

Action for Healthy Kids State Team Accounting Guidelines and Procedures

As we move forward in accomplishing the Action for Healthy Kids mission, we need to be sure that we are following appropriate accounting practices. To that end, the following information and attached forms have been prepared to streamline the process and address procedures that State Teams should follow. If you have any questions, please contact National AFHK (800-416-5136).

National Action for Healthy Kids (AFHK) and AFHK State Teams are part of a single non-profit organization with a unified mission: to create health-promoting schools that support sound nutrition and physical activity opportunities.

The AFHK Relationship Agreement (dated 04-03-03) provides a framework that describes the mutual commitment that exists between National AFHK and the State Teams as well as the financial relationship that exists between the two parties. State Teams are eligible to receive grants that may be offered by National AFHK and they are responsible for and in control of funds they may solicit in the name of AFHK. To that end, State Teams, particularly those individuals and entities in control of any funds, are considered agents of AFHK. They maintain a fiduciary duty to AFHK to, among other things, ensure that all funds are properly handled in accordance with the accounting guidelines outlined below.

These accounting guidelines and procedures cover:

- 1. Centralized AFHK Accounting System**
- 2. Role of State Team Treasurer**
- 3. Using the State Team Draw-Down Account**
 - **Deposits**
 - **Funds Withdrawal**
 - **Documenting Expenses**
 - **Team Draw-down Account Ledger**
 - **Team Decision-Making**

1. Centralized AFHK Accounting System

As a benefit to State Teams, AFHK has established a national accounting system with a separate “draw-down account” for each AFHK State Team. The draw-down account is the repository for the team’s funds, so a separate bank account is not needed.

Rubin, Kasnett & Associates (RKA), certified public accountants based in Bethesda, Maryland, manages the accounting system and State Team accounts. For State Teams, RKA maintains the financial ledger; tracks funds the team receives/raises from National AFHK or other sources;

pays team-approved invoices; makes approved disbursements to the team; and produces required reports and documentation for the I.R.S.

2. Role of State Team Treasurer

Each AFHK State Team must name someone on the team to serve as treasurer. The treasurer serves as the link to the AFHK State Team's draw-down account – to deposit funds, request checks and distributions, and provide supporting documentation as needed (e.g., itemized expenses and receipts for a cash advance). All team members are encouraged to read the AFHK Relationship Agreement; however, it is especially important that the treasurer be familiar with the details. Please provide the name of the team member serving as treasurer to National AFHK– this can be a rotating position held by different team members. National AFHK will provide technical support and training to the team treasurer and be available for on-going support.

3. Using the State Team Draw-Down Account

Outlined below is the process State Teams must follow for making deposits, withdrawals and payments, and tracking activity in the team's draw-down account.

- **Deposits**

Grants from National AFHK: As they become available, State Teams will be notified of possible grant opportunities through National AFHK. Eligibility requirements, guidelines, and restrictive use provisions will be specified for each opportunity. Once there is grant approval, funds are credited directly to the individual State Team's drawdown account.

Grants/funds from sources other than AFHK: Teams that solicit* and receive donations or grants from other sources are to deposit funds received into the State Team's draw down account at National AFHK. Checks are to be made payable to "Action for Healthy Kids," with the name of the State Team indicated in the message area on the check. **The team treasurer must send check and completed AFHK Deposit Form to National AFHK. Email an alert to stateteams@actionforhealthykids.org notifying that a check has been sent.** Remember to keep a photocopy of check and Deposit Form on file. National AFHK will notify the team treasurer when the check is received.

- **Funds Withdrawal**

State Teams may withdraw funds from the drawdown account in the following ways:

Request an advance: States may request a cash advance of up to \$400 by submitting a Check Request Form to the **AFHK National Office via mail or fax**. National AFHK will notify the State Team when the Check Request is received. Within 60 days after receipt of the advance payment, the State Team must send an **AFHK Cash Advance Report Form and appropriate receipts to National AFHK**. If funds are available, and after the advance is reconciled, teams may request another advance.

** There are state registration requirements for soliciting funds; please contact National AFHK before pursuing funding in your state.*

Send invoices for National AFHK to pay on the team's behalf: States may submit invoices for products or services directly to the **AFHK National Office** for payment. Each invoice is sent with a separate and completed Check Request Form. (This form describes services provided, out-of-pocket expenses, and activity for which the service was expended.) **If a check is to be made payable to a State Team Member, then that individual is not authorized to sign the Check Request Form; we require a signature from another State Team Member.**

National AFHK will notify the State Team when the Check Request is received. AFHK will make disbursements from the State Team's drawdown account directly to the payee. The total amount of all invoices sent to AFHK for payment may not exceed the amount available in the state's drawdown account. Receipts or documentation are needed for all expenses (i.e., there isn't a minimum amount that does not need a receipt or documentation). *Note: Please provide a Social Security number for any individual who is to be paid \$600 or more.*

- **Documenting Expenses**

Cash advance (see above): A completed Cash Advance Report Form is to be submitted with supporting receipts within 60 days after receipt of a cash advance from the State Team's draw down account.

Reimbursement of out-of-pocket expenses: Such expenses are paid at cost and may include travel-related expenses, telephone, postage, etc. A completed Check Request Form is to be completed by the team member who incurred the expense and then submitted to team treasurer for approval and submission to **National AFHK**. The Check Request Form is to be submitted within 60 days of the incurrence of the expense. The form must be supported by copies of invoices or receipts for all expenses.

- **Team Draw Down Account Ledger**

National AFHK maintains a ledger for each State Team, itemizing deposits, withdrawals, and the balance in the team's drawdown account. AFHK will provide each State Team with an accounting of all activities relating to its particular drawdown account as requested.

- **Team Decision-Making**

It is important that your team members are aware of and have input on how your team expends funds in your State Team drawdown account. You may want to form a subgroup to discuss and make recommendations on fund-raising and to determine how monies will be used by your team. Be sure to let your entire team know when funds are received and how they are being used.