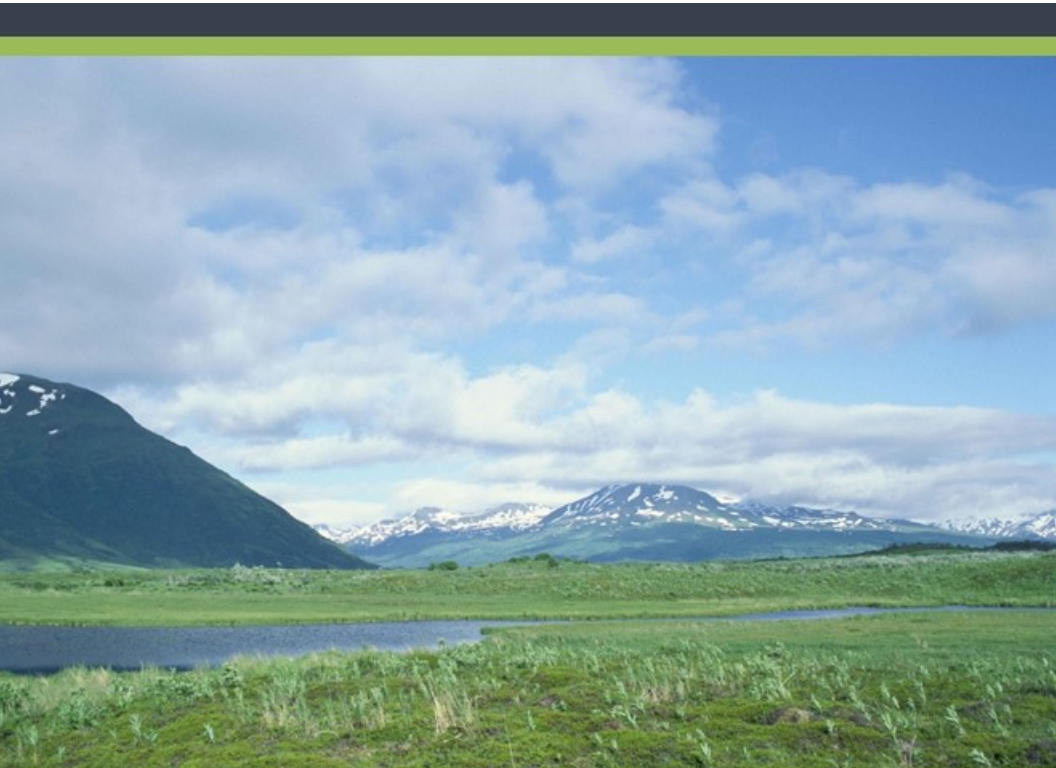


Accounting Policy and Procedures



January 2017

FOREWORD

The following manual is intended to provide an overview of the accounting and financial policies and procedures for UNISHKA Research Service, LLC (UNISHKA). Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

All UNISHKA staff members are bound by the policies. Any unauthorized deviation from these policies and procedures is prohibited and may result in disciplinary action or termination.

The effective date of all accounting policies described in this manual is January 1, 2017. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated within the policy heading.

Finally, we welcome your comments or suggestions for improvements and these may be incorporated in future revisions of these procedures.



Jeffrey Coonjohn
CEO & Chief Operations Officer
UNISHKA Research Service, LLC

1 January 2017

Contents

1	Introduction	1
2	Division of Responsibilities	2
2.1	Board of Directors	2
2.2	President/Chief Executive Officer.....	2
2.3	Director of Finance	2
2.4	Finance Specialist.....	3
3	Chart of Accounts and General Ledger.....	4
4	Cash Receipts.....	5
5	Inter-Account Bank Transfers	6
6	Disbursements and Expense Allocations	7
7	Credit Card Policy and Charges.....	9
8	Accruals.....	10
9	Bank Account Reconciliations.....	11
10	Petty Cash Fund.....	12
11	Impress Fund	13
12	Property and Equipment	14
13	Payroll Processing	15
14	End of Quarter and Fiscal Year-End Close	16
15	Financial Reports	17
16	Fiscal Policy Statements	18

1 INTRODUCTION

The purpose of this manual is to describe all accounting policies and procedures currently in use at UNISHKA and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All UNISHKA's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the President.

UNISHKA is in the process of transitioning from a Limited Liability Company to a corporation effective 1 January 2018. This policies and procedures are intended to bridge the transitional gap.

2 DIVISION OF RESPONSIBILITIES

The following is a list of personnel who have fiscal and accounting responsibilities:

2.1 Board of Directors

- ◆ Reviews and approves the annual budget
- ◆ Reviews annual and periodic financial statements and information
- ◆ Reviews President's performance annually and establishes the salary
- ◆ Reviews and approves all contracts over \$1,000,000
- ◆ Reviews and approves all non-budgeted expenditures over \$50,000
- ◆ Reviews and advises staff on internal controls and accounting policies and procedures
- ◆ Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor

2.2 President/Chief Executive Officer

- ◆ Reviews and approves all financial reports including cash flow projections
- ◆ Sees that an appropriate budget is developed annually
- ◆ Reviews and signs all issued checks and/or approves check signing procedures
- ◆ Reviews and approves all contracts under \$3,500
- ◆ Reviews and approves all proposal submissions
- ◆ Oversees the adherence to all internal controls

2.3 Director of Finance

- ◆ Approves all program expenditures
- ◆ Monitors program budgets
- ◆ Reviews payroll
- ◆ Reviews and manages cash flow
- ◆ Reviews and approves all reimbursements and fund requests
- ◆ Processes all inter-account bank transfers
- ◆ Assists President with the development of annual and program budgets
- ◆ Reviews all incoming and outgoing invoices
- ◆ Manages the petty cash fund

- ◆ Receives and opens all incoming accounting department mail
- ◆ Monitors and manages all expenses to ensure most effective use of assets
- ◆ Monitors grant reporting and appropriate release of temporarily restricted funds
- ◆ Oversees expense allocations
- ◆ Monitors and makes recommendations for asset retirement and replacement
- ◆ Reviews, revises, and maintains internal accounting controls and procedures
- ◆ Reviews all financial reports
- ◆ Approves inter-account bank transfers
- ◆ Is on-site signatory for all bank accounts
- ◆ Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
- ◆ Processes payroll

2.4 Finance Specialist

- ◆ Overall responsibility for data entry into accounting system and integrity of accounting system data
- ◆ Processes invoices and prepares checks for signature
- ◆ Makes bank deposits
- ◆ Maintains general ledger
- ◆ Prepares monthly and year-end financial reports
- ◆ Reconciles all bank accounts
- ◆ Mails vendor checks
- ◆ Manages Accounts Receivable

3 CHART OF ACCOUNTS AND GENERAL LEDGER

UNISHKA has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. administration). The Director of Finance is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the Finance Specialist with final approval by the Director of Finance.

The Director of Finance should review the general ledger on a periodic basis for any unusual transactions.

4 CASH RECEIPTS

UNISHKA income generally arises from contracts. The principal steps in processing receipts are:

The Receptionist receives incoming mail and forwards it unopened to the Director of Finance. The Director of Finance opens, date stamps, and distributes the mail. The Director of Finance enters all checks into a log, stamps all checks “for deposit only,” and makes two (2) copies of each check. The checks are kept in a locked cabinet until handed to the Finance Specialist for processing and deposit.

Routinely, the Director of Finance submits the following to the Finance Specialist for processing: the endorsed checks, the deposit log book, and the correct account allocation for each deposit. The Finance Specialist processes the deposit and takes it to the bank for deposit. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement. The deposit log book is returned to the Director of Finance.

All cash received will be counted, verified, and signed off by the Director of Finance and another available staff member. The cash will immediately be posted using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited within 24 business hours.

5 INTER-ACCOUNT BANK TRANSFERS

The Director of Finance monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. The Director of Finance recommends to the President when a transfer should be made to maximize the potential for earning interest. The Finance Specialist is directed in writing when to make a transfer and in what amount. A copy of the transfer is given to the Director of Finance.

6 DISBURSEMENTS AND EXPENSE ALLOCATIONS

Disbursements are generally made for:

- ◆ Payments to vendors for goods and services
- ◆ Taxes/license fees
- ◆ Staff training and development
- ◆ Memberships and subscriptions
- ◆ Meeting expenses
- ◆ Employee reimbursements

Checks are processed monthly. Invoices submitted to the Director of Finance by the 5th of the month will be processed and paid by the 15th of the month. Checks can be prepared manually within one day, but this should be limited to emergency situations.

Requests for disbursements are submitted to Accounting in three ways:

- ◆ Original invoice
- ◆ Purchase request (submitted on approved form)
- ◆ Employee expense report or reimbursement request

All invoices must have the account code written on them and approved by the Project Manager or Project Coordinator prior to being submitted to accounting.

Every employee reimbursement or purchase request must be documented on the approved form. Travel will be processed in accordance with UNISHKA's travel policy. For other expenditures, a receipt from the vendor detailing all goods or services purchased and the specific business purpose. For business meals not associated with travel, the employee must complete an Advanced Authorization for Meals Form.

The Director of Finance reviews all requests for payment and:

- ◆ Verifies expenditure and amount
- ◆ Approves for payment if in accordance with budget
- ◆ Provides or verifies appropriate allocation information
- ◆ Provides date of payment taking into account cash flow projections
- ◆ Submits to the Finance Specialist for processing

The Finance Specialist processes all payments and:

- ◆ Immediately enters them into the Accounts Payable module

- ◆ Prints checks according to allocation and payment date provided by the Director of Finance
- ◆ Submits checks, with attached backup documentation, to President for approval. All checks in excess of \$3,500 require a second authorization from an authorized board member; checks in excess of \$50,000 must be authorized by the Board of Directors.
- ◆ Stamps invoice “paid”
- ◆ Mails checks and appropriate backup documentation
- ◆ Files all backup documentation in the appropriate file
- ◆ Runs an accounts payable aging at the middle and end of each month and submits to the Director of Finance to assure timely payment of all invoices

7 CREDIT CARD POLICY AND CHARGES

All staff members who are authorized to carry an organization credit/debit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which UNISHKA receives funds.

The receipts for all credit card charges will be given to the Director of Finance within two (2) weeks of the purchase along with proper documentation. The Director of Finance will verify all credit card charges with the monthly statements. A record of all charges will be given to the Finance Specialist with applicable allocation information for posting. A copy of all charges will be attached to the monthly credit card statement when submitted to the President for approval and signing.

The President's credit/debit card usage will be provided to the Board of Directors.

8 ACCRUALS

To ensure a timely close of the General Ledger, UNISHKA may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

- ◆ Monthly interest earned on money market accounts, certificates of deposits, etc.
- ◆ Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.

9 BANK ACCOUNT RECONCILIATIONS

- ◆ All bank statements are given unopened to the President. The President reviews the statements for unusual balances and/or transactions.
- ◆ The President gives the statements to the Finance Specialist for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
- ◆ The Finance Specialist will verify that voided checks, if returned, are appropriately defaced and filed.
- ◆ The Finance Specialist will investigate any checks that are outstanding over six months.
- ◆ The Finance Specialist will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
- ◆ The reconciliation report will be reviewed, approved, dated, and initialed by the President.

10 PETTY CASH FUND

A petty cash account is maintained by UNISHKA at its banking institution. The funds are to be used for miscellaneous, office expenses or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

- ◆ The petty cash fund will not exceed \$1,000 unless approved by the President.
- ◆ The Director of Finance oversees the petty cash fund.
- ◆ Expenditures over \$50 must be authorized by sending an approval request to approvals@unishka.com.
- ◆ Receipts for all purchases must be scanned and sent to admin@unishka.com immediately following purchase.

11 IMPRESS FUND

Each UNISHKA office may maintain an impress fund with not more than \$50 cash.

Office Managers may authorize expenses from the impress fund provided that a cash receipt is provided for each expenditure or a Statement in Lieu of Receipt is provided.

Not less than weekly, the Office Manager will scan all purchases of Statements in Lieu of Receipt and send them to admin@unishka.com.

Office Managers will, from time-to-time, reconcile the impress fund with the Director of Finance.

Office Managers are authorized to replenish the impress fund after it has been reconciled with the Director of Finance?

12 PROPERTY AND EQUIPMENT

Property and equipment includes items such as:

- ◆ Office furniture and equipment
- ◆ Computer hardware
- ◆ Computer software
- ◆ Leasehold improvements

A Property Book shall be maintained by the Finance Specialist including date of purchase, asset description, purchase, cost or fair market value, funding source, identification number, anticipated life of asset.

The Property Book will be reviewed by the Director of Finance and the President not less than annually.

Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the Property Book.

The Director of Finance shall be informed in writing of any change in status or condition of any property or equipment.

13 PAYROLL PROCESSING

Timesheets are to be prepared by all staff on the approved form and submitted semi-monthly on the 1st and 15th of the month. If the 1st and/or 15th of the month fall on a weekend or holiday, the timesheets are to be submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.

Timesheets are to be kept on a daily basis and completed in ink - unless prepared electronically.

Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable.

Timesheets are to be signed and dated by the employee and the employee's supervisor for submission to the Director of Finance.

Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the President before the change can be made.

The Finance Specialist will process payroll in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.

Paychecks will be distributed by the Director of Finance on the 1st and 15th of each month. If the 1st and/or the 15th fall on a weekend or holiday the paychecks will be distributed the day before.

Employees must direct deposit paychecks to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.

The Director of Finance will review payroll expenditures and allocations monthly.

All quarterly federal and state payroll reports will be prepared and filed appropriately by UNISHKA's contracted Certified Public Accountants.

All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.

14 END OF QUARTER AND FISCAL YEAR-END CLOSE

The Director of Finance will review and approve on all quarterly- and year-end journal entries.

At the end of each quarter and fiscal year end, the Director of Finance will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.

The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.

Once the quarterly and year-end financial statements are run, reviewed, and approved by the Director of Finance and President, no more entries or adjustments will be made into that month or year's ledgers.

At the end of the fiscal year, UNISHKA's Certified Public Accounts will prepare the annual tax returns. The return will be presented to the President and the Board of Directors for their review and approval. The Accounts will then file the return with the Internal Revenue Service by the annual deadline.

All other appropriate government filings including those required by the state and local governments will be completed and filed with the appropriate agency.

15 FINANCIAL REPORTS

The Finance Specialist will prepare quarterly and annual financial reports for distribution to the Director of Finance. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Quarterly and annual financial reports will be submitted to the President and Board of Directors for review and approval.

16 FISCAL POLICY STATEMENTS

All cash accounts (except impress funds) owned by UNISHKA will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.

No salary advances will be made under any circumstances.

No travel advances will be made except under special conditions and pre-approved by the President.

Reimbursements will be paid upon complete expense reporting and approval using the appropriate UNISHKA form. Reimbursements to the President will be authorized by the Board Chair.

The Director of Finance, the President and one designated Board member shall be signatories on UNISHKA bank accounts. Disbursements exceeding \$3,500 require authorization by the President and an authorized Board member. Checks over \$50,000 require approval from the Board of Directors.

Bank statements will be reconciled monthly. All bank statements will be given unopened to the President for review.

Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.

Accounting and personnel records will be kept in locked file cabinets in the finance office and only parties with financial and/or HR responsibility will have access to the keys.

