

National Children's Alliance (NCA)

Financial Reporting Requirements for Accreditation

Effective Date: Fiscal Years ending after 1/1/11

Reporting Requirements for Audited Financial Statements:

All centers with annual actual expenses (as determined by United States generally accepted accounting principles) in excess of \$200,000 are required to have an audit of their financial statements. The audited financial statements are due to NCA within nine (9) months after year-end. If a management letter is prepared by the independent auditor it should be included with the audit report.

Reporting Requirements for Reviewed Financial Statements:

All centers with annual actual expenses (as determined by United States generally accepted accounting principles) equal to or less than \$200,000 are required to have a review of their financial statements. The review must be in compliance with SSARS 19. The reviewed financial statements are due to NCA within nine (9) months after year-end. If a management letter is prepared by the independent accountant (CPA), it should be included with the review report.

Special additional review procedures:

1. The independent accountant will provide supplementary information concerning the NCA grant/grants and express a conclusion that there are no material modifications that should be made to the financial statements.

If a center has a review of their financial statements performed, when an audit would have been required, the center will be under the audit requirement for next accreditation cycle without regard to the total expenses.

Additional Considerations:

A center may voluntarily elect to have an audit without regard to the annual total expense requirement.

A copy of the organization's current 990 Return for Organizations Exempt from Income Tax would be included with either reporting requirement.

Definitions

Annual Actual Expenses: All expenses incurred and accrued within the fiscal year as determined with United States generally accepted accounting principles. This would include in-kind expenses.

Audit: An independent auditor is engaged to perform procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement, assess the accounting principles used and significant estimates made by management, and evaluate the overall financial statement presentation. The independent auditor issues an opinion on the financial statements.

Review: An independent accountant is engaged to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with United States generally accepted accounting principles. An independent accountant review report is required.