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## **5 FINANCE**

### **5.1 ACCESS TO RECORDS**

Community Living, Inc. will allow public inspection of the following records:

1. IRS Form 990
2. Original applications for tax-exempt status
3. Audited financial statements
4. By Laws
5. Minutes of board meetings

### **5.2 ACCOUNTING BACK UP PROCEDURE**

Community Living, Inc. will maintain a computer file back-up system for accounting records.

### **5.3 ACCOUNTING INFORMATION COMMUNICATIONS**

Community Living, Inc. advises staff of important information and changes within the finance department that may affect other departments.

### **5.4 ACCOUNTING METHOD**

Community Living, Inc. will use the accrual basis of accounting that recognizes revenues when they have been earned and expenses when they have been incurred.

### **5.5 ACCOUNTS PAYABLE ACCRUALS**

Community Living, Inc. will accrue unpaid expenses on its annual financial records if such expenses are in excess of \$250 individually.

## **5.6 ACCOUNTS RECEIVABLE WRITE OFF PROCEDURES AND AUTHORITY (Bad Debts Procedures)**

Community Living, Inc. ensures that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated.

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### **PROCEDURES**

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Write-offs are initiated by the chief financial executive.

Customers listed as poor credit risks will be extended future credit only if the back debt is paid.

If write-off procedures have been initiated, the following accounting treatment applies:

1. Invoices written off that are dated during the current year will be treated as a reduction of the appropriate revenue account.
2. Invoices written off that are dated prior to the current year will be treated as bad debt.

## **5.7 AMORTIZATION**

Community Living, Inc. will individually amortize leasehold improvements exceeding \$1000 over the remaining length of the lease term.

See the Capitalization Cutoff Point Policy, at Section 5.13 of this manual.

## **5.8 ANNUAL LEAVE ACCRUAL**

Revised 5/09

Annually, Community Living, Inc. accrues the value of the annual paid time off liability due employees.

## **5.9 BANK RECONCILIATIONS**

Community Living, Inc. will address bank statements to the chief executive, who will do an initial review of the checks that cleared during the prior month.

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### **PROCEDURES**

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Within three days, the chief executive will forward the bank statement to the staff accountant responsible for bank reconciliations. This individual cannot be a check signer. The staff accountant will answer any questions posed by the chief executive and prepare the bank reconciliation within three (3) days.

The bank reconciliation will be given to the chief financial executive for review and signature.

Copies of the bank statements and reconciliations will be available to the Finance Committee upon request.

## **5.10 BARTERING PROHIBITED**

Community Living, Inc. prohibits entering into bartering agreements with service recipients whereby payments are forgone in exchange for goods or services provided to them.

## **5.11 BID REQUIREMENTS**

Community Living, Inc. will request bids for any expenditure exceeding \$1,000.

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### **PROCEDURES**

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The decision to approve a bid will be made jointly by the department manager and a designated executive level staff, as appropriate, on the basis of the lowest bid and/or level and/or types of services provided. The determination of the CPA firm will be made by the Finance Committee.

## 5.12 BUDGETING

Community Living, Inc. will present an annual operating budget, prepared by executive level staff, to the board prior to the next fiscal year

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PROCEDURES

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An annual operating budget will be prepared by the chief financial executive and approved by the chief executive and presented to the Board for approval prior to the beginning of the next fiscal year. The budget will reflect the cost of carrying out the programs and services of Community Living, Inc. for the next fiscal year. This budget will also reflect the anticipated revenues for Community Living, Inc.

## 5.13 CAPITALIZATION CUTOFF POINTS

Revised 5/09

Community Living, Inc. will expense assets in the period purchased if these assets cost \$1000 or less individually.

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PROCEDURES

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Assets costing in excess of \$1000 individually will be capitalized and depreciated in accordance with the organization's depreciation policies.

Repairs and improvements to real property and leasehold improvements will be capitalized if they cost in excess of \$1000 individually.

## 5.14 CHART OF ACCOUNTS

Community Living, Inc. maintains a chart of accounts.

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PROCEDURES

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All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts will be updated on a routine basis.

## 5.15 CHECK DISBURSEMENTS

Community Living, Inc. requires that all check disbursements will require approved invoices or expense vouchers and will have a completed Check Requisition Form attached. The resulting checks will be signed by only those individuals designated on record. Checks over \$1,000 require two signatures.

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### PROCEDURES

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Signed checks and related backup will be given to the receptionist for distribution and/or mailing. Signed checks that have not been mailed or distributed will be put under lock and key at the end of each day.

Unused check supplies will be safeguarded under lock and key.

## 5.16 CHECK ENDORSEMENT/STAMP

Revised 5/09

Community Living, Inc. will endorse checks with a stamp(s) as follows:

Pay to the Order of US Bank Community Living, Inc. For Deposit Only
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Pay to the Order of First State Bank Community Living, Inc. For Deposit Only
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## 5.17 CHECK SIGNERS

Community Living, Inc. will give check-signing authority only to designated management/executive level employees. Additionally, individuals involved with check preparation and bank reconciliations are prohibited from having check-signing authority.

## 5.18 CONTRACT SIGNING AUTHORITY

Community Living, Inc. will grant authority to sign contracts to executive level staff, as long as the financial implications of the contract are included in the organization's budget.



If the financial implication of signing a contract is not included in Community Living, Inc. budget, Board approval is required before authority to sign the contract is granted.

## **5.19 CONTRIBUTIONS**

Community Living, Inc. will acknowledge all contributions in writing, regardless of type or amount.

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### **PROCEDURES**

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The letters will indicate the dollar amount contributed for monetary gifts. The dollar amount for contributed goods and services will only be indicated if requested by the donor and the amount is determined by the donor. See the Quid Pro Quo Contribution policy, at Section 5.51 of this manual.

## **5.20 CONTROL OVER CHECKS AND CASH**

Community Living, Inc. ensures that all checks and/or cash received by mail will be recorded, endorsed, and distributed by the receptionist.

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### **PROCEDURES**

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Checks received will be noted on the Daily Checks Log, which will include the date, the name of the payer, the date of the check, the amount of the check, and the reason for the donation or payment. Checks will be endorsed before they are given to the finance department. Once the checks have been recorded, the checks and a copy of the log will be personally delivered to the responsible person in the finance department. A copy of the Daily Checks Log and copies of the related checks will be given to the development secretary for generation of thank you letters, as appropriate.

## 5.21 CPA FIRMS

### **Audited Financial Statements**

Community Living, Inc. distributes the audited financial statements to the board of directors and to organizations entitled to receive a copy because of contractual agreement.

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#### PROCEDURES

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The decision to publish the statements or otherwise make them available to the public will be made by the Board at its meeting following the issuance of the statements.

The authority to distribute the statements to other individuals or firms requesting them will be left to the discretion of the executive level staff.

### **The Engagement Letter**

Community Living, Inc. reviews the draft of the CPA engagement letter before it is signed to ensure it covers matters important to management.

The engagement letter will be reviewed by the Finance Committee before the audit commences.

### **The Management Letter**

Community Living, Inc. discusses the CPA management letter with representatives of the auditing firm and to direct staff as to the appropriate action required to correct deficiencies addressed.

### **Selection of Firm**

Community Living, Inc. contracts with the CPA firm selected to audit the organization for a period not to exceed three years.

At the end of this period the organization's treasurer, with the assistance of staff, will request bids from a minimum of three CPA firms specializing in auditing not-for-profit organizations and make a recommendation to the Finance Committees for final selection. Re-awarding the contract for auditing services to the existing auditing firm is acceptable as long as the bid and selection criteria clearly indicate the firm is the most qualified and cost effective.

Additionally, the contract awarding the audit to the CPA firm will be for a one-year period with an option to continue without re-bid for two years. The contract also will have a clause allowing the organization to contract

with another firm before the end of the contract period if the current firm provides unsatisfactory service.

## **5.22 CREDIT CARDS**

Community Living, Inc. will issue credit cards to designated individuals to be used for agency business only.

The chief executive reserves the right to refuse issuance/use of an agency credit card to any designated individual at any time.

## **5.23 DEFERRED REVENUES**

Community Living, Inc. ensures that revenues that have not been earned will be included with deferred revenues on the annual financial statements and recorded as revenue when earned.

## **5.24 DEPRECIATION**

Community Living, Inc. will depreciate fixed assets.

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### **PROCEDURES**

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Real property will be depreciated using the straight line method over a 30-year period.

Electronic equipment will be depreciated using the straight line method over a five year period.

All other fixed assets will be depreciated using the straight line method over a five year period.

Capitalized repairs and improvements will be depreciated using the straight line method based on an analysis of the time the repair or improvement is expected to improve the property.

Fully depreciated fixed assets will remain on the Community Living, Inc. statement of financial position until they are disposed of or otherwise deemed worthless.

Assets will be capitalized in accordance with Community Living, Inc. Capitalization Cutoff Point policy.

## 5.25 DISCOUNTS

Community Living, Inc. will take advantage of vendor discounts and record the net expense in the financial records.

## 5.26 DONATED PROPERTY

Revised 5/09

Community Living, Inc. records the value of donated real property items (autos, buildings, office equipment, etc.) among the fixed assets of the organization if the value of the property exceeds the organization's capitalization cut-off point in accordance with the following guidelines:

<u>Value</u>	<u>Policy</u>
Under \$1000	Item will not be capitalized.
\$1000–\$2,500	Capitalize in accordance with value stated in contributor's letter.
Over \$2,500	Capitalize in accordance with appraised value.

## 5.27 DONOR PRIVACY POLICY

Community Living, Inc., values and respects the privacy of its donors and does **NOT** share, sell, rent or otherwise provide any personal donor information to third parties.

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### PROCEDURES

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Community Living, Inc. records and uses personal information such as names, addresses, phone numbers and e-mail addresses when a donor voluntarily provides it. In addition, Community Living, Inc. keeps a record of each donor's giving history. This information is kept on Community Living, Inc. password protected database for IRS purposes and is only

accessible by the Development Department and authorized staff members.

If a donor wishes to review their personal information, they may contact the Development Department of Community Living, Inc., at 636-970-2800 or [info@cliservices.org](mailto:info@cliservices.org).

## **5.28 ENDOWMENT FUNDS**

Community Living, Inc. includes endowment funds with permanently restricted net assets on the organization's statement of financial position.

See the Permanently Restricted Net Assets policy at Section 5.46 of this manual.

## **5.29 FEDERAL IDENTIFICATION NUMBER**

Community Living, Inc. has the organization's Federal Identification Number printed on the donation acknowledgements and available for requests from the finance department.

## **5.30 FINANCIAL STATEMENT PREPARATION AND DISTRIBUTION**

Community Living, Inc. will prepare and distribute monthly financial statements that will include the Statement of Financial Position and Balance Sheet.

## **5.31 FISCAL YEAR**

Community Living, Inc.'s fiscal year will be the first day of July through the last day of June.

### 5.32 FRINGE BENEFITS

Community Living, Inc. will distribute fringe benefits to the functions of the organization based on actual salaries charged to the functions.

Fringe benefits include FICA taxes, unemployment taxes, employee insurance premiums, and pension payments.

### 5.33 FUND RAISING

Revised 10/03

Community Living, Inc. shall engage in qualified activities to raise funds. All fund raising activities must receive approval from the chief executive or designee prior to initiation.

### 5.34 GIFT ACCEPTANCE

Community Living, Inc. encourages the solicitation and acceptance of gifts for purposes that will help Community Living, Inc. to further and fulfill its mission. The following procedures govern the acceptance of gifts and provide guidance to donors and their professional advisors in completing gifts.

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PROCEDURES

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- Community Living, Inc. will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. Community Living, Inc. will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of Community Living, Inc. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board of Directors of Community Living, Inc.

The following types of gifts are acceptable and the following criteria govern the acceptance of each gift type:

- **Cash**: Community Living, Inc. will accept gifts of cash in any form.

- **Tangible Personal Property:** All other gifts of tangible personal property shall be examined in light of the following criteria:
  - Does the property fulfill the mission of Community Living, Inc.?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display, or sale of the property?
  - Are there any carrying costs for the property?

The final determination on the acceptance of other tangible property gifts shall be made by the Board of Directors of Community Living, Inc.

- **Publicly Traded Securities:** Community Living, Inc. will accept publicly traded and marketed securities including stocks, bonds and mutual funds. Community Living, Inc. will sell such securities upon receipt unless the Board of Directors of Community Living, Inc. determines a legitimate exception exists. For Community Living, Inc. gift crediting and accounting purposes, the value of the securities is the average of the high and low on the date of the receipt of the gift by Community Living, Inc., in accordance with IRS regulations.
- **Closely Held Securities:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Board of Directors of Community Living, Inc. However, gifts must be reviewed prior to acceptance to determine that:
  - There are no restrictions on the security that would present Community Living, Inc. from ultimately converting those assets to cash,
  - The security is marketable, and
  - The security will not generate any undesirable tax consequences for Community Living, Inc.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Board of Directors of Community Living, Inc.

and legal counsel when necessary. Every effort will be made to sell the non-marketable securities as quickly as possible.

- **Beneficiary Designations:** Donors and supporters are encouraged to name Community Living, Inc. as the beneficiary or contingent beneficiary of their respective life insurance policies, retirement plans, or other similar accounts or products. Although a donor can be recognized for such a designation, Community Living, Inc. cannot record it as a gift until the proceeds are actually received or the beneficiary designation is made legally irrevocable.
- **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a remainder interest. Prior to acceptance of real estate, Community Living, Inc. shall require a specialist to conduct a Phase One Environmental Audit of the property to ensure that the property has no environmental damage. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by Community Living, Inc. prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Community Living, Inc. requires the donor to provide or disclose the following:

- Reasonably current appraisal.
- Existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanics liens and other limitations of record.
- Existence and amount of carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance.

Prior to acceptance of the real property, the gift shall be approved by the Board of Directors of Community Living, Inc. and Community Living, Inc. legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of Community Living, Inc.?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?



- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?
- **Remainder Interests in Property:** Community Living, Inc. will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph entitled Real Estate above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, Community Living, Inc. may use the property or reduce it to cash. Where Community Living, Inc. receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.
- **Life Insurance Policies:** Community Living, Inc. must be named as both the beneficiary and irrevocable owner of an insurance policy before a life insurance policy and/or product can be recorded as a gift. The gift is recorded as its “interpolated terminal reserve” value (whole life insurance), or replacement value (term policy). If the premiums are not fully paid, and the donor does not elect to continue to make gifts to Community Living, Inc. to cover premium payments on the life insurance policy, Community Living, Inc. may (1) continue to pay the premiums, or (2) convert the policy to paid up insurance, or (3) surrender the policy for its cash value, or (4) reject the gift.
- **Charitable Gift Annuities:** A gift annuity or charitable gift annuity is a contract whereby an entity (such as an insurance company) in return for a transfer of cash, marketable securities, or other property, agrees to pay a donor a certain percentage of income based on the life expectancy of one or two donors. After the donor(s) has passed, a remainder portion is paid to Community Living, Inc. This type of gift will be reviewed by the Board of Directors of Community Living, Inc. prior to acceptance.
- **Deferred Gift Annuities:** A deferred gift annuity is a contract whereby an entity in exchange for a transfer of money or property, beginning at some point in the future, provides a stream of income for the life of the donor. This type of gift will be reviewed by the Board of Directors of Community Living, Inc. prior to acceptance.
- **Bequests:** Donors and supporters of Community Living, Inc. will be encouraged to make bequests to Community Living, Inc. under their

wills and trusts. Such bequests will not be recorded as gifts to Community Living, Inc. until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. This type of gift will be reviewed by the Board of Directors of Community Living, Inc. prior to acceptance.

- **Charitable Remainder Trusts:** Community Living, Inc. may accept designation as remainder beneficiary of a charitable remainder trust including Charitable Remainder Annuity Trusts (CRAT) and Charitable Remainder Unitrusts (CRUT) with the approval of the Board of Directors of Community Living, Inc. Investment of the charitable remainder trust's assets shall be determined by the fiduciary agent hired to manage the trust. No representation shall be made by any employee or person acting on behalf of Community Living, Inc. as to the management or investment of such charitable remainder trust. Trust management fees shall be paid by the trust or the donor. Community Living, Inc. will not accept appointment as Trustee of a charitable remainder trust. This type of gift will be reviewed by the Board of Directors of Community Living, Inc. prior to acceptance.
- **Charitable Lead Trusts:** Community Living, Inc. may accept a designation as income beneficiary of a charitable lead trust. Investment of the charitable lead trust's assets shall be determined by the fiduciary agent hired to manage the trust. No representation shall be made by any employee or person acting on behalf of Community Living, Inc. as to the management or investment of such charitable lead trust. Trust management fees shall be paid by the trust or the donor. Community Living, Inc. will not accept appointment as Trustee of a charitable lead trust. This type of gift will be reviewed by the Board of Directors of Community Living, Inc. prior to acceptance.

### ***Miscellaneous Provisions***

1. In most cases, fees related to the donation, including but not limited to, appraisal fees, attorney fees, accounting fees and similar fees for professional advice or services will be an expense of the donor.
2. It will be the responsibility of the donor to seek his or her own independent legal or tax counsel for all gifts made to Community Living, Inc.
3. Community Living, Inc. will hire legal counsel to review all transactions in which the Board of Directors of Community Living, Inc. believe that the use of counsel is appropriate.

4. Community Living, Inc. shall abide by all accounting and reporting procedures and shall conform with the requirements of the Internal Revenue Service.
5. Community Living, Inc. will respect the verbal or written request of a donor who wishes to remain publicly anonymous regarding a donation to Community Living, Inc.
6. Community Living, Inc. shall not act as a personal representative for a donor's estate.
7. The Board of Directors of Community Living, Inc. reserves the right to reject or disclaim any gift made to Community Living, Inc.

### **5.35 INDEPENDENT CONTRACTORS**

Community Living, Inc. will evaluate the criteria established by the IRS when assigning individual employee or independent contractor status.

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**PROCEDURES**

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Individuals qualifying as independent contractors will sign an Independent Contractor Agreement and will be issued IRS Form 1099 if compensation is \$600 or more.

### **5.36 INSURANCE**

Community Living, Inc. has an independent insurance consultant review the organization's insurance policies to ensure coverage and limitations adequately meet the needs of the organization and employees.

### **5.37 INVESTMENT POLICY**

Community Living, Inc. will invest excess cash in the following approved investments:

**Investment Vehicle**  
Money Market Accounts  
Certificates of Deposit

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**PROCEDURES**

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The chief financial executive will transfer excess cash from the Checking Accounts into the Money Market account as necessary. The monies will be transferred from the Money Market account into the Checking Accounts as necessary to pay bills or cover payroll.

The decision to invest cash in other investments must be made by the Finance Committee and approved by the Board of Directors.

### **5.38 IRS FORMS**

#### **Form 990**

Community Living, Inc. will allow public access to IRS Form 990.

This access will be provided at Community Living, Inc. headquarters at a time mutually agreeable between the finance department and the individual requesting the inspection. Requests for copies of Form 990 may be denied, and Form 990 will not be mailed under any circumstance without the approval of the chief executive. A Log of Form 990 Inspections and Distributions will be maintained.

See the Public and Member Access to Records sections of this manual.

#### **Form 990-T**

Community Living, Inc. will deny requests to inspect IRS Form 990-T because it contains confidential information.

See the Unrelated Business Income Tax section of this manual.

#### **Form 1099**

Community Living, Inc. completes IRS Form 1099 for all individuals and vendors receiving \$600 or more from the organization.

A Log of Vendor Federal Identification Numbers will be maintained. See the Independent Contractors Policy included in this manual.

### **5.39 LEASEHOLD IMPROVEMENTS**

Revised 5/09

Community Living, Inc. will capitalize leasehold improvements costing \$1000 or more.

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**PROCEDURES**

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Expenditures under this amount will be considered ordinary repairs and expensed in the period paid. Capitalized leasehold improvements will be amortized over the remaining lease term.

See the Amortization Policy at Section 5.7 and the Repairs and Improvements Policy at Section 5.53 of this manual.

#### **5.40 LEASES**

Community Living, Inc. will record leases as either capital leases or operating leases in the financial records, based on appropriate qualification criteria.

#### **5.41 LOANS PROHIBITED**

Community Living, Inc. prohibits loans to employees and members under all circumstances.

#### **5.42 LONG TERM DEBT**

Community Living, Inc. will ensure that loans extending longer than one year will be included in the long-term debt section of the financial records.

#### **5.43 NONSUFFICIENT FUNDS CHECKS**

Community Living, Inc. will include checks returned by the bank because of nonsufficient funds in the accounts receivable account in the accounting records.

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**PROCEDURES**

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If the checks in question are eligible for redeposit, the subsequent deposit will reduce the receivable account accordingly.

If the checks in question are prohibited from redeposit, the amount will be deducted from the appropriate revenue account.

#### **5.44 OCCUPANCY EXPENSES**

Community Living, Inc. will charge occupancy expenses to the various departments of the organization in accordance with the Rent Distribution Policy (5.52) addressed elsewhere in this manual.

#### **5.45 OVERHEAD ALLOCATION**

Community Living, Inc. will allocate overhead expenses to the various functions of the organization on a percentage of overall revenue basis.

#### **5.46 PERMANENTLY RESTRICTED NET ASSETS**

Community Living, Inc. adds all permanently restricted net assets together for statement of financial position presentation. A separate statement of activity for permanently restricted net assets will be included with the financial statements.

See the Endowment Fund Policy (5.28) in this manual.

#### **5.47 PETTY CASH FUND DISBURSEMENTS**

Community Living, Inc. will maintain a petty cash fund at each location.

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##### **PROCEDURES**

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It is the responsibility of the location manager and that person's designee to ensure that the petty cash fund is under lock and key at all times.

Disbursements from the petty cash fund may only be made for approved expenditures. A receipt must accompany every disbursement. The

receipt must be signed by the person receiving the cash and the person disbursing the cash.

The petty cash fund will be replenished as needed. The petty cash fund replenishment check will be made out to the manager. The expenses will be reviewed and the resulting check will be signed.

#### **5.48 PHOTOCOPYING EXPENSES**

Community Living, Inc. will allow employees to make personal copies for a designated per copy fee.

#### **5.49 POSTAGE LOG**

Community Living, Inc. will maintain a postage log and charge the appropriate programs for actual postage used.

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**PROCEDURES**

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Employees may use the organization's postage meter for personal mail on a limited basis. The receptionist should be paid for any personal postage.

#### **5.50 PREPAID EXPENSES**

Community Living, Inc. will treat payments of expenses that have a time-sensitive future benefit as prepaid expenses on the financial records and to expense them in the proper fiscal period.

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**PROCEDURES**

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Payment of any expense of \$500 or less will not qualify as a prepaid expense.

Records of prepaid expenses will be maintained by the finance department.

### **5.51 QUID PRO QUO CONTRIBUTIONS**

Community Living, Inc. will notify contributors in writing of a good faith estimate of the nondeductible portion of any quid pro quo contributions made for any fundraising activity of the organization if the individual contribution exceeds \$75.

### **5.52 RENT DISTRIBUTION**

Community Living, Inc. will distribute rent expense to the various departments of the organization based on the location.

### **5.53 REPAIRS AND IMPROVEMENTS**

Revised 5/09

Community Living, Inc. will capitalize repairs and improvements to fixed assets or real property owned by the organization if the repairs or improvements cost more than \$1000. Repairs or improvements of \$1000 or less will be expensed in the period paid.

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**PROCEDURES**

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Depreciation of capitalized repairs and improvements will be based on an analysis of how long the repair or improvement is expected to improve or extend the useful life of the property.

See the Capitalization Policy at Section 5.13 and the Leasehold Improvement Policy at Section 5.39 of this manual.

### **5.54 REQUESTS FOR NEW POLICIES AND PROCEDURES**

Community Living, Inc. will encourage employee involvement in keeping the Financial Policies and Procedures up to date.

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**PROCEDURES**

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Employees requesting existing policy changes, addition of new policies, and elimination of existing policies should notify the chief financial executive.



### **5.55 SALARIES AND FRINGE BENEFITS ACCRUALS**

Community Living, Inc. will accrue unpaid salaries and fringe benefits in the financial statements of the organization on a monthly basis, according to department.

### **5.56 SEGREGATION OF DUTIES**

Community Living, Inc. will work with the organization's independent CPA firm to ensure adequate segregation of duties exist.

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**PROCEDURES**

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Suggestions on improving controls through duty segregation will be given serious consideration, and employees will be required to participate in the interest of both the organization and the employee.

### **5.57 TELEPHONE EXPENSES**

Community Living, Inc. will require employees to reimburse the organization for personal long distance telephone calls.

### **5.58 TEMPORARILY RESTRICTED NET ASSETS**

Community Living, Inc. will add all temporarily restricted net assets together for statement of financial position presentation. A separate Statement of Activity for Temporarily Restricted Net Assets will be included with the financial statements.

### **5.59 TIME SHEETS**

Community Living, Inc. ensures that all hourly employees complete and sign time sheets for every pay period. Paychecks will not be generated unless approved time sheets have been submitted.

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PROCEDURES

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Employees will note time spent at various departments in increments of not less than one-quarter hour.

Employees will note accurately all regular hours, overtime, and leave hours on their time sheets.

Compensation will be charged to the various departments based on actual hours worked.

## 5.60 TRAVEL EXPENSES

Community Living, Inc. establishes travel expense limitations and guidelines.

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PROCEDURES

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**Authorizations**—All travel requests must be for budgeted travel and approved at least 30 days in advance by the appropriate manager.

**Travel Advances**—Travel advances will be issued if requested at least 30 days before the trip. The advance will not exceed \$200.00. Any advance is considered account receivables from the employee, and the proper travel accounts are charged when reimbursements for travel expenses are paid.

**Personal Mileage**—Employees will be reimbursed for use of their personal cars on organization business at the IRS approved rate. Commuting mileage will not be reimbursed.

**Public Carrier**—Employees traveling by public carrier must have their tickets purchased by their manager or the director or designee of their program. The most cost-effective means of travel, such as coach airfare, must be used. Receipts are necessary.

**Lodging**—Lodging facilities must be approved by the appropriate manager. Employees will be reimbursed entirely for the basic room charge and applicable taxes. Employees will not be reimbursed for optional additions such as in room movies. Receipts are necessary.

**Meals**—Employees will be reimbursed for meals and tips as incurred. Receipts are necessary for meals. Tips should be noted on meal receipts. Employees will not be reimbursed for alcoholic beverages.

**Taxi**—Actual taxi fares, including tips, will be reimbursed entirely. Receipts are necessary. Tips must be noted on taxi receipts.

**Telephone**—Personal calls are not reimbursable.

**Entertainment**—No entertainment will be reimbursable.

**Baggage Handling**—Reasonable tips for baggage handling will be reimbursed. Receipts are not required.

**Parking and Tolls**—Parking fees and toll expenses will be reimbursed. Receipts are necessary.

**Car Rentals**—Car rentals will be reimbursed if approved in advance. Receipts are required.

Travel expense reimbursements will be distributed or mailed within 30 days of the finance department's receipt of properly approved requests.

## **5.61 UNCLAIMED PROPERTY**

Community Living, Inc. will follow the laws of the state of Missouri in regard to unclaimed property.

## **5.62 UNRELATED BUSINESS INCOME TAX (UBIT)**

Community Living, Inc. will pay UBIT on the excess of revenues over expenses on any future taxable activities.

These activities will be clearly classified and designated in the financial records to provide adequate documentation in the event of an IRS audit.

The organization will file IRS Form 990-T to report unrelated activities. Form 990-T is considered confidential and is not available for public inspection.

See Form 990-T Policy at Section 5.38 of this manual.

### **5.63 UNRESTRICTED NET ASSETS**

Community Living, Inc. will include board-designated funds along with unrestricted net assets for Total Unrestricted Net Assets on the Statement of Financial Position.

### **5.64 VOIDED CHECKS**

Community Living, Inc. will document every check that has been voided, regardless of the reason.

If voided checks are physically available, they will be stamped "VOID" and filed in the organization's cancelled Checks File.

If voided checks are not physically available, the organization's copy of the bank's stop-payment order will be filed.

### **5.65 WRITE OFF OF OLD CHECKS**

Community Living, Inc. will make every attempt possible to contact the payees of outstanding checks that have failed to clear the bank.

### **5.66 YEAR END FORMS**

Community Living, Inc. will complete all tasks requested by the CPA firm before the independent CPAs arrive in conjunction with the annual audit.