.
6. The individual using the petty cash funds will sign the voucher upon receipt of the cash.
7. Petty cash custodians are responsible for petty cash reconciliations.
8. The Bookkeeper maintains the petty cash reconciliation form in the Prescott office. The office manager maintains the form in satellite office and submits to the Bookkeeper when reconciling the petty cash fund.
9. The Bookkeeper will verify petty cash reconciliations, and submit the reconciliation and reimbursement check to the COO for approval.

Approval Date: 8/17/99
Review Date: 9/2013
No Policy Revisions
Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
MATERIALS AND SUPPLIES POLICY**

POLICY:

It is Yavapai Big Brothers Big Sisters policy to be a cost efficient and time efficient entity when ordering, delivering and maintaining an inventory of all supplies.

PROCEDURES:

1. Supplies will be ordered by a designated office employee.
2. Office staff members will give their order requests to the office employee responsible for ordering supplies.
3. The office employee responsible for placing the order will check the purchase order and delivered supplies for accuracy. Any discrepancies will be reported to the Bookkeeper.
4. The purchase order and invoice will be given to the Bookkeeper when items are delivered.

Revised and approved by Board of Directors 09-25-2019
Review Date: 02/08/2021

YAVAPAI BIG BROTHERS BIG SISTERS PURCHASE AND ACQUISITION POLICY AND PROCEDURES

The purpose of the policy is to establish uniform policies and procedures for the purchase of equipment, furniture, program services, materials, and supplies which fall within the program operating budget, and to safeguard Yavapai Big Brothers Big Sisters from non-authorized spending. The Policy and Procedures aligns with **Uniform Guidance 2 C.F.R. 200.316-323**. The **procurement standards included in Subpart D, Section 200.317–200.326** of Uniform Guidance apply to procurement of goods and services directly charged to a federal award; the standards don't apply to indirect costs or payroll.

Regardless of the size of the purchase the following will apply: (1) the purchase will comply with YBBB's documented procedures in place, (2) the purchase will be necessary, (3) open competition (to the extent required by each method) will be conducted, (4) the purchase will adhere to Federal and YBBBS conflict of interest policies and (5) proper documentation for the purchase will be required.

POLICY:

Micro-Purchases

The "micro-purchase threshold" is \$10,000, for federal grants administrative purposes (purchases are not to exceed \$10,000). No quotations are required if the price is "reasonable." To the extent practicable, purchases will be distributed equitably among qualified suppliers.

Small Purchase

Purchases up to \$250,000 (the limit for the simplified acquisition rules) does not involve extensive bidding requirements. Rate quotations will be sought from an adequate number of qualified sources (Note: see procurement procedures below for a definition of what is meant by "adequate" for example; more than one.). No cost or price analysis is required for purchases under the simplified acquisition limit.

Sealed Bid

Purchases over \$250,000 is more complicated and formalized and will be primarily used in construction projects, such as a firm fixed price contract. The cost is a major factor and a formal process for bidding will be required.

Competitive Proposal

Library/policies/financial policies/financial policies 10-04
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Policy revisions approved by the Board of Directors 09-25-19
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Policy revision approved by the Board of Directors on 3/09/2021

Competitive proposals will require additional requirements and documentation. Purchases over \$250,000 will require the use contracts such as fixed price or cost reimbursement. In addition, a formal Request for Proposal (RFP) with pre-determined evaluation methods will be required to solicit an adequate number of qualified sources.

Sole Source Solicitations

Sometimes because of the uniqueness of the goods or services or the immediacy of the need, competition is NOT as open as we would wish in the procurement process. In these cases, the sole-source method must be followed. This non-competitive method will be available for procurements of any dollar amount. Because there is no competition it must be authorized by YBBBS. There are exceptions to pre-approval such as certain unique circumstances or a public emergency.

PROCUREMENT METHOD PROCEDURES

This section outlines the process required for all **Micro-Purchases**:

Supply purchases of less than \$10,000.00 will be ordered by a designated office employee. Office staff will give their supply requests to this designated employee for ordering (both the Prescott and Verde Valley office will have a designated employee for ordering supplies). When possible, all office supplies will be ordered through the current named contracted office supply store, deemed to be a qualified supplier.

The office employee responsible for placing the orders will check purchase orders and delivered supplies for accuracy. Any discrepancies shall be reported to the bookkeeper.

All micro-purchases less than or equal to \$10,000.00 must be approved by the YBBBS COO. Purchase acquisitions over \$10,000.00 must be approved by the Executive Director. If the Executive Director or the COO is not available to approve purchase or acquisition requests that exceed \$10,000.00 the requester is instructed to wait for the approval. If an emergency arises, then a member of the Board of Directors should be contacted to approve and sign the request. Any deviations must be approved by the Treasurer. Purchases may be made without cost or price analysis or soliciting any quotes or bids if YBBBS considers the price to be reasonable.

YBBBS will distribute these purchases among qualified suppliers. For example, when purchasing supplies, YBBBS might consider rotating purchases between vendors that offer similar rates. When applying the micro-purchase threshold, YBBBS will note the threshold applies to the aggregate purchase amount (threshold

must be applied to the overall purchase total and not the price of individual types of supply items purchased).

This section outlines the process required for all **Small Purchases**:

This method is for purchases above the micro-purchase threshold but below the Simplified Acquisition Threshold (SAT) as defined by the Federal Acquisition Regulation (small purchase procurement of less than \$250,000.00). Price or rate quotations must be obtained by YBBBS from adequate suppliers (at least two or more than qualified sources) to be reviewed and receive prior approval. This doesn't mean formal bids and solicitations for quotes must be made—these procedures are meant to be simple and informal. YBBBS will obtain quotes from a variety of simple sources, e.g., internet search, vendor price listing, verbal quotes, etc. Similar to the micro-purchase method, no cost or price analysis is required.

This section outlines the process required for all **Sealed Bids**:

This method is for purchases greater than the SAT. Bids are publicly solicited, and a firm fixed-price contract is awarded to a responsible bidder who has the lowest price and conforms to all the material terms and conditions of the invitation for bid. Price is a significant factor in this method and generally is the preferred method for procuring construction. This method is used if bids may be solicited from an adequate number of suppliers (two or more), a complete and realistic specification or purchase description is available, the purchase results in a firm fixed-price contract and the selection may be made based on price. YBBBS will conduct a cost and price analysis for these purchases and will make independent estimates before receiving bids or proposals.

This section outlines the process required for all **Competitive Proposals**:

This method is for purchases greater than the SAT in situations where sealed bids aren't appropriate. This may be the case when price isn't the only factor in awarding a contract. In general, this results in a fixed-price or cost-reimbursement type contract. Under this method, the following requirements apply:

- RFPs must be publicized and identify all evaluation factors and their relative importance
- Proposals must be solicited from an adequate number of qualified sources
- The entity must have a written method for evaluating and selecting recipients
- Contracts must be awarded to a responsible firm

Similar to sealed bids, YBBBS will perform a cost and price analysis for these purchases.

This section outlines the process required for all Sole Source Solicitations (non-competitive proposals):

This method results in solicitation from a sole source and may be used if one or more of the following conditions apply:

- Item is available from only one source
- Public emergency won't permit a delay resulting from competitive solicitation
- Awarding agency authorizes noncompetitive proposals in response to a written request from YBBBS
- After soliciting a number of sources, competition is determined to be inadequate
- Sole-source purchases are applicable at any level when one of the aforementioned criteria is met.

Prior to the awarding of contracts to individuals or businesses YBBBS will conduct a review of the potential contractor through the System for Award Management (SAM). This process will identify those parties excluded from receiving federal contracts, certain subcontracts, and certain types of federal financial and non-financial assistance and benefits and will ensure that contracts are not awarded to contractors of individuals on the List of Parties Excluded from Federal Procurement and Non-Procurement Programs.

As Exclusion Records are publicly available, SAM keeps the user community aware of administrative and statutory exclusions across the entire government and individuals barred from entering the United States. The more commonly used terms of 'suspensions' and 'debarments' reflect exclusions.

Other:

The Procurement Policy and Procedures will be reviewed annually and updated to reflect current federal purchasing thresholds and standards.

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Review Date: 9/2013
No Policy Changes
Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
MAINTENANCE AND REPAIR POLICY**

POLICY:

It is the goal of Yavapai Big Brothers Big Sisters to maintain all locations as cost effective as is possible, establish an efficient maintenance system and provide quality maintenance and repair work.

PROCEDURE:

1. All major maintenance/repair work, purchases and concerns shall be directed to and through the COO before any work is done.
2. All minor maintenance/repair work, purchases and concerns shall be directed to and through the designated staff person in each office.
3. If no one is available to approve a purchase and it is not an emergency, staff is required to wait until someone is available to authorize the purchase order.
4. For maintenance repairs, all staff is required, when possible, to realize maintenance/repair needs and estimate costs and plan ahead of time.

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Review Date: 9/2013
Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
CREDIT CARD POLICY**

POLICY:

In order to assist staff purchasing needs. BB/BS may maintain credit cards for those purchases not chargeable to BB/BS through the purchase order system.

PRODEDURES:

1. Credit cards and receipts will be the responsibility of the staff member using the card.
2. Card users are designated by the President/CEO.
3. Credit cards and receipts will be turned in, by the purchaser, to the Bookkeeper in a timely manner.
4. The Bookkeeper will pay all credit card statements in a timely manner and reconcile the receipts to the statement before payment is sent.
5. BB/BS credit cards are not for the personal use of the card holder. Misuse may result in termination of the user.

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**YAVAPAI BIG BROTHERS BIG SISTERS
PAYROLL POLICY**

POLICY:

Payroll is executed periodically by paycheck or direct deposit.

The compensation of the agency's CEO shall be determined by the Executive Committee of the board. Compensation ranges for all staff positions shall be approved by the board of directors. No employee of the agency may be compensated outside of the approved range without the approval of the Board of Directors.

PROCEDURES:

1. All hourly employees are required to turn in time sheets to the Bookkeeper. A paycheck will not be written without a time sheet.
2. Time sheets are due no later than 12 p.m. the day prior to payroll processing and payroll will be distributed bi-weekly according to the payroll schedule.
3. Payroll changes must be authorized, in writing, by the COO.
4. The Bookkeeper is notified of any payroll change by the President/CEO or COO and is not authorized to make changes without proper notification and documentation.
5. Monthly expenses shall be verified by the COO against payroll reports and direct deposit records and reconciled with checking account reports.
6. Employees are not generally required to work over-time and will not be authorized to work overtime without prior approval by his/her supervisor.
7. All required taxes and social security will be deducted as specified by the employee or law.
8. All employees are required to complete the proper tax and agency forms in order to establish themselves as a new employee or to make deduction changes.

Approval Date: 9/21/99
Review Date: 9/2013
Review Date: 2/08/2021

YAVAPAI BIG BROTHERS BIG SISTERS STAFF TRAVEL AND MILEAGE POLICY

POLICY:

Staff travel and mileage costs will be authorized if they are identifiable to a particular BB/BS program or event.

PROCEDURES:

1. Mileage/Travel expenses will not be reimbursed without receipts, appropriate documentation and approval. All staff will be responsible for keeping and submitting timely and accurate mileage logs.
2. Mileage will be reimbursed at 3 cents per mile less than the IRS guidelines, as determined as of July 1 of each year. The Board of Directors may, at its discretion, increase or decrease the mileage rate at anytime during the year.
3. Travel and mileage reimbursement requests will be submitted to the bookkeeping department on a monthly basis.
4. Workshops and other travel expenditures require prior approval and will be determined on an individual basis.
5. All staff will be responsible for traffic violations and accidents and must immediately report them to the COO.

Approval Date: 8/17/99
Review Date: 9/2013
Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
LABOR POLICY**

POLICY:

In order to comply with Federal and State Employment laws the following is and approved DAY LABOR POLICY:

Occasional Worker: According to Arizona Security law of Non-profit Organizations employment means any service performed in the employ of any organization exempt service performed in an organization exempt from income tax under section 501 if the remuneration is less than \$50 in any calendar quarter. Federal UI Regulation R6-3-1723 states that the individual is not treated in the same manner generally characteristic of the treatment of regular employees; e.g., the individual does not receive benefits and is no longer employed after the job.

An individual who performs services and is paid for more than \$50 in a calendar quarter will be presumed not to be performing isolated or occasional services.

Independent Worker: The definition of employee as defined in Federal UI Regulation R6-3-1723 does not include an individual who performs services for an employing unit in a capacity as an independent contractor, independent agent, consultant, or in a capacity characteristic of an independent profession, trade, skill, or occupation. An independent worker is free to work when and for whom he/she chooses.

PROCEDURES:

1. Occasional worker will be hired on a job basis and remuneration will be \$50 or less per calendar quarter.
2. An individual hired on a job basis/occasionally by Yavapai Big Brothers Big Sisters will provide the Human Resources Department with a Social Security number, a completed INS I-9 form and picture ID (preferable a driver's license).
3. An individual hired on a job basis/occasionally will complete and sign a time card or submit a bill for labor.
4. An individual hired as an independent worker or on a contract basis will provide the bookkeeper with a completed form W9.

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Policy revisions approved by the Board of Directors 09-25-19
Review date: 2/08/2021
Policy revision approved by the Board of Directors on 3/09/2021

5. Pre-authorization to hire, occasional and independent worker, and to determine payment and hours is required. Final authorization will be determined by the President/CEO or COO.
6. In order to be reimbursed for incidental and agreed upon expenses (e.g., materials), receipts must be submitted to the bookkeeper with or without a statement summarizing expenses/receipts. Non-appropriate receipts/expenses will not be reimbursed.
7. An individual will not be reimbursed for expenses without receipts nor will he/she be paid for work without a time card, or a statement due, for completed or partially completed work.
8. Individuals will be paid on a job basis at a predetermined lump sum or at a fixed rate per job that may involve periodic partial payment.
9. If there is ever a doubt as to whether or not an individual is an independent worker a decision will be made to withhold taxes.
10. For bookkeeping purposes, payments for isolated/occasional work will be expensed, as a separate line item, to the appropriate program(s).
11. Yavapai Big Brothers Big Sisters will issue IRS 1099 forms to all occasional and independent workers that earn \$600 or more within a calendar year.

Approval Date: 10/05/04
Review Date: 9/2013
Review Date: 2/08/2021

**YAVAPAI BIG BROTHERS BIG SISTERS
RESERVE ACCOUNT POLICY**

POLICY:

YBBBS will work towards establishing 60 days of operating expenses in reserves and board restricted endowment.

PROCEDURES:

In order to reach this goal we budget to save 5% of the goal requirement each year.

Yavapai Big Brothers Big Sisters Fixed Asset and Capitalization Policy

Approved by the Board of Directors on: March 09, 2021
 Effective As Of: 7/01/2020

1. Purpose

This accounting policy establishes the method of maintaining fixed asset information and the minimum cost (capitalization amount) that shall be used to determine the fixed assets that are to be recorded in Yavapai Big Brothers Big Sisters, Inc.'s (YBBBS) annual financial statements (or books).

2. Fixed Asset definition

A Fixed Asset is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; **and** (2) was acquired or produced for a cost of \$5,000 or more. Fixed Assets must be capitalized and depreciated for financial statement (or bookkeeping) purposes.

3. Capitalization thresholds

YBBBS establishes \$5,000 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in YBBBS's financial statements (or books).

4. Capitalization method and procedure

Fixed assets shall be recorded at historic cost as of the date acquired or, if the cost is not readily determined, at estimated historic costs. Cost shall include applicable ancillary costs (i.e. shipping & delivery cost, installation cost, other costs associated to the asset). A fixed asset/depreciation schedule will be maintained for this purpose.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for YBBBS's annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

5. Useful Life

The useful life of an asset is that period during which the asset provides benefits. Estimates of useful life consider factors such as physical wear and tear and technological changes that bear on the economic usefulness of the asset. The following chart summarizes the useful life for each type of currently held property and equipment:

Equipment	Useful Life
Computers	3 years
Office Equipment	5 years
Furniture	7 years
Vehicles	5 years
Leasehold Improvements	The shorter of the life of the leasehold improvement or the remaining term of the lease

6. Depreciation Method

The organization has established the straight-line methodology for depreciating all fixed assets. Depreciation will begin in the month the asset is placed in service. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation is determined by dividing an asset's cost reduced by the salvage value, if any, by its estimated life. The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain.

7. Record Retention

Invoice substantiating an acquisition cost of each unit of property shall be retained until the item is disposed of or sold.