

FRIENDS OF KAIROS NICARAGUA, INC.
FORMAL POLICIES updated 2015.10.07

Fiscal Policy / Procedure

In order to avoid any suspicion of personal gain with regard to funds committed to Friends of Kairos Nicaragua, the Board of Directors has adopted this policy / procedure. Our goal is to facilitate fund raising and payments for our support of Kairos in Nicaragua.

1. Bank Accounts.

The Organization has two different bank accounts. Both are in the name of the Friends of Kairos of Nicaragua. Both are reported on as part of the financial structure of the Organization. All accounts have the President and Treasurer as signatories. They are:

- a. **Local Bank Account.** We maintain a local bank account for the deposit of funds, and for payment of expenses, such as filing fees, etc.
- b. **Schwab Bank Account.** This account is intended to be accessed by our agent in Nicaragua to facilitate the movement of funds to Nicaragua. This account also has our agent in Nicaragua as signatory.

2. Two Signatures.

All bank accounts have at least two signatures. These are normally the President and Treasurer.

3. Expense Approvals

All expenses in excess of \$1,000 must be approved by a Motion of the Board.

4. Funds Dedicated to Kairos Nicaragua.

The Association is authorized to accept donations, grants or payment for services on behalf of Kairos of Nicaragua in any amount. These funds are reported in a separate bookkeeping account, and any expense required to move these funds is also reflected in that account.

These can be tax deductible donations, or simply transfers of funds as payment for services.

These funds can be either:

- a. Deposited directly into the Schwab Account intended for that purpose.
- b. Deposited in the Local Account for Friends of Kairos Nicaragua. In this case, the Organization's Treasurer is authorized to electronically transfer these funds to the dedicated Schwab account as soon as the funds are available. Records of these transfers are kept as are all financial transactions. This is to facilitate the movement of these funds as quickly and efficiently as possible. All of these transactions are noted in our financial statements as required by law.

5. Withdrawal Approvals

All other bank withdrawals in excess of \$1,000 for any purpose, require either

- a. An approved Motion of the Board, which may be an expense approval as above, or
- b. A signed Authorization by the two signatories to the account.

As with all formal business, this Motion or Authorization may be accomplished via email and electronic exchange.

As noted above, any funds accepted as payment or donation for Kairos Nicaragua are moved immediately to the Schwab Account which can be drawn on by our agent in Nicaragua.

6. Banking Statements

All banking statements are produced electronically and are directed to both account signatories. If possible, the bank will send the two statements directly. If the bank cannot accomplish this, then the primary recipient will immediately share the document with the other signatory. A calendar for these statements is maintained, so that both signatories are aware as to when the statement is available.

The Schwab Statements will also be forwarded to Kairos in Nicaragua to assist with their accounting and reporting.

7. Donors or Payers Notification.

If requested, a Donor or Payer may request a copy of the banking statement to verify that the funds paid to Friends of Nicaragua, Inc., have been deposited and / or disbursed. All charitable contributions are noted with a thank you / receipt returned to the Donor, stating the amount of funds received. If the charitable donation exceeds \$250 for the year, the Donor is given a year end statement reflecting the tax deductible amount donated.

8. Funds to other destinations

Funds may be sent to Nicaragua or other destinations by a variety of methods. Each method has a required paper trail.

- a. **Wire Transfer.** For a wire transfer, the two signatories of the account must sign the Bank authorization. When the funds are received, the receipt from the bank is received and filed. Our agent in Nicaragua notifies us via email of the amount that was credited to the account there. If requested by a donor or payer, this email is also sent to the interested party.
- b. **Check.** A check drawn on the account is made out to our agent in Nicaragua, and carried to Nicaragua. This also requires our agent there to inform us via email that the check has been received and deposited. The withdrawal from our account is also reflected in the monthly bank statement.
- c. **Cash.** Cash may be disbursed to be hand carried by a trusted messenger to our agent in Nicaragua. Both signatories to the account must authorize this disbursement as indicated. The Treasurer withdraws the cash and delivers it to the messenger. The messenger signs a formal receipt for the cash, and a copy of this is sent with the cash. That copy is signed by our agent in Nicaragua when the cash is transferred, and the messenger returns the formal receipt to the Treasurer. The agent in Nicaragua must also affix a separate 4 character security PIN to the signature. This security PIN is arranged beforehand between the Treasurer and the Agent, and it is changed monthly. The agent in Nicaragua also indicates by email that the cash has been received.

9. **Accounting Reports**

The treasurer will generate a monthly accounting report for the Board and any other interested parties which is distributed electronically. This report shows all detailed transactions, receipts, payments, deposits, and transfers.

The Treasurer will maintain a separate account for the funds which are dedicated to Kairos Nicaragua, whether through grants, donations, or payments for services. These funds may be in either Bank Account.

10. **Accounting Reports from Nicaragua**

In the interest of complete transparency, the Board of Directors receives a monthly accounting report from our agent in Nicaragua. The Treasurer reviews this report in detail, and reconciles our disbursements with that report.

11. **Required Financial Forms Filing**

The Treasurer is responsible for the annual filing of tax forms in a timely manner:

- a. **Federal 990.** This is currently accomplished by means of 990-n, or e-postcard. This report is due on the 15th of May each year.
- b. **Minnesota Charitable Organization Annual Report.** This is due the 15th of July each year.
- c. **Donor Receipts.** All Donors receive an immediate email receipt thanking them for their donation. If their annual donations exceed \$250, they also receive an annual statement to be used for tax purposes.