

Children's Advocacy Centers™ of Texas, Inc.

Financial Management Policies

The following financial policies shall govern the organization:

1. General Policies

- 1.1. The fiscal year for Children's Advocacy Centers™ of Texas, Inc. (CACTX) begins September 1st of each year and ends August 31st.
- 1.2. Grants and contributions, direct or pass-through, must be accounted for in accordance with requirements of the grantor, or if there are no specific requirements, in accordance with generally accepted accounting principles.
- 1.3. An annual audit must be conducted and presented to the Finance Committee and then the Board of Directors for approval. A Request for Proposal should be considered at least every three to five years for an auditing firm.

2. Finance Committee

- 2.1. The Finance Committee will meet quarterly, or as needed in advance of regularly scheduled Board meetings. The Treasurer will serve as Chair of the committee.
- 2.2. The Executive Director or the Director of Finance will prepare and distribute the notice and agenda of such meetings.
- 2.3. Minutes will be kept of each Finance Committee meeting and will be approved by the Committee.
- 2.4. The Finance Committee must approve the financial statements before they are reviewed by the Executive Committee and emailed in the quarterly Board packet.
- 2.5. The Finance Committee will work with the Executive Director to develop the annual operating budget and present a proposed budget to the full Board for approval at its August Annual Board meeting.

3. Financial Reports

- 3.1. Financial statements will be prepared in accordance with generally accepted accounting principles.
- 3.2. The financial reports for the Finance Committee will consist of a balance sheet, year to date statement of revenues and expenditures by source and a year to date budgeted statement of revenues and expenditures that compares actual expenditures to the approved budget.
- 3.3. The financial reports that will be presented at Board meetings by the Chair of the Finance Committee and/or the Director of Finance and Operations will consist of the balance sheet and the year to date budgeted statement of revenues and expenditures. These reports will be emailed to Board Members after the Finance Committee has reviewed the financial statements for the period being reported, they have been reviewed by the Executive Committee and prior to the next scheduled Board of Director's meeting. The Finance Committee Chairman will notify the Executive Committee and Board of Directors of any items that are deemed materially over budget.

4. Budget & Amendments

- 4.1. The Board of Directors shall approve an operating budget for the next fiscal year at the August Board of Directors meeting.
- 4.2. Budget amendments will be drafted as needed during the fiscal year. Any change to the approved budget in either the categories of revenues or expenditures that results in a 10% or more increase or decrease of the total approved budget may require a budget amendment. The Finance Committee will make budget amendment recommendations to the Executive Committee for approval at the following Board of Director's meeting.

5. Pass-Through Grants Administered by CACTX

- 5.1. CACTX will develop and implement funding guidelines appropriate for any pass-through grants administered by CACTX, according to the requirements and recommendations of the relevant funding source.
- 5.2. A review of any additional funds available for distribution to eligible local centers will be made in April. The Executive Director or Director of Finance and Operations will advise the Finance Committee regarding distribution amounts and method of distribution in advance of distribution. Contract amendments will be prepared and distributed to centers by the end of April or as soon as possible after staff review of mid-year center budgets/expenditures to date and following notice to the Finance Committee. The full Board will be advised of additional distributions, including amounts and method of distribution, at its May quarterly meeting. A revised appropriation distribution summary will be sent to the OAG by CACTX staff on or before June 30th, detailing the revised grant totals to each local center.

6. Banking

- 6.1. All bank account openings and closings must be authorized by the Finance Committee.
- 6.2. There will be four authorized signers on all CACTX bank accounts and endowment trust account, including 2 board members of the Finance Committee and/or Board Officers, Executive Director, and Director of Finance and Operations. The Finance Committee will designate authorized signers on an annual basis at the first meeting of the fiscal year. This action will be confirmed at the first Board of Directors meeting of the fiscal year.
- 6.3. Checks in excess of \$2,000 require two signatures.
- 6.4. The Executive Director and Director of Finance and Operations will be authorized signers for CACTX bank accounts and authorized to transfer funds between CACTX regular accounts. No transfers shall be made from a general account to a special account except as authorized by the Executive Committee.
- 6.5. No expenditures shall be made and no obligation incurred on behalf of CACTX by an officer, employee or agent of the organization, unless such expenditure has been authorized in the budget or by special action of the Finance Committee, Executive Committee or the Board of Directors.
- 6.6. Cumulative non-budgeted expenditures in excess of \$25,000 must be approved by the full Board of Directors.
- 6.7. The Board of Directors must approve the establishment, modification and renewal of line of credit.

7. Investments

- 7.1. The Finance Committee will be responsible for conducting and overseeing short-term investments and will report on them quarterly to the Executive Committee and Board of Directors.
- 7.2. The Investment Committee will be responsible for conducting and overseeing Endowment investments, as directed in the CACTX Investment Policy Statement, and will report on them quarterly to the Board of Directors.
- 7.3. The Chair of the Investment Committee will serve ex-officio on the Finance Committee and the Chair of the Finance Committee will serve ex-officio on the Investment Committee.
- 7.4. All investments must be held in the name of CACTX. All investment documents must be kept with all other CACTX financial records.
- 7.5. All investment income must be properly accounted for and used in the manner designated by the Board of Directors and, if applicable, the donor.
- 7.6. Short-term investments of excess cash balances shall be managed to maximize income while limiting risk. Such investments shall be made in a manner consistent with prudent investment practices, optimum safety of amounts invested and the ability to convert such investments back into cash within a reasonable period of time in order to meet the funding requirements of CACTX.

8. Capital Expenditures

- 8.1. Office equipment, computer equipment, furniture and software with a cost of \$5,000 or above will be capitalized and the cost will be depreciated by a straight-line depreciation method over the useful life of the asset. All capital expenditures included in the approved operating budget of CACTX shall be made by staff without additional Board approval provided a minimum of three cost comparisons are obtained and the “best value” item is purchased.
- 8.2. A capital equipment inventory will be taken as required for grant compliance. This inventory will be reconciled to the general ledger and the fixed asset records. Donated capital equipment items will be recognized on the books in the month received. The donated equipment should be given a value assessed by the donor.

9. Payroll

- 9.1. Payroll may be administered by a contracted PEO (Professional Employer Outsourcing) organization in accordance with their policies. Any significant changes regarding payroll administration must be approved by the Finance Committee.
- 9.2. CACTX must comply with all IRS guidelines regarding payroll tax deposits and reporting. While contracted with a PEO, monthly payroll tax payments and deposits and quarterly 941 and TEC reports will be the responsibility of the contracted PEO. Finance committee will be immediately notified of any late or insufficient payroll tax payments.

10. Petty Cash

- 10.1. A petty cash fund of \$150 will be kept in a locked cash box and maintained by the Financial Manager