



**Port Chester Carver Center, Inc.**

**Financial and Accounting Policies and Procedures**

**Updated 2.26.2025 and Approved by the Finance Committee**

***Requesting approval from the***

**Port Chester Carver Center Board of Directors**

**March 5, 2025**

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## Overview

Carver Center's financial and accounting policies are used to manage several functions within the financial process. Specifically, these policies govern (1) cash and investment management; (2) billing and collection of revenue; (3) recognition of income; (4) approval of expenses and payment of bills; (5) use of the Center's corporate credit card; (6) checking account administration; (7) payroll administration; (8) budgeting and (9) preparation of monthly financial statements.

The financial process is supervised by a Citrin Cooperman (formerly Maier, Markey and Justic, LLP or MMJ) senior accountant and partner, who reports to the Chief Executive Officer of Carver Center. Several staff members support the process on a part time basis: The Welcome Center Manager and the Receptionists (there are more than one within a 24-hour period). The primary financial and accounting functions are conducted by a third-party administrator Citrin Cooperman, which provides accounting, payroll administration, accounts receivable and payable services. When used in this document, Citrin Cooperman refers to the individuals who work with Carver Center as an outsourced bookkeeping and accounting service provider. Citrin Cooperman is a firm that provides outsourced accounting and financial support to not-for-profits. They provide dedicated individuals who work in Carver's offices and remotely part-time. In addition, a partner of Citrin Cooperman acts as a supervisor of the work performed by the individuals who provide the services. The Citrin Cooperman team has been selected because it offers Carver the specialized expertise required to handle the financial reporting and relation transactions.

Carver Center's Board of Directors oversees the financial process through the Finance Committee. This committee is composed of 3 to 6 members, plus the President of the Board, and the Chief Executive Officer of the Center. Representatives of Citrin Cooperman participate as non-voting members of the Committee. The Finance Committee meets (in person, telephonically or by Zoom) at least 6 times per fiscal year and reviews the Center's financial statements as well as the investment reports. The Finance Committee also oversees the preparation of the annual Budget and presents the Budget for the upcoming year to the Board. The Finance Committee also works to ensure that the financial function at Carver operates within the policies and procedures, and that policies are reviewed regularly to determine if any changes might be necessary. From time to time, individual members of the Finance Committee may audit certain processes, such as payroll and credit card usage, to ensure that the processes are being followed.

## Cash Management and Investment Policy

Port Chester Carver Center (“Carver”) has a significant portion of its assets in the form of cash and investment securities. These assets are segregated into four separate categories.

The first category is the **operating funds**, e.g., the cash which is collected from fees, grants, rental income, government payments, and donations on an annual operating cycle, and is spent on the day-to-day operations of Carver.

The second category is the **reserve funds**, e.g., the monies which have been set aside by the Board of Trustees, typically after Carver has a financial surplus for a full fiscal year. The reserve funds are available to make the necessary capital improvements and such improvements must be recommended by the appropriate committee, typically the Space Utilization Committee, and approved by the Executive Committee.

The third category is the **gift fund** established for all individual donations more than \$50,000 which have been designated for a specific purpose OR are undesignated and the Executive Committee feels should be held separate from the Operating Funds pending a determination of how the funds are to be utilized.

The fourth category is the **endowed funds**, which are funds that have been donated to Carver with specific restrictions on their use and the amount that can be spent within a fiscal year.

### Oversight of Operating Funds:

Citrin Cooperman is responsible for overseeing the operating funds. The level of the funds must be monitored to ensure that Carver has sufficient liquidity to support daily operations, and to that end, Citrin Cooperman should prepare a cash flow projection/dashboard on a regular basis to ensure that operating account balances do not fall below a minimum level of \$360,000. During the period between July and December, it is especially important to make such a projection, as the inflow of donations is seasonal, and cash balances fall to their low point during this period.

If it is anticipated that there will be a shortfall in the operating account, Citrin Cooperman should alert the Finance Committee as soon as possible to explore options to address the potential cash shortfall. It is also necessary to advise the Board of any borrowing at the next scheduled meeting following the event.

### Oversight and Management of Reserve Funds:

Citrin Cooperman is responsible for overseeing the reserve funds. These funds are generally used to fund capital projects. On occasion, the reserve funds may be needed to bridge a temporary cash shortfall in the operating account. Since the use of these funds is predictable, it is appropriate to keep most of the fund balances in liquid, low risk investments with maturities no greater than six months. The Finance Committee is responsible for managing the returns on

these balances and is expected to identify the opportunities which will earn the highest rate of return given the choices available.

### **Oversight and Management of Gift Funds:**

Gift funds are to be overseen similarly to reserve funds. These funds are to be preserved pending a project which meets the wishes of the donor or has been approved by the Executive Committee. It is appropriate to hold the balances in liquid, low risk investments with maturities of no greater than six months. Citrin Cooperman is responsible for managing the returns on these balances and is expected to identify the opportunities which will earn the highest rate of return given the choices available.

### **Acceptable Banks:**

The establishment of any bank account, including a certificate of deposit, must be with a bank which has a branch in Westchester County or Fairfield County. In addition, the bank must be included in the FDIC insurance pool to be acceptable.

### **Acceptable Money Market Funds:**

If Carver's Finance Committee determines that the best investment of the funds is in a money market fund, he/she will identify a fund with the most reasonable fees, consistent with the highest quality investment.

### **Diversification of Bank Deposits:**

It is desirable to limit Carver's deposits in any one bank, keeping in mind the current FDIC limit on deposit levels that are insured. The operating fund may at certain times during the year exceed this level. The bank which holds Carver's operating account may also not hold any other funds unless those funds are also FDIC Insured (for example, through an IntraFi Network Deposit Placement Agreement).

### **Endowment Funds:**

Carver has three groupings of endowed funds. The first is the Program Endowment Fund, which provides funding for new and existing programs. It was established in December 2002 with a letter from the donor (the David and Katherine Moore Foundation) and a donation of \$750,000. The donor specified that no portion of the corpus, e.g., the amount of the original gift, be spent, and therefore the spending was limited to accumulated interest, dividend, and capital gains. The second endowed fund was established in February 2011 with a gift of \$604,000 from the United Hospital Foundation. These funds may be used for Carver Center's general purposes. However, spending is limited to accumulated interest, dividends, and capital gains. The third designation describes funds that are held in the endowment account and are Board restricted. These funds may be used as determined by the Board of Directors.

### **Use of the Endowed Funds:**

The purpose of Carver's endowed funds is to provide ongoing funding to meet the stated mission of the Carver Center. This goal will be achieved through an annual withdrawal as permitted by state law.

In September 2010, a law was passed in New York which is known as the New York Prudent Management of Institutional Funds Act. This law makes important changes to rules governing the spending of endowed funds. It allows institutions to spend endowment funds below their original dollar amount ("historic dollar value") without court approval or Attorney General Review. The law requires that an institution decide on the amount and use of the funds on a systematic basis and record the basis for such a decision contemporaneously. The law requires that an institution must also keep records of how it determines NOT to withdraw funds from an endowment fund. Finally, the law allows an institution to withdraw up to 7% of an endowed fund's Fair Market Value, averaged over a period of at least the 5 preceding years.

On an annual basis, the Treasurer shall prepare an analysis of the endowment funds in accordance with the New York Prudent Management of Institutional Funds Act. Based on this analysis, the Treasurer shall make a recommendation to the Finance Committee for its approval as to the amount that should be withdrawn from the endowment funds to support the programs at Carver. The amount "appropriated for expenditure" shall be approved by the Board of Directors pursuant to its approval of the annual Budget.

Effective June 2012, Carver Center has the approval of the donors of its two large Endowment Funds to use the New York law's new limit on spending.

### **Oversight of the Funds:**

The Finance Committee is responsible for oversight of the ongoing administration and investment of the endowed funds. The committee is responsible for selecting and hiring a third-party investment manager to invest the assets of the funds. The Finance Committee is responsible for reporting the results of the investment performance to the Finance Committee monthly. The Finance Committee is responsible for evaluation of the third-party investment manager's performance and for determining whether such performance is acceptable or whether a change in investment managers is warranted. The Finance Committee will make a semi-annual report to the Board on endowed funds' performance.

### **Objective of the fund's investments:**

The primary objective of the investments held by the endowed funds is capital preservation and growth. A lower growth target for the investment funds is acceptable if intended to preserve the stability of the fund balances.

### **Investment Allocations:**

Investment allocations shall be determined by the Finance Committee assisted by the investment manager chosen by the Finance Committee. Such allocations shall reflect Carver's investment objectives for the endowed funds and shall be reviewed on an annual basis.

### **Measurement and performance evaluation:**

The fund's results, net of fees, shall be compared to benchmarks as agreed with the investment manager, and should be evaluated by the Finance Committee with the manager at least semi-annually.

### **Reporting:**

The results of the endowed funds' performance shall be reported to the donors annually. Results shall be made available to any legitimate request by a potential donor.

## **Financial and Accounting Policies**

### **Receipts:**

Payments in the form of cash, credit card payments, checks, and money orders for programs are delivered to the Front Desk/Welcome Center. Cash receipts are recorded in a book with a two-part form. One part is given to the payer, and the second part remains in the book. At the end of the shift, the Front Desk fills in an End of Shift Reconciliation with receipt numbers and amounts. The cash, checks, money orders, and credit card receipts are deposited in the safe behind the receptionist's desk. The Reconciliation report, along with receipts, is also dropped into the safe. When the Citrin Cooperman bookkeeper comes in, twice a week, the envelope with payments, along with the Reconciliation report, is removed from the safe, and a deposit slip is completed in preparation for taking the cash to the bank.

Incoming mail is picked up from Carver Center's P.O. Box by staff (currently the Advancement Manager) who forwards all envelopes with earned revenue to the Welcome Center Manager and processes donations enclosed to the Development Department. The Development Department records each gift in the fundraising database (currently NXT) and prepares a deposit slip for donations. Other checks received in the incoming mail are put in the safe until they are removed by the Citrin Cooperman bookkeeper, who prepares a deposit slip for these checks.

All checks, credit card receipts, money orders, and cash received are photo-copied. Deposits to the Operating Account are made twice a week by the Citrin Cooperman bookkeeper who records them in the accounting software (QuickBooks).

### **Expenditure Authorization Policy:**

Expenditures include those for salaries and benefits, supplies, utilities, etc. The annual budget process serves as the starting point for approved expenditures. All salaries and benefits must be reviewed as part of the budget. Any change in salary for an employee as well as the hiring of staff for new positions must be specifically recommended by the Chief Executive Officer, who must get formal approval from the President of the Board of Directors. The Chief Executive Officer's salary and other compensation must be approved annually by the Board of Directors.

Operating expenditures which have already been budgeted must be authorized by a Purchase Order or invoice approved by appropriate staff: Chief Operating Officer or Chief Program Officer.

Expenditures which have not been budgeted or which exceed the budget by more than \$5,000 must be approved by the Chief Executive Officer. Any such item of spending which was not anticipated in the budget must be reported promptly by the Chief Executive Officer to the Finance Committee. Any amount in excess of \$5,000 must be approved by the Finance Committee, and if the amount exceeds \$10,000 must be approved by the Board, unless such an amount is an emergency and then the Executive Committee may authorize spending up to a limit of \$50,000. Interim decisions shall be made only when timing is urgent, following which the entire Board must be advised immediately. Any such item of spending which was not anticipated in the budget must be reported promptly by Citrin Cooperman to the Finance Committee.

The Finance Committee meets regularly to review internal financial statements representing the revenue and expenditures of Carver Center, and to review all variances from budget. The financial statements are prepared by the Citrin Cooperman senior accountant and reviewed by the partner prior to submission to the Chief Executive Officer. This includes a monthly close and reconciliation of accounts by the Citrin Cooperman senior accountant. The Finance Committee reports on these items to the Board at their regularly scheduled meetings.

The exception to this policy is the spending of restricted gifts, e.g., monies that have been contributed with a request that they be spent on a specific item or program. These contributions are recorded and reported by the Development Department and coded as restricted gifts in Quick Books. Management is responsible for monitoring the spending of restricted gifts, to ensure that the amount spent, and the purpose therefore is consistent with the restrictions of the donor.

### **Payment Procedure:**

Once expenditure has been duly approved, a check or electronic payment is prepared by Citrin Cooperman. Checks are generated by computer, using the QuickBooks software. No checks are written manually, except in emergency situations. Each check that is written creates an accounting entry which identifies the expense or payment to a specific expense code. All checks have two attached vouchers, with the invoice number and date of payment. One voucher is torn



off and attached to the invoice and all such invoices are filed alphabetically and kept in a file for the specific fiscal year. The invoices with vouchers attached are retained for 7 years.

Checks are then given to the appropriate individuals for their signature (see Checking Account Signatories) and once signed, are mailed by the Citrin Cooperman bookkeeper or Carver staff.

The payment of salaries is handled separately, by the Citrin Cooperman Senior Accountant with support from Carver Center's Senior Director of Operations. (See Payroll Procedure)

### **Checking and Investment Account Signatories:**

Checks up to \$10,000 may be signed by one authorized signer. Amounts exceeding \$10,000 shall require the signatures of two authorized signers or email notification for the expense ahead of time. **The Chief Executive Officer is typically the check signer, and no other staff members have signing authorization.** **Change to: The Chief Executive Officer is the primary check signer. In the absence of the CEO, either the Chief Advancement Officer or the Chief Program Officer may sign checks up to \$5,000. Checks in amounts over \$5,000 should either have a second signature from an authorized signer or should receive email approval ahead of time.** Key Board members who are duly elected officers of Carver may be designated as authorized signers on banking and investment accounts. Typically, at least the President and Treasurer of the Board should be account signatories. Signing authority shall be changed immediately following the election of officers if changes are required. A check made out to an authorized signer may not be signed by that individual.

A record of all bank and investment accounts, the accompanying corporate resolutions and signature cards or a record of the approved signers must be kept on file with other financial records.

### **Line of Credit and Borrowings:**

The Board must approve any application for and the acceptance of a Line of Credit with a lending institution. The Chief Executive Officer and either the Treasurer or the President will be authorized, pursuant to a resolution of the Board, to execute the credit agreement as an officer of the Port Chester Carver Center.

Once a Line of Credit has been established, the Treasurer can authorize individual borrowing requests within the limit of the Line of Credit up to \$100,000. The Finance Committee of the Board must approve individual borrowing requests against the Line of Credit in amounts greater than \$100,000, or in all circumstances where the aggregate amount owed under the Line of Credit would exceed \$200,000 following such borrowing. In all cases, borrowing requests under the Line of Credit will require the written approval of the Chief Executive Officer and one of either the Treasurer or President. Written approval may take the form of email correspondence, with such correspondence retained by the Director of Operations.

**Payroll Procedure:**

Carver Center's payroll process is supported by a third-party vendor, currently Prime Pay.

Work hours for all hourly employees are recorded using a finger scanning system. The system produces a report on all work hours for all employees, which is used as input to the payroll process.

The bi-weekly pay period ends on a Friday. Hours worked are tabulated and submitted to the third-party vendor the following Monday. Most payments are made by direct deposit. Any physical checks and payroll reports are received the following Thursday, and physical checks are distributed to employees the following Friday. Direct deposits to employee accounts are made on the same Friday.

The procedures are as follows:

Carver Center's Senior Director of Operations reviews the hours worked report created by the time system to ensure all employees' hours have been recorded, approved by the appropriate supervisors, and that they are reasonable. The Senior Director of Operations then also reviews the paid time off, including Personal Days, Vacation Days, and Sick Days for any employee who has been absent during the period. The hours worked are electronically transmitted into the Payroll Processing System of the third-party payroll processor and checks are created. A payroll preview report is sent to the Executive Director and Senior Director of Operations. Once they review and sign off on the report, the Citrin Cooperman Senior Accountant finalizes the payroll with Prime Pay.

If there is a change in the employee's hourly or annual salary rate, Carver's Senior Director of Operations processes the change in the Prime Pay system, and the personnel file is documented with the NYS DOL wage theft form in addition to any applicable offer letter. The Senior Director of Operations maintains the payroll files and reviews each payroll submission in consultation with Citrin Cooperman Senior Accountant.

The payroll provider pays the employees via direct deposit or paper check. The payroll register, analysis control for gross wages, taxes, deductions, and exception reports are received by the Citrin Cooperman Senior Accountant and held for input to the Quick Books system.

An employee must sign a form when he picks up his or her physical check

**Capital Expenditures:**

A capital expenditure is the purchase of an item which has an expected life of 3 or more years, and costs at least \$1,000. Carver Center creates an annual Capital Expenditure budget which is approved by the finance committee and the Board of Directors.

Unbudgeted capital expenditure must be approved by the Chief Executive Officer up to \$2,000; by the Finance Committee up to \$10,000; and by the Board for amounts more than \$10,000. Approval is given on a case-by-case basis to ensure that funding for the purchase is available. The Chief Executive Officer may not approve of more than \$7,500 per year in aggregate.

Examples of capital expenditure are for items such as equipment, furniture, parts of the building such as windows or roof, computer hardware and software.

### **Fixed Assets:**

Information on all purchases over \$1,000 should be forwarded to Citrin Cooperman to be reviewed for possible capitalization. This information should note equipment information (type, serial number, etc.) cost, location, and condition. This fixed asset listing should be updated quarterly.

### **Depreciation:**

Depreciation expense is recorded on a straight-line basis monthly. Finance will begin depreciating the assets in the first full month following the month the asset is placed into service.

In all cases, finance strives to assign time periods that consider the estimated productive benefits of the specific asset. The current useful lives assigned by finance are as follows:

• Machinery and Equipment	7 years
• Computer Hardware	5 years
• Computer Software	3 years
• Internet Software	3 years
• Furniture and Fixtures	7 years
• Leasehold Improvements	Lease Term

### **Expense Reimbursement Policy and Procedure:**

Employees will be reimbursed for business expenses incurred while performing their job function. These expenses must meet the following criteria:

- There must be a business reason for the expense.
- The expense must be substantiated in writing as to the purpose and the date it took place.
- All expenses must be documented with a receipt.
- The reimbursement request must be submitted on a form available from Citrin Cooperman and should be submitted no later than 10 days after the expenditure.
- The reimbursement request must be signed by the employee, the employee's immediate supervisor, and by the Chief Executive Officer. The Chief Executive Officer's reimbursement request must be signed by the President of the Board.

The following are guidelines for claiming reimbursement for travel and other business-related out-of-pocket expenses.

- Reimbursement for miles driven is at the Standard Mileage Rate set by the Internal Revenue Service. Tolls and parking fees are reimbursed in addition to mileage. This excludes personal and commuting travel.
- Reimbursement of travel expenses covers transportation, meals, lodging, and telephone usage. Receipts for each of these expenses must be submitted. All travel must be approved by the Chief Executive Officer before the trip occurs.
- Reimbursement of entertainment expenses is allowed for expenses that are directly related to and occur in conjunction with a substantial business discussion.
- Other business expenses which may be reimbursed are for subscriptions, books related to the job, business calls using personal phone, professional membership, licenses, dues, etc., if a business purpose is provided.
- Reimbursements of automobile expenses that are for vans owned by Carver Center are allowed. All expenses should be reasonable and necessary, and include gas, oil, and repairs.

#### **Use of Carver Center Credit Cards:**

Carver Center asks all vendors with whom it does business to offer it a house account. If the vendor does not offer a credit line, Carver Center has credit card accounts and gas cards, which are used to make payment for expenditures. The CEO keeps one card account and the other is secured under lock and key by the Welcome Center Manager as are the gas cards. An employee with a business need for the credit card will request use of the card in writing from either the CEO or the Chief Program Officer, copying the Welcome Center Manager. When the employee returns the card, he or she will also return all receipts for expenses that were incurred on the credit card. If an expense is not reported by the employee when he returns the card, he will be liable for the expense and may lose the privilege of using the card. The cards are not to be used for personal expenses. The Welcome Center Manager codes the credit card charges and submits them to the Citrin Cooperman bookkeeper for payment.

A member of the Carver Center Finance Committee periodically reviews the credit card statements to determine that policy is being followed.

#### **Rebates and Rewards Points:**

Any vendor program offering rebates or reward points related to the purchase of goods and services by the Carver Center must be reviewed by and approved by the Chief Executive Officer. Carver Center employees shall not accumulate reward points or receive rebates from any vendor or provider related to the purchase of goods and services for use by the Carver Center. Rebate or rewards points earned on credit cards issued in the name of the Carver Center (“Corporate Cards”) must be made payable to the Carver Center or redeemed by and for the benefit of the Carver Center. For the avoidance of doubt, this policy does not apply to rewards points or

rebates accumulated by Carver Center employees using personal credit cards for travel or other reimbursable expenses.

### **Bank Account Reconciliation Procedure:**

Citrin Cooperman reconciles bank statements using the QuickBooks software. The reconciliation should be performed within a week of receiving the bank statement. All transactions over 3 months old which have not been cleared up must be researched. If necessary, Citrin Cooperman will prepare a journal entry to reinstate an item to cash.

The Citrin Cooperman supervisor reviews the bank account reconciliations monthly to ensure they are accurate and correct and that the accounting records fairly present the balances in the checking accounts.

### **Petty Cash:**

The Carver Center only uses petty cash under extenuating circumstances and under the discretion of the Chief Executive Officer.

### **Budget Process:**

Carver Center's budget is to be prepared by management subject to the review and oversight of the Finance Committee. The budget must be approved by the full board no later than 90 days following the beginning of the new fiscal year.

During the budget process, the Chief Executive Officer and Citrin Cooperman Senior Accountant meet with all Department heads to develop plans for the new fiscal year, so that they can establish what financial resources are available, or will be needed, and revenues that are anticipated for each program. Staff positions and salary, wages, and benefits, including raises and new positions, shall be recommended by the Chief Executive Officer (for all positions excluding the Chief Executive Officer) and by the Executive Committee for the Chief Executive Officer, as part of the budget process. Also, the Development Department will work with the Chief Executive Officer and Citrin Cooperman to establish the amount of fundraising income that is reasonable to expect in the next fiscal year. Once plans for all the programs and the operations of the Carver Center are developed, Citrin Cooperman aggregates all the information into an overall budget for the Carver Center. Further discussions may take place with all program heads to ensure that they understand how this budget will impact their programs.

The Treasurer reviews the budget with the Chief Executive Officer, Citrin Cooperman, and the Director of Development, to ensure accuracy and completeness, and will assist with presenting the budget to the Finance Committee and the Board of Directors. When the above committees approve the budget, they are authorizing the Carver Center to spend the money budgeted for the programs in the manner described in the budget.

There may also be a capital expenditure budget for items which are extraordinary and do not occur frequently, e.g., replacement of a boiler or an air conditioning system. Any item in the Capital Expenditure budget must be accompanied by a means to pay for the item and requires the approval of the Board of Directors.

**Financial Reporting:**

Citrin Cooperman shall prepare a monthly statement of financial position, statement of activities (budget versus actual) and statement of cash flow by no later than the 4<sup>th</sup> week of the month. These reports shall be circulated to the Chief Executive Officer, the President and Treasurer, who will share them with the Finance Committee at the next meeting. The Treasurer will review these reports with the Board at the next meeting.

End.