



CRAFTON HILLS COLLEGE FOUNDATION

FINANCIAL POLICIES AND PROCEDURES

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Introduction

The purpose of this manual is to describe financial policies and procedures at the Crafton Hills College Foundation 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.

The financial aspects of the Crafton Hills College Foundation are overseen by Crafton Hills College management as stipulated in the Memorandum of Understanding between the Foundation and the San Bernardino Community College District. All individuals with a role in the management of the Foundation's fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies and procedures will be reviewed and revised as needed. Updates shall be reviewed and recommended by the Foundation Finance Committee to the Board of Directors for approval.

II. Division of Responsibilities

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

Board of Directors

1. Reviews and approves the annual budget.
2. Reviews annual and periodic financial statements and information.
3. The President of the Board of Directors is appointed by the Board as an authorized signer on the bank accounts.
4. Reviews and advises staff on internal controls and accounting policies and procedures.
5. Approves a contract to prepare the audit and tax documents.

Executive Committee of the Board

1. Reviews and approves contracts over (\$5,000).
2. Reviews and approves non-budgeted expenditures over (\$3,000).

Director

1. Reviews and approves financial reports including cash flow projections.
2. Sees that an appropriate budget is developed annually.
3. Reviews check requests and/or approves check signing procedures.
4. Reviews and approves contracts under (\$5,000).
5. Reviews and approves grant submissions.
6. Approves inter-account bank and investment transfers.
7. Reviews and approves investment and bank statements.
8. Reviews incoming and outgoing invoices.
9. Reviews and manages cash flow.
10. Reviews and approves all expenses, reimbursements, and fund requests. Reviews corresponding transactions on the general ledger for accuracy and comparison to budget.
11. Monitors and manages expenses to ensure most effective use of assets.
12. Monitors grant reporting and appropriate release of temporarily restricted funds.
13. Monitors and makes recommendations for asset retirement and replacement.
14. Oversees the petty cash fund.
15. Oversees the adherence to internal controls.

Coordinator

1. Initiates donor thank you letter acknowledgements.
2. Oversees donations are tracked in the donor database.
3. Issues end of year tax letters.

4. Sends annual fund statements to all scholarship and endowed fund holders.
5. Coordinates with the College's Financial Aid office in the distribution of scholarships.
6. Reviews check requests and validates availability of funding and account allocations.
7. Receives and opens the mail and logs receipt of donations.
8. Reviews itemized deposit slip and verifies deposits align with the receipt of donations.

Chief Financial Officer (CFO)

1. Prepares and monitors program budgets.
2. Processes inter-account bank and investment transfers.
3. With input from the Director, prepares the annual budget.
4. Is on-site signatory for bank accounts.
5. Reviews and approves completed monthly bank reconciliations.
6. Reviews, revises, and maintains internal accounting controls and procedures.
7. Reviews financial reports.
8. Verifies reconciliation of accounts.
9. Oversees end of month and year end close procedures.
10. Oversees the use and management of the accounting software.
11. Presents financial statements to the Board for review and approval.
12. Chair of the Foundation Finance Committee.

Account Technician

1. Overall responsibility for data entry into accounting system and integrity of accounting system data.
2. Prepares and processes invoices and checks for signature.
3. Makes bank deposits.
4. Maintains general ledger.
5. Prepares monthly and year-end financial reports.
6. Reconciles all accounts Coordinates delivery to check recipients.
7. Manages Accounts Receivable.
8. Reviews bank statements and donations and assigns appropriate account allocations.
9. Coordinates with auditor and/or CPA to provide appropriate documentation.

III. Chart of Accounts and General Ledger

The Crafton Hills College Foundation 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 (Foundation Support, Cultivation, College Support, and Student Support). The CFO with the support of the Account Technician is responsible for maintaining the Chart of Accounts and revising as necessary. The latest version of the Chart of Accounts is attached to this manual as an attachment.

The general ledger is automated and maintained using our accounting software. All input and balancing are the responsibility of the Account Technician with final approval by the CFO.

IV. Cash Receipts

Cash receipts generally arise from:

1. Direct donor contributions
2. Fundraising activities
3. Program activities

The principal steps in the cash receipts process are:

The Foundation Office receives incoming mail and forwards it unopened to the Coordinator or Director. The Director or Coordinator opens and distributes the mail. The Coordinator identifies the account to deposit the check and assures they are kept in a locked safe until processed and deposited by the Account Technician. The Account Technician endorses each check "for deposit only," and scans copies of each check. The Account Technician processes the deposit and makes the deposit to the bank. A copy of the deposit slip is electronically attached to the deposit in the accounting software.

All cash received will be counted, verified, and signed off by the submitting program personnel and the Coordinator. The cash will be deposited and posted into the accounting system using the appropriate account allocation. The cash will be kept in a locked safe and deposited within 48 business hours. Any donated item shall follow the established Donor Recognition Process.

V. Inter-Account Bank Transfers

The Director monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. The Director recommends to the Board when a transfer should be made to maximize the potential for earning interest and align with the Investment Policy Statement. The Account Technician is directed in writing by the Director when to make a transfer and in what amount.

VI. Cash Accounts, Disbursements, and Expense Allocations

All cash accounts (except petty cash) owned by the Crafton Hills College Foundation will be held in financial institutions which are insured by the FDIC. Staff will review on a monthly basis and make recommended transfers accordingly.

The CFO, Secretary, and President of the Board are the signatories on the Foundation bank accounts. All checks require a second signature by authorized signers.

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

Cash disbursements are generally made for:

1. Student Support
2. College Support
3. Cultivation expenses
4. Foundation Support
 - a. Payments to vendors for goods and services
 - b. Taxes/license fees
 - c. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed weekly. Generally, check requests or invoices submitted to the Director by Friday will be processed and paid by Friday of the following week. Checks can be prepared manually within one day, but this should be limited to emergency situations.

Requests for cash disbursements are submitted to the Foundation office in three ways:

1. Original invoice
2. Check request (submitted on approved form)
3. Employee expense report or reimbursement request

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

Every employee reimbursement or purchase request must be documented on the approved form with receipts, nature of business, and account allocation before approving for reimbursement.

Reimbursements to the Director will be authorized by the CFO. Reimbursements shall be completed as follows:

Meals and Entertainment (for Cultivation) - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased and the specific business purpose.

The Director or Coordinator reviews all requests for payment and:

1. Verifies expenditure amount and supporting documentation
2. Provides or verifies appropriate account coding
3. Approves for payment if in accordance with budget and account balances
4. Provides date of payment considering cash flow projections
5. Submits to the Account Technician for processing

The Account Technician processes all payments and:

1. Enters request for payment into the accounting software
2. Verifies approval and account coding
3. Prints checks according to the account allocation
4. Submits checks, with attached backup documentation, to CFO and Foundation Secretary (or Foundation President) for signature.
5. Scans copies of signed checks and attaches to the appropriate payment in the accounting software
6. Identifies and coordinates checks for pickup, mail, or delivery. Obtains signature from recipients or notes the date the check was mailed.
7. Files all backup documentation in the appropriate file in the accounting software
8. Monitors accounts payable aging at the end of each month and reviews it as necessary with the Director and Coordinator to assure timely payment of all invoices and check requests

VII. Credit or Debit Card Policy and Charges

All staff members who are authorized to carry an organization credit or debit card will be held personally responsible if any charge is deemed personal or unauthorized. Unauthorized use of the credit/debit 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.

The receipts for all debit card charges will be given to the Account Technician within two (2) weeks of the purchase along with proper documentation. The Development Coordinator will code the debit charges on the bank statement as appropriate for application of the expense. Debit charges will be identified on the monthly bank statement when submitted to the Director for approval.

VIII. Bank Account Reconciliations

1. Bank statements will be reconciled monthly. Bank statements will be reviewed and approved by the director.
2. Bank statements (checking, savings, money markets, and investment accounts) are downloaded from the bank's website and provided to the Director following proper account coding by the Coordinator. The Director reviews the statements for unusual balances and/or transactions and electronically stamps their approval.
3. The Director gives the statements to the Account Technician to record electronic deposits or payments. The Account Technician records ACH and electronic deposits (Stripe, Square, Paypal, direct deposits) in Quickbooks and downloads and attaches corresponding statements from each electronic bill pay provider.
4. The CFO reviews the reconciliation of accounts as follows: compares of dates and amounts of deposits as shown in the accounting system and on the statement, compares inter-account transfers, investigates any rejected items, compares cleared checks and debit or credit card payments with the accounting record including amount, payee, and sequential check numbers (as applicable).
5. The Account Technician will verify that voided checks, if returned, are appropriately defaced and recorded.
6. The Account Technician will investigate aging checks over 30 days, 60 days, and 90 days and provide the report monthly to the Director for coordination of follow up, cancelling, or reissuing of the payment as necessary. Stale checks over 90 days are void and shall be cleared in the accounting system.
7. The Account Technician will save the applicable bank statement with the completed bank reconciliation along with all documentation electronically on the shared drive.
8. The monthly reconciliation report will be reviewed, approved, dated, and initialed by the Director.
9. Accounting records will be secured in the finance office and/or electronically and only parties with financial responsibility will have access.

IX. Petty Cash Fund

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases/expenses and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$300 and is kept in the safe cabinet.
2. The Director oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Account Technician and another staff member. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.

5. The Director (or Coordinator) and the Account Technician together will periodically count the cash in the petty cash fund.
6. No checks will be cashed by the petty cash fund.

X. Property and Equipment

Currently, most property and equipment in the Foundation Office is owned by the college. This section only applies to property and equipment owned by the Foundation. These may include:

1. Office furniture and equipment
2. Event furniture
3. Computer hardware
4. Computer software
5. Printers

It is the organization's policy to capitalize all property and/or equipment which have a unit cost greater than five thousand dollars (\$5,001). Items purchased with a value or cost five thousand dollars (\$5,000) or less will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office or Event Furniture/Equipment	60 months
Computer Software & Printers	36 months

1. A Fixed Asset Log is maintained by the Coordinator including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log will be reviewed by the Director.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The Director shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value. Adjustments to this method must be approved by the Board of Directors (i.e. to write off an asset earlier than planned).

XI. Personnel Records

1. Not applicable as of the date of this policy. Oversight of the Foundation is by Crafton Hills College employees per the Memorandum of Understanding between the Foundation and the San Bernardino Community College District.

XII. Payroll Processing

1. Not applicable as of the date of this policy.

XIII. End of Month and Fiscal Year Close

1. The Director will review and sign off on all month- and year-end journal entries. Appropriate backup shall be attached to each journal entry in the accounting software for audit trail purposes.
2. At the end of each month and fiscal year end, the Chief Financial Officer will review all balance sheet accounts including verification of the following balances:
 - a. Cash accounts match the bank reconciliations
 - b. Investment accounts match the investment statement(s)
 - c. Fixed assets accounts reflect all purchases
 - d. Accounts receivable and payable accounts match outstanding amounts due and owed.
 - e. Monthly transactions have been appropriately applied to the correct accounts.
3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that monthly transactions have been properly classified as Unrestricted, Temporarily Restricted, or Permanently Restricted.
4. Following the completion of the annual audit (or otherwise as coordinated with the auditor), distribute the annual net income on the balance sheet to the appropriate equity account as of (3100 Unrestricted, 3200 Temporarily Restricted, or 3300 Permanently Restricted). This entry is to be dated June 30th of the applicable fiscal year.
5. Once the final fiscal year-end financial statements are run, reviewed, and approved by the Director and CFO, no more entries or adjustments will be made into that year's ledgers.
6. At the end of the fiscal year, the Director will ensure the preparation of the annual Return for Organization Exempt from Income Tax (IRS Form 990) is completed. The return will be presented to the Board Finance Committee, and the Board Executive Committee, for their review and approval. The Director will then file the return with the Internal Revenue Service by the annual deadline.
7. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XIV. Annual Budget and Financial Reports

The Director and the Chief Financial Officer will present a draft budget to the Finance Committee at least 60 days prior to the end of the fiscal year and at least 30 days prior to its submission to the full Board of Directors.

The Account Technician or CFO will prepare the quarterly and annual financial reports for distribution to the Executive Committee. The reports will include: balance sheet, statement of activities (Profit and Loss), a budget versus actual report for the organization, and any other requested reports.

Internal quarterly reports will be prepared by the Account Technician for review by the CFO and Director will include balance sheet, statement of activities (Profit and Loss), a budget versus actual report for the organization, stale check report for 30, 60, and 90 days, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Finance Committee and Board of Directors for review and approval.

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