



**Accounting & Financial
Policies and Procedures Manual**

The effective date of all accounting policies described in this manual is 03/26/2019. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated parenthetically immediately following the policy heading.

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INTRODUCTION

The following accounting manual is intended to provide an overview of the accounting policies and procedures applicable to the New York State Association for Rural Health, which shall be referred to as NYSARH or “the Association” throughout this manual.

NYSARH is incorporated in the state of New York. NYSARH is exempt from federal income taxes under IRC Section [501(c)(3)] as a nonprofit corporation.

The mission of the New York State Association for Rural Health (NYSARH) is to improve the health and well-being of rural New Yorkers and their communities.

NYSARH functions as the “voice for rural health.” It is a statewide organization advocating for the health of rural New Yorkers. NYSARH advocates at the national and state levels on behalf of its membership.

The goals of the New York State Association for Rural Health (NYSARH) are to:

- Operate based on principles of collaboration, coordination, best practices, and leadership development.
- Identify factors that impact and influence the health status of rural communities.
- Raise public awareness of rural health issues.
- Advocate for, and develop, rural health resources.
- Promote communication and collaboration among health care providers, government agencies, and other organizations.
- Provide information and analysis regarding the rural perspective to legislators, lawmakers, and rural health providers.
- Provide meaningful educational programs and events.
- Develop, organize, and sustain the organizational infrastructure of NYSARH.

This manual shall document the financial operations of the Association. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff, hired or contracted, and to document internal controls.

The NYSARH Board of Directors approved the contents of this manual as official policy of the Association. All NYSARH staff, hired or contracted, and Directors (Board) are bound by the policies herein, and any deviation from established policy is prohibited.

GENERAL POLICIES

ORGANIZATIONAL STRUCTURE

The Role of the Board of Directors

In accordance with the By-Laws, the NYSARH Board of Directors serves as the governing body of the Association, and is responsible for the development, maintenance, and well-being of its organization and delivery of services.

Committee Structure

The Board of Directors shall form committees in order to assist the Board in fulfilling its responsibilities. These committees represent vehicles for parceling out the Board's work to smaller groups, thereby removing the responsibility for evaluating all of the details of particular issues from the full Board's consideration. Standing Board-level committees of NYSARH consist of the following:

1. Governance Committee
2. Conference Planning Committee
3. Executive Committee
4. Finance Committee
5. Policy Committee
6. Membership Committee

Specific guidelines regarding the composition and election of the Board of Directors and committees are described in the Association's By-Laws. Roles of committees with direct responsibilities for the financial affairs of the organization are further described in this manual. These committees shall be referred to in appropriate sections of this manual.

Committee Descriptions and Responsibilities

Governance Committee

The Governance Committee members shall be responsible for identifying persons qualified to serve as Officers of the Association. The Chair shall be appointed by the President. The Governance Committee shall be comprised of a minimum three (3) members.

The Governance Committee shall be responsible for identifying persons qualified for, and interested in, becoming Board Members.

The Chairperson of the Governance Committee shall accept additional nominations if such nomination is submitted in writing and accompanied by the written consent of the candidate. The Chairperson of the Governance Committee shall validate the additional nominations and include the names of these candidates with a short biography in the official ballot.

The Governance Committee shall also be responsible for conducting the election, counting ballots of the election, and reporting the results of the election at the annual meeting. Ballots shall be distributed thirty (30) days prior to the annual meeting for the election of Directors and Officers of the Board. The ballot must be returned to the Association ten (10) days prior to the annual meeting.

The Governance Committee shall also periodically review, update and recommend proposed changes to the By-Laws to the Board.

Conference Planning Committee

The Chairpersons of the Annual Conference shall recommend the Subcommittee Chairpersons to the Board. The Annual Conference Chairperson and the Subcommittee Chairpersons shall constitute the Annual Conference Committee. The Annual Conference Committee will also be charged to develop programs to promote rural health care and services.

Executive Committee

The Executive Committee shall be comprised of the President, Vice-President, Secretary, Treasurer, and at least two (2) Board Members selected by the President. The Executive Committee is authorized to act for the Board between regular meetings as necessary for the conduct of business. They shall meet regularly and when requested by any member of the Executive Committee. Written minutes of all meetings shall be maintained and circulated to the Board.

The purpose of the Executive Committee is to carry out the day-to-day activities of the Association and to make decisions that cannot be postponed until the regular meeting of the Board of Directors.

Finance Committee

The Finance Committee shall be comprised of at least three (3) members of the Association in addition to the Treasurer, appointed by the Board in odd years, for two-year terms. The Treasurer shall be elected by NYSARH members at the Annual Meeting.

The Finance Committee is responsible for direction and oversight regarding the overall financial management of NYSARH. Functions of the Finance Committee include:

1. Review and recommendation of the Association's annual budget for final approval by the full Board
2. Review Disbursements
3. Make recommendations to the Board regarding expenditures
4. Seek, develop, and manage additional revenue
5. Develop appropriate long-term financial planning recommendations to the Board
6. Establishment of investment policy and monitoring investment performance, if applicable
7. Evaluation and approval of facilities decisions (i.e. leasing, purchasing property)
8. Monitoring actual vs. budgeted financial performance
9. Oversight of reserve funds
10. Hiring and communicating with auditors
11. Risk Management

The review of the Association's financial statements shall not be limited to the Finance Committee but shall involve the entire Board of Directors.

The Finance Committee is responsible for recommending the hiring of an independent CPA firm and for directly communicating with the CPA firm to fulfill the requirement for an annual audit or review, as appropriate, as described in the Association's By-Laws. The Finance Committee shall also review and

approve the final audited financial statements, as well as any communications received from the auditor regarding internal controls, illegal acts, or fraud.

The Finance Committee also serves as the primary point of contact for any staff, hired or contracted, who suspects that fraud has been committed against the Association or by one of its staff, hired or contracted, or Board Members.

The Finance Committee's role in the annual audit or review, as appropriate, is more fully explained in the section of this manual covering the annual audit or review.

Policy Committee

The Association supports the legislation of rural health and rural health policy. The Association seeks to establish broad membership consensus in support of public policies that assure adequate access to and quality of health services for rural population in New York State. To this end, the Association is committed to providing education of legislative issues, and to participating in coalitions to advance the interest of the public's health. The legislative and health policy interests of the Association are defined as those interests that are brought forth by the general membership and goals established by the Board of Directors. The Policy Committee functions in support of these broad commitments and interests.

The Policy Committee shall be comprised of at least three (3) members. The Chair shall be appointed by the President and approved by the Board. The immediate past-president shall be a voting member of the committee.

The committee shall: (1) advise the Board of Directors on existing and emerging policy issues, (2) assist in formulating persuasive advocacy arguments and positions, (3) monitor and coordinate advocacy activities, and (4) determine the conditions for Association sponsorship of other organizations, programs and events.

Membership Committee

The Membership Committee is responsible for marketing the Association to potential members and the recruitment and retention of members. This includes developing value-added benefits for membership. The committee is responsible for determining the eligibility of new applicants, as well as identifying persons qualified for, and interested in, becoming Board Members and/or holding office.

There is also an awards sub-group of the Membership Committee. The awards sub-group shall seek out for formal recognition on an annual basis those individuals and organizations that strive to fulfill the mission of the New York State Association for Rural Health.

The Roles of the Board of Director's, President, and Staff (Hired or Contracted)

The NYSARH members elect the President of NYSARH at the Annual Meeting. The President and Board, together, are responsible for overseeing the hiring and evaluating of all NYSARH staff, hired or

contracted, that report directly to the President, Board of Directors, and sub-committees or contracting sub-committees.

The functional responsibilities of the accounts payable, accounts receivable, report preparation, and other tasks related to maintaining Association finances may be subcontracted to an outside entity or person with the approve of the Associate Board of Directors.

ACCOUNTING SERVICES OVERVIEW

Organization

The Accounting services shall consist of two staff members, hired or contracted, to serve in such capacity, who manage and process financial information for NYSARH. The positions comprising the NYSARH Accounting services, and the abbreviations of each position used throughout this manual, are as follows:

Accounting Manager (AM)
Executive Assistant (EA)

Other Officers and staff members, contracted or hired, of NYSARH who have financial responsibilities, and the abbreviations of each position used throughout this manual, are as follows:

President (PR)
Treasurer (TR)
Finance Committee (FC)
Executive Committee (EC)
Board of Directors (BOD)

Responsibilities

The primary responsibilities of Accounting services consist of:

General Ledger Management
Budgeting
Cash and Investment Management
Asset Management
Grants and Contracts Administration
Purchasing
Accounts Receivable and Billing
Cash Receipts
Accounts Payable
Cash Disbursements
Payroll and Benefits, if applicable
Financial Statement Processing
External Reporting of Financial Information
Bank Reconciliation
Reconciliation of Sub-Ledgers
Compliance with Government Reporting Requirements
Annual Audit or Review, as applicable

Insurance
Leases
Accounting for in-kind gifts

BUSINESS CONDUCT

Practice of Ethical Behavior

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of NYSARH depend to a very large extent on the following considerations.

Each Board Member and staff member, hired or contracted, must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each Board Member's and staff members, hired or contracted, responsibility to apply common sense in business decisions where specific rules do not provide precedent.

In determining compliance with this standard in specific situations, Board Members and staff, hired or contracted, should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with NYSARH policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the Association or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each Board Member and staff, hired or contracted, should be able to answer, "yes" to all of these questions before taking action.

The Board of Directors is responsible for the ethical business behavior of all NYSARH staff, hired or contracted. Board Members and staff, hired or contracted, must weigh carefully all courses of action suggested in ethical as well as economic terms, and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

Conflicts of Interest

To avoid any conflict of interest or the appearance of a conflict of interest which could tarnish the reputation of or undermine the public's trust in NYSARH, all staff, hired or contracted, and any representatives, shall comply with the Conflict of Interest Policy, including the Code of Ethics and Affiliation Statement, which are included in this Policy and Procedure Manual as Attachments A, B, and C. For the purposes of these policies and procedures a "Conflict of Interest" is defined as: a personal or professional relationship that could be viewed as having the potential to influence decision making in

the organization. The purpose of these policies and procedures is to identify the nature and extent of such relationships so as to avoid potential areas of conflict.

Specifically, no staff member, hired or contracted, Officer, or agent of NYSARH shall participate in the selection, award, or administration of a contract involving NYSARH if a real or apparent conflict of interest would be involved. Such a conflict would arise when the staff member, hired or contracted, Officer, or agent, or any member of her or his immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a substantial financial or other interest in the firm selected.

NYSARH maintains a Conflict of Interest Policy (see Attachment "A"), which includes a "Code of Ethics" (See Attachment "B") and an "Affiliation Statement" (See Attachment "C"). All Board Members and NYSARH staff, hired or contracted, shall receive and sign a copy of the Conflict of Interest Policy (including the Code of Ethics and Affiliation Statement) within 30 days of appointment. Annually, on January 1st, all NYSARH representatives, including staff members, hired or contracted, will be asked to provide an updated, signed copy of the Conflict of Interest Policy (including the Code of Ethics and Affiliation Statement). Updated completed copies shall be reviewed annually by the NYSARH Governance Committee no later than February 1st. If, in the opinion of the NYSARH Governance Committee, any staff member, hired or contracted, or other representative, has not accurately identified potential areas of conflict, the Board Chair and the Governance Committee Chair will approach the individual to discuss remedy. If a remedy to avoid the appearance of conflict cannot be reached with the individual, the matter will be forwarded to the Executive Committee of the Board for resolution. A meeting of the Executive Committee to discuss resolution shall be held within 30 days. Decisions of the Executive Committee regarding potential areas of conflict are final.

Compliance with Laws, Regulations and Organization Policies

NYSARH does not tolerate the willful violation or circumvention of any Federal, state, local, or foreign law by any Board Member and staff member, hired or contracted, during the course of that person's engagement; nor does the Association tolerate the disregard or circumvention of NYSARH policy or engagement in unscrupulous dealings. Board Members and staff members, hired or contracted, should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of Board Members and staff members, hired or contracted, will be measured.

Disciplinary Action

Failure to comply with the standards contained in this policy will result in disciplinary action that may include removal from the Board of Directors, termination, referral for criminal prosecution, and reimbursement to the Association or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any Board Member or staff member, hired or contracted, accused with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any Board Member or staff member, hired or contracted, who authorizes or participates directly in actions that are a violation of this policy.

2. Against any Board Member or staff member, hired or contracted, who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any Board Member or staff member, hired or contracted, who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

FRAUD POLICY

Scope

This policy applies to any fraud or suspected fraud involving staff member, hired or contracted, Officers or Directors, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with NYSARH. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with NYSARH.

Policy

The NYSARH Finance Committee is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the Finance Committee team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately Treasurer, unless the Treasurer is implicated, then reports shall immediately made to the President, who coordinates all investigations.

Actions Constituting Fraud

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to NYSARH
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of NYSARH
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to NYSARH. Exception: gifts less than a nominal \$50.00 in value.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity

Other Irregularities

Irregularities concerning a staff member's, hired or contracted, moral, ethical, or behavioral conduct should be resolved under the supervision of the President.

If there is a question as to whether an action constitutes fraud, contact the Chair of the Finance Committee for guidance.

Investigation Responsibilities

The Finance Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Finance Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Finance Committee will issue reports to appropriate designated personnel and, if appropriate, to the NYSARH Board of Directors and/or the Executive Committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, as will final dispositions of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to the Association. It is the policy of NYSARH to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in award documents.

Confidentiality

The Finance Committee and the President treat all information received confidentially. Any individual who suspects dishonest or fraudulent activity will notify the President immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect NYSARH from potential civil liability. In order to maintain confidentiality, the Finance Committee is authorized to conduct closed meetings at which such matters may be discussed.

Whistleblower Policy

This Code of Ethics and Conduct (the Code) for NYSARH requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Agency, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

No Retaliation

No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. Any director, officer or employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Agency prior to seeking resolution outside the Agency.

Reporting Violations

The Code addresses the Agency's open-door policy and suggests that directors, officers and employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, the Treasurer is the best position to address an area of concern. However, if you are not comfortable speaking with the Treasurer or you are not satisfied with the Treasurer's response, you are encouraged to speak with any member of the Finance Committee whom you are comfortable in approaching.

Accounting and Auditing Matters

The Treasurer and Finance Committee of the Board of Directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Treasurer shall immediately notify the President of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Treasurer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated, and appropriate corrective action will be taken if warranted by the investigation.

Acknowledgement

Each NYSARH Board member, committee member, staff member and consultants will acknowledge that they have read and understand the Code by signing the Acknowledgement Statement contained within the Affiliation Statement, as referenced herein.

Authority for Investigation of Suspected Fraud

Members of the NYSARH Finance Committee will have:

1. Free and unrestricted access to all NYSARH records and premises, whether owned or rented; and
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An individual who discovers or suspects fraudulent activity will contact the President immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
1. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the NYSARH legal counsel or the President.

SECURITY

Accounting Services

A lock will be maintained on the door leading into the NYSARH Accounting Facility work space. This door shall be closed and locked in the evenings and whenever the Accounting Facility work space is vacant. The key/combination to this lock will be provided to all accounting personnel and the President. All keys shall be returned immediately to the Executive Assistant whenever an individual leaves the engagement with NYSARH.

The blank check stock shall be stored in a fireproof, locked file cabinet. The Accounting Manager and Executive Assistant will maintain access to this file cabinet and will have possession of the keys. The Executive Assistant also shall maintain the corporate seal.

Petty cash is stored in a drawer locked with a key. The Executive Assistant and the Accounting Manager will be the only individuals with keys to the petty cash drawer.

Access to Electronically Stored Accounting Data

It is the policy of NYSARH to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Storage of Back-Up Files

Back-up copies of electronic data files are maintained at the Accounting Facility work space. Access to back-up files shall be limited to individuals authorized by management.

General Office Security

Keys are issued only to NYSARH staff members, hired or contracted, and the President. If the Accounting Facility work space is located within an office building, or other such structure, keys to the Accounting Facility work space should be maintained by the property owner or the agent whose contact information is provided herein.

TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

Purpose and Scope

The purpose of this policy is to identify guidelines for the use of NYSARH technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the Association's technologies and communications systems.

The term "user" as used in these policies refers to staff members, hired or contracted, (whether full-time, part-time or limited-term), independent contractors, consultants, and any other user having authorized access to, and using any of, the Association's computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand-alone computers, laptops, printers, fax machines, phones, on-line services, E-mail systems, bulletin board systems, all software that is owned, licensed or operated by NYSARH, or contracted for use by or through NSYARH.

Acceptable Use of Organization Property

Use of the Association's computers and electronic communications technologies is for programmatic and business activities of NYSARH. All use of such resources shall be in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use. Although incidental and occasional personal use of the Association's communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts and knowledge described, documented or contained in the Association's electronic systems are the intellectual property of NYSARH. The copying or use of the Association's intellectual property for personal use or benefit during or after engagement (or period of contract) with NYSARH is prohibited unless approved in advance by the President.

All hardware (laptops, computers, monitors, mice, keyboards, printers, telephones, fax machines, etc) issued by NYSARH are the property of the Association and should be treated as such. Users may not physically alter or attempt repairs on any hardware at any time. Users must report any problems with hardware to the Executive Assistant.

Password Security

Users are responsible for safeguarding their login passwords. Passwords may not be shared, nor should they be printed or stored on-line. Users should not leave their computers unattended without first engaging the locking mechanism or logging off.

Confidentiality

All information about individuals or organizations served by NYSARH is confidential. No information may be shared with any person or organization outside NYSARH without the prior written approval of the individual or organization and the President.

Copyrighted Information

Use of NYSARH electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

Installation of Software

The installation of new software on the computers of NYSARH without the prior approval of the President is prohibited. If anyone desires to install any new programs onto a NYSARH computer, written permission from the President or his/her designee should first be obtained.

Other Prohibited Uses

Other prohibited uses of the Association's communication systems include, but are not limited to:

1. Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, sexist or that evidences religious bias, or is otherwise of a derogatory nature toward any specific person, or toward any race, nationality, gender, marital status, sexual orientation, religion, disability, physical characteristic, or age group.
2. Browsing or downloading and/or forwarding and/or printing pornographic, profane, discriminatory, threatening or otherwise offensive material from any source including, but not limited to, the Internet.
3. Engaging in any communication that is in violation of federal, state or local laws.
4. Proselytizing or promoting any religious belief or tenet.
5. Campaigning for or against any candidate for political office or any ballot proposal or issue.
6. Sending, forwarding, redistributing or replying to "chain letters."
7. Unauthorized use of passwords to gain access to another user's information or communications on NYSARH systems or elsewhere.
8. Advertising, solicitation or other commercial, non-programmatic use.
9. Knowingly introducing a computer virus into the Association's communication system or otherwise knowingly causing damage to the Association's systems.
10. Using the Association's systems in a manner that interferes with normal business functions in any way, including but not limited to, streaming audio from the Internet during business hours, stock tickers, installing unauthorized software, etc.
11. Excessive personal use of the Association's technologies that preempts any business activity or interferes with organizational productivity.
12. Sending E-mail messages under an assumed name or obscuring the origin of an E-mail message sent or received.

Disciplinary Action for Violations

NYSARH requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, which could include termination of employment or cancellation of contracts.

Reporting of Suspected Violations

Suspected violations of these policies should be immediately and confidentially reported to the Executive Assistant. If you prefer not to discuss it with the Executive Assistant, you may contact the President or any member of the Finance Committee.

NYSARH reserves the right to install programs that monitor employee use of the Internet and electronic communication systems and to act on any violations of these policies found through use of such programs. NYSARH further reserves the right to examine any and all electronic communications sent or received by employees via the Association's electronic communications systems.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all NYSARH financial transactions and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system, and therefore the basis for NYSARH's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account.

NYSARH chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

All transactions shall be classified according to the funding source and fiscal year involved. (Examples of classes include: Annual Conference 2019; Dues & Memberships 2019, etc.)

Distribution of Chart of Accounts

A current copy of the chart of accounts is maintained inside the cover of the Finance Reporting Manual. The chart of accounts in this location is updated & printed regularly with all other NYSARH financial reports.

Control of Chart of Accounts

NYSARH's chart of accounts is monitored and controlled by the Accounting Manager. Responsibilities include the handling of all account maintenance, such as additions and deletions. The Executive Assistant ensures that the chart of accounts is consistent with the organizational structure of NYSARH and shall approve any additions or deletions of accounts.

Account Definitions

Category

Definition

Assets

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events. Assets of NYSARH are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed assets are tangible assets with a useful life of more than one year that are acquired for use in the operation of the organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable.

Other assets include long-term assets that are assets acquired without the intention of disposing them in the near future. Some examples are security deposits, property and long-term investments.

Liabilities

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities of NYSARH are classified as current or long-term.

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities; short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is a non-current portion of a mortgage loan.

Net Assets

Net Assets is the difference between total assets and total liabilities. See the next section for NYSARH's policies on classifying net assets.

Revenues

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities, that constitute an Association's ongoing major or central operations.

Revenues of NYSARH include contributions received from donors, grants, conference proceeds, and dues and memberships, received from individuals, other organizations, and agencies.

Expenses

Expenses are outflows or other using up of assets or incurrence of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute NYSARH's ongoing major or central operations.

Gains and Losses

Gains are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the organization except those that result from revenues or contributions.

Losses are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Association except those that result from expenses.

Gains or losses occur when NYSARH sells a fixed asset or writes off as worthless a fixed asset with remaining book value.

Classification of Net Assets

Net assets of the Association shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be satisfied through the actions of the Association and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that the Association permanently maintain certain contributed assets. Generally, donors of such

assets permit the Association to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes.

Net assets accumulated by NYSARH that are not subject to donor-imposed restrictions, but which the Board of Directors of the Association has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

Changes to the Chart of Accounts

Additions to, deletions from, or any other changes to NYSARH standard chart of accounts shall only be done with the approval of the Executive Assistant.

Fiscal Year of Organization

NYSARH shall operate on a fiscal year that begins on January 1st and ends on December 31st. Any changes to the fiscal year of the organization must be ratified by majority vote of NYSARH's Board of Directors.

Journal Entries

All general ledgers entries that do not originate from a subsidiary ledger shall be supported by documentation, which shall include a reasonable explanation of each such entry. Examples of such journal entries include:

1. Recording of non-cash transactions
2. Corrections of posting errors
3. Non-recurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a journal entry.

It is the policy of NYSARH that the Executive Assistant shall authorize all journal entries not originating from subsidiary ledgers in writing by initialing or signing the entries.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

NYSARH receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the NYSARH financial statements in the following manner:

1. **Grant income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards)
2. **Conference and seminar revenue** - Deferred as received, reclassified to income at close of the month in which the conference or seminar is held
3. **Dues and membership revenue** - Deferred as received, reclassified to income at close of the month in which the membership has received recognition as used/earned
4. **Exhibit space income** - Deferred as received, then recognized as income when the conference is held
5. **Sponsorships** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income)
6. **Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income)

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e. recorded as revenue when received) as deemed appropriate by the Accounting Manager and Executive Assistant.

Refunds of Revenue Received

The following policies apply to refunds associated with revenue collected by NYSARH:

Conferences and Seminars:

Conference Cancellation Policy

1. If a registrant is unable to attend an event for any reason they may substitute, by arrangement with the registrar, someone else to attend in their place.
2. Where the registrant is unable to attend, and is not in a position to transfer his/her place to another person, then the following refund arrangements apply:

- Registrations cancelled more than 30 days before the event are eligible for an 80% refund of the registration fees paid.
- Registrations cancelled less than 30 days, but more than 10 days before the event, are eligible for a 50% refund of the registration fees paid.
- No refunds are available for cancellations made within 10 working days of the event.

Refunds will be made in the following ways:

1. For payments received via PayPal, a bank transfer will be returned to the payees PayPal account.
2. For payments received via check, a refund check will be sent to the payee no later than 30 days after the event.

CONTRIBUTIONS RECEIVED

Definitions

The following definitions shall apply with respect to the policies described in this section:

Contribution - An unconditional transfer of cash or other assets to the Association, or a settlement or cancellation of the Association's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Association or releases the promisor from its obligation to transfer its assets.

Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is more specific than broad limits resulting from the nature of the Association, the environment in which it operates, and the purposes specified in NYSARH articles of incorporation and By-Laws. Restrictions on NYSARH's use of an asset may be temporary or permanent.

Nonreciprocal Transfer - A transaction in which an entity incurs a liability or transfers assets to NYSARH directly receiving value from NYSARH in exchange.

Promise to Give - A written or oral agreement to contribute cash or other assets to NYSARH.

Exchange Transaction - A reciprocal transaction in which NYSARH and another entity each receive and sacrifice something of approximately equal value.

Distinguishing Contributions from Exchange Transactions

NYSARH receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. NYSARH shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. NYSARH is intent in soliciting the asset, as stated in the accompanying materials.
2. The expressed intent of the entity providing resources to NYSARH (i.e. does the resource provider state its intent is to support NYSARH programs or that it anticipates specified benefits in exchange?);
3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of NYSARH (contribution).
4. Whether payment received by NYSARH is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by NYSARH, or the cost of those assets plus a markup (exchange transaction).
5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution); and
6. Whether assets are to be delivered by NYSARH to individuals or organizations other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or organizations closely connected to the resource provider.

Accounting for Contributions

NYSARH shall recognize contribution income in the period in which the Association receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions.

Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) of NYSARH in the period that NYSARH receives evidence that a promise to support the Organization has been made. Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management. Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value. Accumulation of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to NYSARH at the time the Association receives a promise from a donor.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When it receives support in the form of volunteer labor, NYSARH shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a non-financial asset (such as a building or equipment), or
2. The contributed service possesses all three of the following characteristics:
 - a. It is the type of service that would typically need to be purchased by NYSARH if it had not been contributed,
 - b. It requires specialized skills (i.e. formal training in a trade or profession), and
 - c. It is provided by an individual possessing those specialized skills.

An example of contributed services is the discount on services of NYSARH, Inc.

Contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered.

Receipts and Disclosures

NYSARH and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying Regulations. To comply with those rules, NYSARH shall adhere to the following guidelines with respect to contributions received by the Association.

For any separate contribution received by NYSARH, it shall provide a receipt to the donor. All receipts prepared by NYSARH shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any non-cash property received;
2. A statement of whether NYSARH provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Association from the donor, and
3. If any goods or services were provided to the donor by NYSARH, a description and good faith estimate of the value of those goods or services.

When NYSARH receives cash in excess of \$75, or non-cash property with a value in excess of \$75, as part of a quid pro quo transaction, the Association shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo" transaction is one in which NYSARH receives cash or property in a transaction that is part contribution and part exchange transaction (i.e. the value of the goods or services provided to the donor by NYSARH is less than the value of cash or property provided by the donor). In such instances, NYSARH shall provide to the donor a receipt stating that

only the amount contributed in excess of the fair market value of the goods or services provided by NYSARH may be deducted as a charitable contribution. The receipt shall also include a good-faith estimate of the fair market value of the goods or services provided to the donor by NYSARH.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. As such, NYSARH shall not provide receipts when it receives cash or property in excess of \$75 in any of the following circumstances:

1. The goods provided to the donor during the year bear NYSARH name or logo and have an aggregate cost of \$76 or less;
2. The goods provided to the donor during the year have a fair market value equal to no more than 2% of the contribution or \$76, whichever is less; or
3. The gift received by NYSARH resulted from the Association's fundraising appeal that included articles worth no more than \$7.60, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. The amounts referenced are for 2001. Inflation adjustments subsequent to 2001 are incorporated into this policy manual by reference.

The Accounting Manager and Executive Assistant shall prepare all estimates of the fair market value of goods or services provided by NYSARH.

It is the policy of NYSARH to comply with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

BILLING/INVOICING POLICIES

Overview

The following is a list of items billed and/or accrued and received by NYSARH and the frequency with which each is billed:

Quarterly Billings

1. Certain contracts

Monthly Billings

1. Grants and contracts (See separate section on "Policies Associated with Federal Awards" for billing policies associated with federal grant agreements)

Annual Billings

1. Dues and membership revenue

Daily ("as needed") Billing

1. Publication and product orders
2. Conferences and seminars

Responsibilities for Billing and Collection

NYSARH's Accounting staff, hired or contracted, is responsible for the invoicing of goods and services as well as the collection of outstanding receivables. (Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections).

Customer Invoicing

It is the policy of NYSARH to complete customer orders and forward an invoice with the merchandise when shipped. Invoices for conferences and seminars will be sent upon receipt of a completed purchase order.

Prepayment will be required from all customers whose accounts have been more than 90 days delinquent at any time during the two years preceding the sale.

The following information must be included with customer orders, or on file from previous orders, in order for NYSARH to establish credit for a customer:

1. Customer name
2. Contact name at customer
3. Mailing address and telephone number
4. Complete description of what is to be invoiced

See the section on "Accounts Receivable Management" for policies regarding follow-up on uncollected receivables.

Accounts Receivable Entry Policies

Whenever possible, posting of customer invoices to the accounts receivable subsidiary ledger of shall be performed by individuals independent of the cash receipts function of NYSARH.

Posting of credit memos and other adjustments to customer accounts receivable shall also be performed by an individual independent of the cash receipts function of NYSARH, whenever possible.

Classification of Income and Net Assets

All income received by NYSARH is classified as "unrestricted", with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted. (This does not include those accounted for as exchange transactions.)

2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes

From time to time, NYSARH may raise other forms of contribution income, which carry stipulations that NYSARH utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of contribution income is received, NYSARH shall classify this income as Temporarily Restricted income.

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), NYSARH will reclassify the related net assets from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

From time to time, the NYSARH Board of Directors may determine that it is appropriate to set funds aside for specific projects. To the extent these set-asides result from a Board action, rather than a donor-imposed requirement, the resulting set-aside shall be classified as "unrestricted". However, to identify these funds as being set aside for special projects, such set-asides shall be labeled "Board-Designated" funds within the unrestricted net assets of NYSARH and shall be reported as a separate component of unrestricted net assets on the NYSARH financial statements.

CASH RECEIPTS

Overview

Cash (including checks payable to the organization) is the most liquid asset an organization has. Therefore, it is the objective of NYSARH to establish and follow the strongest possible internal controls in this area.

Processing of Checks and Cash Received in the Mail

For funds that are received directly at NYSARH (i.e. payments not mailed to a lockbox), cash receipts are centralized to ensure that cash received is appropriately directed, recorded and deposited on a timely basis.

Mail is opened and a listing of cash/checks received shall be prepared in an open area, in the presence of other staff members, hired or contracted. Whenever possible, the individual preparing the daily list of receipts shall be someone that is not involved in the accounts receivable or accounts payable process.

A deposit slip is prepared from the cash/checks received and compared to the daily receipts listing for discrepancies. When possible, deposits are prepared and taken to the bank by an individual who does not have accounts receivable, general ledger or bank reconciliation responsibilities.

Endorsement of Checks

It is the policy of NYSARH that all checks received that are payable to the Association shall immediately be restrictively endorsed by the individual who prepares the daily receipts listing. The restrictive endorsement shall be a rubber stamp, or endorsed by hand, that includes the following information:

1. For Deposit Only
2. NYSARH
3. The bank name
4. The bank account number of NYSARH

Timeliness of Bank Deposits

It is the policy of NYSARH that bank deposits will be made on a weekly basis, unless the total amount received for deposit is less than \$500. In no event shall deposits be made less frequently than twice a month.

Reconciliation of Deposits

On a periodic basis, the Accounting Manager, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits reflected on the monthly bank statement. The Treasurer shall sign-off on the reconciliation. Any discrepancies shall be immediately investigated.

ACCOUNTS RECEIVABLE MANAGEMENT

Monitoring and Reconciliations

On a monthly basis, a detailed accounts receivable report (showing aged, outstanding invoices by customer) is generated and reconciled to the general ledger by the Accounting Manager. All differences are immediately investigated and resolved, and the Treasurer reviews the reconciliation.

Collections

Collections are performed on a monthly basis, according to a review of the outstanding items shown on the accounts receivable aging report. This report shows the current month's activity for each customer and prior months' balances outstanding for 30, 60, 90, and 120 days.

Customers with unpaid balances receive statements every thirty days. After a balance is unpaid for 60 days, an accounting department staff member, hired or contracted, will contact the customer by telephone and attempt to collect the amount due. A record will be kept of all telephone contacts.

If 90 days have elapsed without payment, a letter will be sent to the customer requesting payment or documentation that payment has already been made. In addition, weekly telephone calls will be placed in an attempt to collect the amount due.

If 120 days have passed without payment, the account will be turned over to a collection agency if the amount due is less than \$1,000. If the amount due is greater than \$1,000, the account will be turned over to an attorney.

Credits and Other Adjustments to Accounts Receivable

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors. A staff member, hired or contracted, who is independent of the cash receipts function shall process all credits. In addition, the Executive Assistant shall authorize all credits.

Accounts Receivable Write-Off Authorization Procedures

It is the policy of NYSARH to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated. If an account receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

<u>Amount</u>	<u>Authorized in writing by</u>
Less than \$1,500	President and Treasurer
\$1,500 or more	Finance Committee

Once a write-off has been processed, appropriate individuals are to be advised to ensure that further credit is not granted and to update the master list of bad accounts. Customers listed as poor credit risks will be extended future credit only if the back debt is paid and the customer is no longer deemed a collection problem.

If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or revenue adjustment account or against the original account credited.
2. Invoices written off that are dated prior to the current year will be treated as bad debt and will reduce the allowance for doubtful accounts, discussed in the next section.

Reserve for Uncollectible Accounts

It is the policy of NYSARH to maintain a reserve for uncollectible accounts receivable. At the end of each fiscal year, the allowance for doubtful accounts is adjusted based on the following factors:

1. An analysis of outstanding aged accounts receivable
2. Historical collection and bad debt experience
3. Evaluations of specific accounts based on discussions with the department that originated the sale resulting in the receivable

Year-end adjustments to the reserve for uncollectible accounts shall be performed under recommendation from the CPA Firm or auditor.

This reserve account is used in the following year to write off those items that are deemed uncollectible from the prior year after further collection efforts have been abandoned, as described earlier.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY NYSARH.

ADDITIONAL POLICIES APPLICABLE ONLY TO THOSE PURCHASES MADE UNDER FEDERAL AWARDS ARE DESCRIBED IN THE SECTION “POLICIES ASSOCIATED WITH FEDERAL AWARDS.”

It is the policy of NYSARH to follow a practice of ethical, responsible and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff, hired or contracted shall adhere to in the completion of their designated responsibilities.

Responsibility for Purchasing

All core staff, hired or contracted, shall have the authority to initiate purchases within the guidelines described in this policies manual. The Executive Assistant shall maintain a current list of all authorized purchasers of NYSARH.

The Executive Assistant has approval authority over all purchases and contractual commitments as defined in this policy. The President or his designee shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

Non-Discrimination Policy

All vendors/contractors who are the recipients of Association funds, or who propose to perform any work or furnish any goods under agreements with NYSARH shall agree to these important principles:

1. Vendors/Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

Notices, advertisement and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

Authorizations and Purchasing Limits

The Treasurer must approve all purchases in excess of \$5,000.00, or any purchase that constitutes funds not included in the budget.

All contracts between NYSARH and outside parties must be reviewed and approved by the President. At its discretion, management will have contracts reviewed by legal counsel.

Required Solicitation of Quotations from Vendors

Purchase decisions in excess of \$5,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving, whenever possible, oral quotations from at least two (2) vendors.

Purchase decisions exceeding \$25,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving whenever possible, written quotations from at least two (2) vendors. Specific selections shall be recommended, via the appropriate staff member, hired or contracted, to the Executive Assistant for approval with written quotations attached for review. Recommendations shall be based on consideration of all applicable criteria as described under "Evaluation of Alternative Vendors" below.

All Purchase decisions of \$50,000 or more shall be made by obtaining competitive proposals from at least three (3) responsible vendors. Sealed bids shall be utilized when required by a Federal-awarding agency.

Solicitations for goods and services (requests for proposals) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features, which unduly restrict competition.
2. Requirements, which the bidder/offeror must fulfill, and all other factors to be used in evaluating bids or proposals (see the next section entitled "Evaluation of Alternative Vendors" for required criteria)
3. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
5. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

6. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
7. A description of the proper format, if any, in which proposals must be submitted, including the name of the NYSARH staff member, hired or contracted, to whom proposals should be sent.
8. The date by which proposals are due.
9. Required delivery or performance dates/schedules.
10. Clear indications of the quantity(ies) requested and unit(s) of measure.

Extensions of Due Dates and Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offer or requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of NYSARH, an extension may be granted by the purchasing representative.

Vendor proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Vendors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

Evaluation of Alternative Vendors

Alternative vendors shall be evaluated on a weighted scale that considers the following criteria:

1. Adequacy of the proposed methodology of the vendor
2. Skill and experience of key personnel
3. Demonstrated company experience
4. Other technical specifications (designated by department requesting proposals)
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Vendor's financial stability
7. Vendor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by vendor
9. Ability/commitment to meeting time deadlines
10. Cost
11. Minority- or women-owned business status of vendor
12. Other criteria (to be specified by staff member requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, in each situation requiring consideration of alternative vendors, the department responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a vendor has been selected and approved, the Executive Committee prior to entering into a contract shall approve the final selection.

Affirmative Consideration of Minority, Small Business and Women-Owned Businesses

Positive efforts shall be made by NYSARH to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms and women's business enterprises.
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises.
4. Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises.

Special Purchasing Conditions

Emergencies:

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff members, hired or contracted, and protection of Association property is involved.

Single Distributor/Source:

Where there is only one (1) distributor for merchandise needed and no other product meets the stated needs or specifications, quotations will not be necessary.

Federally Funded Programs:

Purchases that will be charged to programs funded with federal awards will be subject to additional policies. These policies are described in a separate section, "Policies Associated with Federal Awards."

Vendor Files and Required Documentation

The Accounting Manager shall create a vendor folder for each new vendor from whom NYSARH purchases goods or services.

Completed, signed Forms W-9 or substitute documentation shall be filed in each vendor's folder as appropriate. Vendors who do not return a completed, signed Form W-9 or provide equivalent documentation shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on "Government Returns."

See the section on "Payroll and Related Policies" for guidance on determining whether a vendor should be treated as an employee.

Ethical Conduct in Purchasing

Ethical conduct in managing the Association's purchasing activities is an absolute essential. Staff members, hired or contracted, must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

Staff members, hired or contracted, shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff members, hired or contracted, shall notify the President if they are offered such gifts. Gifts to the Association, viewed as normal business incentives to obtain future Association-approved business such as for meeting sites, are acceptable donations.

Conflicts of Interest Prohibited

No Officer, Board Member, staff member, hired or contracted, or agent of NYSARH shall participate in the selection or administration of a vendor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an Officer, Board Member, staff member, hired or contracted, or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.

Officers, Board Members, staff members, hired or contracted, and agents of NYSARH shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.

Receipt and Acceptance of Goods

The Accounting Manager or designated individual shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point
2. Verify the quantity of boxes/containers with the bill of lading
3. Examine boxes/containers for exterior damage

4. Note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
5. Sign and date the bill of lading
6. Retain a copy of the bill of lading

When goods are moved to another area for thorough inspection, the following inspection procedures shall be performed:

1. Remove the packing slip from each box/container
2. Compare the description and quantity of goods per the purchase order to the packing slip
3. Examine goods for physical damage
4. Count or weigh items, if appropriate
5. Record an indication of counts on the purchase order

It is the policy of NYSARH to perform the preceding inspection procedures in a timely manner in order to facilitate prompt return of goods and/or communication with vendors.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of NYSARH that the Association shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code for NYSARH. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

It is the policy of NYSARH not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of NYSARH, when these individuals are acting on behalf of, or are otherwise representing, the Organization.

Prohibited Use of Organization Assets and Resources

It is the policy of NYSARH that no assets or human resources of the Association shall be utilized for political activities, as defined above. This prohibition extends to the use of Association assets or human

resources in support of political activities that are engaged in personally by Board Members, members of staff, hired or contracted, or any other representatives of NYSARH. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of the Association), these individuals must at all times be aware that Association resources cannot at any time be utilized in support of political activities.

ACCOUNTS PAYABLE MANAGEMENT

Overview

NYSARH strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation.

It is the policy of NYSARH that the recording of assets or expenses and the related liability is performed by a staff member, hired or contracted independent of ordering and receiving, whenever possible. The amounts recorded are based on the vendor invoice for the related goods or services. The vendor invoice will be reviewed and approved by the Executive Assistant and President or Treasurer prior to being processed for payment.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, [See NYSARH Policy] shall be recorded as accounts payable in a timely manner.

Accounts payable are processed on a bi-monthly basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

It is the policy of NYSARH that only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. No vendor statements shall be processed for payment, unless the vendor utilizes a 'statement only' system of invoicing.

Accounts Payable Cut-Off

For purposes of the preparation of the Association's monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the 15th day of the current month shall be recorded as accounts payable for the first payment cycle. Any bills received after the

15th and before the last business day of the current month shall be recorded as accounts payable for the second payment cycle.

Any bills received after the last day of the current month will be entered into the system as of the following month, except at year-end when the cut off period shall be extended for 10 business days following the 31st of December.

Establishment of Control Devices

The Accounting Manager establishes control of invoices as soon as invoices are received. Vendors will be instructed to mail all invoices directly to the accounts payable department.

Preparation of a Voucher Package

Prior to any account payable being submitted for payment, a package called a “voucher package” shall be assembled. Each voucher package shall contain the following documents:

1. Vendor invoice
2. Packing slip (where appropriate)
3. Any other supporting documentation deemed appropriate

Processing of Voucher Packages

The appropriate staff member, hired or contracted, shall apply the following procedures to each voucher package.

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report.
3. Document the general ledger distribution, using the Association’s current chart of accounts
4. Obtain the review and approval of the Executive Assistant with the goods or services purchased

Approvals by the Executive Assistant indicate acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account coding, and agreement to pay vendor in full. Approvals shall be documented with initials or signatures of the approving individual.

Payment Discounts

To the extent practical, it is the policy of NYSARH to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

Hired Staff Member (Employee) Expense and Mileage Reimbursement Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form (see further policies under "Travel and Business Entertainment" from a hired employee). All receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Receipts must be itemized to include a description of the item(s) purchased in order to be considered for reimbursement. NYSARH reserves the right not to reimburse for expenses which lack adequate back up in the form of detailed receipts.

Expense reports, including mileage reimbursement requests, shall not span more than one month per report. Mileage reimbursement requests and travel expense reports must be turned in by the first of the month to be processed in the first vendor payment cycle. Expense reports and mileage reimbursement requests received after the 1st will be processed in the second vendor payment cycle. Mileage Reimbursement Requests shall not be completed in advance for anticipated travel.

Expenses older than two months will not be reimbursed.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated, and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the Executive Assistant.

Also, on a monthly basis, the Accounting Manager shall check all statements received for unprocessed invoices.

Travel and Business Entertainment

All travel, entertainment, and related expenses shall be incurred on a basis consistent with the organization's mission and not for personal gain or interests.

Entertainment Expense

The President or his/her designee will approve all entertainment expenses over \$25.00 in advance.

Hired or Contracted Staff Member (Employee) and Director Business Travel

At the conclusion of a NYSARH business trip a hired staff member or member of the Board of Directors that has incurred business-related expenses should complete an Expense Report in accordance with the following policies:

1. Identify each separately incurred business expense (i.e. do not group all expenses associated with one trip together)
2. With the exception of tips, tolls and reimbursed mileage, all business expenses must be supported with detailed invoices/receipts, including a description of the charges incurred.
3. For all lodging and any expenditure other than meals, vendor receipts/invoices must be submitted. Credit card charge slips do not represent adequate supporting documentation – a hotel receipt must be obtained to substantiate all lodging expenditures.
4. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and boarding passes).
5. Mileage may be reimbursed at the standard New York State rates currently in effect.
6. Account codes must be identified for all expenditures.
7. All expense reports must be signed and dated by the employee.
8. All expense reports must be approved by the Board Member and President.
9. Only one expense report form should be prepared for each trip.

Reasonableness of Travel Costs

NYSARH shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:

1. Suites and other upgraded rooms at hotels shall not be allowed; Travelers should stay in standard rooms
2. When utilizing rental cars, travelers should rent midsize or smaller vehicles; Share rental cars whenever possible
3. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum; Expense reports should explain long-distance charges
4. Personal long-distance calls while away on business are reimbursable if kept to a minimum, such as one nightly call home to family; Personal calls in excess of this shall not be reimbursed
5. Whenever possible, travelers should utilize long-distance calling cards when placing calls while away on travel; Avoid using the hotel's long-distance service if possible
6. Reasonable tips for baggage handling shall be reimbursed; No receipts are required

Hotel Reservations: The staff member, hired or contracted, responsible for making hotel reservations will ensure a copy of the NYSARH tax exempt certificate is sent via fax to the hotel at the time the reservation is made.

For more information on this topic, please visit the [U.S. General Services Administration](#) website.

Special Rules Pertaining to Air Travel

The following additional rules apply to air travel:

1. Air travel should be at coach class; First class air travel shall not be reimbursed unless there is a documented medical reason
2. Memberships in airline flight clubs is not reimbursable

3. Cost of flight insurance is not reimbursable
4. When airfare is \$800 or more, two quotes from a travel agency and/or an airline should be obtained and attached to the expense report
5. When returning on a Sunday or departing on a Saturday in order to obtain a cost savings in airfare due to the Saturday night stay-over, travelers should provide a total cost comparison (showing that the lower airfare plus an extra night lodging, meals & incidentals is less costly than airfare without the Saturday night stay-over)
6. Cost of upgrade certificates is not reimbursable
7. Cost of canceling and rebooking flights is not reimbursable, unless it can be shown that it was necessary or required for legitimate reasons.
8. Travelers must identify and pay for all personal flights, even if such flights are incorporated into a flight schedule that serves business purposes (i.e. NYSARH will not reimburse for the personal legs of a trip)

Spouse/Partner Travel

It is the policy of NYSARH not to reimburse any staff member, hired or contracted, or Board Member for separate travel costs (air fare, etc.) associated with his/her spouse or partner. The cost of a shared hotel room need not be allocated between employee/Director and spouse/partner for purposes of this policy.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

It is the policy of NYSARH to print vendor checks and expense reimbursement checks on a bi-monthly basis. Persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers shall prepare checks.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies described in this manual.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors.
3. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services.
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks.
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer.
6. Checks shall be utilized in numerical order (unused checks are stored in a locked fire proof file cabinet in the accounting department).
7. Checks shall never be made payable to "bearer" or "cash."
8. Checks shall never be signed prior to being prepared.
9. To prevent subsequent reuse, vendor invoices and other supporting documentation shall

be canceled upon preparation of the check.

Check Signing

Checks of less than \$2,500 require a single signature. Only the President and the NYSARH Treasurer are authorized to sign checks on behalf of the organization. Checks exceeding \$2,500 require two signatures. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks).

It is the policy of NYSARH that an individual other than the one who approved the transaction for payment shall sign each check. Authorized check signers are the President for the Board, and the Treasurer.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Mailing of Checks

Once checks have been signed, the Accounting Manager shall review the checks to ensure the double signature policy has been followed accordingly. After the checks have been reviewed, the Accounting Manager or another person independent of the accounts payable process will address and mail the checks. As the checks are processed for mailing the bill shall be stamped "PAID". The check number shall be written inside the PAID stamp. The check stub shall be stapled to the bill. Paid bills are filed according to the vendor.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID". All voided checks shall be retained to aid in preparation of bank reconciliations. The NYSARH staff member, hired or contracted, voiding the check shall complete the "Back Up documentation for Voided Check Form.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Record-Keeping Associated with Independent Contractors

NYSARH shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accumulated over the course of a calendar year.

PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

It is the policy of NYSARH to consider all relevant facts and circumstances regarding the relationship between NYSARH and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between NYSARH and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered by NYSARH in making employee/contractor determinations shall include:

1. Behavioral control:
 - a. Instructions given by NYSARH to the worker that indicates control over the worker (suggesting an employee relationship), such as:
 - (1) When and where to work
 - (2) What tools or equipment to use
 - (3) What workers to hire or to assist with the work
 - (4) Where to purchase supplies and services
 - (5) The work to be performed by a specified individual
 - (6) What order or sequence to follow
 - b. Training provided by NYSARH to the worker (i.e. employees typically are trained by their employer, whereas contractors typically provide their own training).
2. Financial control:
 - a. The extent to which the worker has un-reimbursed business expenses (i.e. employees are more likely to be fully reimbursed for their expenses than is a contractor).
 - b. The extent of the worker's investment in the facilities/assets used in performing services for NYSARH (greater investment associated with contractors).
 - c. The extent to which the worker makes services available to the relevant market.

- d. How NYSARH pays the worker (i.e. guaranteed regular wage for employees vs. flat fee paid to some contractors).
 - e. The extent to which the worker can realize a profit or loss.
3. Type of Relationship:
- a. Written contracts describing the relationship that NYSARH and the individual intend to create
 - b. Whether NYSARH provides the worker with employee-type benefits, such as insurance, paid leave, etc.
 - c. The permanency of the relationship
 - d. The extent to which services performed by the worker is a key aspect of the regular business of NYSARH

If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis is \$600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis). Excluded from "compensation" are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

If an individual qualifies as an employee, a personnel file will be created for that individual and all documentation required by the NYSARH personnel policies shall be obtained. The policies described in the remainder of this section shall apply to all workers classified as employees.

Payroll Administration (IF APPLICABLE)

The NYSARH payroll administration is outsourced. A personnel file is established and maintained with current documentation for all NYSARH employees.

The following forms, documents and information shall be obtained and included in the personnel files of all new employees:

- 1. NYSARH Employment Application (and resume, if applicable)
- 2. Applicant references (work & personal)
- 3. Interview questions and notes
- 4. Form W-4 Employee Federal Withholding Certificate
- 5. NY State Withholding Certificate
- 6. Starting date and scheduled hours
- 7. Job title and starting salary
- 8. Authorization for direct deposit of paycheck, along with a voided check or deposit slip

Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

Forms I-9, Employment Eligibility Verification, will be maintained in a separate file.

Changes in Payroll Data

It is the policy of NYSARH that all of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

The Executive Committee shall authorize new hires, terminations, and changes in salaries or pay rates in writing.

The individual employee shall authorize voluntary payroll deductions and changes in income tax withholding status in writing.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

Payroll Taxes

The Accounting Manager is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid.

It is the policy of NYSARH to obtain an updated Form W-4 and Form IT-2104 from each employee in January of each year. Withholding of federal and NYS income taxes shall be based on the most current Form W-4 and IT-2104 prepared by each employee.

Preparation of Timesheets

Each NYSARH employee must submit a signed and approved timesheet. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not;
2. Timesheets shall be prepared in ink or online;
3. Paper errors shall be corrected by crossing through the incorrect entry, filling in the correct entry, and placing the employee's initials next to the change (i.e. employees shall not use "white out" or correction tape); Electronic errors shall be corrected and communicated with appropriate supervising and managing staff.

4. Employees shall identify and record hours worked based on the nature of the work performed;
5. Compensated absences (vacation, holiday, sick leave, personal etc.) should be clearly identified as such;
6. Prior to submission, employees shall sign all timesheets.

After preparation, the President or his/her designee shall approve timesheets prior to submission. A copy shall be maintained in the employee personnel file under "attendance" prior to submission or may be filed online.

Tampering with, altering, or falsifying time records, recording time on another employee's time record, or willfully violating any other timesheet policy or procedure may result in disciplinary action, up to and including discharge.

POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS

CASH AND CASH MANAGEMENT

Cash Accounts

General Checking Account (operating account):

The primary operating account provides for routine business check disbursements. All cash received at the NYSARH office is made to this account. The balance of the primary account shall not exceed \$250,000 for more than 30 days. In the event the balance will exceed \$250,000 for 30 days; an appropriate amount shall be transferred to the secondary account.

Cash transfers between the primary and secondary accounts are done on an as needed basis to cover disbursements.

Bank Reconciliations

Bank account statements are received each month and forwarded unopened to the Accounting Manager. The Accounting Manager opens the statement and reviews its contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. Unusual or unexplained items are reported immediately to the President or the Treasurer.

After this review is complete, the Accounting Manager prepares reconciliation between the bank balance and general ledger balance, with the back-up approval signature/initials of the President or Treasurer. It is the policy of NYSARH to complete the bank reconciliation process within one week of receipt of each bank statement.

The Accounting Manager and Treasurer on a monthly basis reviews all bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations.

Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting manual. All canceled checks returned with bank statements shall be filed in numerical order by bank account and month.

Cash Flow Management

The Accounting Manager monitors cash flow needs on a regular basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

Stale Checks

During the monthly bank reconciliation, the Accounting Manager shall review all outstanding checks. When a check is outstanding for 60 days, the Executive Assistant shall contact the payee regarding the status of the check. If the payee requests re-issuance of the check, a "Request to Reissue Check" form shall be completed.

Petty Cash

It is the policy of NYSARH to provide for imprested funds (used for payment of minor office expenditures, not for travel or employee advances) only for valid transactions and to periodically replenish these funds up to its authorized balance of \$200. It is the responsibility of the Executive Assistant to ensure that the petty cash fund is locked at all times.

A completed and approved petty cash voucher must accompany all disbursements from the petty cash fund. Receipts are required for all disbursements from petty cash.

The petty cash custodian shall prepare a reconciliation of the petty cash account on a periodic basis. Petty cash reconciliations are subject to review by the Treasurer, who may also perform periodic surprise cash counts and reconciliations.

Credit Card

One copy of the NYSARH corporate card shall be maintained. The President or his/her designee shall hold the copy. Any individual requiring use of the card shall request the card from the President or his/her designee and sign a log to indicate receipt. The credit card shall be returned to the President or his/her designee immediately after use. The President or his/her designee shall sign for its receipt upon return.

Use of the NYSARH credit card for personal purchases is prohibited. Detailed receipts for all purchases made with the NYSARH credit card shall be submitted to the Executive Assistant by the 25th day of each month. NYSARH reimburses staff for business travel monthly as defined above in Hired Staff Member Expense Reports. As such, the NYSARH credit card is not to be used for the purchase of gasoline for vehicles. The NYSARH credit card may be used by the President for the purchase of gasoline for a rental vehicle when a rental is used in lieu of a personal vehicle for travel.

Loss or theft of the NYSARH credit card shall be reported immediately to the President.

Prepaid Expenses

It is the policy of NYSARH to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, payments of less than \$500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as non-current assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The accounting department shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

INVESTMENT POLICIES

Introduction

It is the policy of NYSARH to treat all assets of the Association, including those funds that are legally unrestricted, as though they are held by NYSARH in a fiduciary capacity for the purpose of accomplishing the Association's tax-exempt mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards of NYSARH shall be those of a prudent investor.

Delegation of Authority

The Board of Directors of NYSARH has delegated Supervisory authority over its investing activities to the Finance Committee of the Board. The Finance Committee is responsible for regularly reporting on the Organization's investments to the full Board of Directors.

The Finance Committee may recommend to the Board to retain one or more Investment Counselors to assume the investment management function. If approved, the Finance Committee may enter into agreements with, delegate investment authority to, pay compensation to, and receive reports from one or more Investment Counselors.

Investment Objectives

NYSARH investment objectives are the preservation and protection of the Association's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

Allowable Investments

Investments of NYSARH shall be made exclusively with the following securities:

1. Federally-insured Certificates of Deposit, not to exceed \$100,000, including interest, at commercial banks or savings and loan institutions;
2. U.S. Treasury securities and securities of Federal agencies and instrumentalities;
3. Repurchase agreements with financial institutions collateralized by U.S. Treasury or Federal agency securities;
4. Corporate bonds and notes rated A or better by Moody's and Standard & Poors;
5. Commercial paper rated P-1/A-1 by Moody's and Standard & Poors;
6. Money market funds that invest in securities approved under these guidelines.

NYSARH shall not engage in margin transactions, short selling, commodity transactions or use of derivatives.

Diversification

No more than ten percent of the NYSARH investments shall be in the securities of any one issuer, with the exception of obligations of the U.S. government, its agencies and instrumentalities, and federally insured certificates of deposit.

Accounting Treatment

All purchased investments shall initially be recorded at cost. All investments acquired by donation to NYSARH shall initially be recorded at their fair market value as of the date of donation. Donated investments shall be recorded as unrestricted, temporarily restricted, or permanently restricted income and net assets based on the existence or absence of such restrictions, as defined earlier.

Subsequent to acquisition, it shall be the policy of NYSARH to carry all equity securities with readily determinable fair market values and all debt securities at their market values. Adjustments to market value shall be made in the accounting records and financial statements of NYSARH on a quarterly basis.

Adjustments to market value may result in unrealized gains and losses on investments. Such gains and losses resulting from contributed investments shall be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of explicit restrictions on such appreciation and depreciation from the donor, as defined earlier.

Procedures and Reporting

The following procedures will be followed to ensure that investments are properly managed and that these investment policies are consistent with the mission of NYSARH and accurately reflect the current financial condition of the Association:

1. The Accounting Manager and Executive Assistant shall maintain a schedule of investments and reconcile this schedule with the general ledger and with investment account statements on a monthly basis. The schedule of investments shall include the following information with respect to each investment:
 - a. Date acquired
 - b. Method of acquisition (purchase or donation)
 - c. Cost or basis at acquisition
 - d. Description of investment
 - e. Interest rate (if applicable)
 - f. Date of maturity (if applicable)
 - g. Holder/issuer of security
 - h. Current market value
 - i. Unrealized gain or loss
 - j. Accrued interest receivable (if applicable)
 - k. Income received, year-to-date (i.e. interest, dividends, etc.)
2. The Accounting Manager shall prepare a schedule of investments for presentation on a quarterly basis for the Finance Committee and on an annual basis for the Board of Directors.
3. The quarterly investment reports shall detail the portfolio's composition and performance for the quarter and year-to-date, along with a comparison to budget and to the prior year.

4. The annual investment report shall be presented to the Board of Directors at the time the NYSARH annual report is presented, outlining in detail the investment portfolio's composition and performance for the fiscal year, along with a comparison to appropriate market indices. The report will show results for the most recently completed fiscal year and for last three years.
5. Investment policies shall be reviewed annually by the Accounting Manager, Executive Assistant, and President, working with the Finance Committee, to determine any appropriate modifications.
7. The Finance Committee will make recommendations for any revisions or modifications to the investment policy to the Board of Directors for their approval.

FIXED ASSET MANAGEMENT

Capitalization Policy

Physical assets acquired with unit costs in excess of \$1,000 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Contributed Assets

Assets with fair market values in excess of \$1,000 (per unit) that are contributed to NYSARH shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Establishment and Maintenance of a Fixed Asset Listing

The Accounting Manager shall record all capitalized fixed assets in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

7. Class of funds

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by NYSARH. This physical inventory shall be reconciled to the property log and adjustments made as necessary. The Executive Assistant will approve all adjustments resulting from this reconciliation.

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly purchased equipment and furniture shall be inspected for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.

Depreciation and Useful Lives

All capitalized assets are maintained in the special fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year.

Estimated useful lives of capitalized assets shall be determined by the Accounting Department in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture, and fixtures	Up to 10 yrs
General office equipment	5 yrs
Computer hardware and peripherals	3-5 yrs
Computer software	2-3 yrs
Leased assets	life of lease
Leasehold Improvements	remaining lease term

For accounting and interim financial reporting purposes, depreciation expense will be recorded on an annual basis.

Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Fixed Assets

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss if the money received is less than the book value and a gain if the money received is more than the book value.

Write-Offs of Fixed Assets

The Executive Committee approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the President. If not located, this property will be written off the books with the proper notation specifying the reason.

LEASES

Classification of Leases

NYSARH shall classify all leases in which the Association is a lessee as either capital or operating leases. NYSARH shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to NYSARH at the end of the lease term;
2. The lease contains a bargain purchase option;
3. The lease term is equal to 75% or more of the estimated economic life of the leased property;
or

4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of NYSARH's incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

Accounting for Leases

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the obligation to make a lease payment is incurred. For leases with firm commitments for lease payments that vary over the term of the lease (i.e. a lease with fixed annual increases that are determinable upon signing the lease), the amount that NYSARH shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability of NYSARH.

All leases that are classified as capital leases shall be treated as fixed asset additions of NYSARH. As such, upon the inception of a capital lease, NYSARH shall record a fixed asset and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The fixed asset recorded under a capital lease shall be depreciated over the term of the lease, using the [straight-line] method of depreciation.

NYSARH shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms.

ACCRUED LIABILITIES

Identification of Liabilities

The accounting services personnel shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by NYSARH at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Vacation pay (see policy below)
- Rent
- Interest on notes payable
- Commissions
- Royalties

In addition, NYSARH shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to deferred revenue accounts shall be made monthly.

Accrued Leave

It is the policy of NYSARH to record a liability for accrued vacation leave to which staff members, hired or contracted, are entitled upon termination of employment. The total liability at the end of an accounting period shall equal the total earned but unused hours of leave, up to the maximum identified in the NYSARH Employee Handbook, multiplied by each employee's current hourly pay rate.

Leave that does not "vest" with employees (i.e. leave that is not paid to employees if unused at the time of termination of employment), such as sick leave, shall not be accrued as a liability of NYSARH.

NOTES PAYABLE

Record-Keeping

It is the policy of NYSARH to maintain a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender

Accounting and Classification

Each loan will be represented by a separate account in the General Ledger. Each month the General Ledger account will be reconciled, and the amount scheduled on loan statement interest will be recorded as paid.

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Organization

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The audited financial statements of NYSARH that are maintained on an Organization-wide basis shall include:

1. Statement of Financial Position - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term
2. Statement of Activities - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted)
3. Statement of Cash Flows – reports annually the cash inflows and outflows of the organization in three categories: operating activities, investing activities and financing activities.
4. Statement of functional expense.

The internal financial statements of NYSARH include:

1. Profit & Loss by Class – Presents the income/expenses of the organization by class
2. Balance Sheet
3. Profit & Loss Budget vs. Actual Report by Class

Frequency of Preparation

The objective of the accounting services is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

A standard set of internal financial statements described in the preceding section shall be produced on a monthly basis, by the 15th day of the following month.

The monthly financial statements shall be prepared on the accrual method of accounting, including all receivables, accounts payable received by the last business day of the month. Depreciation is reported annually.

Review and Distribution

All financial statements and supporting schedules shall be reviewed and approved by the Executive Assistant prior to being issued.

After approval by the Executive Assistant, a complete set of monthly financial statements, including the Balance Sheet, the P&L by Class, P&L Budget vs. Actual Reports and any necessary supplemental schedules described above, shall be distributed to the following individuals:

- Treasurer and President shall motion to bring it forward to the Finance Committee,
- The Finance Committee shall motion to bring it forward to the Executive Committee,
- The Executive Committee shall motion to bring it forward to the full Board of Directors,
- The Board of Directors shall motion for approval of these Financial Statements.

Financial statements may include an additional supplemental schedule prepared or compiled by the Executive Assistant and Accounting Manager. The purpose of this schedule is to provide known explanations for material budget variances in accordance with NYSARH budget monitoring policies described later in this manual (under the “Financial Management Policies” section).

Special Quarterly Distribution

On a quarterly basis, a complete set of NYSARH financial statements and supplemental schedules shall be distributed to the entire Board of Directors.

Quarterly financial statements distributed to the Board shall include an additional supplemental schedule prepared or compiled by the Accounting Manager. The purpose of this schedule is to provide explanations for material budget variances in accordance with NYSARH’s budget monitoring policies described later in this manual (under the “Financial Management Policies” section).

Annual Financial Statements

The Independent Auditor shall provide a formal presentation of the Association’s annual financial statements to the Finance Committee. The Finance Committee will vote to accept or reject the annual financial statements and shall report to all NYSARH members at the Annual Meeting. See separate policies regarding the annual audit under “Financial Management Policies.”

GOVERNMENT RETURNS

Overview

To legitimately conduct business, NYSARH must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state and local jurisdictions. Filing requirements of NYSARH include, but are not limited to, filing annual information returns with IRS,

state charitable solicitation reports, annual reports for corporations, property tax returns, income tax returns, sales tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

Filing of Returns

It is the policy of NYSARH to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Accounting Manager shall be responsible for identifying all filing requirements and assuring that NYSARH is in compliance with all such requirements.

It is also the policy of NYSARH to file complete and accurate returns with all authorities. NYSARH shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.

Filings made by NYSARH include, but are not limited to, the following returns:

1. **Form 990 & CHAR500** - Annual information return of tax-exempt organizations, filed with IRS. Form 990 is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.
2. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to federal government by February 28.
3. **Form 941** - Quarterly payroll tax return filed with IRS to report wages paid to employees and federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

NYSARH's fiscal and tax year-end is December 31st. All annual tax and information return of Form 990-T are filed on the accrual basis of reporting.

It is the policy of NYSARH to comply with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each NYSARH employee.

Public Access to Information Returns

Under regulations that became effective in 1999, NYSARH is subject to federal requirements to make the following forms "widely available" to all members of the general public:

1. The three most recent annual information returns (Form 990), excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A, and

2. NYSARH's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

It is the policy of NYSARH to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Executive Assistant shall be responsible for maintaining this copy of each form and for making it available to all requesters.
2. For all written requests for copies of forms received by NYSARH, the Association shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, NYSARH will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.
3. The copying cost charged by NYSARH for providing copies of requested forms shall be \$1.00 for the first page copies and \$0.15 for each subsequent page. All copies shall be shipped to requesters via Priority Mail, thus, shipping charges will be a standard \$3.00 per shipment.
4. After payment is received by NYSARH, all requested copies should be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the accounting department.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
6. NYSARH shall accept certified checks and money orders for requests for copies made in person. NYSARH shall accept certified checks, money orders and credit cards or personal checks as payment for copies of forms requested in writing.

UNRELATED BUSINESS ACTIVITIES

Identification and Classification

It is the policy of NYSARH to properly identify and classify income-producing activities that are unrelated to the Organization's tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such income accounts shall be segregated in separate accounts in the general ledger of NYSARH in order to facilitate tracking and accumulation of unrelated trade or business activities.

At this point, NYSARH does not engage in activities that are unrelated trade or business activities, and therefore is not required to file form 990-T.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the Association's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Association's programs and activities simultaneously in light of the available resources.

Preparation and Adoption

It is the policy of NYSARH to prepare an annual budget based on the accounting methods used in its grant contracts. To prepare the Association budget, the Accounting Manager shall gather proposed budget information and prepares the first draft of the budget. Budgets proposed and submitted by the Accounting Manager should be accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years.

After appropriate revisions and a compilation of all budgets by the Accounting Manager, a draft of the organization-wide budget, as well as individual classes, is presented to the Treasurer for discussion, revision, and initial approval.

The revised draft is then submitted to the Finance Committee of the Board of Directors, and finally to the entire Board of Directors for adoption.

It is the policy of NYSARH to adopt a final budget at least 30 days before the beginning of the Association's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for accounting services to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities and comparison of budget versus actual once the year begins.

Monitoring Performance

It is the policy of NYSARH to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by accounting services and distributed to each individual with budgetary responsibilities. These individuals shall be responsible for responding with an explanation of all budget variances within 3 business days of receipt.

Budget Modifications

After a budget has been approved by the Board of Directors, reclassifications of budgeted expense amounts may not be made without approval from the Accounting Manager. Reclassifications of budgeted expense amounts are subject to individual grant requirements. The Accounting Manager is responsible for identifying grant requirements and establishing approval from the funding source involved. The Finance Committee shall be apprised of all requests for budget modifications submitted to a funding source.

ANNUAL AUDIT OR REVIEW

Role of the Independent Auditor

It is the policy of NYSARH to arrange for an annual audit or review, as applicable, of the Association's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by NYSARH will be required to communicate directly with the Finance Committee upon the completion of their audit. In addition, members of the Finance Committee are authorized and encouraged to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors at the next Board meeting, after the financial statements have been reviewed and approved by the Finance Committee.

How Often to Review the Selection of the Auditor

NYSARH shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every three years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every three years; simply to re-evaluate the selection)

Selecting an Auditor

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by NYSARH in selecting an accounting firm:

1. The firm's reputation in the nonprofit community
2. The depth of the firm's understanding of and experience with not-for-profit organizations and federal reporting requirements under OMB Circular A-133
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Association personnel in a professional and congenial manner

If NYSARH decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included, as applicable:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, tax returns, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
5. Organization chart of NYSARH
6. Chart of account information
7. Financial information about the organization
8. Copy of prior year reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with OMB Circular A-133
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due dates of proposals
13. Overview of selection process (i.e. whether finalists will be interviewed, when a decision shall be made, etc.)
14. Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm member who will serve
3. Client references
4. Information about the firm's capabilities
5. Firm's approach to performing an audit
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available with the firm
8. Expected timing and completion of the audit
9. Expected delivery of reports
10. Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor
12. Other information as appropriate

The Finance Committee will review all proposals received at least three members of the Finance Committee will participate in the subsequent interviews. Upon completion of the interviews, the Finance Committee will submit their recommendation to the Board of Directors for approval.

Preparation for the Annual Audit or Review

NYSARH shall be actively involved in planning for and assisting with the Association's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the accounting department shall provide assistance to the independent auditors in the following areas:

Planning - The Executive Assistant is responsible for delegating the assignments and responsibilities to accounting staff, hired or contracted, in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

Involvement - Association staff, hired or contracted, will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Interim Procedures - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Association's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Association staff, hired or contracted, will as much as possible in order to provide requested schedules and documents and to otherwise assist the auditors during any interim audit fieldwork that is performed.

Throughout the audit process, it shall be the policy of NYSARH to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

Concluding the Audit or Review

Upon receipt of a draft of the audited financial statements of NYSARH from its independent auditor, the Accounting Manager shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of NYSARH
3. Review each footnote for accuracy and completeness
4. Review all findings for accuracy

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Accounting Manager and Executive Assistant.

It shall also be the responsibility of the Accounting Manager and Executive Assistant to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

Finance Committee Responsibilities

With regard to the annual audit, the Finance Committee's responsibilities include, but shall not be limited to, the following:

1. Appointment of, and communication with, the Association's independent auditors
2. Review and approval of the annual, audited financial statements
3. Discussion of internal control matters and other findings with the independent auditor
4. Respond to any reported instances of fraud involving NYSARH or its staff members, hired or contracted
5. Conduct a monthly analysis of the Association's financial statements
6. Make policy and other recommendations to the NYSARH Board of Directors regarding matters arising out of the audit

In fulfilling these duties and responsibilities, the Finance Committee is entitled to examine any and all documents within the control of NYSARH and its staff members, hired or contracted. In addition, the Finance Committee shall recommend to the Executive Committee to contract with independent contractors in the fulfillment of the committee's responsibilities.

INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of NYSARH.

It is the policy of NYSARH to maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery and other items of value.

Coverage Guidelines

As a guideline, NYSARH will arrange for the following types and levels of insurance as a minimum, as applicable:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Comprehensive Liability: Directors & Officers	
Commercial General Liability: General Aggregate	\$2,000,000
Personal & Advertising Injury Each Occurrence	\$1,000,000 \$1,000,000
Workers' Compensation	To the extent required by law

NYSARH shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

1. Description (type of insurance)

2. Carrier
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates

Insurance Definitions

Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupation diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy except when contract operations are so commingled that it would not be practical to require this coverage.

Fidelity Bond

For all personnel handling cash, preparing or signing checks, shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the organization will determine the dollar limit of this coverage.

Comprehensive Liability

This type of coverage may include Directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.

RECORD RETENTION

Policy

It is the policy of NYSARH to retain records as required by law and to destroy them when appropriate. The destruction of records shall be reviewed and recommended by the Executive Assistant, and approved the Treasurer or President, and logged into the Association's Destroyed Records Log. The formal records retention policy of NYSARH is as follows:

Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Audit reports	Permanently
Bank reconciliations	3 Years
Bank Statements	3 Years
Chart of Accounts	Permanently
Cancelled Checks	7 Years
Contracts, mortgages, notes and leases:	
Expired	7 Years
Still in effect	Permanently
Correspondence:	
General	2 Years

Legal and important matters only	Permanently
Routine with customers and/or vendors	2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	3 Years
Employment applications	3 Years
Expense analyses/expense distribution schedule	7 Years
Financial statements:	
Year end	Permanently
Other	Optional
Garnishments	7 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal reports	3 Years
Inventories of products, materials and supplies	7 Years
Invoices (to customers, from vendors)	7 Years
Journals	Permanently
Minute books of Directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Petty cash vouchers	3 Years
Physical inventory tags	3 Years
Property records (incl. depreciation schedules)	Permanently
Receiving sheets	1 Year
Retirement and pension records	Permanently
Requisitions	1 Year
Sales records	7 Years
Subsidiary ledgers	7 Years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Time sheets/cards	7 Years
Trademark registrations and copyrights	Permanently
Training manuals	Permanently
Voucher register and schedules	7 Years
Withholding tax statements	7 Years

POLICIES PERTAINING TO FEDERAL AWARDS

ADMINISTRATION OF FEDERAL AWARDS

Definitions

There are several types of agreements through which NYSARH may receive financial assistance from a donor/grantor agency:

Grant: A financial assistance award given to the organization to carry out its programmatic purpose.

Contract: A mutually binding legal agreement where the organization agrees to provide supplies or services and the donor agrees to pay for them.

Cooperative Agreement: A legal agreement where the organization implements a program with the direct involvement of the donor.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal “award.”

Preparation and Review of Proposals

Staff are responsible for preparing proposals for projects that the organization intends to pursue as assigned by the President. However, all proposals shall be reviewed by the President prior to submission to government agencies or other funding sources.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Accounting Manager and Executive Assistant shall review the terms, time periods, award amounts and expected expenditures associated with the award. A CFDA (*Catalog of Federal Domestic Assistance*) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers. New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources. The Accounting Manager maintains the final signed award document in the “contracts” notebook.

Compliance with Laws, Regulations and Provisions of Awards

NYSARH recognizes that as a recipient of Federal funds, the Association is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Association meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a Federal agency:

1. An employee within the department will be designated as responsible for administering each Federal award and will receive appropriate training.

2. The Accounting Manager and Executive Assistant shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and prepares a summary of key compliance requirements and references to specific laws and regulations.
 - b. Review the "OMB Circular A-133 Compliance Supplement" (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all Federal awards.
 - c. Review the section of the Catalog of Federal Domestic Assistance applicable to the award.
3. The Accounting Manager and Executive Assistant shall maintain copies of applicable laws and regulations (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).
4. The Accounting Manager and Executive Assistant shall identify and communicate any special changes in policies and procedures necessitated by Federal awards as a result of the review of each award.
5. The Accounting Manager and Executive Assistant shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to the "OMB Circular A-133 Compliance Supplement", and communications with Federal awarding agency personnel.
6. The Accounting Manager shall cooperate with the Association's Independent Auditors by informing the CPA firm as to applicable laws, regulations, and provisions of contracts and grants and communicating known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Billing and Financial Reporting

NYSARH strives to provide management, staff and funding sources with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

NYSARH shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the Accounting Department, subject to review and approval by Executive Assistant.

The following policies shall apply to the preparation and submission of billings to federal agencies under awards made to NYSARH:

1. It is the policy of NYSARH to request reimbursement after expenditures have been incurred, unless an award specifies another method.

2. Each award normally specifies a particular billing cycle; therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
3. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
4. All financial reports required by each federal award will be prepared and filed on a timely basis. To the extent NYSARH's year-end audit results in adjustments to amounts previously reported to federal agencies, revised reports shall be prepared and filed in accordance with the terms of each federal award.

NYSARH shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

The Accounting Manager shall record a receivable on the books of NYSARH at the time invoices (requests for reimbursement) are prepared.

If a federal award authorizes the payment of cash advances to NYSARH, the Accounting Manager may request that a request for such an advance be made. Upon receipt of a cash advance from a federal agency, NYSARH shall reflect a liability equal to the advance. As part of the monthly closeout and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Procurement Under Federal Awards

Procurement of goods and services whose costs are charged to federal awards received by NYSARH are subject to all of the specific NYSARH purchasing policies described earlier, under "Purchasing Policies and Procedures." In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1. NYSARH shall avoid purchasing items that are not necessary for the performance of the activities required by a Federal award.
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government. If there are no funds available for purchases, leasing will be the only choice.
3. Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each Federal award.
4. For all procurements in excess of the small purchase acquisition threshold (currently \$100,000), procurement records and files shall be maintained the include all of the following:
 - a. The basis for contractor selection.

- b. Justification for lack of competition when competitive bids or offers are not obtained.
 - c. The basis for award cost or price.
5. NYSARH shall make all procurement files available for inspection upon request by a Federal Awarding Agency.
6. All contracts with vendors shall require the vendor to certify in writing that it has not been suspended or disbarred from doing business with any federal agency.

In addition, no staff member, hired or contracted, Officer, or agent of NYSARH shall participate in the selection, award or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of her or his immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

Solicitations of Bids from Vendors

Solicitations of bids from vendors shall be governed by the policies applicable to all purchases of NYSARH, previously described in the section of this manual under Required Solicitation of Quotations from Vendors.

In addition, NYSARH shall not utilize the “cost-plus-a-percentage-of-cost” method of contracting with vendors.

All other policies and procedures associated with procurement under Federal awards shall be governed by the policies applicable to all purchases of NYSARH, described in the section of this manual on “Policies Associated with Expenditures and Disbursements.”

Provisions Included in all Contracts

It is the policy of NYSARH to include all of the following provisions, as applicable, in all contracts (including small purchases) with vendors and sub-grants to grantees:

- 1. Compliance with the Drug-Free Workplace Act of 1988 (P.L. 100-690, title V, Subtitle D);
- 2. Compliance with Title 31, USC, Section 1352, entitled “Limitation of Use of Appropriated Funds to Influence Certain Federal Contracting and Financial Transactions”. When necessary, the Contractor shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.
- 3. Compliance with NYSARH’s Conflict of Interest Policy – all financial disclosures required by this policy shall be made and all identified conflicts of interest will have been satisfactorily managed, reduced, or eliminated prior to the expenditure of funds. Conflicts that cannot be satisfactorily managed, reduced, or eliminated must be disclosed.
- 4. It will comply with Section 407, Title IV of P.L. 93-192, Student Unrest provisions.

5. If the use of human subjects is involved, compliance with the requirements of NIH governing the rights and welfare of human subject in accordance with 45 CFR Part 46, Subpart A “protection of Human subjects, shall be ensured.
6. Compliance with the requirements of the following: title VI of the Civil Rights Act of 1964 (discrimination based on race, color, or national origin); Executive Orders 11246, 11375, and 11141 (promoting equal employment opportunity); Section 503, title V of the Vietnam Era Veterans’ Readjustment Assistance Act of 1972; Sections 503 and 504 of the Rehabilitation Act of 1973 (discrimination based on physical or mental handicap); Title IX of the Education Amendments of 1972 (P.L. 92-318 – discrimination based on sex); and the Age Discrimination Act of 1975 (P.L. 94-135 – discrimination based on age); Sections 522, 526, and 543 of PHS Act (discrimination against alcohol and drug abusers); and the pro Children Act of 1994 (P.L. – 103 – 227, Part C – restrictions on smoking where Federally funded children’s services are provided); and shall file all required assurances with the Department of Health and Human Services.
7. Compliance with the Clean Air Act (42 USC 7401) and the Federal Water Pollution Control Act (33 USC 1251).
8. Will use its best efforts to comply with Executive Order 13043 “increasing Seat Belt Use”.

Making of Subawards

From time to time, NYSARH may find it practical to make sub-awards of federal funds to other organizations. All sub-awards in excess of \$10,000 shall be subject to formal review by the Executive Committee of the NYSARH Board. The Executive Committee is responsible for establishing the following: 1) the timeline for submission, review, and notification of awards; 2) formal guidelines for the submission, receipt, and review of proposals.

With respect to sub-recipients with whom NYSARH has not recently had a sub-award relationship, the Executive Assistant shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential sub-recipient, is to gain assurance that a potential sub-recipient has adequate policies and procedures in place to provide reasonable assurance that it is capable complying with all applicable laws, regulations and award provisions. In these instances, NYSARH shall obtain the following documents:

1. Determination letter from the IRS (recognizing the sub-recipient as exempt from income taxes under IRC section 501(c)(3))
2. Copies of the most recent Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
3. Copies of the most recent audit report and management letter received from sub-recipient’s independent auditor (including all reports associated with audits performed in accordance with OMB Circular A-133, if applicable)

At its discretion, NYSARH may request the following additional documentation:

1. Articles of incorporation;
2. By-laws or other governing documents;
3. Additional tax and/or audit report information;

4. A copy of the most recent internally prepared financial statement and current budget;
5. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations or monitoring procedures performed in the last three years.

Monitoring of Sub-recipients

When NYSARH utilizes Federal funds to make sub-awards to sub-recipients, is subject to a requirement to monitor each sub-recipient in order to provide reasonable assurance that sub-recipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor sub-recipients, the following policies apply to all sub-awards of federal funds made by NYSARH to sub-recipients:

1. Sub-award agreements shall include all information necessary to identify the funds as federal funding. This information shall include:
 - a. The applicable Catalog of Federal Domestic Assistance (CFDA) title and number
 - b. Award name
 - c. Name of Federal agency
 - d. Amount of award
2. Sub-award agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with OMB Circular A-133, if the sub-recipient meets the criteria for having to undergo such an audit.
3. Sub-awards shall include a listing of all applicable Federal requirements that each sub-recipient must follow.
4. Sub-awards shall require that sub-recipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
5. Sub-awards shall require that sub-recipients submit financial and program reports to NYSARH on a basis no less frequently than monthly.
6. NYSARH will follow up with all sub-recipients to determine whether all required audits have been completed. NYSARH will cease all funding of sub-recipients failing to meet the requirement to undergo an audit in accordance with OMB Circular A-133. For sub-recipients that properly obtain an audit in accordance with OMB Circular A-133, NYSARH shall obtain and review the resulting audit reports for possible effects on NYSARH's accounting records or audit.
7. NYSARH shall assign one of its employees the responsibility of monitoring of each sub-recipient on an ongoing basis, during the period of performance by the sub-recipient. This employee will establish and document, based on her/his understanding of the requirements that

have been delegated to the sub-recipient, a system for the ongoing monitoring of the sub-recipient.

8. Ongoing monitoring of sub-recipients by NYSARH will inherently vary from sub-recipient to sub-recipient, based on the nature of work assigned to each sub-recipient. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with sub-recipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the sub-recipient and following up on areas of concern.
 - c. Monitoring sub-recipient budgets.
 - d. Performing site visits to the sub-recipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the sub-award.
 - e. Offering sub-recipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the sub-recipient in order to assure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the sub-recipient.
9. Documentation shall be maintained in support of all efforts associated with monitoring of sub-recipients.

Equipment and Furniture Purchased with Federal Funds

NYSARH may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to Federal awards will be subject to certain additional policies as described below.

For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by NYSARH, described under Asset Management.

All purchases of "equipment" with federal funds shall be approved as contractually required. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Any equipment that is owned by the Federal government and given to NYSARH for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
3. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of \$5,000 or less at the conclusion of the award, NYSARH shall retain the equipment without any

requirement for notifying the federal agency. If the remaining per unit fair market value is \$5,000 or more, NYSARH shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the federal agency.

4. The NYSARH Accounting Manager and Executive Assistant shall determine whether a specific award with a Federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with federal funds shall be performed at least annually. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by NYSARH.

Standards for Financial Management Systems

In accordance with OMB Circular A-110, it is the policy of NYSARH to maintain a financial management system that provides for the following:

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of Circular A-110 and/or the award.
2. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, un-obligated balances, assets, outlays, income and interest.
3. Effective control over and accountability for all funds, property and other assets. NYSARH shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance.
5. Written procedures to minimize the time elapsing between the transfer of funds to NYSARH from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
7. Accounting records including cost accounting records that are supported by source documentation.

Budget and Program Revisions

It is the policy of NYSARH to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Any change in the scope of services.
2. Issuing subcontracts to third parties.
3. Changing the Project Director. Also, if the Project Director plans to be absent from the project for three months or more, a substitute Project Director must be appointed, subject to approval.
4. Significant re-budgeting – when the cumulative amount of transfers among direct cost categories of the approved budget exceeds 25% of the total award or \$25,000, whichever is less.
5. Extension of the period of performance.
6. Purchase of equipment, audiovisual materials, or publication/printing services exceeding \$25,000.

Close Out of Federal Awards

NYSARH shall follow the close out procedures described in OMB Circular A-110 and in the grant agreements as specified by the granting agency.

NYSARH and all sub-recipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.