



FINANCIAL POLICY AND PROCEDURES

ALUMNI AND FRIENDS OF KONOLA ACADEMY



DECEMBER 29, 2024

Alumni and Friends of Konola Academy Financial Policy and Procedures (AFKA-FPP) shall govern AFKA's financial decisions, activities, and practices, maintain accurate and consistent financial records, and manage the organization's funds. AFKA-FPP is designed to monitor and control the allocation, direction, and usage of AFKA's financial resources and become the organization's core financial operational efficiency and resource management document. AFKA-FPP describes how cash is handled, minimizes the risk of financial fraud, mismanagement, or losses, and the management of AFKA's resources effectively with transparency and accountability. AFKA-FPP will identify key activities and guide decision-making on handling issues as they arise. AFKA-FPP clarifies roles, authority, and responsibilities for essential financial management activities and decisions. AFKA-FPP helps to ensure that AFKA's Executive Committee (EC) and Board of Directors (BD) are consistently aware of all financial obligations to make decisions that financially impact the organization.

Mission Statement

AFKA's financial team is committed to maintaining accurate, timely, and responsible financial management of the association's finances. For the organization's best interest, the financial team will work with AFKA's Executive Committee and AFKA's Board of Directors to ensure that all financial matters are managed with integrity, consistency, transparency, and care.

Financial Controls

- Ensure compliance with federal, state, and local legal and reporting requirements
- To remain accountable to stakeholders, including partners, AFKA's general assembly, and the community.
- We commit to providing accurate and complete financial data for internal and external use by AFKA's Executive Committee and the Board of Directors.

Table of Contents

1.0	PURPOSE	3
2.0	ROLES	3
3.0	GENERAL ACCOUNTING POLICIES	3
4.0	ADMINISTRATION	4
5.0	BUDGETS	4
6.0	FINANCIAL STATEMENTS	4
7.0	AUDIT	4
8.0	BANKING	4
	General	4
	Deposits	5
	Check Signing	5
9.0	PETTY CASH	5
10.0	DISBURSEMENTS	5
11.0	REIMBURSEMENTS	6
12.0	ACCOUNTS RECEIVABLE	6
13.0	ACCOUNT RECONCILIATIONS	6
14.0	LARGE PURCHASES	6
15.0	CONFLICT OF INTEREST	6
16.0	CAPITAL EXPENDITURES	6
17.0	DONATIONS	6
18.0	BENEFITS	7
19.0	INVESTMENTS	7
APPENDIX A–PROCEDURES		7
	Deposits	7
	Disbursements	7
	Check Signing	8
	Account Reconciliations	8
	Payroll	8
	Benefits	8
APPENDIX B–BUSINESS RECORD RETENTION SCHEDULE		9
APPENDIX C–DOCUMENT HISTORY		9

1.0 Purpose

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

- protect the assets of AFKA.
- ensure the maintenance of accurate records of AFKA's financial activities.
- provide a framework of operating standards and behavioral expectations; and,
- ensure compliance with federal, state, and local legal and reporting requirements

Exceptions to written policies may only be made with the prior approval of the Finance Committee or the Board of Directors. Changes or amendments to these policies may be approved by the Board of Directors at any time. The Finance Committee or other Board designee shall conduct a complete review of the policies every two years.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

2.0 Roles

Treasurer and Finance Committee

The Board Treasurer chairs the Finance Committee, which is composed of members designated by the President of AFKA. The Finance Committee has whatever authority as may be designated by the President, including:

- choosing the auditor
- performing regular, in-depth reviews of the organization's financial activity
- overseeing the development of the annual budget
- determining the allocation of investment deposits

AFKA President

The President has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. The President has whatever authority as may be designated by the Board of Directors, including:

- making spending decisions within the parameters of the approved budget
- appointing and removing members
- creating and amending operating procedures and controls
- making decisions regarding the duties and accountabilities of members and the delegation of decision-making authority
- entering into contractual agreements within board-designated parameters

3.0 General accounting policies

The accounting system follows generally accepted accounting policies (GAAP). Financial statements are prepared using the accrual (or cash) basis of accounting. The fiscal year is January 1 through December 31.

4.0 Administration

Financial duties and responsibilities are separated so that no member has sole control over cash receipts, disbursements, refunds, reconciliation of bank accounts, or any critical accounting function.

The Executive Treasurer has primary responsibility for designing and maintaining the accounting system. The accounting records are updated regularly and subject to the oversight of the president, the chief financial officer (CFO), the board of directors, or its treasurer on at least a monthly basis.

A filing system accessible to the President is maintained for all financial records. This filing system may be electronic, paper, or both.

Professional financial service providers are reviewed annually. For 2025 these are:

- Accounting software: QuickBooks
- Banking: Wells Fargo Bank
- Auditors: [names]

5.0 Budgets

The annual budget for the fiscal year is prepared by the Finance Committee and the President working closely with the executive team.

The President submits the annual budget to the board of directors.

The board of Directors approves the budget annually, before the beginning of the fiscal year, if possible.

The budget is compared to the monthly financial statements to monitor the results.

The budget is reviewed mid-year and adjusted as necessary to reflect changing conditions. The Board of Directors approves proposed changes in the budget that exceed \$1000.00 or 50% of the line item, whichever is greater.

6.0 Financial Statements

Monthly financial statements are completed and presented to the Finance Committee and the executive team within 30 days of the close of the period.

The President submits a financial statement to the Board of Directors at each quarterly Board meeting through the end of each quarter.

The financial statement will include executive narrative and recommendations, budget line items with encumbered, expended, unobligated, and obligated funds totals, and the revenue source funds.

7.0 Audit

An internal audit team voted in at the general assembly will conduct an annual audit. The audit covers the fiscal year from January 1st through December 30th.

The president, finance committee, and audit team are involved in the annual audit.

Presentation to the Board of the audit is done by the audit team

Copies of the annual audit report must be published and made available to the membership or provided to funders per agreements in effect.

8.0 Banking

General

The President maintains a financial institution that provides the most appropriate services for the lowest cost. The location of the financial institution must be considered.

Separate bank accounts are maintained for operating, contract, and savings expenses.

No more than \$100,000 shall be on deposit at any financial institution to not exceed FDIC insurance limits.

The operating account maintains sufficient funds to meet all anticipated expenditures. Generally, a balance between \$5,000 and \$50,000 is sufficient.

The contract account maintains only enough funds to cover contract expenses or other payments. Necessary funds are transferred from the operating account to the contract account just before the contract payment date.

Payments for all contracts only upon receipt of a payment invoice and a due date.

There will be no cash withdrawal from any account for payment of any kind.

The savings account is used to replenish the operating account when necessary and to receive excess funds from the operating account when available.

Deposits

Whenever possible, the persons receiving funds are other than those tabulating and preparing the deposits. Also, the person tabulating and preparing the deposits should differ from the person recording the deposits.

In general, deposits are made as soon as possible. Amounts greater than \$5000 are deposited by the next business day.

All funds are deposited in an assigned financial institution, with the exception of petty cash (see 9.0 Petty Cash). The deposit receipt is attached to the Deposit Record.

Check Signing

The Board appoints the check signers. Usually, these are the Treasurer, the President, the CFO, and the Board Chairman. The check signer(s) must not be the person who writes checks or who does the bookkeeping.

Blank checks are never signed in advance.

9.0 Petty Cash

A petty cash account is kept at the discretion of the President and executive team. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a check and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form is completed for each transaction, and a receipt is acquired upon payment.

Petty cash disbursements are limited to \$100.00.

Total petty cash funds do not exceed \$200.00, except where more funds are needed for change at fundraising events. When funds drop below \$50.00, the President may replenish the account by completing a requisition form for a check written to AFKA. Alternatively, petty cash may be replenished by depositing some cash into the petty cash account that would otherwise be deposited into the Wells Fargo bank account. Full documentation for this deposit should be retained.

Petty cash can be disbursed only with the approval of the President. Petty cash requisitions are reviewed and coded by the Treasurer. Actual funds are managed and kept in the bank until requested for use.

The petty cash account is reconciled by the Treasurer prior to replenishment and at least monthly.

10.0 Disbursements

The Board of Directors, the President, and the CFO prepare and authorize disbursements.

Invoices and other payments are paid in a timely manner.

Two check signers are required for checks greater than \$1000.

No checks may be written to "cash" or "bearer."

11.0 Reimbursements

A requisition form is prepared and approved when requesting personal reimbursement for approved expenses. Relevant invoices and receipts must be attached before and reimbursement is paid, Approved reimbursement expenses are determined by the executive team. Mileage expenses, if required, are reimbursed at the federal rate in effect at the time of the expense.

12.0 Accounts Receivable

Invoices for grants receivable are sent out, either by email or mail, as soon as practical in accordance with the terms of the grant agreement or contract. A copy of each invoice is kept in the appropriate grant A/R file with a notation of the date it was sent. When payment is deposited, a copy of the check stub is attached to the invoice, which is then notated with the date paid and marked "POSTED." Invoices for other accounts receivable are kept in a general A/R file. When payment is deposited, these invoices are marked "POSTED" and transferred to an A/R received file.

13.0 Account Reconciliations

Bank reconciliations are done monthly. Bank statements are reconciled by the Executive Treasurer who is not a check signer or writer. Other balance sheet accounts are reconciled at least quarterly.

14.0 Large Purchases

Purchases greater than \$100 are approved by the President. Purchases greater than \$1000 are approved by the Board of Directors. Generally, AFKA seeks three quotations for purchases greater than \$1000 where at least three suppliers are available for that service or product.

15.0 Conflict of Interest

Purchases of goods or services are not made from any member of AFKA, except there is a competitive bidding process, for example, printing T-shirts, programs, design, layout, tickets, and content creation as may be determined by the executive team. Members of the Board of Directors must declare any conflict of interest regarding financial terms.

16.0 Capital Expenditures

Tangible assets, like laptops, exceeding \$1000 and expected to last longer than a year are classified as capital assets and included in an inventory record. The capital assets inventory record contains descriptions, serial numbers, purchase or receipt dates, valuations, valuation dates, and item locations. The Finance Committee prepares a depreciation schedule annually.

17.0 Donations

Donated capital assets are recorded at fair market value if it can be reasonably estimated. The nature and amount of the donated capital assets is disclosed. The value of donated materials and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services.

18.0 Benefits

There will be no financial benefit to any member directly involved with AFKA Finances.

20.0 Investments

In order of importance, the investment objectives of AFKA are the safety of principal, liquidity, and a competitive rate of return. Investment restrictions may, at the discretion of the Board of Directors, include such issues as quality, diversification requirements, or social issues.

The Finance Committee has primary responsibility for advising the Board on investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

APPENDIX A–Procedures

Deposits

All checks and cash received are recorded on a spreadsheet, listing the date received, payer, purpose, and amount received. All checks are stamped “for Deposit only” immediately upon receipt.

All funds received are recorded on a spreadsheet for deposit processing. Total funds are compared to spreadsheet totals to ensure an accurate total of cash received. A receipt is provided by the executive treasurer for all funds received, with receipt copies attached to the spreadsheet. All funds are secured until the deposit is prepared.

A Deposit Record is prepared listing the source account, source description, date received, amount received, and amount deposited for each line item, and a total of all funds received and deposited. None of these funds is used to pay for expenses of any kind. Notes are added for any discrepancies. Daily logs are attached to the Deposit Record. The Deposit Record is initialed by the preparer. A bank deposit slip is prepared, and a copy is attached to the Deposit Record.

After the deposit/, the Deposit Record with attached daily logs, deposit slip, and deposit receipt is secured. All deposit papers are reviewed, confirmed, and recorded. Recorded deposits are marked “POSTED.”

Copies of all checks or vouchers for grants and contracts are placed in their source files.

Disbursements

All payments, including petty cash, are made by pre-numbered checks and are accompanied by substantiating documentation. Documentation may be an invoice (bill) or requisition form.

All invoices are marked with the date received and are directed to the accounting department.

Invoices are reviewed to ensure that the goods were received or services rendered.

Each invoice is attached to a requisition form or marked with an AFKA Payment Approval stamp. The proper account(s), funding source, and program are identified and coded for each invoice. The requisition form or marked invoice is approved by the CFO and the President. If the President is unavailable, the Board Treasurer may approve an invoice for payment.

Disbursement through any Third Party shall follow the disbursement protocol and receipt of funds, and further disbursement must have substantiated documents with predetermined approved signatures.

After approval, invoices are passed to the Executive Treasurer for entering a bill into Accounts Payable. The Executive Treasurer will forward it to the CFO for review and signing. Printed checks are attached to the requisition forms and passed to the President for signing.

Signed checks are passed to the Executive Treasurer for mailing or distribution.

Once payment is made, the requisition form is filed with the check voucher in the monthly A/P folder.

The check number is written on the requisition form or invoice.

Check Signing

A relevant invoice or backup document accompanies each check for the check signers to review.

The check voucher is used to ensure a record of the check is maintained.

Sequentially numbered organizational checks are used to maintain proper control over the checks. Void checks are kept and clearly marked VOID. The signatures of voided checks are cut out and discarded to prevent misuse.

Account Reconciliations

Bank accounts are reconciled monthly against the account statement. Other balance sheet accounts are reconciled quarterly using the AFKA Reconciliation Statement. Supporting documentation is attached (for Petty Cash), or the location is referenced (for Grants Receivables files). Individual documentation, such as the number of a check or journal entry, may be referenced in the Details Column of the Reconciliation Statement.

Annual Reunion Fundraiser

AFKA Vice-President will coordinate with Host Chapters for all reunion fundraising activities. Host Chapters must report all tickets, t-shirts, or other items for sale to AFKA treasurer to include in the reunion fundraiser.

APPENDIX B—Business Record Retention Schedule

Accident Reports and Claims (settled cases)	7 years
Accounts Payable Records	7 years
Accounts Receivable Records	7 years
Audit Reports	Permanently
Articles of Incorporation	Permanently
Annual Audit Reports	Permanently
Bank Statements and Reconciliations	3 years
Budgets	10 years
Bylaws	Permanently
Cash Receipt Records	7 years
Checks (cancelled)	7 years
Checks for important payments such as taxes, special contracts, etc. should be filed with the papers pertaining to the transaction and kept	Permanently
Contracts & Leases (expired)	7 years
Contracts & Leases (active)	Permanently
Corporation Reports	Permanently
Correspondence with vendors	1 year
Correspondence (general)	3 years
Correspondence (legal)	Permanently
Disbursement Requests	7 years
Deposit Slip Duplicates	2 years
Employee Records (after termination)	Permanently
Employment Applications	3 years
Financial Statements	Permanently
Fixed Assets Records	Permanently
Grant Award Letters	10 years
Insurance Records, Accident Reports, Claims, Policies, Certificates	Permanently
Invoices	7 years
Leases (after expiration)	6 years
Journals	Permanently
Minutes	Permanently

Property Records	Permanently
Purchase Orders	7 years
Tax-exempt status documents and all documents and correspondence dealing with the IRS	Permanently

APPENDIX C–Document History

[Enter date]. Adopted Alumni and Friends of Konola Academy Board of Directors.
[Add dates and revision details]