



## Fiscal Safeguards Policy

It shall be the policy of Habitat for Humanity of the Kokomo Community to follow Generally Accepted Accounting Principles (GAAP) for all financial dealings. The affiliate's accounting policies shall be in accordance with HFHI's *AOM: Financial Policies and Procedures*.

### **A. Board Member Responsibilities:**

1. Board members shall keep themselves well informed of the affiliate's finances.
2. The board of directors shall approve a detailed annual budget, using a fiscal year of July 1<sup>st</sup> through June 30th.
3. Budget revisions should be made if major changes of income or expenditure occur during the year that would significantly alter the annual plan. The board of directors shall approve the new budget, with the revision(s) being noted in the meeting minutes.
4. Monthly financial statements comparing revenue and expenditures, including a balance sheet, should be provided to the board, with significant variances identified and explained.
5. A Board-approved independent auditor shall perform an annual audit of financial records. All bank accounts and authorized signers for these accounts will be authorized by the board of directors, and so noted in the meeting minutes.
6. The board shall secure insurance to adequately protect the affiliate from losses due to theft or dishonesty by staff or board members.
7. The board, as part of the capital budget, should approve fixed asset purchases prior to actual purchase. Fixed assets are defined as items with a value over \$500 that last more than a year.
8. Sale, retirement or abandonment of fixed assets will be subject to board approval.
9. A board-approved policy and procedure should be in place to ensure that loan funds are properly recorded and repaid when due. Authorization, recording and collection functions should be clearly segregated.
10. A board-approved homeowner delinquency policy and procedure will be enforced.
11. A board-approved policy to value in-kind materials for accounting and job cost purposes should be in place and implemented.

**B. Cash Handling / Bank Statements**

1. Cash and checks should be deposited in the bank within one week of receipt, or sooner if the amount and volume so dictates.
2. Bank statements will be reconciled on a monthly basis.
3. We will keep a record of all receipts, disbursements and transfers of money, and will never rely solely on bank statements for record keeping.
4. All checks received shall be restrictively endorsed immediately upon receipt.
5. A person other than the Treasurer shall review reconciled bank statements on a quarterly basis.
6. Copies of all checks received shall be scanned and stored in electronic format by someone other than the Treasurer prior to deposit.

**C. Other General Accounting Items**

1. User-friendly, commercially available accounting software should always be utilized.
2. All unused checks shall be kept in a secure, locked location with only limited access to those checks. Checks shall be pre-numbered and accounted for each month.

BOARD APPROVED: January 17, 2011