F1: BUDGET PROCESS

Alpha House operates in accordance with an annual budget.

Operating Income and Expenses are projected for each cost center (Administrative, Emergency Shelter, and Development), by month, and by General Ledger Account Code.

Fontana CPA's presents the Board's Finance Committee with historical revenue/expense data no later than mid-October. Additions and changes in amounts/timing of revenue/expense realization are reconciled in a series of meetings culminating with the approval of the chief Executive Officer.

The draft budget is presented to the Board Treasurer and the Board Finance Committee for review. Any changes, additions or modifications are approved by the Finance Committee prior to presentation to the full Board of Directors at its Annual Meeting in December.

If necessary, any issues or differences are resolved and presented for final approval, to the Board, during their December Meeting. At the same time, the upcoming fiscal year budget is submitted for approval, the subsequent year projections are also presented for information. This two-year plan delineates the organization's financial goals that will meet Alpha House's long-term planning and quality improvement goals.

Budget execution is tracked monthly. Monthly financial statements reflect actual results of operations and are presented as a comparison to budget projections, by Cost Center/General Ledger Account Code. Financial Statements are presented monthly to the Alpha House Board of Directors with significant variations explained monthly to the Alpha House Board of Directors.
F2a. Guidelines

Alpha House follows the following purchasing guidelines:

Cost effective purchasing of organizational supplies is made through bulk purchases whenever possible.

Duplication between Cost Centers is minimized through centralized ordering.

Receipt and placement of office supply orders are centralized and coordinated by the Administrative Assistant to the Chief Executive Officer. Receipt and placement of janitorial and maintenance supply orders are centralized and coordinated by the Shelter Manager.

Goods and services whose cost exceeds $1,000 will be supported by a cost analysis price quotation or competitive bids from 3 sources. A vendor who has been screened by competitive bid or price quotation and who offers a multiple array of products may be used without recurring individual price quotations, (office, janitorial, home repair supplies, etc.). The screening of those vendors is coordinated by the Shelter Manager in coordination with the Chief Executive Officer; routine recurring goods and service vendor’s pricing structures will be re-examined every two years to justify Alpha House continuity of business. Payment for goods and services whose onetime cost exceeds $5,000 will require two authorized signatures.

Sales tax will not be paid on purchases of goods and services.

Prior to payment, the Shelter Manager will verify that goods and services have been received in the manner represented on the supporting invoice.

Payments for goods and services will only be made from original invoices.

F2b. Purchasing Flow - Routine and Recurring Items

The Administrative Assistant is responsible for the inventory of office supply items. Orders are placed when warranted or alerted by:

1. Notations on order form during course of inventory.

2. Staff will advise Administrative Assistant when item(s) they are using are in short supply.

Orders are placed with selected vendors in consideration of total overall cost to include shipping and handling charges. The Administrative Assistant places orders by telephone or by use of the Internet. Inventory is checked upon receipt,
and enclosed invoice annotated with the Cost Center that requested the item. A copy of the shipping receipt is provided to Fontana CPA's for the proper reconciliation of statements and invoices.

The Shelter Manager is responsible for placing housekeeping and maintenance supply orders and periodically monitors the Residential Staff's inventory and accountability system and places orders for replenishment of those supplies as needed. Inventory is checked upon receipt and the enclosed invoice annotated for the applicable cost center and given to the Administrative Assistant for provision to Fontana CPA's, where invoices are matched against statements prior to payment.

Cost center managers, who order specialty items, are responsible for coordinating delivery and notifying the Administrative Assistant that the items have been received per the invoice.

When practicable and cost effective to the organization, recycling will be practiced and products offered by the State system PRIDE will be examined for potential purchase.
F3: ACCOUNTS PAYABLE

F3a: Approval for Payment

Periodic cost analysis is performed to ensure that vendors providing goods and services to Alpha House are providing quality service at competitive prices (F2: Purchasing). Upon receipt, the Administrative Assistant will date stamp the envelope of invoices or statements; when the envelope is opened, the face of the invoice/statement will be date stamped. Invoices pending payment are routed through the Administrative Assistant, who checks that the appropriate Director or designee has approved payment. Only original invoices are used as source documents for payment. To the maximum extent possible, bills are paid in a timely fashion and within the applicable accounting period for which the expense was generated.

F3b. Chart of Accounts

Alpha House maintains and utilizes a Chart of Accounts that captures and presents its accounting activity in accordance with generally accepted accounting principles. Accounts are organized as follows:

1000-1999 Assets
2000-2999 Liabilities
3000-4000 Income
5000-7999 Expenses
8000-8999 Misc. Income
9000-9999 Misc. Expenses

F3c. Expense Allocation

General:
Alpha House is comprised of three programs: Administration, Emergency Shelter, and Development. Individual expenses are allocated to one or more of these programs. If expenses can be solely attributed to a program, 100% of the expense is so allocated. An individual invoice for goods or services often supports more than one program and the expense shall be allocated on a pro-rata percentage.

Salary Expense:
It is rare when an employee's time is devoted to the support of only one program. Based on an evaluation of the time devoted to program support, the following criteria are applied to salary expense allocation:
<table>
<thead>
<tr>
<th>Position</th>
<th>Administrative</th>
<th>Emergency Shelter</th>
<th>Development/Fundraising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director</td>
<td>10%</td>
<td>80%</td>
<td>10%</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>30%</td>
<td>70%</td>
<td>10%</td>
</tr>
<tr>
<td>Director of Development</td>
<td>20%</td>
<td>80%</td>
<td>10%</td>
</tr>
<tr>
<td>Case Managers</td>
<td>100%</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Residential Assistants</td>
<td>100%</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Client Services Manager</td>
<td>100%</td>
<td></td>
<td>10%</td>
</tr>
</tbody>
</table>

Insurance Expense:
Insurance expense is allocated based on policy coverage. Specific buildings are oftentimes devoted solely to a specific program; when programs share a building; expenses are allocated on floor space devoted to individual programs.

Depreciation Expense:
Depreciation expense adheres to the current Depreciation and Amortization Schedule for Buildings, Furniture and Fixtures, Equipment and Vehicles.

Utilities Expense:
Utilities are normally exclusive to the building the program occupies. When a program shares a building, prorating is made based on population/square footage and time that square footage is occupied.

Janitorial Supplies:
Janitorial supplies are ordered directly for a specific program and are expensed accordingly.

Lawn Service:
Lawn service is expensed based upon a division of 39% Administration, 61% Emergency Shelter. This generally equates to the time spent by the vendor at each of the programs’ occupied property.

Program Expenses in Support of Governmental Programs:
Supplies/services are often required for the support of programs that serve more than one program’s clients. Expenses are prorated based on the percentage of Alpha House clients served.

Board Expenses:
Any Alpha House board expenses are assigned to Administration.

Development Expenses:
Certain expenses are unique to development/fundraising. They are volunteer, fundraising, and special events.
F3d. Data Entry

Fontana CPA’s is responsible for assuring that financial records are maintained using the QuickBooks Pro software package. The software Quick Reference Guide, unique to the software package, is followed whenever entering data or producing reports. After the voucher has been approved for payment and amount of payment has been coded to the applicable expense and sub account (cost center) code, the invoice will be entered (recorded) as an account payable in the current period (month). Invoices are entered as batches; one or more invoices comprise a batch. After the invoices in the batch have been entered, they are recorded as a total in the check register. An updated check register is printed after each batch of checks is printed.

F3e. Payments

Fontana CPA’s is responsible for the payment of current accounts payable. Checks are processed, using the current accounting software package and by adhering to the locally produced administrative guide, unique to the software package, for check writing. As a minimum Fontana CPA’s will insure that:

1. Checks are issued/printed in sequence.
2. Voided checks are clearly documented, accounted for and filed.
3. Multiple payments made to one payee during the month are researched.
4. Payments are based on original invoices and backup is cancelled upon payment to eliminate possible duplicate payment. The face of the invoice will be date stamped and Fontana CPA’s will ensure the expense is recorded within the accounting period for which the expense was incurred. If an Internal Request for Check Form is utilized, for non-routine purchases, the Administrative Assistant will ensure that the appropriate Director has annotated approval of both vendor selection and invoice / payment amount.
5. Payments are approved by appropriate level of Alpha House’s Organizational Structure.
6. Check amount and invoice amount agree.
7. If payment is made to Chief Executive Officer, the Director of Advancement countersigns the check.
8. Two authorized signatures must countersign checks exceeding $5,000. Authorizing signatures are the Chief Executive Officer and Director of Advancement.

After the checks corresponding to a paid accounts payable batch, have been printed, Fontana CPA’s will attach the unsigned checks to the supporting invoice and submit the documents to the Administrative Assistant for appropriate authorizing signature. The Chief Executive Officer and the Director of Advancement are authorized to sign checks. Photocopies of the signed check and supporting documents are filed in the Finance Office. All documents will be filed in individual vendor folders sequentially by year.

In addition, Fontana CPA’s will update the manual check register recording the total of the batch, batch number, sequence (range) of the check numbers written, and current checking account balance.
F3f. Retention of records

All records relating to the accounts payable or any financial process must be actively maintained for two years (current and previous year) and archived for five additional years, after the expiration or conclusion of a contract providing Alpha House with funds.
Alpha House currently subcontracts its payroll function to PEOPLE-HRO. Fontana CPA's coordinates with the Administrative Assistant for the bi-weekly payroll and collects input data on the Monday following the payroll period ending date. Payroll data submitted on that date results in a delivered payroll by PEOPLE-HRO on the Friday of the same week. PEOPLE-HRO is responsible for all payroll functions, once hourly data has been submitted from Fontana CPA's as provided by Alpha House. This includes the withholding and payment of applicable taxes including Federal Income, FICA, Medicare, and Worker's Compensation. They are also responsible for administering employee selected withholds for benefit programs including medical, dental, vision, etc. Alpha House currently contributes 86 percent of the cost of qualified employee's medical benefit costs, 100 percent of $10,000 life insurance for all employees ($2.50 per employee per month), and 100% of the first $15,000 added basic life insurance for full-time employees ($3.50 per employee per month) desiring additional life insurance. Employees desiring to contribute to the United Way may do so through payroll deduction. At the end of each quarter, Fontana CPA's transfers the total quarterly withholdings to the United Way (debit withhold, credit cash).

When a change in employment status occurs, i.e., initial employment, employment category (full-time, part-time), employment type (regular, temporary, on-call), pay type (hourly, salary), pay rate, or job title, an affected individual's supervisor must complete and provide a signed form 1250 (Member Enrollment) to the Administrative Assistant. The Administrative Assistant will ensure appropriate form submission/coordination with PEOPLE-HRO. A copy of the form will be placed in the affected employee's personnel file.

Timesheet / Time Recording/Payout: When time sheets are turned in at the conclusion of each bi-weekly period, the Administrative Assistant will ensure all timesheets and leave requests are signed and authorized by the respective supervisor and submitted as a complete package to Fontana CPA's for further processing to PEOPLE-HRO. Fontana CPA's will check all data against that submitted to the PEOPLE-HRO payroll department.

At the conclusion of an individual's employment, the respective supervisor will authorize, and submit to their supervising Director the final employee timesheet accompanied by any request for PTO (Personal Time Off) payout in accordance with the Alpha House Addendum to Member Guidebook. Final payroll submission and payout will be as approved by the authorizing Director.

Supervisors are required to review, approve and submit for processing time sheets for those employees under their supervision. Time sheets cover the previous bi-weekly pay period and include an itemization by day, date, time-in, time-out, total daily hours, first week hours worked, second week hours worked,
and total hours worked for the bi-weekly period. Supervisors provide all
approved timesheets and leave approvals to the Administrative Assistant for
compilation and submission to Fontana CPA's. Fontana CPA's consolidates the
information on the time sheets and leave requests to an uploaded spreadsheet
that identifies employees by assigned employee numbers (not SSN). This
worksheet summarizes the regular hours worked, overtime hours worked, and
paid time off.

The authorizing supervisor will verify that all employees designating Personal
Time off (PTO) hours in lieu of regular hours: have in fact earned those hours.
This information is summarized in a bi-weekly report provided by PEOPLE-
HRO. The information contained on the time sheets is then entered on a
spreadsheet that lists the total of regular hours worked, Personal Time Off
hours taken, overtime hours, total hourly employees, total salaried employees
and total employees (example attached). Once the information is entered a
second spreadsheet is made that eliminates last name, first name, salary class
and lines not used (example attached). The spreadsheet is uploaded to the
PEOPLE-HRO website. The password to the website is accessible by the
Administrative Assistant and Fontana CPA's. If this report is acceptable (error
free), Fontana CPA's will telephonically transmit approval to release the payroll
(delivered by courier on Friday).

PEOPLE-HRO prepares a preliminary payroll edit that is emailed to Fontana
CPA's who examines the report for accuracy. Once Fontana CPA's approves
the edit they inform PEOPLE-RO who then issue invoices and payroll registers
(copies of pay stubs).

When the payroll is approved it authorizes an electronic funds transfer to
PEOPLE-HRO for this amount two days prior to the effective date of the payroll
delivery. Fontana CPA's will ensure the checking account has available funds to
cover the cost of the payroll. If necessary they will coordinate with the Chief
Executive Officer to transfer funds from the Line of Credit to the checking
account. Fontana CPA's will record the total amount of the payment in the
check register.

The Administrative Assistant accepts the payroll package when it is delivered
and assures individual checks or remittances are delivered to employees.

Month end Journal Entries are entered by Fontana CPA's that reflect payroll data
since it reflects the total staffing costs incurred by Alpha House.
Applicable journal entries would include period staffing costs, accrued staffing costs (if applicable to the month), and accounts payable staffing costs (if applicable to the month). Staffing costs is the total expense incurred by Alpha House for payroll related expenses to include PEOPLE-HRO fees. Staffing costs are expensed to individual cost centers, based upon the employee's time allotment between cost centers.

All reports and supporting documentation will be provided to the Administrative Assistant who will file all documentation in the Finance Office. Documentation shall be filed chronologically by year/ month/ pay period ending date.
Alpha House Accounts Receivables are in two categories:

1. Program Related
2. Development Related

F5a. Program Related Accounts Receivable

Billing for program services performed is entered as Accounts Receivable through Journal Entries. Applicable Journal Entries would be:
Record monthly cash receipts by type (to include payments on Accounts Receivable previously billed).

Record Accounts Receivable Billing.

Record Electronic Fund Transfers received as payment on Accounts Receivable billing.

Program Related Accounts Receivables typically include services performed as a result of government grants. Examples include:

BOCC (Hillsborough Co. Board of County Commissioners):

The Client Services Manager completes census logs and counts the number of bed days for adults and babies in Emergency Shelter for the month ended. This information is then recorded on the BOCC monthly report form. The Client Services Manager gives this report and a copy of the census log to Fontana CPA's who generates a cover letter and gathers fiscal information. This information is uploaded on the County MoveIT system where it is retrieved by County personnel. Copies of the complete report are placed in the BOCC contract file at Fontana CPA's as well as being saved electronically to a secured Alpha House network server. Contracts are normally for a two-year period and correspond to the BOCC fiscal year (October 1-September 30). The Financial Status report sent to BOCC keeps a running total of remaining funding of the contract.

City of Tampa ESG (Emergency Solutions Grant):

The Client Services Manager completes census logs and counts the number of bed days in the emergency shelter and completes the report form for ESG, prints the report and provides a copy of the census log to Fontana CPA's. Fontana CPA's prepares a cover letter and gathers financial data which is mailed to the ESG program office. Completed copies of the report are on file at Fontana CPA's in the ESG contract file as well as being saved electronically to a secured Alpha House network server. The contracts correspond to the City of Tampa fiscal year (October 1-September 30). City responsibilities vary from contract year but usually involve assistance in the payment of insurance, and utilities. Expenses require documentation (receipts) and proof of matching expenses in other category (salaries, United Way, etc.).
Children's Board of Hillsborough County:

This grant currently funds 4.5 FTE Case Managers and 1 FTE Client Services Manager plus supplies and staff training. Salaries, Benefits and PEOPLE-HRO staffing costs are included. The period of the grant runs from October 1 through September 30. Invoices utilizing CBHC formats are submitted at the end of each month.

City of Tampa Community Development Block Grant – Public Services

This grant is handled in much the same way as the Emergency Solutions Grant. The income is documented by timesheets proved by the Alpha House Housing Case Managers (2 FTEs). Hours provided by the Case Managers are applied against negotiated rates per housing activity.

F5c. Accounts Receivable Pledges

Pledges from private sources are administered by the Development Department. FASB 116 requires that pledges made over multiple years be recognized as income in the year that the pledge was made. It further requires that the cash flows be discounted to present value utilizing a safe investment rate and that a contra account be established for uncollectible pledges. A Treasury bill rate will be used for multiple years in order to calculate the present value. The Director of Advancement will inform Fontana CPA's the pro-rata % to use for uncollectible pledges.
F6: FINANCIAL REPORTING

F6a. General

Alpha House was incorporated on March 7, 1986 as a not-for-profit corporation. The financial statements of Alpha House are prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred. Alpha House considers highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalent. All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Property is carried at cost and depreciated on a straight-line basis. The Internal Revenue Service has approved Alpha House as a nonprofit organization, exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. The fiscal year of Alpha House is the calendar year (January 1 - December 31).

F6b. Accounting Cycle

The calendar month is considered the accounting period. At the conclusion of the month, Fontana CPA's will ensure that all of the pertinent information has been received and posted, in order to close the accounting period. Most data such as bank statements, invoices from vendors, etc. are normally received by the 15th day after the close of the month; the goal is to present the period's financial statements to the Board Treasurer and Chief Executive Officer by that date. If an expense has been incurred but an invoice has not been received, then the expense will be accrued.

F6c. Closing

The locally produced software administrative guide should be used while entering data in the accounting software package. Fontana CPA's will go through the following sequential steps when closing the accounting records for the period.

Prepare required Journal Entries. As an example, the following entries may be made:

JE1: Record monthly cash receipts by type (not including Account Receivable Clients).

JE2: Record Electronic Funds Transfers Received, Bank Transfers between accounts, and Account Receivable billings for government programs/grants.

JE3: Payroll expense (staffing costs) as an allocation to cost centers.

JE4: Payroll accrual (if applicable); requires reversing the next month.
JE5: Insurance Expense

JE6: Depreciation Expense

JE7: Bank Charges, interest earned (Cash Management), in-kind expense and in-kind revenue, HUD Billing.

JE8: Medical Premium Expense by Cost Center and Prepaid Expense write-off.

JE9: Accrued Expenses other than Staffing Costs; requires reversing the next month. Reversal of previous period accrued liabilities (if applicable)

Other Journal entries may be required depending on the circumstances of the period.

Print Preliminary Balance Sheet and Income Statements and examine the details for any errors. Additional journal entries (adjusting) may be required to correct the errors found.

Print Financial Statements.

F6d. Balance Sheet

The complete balance sheet with detail should be filed in the applicable year's Financials Book located at Fontana CPA's as well as electronically on the secured Alpha House network server. The Alpha House Board also requires a summarized Balance Sheet that combines accounts within current assets, non-current assets, and current liabilities.

F6e. Income Statement

The complete income statement package to include a summary for the entire organization will be filed in the applicable year's Financial Statements Book located at Fontana CPA's as well as electronically on the secured Alpha House network server. The presentation of the statement will show period results, budgeted amounts, variance between actual and budgeted amounts, year to date actual, budgeted year to date, and variance between year to date actual and budgeted. In addition, the Alpha House Board also requires a summarized Income statement for the entire organization that combines expenses into either salary related or other excludes in-kind expense, in-kind revenue and depreciation.

F6f. Statement of Cash Forecast

A Statement of Cash Forecast will be prepared and filed in the applicable year's Financials Book located at Fontana CPA's as well as electronically on the secured Alpha House network server. The statement will present the actual cash receipts and outlays for the month just ended as well as the next three
accounting periods cash forecasts. A Beginning Balance is taken from the cash balances in the balance sheet for the period just ended. Inflows are added based upon estimates of cash receipts during the upcoming month. Outflows are based on historical and anticipated cash outflows during the month. The cash balance from the first month becomes the beginning balance of the second forecasted month and the process is repeated, until a three-month forecast has been completed.

**F6g. Display and Retention of Financial Statements**

The current year and prior year financial statements will be on file at Fontana CPA’s as well as electronically on the secured Alpha House network server. The 3 previous year’s financial statements will be archived.

**F6h. Annual Audit**

Alpha House will arrange for an annual independent audit of its financial statements. The Independent Auditor's Report produced from the audit will be provided, as a minimum, to Alpha House's funding providers and is available on the organization’s website along with the IRS 990.
F7a. Fund Accountability

Grant funds provided by a private or governmental body oftentimes require the fulfillment of restrictions and the monitoring of fund expenditures over the life of the grant. Each funding source for Alpha House, which falls under those criteria, will be tracked separately, throughout the life of the grant. Draws from the grant total as well as restricted categories, funding will be recorded along with source documents that provide an audit trail. A separate schedule for indicating the amount of grant funds received and expensed during the current contract period will be maintained by Fontana CPA’s. In addition, Fontana CPA’s will maintain a schedule that tracks agency matching funds available and utilized for grants, which require matching funds.

F7b. Lobbying

Alpha House does not employ outside individuals to lobby on its behalf. In addition, the agency strictly complies with Florida Statute 216.347, which prohibits the use of state contract funds for the purpose of lobbying the Legislature or other state agencies. The procedure outlined in F7a above insures that grant funds are expended for the purpose for which they were awarded.
F8:  CONTRACTS / SUBCONTRACTS

F8a. General

Contracted / subcontracted services are oftentimes utilized to support program and support functions. All contractor/subcontractor fees will be reviewed annually to ensure that Alpha House's quality and economic goals are being met.

F8b. Requirements

Contracted / subcontracted services that involve a commitment of more than a single non-recurring, agreed upon service will be:

1) Signed by both parties.

2) Indicate the scope of the work to be performed, the manner in which it is to be performed, and the manner in which payment is to be made.

3) Reviewed and renewed on an annual or other applicable time-frame basis.

4) Approved by an Alpha House funder who provides funds for a specific program, which requires the use of a contractor/ subcontractor. Documentation will exist which indicates that the funder reviewed and approved of the contract.

5) Issued an IRS Form 1099 at the end of the year for independent (non-incorporated) contractors who received $600 or more in total compensation.

Rev. 2-25-2015
F9: CASH MANAGEMENT

F9a. Cash Receipts Journal

Cash receipts will be opened and logged by the Administrative Assistant for submission to Fontana CPA’s. Fontana CPA’s will maintain a Cash Receipts Journal. The Director of Advancement is provided with copies of each check and will provide Fontana CPAs with the correct revenue coding as applicable (individual donor, corporate, special event, etc.) A folder for the current month’s deposits will contain an individual bank deposit summary form that is numbered sequentially to that month’s deposits (D1, D2, D3, etc.); this number will also be placed on the bank deposit slip. The form will list the contents of each bank deposit, listed by funding sources:

Cash
Accounts Receivable Clients
Accounts Receivable Grants
Accounts Receivable Pledges
Foundation Grants
Individual Donations
Corporate Donations
Church Donations
Civic Donations
Special Event
Other (annotate GL Code)

Each category will be totaled and all categories added to equal the total bank deposit. Photocopies of checks will be attached to the bank deposit summary form and a copy of this form and the deposited checks will be provided to the Director of Advancement and on file at Fontana CPA’s as well as electronically on the secured Alpha House network server. A copy of the deposit log will be returned to the Administrative Assistant, who originally logged in the receipt of the checks; and will in turn reconcile their log assuring that the check was recorded as a deposited. The carbon copy of the bank deposit slip will be attached to the summary form. The Chief Executive Officer or the Director of Advancement will make the deposit and will provide a copy of the bank deposit receipt to the Administrative Assistant, where it will be attached to the bank deposit summary.

The totals for each bank deposit will be added to the cash receipts journal. The journal will include the deposit number, total of each funding source, description and the total of the entire deposit. This form becomes the source document for month ending journal entries for cash receipts. This form and the supporting documentation for each individual bank deposit are filed in the Journal Entry Folder corresponding to that month.

Fontana CPA’s will record the total of the bank deposit and update the balance in the check register of the bank account affected (Regular Checking or Cash Management Accounts).
F9b. Timing of Bank Deposits

Bank deposits will be made the same day or not later than the next business day following receipt. When checks or cash must be stored, pending a next business day deposit, it will be locked in a secure cabinet in the Administrative Assistant's office. Checks received in the mail will be restrictively endorsed immediately upon opening the mail.

F9c. Cash Received from Fund Raising Events

Cash received during the course of fund raising events will be logged and receipts given for cash received from individual donors. The cash received as well as the beginning total of change provided, will be reconciled and verified by the Director of Advancement. Cash will be deposited as soon as possible upon the event's conclusion; not later that the next business day.

F9d. Bank Statement Reconciliation

The bank statement of each account will be reconciled monthly. The Chief Executive Officer retains sole access for on-line account access. Monthly, the Chief Executive Officer will access the on-line statement and download a copy to provide to Fontana CPA's who will perform the reconciliation. The Bank Statement will be filed chronologically and retained on file at Fontana CPA's as well as electronically on the secured Alpha House network server.

F9e. Cash Reserves

The organization will maintain an operating as well as one or more cash management accounts. Cash in the operating account will be limited to that necessary to execute operating outlays. Cash will be transferred by the banking institution by direction of the Chief Executive Officer, to meet major outlays (bi-weekly payrolls, etc.). It is the goal of the organization to maintain cash reserves equal to a minimum of three months operating expense.

F9f. Investment Policy

The Finance Committee of the Alpha House Board of Directors is the Investment Committee. The policy of Alpha House with respect to current investments is to hold only highly liquid, minimal risk assets such as FDIC-insured deposits and money market mutual funds, which in turn invest in short-term US Government and/or investment grade corporate securities and/or FDIC-insured deposits. Alpha House's policy with respect to the management of gifts of securities is to inquire of the donor if there are any restrictions as to disposition. If there are no such restrictions, the policy is to sell such securities immediately if there is a ready market. In the case of securities for which there is not a ready market at
the time Alpha House receives a gift of unrestricted securities, the policy is to monitor the development of a ready market so as to be able to sell the securities as soon as a ready market develops. Restricted securities are deposited with Alpha House’s bank and positioned for sale once the restrictions are removed. The policy of Alpha House with respect to the management of gifts of real property is to inquire of the donor if there are any restrictions as to disposition. If there are no such restrictions, the Investment Committee consults with the Real Estate Committee to determine the real property's suitability for eventual use by Alpha House. If the real property is suited for eventual use by Alpha House, then the Finance Committee and the Real Estate Committee estimate the annual expense of maintaining the real property until such time as Alpha House expects to use the property and submit a proposal to retain the real property to the full Board of Directors. This proposal would trigger Board action to adjust the annual operating budget to accommodate such expense. If the real property is deemed not to be suitable for eventual use by Alpha House, then the policy is to interview at least two reputable brokers to value the real property. Unless both brokers advise against the near-term sale of the property due to unusual conditions in the real estate market, one of these brokers will be engaged to list and market the real property. Only all cash proposals will be accepted. The Finance Committee reviews this Investment Policy no less often than annually and submits it for approval at the same time as the operating budget is presented to the full Board of Directors.

F9g. Credit Management

The organization will maintain a line of credit to cover unforeseen operating cash flow requirements and to pay for large capital outlays. The organization currently maintains a $275,000 line of credit with Regions Bank. The Board of Directors will negotiate to obtain the lowest possible interest payment on the outstanding balance of the promissory note. Alpha House currently pays a variable interest rate based on changes in an index, which is the Lender's Prime Rate plus 3%. This is the rate the Lender charges, or would charge, on a 90-day unsecured loan to the most credit worthy corporate customer. The line of credit will be renewed every three years. When the monthly interest payment on the principal balance becomes due, Fontana CPA's will recommend to the Chief Executive Officer and the Board Treasurer if any amount can be paid toward the principal balance (balance owed of amount drawn). The Board of Directors will review the Loan Payable - Line of Credit Balance each month, as part of their review of monthly financial statements and make recommendations as to the retirement of the balance. The Board will also review compliance with the loan covenants.
F10: PETTY CASH

Alpha House maintains two petty cash funds: administrative and residential. Custodians of both funds are designated in writing and approved by the Chief Executive Officer. The Administrative Assistant is the custodian of the administrative fund. This fund will be used to support small emergency or time sensitive expenses related to the entire Alpha House organization. The Shelter Manager is the custodian of the residential fund. This fund is used to support small emergency or time sensitive expenses related to Alpha House client assistance.

The administrative fund will have a balance of $250 and the residential fund will have a $3,000 balance. As a minimum, both funds will reconcile receipts and replenish the funds, once a month - or more frequently if expenditures warrant. Reconciliation involves coding individual receipts for expense, totaling receipts; counting cash on hand and assuring that the total of receipts and cash on hand equal the fund's designated balance. Only vouchers that are completely and accurately filled out will be paid. Vouchers will be marked paid (cancelled) when cash is disbursed. A check, made out in the name of the custodian will be made in the amount of the supporting receipts.

Petty Cash funds and receipts will be stored in a locked box, and as a minimum, locked in another secure device/location. Receipts, prior to payment being made, will support all disbursements. Sales tax payment and travel expenses will not be reimbursed with petty cash funds. Under no circumstance will petty cash be commingled with other funds.