

## **Delaware Prosperity Partnership, Inc. Fiscal Policies and Procedures**

### **Fiscal Management**

The Delaware Prosperity Partnership, Inc. (DPPI) contracts with outside professionals external to the organization for bookkeeping services which include accounts payable, receivables, payroll and monthly reporting. Monthly financial statements and General Ledger are reviewed by the Co-Chairperson, Executive Director and Treasurer.

### **Fiscal Year**

DPPI fiscal year will be January 1<sup>st</sup> through December 31<sup>st</sup>.

### **Significant Accounting Policies**

DPPI maintains and records activity on an accrual basis of accounting.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are then reclassified to unrestricted net assets.

Donations made in-kind are recorded for the year they are applicable for, including services and supplies. Vendors providing services/goods will provide an invoice showing the value of their services/goods and a journal entry will be made to record the in-kind value.

DPPI capitalizes, at cost, all assets with future value to the Organization. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, DPPI reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

### **Income tax status**

DPPI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Internal revenue form 990 is filed on an annual basis. Any identified unrelated business income will be reported on the applicable form 990-T.

### **Deposit Procedures – Cash and Checks**

- It is required that the processes of recording checks and making deposits are conducted by different individuals. The Office Administrator is the primary record keeper for check receipts and for recording them for accounting purposes. The CEO will designate another employee to manage the deposit process.

- All checks received are recorded in the Deposit Log by the Office Administrator
- Each check is coded with the appropriate income category
- The checks are placed in a locked drawer
- If cash is received at the office
  - The information is added on the Deposit log and noted as cash
  - The cash is placed in a locked drawer
- Once a week, or as needed, a deposit will be prepared:
  - A copy of each check is made and the check log is updated with deposit date
  - Deposit slip is filled out, checks are endorsed and a staff member designated by the CEO (or courier service) takes it to bank
- The deposit slip is then attached to the deposit copies
- The deposit record is entered into the investor database by Office Administrator and into QuickBooks Online by Bookkeeping.
- At the end of each month, Bookkeeper reconciles the total income from QuickBooks Online to the income in the membership database to ensure that both systems have accounted for all income.

### **Fixed Asset Procedures**

- All fixed assets with a life expectancy greater than one year and a cost of \$1,000 or greater will be depreciated.
- A depreciation schedule is kept in (Microsoft Excel) that clearly lists all fixed assets, the term of the depreciation and each year's accrued depreciation expense.
- Straight line depreciation method is used based on the following:
  - Office Equipment 3 years
  - Furniture & Fixtures 7 years
  - Leasehold Improvements 15 years
  - Building 39.5 years
- A journal entry is made into QuickBooks Online annually to expense depreciation.

### **Accounts Payable**

- The Chief Executive Officer approves the bills
- Bills are placed in the Bookkeeper's inbox for weekly pickup or if accessible by email are emailed to the Bookkeeper.
- The Bookkeeper enters all bills into QuickBooks Online. Bills are paid weekly.
- Checks written for payment of bills require the signature of one individual, typically the CEO. The list of authorized signers is:
  - Chief Executive Officer
  - Treasurer
  - Co-Chairperson

One signer is needed for checks under \$7,500. (The authorization may be via physical signature or via electronic approval using Bill.com application).

- Checks payable to the Chief Executive Officer are approved and signed by a check signer other than the Chief Executive Officer. Reoccurring expenses shall be approved by the appropriate authority level.
- After endorsement, the Office Administrator mails checks. The Office Administrator then files it in the Accounts Payable files by vendor in alphabetical order.

### **Bank Reconciliation**

- Accounts are reconciled monthly when the bank statements are received. The reconciliation report and statements are given to the Chief Executive Officer and Treasurer for approval. Once a quarter the Audit Committee reviews and signs off the past quarter's bank statements and reconciliations.
- Checks that remain un-cleared for more than 3 months are reviewed and researched by the CEO and bookkeeper to determine if checks should be reissued or voided. If the check was written in a prior fiscal year a journal entry is made to void the check so as not to change the bank balance for that fiscal year.

### **Credit Cards**

- Employees sign a Credit Card Policy document when a company credit card is issued to them. This document outlines their responsibility regarding use of the company credit card. This document is kept in their personnel folder.
- Employees using their own personal credit cards will provide a receipt or invoice to be provided to the bookkeeper for supporting documentation as well as notes on how the expense should be classified/purpose of the expense.

### **Financial Statements**

- The following financial statements are produced monthly by the Bookkeeper and sent to the Chief Executive Officer and Treasurer.
- Balance Sheet
- YTD Income Statement vs. Budget
- Projected Cash flow

### **Payroll**

- Payroll is processed by bookkeeper, using Gusto, which will handle all payroll tax and form filings
- Salaried and hourly employees are paid twice each month (on 15<sup>th</sup> and last day of the month). If this day falls on a weekend or holiday the payday will be the previous business day.
- The following payroll taxes are paid: 941, DE State Withholding, City Withholding, and City Head Tax (if over 5 employees).
- 941 taxes are paid on the 15<sup>th</sup> and the last day of each month to correspond with each pay period
- State Withholding is paid quarterly
- State Unemployment is setup as a reimbursable account; DPPI sends quarterly payroll reports to the Division of Unemployment.

### **Audit/Review and 990 (see established audit committee charter)**

- Board of Directors will appoint an audit committee.
- The committee will identify an Independent Certified Public Accountant to complete the audit.
- Once completed a copy of the audit/review and 990 will be distributed to the Board of Directors for their approval prior to submission.

### **Backup of Accounting Data**

- Accounting records in QuickBooks Online are maintained and backed up by Intuit on two separate hard drives each time edits are made. The QBO Security White Paper is attached.