



Series: Board Governance
COA: GOV 6, 7;
FIN 1, 2, 3, 5.06, 6,
7; RPM 5
CFOP:

Policy Name: Accounting Practices
Policy Number: GOV-208
Revision #/Date: (1)/ 1/23/09
Effective Date: 10/01/04
Applicable to: Board of Directors and All CBCB Staff

SUBJECT: Accounting Practices

PURPOSE: To establish and maintain accounting practices in accordance with generally accepted accounting principles and the accounting practices of funding sources whereby CBCB's financial accountability will be achieved.

POLICY:

References

CBCB Policies/Procedures: GOV-002, GOV-202, GOV-203, FM-201, RQ-504, PR-901

OMB Circulars A-122 & A-133

State of Florida, Department of Children & Families Expenditure Guidelines for Community Based Care Organizations

Definitions

Accrual Basis of Accounting: The accounting method under which revenues are recognized on the Statement of Activities when they are earned (rather than when the cash is received). In turn, expenses are matched with revenues on the income statement when the expenses expire or title has transferred to the buyer, rather than at the time when expenses are paid.

Chart of Accounts: A listing of the names of the accounts that a company has identified and made available for recording transactions in its general ledger.

Cost Allocation Plan: A cost allocation plan summarizes, in writing, the methods and procedures that an organization will use to allocate costs to various programs, grants, contracts and agreements. OMB Circular A-122, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government.

Department of Children & Families (DCF): The State of Florida agency contracting with community based care organizations to provide and monitor child welfare services.

FASB: Financial Accounting Standards Board

GAAP: Generally Accepted Accounting Principles

Scope

Responsibility for the daily management of CBCB's accounting practices is delegated to the Chief Financial Officer (CFO) under the direction of the Chief Executive Officer (CEO) by the Board of Directors (Board). The CFO will establish and maintain written procedures for accounting activities consistent with this policy.

General

CBCB will use the accrual basis accounting for the entire fiscal year.

Fiscal records will be maintained for cash, payroll, payables, fixed assets, sales with a computerized software accounting software.

The accounting year for CBCB will be a fiscal year beginning on July 1 and ending on June 30 of the following calendar year.

Records are retained following the records retention procedure, RQ504, thereby satisfying the administrative, fiscal, legal, and historical needs of CBCB.

CBCB will acquire and maintain a computerized accounting system that is double entry, GAAP or FASB compliant and require security controls/access. In turn, the accounting system will record all entries into the software thereby leaving an audit trail. This audit trail should be secured and no access should be granted to the accounting staff including the CFO unless directly supervised by the CEO.

Internal Controls

The CFO will establish written procedures compliant with policy GOV-202, Internal Controls. These controls shall be designed to prevent loss of funds due to fraud, error, misrepresentation, or imprudent actions. Such internal accounting controls are to include the following:

- An inclusive chart of accounts.
- Prompt and accurate recording of revenues and expenses.
- Safeguarding and verification of assets.
- Control over expenditures.
- Separation of duties to the extent possible.
- Timely payments to taxing authorities as required by law.

Chart of Accounts

CBCB will maintain a chart of accounts and a chart of sub-accounts. These charts of accounts will be designed to provide the information needed to prepare proper financial statements, as well as provide detailed information needed for effective and efficient management of CBCB by tracking funding sources and determining the allowability of costs as required by OMB Circular A-122 and the State of Florida.

The CBCB chart of accounts will use a 5-digit account code structure, XXXXX, for each of its accounts. This five-digit component identifies the General Ledger account number for all assets, liabilities, net assets, revenues, and expenditures.

The CBCB chart of sub-accounts will use a 7-digit account code structure, XX-XXX-XX, for each of its accounts. This seven-digit component identifies as follows the funding source for a specific transaction as outlined in the Cost Allocation Plan:

First and second digits – Identifies the type of costs (non-DCF, DCF).

Third thru the seventh digits – This five digit component identifies the cost center which accumulates related expenditures and the corresponding funding source of such a transaction.

Account codes are assigned by the CFO as needed. The CFO or their designee is authorized to make changes to include additions and/or deletions to the Charts of Accounts as necessary. The charts of accounts will be maintained in the computerized accounting software.

Financial Statements

Financial statements will be prepared monthly from the general ledger to include:

- Statement of Financial Position
- Statement of Activities

The Statement of Activities will display at a minimum budget versus actual revenue and expense activity for the month and year to date.

Financial statements will be distributed by the CFO to the CEO and the Board on a monthly basis.

Financial statements will be routinely analyzed at the program and funding source level to determine if CBCB's program and service delivery will be funded appropriately and viability of such services will be assured throughout the operating fiscal year. The fiscal staff will work closely with program staff to best utilize resources and analyze financial performance.

The CFO or their designee will prepare financial reports to accommodate requests from funding sources and other inquiring sources.

Audit

Annually CBCB will have a fiscal year-end audit performed by an independent Certified Public Accounting (CPA) firm within 180 days after the close of the fiscal year. At the conclusion of the annual audit, the CPA firm will also prepare the annual CBCB federal tax form(s): the 990.

Financial reporting will be in accordance with FASB 117 and OMB Circular A-133. Financial statements are to include the following:

- Statement of Financial Position
- Statement of Activities
- Statement of Cash Flows
- Statement of Functional Expenses
- Schedule of Federal and State Awards for Financial Assistance

The CFO or their designee will make available financial records during the course of the fiscal year to permit preliminary work, if possible. Schedules and analyses are to be prepared to facilitate the auditor's work and help reduce the cost of the audit.

The results of the annual financial audit will be presented by the CPA firm to the full Board for review and approval after the review and approval of the Board Audit Committee (Audit Committee).

Upon completion and submission of the 990 tax form to the Internal Revenue Service, the CFO will distribute the form to the full Board for their edification.

Audit Firm and Audit Committee

Procurement of audit and tax services will be coordinated by the CFO under the direction of the Audit Committee as outlined in procedures PR-901, Procurement of Commodities and Services, and GOV-002, Conflict of Interest. The CPA firm selected by the Audit Committee to perform these services will then be submitted to the full Board for approval.

To start the annual audit, the CPA firm will first meet with the Audit Committee to discuss the procedures of the engagement as well as to ascertain areas of concern of the Audit Committee.

During the audit and tax engagement, the CFO, under the direction of the Audit Committee, will serve as primary contact for the CPA firm. The CFO will also coordinate the response to any findings reported by the CPA firm. The CFO will keep the CEO informed of the progression of the audit and tax services throughout the engagement. The draft audit and 990 tax form will be reviewed by both the CFO and CEO prior to the CPA firm's submission of the documents to the Audit Committee. If for any reason the CFO and/or CEO cannot come to agreement with the CPA firm on the audit or tax results, the Audit Committee will be informed and intercede for resolution.

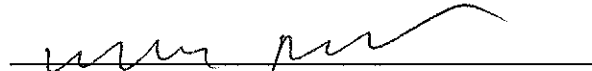
After review and approval of the CFO and CEO, the CPA firm will review the results of the audit engagement with and answer any questions of the Audit Committee. Upon successful conclusion of this meeting, the Audit Committee will approve the final audit. Upon the approval of the Audit Committee, the CFO or their designee will be authorized to distribute the audit results to the various regulatory authorities to include the DCF, State of Florida, Auditor General and the Federal

Community Based Care of Brevard, Inc. Policy and Procedure Manual

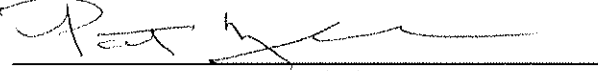
Clearinghouse. At this time, the CFO will schedule the CPA firm to attend a full Board meeting for presentation.

BY DIRECTION OF THE BOARD OF DIRECTORS:

AS APPROVED BY THE CHIEF EXECUTIVE OFFICER:



MR. WILLIAM RYDER
Chair



DR. PATRICIA NELLIUS-GUTHRIE
Chief Executive Officer

Signature Date: 3/26/09

Signature Date: 3/26/09