

Le Jardin Community Center, Inc.

Accounting & Financial Policies and Procedures Manual

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January 1, 2020



Effective Date(s) of Accounting Policies

The effective date of all accounting policies described in this manual is January 1, 2020. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated parenthetically immediately following the policy heading.

Modifications to these policies and procedures require each of the following approvals:

- Chief Financial Officer/Chief Operations Officer
- Executive Director
- Treasurer
- Board of Directors

Any modifications must be assigned an effective date and distributed to coordinators and others who require updated procedures.

TABLE OF CONTENTS

Page Number

Introduction9

GENERAL POLICIES

Organizational Structure 10

The Role of the Board of Directors 10
Finance and Audit Committee Responsibilities 10
The Roles of the Executive Director and Staff 11

Accounting Department Overview 12

Organization 12
Responsibilities 12
Standards for Financial Management Systems 13

Business Conduct 14

Practice of Ethical Behavior 14
Compliance with Laws, Regulations, and Organization Policies 15

Conflicts of Interest 16

Introduction 16
What Constitutes a Conflict of Interest? 17
Disclosure Requirements 17
Resolution of Conflicts of Interest 19
Disciplinary Action for Violations of This Policy 19

Policy on Suspected Misconduct 21

Introduction 21
Definitions 22
Reporting Responsibilities 22
Whistleblower Protection 22
Investigative Responsibilities 22
Protection of Records – Federal Matters 23
Disciplinary Action 23
Confidentiality 24
Disclosure to Outside Parties 24

Security 26

Accounting Department 26
Access to Electronically Stored Accounting Data 26
Storage of Back-Up Files 26
Storage of Sensitive Data 26
Destruction of Consumer Information 27
General Office Security 27

<u>Technology and Electronic Communications</u>	28
Purpose and Scope	28
Password Security.....	28
Confidentiality.....	28
E-Mail Communications.....	29
Copyrighted Information	29
Other Prohibited Uses	29
<u>General Ledger and Chart of Accounts</u>	30
Chart of Accounts Overview	30
Control of Chart of Accounts.....	30
Account Definitions.....	30
Fiscal Year of Organization	32
Accounting Estimates	32
Journal Entries	32

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

<u>Revenue</u>	34
Revenue Recognition Policies	34
Definitions	34
<u>Administration of Government Awards</u>	36
Definitions	36
Preparation and Review of Proposals.....	36
Post-Award Procedures.....	36
Compliance with Laws, Regulations and Provisions of Awards	36
Close Out of Awards.....	37
<u>Cost Sharing and Matching (In-Kind)</u>	39
Overview	39
Valuation and Accounting Treatment.....	42
<u>Contributions Received</u>	44
Overview	44
Receipts and Disclosures	44
Fund-Raising events.....	45
State Registrations	46
Credit card donations and receipts	47
<u>Billing/Invoicing Policies</u>	48
Overview	48
Responsibilities for Billing and Collection.....	48
Billing and Financial Reporting	48
Reimbursement Request Procedures.....	49
Billing Records	49
Cash drawdown of advances of federal funds	49
Accounts Receivable Entry Policies.....	50
Classification of Income and Net Assets.....	50

<u>Cash Receipts</u>	52
Overview	52
Processing of Checks and Cash Received in the Mail	52
Endorsement of Checks	52
Timeliness of Bank Deposits	52
Reconciliation of Deposits	52
<u>Grants Receivable Management</u>	53
Monitoring and Recognition	53

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

<u>Purchasing Policies and Procedures</u>	54
Overview	54
Responsibility for Purchasing	54
Code of Conduct in Purchasing	54
Competition	55
Non-Discrimination Policy	55
Procurement Procedures	55
Use of Purchase Orders	56
Authorizations and Purchasing Limits	57
Required Solicitation of Quotations from Vendors	58
Extension of Due Dates and Receipt of Late Proposals	59
Evaluation of Alternative Vendors	59
Affirmative Consideration of Minority, Small Business & Women-Owned Businesses ...	60
Availability of Procurement Records	60
Provisions Included in All Contracts	61
Special Purchasing Conditions	63
Right to Audit Clause	63
Vendor Files and Required Documentation	64
Procurement under Federal Regulations Flowchart	64
Receipt and Acceptance of Goods	64
<u>Political Intervention</u>	65
Prohibited Expenditures	65
Endorsements of Candidates	65
Prohibited Use of Organization Assets and Resources	65
<u>Lobbying</u>	66
Introduction	66
Definition of Lobbying Activities	66
<u>Charging of Costs to Federal Awards</u>	67
Overview	67
Segregating Unallowable from Allowable Costs	67
Criteria for Allowability	67
Shared of Joint costs	68
Cost allocation plan policy	69
<u>Accounts Payable Management</u>	70

Overview	70
Recording of Accounts Payable.....	70
Accounts Payable Cut-Off	70
Preparation of Invoices for Payment.....	71
Processing of Invoicing.....	71
Payment Discounts.....	71
Mileage Expense Reports.....	71
Reconciliation of A/P Subsidiary Ledger to General Ledger.....	72
Management of Accounts Payable Vendor Master File	72
OFAC Database Searches	72
Verification of New Vendors	73
<u>Travel and Business Entertainment</u>	74
Travel Advances.....	74
Employee and Director Business Travel.....	74
Reasonableness of Travel Costs.....	74
Spouse/Partner Travel.....	74
<u>Cell Phones</u>	75
Issuance of organization-owned cell phones	75
Cell phone use	75
<u>Cash Disbursement (Check-Writing) Policies</u>	77
Check Preparation.....	77
Check Signing	77
Mailing of Checks	77
Voided Checks and Stop Payments	78
Recordkeeping Associated with Independent Contractors.....	78
<u>Credit Cards</u>	79
Issuance of Corporate Credit Cards	79
Cardholder Responsibilities	79
Revocation of Corporate Credit Cards.....	79
<u>Payroll and Related Policies</u>	80
Wage Comparability Study	80
Payroll Approval of Senior Management Compensation.....	80
Payroll Administration.....	80
Changes in Payroll Data.....	81
Payroll Taxes.....	81
Personnel Activity Reports.....	82
Preparation of Timesheets.....	83
Processing of Timesheets	83
Review of Payroll.....	84
Distribution of Payroll.....	84
Internal Audit of Payroll Data	84

POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

<u>Cash and Cash Management</u>	86
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Cash Accounts	86
Authorized Signers	86
Bank Reconciliations	87
Cash Flow Management.....	87
Stale Checks	87
Petty Cash.....	87
<u>Prepaid Expenses</u>	89
Accounting Treatment	89
Procedures.....	89
<u>Property and Equipment</u>	90
Capitalization Policy	90
Contributed Assets	90
Equipment and Furniture Purchased with Award Funds	90
Establishment and Maintenance of a Fixed Asset Listing	91
Receipt of Newly-Purchased Equipment and Furniture.....	91
Depreciation and Useful Lives	92
Changes in Estimated Useful Lives	92
Repairs of Property and Equipment.....	93
Dispositions of Property and Equipment	93
Write-Offs of Property and Equipment	93
<u>Leases</u>	94
Classification of Leases.....	94
Reasonableness of Leases	94
Accounting for Leases	94

POLICIES PERTAINING TO SPECIFIC LIABILITY AND NET ASSET ACCOUNTS

<u>Accrued Liabilities</u>	96
Identification of Liabilities.....	96
<u>Notes Payable</u>	97
General Policy.....	97
Recordkeeping	97
Accounting and Classification.....	97
<u>Net Assets</u>	98
Classification of Net Assets	98
Reclassifications from Restricted to Unrestricted Net Assets.....	98
Reclassifications from Unrestricted to Restricted Net Assets.....	99
Disclosures.....	99

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

<u>Financial Statements</u>	100
Standard Financial Statements of the Organization	100
Frequency of Preparation	100

Review and Distribution	100
Budget Variance Analysis and Projections	100
Quarterly Distribution	101
Annual Financial Statements	101
<u>Government Returns</u>	102
Overview	102
Filing of Returns	102
Review of Form 990 by Board of Directors	103
Public Access to Information Returns	103

FINANCIAL MANAGEMENT POLICIES

<u>Budgeting</u>	104
Overview	104
Preparation and Adoption	104
Monitoring Performance	105
Budget and Program Revisions	105
<u>Annual Audit</u>	106
Role of the Independent Auditor	106
Auditor Independence	107
How Often to Review the Selection of the Auditor	107
Concluding the Audit	107
Finance and Audit Committee Responsibilities	107
<u>Record Retention</u>	108
Policy	108
Exception for Investigations	108

BOARD GOVERNANCE

<u>Finance and Audit Committee</u>	110
Purpose	110
Authority	110
Membership	110
Responsibilities	111

INTRODUCTION

This accounting manual is intended to provide an overview of the accounting policies and procedures for Le Jardin Community Center, Inc., which shall be referred to as “Le Jardin” or “the Organization” throughout this manual.

Le Jardin is incorporated in the state of Florida. Le Jardin is exempt from Federal income taxes under IRS Section 501(c) (3) Organization as a nonprofit corporation. Le Jardin’s mission is as follows.

Enriched by the diversity of our community, Le Jardin Community Center, Inc., is dedicated to improving the quality of life of children and families. We provide high quality educational, recreational and cultural activities and comprehensive services in a safe, caring and nurturing environment. As a private, not-for-profit corporation, Le Jardin seeks opportunities, partnerships and resources to meet changing community needs.

This manual prescribes the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The Organization allows an individual to designate another person with equal or more authority to give approvals in the event an individual will be absent and unavailable.

The contents of this manual were approved as official policy of the Organization by the Board of Directors, Executive Director, Treasurer, and Chief Financial Officer/Chief Operations Officer. All Le Jardin staff are bound by the policies herein, and any deviation from these policies is prohibited.

BASIS OF ACCOUNTING

Le Jardin’s year-end financial statements are prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Consequently, revenue, other than contributions, is recognized when earned and expenses are recognized when the obligation is incurred.

Accounting transactions will be processed and reports produced on Abila MIP Accounting Software.

GENERAL POLICIES

ORGANIZATIONAL STRUCTURE

The Role of the Board of Directors

Le Jardin is governed by its Board of Directors, which is responsible for the oversight of the Organization by:

1. Planning for the future
2. Establishing broad policies, including financial and personnel policies and procedures
3. Approving grant applications
4. Reviewing and approving the annual audit
5. Reviewing financial information
6. Identifying and proactively dealing with emerging issues
7. Interpreting the Organization's mission to the public
8. Soliciting prospective contributors
9. Hiring, evaluating, and working with the Executive Director
10. Establishing and maintaining programs and systems designed to assure compliance with the requirements of all contracts and grants
11. Authorizing establishment of all bank accounts and designation of all check signers.
12. Authorizing all borrowings of funds and establishing lines of credit.
13. For additional information, refer to the Bylaws.

The Executive Director shall be responsible for the day-to-day oversight and management of Le Jardin.

Finance and Audit Committee Responsibilities

The Finance and Audit Committee is responsible for direction and oversight regarding the overall financial management of Le Jardin. Functions of the Finance and Audit Committee include:

1. Review and recommendation of the Organization's annual budget (prepared by the staff) for final approval by the full board
2. Long-term financial planning
3. Evaluation and approval of the financial aspects of facilities decisions (i.e., leasing, purchasing property)
4. Monitoring of actual vs. budgeted financial performance
5. Oversight of reserve funds
6. Review of financial procedures

The review of the Organization's financial statements shall not be limited to the Finance and Audit Committee, but shall involve the entire Board of Directors.

The Finance and Audit Committee hires an independent CPA firm and communicates directly with the CPA firm for an annual audit, as described in the Organization's by-laws. The Finance and Audit Committee shall review and approve the final audited financial statements, and any other communications received from the auditor regarding internal controls, illegal acts, or fraud.

The Finance and Audit Committee also serves as the primary point of contact for any employee who suspects that fraud has been committed against the Organization or by one of its employees or board members.

The Finance and Audit Committee's role in the annual audit is more fully explained in the section of this manual covering the annual audit.

Conflict with Organizational Documents

In the event of any conflict between these Policies and Procedures, whether as originally established or as later amended, and the Organization's Articles of Incorporation and Bylaws, as in effect at the time of such conflict, the latter shall prevail.

The Roles of the Executive Director and Staff

The Board of Directors hires the Executive Director, who reports directly to the board. The Executive Director is responsible for hiring and evaluating Program Coordinators for each of the Organization's departments. Each Program Coordinator reports to the Executive Director.

Program Coordinators are responsible for hiring employees to work in that department with Human Resources and approval from the Executive Director. All employees within a department shall report directly to that department's Program Coordinator, who shall be responsible for managing and evaluating all employees within their department.

ACCOUNTING DEPARTMENT OVERVIEW

Organization

The accounting department consists of six (6) staff members who manage and process financial information for Le Jardin. The following positions comprise the accounting department:

- Chief Financial Officer/Chief Operating Officer
- Accountant III
- Accountant II
- Accounting Clerk
- Accountant A
- Accountant B

Other officers and employees of Le Jardin who have financial responsibilities are as follows:

- Executive Director
- Program Manager
- Human Resources Director
- Program Coordinators
- Treasurer – Board level
- Finance and Audit Committee – Board level
- Executive Committee – Board level
- Full Board of Directors

Responsibilities

The primary responsibilities of the accounting department consist of:

- General ledger
- Budgeting
- Cash and investment management
- Asset management
- Grants and contracts administration
- Purchasing
- Account receivable and billing
- Cash receipts
- Accounts payable
- Cash disbursements
- Payroll and benefits
- Financial statement processing
- External reporting of financial information
- Bank reconciliation
- Reconciliation of subsidiary ledgers
- Compliance with government reporting requirements
- Annual audit
- Leases
- Insurance

Standards for Financial Management Systems

In accordance with 45 CFR Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, Le Jardin maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 45 CFR 75.341, Financial Reporting, and 75.342, Monitoring and Reporting Program Performance, and/or the award.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.
4. Effective control over and accountability for all funds, property, and other assets. Le Jardin must adequately safeguard all such assets and ensure they are used solely for authorized purposes.
5. Comparison of outlays with budget amounts for each award.
6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (*45 CFR 75.301, Performance Measurement*)
7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by Le Jardin. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. Le Jardin. *45 CFR 75.305, Payment*). See Le Jardin's written procedures in the Cash Drawdowns of Advances section of this manual.
8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of 45 CFR 75 Subpart E, Cost Principles, and the terms and conditions of the award. See Le Jardin's written procedures in the Charging Costs to Federal Awards section of this manual.

BUSINESS CONDUCT

Practice of Ethical Behavior

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The effectiveness and reputation of Le Jardin depend of a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each employee is responsible for applying good judgment in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with Le Jardin policies?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the Organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the news?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each director, manager and coordinator is responsible for the ethical business behavior of her/his subordinates. Directors and coordinators must carefully weigh all courses of action suggested in ethical, as well as economic terms, and base their final decisions on the guidelines provided by this policy, as well as their personal sense of right and wrong.

Confidentiality Policy

Le Jardin Community Center, Inc. respects the privacy of its clients, former clients, donors, staff, and volunteers. As a basic component of business ethics, employees, volunteers, and board members shall take care to ensure that personal information, financial information, and proprietary information remain confidential and not be disclosed or discussed with anyone without permission or authorization from the Executive Director. Care should also be taken to ensure that unauthorized individuals do not over hear any discussion of confidential information and that documents containing confidential information are not left in the open or inadvertently shared.

Confidentiality is the safeguarding of privileged information. Le Jardin is provided with personal and private information, including protected personally identifiable information, to provide services to clients and participants. Unauthorized disclosure of confidential information could result in legal liability, Damage to relationship with client, staff, and public. Violation of this policy and any statutes regarding confidentiality may result in termination of employment or other corrective action.

Compliance with Laws, Regulations, and Organization Policies

Le Jardin does not tolerate:

- The willful violation or circumvention of any Federal, state, local, or foreign law by an employee during the course of that person's employment;
- The disregard or circumvention of Le Jardin policy or engagement in unscrupulous dealings.

Employees may not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

The performance of all levels of employees will be measured against implementation of the provisions of these standards. Employees will cooperate with management and authorities regarding any investigation into the violation of policies and statutes.

CONFLICTS OF INTEREST

Introduction

In the course of business, situations may arise in which an Organization decision-maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All directors and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Organization in dealing with outside entities or individuals,
2. Disclose all real and apparent conflicts of interest to the Board of Directors
3. Refrain from participation in any decision on any matter that involves a real conflict of interest or the appearance of a conflict, unless disclosed to and approved in advance by the board.

What Constitutes a Conflict of Interest?

All employees and directors of Le Jardin owe a duty of loyalty to the Organization. This duty necessitates that in serving the Organization they act solely in the interests of the Organization, not in their personal interests or in the interests of others.

The persons covered under this policy shall hereinafter be referred to as “interested persons.” Interested persons include all members of the Board of Directors and all employees, as well as persons with the following relationships to directors or employees:

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a [35%] or more ownership or beneficial interest
6. Organization or business that employs, or is about to employ, any of the parties indicated here.

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the Organization. Conflicts of interest may be financial (where an interested party

benefits financially directly or indirectly) or non-financial (e.g., seeking preferential treatment, using confidential information).

A conflict of interest arises when a director or employee involved in making a decision is in the position to benefit, directly or indirectly, from his/her dealings with the Organization or person conducting business with the Organization. For example, a potential conflict of interest exists when the director or employee, or his/her immediate family owns or receives more than 1% of the benefiting business or profits.

Examples of conflicts of interest include, but are not limited to, situations in which a director or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Organization and has a direct or indirect interest in, or receives any direct or indirect personal benefit from, the entity or individual providing the goods or services;
2. Negotiates or approves a contract, sale, or lease on behalf of the Organization and has a direct or indirect interest in, or receives any direct or indirect personal benefit from, the entity or individual receiving the goods or services;
3. Employs or approves the employment of, or supervises a person who is related by blood or marriage to him/her;
4. Sells products or services in competition with the Organization;
5. Uses the Organization's facilities, information, other assets, employees, or other resources for personal gain;
6. Receives a substantial gift (valued at more than \$25.00) from a vendor, if the director or employee is responsible for initiating or approving purchases from that vendor. (Refer to Article 7, Section 7.6 of the Le Jardin Community Center, Inc. Bylaws for more details.)

Organizational Conflicts of Interest

All organizational relationships shall be identified and disclosed to the Board of Directors, Chief Financial Officer/Chief Operations Officer, Human Resources Director, and Executive Director on an annual basis or as they are made known. The Chief Financial Officer/Chief Operations Officer is responsible for performing a thorough analysis of potential proposal conflicts of interest to ensure impartiality and objectivity in performance of the contractual objectives.

Each individual contracting situation will be examined on the basis of its particular facts and the nature of the proposed work. Le Jardin will exercise common sense, good judgement, and sound discretion when evaluating the decision on whether a significant potential conflict exists and, if it does, the development of an appropriate means for resolving it. This evaluation will help prevent the existence of conflicting roles that might bias judgment; and help preventing unfair competitive advantage.

Disclosure Requirements

A director or employee who believes that he or she may have or be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Therefore, Le Jardin requires the following:

1. At the inception of employment or volunteer service to the Organization, and on an annual basis thereafter, the accounting department shall distribute a list of all vendors with whom the Organization has transacted business at any time during the preceding year, along with a copy of the disclosure statement to all members of the Board of Directors, the Executive Director, members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals shall inform, in writing and with a signature, the Executive Director and the chair of the Finance and Audit Committee, of all potential reportable conflicts.
2. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.
3. The Executive Director shall review all forms completed by employees, and the Finance and Audit Committee shall review all forms completed by directors and the Executive Director and determine appropriate resolution in accordance with the next section of this policy.
4. Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a staff, director, or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.
5. A staff, director, or committee member who plans not to attend a meeting at which he or she has a reason to believe that the management, board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
6. A person who has a conflict of interest shall not participate in or be permitted to hear management's, the board, or the committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.
7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless

the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of Le Jardin has a conflict of interest when he or she stands for election as an officer or for re-election as a member of the Board of Directors.

8. If required by Federal awarding agencies, Le Jardin will notify those agencies in writing of any *potential* conflict of interest. (*45 CFR Part 75.112, Conflict of interest*)
9. The Board of Directors will review and sign the Conflicts of Interest policies of the Organization every year.

Resolution of Conflicts of Interest

All real or apparent conflicts of interest shall be disclosed to the Finance and Audit Committee and the Executive Director. Conflicts shall be resolved as follows:

- The Finance and Audit Committee shall be responsible for making all decisions concerning resolutions of conflicts involving directors, the Executive Director, and other members of senior management.
- The chair of the committee shall be responsible for making all decisions concerning resolutions of conflicts involving Finance and Audit Committee members.
- The chair of the board shall be responsible for making all decisions concerning resolutions of the conflict involving the chair of the Finance and Audit Committee.
- The Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Finance and Audit Committee.

An employee or director may appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the chairman of the board.
- Appeals must be made within thirty (30) days of the initial determination.
- Resolution of the appeal shall be made by vote of the full Board of Directors.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the board.

Disciplinary Action for Violations of This Policy

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Organization or to the government, for any loss or damage resulting from the failure. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her or his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly or indirectly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any director, manager or coordinator who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

A board member who violates this policy will be removed from the board.

Policy on Suspected Misconduct

Introduction

This policy sets forth the actions to be taken for suspected misconduct committed, encountered, or observed by employees or volunteers.

Like all organizations, Le Jardin faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts, collectively referred to as misconduct throughout this policy, may include, but not be limited to:

- Financial losses and liabilities
- Loss of current and future revenue and customers
- Negative publicity and damage to the Organization's good public image
- Loss of employees and difficulty in attracting new personnel
- Deterioration of employee morale
- Harm to relationships with clients, vendors, bankers, and subcontractors
- Litigation and related costs of investigations, etc.

Our Organization is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the Organization.

Definitions

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions and omissions that violate the Organization's Human Resource policies or any of the accounting and financial policies included in this manual
2. Fraud (see below)
3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records)
4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the Federal government or by the Organization in connection with this policy
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Organization
6. Unauthorized personal or other inappropriate (non-Organization) use of equipment, assets, services, personnel or other resources
7. Acts that violate Federal, state, or local laws or regulations

8. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to Le Jardin. Exception: gifts less than a nominal value (\$25.00).
9. Impropriety of the handling or reporting of money in financial transactions.
10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

Fraud is further defined to include, but not be limited to:

- Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the Organization, as well as those of our clients, subcontractors, vendors, contractors, suppliers, and others with whom the Organization has a business relationship)
- Intentional misstatements in the Organization's records, including intentional misstatements of accounting records or financial statements
- Authorizing receiving, or making payment for goods not received or services not performed
- Authorizing, receiving, or making payment(s) for hours not worked
- Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports

Le Jardin prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers and others responsible for carrying out the Organization's activities.

Reporting Responsibilities

Every employee, officer, and volunteer is responsible for immediately reporting suspected misconduct to his/her coordinator, the Executive Director, or the Chair of the Finance and Audit Committee. When a coordinator receives a report of suspected misconduct, she or he must immediately report it to his or her coordinator, the Executive Director and/or the Finance and Audit Committee.

Whistleblower Protection

The Organization will consider any reprisal against a reporting individual as an act of misconduct and be subjected to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a Federal or state offense.

Investigative Responsibilities

Due to the sensitive nature of suspected misconduct, coordinators, and managers may not, under any circumstances, perform any investigative procedures.

The Human Resources Director shall have the responsibility for investigating suspected misconduct involving employees below the Executive Director and executive management level.

The Human Resources Director shall provide a summary of all investigative work to the Finance and Audit Committee and Executive Director.

The Finance and Audit Committee has the primary responsibility for investigating suspected misconduct involving Executive Director and executive level positions, as well as board members and officers. However, the Finance and Audit Committee may request the assistance of the Executive Director or the Human Resources Director in any such investigation.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the Organization.

In fulfilling its investigative responsibilities, the Finance and Audit Committee shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc.

Members of the investigative team (as authorized by the Finance and Audit Committee) shall have free and unrestricted access to all Organization records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities, when doing so is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, the status or results of investigations into suspected misconduct shall not be disclosed or discussed with any person not having a legitimate need-to-know in order to perform their duties and fulfill their responsibilities effectively.

Protection of Records – Federal Matters

Le Jardin prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered violations of the Organization's Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in this Policy on Suspected Misconduct.

Disciplinary Action

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be coordinated through Human Resources Director. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Reprimand
- Probation
- Suspension
- Demotion
- Termination

- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for information purposes only and does not bind the Organization to follow any particular policy or procedure.

Confidentiality

The Finance and Audit Committee and the Executive Director shall treat all information received as confidential. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director or the Finance and Audit Committee Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Responsibilities section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect Le Jardin from potential civil liability.

An employee who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer must be directed to the Finance and Audit Committee or legal counsel. No information concerning the status of an investigation may be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances shall any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other similar reference.

The reporting individual shall be instructed as follows:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Le Jardin legal counsel or the Finance and Audit Committee.

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy (such as disclosure to outside investigators hired by the Organization to aid in an investigation).

However, all known or suspected frauds involving the Executive Director, senior management, or members of the Board of Directors, as well as all material frauds involving employees below the senior management level, shall be disclosed by the Finance and Audit Committee to the

Organization's external auditors. If such frauds are known, they shall be disclosed to the entire Board of Directors.

The Organization will disclose, in a timely manner, in writing to Federal awarding agencies all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. (*45 CFR 75.113 Mandatory disclosures*)

SECURITY

Accounting Department

Le Jardin keeps sensitive accounting and human resources files in a room that is locked nightly. Keys are issued to the Chief Financial Officer/Chief Operations Officer, Accounting Clerk, Human Resources Director, Human Resources Clerk, and two (2) maintenance personnel (as applicable).

Le Jardin's corporate seals and blank check stock shall be stored in a safe in the Accounting Department. This safe will be locked with a combination key that is in the possession of the Chief Financial Officer/Chief Operations Officer and the Accountant III.

Petty cash is stored in a cash box kept in a locked drawer. The Accounting Clerk and the Chief Financial Officer/Chief Operations Officer will be the only employees with keys to the petty cash drawer.

Access to Electronically Stored Accounting Data

Le Jardin utilizes passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than every one hundred eighty (180) days. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties.

Storage of Back-Up Files

Le Jardin maintains monthly back-up copies of electronic data files off-site. Access to back-up files shall be limited to individuals authorized by management. Multiple copies of backup media are recommended so as to not overwrite the most recent backup.

The Organization shall regularly test its capability to restore from backup media.

Storage of Sensitive Data

In addition to accounting and financial data stored in the Accounting Department, other sensitive data, including protected personally identifiable information (PII) such as social security numbers of employees or clients, etc. may be stored in areas other than the accounting department, such as in the Centers. Therefore, the Organization shall:

1. Minimize the storage of sensitive data outside the Accounting Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Accounting Department whenever possible; and
2. Require that all sensitive data that is stored in areas other than the Accounting Department be secured in locked filing cabinets.

Further, the Organization shall restrict access to sensitive data to Organization employees only (no temporary workers, contractors, or volunteers) and only to employees with a legitimate need for such access. The Organization shall also require employees to secure print jobs which contain sensitive information immediately upon printing.

Destruction of Consumer Information

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. Le Jardin shall also shred all consumer information obtained by the Organization for any reason. Shredding shall be performed on a schedule determined by each department that possesses such data and the schedule shall be made a part of the Record Retention policy (see the Record Retention section of this manual).

General Office Security

The business office visitors must be admitted by a Le Jardin employee.

TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

Purpose and Scope

The purpose of this policy is to identify guidelines for the use of Le Jardin technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the Organization's technologies and communications systems.

The term "user" as used in these policies refers to employees (whether full-time, part-time or limited-term), independent contractors, consultants, and any other user having authorized access to, and using any of, the Organization's computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand-alone computers, laptops, PDAs, printers, fax machines, netbooks, phones, online services, email systems, digital bulletin board systems, blogs or vlogs owned by staff members where the Organization is discussed, comments by staff members regarding the Organization, social networking sites (Facebook®, MySpace®, Twitter®, LinkedIn®, Instagram®, SnapChat®, etc.), and all software that is owned, licensed or operated by Le Jardin. Please refer to Le Jardin's Technology and Risk Management Policies and Procedures Manual for more information.

Password Security

Users shall be responsible for safeguarding their login passwords. Passwords may not be shared, printed, or stored online. Users shall not leave their computers unattended without logging off. If a user suspects that the secrecy of his/her password has been compromised he/she shall report this to his/her coordinator immediately and initiate a password change request.

Passwords shall contain at least 7 characters and be complex. They shall not be a dictionary word, your son or daughters name, etc. Passwords shall be made up of a combination of the following: letters, numbers, and upper and lower case characters. Additional password requirements may be required by specific websites or software.

The Organization expects employees to change passwords every one hundred eighty (180) days. Unique passwords are required at each change.

Confidentiality

All information about individuals, families or organizations served by Le Jardin shall be confidential. No information may be shared with any person or organization outside Le Jardin without the prior written approval of the individual, family or organization and the Executive Director or assigned designee.

E-Mail Communications

The Organization may communicate with its customers, vendors and clients via e-mail. E-mail is not a secure or private communications mechanism, nor shall employees treat it that way. Sensitive or confidential information shall not be sent via e-mail over the Internet without password protection or encryption.

Employees shall exercise care in the use of e-mail and in the handling of e-mail attachments. If an e-mail is from someone you do not know, or if you were not expecting an attachment, do not open it, delete it. The user shall contact his/her coordinator for assistance if there are questions as to the validity of the message or attachment.

Copyrighted Information

Use of Le Jardin electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

Other Prohibited Uses

Other prohibited uses of the Organization's communications systems are included in Le Jardin's Human Resource and Operations Policies and Procedures and Technology and Risk Management Policies and Procedures Manual.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense, and gain and loss account.

Le Jardin's chart of accounts is composed of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

Control of Chart of Accounts

The Chief Financial Officer/Chief Operations Officer shall monitor and control the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts shall be approved by the Chief Financial Officer/Chief Operations Officer, who shall ensure that the chart of accounts is consistent with the organizational structure of Le Jardin and meets the needs of each division and department.

Distribution of Chart of Accounts

All Le Jardin employees involved with account coding or budgetary responsibilities will be issued a current chart of accounts, or the section of the chart of accounts applicable to their program. As the chart of accounts is revised, an updated copy of the chart of accounts shall be promptly distributed to these individuals.

Account Definitions

<u>Category</u>	<u>Definition</u>
Assets	<u>Assets</u> are probable future economic benefits obtained or controlled by the Organization as a result of past transactions or events. Assets are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed assets (property and equipment) are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable

Other assets include long-term assets, which are assets acquired without the intention of disposing them in the near future. Some examples are security deposits, property and long-term investments.

Liabilities Liabilities are probable future sacrifices of economic benefits arising from present obligations of the Organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities are classified as current or long-term.

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mortgage loan.

Net Assets Net Assets are the difference between total assets and total liabilities.

Revenues Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.

Expenses Expenses are outflows or other activities using assets, or incurrences of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute Le Jardin's ongoing major or central operations.

Gains and Losses

Gains are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Organization except those that result from revenues.

Losses are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Organization except those that result from expenses.

Gains or losses occur when Le Jardin sells a fixed asset or writes off as worthless a fixed asset with remaining book value.

Fiscal Year of Organization

Le Jardin shall operate on a fiscal year that begins on January 1 and ends on December 31. Any changes to the fiscal year of the Organization must be ratified by resolution of Le Jardin's Board of Directors and may need to be approved by the Internal Revenue Service.

Accounting Estimates

Le Jardin utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of these estimates include:

1. Useful lives of property and equipment
2. Fair market values of donated assets
3. Values of contributed services
4. Allocations of shared costs

The Chief Financial Officer/Chief Operations Officer shall reassess, review, and approve all estimates yearly. All key conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, shall be disclosed to the Finance and Audit Committee, and the external audit firm.

Journal Entries

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, including an explanation of each such entry.

Examples of such journal entries are:

1. Recording of noncash transactions (e.g. in-kind)
2. Corrections of posting errors

3. Nonrecurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

Recurring journal entries shall be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a journal voucher. All journal entries not originating from subsidiary ledgers shall be authorized in writing by the Executive or Chief Financial Officer/Chief Operations Officer by initialing or signing the entries.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

Le Jardin receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements in the following manner:

1. **Grant income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on units-of-service (e.g. number of days attended and number of meals served).
2. **In-Kind Contributions** – Recognized as income when received (See below the section titled “Cost Sharing and Matching”).
3. **Program Income** – Includes refunds and other applicable credits, and is recognized as a reduction in expenditures in the period in which it is received.
4. **Nongovernmental Cash Contributions** – Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income).
5. **Child Development Services Sliding Scale Fees** – Recognized when payments by parents are received. The fees are set for each family by the funding agency.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer/Chief Operations Officer.

Definitions

The following definitions shall apply with respect to the policies described in this section:

Contribution – An unconditional transfer of cash or other assets (property, etc.), as well as unconditional promises to give, to the Organization, or a reduction, settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity or individual.

Condition – A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets.

Restriction – A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes

specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.

Nonreciprocal Transfer – A transaction in which an entity incurs a liability or transfers assets to Le Jardin without directly receiving value in exchange.

Promise to Give – A written or oral undertaking to contribute cash or other assets.

Exchange Transaction – A reciprocal transaction in which Le Jardin and another entity each receives and transfers to the other something of approximately equal value.

ADMINISTRATION OF GOVERNMENT AWARDS

Definitions

Le Jardin may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to the Organization to carry out its programmatic purpose.

Contract: A mutually binding legal agreement where the Organization agrees to provide supplies or services and the funder agrees to pay for them.

Throughout this manual, Federal, state, or local assistance received in any of these forms will be referred to as an “award.”

Preparation and Review of Proposals

The Board of Directors passes a resolution approving the preparation of proposals for grant funds and contracts. The Executive Director, the Chief Financial Officer/Chief Operations Officer, and/or an appointed designee are responsible for preparing the proposals. Final proposals shall be reviewed and approved in writing by the Board of Directors and the Executive Director.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Accounting Department shall review the terms, time periods, award amounts and expected expenditures associated with the award. A Catalog of Federal Domestic Assistance (CFDA) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account segment. New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources. The Chief Financial Officer/Chief Operations Officer shall maintain the grant and contract files.

Compliance with Laws, Regulations and Provisions of Awards

Le Jardin recognizes that as a recipient of Federal funds, the Organization is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To

ensure that the Organization meets this responsibility, the following policies shall apply with respect to every grant or contract received directly or indirectly from a Federal agency:

1. For each award, the Executive Director, or designee, shall be the "Grant Manager."
2. The Grant Manager may attend refresher/update courses on grant management as needed.
3. The Grant Manager shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
 - b. Review the "45 CFR 75 Appendix XI, Compliance Supplement" (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all Federal awards.
 - c. Review the section of the Catalog of Federal Domestic Assistance (CFDA) applicable to the award.
 - d. The Grant Manager shall communicate grant requirements to those who will be responsible for carrying them out, or will be impacted by them.
4. The Accounting Department shall forward copies of applicable laws and regulations (such as OMB regulations, pertinent sections of compliance supplements, and other regulations) to the Grant Manager. The Accounting Department shall ensure that it has current versions of all applicable laws and regulations, which it shall timely forward to the employees in need of them.
5. The Grant Manager and/or the Accounting Department shall identify and communicate to all involved personnel any special changes in policies and procedures necessitated by Federal awards as a result of the review of each award.
6. The Grant Manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to the "45 CFR 75 Appendix XI, Compliance Supplement," and communications with Federal awarding agency personnel.
7. The Grant Manager shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The Grant Manager shall also communicate known instances of noncompliance with laws, regulations, or with contracts or grants, to the auditors, the Chief Financial Officer/Chief Operations Officer, the Executive Director, and the Treasurer.

Close Out of Awards

Le Jardin shall follow the close out procedures described in 45 CFR 75.383, Closeout, and in the grant agreements as specified by the granting agency. Accordingly, Le Jardin shall complete the performance of all obligations incurred under the grant or contract within forty-five (45) days of the end of the grant or contract agreement.

COST SHARING AND MATCHING (IN-KIND)

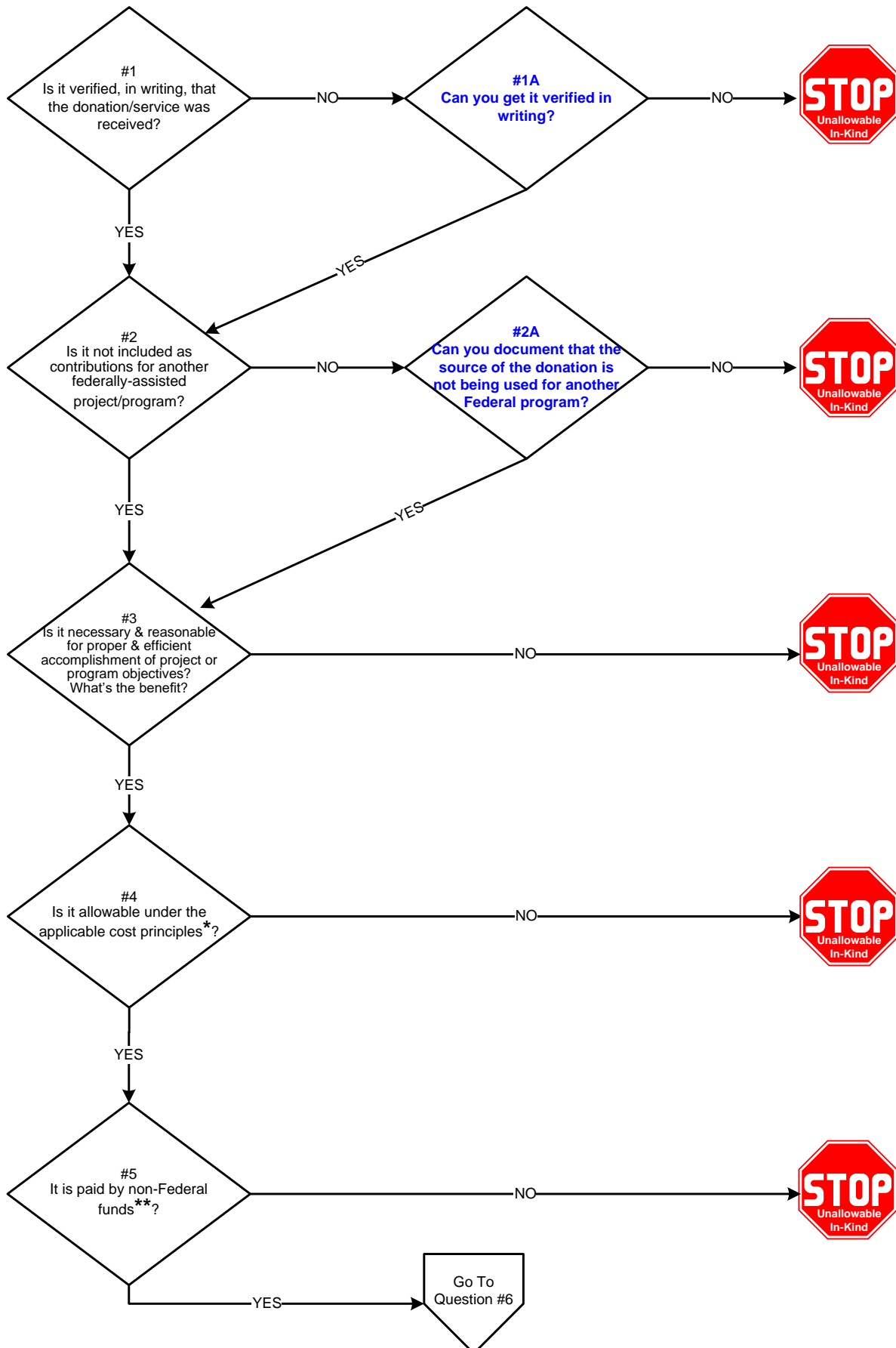
Overview

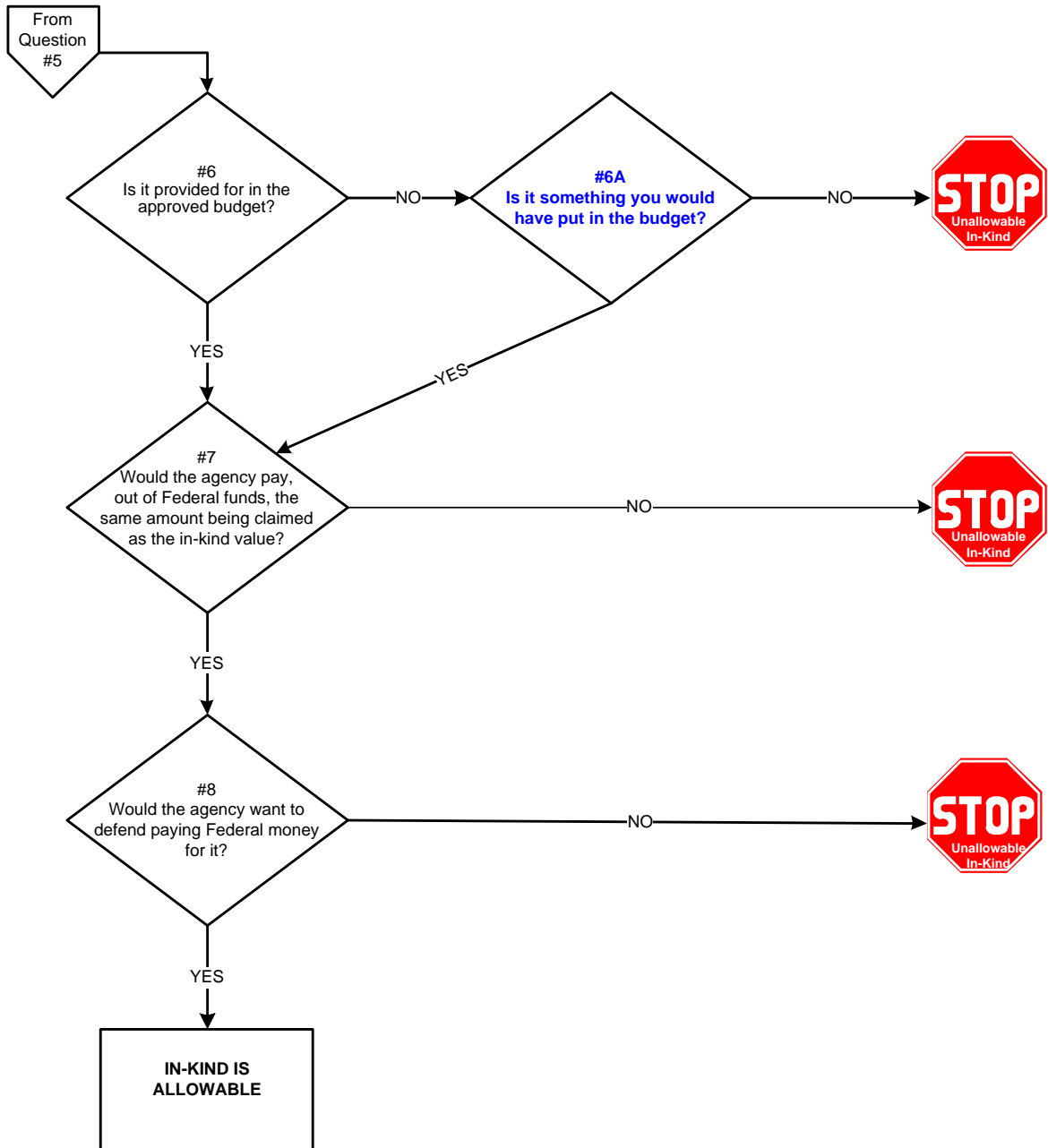
Le Jardin shall value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or agency regulations identify specific values to be used.

Le Jardin shall claim contributions as meeting a cost sharing or matching requirement of a Federal-funded award only if all of the following criteria are met:

1. They are verifiable from Le Jardin records.
2. They are not included as contributions for any other Federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable less than 45 CFR 75 Subpart E, Cost Principles.
5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the awarding agency.
7. They conform to all provisions of 45 CFR 75 Subpart D, Post Federal Awards Requirements.
8. In the case of donated space, or donated use of space, the space is subject to an independent appraisal performed by a certified appraiser as defined by 45 CFR 75.306(i)(1) to establish its value.

The following flowchart shall be used to determine the allowability of in-kind contributions.





* 45 CFR 75, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards

** Except where authorized by Federal statute to be used for cost sharing or matching:

Determinations have been made on a case-by-case basis on whether Federal funds from other programs are allowable match for an ACF program. These determinations are based on specific requirements of ACF programs and language in applicable statutes. Specifically:

1. USDA funds are of Federal origin and, therefore, cannot be counted as match.
2. Bureau of Indian Affairs - Indian Self-Determination and Education Assistance Act (P.L. 93-638, as amended). The Act authorizes the use of funds for matching purposes as long as the identified use is specifically related to the approved grant activities.
3. Title XX Social Services Block Grant funds are considered to be Federal funds and, therefore, may not be used as match for ACF programs.
4. Expenditure of funds from the Housing and Community Development Act of 1974, P.L. 93-383 may count as allowable match for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the "Community Development Program," as required by the Housing and Community Development Act. (Grants Administration Manual, Section 3.05.408(b)(1-4))

Valuation and Accounting Treatment

In-kind typically falls into one of the following categories:

- Cash
- Space, buildings, land and equipment
- Volunteer time and services
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash

- Le Jardin shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public.

Space, Buildings, Land and Equipment

Buildings and Land

If the purpose of the contribution is to assist the Organization in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings or land, depreciation or use charges (e.g. rent) may be claimed at matching, unless the awarding agency has approved using the full value as match.

Equipment, buildings and land shall be valued at their fair market values as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

Space:

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality
- Information on the date of donation and records from the appraisal will be maintained in a property file
- If less than an arms-length transaction, will be valued based in actual allowable costs to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market value

Volunteer Time and Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in in-kind if the services are an integral and necessary part of the program.

Examples of contributed services received and recorded as income and expense by Le Jardin include

- Classroom assistance including reading to children, cleaning, setting up bulletin boards, etc.
- Clerical office assistance
- Child services such as dental check-ups

Volunteer services will be valued at rates consistent established by the Head Start and Early Head Start grantee.

Le Jardin requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:

- Date service was performed
- Volunteer name and address
- Hours donated
- Service provided
- Signature of volunteer

The sign-in sheets will be delivered to the Accounting Department monthly so they can be tallied, valued, and recorded as in-kind in the accounting records.

Supplies

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items itself.

CONTRIBUTIONS RECEIVED

Overview

Le Jardin shall accept charitable contributions of all types of assets from any type of donor, with the following exceptions:

1. Contributions of non-liquid assets or assets possessing legal or other characteristics rendering the asset difficult to sell or convert to liquid assets, as determined by the Chief Financial Officer/Chief Operations Officer;
2. Contributions with donor-imposed restrictions that provide excessive control to the donor over future uses of the donated asset(s), as determined by the Chief Financial Officer/Chief Operations Officer;
3. Contributions with donor-imposed restrictions that violate or involve uses that go beyond the Organization's current mission statement and tax-exempt purpose, as determined by the Chief Financial Officer/Chief Operations Officer;
4. Contributions from donors involved in businesses or activities that are deemed inconsistent with Le Jardin's mission, as determined by the Executive Director and the Board of Directors;
5. Assets that might entail third party claims or other liabilities, or lower the reputation of the Organization, to a degree deemed unacceptable by the Chief Financial Officer/Chief Operations Officer.

Receipts and Disclosures

Le Jardin and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying regulations. To comply with those rules, Le Jardin shall adhere to the following guidelines with respect to contributions received by the Organization.

The Accounting Department shall provide a receipt to the donor for every separate contribution received. All receipts shall include the following information:

1. The amount of cash received and a description (but not an assessment of the value) of any noncash property received;
2. A statement of whether Le Jardin provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received;
3. A description and good faith estimate of the value of those goods or services, if any goods or services were provided to the donor by Le Jardin

All estimates of the fair market value of goods or services provided by Le Jardin shall be prepared by the Accounting Department.

Le Jardin shall comply with all current Federal, state, and IRS requirements regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to such requirements.

All estimates of the fair market value of goods or services provided by Le Jardin shall be prepared by the Finance Department.

FUND-RAISING EVENTS

Le Jardin shall maintain a subsidiary record that tracks each special fund-raising event sponsored by the Organization. The Accountant III shall be responsible for maintaining this subsidiary record, with assistance from the Chief Financial Officer/Chief Operations Officer. The following information shall be tracked on an event-by-event basis for purposes of possible disclosure in the Organization's annual Form 990 information return with the IRS:

1. Description and location of the event (including an indication of whether any type of gaming activities took place in connection with the event)
2. Total gross proceeds received in connection with the event
3. Portion of the proceeds considered to be a contribution (equal to the amount received less the fair value of any benefits provided to donors)
4. Total costs of the event
5. Portion of the costs attributable to direct donor benefits (i.e., the cost of any benefits provided to donors, such as the cost of green fees or a meal provided to attendees at a fund-raiser)
6. Portion of the total costs associated with:
 - a. Rent or facility costs
 - b. Cash prizes, if any
 - c. Noncash prizes, if any
 - d. Food and beverages
 - e. Entertainment
 - f. Fees paid to (or retained by) an outside fund-raiser
7. The percentage of the overall labor effort involved in the event that was contributed by volunteers (this schedule should show total hours associated with paid employees/contractors and total hours associated with volunteer efforts)

8. The names and addresses of any outside fund-raiser used in connection with the event
9. An indication of whether any outside fund-raiser ever took custody, even temporarily, of funds raised for Sample Organization in connection with any fund-raising event

In addition to the preceding information, if any fund-raising activities of Le Jardin include gaming (e.g., bingo, pull tabs, or any other type of gaming), the Organization shall maintain records of the following:

1. Total compensated and total uncompensated (volunteer) labor hours associated with each event
2. The name and address of the person or company responsible for running the Organization's gaming activities, as well as a copy of their license to conduct gaming activities
3. Documentation indicating the percentage of gaming activity operated in the Organization's facility vs. an outside facility
4. If the Organization utilizes a third-party to operate gaming activities, a record shall be kept of the total proceeds of the gaming activity and the amount retained by the third-party operator as its compensation

If Le Jardin engages in, or plans to engage in, gaming activities, the Chief Financial Officer/Chief Operations Officer, or designee, shall first research and obtain any and all required licenses or permits.

In addition, for any fund-raising or gaming activity operated by a third-party, where the third-party collects or maintains custody of funds paid by attendees, the Organization shall first gain an understanding of the internal controls of the third-party, including the third-party's processes for receiving and securing funds and whether individuals employed by the third-party are bonded. The Chief Financial Officer/Chief Operations Officer, or designee, shall conduct or arrange for this internal control evaluation.

STATE REGISTRATIONS

It is the policy of Le Jardin to register in each state in which the Organization's fund-raising activities would result in a requirement to register. Determination of state-by-state registration requirements shall be with the Chief Financial Officer/Chief Operations Officer, who may consult outside advisors in making such determinations.

Once registered, the Chief Financial Officer/Chief Operations Officer, or designee, shall ensure that subsequent periodic filing requirements are met. The Chief Financial Officer/Chief

Operations Officer may delegate the preparation of such periodic state filings to the Accountant III, subject to the review and approval of the Chief Financial Officer/Chief Operations Officer.

Credit Card Donations and Receipts

For donations or payments received by credit card through the Organization's website or in person, the following procedures will be followed:

1. Receipts will be processed by an outsourced service provider and funds deposited to the Organization's operating account.
2. The accounts receivable department will receive an email of processed donation from the card processor, and will forward a copy of the notice to the Accounting Department to be used to reconcile the bank statement.

Recording of the revenue will be done weekly into the Organization's donor database and then into the accounting system.

BILLING/INVOICING POLICIES

Grantee funds are deposited to an interest bearing account.

Overview:

The Organization's primary sources of revenue are:

- Reimbursement grants – billed monthly, or as funders require, based on allowed, incurred or paid expenses
- Cash Drawdowns of Advances of Federal Funds
- Fee-for-service contracts – billed monthly on units of service provided (e.g. number of days a child attends class)
- Parent fees – sliding-scale payments by parents collected by the Program Coordinator and recorded on the cash basis

Responsibilities for Billing and Collection

Le Jardin's Accounting Department is responsible for the invoicing of funding sources and the collection of outstanding receivables. (Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections)

Billing and Financial Reporting

Le Jardin strives to provide management, staff and funding sources with timely and accurate financial reports applicable to awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

Le Jardin shall prepare and submit financial reports as specified by the financial reporting requirements of each grant or contract award document. Preparation of these reports shall be the responsibility of Chief Financial Officer/Chief Operations Officer, subject to review and approval by the Executive Director and/or Board Treasurer.

The following policies shall apply to the preparation and submission of billings to government agencies under awards made to Le Jardin:

1. The Organization shall request reimbursement after expenditures have been incurred, unless an award specifies another method. Reimbursement may also be requested after expenditures have been paid (cash basis) if required by the award.
2. Le Jardin will strive to minimize the time between receipt of advances of federal funds and disbursement of grant funds by issuing payments within 24 business hours of receipt of such funds. (See following section for more information on advances of federal funds.)

3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
5. All financial reports required by each award will be prepared and filed on a timely basis. To the extent Le Jardin's year-end audit results in adjustments to amounts previously reported, revised reports shall be prepared and filed in accordance with the terms of each award.

Reimbursement Request Procedures

The following documents are required to be assembled and sent to the Head Start and Early Head Start grantor each month:

- Original Cover/Invoice
- Expense Report spreadsheet
- Supplemental Report
- USB – shall contain all invoices paid, payroll journals, bank reconciliation for prior month, etc.

These documents and the request for reimbursement shall be submitted so as to reach the grantor by the 10th working day of the following month.

Billing Records:

Le Jardin shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of Le Jardin by the Accountant A.

If an award authorizes the payment of cash advances to Le Jardin, the Chief Financial Officer/Chief Operations Officer may require that a request for such an advance be made. Upon receipt of a cash advance, Le Jardin shall reflect a liability equal to the advance. As part of the monthly close-out and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Cash Drawdowns of Advances of Federal Funds

Cash drawdowns of advances from federal agencies shall be made weekly in conjunction with the accounts payable and payroll schedule, based on need. All federal funds shall be deposited into an interest-bearing cash account under the cash receipts policies and procedures described in this manual. The Organization requires that federal funds will be disbursed within 24 hours of receipt using the following process:

1. On Monday, the Accountant B will print out a listing of checks to be disbursed by funding source and on Wednesday, the Accountant B will provide a listing of payroll to be disbursed by funding source to the Chief Financial Officer/Chief Operations Officer.
2. The Chief Financial Officer/Chief Operations Officer will review the listing to determine the amount of funds to drawdown
3. The Accountant III will request the drawdown of the cash required.
4. On the following business day, the checks are printed, signed, and disbursed in accordance with cash disbursement policies.

The Executive Director may request a cash drawdown in the Chief Financial Officer/Chief Operations Officer's and Accountant III's absence.

Accounts Receivable Entry Policies:

The Accountant A is responsible for all entries in the Accounts Receivable ledger. The Chief Financial Officer/Chief Operations Officer or the Executive Director reviews and approves all receivable adjustments.

Classification of Income and Net Assets

All income received by Le Jardin shall be classified as "unrestricted," with the exception of the following:

1. Grants and other awards received from government agencies or other grantors that are classified as temporarily restricted.
2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes.

From time to time, Le Jardin may receive other forms of contribution income subject to requirements that the Organization utilize the funds for a specific purpose or within a time period specified by the donor of the funds. When this form of contribution income is received, it shall be classified as Temporarily Restricted income.

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), Le Jardin will reclassify the related net assets from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

From time-to-time, the Le Jardin Board of Directors may determine that it is appropriate to set funds aside for specific projects. Such funds shall be classified as “unrestricted,” labeled “Board-Designated,” and reported as a separate component of unrestricted net assets.

CASH RECEIPTS

Overview

Cash (including money orders payable to the Organization) is the most liquid asset to an organization. Therefore, it is the objective of Le Jardin to establish and follow the strongest possible internal controls in this area.

Processing of Checks and Cash Received in the Mail

The following procedures shall be followed:

- Cash receipts are received in the main office by the Accountant A.
- The Accountant A prepares a receipt in a receipt book and provides a receipt for each payment.
- A copy of the cash receipt and the cash are given to the Accountant A who will prepare and deposit the funds.
- The Accountant II records the deposit in the accounting system and checks that the revenue recorded matches the totals in the cash receipt book maintained by the Accountant A.

Endorsement of Checks

All money orders and checks received that are payable to the Organization shall immediately be restrictively endorsed by the Accountant A immediately upon receipt. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. Le Jardin Community Center, Inc.
3. Bank name

Timeliness of Bank Deposits

Bank deposits are usually made daily as cash is received, but shall be made at a minimum on a weekly basis. Undeposited checks and cash shall be maintained in a locked box and kept in a secure area until deposited. Such cash will not be used as petty cash or to make change.

Reconciliation of Deposits

On a monthly basis, the Chief Financial Officer/Chief Operations Officer, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits on the monthly bank statement. Any discrepancies shall be immediately investigated.

GRANTS RECEIVABLE MANAGEMENT

Monitoring and Recognition

Le Jardin shall record grants receivable and income as follows:

1. At the beginning of the grant year, Le Jardin typically receives an advance equal to approximately 6 weeks of expenditures. The Chief Financial Officer/Chief Operations Officer records the advance as deferred revenue and recognizes it as revenue over the first four (4) months of the grant year or based on grant requirement.
2. Each month, the Accountant A records the amount to be reimbursed for grants receivable and grant revenue.

See the section above on billing procedures for details on reimbursement requests.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY LE JARDIN.

Le Jardin requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in meeting their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders.

Responsibility for Purchasing:

All Program Coordinators shall have the authority to initiate purchases on behalf of their respective departments, subject to these policies.

The Accounting Department shall be responsible for processing purchase orders. The Executive Director or the Chief Financial Officer/Chief Operations Officer shall have approval authority over all purchases and contractual commitments. The Executive Director shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

Code of Conduct in Purchasing

(45 CFR 75.327(c) (1))

Ethical conduct in managing the Organization's purchasing activities is absolutely essential. Staff must always be mindful that they represent the Organization and share a professional trust with other staff.

- Staff shall discourage the offer of, and shall decline, individual gifts or gratuities of value that might in any way influence the purchase of supplies, equipment, and/or services.
- Staff shall notify their immediate supervisor if they are offered such gifts.
- No officer, board member, employee, or agent shall participate in the selection or administration of a vendor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.

- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.
- Unsolicited gifts of a nominal value (\$25.00 or less) may be accepted with the prior approval of the Executive Director.

Competition

(45CFR 75.328)

In order to promote open and full competition, purchasers shall:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate or restrain trade.
- Not permit contractors who develop specifications, requirements or proposals to bid on such procurements.
- Award contracts to bidders whose product/service is most advantageous in terms of price, quality and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any or all bids when doing so is in the Organization's best interest.
- Not give preference to state or local geographical areas unless such preference is mandated by Federal statute. (75.328(b))
- "Name brand or equivalent" description may be used as a means to define the performance or requirements (75.328(c)(1))

Non-Discrimination Policy

All vendors/contractors who are the recipients of Organization funds, or who propose to perform any work or furnish any goods under agreements with Le Jardin, shall be required to agree to these important principles:

1. Vendors/contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements and solicitations placed in accordance with Federal laws, rules, or regulations shall be deemed to meet this requirement.

Procurement Procedures

The following are Le Jardin's procurement procedures:

1. Le Jardin shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by an award. (45 CFR 75.329)
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government. (75.327(d)) This analysis is to be made only when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. (75.327(e))
4. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. (75.327(f))
5. Documentation of the cost or price analysis associated with each procurement decision in excess of \$25,000 and for sole source purchases shall be retained in the procurement files pertaining to each federal award. (45 CFR 75.332) Price analysis may be made in various ways, including comparison of price quotations submitted or market prices, and may be made on groups of items typically purchased together.
6. Le Jardin will maintain records sufficient to detail the history of procurement, including: (75.327(i))
 - a. Rationale for the method of procurement;
 - b. Selection of contract type;
 - c. Contractor selection or rejection; and
 - d. The basis for the contract price.
7. Le Jardin shall make all procurement files available for inspection upon request by a Federal awarding agency.
8. No federal funds should go to a vendor who has been suspended or debarred. For procurements greater than \$25,000, vendors shall be required to certify in writing that they have not been suspended or debarred from doing business with any Federal agency.
9. Le Jardin shall not utilize the "cost-plus-a-percentage-of-costs" method of contracting. (45 CFR 75.332(d))

All staff members with the authority to approve purchases shall receive a copy of and be familiar with 45 CFR 75 Subpart E, Cost Principles.

Use of Purchase Orders

Le Jardin utilizes a purchase order system for purchases greater than \$100. A properly completed purchase order (i.e. total amount of goods and services purchased, not unit cost) shall be required for each purchase decision, except that mileage reimbursements shall require the submittal of a separate form. In addition, purchase orders shall not be required for recurring expenses such as utilities, insurance, rent, maintenance contracts and mortgage payments, etc.

A properly completed purchase order shall contain the following information, at a minimum:

1. Specifications or statement of services required
2. Vendor name, address, point of contact
3. Source of funding (if applicable)
4. Delivery or performance schedules (if applicable)
5. Delivery, packing and transportation requirements (if applicable)
6. Special conditions (if applicable)
7. Catalog number, page number, etc. (if applicable)
8. Estimated net price per unit, less discount, if any. Historical prices may be used to estimate costs
9. Estimated total amount of order
10. Authorized signature
11. Date purchase order was prepared

Purchase orders shall be created in the accounting system which will assign a number. At the end of each accounting period, an aged outstanding purchase order report shall be prepared and any purchase orders open for more than 2 months will be investigated and closed, if appropriate.

Authorizations and Purchasing Limits;

Each completed request shall be signed and approved by the Program Coordinator, Manager, Chief Financial Officer/Chief Operations Officer or appointed designee. In order to meet the requirements for competition and price comparisons, the following table specifies the required approvals and solicitations:

Amount of Purchase	Approval	Required Solicitation
< \$9,999	Program Coordinator, Manager or Appointed Designee,	Approved purchase receipt or vendor / contractor invoice

	Executive Director or Chief Financial Officer/Chief Operations Officer	
\$10,000 ≤ \$14,999	Program Coordinator, Manager or Appointed Designee and Executive Director or Chief Financial Officer/Chief Operations Officer	2 written bids
\$15,000 - \$24,999	Program Coordinator, Manager or Appointed Designee and Executive Director or Chief Financial Officer/Chief Operations Officer	3 written bids
> \$25,000	Program Coordinator, Manager or appointed Designee, Executive Director or Chief Financial Officer/Chief Operations Officer and Board Chair or Board Treasurer	Request for bid or proposal for qualification

Non-recurring purchases in excess of \$2,000 for projects will be evaluated to determine if the project is subject to the Davis-Bacon Act. Le Jardin will also comply with Head Start Program Performance Standards 1303 Subpart E for projects to purchase, construct, or renovate a facility equal to or in excess of \$250,000,

The Executive Director is authorized to enter into any contract on behalf of Le Jardin. This policy shall also apply to renewals of existing contracts.

Required Solicitation of Quotations from Vendors

Solicitations for goods and services (requests for proposals or RFPs) shall provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. Descriptions shall not contain features which unduly restrict competition. (45 CFR 75.328(c)(1))
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals (see the next section entitled “Evaluation of Alternative Vendors” for required criteria) (45 CFR 75.328(c)(2))
3. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. (45 CFR 75.328(c)(1))

4. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. (45 CFR 75.328(c)(1))
5. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
6. The date by which proposals are due.
7. Required delivery or performance dates/schedules.
8. Clear indications of the quantity/quantities requested and unit(s) of measure.

Extensions of Due Dates and Receipt of Late Proposals

Solicitations shall provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a prospective offer so requests.

Vendor proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall not be considered. Vendors that submit late proposals shall be sent notification that their proposal was late and could not be considered for award.

Evaluation of Alternative Vendors

Vendors shall be evaluated on a weighted scale that considers the following criteria:

1. Adequacy of the proposed methodology
2. Skill and experience of key personnel
3. Demonstrated experience
4. Other technical specifications designated by department requesting proposals
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Vendor's financial stability
7. Vendor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by vendor
9. Ability/commitment to meeting time deadlines
10. Price
11. Minority or women-owned business status, or location in a labor surplus area of vendor
12. Other criteria (to be specified by department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a vendor has been selected and approved by the Program Coordinator/Manager or Appointed Designee, the final selection shall be approved by the Executive Director or Chief Financial Officer/Chief Operations Officer and the Board Chair or Board Treasurer when applicable prior to entering into a contract.

Affirmative Consideration of Minority, Small Business, Women-Owned Businesses and Labor Surplus Area Firms

(45 CFR 75.330)

Positive efforts shall be made by Le Jardin to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. Therefore, the following steps shall be taken:

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area are used to the fullest extent practicable. *(45 CFR 75.330(a))*
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, women's business enterprises and labor surplus area. *(45 CFR 75.330(b)(1))*
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, women's business enterprises, and labor surplus area. *(45 CFR 75.330(b)(2))*
4. Encourage contracting with consortiums of small businesses, minority owned firms, women's business enterprises and labor surplus area when a contract is too large for one of these firms to handle individually. *(45 CFR 75.330(b)(3))*
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms, women's business enterprises and labor surplus area. *(45 CFR 75.330(b)(5))*

Availability of Procurement Records

(45 CFR 75.333)

Le Jardin shall, on request, make available for the awarding agency pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with the procurement standards in 45 CFR 75. *(45 CFR 75.333(b)(1))*
- The procurement is expected to exceed the simplified acquisition threshold (\$150,000) and is to be awarded without competition or only one bid is received *(45 CFR 75.333(b)(2))*

- The procurement exceeds the simplified acquisition threshold and specifies a “name brand” product *(45 CFR 75.333(b)(3))*
- The proposed award exceeds the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement. *(45 CFR 75.333(b)(4))*
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the simplified acquisition threshold. *(45 CFR 75.333(b)(5))*

Provisions Included in All Contracts

(45 CFR 75 Appendix II)

Le Jardin shall ensure that all of the following provisions, as applicable, are included in all contracts charged to Federal awards (including small purchases) with vendors and sub-grants to grantees:

1. **Contracts** for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. **Equal Employment Opportunity:** Except as otherwise provided under 41 CFR part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, Equal Employment Opportunity (30 FR 12319, 12935, 3 CFR 1964-1965 Comp., p. 339) as amended by Executive Order 11375 amending Executive Order 11246 Relating to Equal Employment Opportunity, and implementing regulations at 41 CFR part 60
4. **Davis-Bacon Act, as amended (40 U.S.C. 3141-3148):** When required by federal program legislation, all prime construction contracts in excess of \$2,000 awarded by Le Jardin and its subrecipients must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) and as supplemented by Department of Labor regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision

to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

5. The contracts must also include a provision for compliance with the **Copeland “Anti-Kickback” Act (40 U.S.C. 3145)**, as supplemented by Department of Labor regulations (29 CFR part 3). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.
6. **Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708)**: Where applicable, all contracts awarded by the non-federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include provisions concerning overtime pay and working conditions in compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
7. **Rights to Inventions Made Under a Contract or Agreement**: If the federal award meets the definition of “funding agreement” under 37 CFR 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organization and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the award agency.
8. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended**: Contracts and sub-grants of amounts in excess of \$150,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
9. **Debarment and Suspension (E.O.s 12549 and 12689)**: A contract award must not be made to the parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with E.O.’s 12549 and 12689, “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or

otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than E.O. 12549.

10. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or sub-grants of \$100,000 or more, Le Jardin shall obtain from the contractor or sub-grantee a certification that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, Le Jardin shall provide such certifications in all situations in which it acts as a sub-recipient of a sub-grant of \$100,000 or more.

Special Purchasing Conditions

Emergencies:

Where equipment, materials, parts, and/or services are needed for emergencies, quotations shall not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved.

Single Distributor/Source: (45 CFR 75.329 (f))

Sole source purchases may be used only when one or more of the following conditions apply:

- The item or service is available only from one source;
- The situation is an emergency and will not permit a delay resulting from competitive solicitation;
- The awarding agency expressly authorizes noncompetitive proposals in response to a written request, or
- After solicitation, competition is deemed inadequate (insufficient bidders)

A price analysis is required and approval from the funding agency may be necessary.

Right to Audit Clause

Le Jardin requires a “Right to Audit” clause in all contracts between the Organization and vendors that either:

1. Take any form of temporary possession of assets directed for the Organization, or
2. Process information that will be used in any financial function of the Organization.

This Right to Audit clause shall permit access to and review of all documentation, facilities, premises, and processes relating to the vendor’s operations that apply to Le Jardin, as well as all documents maintained or processed on behalf of Le Jardin, for a period of three (3) years. The clause shall state that such audit procedures may be performed by Le Jardin employees or any outside auditor or contractor designated by the Organization.

Vendor Files and Required Documentation

The Accounting Department shall create a vendor folder for each new vendor from whom Le Jardin purchases goods or services.

The Finance Department shall send a blank Form W-9 to each new vendor and request that the vendor(s) complete and sign the W-9 (or provide equivalent, substitute information) and return it. Completed, signed Forms W-9 or substitute documentation shall be filed. Vendors who do not comply with this request shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on "Government Returns." See the section on "Payroll and Related Policies" for guidance on determining whether a vendor should be treated as an employee.

PROCUREMENT GRIEVANCE PROCEDURES

Any proposer may file a grievance with Le Jardin following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The communication emailed or mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the Organization's appeal procedures must be made available to all prospective contractors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance.

Grievances are limited to violations of federal laws or regulations, or failure of the Organization to follow its own procurement policies.

Receipt and Acceptance of Goods

The Accounting Clerk or appointed designee shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review purchase order for correct delivery point
2. Verify the quantity of boxes/containers with the delivery slip.
3. Compare the description and quantity of goods per the purchase order to the packing slip
4. Examine boxes/containers and good for any physical damage
5. Count and check the counts against the purchase order
6. Sign and Date the delivery slip
7. Note on the delivery slip and purchase order any discrepancies (missing or damaged items, missing items, etc.)
8. Enter purchase order receipt for all received merchandise.
9. Provide copy of electronic requisition, purchase order, purchase order receipt, invoice and any other supporting documentation to the Accountant B.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with vendors.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, Le Jardin shall not make any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the Federal, state or local level.

Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

Le Jardin will not endorse any candidates for public office in any manner, either orally or in writing. This policy extends to the actions of management and other representatives of Le Jardin, when these individuals are acting on behalf of, or are otherwise representing, the Organization.

Individual vs. Organization Intervention

The preceding policies prohibiting acts of political intervention apply to the organization and to individuals acting on behalf of the organization. It does not apply to the personal lives of employees and volunteers of the organization, who have the right to support or oppose political candidates and parties as individuals. Employees and volunteers of Le Jardin who engage in political activities outside the scope of their employment with or service to the Organization shall at all times be mindful of maintaining a clear distinction between personal activities and those which can be attributed to the Organization.

Prohibited Use of Organization Assets and Resources

No assets or human resources of the Organization shall be utilized for political activities, as defined above. This prohibition extends to the use of Organization assets or human resources in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of Le Jardin. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing the Organization), these individuals must at all times be aware that Organization resources cannot at any time be utilized in support of political activities.

LOBBYING

Introduction

Unlike political intervention, described in the preceding section, expenditures by a section 501(c)(3) public charity for lobbying activities are allowable under the Internal Revenue Code. However, no lobbying expenditures may be charged directly or indirectly to any Federal award (i.e., the charity must have a non-Federal source of income to which such lobbying costs can be cited as the source of the activity).

Definition of Lobbying Activities

Lobbying activities conducted by the Organization may be either direct or indirect. Direct lobbying activities consist of attempts to influence legislation through communication with any member or employee of a legislative body (Federal, state, or local levels) or, if the principal purpose of the communication is lobbying, with any government official or employee who may participate in the formulation of the legislation. Direct lobbying occurs when employees of the Organization or lobbyists acting in its behalf communicate directly in attempts to influence legislation. Lobbying is distinguishable from advocacy activities, which involve efforts to advocate certain positions which may have legislative implications, as long as a nonpartisan analysis of the relevant facts is performed.

Lobbying occurs only when there is a specific piece of legislation or legislative proposal pending that the Organization is attempting to influence. Therefore, lobbying is considered to have taken place only if both of the following elements are present:

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the Organization supports or opposes)
2. The communication reflects a view on the legislation (supporting or opposing it)

Indirect lobbying involves communications with the general public (rather than directly with legislators, etc.) where the communication includes the same two preceding characteristics, plus it encourages the recipient of the communication to take action with respect to the specific legislation (by contacting legislators, etc.).

CHARGING OF COSTS TO FEDERAL AWARDS

Overview

Le Jardin charges costs that are reasonable, allowable, and allocable to a Federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

Segregating Unallowable from Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each Federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of costs provisions of 45 CFR 75.400 through .475, Cost Principles," particularly:
 - a. The list of specifically unallowable costs found in 45 CFR 75.421 – 475, Selected Items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with 45 CFR 75.407, Prior Written Approval, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 45 CFR 75.400 through .475, Cost Principles,
4. For each Federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be entered for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be applied in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

Criteria for Allowability

All costs must meet the following criteria from 45 CFR 75.402 – 411, Basic Considerations, in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Organization or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with prudence in the circumstances;
 - d. Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a Federal award;
 - b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the Organization, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of 45 CFR 75 Subpart E, Cost Principles, or the Federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both Federally financed activities and other activities of the Organization.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other Federally financed program in the current or prior periods.
8. The cost must be adequately documented.

SHARED OR JOINT COSTS

Shared or joint costs are those that have been incurred for common or shared objectives and are not easily identifiable with a particular grant or programs, but are necessary to the operation of these grants or programs. Shared costs will be allocated fairly to all objectives benefiting from the costs as described in Le Jardin’s approved cost allocation plan.

Per Federal guidelines, each grant will be charged its fair share of costs. Any costs not reimbursed by a particular funding source will be charged to corporate or other funds that may cover shared or joint costs after the allocation process is complete.

COST ALLOCATION PLAN POLICY

Le Jardin prepares and maintains a Cost Allocation Plan to document its method and process to fairly and equitably allocate shared or joint costs to the programs and cost objectives that benefit from the cost. This plan is reviewed annually, at a minimum, and updated as necessary.

ACCOUNTS PAYABLE MANAGEMENT

Overview

Le Jardin shall strive to maintain efficient business practices and effective cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation. The following are general policies for accounts payable:

- Assets or expenses and the related liability shall be recorded by an individual who is not responsible for ordering and receiving.
- The amounts recorded shall be based on the vendor invoice for the related goods or services.
- The vendor invoice shall be supported by an approved purchase order where necessary, and shall be reviewed and approved by the purchaser prior to being processed for payment.
- Invoices and related general ledger account distribution codes shall be reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

Accounts payable shall be processed weekly. Information shall be entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. No vendor statements shall be processed for payment.

Accounts Payable Cut-Off

For purposes of the preparation of the Organization's monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the 10th working day of the following month shall be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services delivered by month-end.

Preparation of Invoices for Payment

Prior to any accounts payable being submitted for payment the following documents shall be assembled:

1. Vendor invoice
2. Purchase order, Purchase Order Receipt, Packing Slips as required by procurement policies (where appropriate)
3. Any other supporting documentation deemed appropriate

Processing of Invoicing

The following procedures shall be applied to each invoice by the Accountant B:

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report.
3. Obtain the review and approval of the Supervisor, Executive Director or the Chief Financial Officer/Chief Operations Officer.
4. Document the general ledger distribution, using the Organization's current chart of accounts.
5. Prepare additional supporting documentation based on grant requirements
6. All documentation is given to the Accountant to review and post.

Payment Discounts

To the extent practical, Le Jardin takes advantage of all prompt payment discounts offered by vendors. When such discounts are available, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

Mileage Expense Reports

Reimbursements for mileage incurred on behalf of Le Jardin will be reimbursed at the current Federal rate. Mileage logs must be turned in by the 5th calendar day of the following month and contain the following information:

- Date
- Beginning and ending odometer reading and a MapQuest (or equivalent) printout of the mileage
- Destination
- Purpose
- Any other supporting documentation deemed appropriate – agenda, request to attend, etc.

In addition, each employee or Board member who drives on Organizational business must provide the Accounting Department with a photocopy of their driver's license and proof of current insurance.

Due to funding source requirements, late requests of reimbursement cannot be honored.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the Chief Financial Officer/Chief Operations Officer.

Also on a monthly basis, the Accountant A shall perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check the purchase order file for open purchase orders more than 60 days old, and follow up.

Management of Accounts Payable Vendor Master File

Upon the receipt of an invoice from a new vendor that is not already in Le Jardin's Accounts Payable Vendor Master File, the Accountant B shall send a Form W-9 and a request for completion of the Form W-9.

All vendor files shall include all of the following data:

1. Vendor's legal name and/or any DBA name(s)
2. Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)
3. Federal employer identification number
4. Telephone number
5. Contact name
6. Additional contact information (if applicable) – email address, fax number, etc.

On an annual basis, vendors that have not been utilized over the preceding twenty-four (24) month period shall be made inactive in the master vendor file.

OFAC Database Searches

It is the policy of Le Jardin to perform a search of the Office of Foreign Assets Control (OFAC) for any non-U.S.-based vendor or payee upon setting that payee up in the accounts payable system and periodically on at least an annual basis thereafter. The OFAC search shall be

initiated by the Accountant B using the services of an approved vendor used to perform this search, and the results shall be presented to the Chief Financial Officer/Chief Operations Officer for review, approval, and proper disposition, depending on the outcome of the search.

Verification of New Vendors

The Accountant B will perform additional procedures to validate the legitimacy of new vendors that shall be paid one-time or cumulative payments in excess of \$25,000. For such vendors, the Accountant B shall perform a limited public records search and shall contact the vendor contractor to validate its existence.

TRAVEL AND BUSINESS ENTERTAINMENT

Travel Advances

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advances are limited to per diems unless there is an extraordinary need for additional funds. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Organization's travel policies as explained later in this section.

Employee and Director Business Travel

Due to funding source requirements, requests for out-of-town travel must be submitted to coordinator at least 2 months prior to the date of the trip. Requests must include the following information:

- Title and purpose of event
- Date
- Location
- Estimated costs, including conference fees and travel costs

At the discretion of the Executive Director or Chief Financial Officer/Chief Operations Officer travel request submitted less than two (2) months prior will be reviewed and granted written approval based on the program requirements and available funding.

Reasonableness of Travel Costs

Le Jardin shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:

1. Suites and other upgraded rooms at hotels shall not be allowed. Travelers shall stay in standard rooms, unless no standard rooms are available and the cost for an upgraded room is not significant.
2. Ask hotels for any available discounts – nonprofit, government or corporate rates.
3. When utilizing rental cars, travelers shall rent midsize or smaller vehicles and ask for discounts. Rental cars shall be shared whenever possible.

Spouse/Partner Travel

Le Jardin does not reimburse any employee or board member for separate travel costs (air fare, etc.) associated with his/her spouse or partner or dependents. The cost of a shared hotel room need not be allocated between employee/director and spouse/partner/dependent for purposes of this policy.

CELL PHONES

Issuance of Organization-Owned Cell Phones

Le Jardin Community Center, Inc. recognizes that certain job functions require that an employee be accessible when away from the office or during times outside scheduled working hours. For this reason, Le Jardin will provide cell phones to select employees as a working condition fringe benefit. Supervisors of employees and officers who travel frequently on Organization business may request an organization-owned cell phone for those employees by contacting the Finance Department. Le Jardin will include language in employment contracts, job descriptions, and personnel manuals documenting the business reasons for providing employees with cell phones.

Organization cell phone holders will be required to sign a statement acknowledging that the cell phone shall be used for legitimate organization-related business purposes and shall not be used while driving. The cell phone holder also agrees to take reasonable precautions to protect the cell phone from loss or theft by storing it in a secure location. Upon approval, a cell phone will be issued.

While organization-issued cell phones are intended for organization-related business use, Le Jardin recognizes that occasional personal use may occur. Le Jardin employees should make every effort to keep personal use of organization-owned cell phones to a minimum. Because such employer-provided cell phones are considered to be a working condition fringe benefit, Le Jardin employees' use of the cell phone for personal reasons may be treated as excludable from employees' income as a de minimis fringe benefit. That is the value of personal use of an organization-owned cell phone will not be a taxable income to the employee.

Cell Phone Use

Employees of Le Jardin are prohibited from using an organization-owned cell phone or similar device, hands-on or hands-free, while driving, whether the business conducted is personal or organization –related. This prohibition includes receiving or placing calls, text messaging, accessing the Internet, receiving or responding to email, checking for or listening to voice messages, or any other uses.

Similarly, employees of Le Jardin are prohibited from using their personal cell phone or similar device for any purpose, hands-on or hands-free, while driving either an organization vehicle or a personal vehicle or a personal vehicle while on organization business.

Further restrictions for cell phone use apply to employees while directly supervising children. Please see the Human Resources Policies and Procedures Manual for more information.

Revocation of Organization Cell Phones

Failure to comply with any of these policies associated with the use of Le Jardin's cell phones shall be subject to possible revocation of organization-issued cell phone privileges. The Chief Financial Officer/Chief Operations Officer, with the approval of the Executive Director, shall determine whether cell phones are to be revoked.

Personal Cell Phones or Similar Devices at Work

Employees of Le Jardin are asked to minimize the use of personal cell phones in the workplace. In an emergency situation, employees may carry their personal cell phones in vibrate mode.

Carrying or use of personal cell phones on Le Jardin premises is a privilege for employees, who are expected to abide by this policy regarding cell phone use. Violations of this policy may result in revocation of the permission to carry a cell phone on Le Jardin, premises in addition to discipline up to and including discharge depending on the violation.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Vendor Payment Preparation

Le Jardin produces vendor payment in the form of checks, electronic funds transfers and bill pay on a weekly basis. Payments shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing, accounts payable, and travel and business entertainment policies described in this manual.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts.
3. Generally, all vendors shall be paid within thirty (30) days of submitting a proper invoice upon delivery of the requested goods or services.
4. Total cash requirements associated with each payables run shall be monitored in conjunction with available cash balance in bank prior to the release of any payments.
5. All supporting documentation shall be attached to the corresponding check prior to forwarding the entire package to an authorized check signer.
6. Checks shall be utilized in numerical order and unused checks are stored in a locked safe in the accounting department.
7. Checks shall never be made payable to "bearer" or "cash."
8. Checks shall never be signed prior to being prepared.
9. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

Check Signing

No check shall be signed prior to the check being completed in its entirety (no signing of blank checks).

No person shall sign checks unless authorized in writing by the Board of Directors as a check signer. The positions with check signing authority include the Executive Director, the Board Chair or Board member.

Check signers shall examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks shall not be signed if supporting documentation appears to be missing or there are any questions about the disbursement. Any check, ACH or Bill pay for a vendor over \$50,000 will require two signatures.

Mailing of Checks

After signature, each check shall be given to the Accounting Clerk to review for correctness and proper signatures. The signed checks are then scanned and immediately mail the checks by

the Accounting Clerk. Checks shall not be mailed by or returned to the individuals who authorize the expenditures.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID." All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Recordkeeping Associated with Independent Contractors

Le Jardin shall obtain the Federal identification number from all vendors who may require a 1099. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year end. Payments to such vendors shall be accumulated over the course of a calendar year.

CREDIT AND DEBIT CARDS

Issuance of Corporate Credit or Debit Cards

Le Jardin has issued the following corporate credit or debit cards:

- Home Depot – used by the Maintenance staff for supplies
- Shell gas card – used by the maintenance staff to fuel Organizational vehicles and other maintenance equipment
- CapitalOne (Visa) – Credit card used by Administration and Maintenance staff.

Cardholder Responsibilities

Any fraudulent or other unauthorized charges shall be immediately pointed out to the Chief Financial Officer/Chief Operations Officer for further investigation with the credit card provider.

Personal use of corporate credit cards is strictly prohibited. Any personal use shall subject the employee to the Organization's disciplinary actions discussed earlier in this manual and in the Human Resource Policies and Procedures.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the Chief Financial Officer/Chief Operations Officer.

Revocation of Organization Credit and Debit Cards

Failure to comply with any of these policies associated with the use of Le Jardin's organization credit or debit cards shall be subject to possible revocation of credit card privileges. The Chief Financial Officer/Chief Operations Officer, with the approval of the Executive Director, shall determine whether credit or debit cards are to be revoked.

PAYROLL AND RELATED POLICIES

Compensation – Personal Services

Compensation for personal services includes all remuneration, paid currently or accrued for services of employees rendered during the period of performance under a federal award, including but not necessarily limited to wages and salaries is considered an allowable cost to the federal award to the extent that they satisfy the following requirements:

- Is reasonable for services rendered and conforms to the established written policy of Le Jardin Community Center, Inc. for both federal and non-federal activities
- Complies with laws, regulations, and other written policies of Le Jardin Community Center, Inc. (See Le Jardin's Human Resources policies and procedures)
- Is properly documented and supported as stated in the Documenting Personnel Expenses section of this manual.

Costs which are unallowable under DHHS Uniform Guidance (45 CFR Part 75), are also unallowable solely on the basis that the cost constitutes personnel compensation.

Compensation – Fringe Benefits

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. The costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal entity-employee agreement or an established policy of the non-federal entity.

See Le Jardin's Human Resources policies and procedures for the established written policies of these fringe benefits.

Costs which are unallowable under DHHS Uniform Guidance (45 CFR Part 75), are also unallowable solely on the basis that the cost constitutes a fringe benefit.

Wage Comparability Study

Le Jardin shall perform wage comparability studies every two (2) years or as required by grant, to ensure that its salary and wage structure is similar to other organizations of like size and employee base in our area. The Chief Financial Officer/Chief Operations Officer shall oversee this process with the assistance from the Human Resources Director.

Payroll Administration

Le Jardin shall operate on a bi-weekly payroll. A personnel file shall be established and maintained for all employees with current documentation, as described throughout this section and more fully described in Le Jardin's Human Resource Policies and Procedures.

Changes in Payroll Data

Any of the following changes in payroll data must to be authorized in writing:

1. New hires
2. Terminations
3. Changes in title, salaries, and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions
7. Bank account change

New hires, terminations, and changes in salaries or pay rates shall be subject to prior written authorization by the Human Resources Director, Executive Director and the Chief Financial Officer/Chief Operations Officer.

Voluntary payroll deductions and changes in income tax withholding status shall be subject to prior written authorization by the individual employee.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

Payroll Taxes

The Accounting Department shall be responsible for ensuring that all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Accounting Department may use the services of an outside payroll service center for the processing of payroll including payment of all payroll-related taxes.

Le Jardin's Human Resources Director shall send a blank Form W-4 to each employee in the beginning of each year. Withholding of Federal income taxes shall be based on the most current Form W-4 prepared by the employee.

COST OF LIVING ADJUSTMENTS (COLA)– MUST, IF REQUIRED BY A GRANT

COLA's are generally awarded through a grant amendment. Once approved by the funding source, wages will be adjusted based on funder instructions. COLA adjusts the affected jobs pay scales and not any individual employee. When a wage study reveals employees are already at or above comparable market wages, COLA funds may be used for higher operational costs as allowed by the funding source.

Documenting Personnel Expenses

Le Jardin shall follow the guidelines in DHHS Uniform Guidance (45 CFR Part 75), as well as requirements in specific grants for documenting personnel expenses. Le Jardin employees will

prepare personnel activity reports and timesheets to comply with these requirements. Personnel activity reports and timesheets will:

1. Be incorporated into the official records of La Jardin.
2. Reasonably reflect the total activity for which the employee is compensated. Budget estimates may be used and records adjusted to reflect actual activity performed semi-annually, or more frequently to prepare close-out reports, if necessary. The Accountant III shall review after-the-fact interim charges made to a Federal, state, and local awards based on budget estimates. All necessary adjustment will be made such that the final amount charged to the awards are accurate, allowable, and properly allocated.
3. Include both federally assisted and all other activities compensated by Le Jardin.
4. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one grant award or cost objective.
5. Le Jardin shall comply with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA).

Personnel Activity Reports

All employees shall prepare a personnel activity report each pay period to support charges to programs and grants as follows:

1. Charges shall be based on documented payrolls approved by responsible officials of the Organization.
2. Every employee whose compensation is charged, in whole or in part, directly or indirectly, to Federal awards shall complete activity reports that account for the total activity for which the employee is compensated.
3. The reports shall reflect an after-the-fact determination of the actual activity of each employee.
4. Each report must be signed by the individual employee and by the supervisor or a designated responsible coordinator who has first-hand knowledge of the activities performed by the employee.
5. The reports shall be prepared on the same basis as the pay periods, that is, bi-weekly.

6. Charges for non-exempt employees shall also be supported by the records required by the Fair Labor Standards Act.

Preparation of Timesheets

All non-exempt employees shall record his/her time worked by logging into the clock-in system on the computer twice daily. Non-exempt employees will also clock in and out to record and breaks taken (i.e. lunch break) throughout the day. Exempt employees prepare a timesheet, and shall complete a PAR to record program activity report.

1. Each non-exempt timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties).
2. Timesheets shall be prepared electronically.
3. Errors shall be corrected by crossing through the incorrect entry and filling in the correct entry. Supervisors may correct employees' timesheets; however, any changes that affect the employee's pay must be initialed by the employee.
4. Paid time off (PTO) shall be clearly identified.
5. Timesheets shall be signed by the supervisor or a designated responsible coordinator who has first-hand knowledge of the time worked by the employee, prior to submission.
6. Charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, will be supported by records indicating the total number of hours worked each day.

After preparation, supervisors shall approve timesheets prior to submission to the Accounting Department.

Processing of Timesheets and Personnel Activity Reports

The timesheets shall be processed as follows:

1. All approved timesheets must be reviewed and signed by supervisors and sent to the Accountant B
2. The Accountant B shall review timesheets, personnel activity reports, and any other supporting documents for accuracy.
3. The Accountant B will compare all data against electronic records in the payroll processing system.

4. The Supervisors or individual authorized to sign the timecard and personnel reports enter any corrections into the payroll processing system. The Accountant B will enter any corrections for the supervisors and administrative and maintenance staff.
5. The Accountant B shall print a payroll interface, create a preliminary payroll register, check for errors, and compare the total to his/her check figures.
6. The Accountant B shall submit the timesheets to the payroll service(s) to create the payroll.
7. The Accountant B shall download the payroll reports and review reports.

The Accountant B may not change or correct timesheets other than those noted above. When errors are noted, if a corrected and approved timesheet is not resubmitted in time to the Accountant B, the employee will be paid based on the current information and any adjustments will be made in the next pay period.

Tampering with, altering, or falsifying time records, recording time on another employee's time record or willfully violating any other timesheet policy or procedure may result in disciplinary action, up to and including discharge.

Review of Payroll

Upon return of payroll reports the Accountant III reviews payroll prior to its distribution to employees. The Executive Director and/or the Chief Financial Officer/Chief Operations Officer shall sign the payroll register, indicating approval of the payroll.

Distribution of Payroll

All employees are strongly encouraged to be on direct deposit for their paychecks within 90 days of employment. The employees will choose the receiving bank and will sign an agreement for direct deposit retained in their personnel file. Exceptions may be made on a case by case basis for employees that are unable to receive direct deposit through any financial institutions. Check stubs for electronic deposits are distributed electronically and check stubs for manual deposits will be distributed by the Accountant B. Employees shall sign a log indicating they received any manual check.

Internal Audit of Payroll Data

Le Jardin shall conduct an annual internal audit of certain payroll data. This internal audit shall be performed by the Organization's Chief Financial Officer/Chief Operations Officer. The purpose of this internal audit is to determine the integrity of the Organization's payroll records. The Chief Financial Officer/Chief Operations Officer shall trace a sample of salaries to supporting documentation in each selected employee's payroll and/or personnel file. Any unexplained deviations found as a result of these internal audit procedures shall be reported to the chair of the Finance and Audit Committee.

Outsourced Payroll Function

Le Jardin shall contract with a third-party contractor to calculate payroll, related deductions, and net pay each pay period. The contractor will also prepare and remit all related payroll tax deductions and liabilities by the due date. Le Jardin will prepare and remit all voluntary payroll deductions and related employer contributions and benefits by the due date.

This outsourcing contract will be evaluated every five (5) years, or more frequently, if necessary. The Chief Financial Officer/Chief Operations Officer shall be responsible for managing the relationship with this provider.

POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

CASH AND CASH MANAGEMENT

Cash Accounts

All advances of Federal funds shall be deposited in an interest-bearing account and interest earned in excess of \$500 shall be returned to the Grantee. Interest earned on such funds shall be allocated to Federal awards based on the percentage of funds received during the month for each award.

Head Start /Early Head Start Account:

The Head Start/Early Head Start grantor requires the establishment of separate bank account for Head Start/Early Head Start funds. Therefore, expenditures shall be paid out of, and receipts shall be deposited into, each account based on the respective activity of each program.

All advances of federal funds shall be deposited in an interest-bearing account and interest earned in excess of \$500 shall be returned to the Federal Payment Management System (PMS). Interest earned on such funds will be allocated to federal awards based on the percentage of funds received during the month for each award.

Operating Account:

The activities (deposits and disbursements) of all other funds (School Readiness, VPK, Dept. of Agriculture, etc.) shall be transacted through the operating account.

Payroll Account:

The payroll account is separate from the other accounts. The payroll account is a zero-balance account (ZBA). As such, only the amount needed to cover each payroll is transferred into this account from the other accounts, based on the amount calculated and communicated by the outside payroll service center.

Transfers from the accounts into the payroll account initiated by the Chief Financial Officer/Chief Operations Officer and must be approved by the Executive Director.

Authorized Signers

The following Le Jardin personnel are authorized to sign checks drawn on the Organization's bank accounts:

- Executive Director
- Board Chair
- Board Member

The Chief Financial Officer/Chief Operations Officer shall promptly notify the Organization's financial institutions of changes in authorized signatures upon the departure of any authorized signer. Refer to the section titled "Check Signing" for procedures.

Bank Reconciliations

Bank statements shall be opened by the Administrative Assistant. The statement shall then be routed to the Accountant III who shall review the cancelled checks and all transactions.

The statements shall then be forwarded to the Chief Financial Officer/Chief Operations Officer, where reconciliation between the bank balances and general ledger balances shall be prepared. The bank reconciliation process shall be completed within one week after receipt of each bank statement.

The reconciliation process shall involve an inspection of the cancelled checks. The purpose of this inspection is to identify signs of forgery, altered or substitute checks, unusual endorsements, or other signs of fraudulent activity.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, shall be reviewed by the Executive Director and/or Chief Financial Officer/Chief Operations Officer or the Board Treasurer and/or Board Chair on a monthly basis.

Bank reconciliations, bank statements, and copies of resulting journal entries shall be filed in the current year's accounting files.

Cash Flow Management

The Chief Financial Officer/Chief Operations Officer shall monitor cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met.

Le Jardin shall adhere to the requirements of such of its grants as prohibit loaning funds between programs (for example, Head Start). Therefore, cash management and reporting shall be performed at the program level as well as for the Organization as a whole.

Stale Checks

Le Jardin shall write off checks that are more than three (3) months old that have not cleared the Organization's bank. All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, the credit shall be to miscellaneous income. Le Jardin shall send any unclaimed property, etc. to the State of Florida.

Petty Cash

Le Jardin shall provide imprest funds for valid, minor office expenditures (not for travel or employee advances), and shall periodically replenish these funds up to their authorized balance of \$300. The Accounting Clerk shall be responsible for ensuring that the petty cash fund container is locked at all times.

All disbursements from the petty cash fund must be accompanied by a completed and approved petty cash voucher. Receipts shall be required for all disbursements from petty cash.

The Accounting Clerk shall prepare a reconciliation of the petty cash account on a periodic basis.

Petty cash reconciliations are subject to review by the Accountant III, who may also perform periodic unannounced cash counts and reconciliations.

PREPAID EXPENSES

Accounting Treatment

Le Jardin shall treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and shall amortize these items over the corresponding time period. For purposes of this policy, payments of less than \$500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one (1) year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as non-current assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Accounting Department shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

PROPERTY AND EQUIPMENT

Capitalization Policy

Physical assets acquired with unit costs in excess of \$5,000 shall be capitalized as property and equipment on the Organization's financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

If an awarding agency requires a lower amount for equipment, Le Jardin will adhere to that dollar amount only for that program or contract.

Capitalized property and equipment additions shall be accounted for at their historical costs and all such assets, except land, shall be subject to depreciation over their estimated useful lives, as described later in this Manual.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the Organization's financial statements, these assets will be capitalized and depreciated according to these policies.

Contributed Assets

Assets with fair market values in excess of \$5,000 (per unit) that are contributed to Le Jardin shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, shall be subject to depreciation over their estimated useful lives, as described later.

Equipment and Furniture Purchased with Award Funds

(45 CFR 75.320)

Le Jardin may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal agency. In addition, equipment and furniture charged to Federal awards shall be subject to certain additional policies as described below.

For purposes of government award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000.

All purchases of "equipment" with Federal funds shall be approved, in advance and in writing, by the awarding agency. Planned purchases submitted as part of the grant application budget shall be considered approved when the budget is approved. In addition, the following policies shall apply regarding equipment purchased and charged to Federal awards:

1. Adequate insurance coverage shall be maintained with respect to equipment and furniture charged to Federal awards.

2. A physical inventory of all equipment purchased with grant funds shall be performed annually. The results of the physical inventory shall be reconciled to the accounting records of and grant reports filed by Le Jardin.
3. If the remaining per unit fair market value is \$5,000 or more, Le Jardin shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs not to exceed \$500, to the federal agency. *(45 CFR 75.320(e)(2))*
4. The Grant Manager shall determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with federal funds shall be performed annually by an employee who is not responsible for ordering or approving the purchase of these assets. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by Le Jardin.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized property and equipment shall be recorded. This log shall include the following information with respect to each asset: *(45 CFR 75.320(d)(1))*

1. Date of acquisition
2. Cost
3. Description (including model, and serial number or other identification number)
4. Source of the funds used to purchase the equipment, including the federal award number, if applicable
5. Whether the title vests in the Organization or the federal government
6. Information to calculate the grant share of the cost of the asset, if applicable
7. Location, use and condition
8. Depreciation method
9. Estimated useful life
10. Ultimate disposition data including the date of disposal and sale price

A physical inventory of all assets capitalized under the preceding policies shall be taken on an annual basis by Le Jardin. This physical inventory shall be reconciled to the accounting records and adjustments made as necessary. All adjustments resulting from this reconciliation shall be approved by the Chief Financial Officer/Chief Operations Officer.

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies shall be resolved with the vendor immediately.

Depreciation and Useful Lives

All capitalized assets shall be maintained in the special property and equipment account group and are not included as an operating expense. Property and equipment shall be depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation shall be recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the 5th month shall have eight (8) full months of depreciation (8/12 of one year) recorded for that year.)

Estimated useful lives of capitalized assets shall be determined by the Accounting Department in conjunction with the department or employee that will utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 years
General office equipment	5 years
Computer hardware and peripherals (which exceed The capitalization threshold)	3-5 years
Computer software	2-3 years
Building Renovations/Buildings	15-40 years
Vehicles	5 years
Leased assets	life of lease
Leasehold Improvements	remaining lease term

For accounting and interim financial reporting purposes, depreciation expense shall be recorded semi-annually.

Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life shall be made. No such change in the estimated life of a capitalized asset shall be made without the prior approval of the Chief Financial Officer/Chief Operations Officer. When a change in estimated useful life is made, the new life shall be used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the Organization's statement of activities.

For example, if in the fourth year of an asset's life, it is determined that the asset will last five (5) years instead of the original estimate of seven years, depreciation expense for that year shall be equal to the difference between 4/5 of the asset's basis (accumulated depreciation at the end of year four) and 3/7 of the asset's basis (accumulated depreciation at the beginning of the year).

Repairs of Property and Equipment

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Property and Equipment

If equipment is sold, scrapped, donated or stolen, an adjustment must be made to the fixed asset listing and accounting records. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset shall be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

Any disposal of equipment must be sent to the Grantee based on grant requirements.

Write-Offs of Property and Equipment

The disposal of all capitalized fixed assets that may be worn out or obsolete shall require the prior approval of the Executive Director, Chief Financial Officer/Chief Operations Officer, and Accountant III. Property that is discovered to be missing or stolen shall be reported immediately to the Chief Financial Officer/Chief Operations Officer. If not located, this property shall be written off the books with the proper notation specifying the reason.

LEASES

Classification of Leases

Le Jardin classifies all leases in which the Organization is a lessee as either capital or operating leases. Le Jardin shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to Le Jardin at the end of the lease term.
2. The lease contains a bargain purchase option.
3. The lease term is equal to 75% or more of the estimated economic life of the leased property.
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of Le Jardin's incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

Reasonableness of Leases

Le Jardin shall assess the value of leases according to the requirements of *45 CFR 75.465, Rental Costs of Real Property and Equipment*, as follows:

- The rent is reasonable when compared to similar property in the same area,
- The costs of any alternatives, and
- The type, life expectancy, condition and value of the property leased.

Rental arrangements will be reviewed every 3 to 5 years to determine if circumstances have changed and other options are available.

Accounting for Leases

Le Jardin leases office equipment on a capital lease, and space for the Main Office on an operating lease. All payments on leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due. All leases that are classified as capital leases shall be treated as fixed asset additions.

Le Jardin shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms, including a schedule of future annual lease payments obligations.

CHANGES IN LEASE TERMS

As described in earlier policies, leasehold improvements are amortized over the initial lease term. If such lease term is changed prior to the expiration of the initial lease term, Le Jardin will revise amortization to reflect the remaining lease term as of the effective date of the lease modification.

POLICIES PERTAINING TO LIABILITY AND NET ASSET ACCOUNTS

ACCRUED LIABILITIES

Identification of Liabilities

The Accounting Department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by Le Jardin at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Paid time off

In addition, Le Jardin shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to deferred revenue accounts shall be made monthly.

ACCRUED LEAVE

Personnel policies may permit employees to carry forward unused leave from year to year; please see the Human Resources Policies and Procedures Manual for more information. Any unused leave is not payable to an employee upon termination of employment, regardless of the reason for separation.

Accordingly, Le Jardin records a liability for accrued leave to which employees are entitled. The total liability at the end of an accounting period shall equal the total earned but unused hours of leave, multiplied by each employee's current hourly pay rate. Please see the Human Resources Policies and Procedures Manual for accrual rates.

Leave that does not "vest" with employees (i.e., leave that is not paid to employees if unused at the time of termination of employment), shall not be accrued as a liability.

NOTES PAYABLE

General Policy

Le Jardin shall require that all notes payable be approved by the Board of Directors and signed by the Executive Director. At present, the Organization has four (4) mortgages, and a line of credit which is accounted for as a current liability.

Recordkeeping

Le Jardin shall maintain a schedule of the mortgage obligations and the line of credit. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments are to be sent
10. Contact person at lender

Accounting and Classification

An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next year shall be classified as a current liability in the statement of financial position. The principal portion of payments due beyond one year shall be classified as a long-term/noncurrent liability in the statement of financial position.

Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of each accounting period.

A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Periodically, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

NET ASSETS

Classification of Net Assets

The net assets of the Organization shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed requirements.

Temporarily Restricted Net Assets - Net assets subject to donor imposed requirements that may or will be satisfied through the actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed requirements that the Organization permanently maintain such contributed assets. Generally, donors of such assets permit the Organization to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes. Permanent restrictions do not expire with the passage of time, nor can they be removed by the Organization's actions.

Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of Directors of the Organization has designated for specific uses, shall be segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

A restriction may be associated with either a time period (e.g. a particular future time period) or a purpose (e.g. specific programs). A purpose requirement shall be considered a restriction only if it is more specific than the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in Le Jardin's Articles of Incorporation and Bylaws.

Reclassifications from Restricted to Unrestricted Net Assets

The Organization shall report in its statement of activities a reclassification from restricted to unrestricted net assets if any of the following events occur:

1. Fulfillment of the purpose for which the net assets were restricted (e.g. spending restricted funds for the stipulated purpose)
2. Expiration of time restrictions imposed by donors
3. Death of an annuity beneficiary
4. Removal by the donor (or by a court) of a time or purpose restriction

If a donor stipulates multiple restrictions (such as a purpose and a time restriction), reclassifications from temporarily restricted to unrestricted net assets shall be reported only upon the satisfaction of the final remaining restriction.

Reclassifications from Unrestricted to Restricted Net Assets

If the Organization receives a restricted contribution from a donor who further requires that the Organization set aside a portion of its unrestricted net assets for that same purpose, the Organization shall report in its statement of activities a reclassification of net assets from unrestricted to temporarily or permanently restricted, based on the specific nature of the restriction.

Disclosures

The Organization shall disclose in a footnote to the financial statements the different types of temporary and permanent restrictions associated with the Organization's net assets as of the end of each fiscal year.

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Organization

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the Organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements that are maintained on an organization-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities, and net assets of the Organization and classifies assets and liabilities as current or non-current/long-term.
2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the Organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted), including reclassifications between categories of net assets.
3. **Statement of Cash Flows** - reports the cash inflows and outflows of the Organization in three categories: operating activities, investing activities, and financing activities.
4. **Statement of Functional Expenses** - presents the expenses of the Organization in a natural or objective format and by function (i.e., which program or supporting service was served).

Frequency of Preparation

The objective of the Accounting Department is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policy shall apply:

A standard set of financial statements described in the preceding section shall be produced on a monthly basis, by the fourth week of each month.

Review and Distribution

All financial statements and supporting schedules shall be prepared by the Chief Financial Officer/Chief Operations Officer and reviewed and approved by the Executive Director and Board Treasurer prior to being issued by the Accounting Department.

Budget Variance Analysis and Projections

The Chief Financial Officer/Chief Operations Officer shall meet quarterly with all Program Coordinators who have budget responsibility. The purpose of the meeting shall be to review financial results and discuss any budget-to-actual variances.

Accounting Department shall inform the Executive Director as soon as they become aware of variances in future periods. The Chief Financial Officer/Chief Operations Officer and/or the Executive Director shall determine if awarding agency approval is required for any budget changes.

Quarterly Distribution

On a quarterly basis, the Board Treasurer with the assistance of the Chief Financial Officer/Chief Operations Officer shall present a complete set of financial statements to the full Board.

Annual Financial Statements

A formal presentation of the Organization's annual financial statements shall be provided by the Independent Auditor to the full Board of Directors. See separate policies regarding the annual audit under "Financial Management Policies."

Grant Financial Reports

The Program Manager will be responsible for preparing and remitting program related data directly to funders or will provide this information to the Accounting Department when financial data must be included. Reporting that includes financial data will be prepared and remitted by the Accountant III after review by Chief Financial Officer/Chief Operations Officer or Grant Manager.

GOVERNMENT RETURNS

Overview

To conduct business legitimately, Le Jardin must be aware of its tax and information return filing obligations and comply with all such requirements of Federal, state and local jurisdictions. Filing requirements of Le Jardin include, but are not limited to, filing annual information returns with the IRS.

Filing of Returns

The Chief Financial Officer/Chief Operations Officer shall be responsible for identifying all filing requirements and ensuring that Le Jardin is in compliance with all such requirements. The Organization shall file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

Filings made by Le Jardin include, but are not limited to, the following returns:

1. **Form 990** - Annual information return of tax-exempt organizations, filed with IRS. Form 990 for Le Jardin is due on the fifteenth day of the fifth month following year-end. An automatic three (3) month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first three (3) month extension, a second three (3) month extension may be requested using Form 8868.
2. **Form 990-T** – Annual tax return to report Le Jardin’s unrelated trade or business activities (if any), filed with IRS. Form 990-T is due on the fifteenth day of the fifth month following year-end. An automatic 6-month extension of time to file Form 990-T may be obtained by filing Form 8868.
3. **Form 5500** - Annual return for Le Jardin's employee benefits plans. Form 5500 is due July 31, but a request for extension of time to file may be filed.
4. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to Federal Government by February 28.
5. **Form 941** - Quarterly payroll tax return filed with IRS to report wages paid to employees and Federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or ten (10) days later if all payroll tax deposits have been made in a timely manner during the quarter.

Le Jardin's fiscal and tax year-end is December 31. All annual tax and information returns of Le Jardin (Form 990) shall be filed on the accrual basis of reporting.

Federal payroll tax returns shall be prepared by the Organization's external Payroll Administrator.

Review of Form 990 by Board of Directors

A draft of Le Jardin's annual Form 990 information return shall be reviewed and approved by the Board of Directors prior to being filed with the Internal Revenue Service. This review and approval shall be documented with the signature of the Board/Committee Chair or Treasurer.

Public Access to Information Returns

Under regulations that became effective in 1999, Le Jardin is subject to Federal requirements to make the following forms "widely available" to all members of the general public:

1. The three most recent annual information returns (Form 990), excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A, and
2. Le Jardin's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

Le Jardin shall adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

Le Jardin shall comply with the Federal requirements to make its forms widely available by posting all required forms on the Guidestar website which can be accessed at www.guidestar.org.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the Organization's financial and human resources. A budget is a management commitment to a plan for present and future organizational activities that will ensure the Organization's survival. It provides an opportunity to examine the composition and viability of the Organization's programs and activities simultaneously in light of the available resources.

Budgets are also prepared for funding sources and Program Manager must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. Le Jardin will document and follow all such requirements.

Preparation and Adoption

Le Jardin shall prepare an annual budget on the accrual basis of accounting. The Chief Financial Officer/Chief Operations Officer shall gather proposed organization-wide budget information from all program coordinators with budget responsibility and prepare the first draft of the budget. Budgets proposed and submitted by each department shall be accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years.

After appropriate revisions and a compilation of all department budgets by the Chief Financial Officer/Chief Operations Officer, a draft of the Organization-wide budget, as well as individual department budgets, shall be presented to the Executive Director and Program Coordinator for discussion, revision, and initial approval.

The revised draft shall then be submitted to the Finance and Audit Committee, and finally to the entire Board of Directors for adoption.

It shall be the policy of Le Jardin to adopt a final budget at least twenty (20) days before the beginning of the Organization's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Accounting Department to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities and comparison of budget versus actual once the year begins.

Budgets for programs that are not on the Organization's fiscal year will be prepared in accordance with awarding agency requirements.

Monitoring Performance

Le Jardin shall monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Accounting Department and distributed to each employee with budgetary responsibilities. These financial reports shall be discussed with the Chief Financial Officer/Chief Operations Officer in monthly meetings.

Budget and Program Revisions

Le Jardin shall request prior approval from awarding agencies for any of the following program or budget revisions: (*45 CFR Part 75.308*)

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (Coordinator, etc.) specified in the application or award document.
3. Disengagement for more than three (3) months, or a twenty-five (25) percent reduction in time devoted to the project, by the approved Executive Director.
4. The need for additional Federal funding.
5. The inclusion, unless waived by the awarding agency, of costs that require prior approval in accordance with *45 CFR Part 75.407, Prior written approval*.
6. The transfer of funds allotted for participant support costs to other categories of expense
7. Unless described in the application and funded in the approved awards, the sub-award, transfer or contracting out of any work under an award. However, this provision shall not apply to purchases of supplies, materials, equipment or general support services.
8. Changes in the amount of the approved cost-sharing or matching provided by the Organization.

In addition, under contract with Head Start and Early Head Start grantors, Le Jardin shall request budget amendments as required by funding agency.

ANNUAL AUDIT

Role of the Independent Auditor

Le Jardin shall arrange for an annual audit of the Organization's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by the Board of Directors shall be required to communicate directly with the Organization's Finance and Audit Committee upon the completion of their audit. In addition, members of the Finance and Audit Committee and Executive Committee are authorized to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm at the Organization's Annual Meeting, after the financial statements have been reviewed and approved by the Finance and Audit Committee.

Auditor Independence

Le Jardin may from time to time request the independent auditor to provide services outside the scope of the annual audit and Form 990 preparation. In connection with these non-audit services, it is imperative that the independent auditor remain independent in fact and in appearance in order to continue serving the Organization as its auditor.

Generally, in order to remain independent with respect to the audit, the Organization's auditors should not provide non-audit services that involve performing management functions or making management decisions nor should they provide non-audit services in situations where the non-audit services are significant/material to the subject matter of the audits (or where they would be auditing their own work in connection with the annual audit).

Therefore, it is the Organization's policy to evaluate any non-audit service requested from the independent auditor for possible impairments to the firm's independence, and to not permit the performance of any services that would impair independence. This evaluation shall be performed by the Chief Financial Officer/Chief Operations Officer, who may consult the independent auditor or other external sources in making this determination.

In addition, for each non-audit service that is to be provided by the Organization's independent auditor, the Organization shall:

1. Designate a management level individual to be responsible and accountable for overseeing the non-audit service (to be determined by the Executive Director).
2. Establish and monitor performance of the non-audit service to ensure that it meets management's objectives (to be performed by the person designated in step 1).
3. Make any decisions that involve management functions related to the non-audit service

and accept full responsibility for such decisions.

4. Evaluate the adequacy of the services performed and findings that result.

How Often to Review the Selection of the Auditor

Le Jardin shall review the selection of its independent auditor in the following circumstances:

1. Any time there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Review to ensure competitive pricing and a high quality of service is being provided.

Concluding the Audit

Upon receipt of a draft of the audited financial statements of Le Jardin from its independent auditor, the Chief Financial Officer/Chief Operations Officer shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of Le Jardin
3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Chief Financial Officer/Chief Operations Officer.

It shall also be the responsibility of the Chief Financial Officer/Chief Operations Officer to review and respond in writing to all management letters and other internal control and compliance report findings and recommendations made by the independent auditor.

In addition, the Single Audit Clearinghouse form shall be completed and a copy submitted to the Finance and Audit Committee.

Finance and Audit Committee Responsibilities

In accordance with the Le Jardin by-laws, there shall be a Finance and Audit Committee consisting of at least three (3) members, including the Treasurer. The term of office shall be for three (3) years.

See the "Board Governance" section of this manual, as well as the Finance and Audit Committee Charter, for a detailed description of the Finance and Audit Committee's responsibilities and its authority.

RECORD RETENTION

Policy

Le Jardin retains records as required by law and destroys them when appropriate. All files, both hard copy and electronic shall be labeled with topic, year (if applicable), and destruction date. Electronic copies shall be saved in appropriate folders on the network storage device. Hard copies should be stored in file cabinets or archived in the storage area. Archived hard copy files shall be stored in water proof containers.

The destruction of records must be approved by the Chief Financial Officer/Chief Operations Officer and logged into the Organization’s Destroyed Records Log. Review and purging of files may take place on an ongoing basis, but must occur at least once per year, and must follow the minimum retention requirements outlined below.

The destruction of any documents containing social security numbers or any other “consumer data” as defined under federal laws and regulations shall be done via shredding.

The formal records retention policy of Le Jardin is as follows:

Record	Retention
Audit reports	Permanent
Correspondence – Legal and important matters	Permanent
Deeds, mortgages, and bills of sales	Permanent
Financial statements – Year-end	Permanent
General ledgers/year-end trial balance	Permanent
Minute books of directors, bylaws, and charters	Permanent
Retirement and pension records	Permanent
Tax returns and worksheets, examination reports and other documents relating to tax filings	Permanent
Trademark registrations and copyrights	Permanent
Accident reports/claims (settled Cases)	5 Years
Accounts payable ledgers and schedules	5 Years
Accounts receivable ledgers and schedules	5 Years
Contracts, mortgages, notes, and leases – expired	5 Years
Garnishments	5 Years
Insurance claims	5 years
Inventories of products, materials, and supplies	2 Years
Invoices (to customers, from vendors)	2 Years
Notes receivable ledgers and schedules	5 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Property records (incl. depreciation schedules)	7 years

Purchase orders	7 Years
Sales records	7 Years
Subsidiary ledgers	7 Years
Timesheets/cards	7 Years
Withholding tax statements	7 Years
Bank statement & reconciliations	3 Years
Chart of accounts	3 years
Employment applications	3 Years
Insurance policies (expired)	3 Years
Internal audit reports	3 Years
Internal reports	3 Years
Petty cash vouchers	3 Years
Correspondence – General	2 Years

Exception for Investigations

In connection with any ongoing or anticipated investigation into allegations of violations of federal laws or regulations, provisions of government awards, or violations of the Organization’s Code of Conduct, the following exceptions are made to the preceding scheduled retention and/or destruction of records:

1. All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction.
2. The term “records” shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.

BOARD GOVERNANCE

FINANCE AND AUDIT COMMITTEE

Purpose

The primary responsibility for the Organization's financial reporting and internal controls rests with senior operating management, as overseen by the Organization's Board of Directors (the "Board"). The purpose of the Finance and Audit Committee (the "Committee") is to assist the Board in fulfilling this responsibility by providing oversight of the Organization's audit functions (external and internal), as well as other investigations (external and internal).

Authority

The Finance and Audit Committee has authority to:

- Retain the Organization's external auditors.
- Investigate any matter brought to its attention with complete and unrestricted access to all books, records, documents, facilities, and personnel of the Organization.
- Retain outside counsel, auditors, investigators, or other experts in the fulfillment of its responsibilities, including the sole authority to approve the firms' fees and other retention terms.

The Committee shall be provided with the resources necessary to discharge its responsibilities. The Board shall review the adequacy of this Charter on an annual basis. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more members of the Committee.

Membership

The Finance and Audit Committee shall be a standing committee of the Board of Directors, composed of not less than three members of the Board. Members of the Committee shall:

1. Have no relationship to the Organization that may interfere with the exercise of their independence from management and the Organization;
2. Be financially literate regarding the specialized matters of Organization or shall acquire such financial literacy within a reasonable time period after appointment to the Committee.

In addition, at least one (1) member of the Committee shall be a financial expert possessing the following characteristics:

1. An understanding of generally accepted accounting principles applicable to the Organization and financial statements;

2. The ability to assess the application of generally accepted accounting principles in connection with accounting for estimates, accruals, and reserves of the Organization;
3. Experience preparing, auditing, analyzing, or evaluating financial statements of comparable complexity to those of the Organization;
4. Understanding of internal controls and procedures for financial reporting; and
5. Understanding of audit committee functions.

Refer to Le Jardin's By-laws for Appointments (term limits) to the Finance and Audit Committee.

Responsibilities

The Committee's role is one of oversight, recognizing that the Organization's management is responsible for preparing the Organization's financial statements and that the external auditors are responsible for auditing those financial statements. The Committee recognizes that the Organization's internal financial management team, as well as the external auditors, have more time and detailed information about the Organization than do Committee members. Consequently, in discharging its oversight responsibilities, the Committee is not providing expert advice or any assurances as to the Organization's financial statements or any professional certification as to the external auditor's services.

The Committee shall have certain responsibilities in the areas of financial reporting, internal control, and organizational governance.

In the areas of financial reporting and internal control, the Committee shall:

- Oversee the external audit process, including: nomination of the external audit firm, auditor engagement letters and fees, timing and coordination of audit fieldwork visits, monitoring of audit results, review of auditor's performance, and review of non-audit services provided by the external audit firm for compliance with professional independence standards;
- Review accounting policies;
- Review the Organization's financial statements, including year-end and interim financial statements, other reports requiring approval by the Board before submission to government agencies, and auditor opinions and management letters;
- Determine that all required tax and information return filings with Federal, state and local government agencies are current and in compliance with reporting requirements;
- Receive and review any other communications from the external auditors that the external auditors are required to submit to the Board or Committee under currently applicable professional auditing standards;
- Review and discuss with management the findings and recommendations communicated by the external auditor;
- Inquire about the existence and nature of significant audit adjustments proposed by the external auditors and significant estimates made by management;

- Meet privately with the external auditors to discuss the quality of management, financial, accounting, information technology and internal audit personnel, and to determine whether any restrictions have been placed by management on the scope of their external audit or if there are any other matters that should be discussed with the Committee;
- Review the letter of management representations provided to the external auditors as part of the annual audit and inquire as to whether any difficulties were encountered in obtaining the representation letter;
- Prepare a report, signed by the chair of the Committee, for presentation to the full Board of Directors, describing the activities and responsibilities of the Committee;
- Direct special investigations into significant matters brought to its attention within the scope of its duties;
- Review this Charter on an annual basis and propose any recommended changes to the Board;
- Oversee the Organization's assets, including policies associated with safekeeping and protection of those assets;
- Review and evaluate the Organization's financial viability;
- Review the annual budget and recommend it to the full Board for approval;
- Review new initiatives involving requests for funding;
- Review the Organization's cash flow management;
- Review the financial impact of agenda items being considered by the full Board;
- Monitor budget implementation and accounting and financial policies and procedures;
- Review monthly and quarterly financial reports and monitor financial performance against budget;
- Prepare a report, signed by the chair of the Committee, for presentation to the full Board of Directors, describing the activities and responsibilities of the Committee;
- Review overall organizational risk management and adequacy of insurance carried by the Organization (and report annually to the Audit Committee on the Organization's risk management function);
- Review all borrowing arrangements of the Organization;
- Review annual income tax and information returns filed with the Internal Revenue Service and State government agencies;
- Review the Charter on an annual basis and propose any recommended changes to the Board; and
- Oversee the management of the Organization's investments, including review of investment policies, use of external investment managers, and other matters associated with investment management.

In the area of Organizational governance, the Committee shall:

- Review Organization policies regarding compliance with laws and regulations, ethics, employee conduct, conflicts of interest, and the investigation of misconduct or fraud;
- Review current and pending litigation or regulatory proceedings impacting Organizational governance in which the Organization is a party;
- Establish and monitor Organization procedures for receiving and handling complaints about accounting and auditing matters;

- Review significant cases of employee or director conflict of interest, misconduct or fraud;
- Review and approve the internal audit charter, which explains the framework for providing internal audit services to management and the Committee;
- Review and approve management's appointment and termination of the Organization's Director of Internal Audit;
- Review plans and budgets associated with the internal audit function to determine that audit objectives, plans, financial budgets, and schedules provide for adequate support of the Audit Committee's goals and objectives;
- Require the Director of Internal Audit to prepare a written report on an annual basis describing the scope and results of internal audit procedures;
- Discuss with the Director of Internal Audit and the external audit firm the reliability of the Organization's information technology system and any specific security measures in protecting the Organization against fraud and abuse; and
- Meet regularly with the Organization's general counsel to discuss legal matters that may have a significant impact on the Organization.

The Committee shall meet on a regular basis and call special meetings as deemed necessary in fulfilling the responsibilities described in this Charter.