Fiscal Policies & Procedures

The Honey Hole, Inc.

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APPENDIX

SECTION 100 – INTRODUCTION

This section establishes the purpose, authority, scope, and governance framework for all subsequent fiscal policies.

101 SCOPE AND ORGANIZATION

Policy

This Financial Policies and Procedures Handbook sets forth The Honey Hole, Inc.’s policies for financial management, accounting, internal controls, procurement, reporting, and administration. These policies apply to all directors, officers, employees, volunteers, consultants, contractors, and anyone authorized to act on the organization’s behalf.

The purpose of these policies is to ensure that the financial resources of The Honey Hole, Inc. are managed in a prudent, consistent, transparent, and accountable manner that supports the organization's mission and complies with applicable legal, regulatory, contractual, and fiduciary requirements.

Organizational Structure

The Honey Hole, Inc. operates under the governance authority of its Board of Directors and under the executive leadership of the President & Chief Executive Officer (CEO).

The financial management structure of the organization includes:

Board of Directors

The Board of Directors provides fiduciary oversight, approves major financial policies, adopts annual budgets, authorizes significant financial transactions, reviews financial performance, and ensures the long-term financial sustainability of the organization.

President & Chief Executive Officer

The President & CEO serves as the chief executive officer of the organization and is responsible for overall financial stewardship, strategic leadership, resource development, and implementation of Board-approved financial policies.

Chief Operations Officer

The Chief Operations Officer (COO) oversees day-to-day organizational operations, supervises departmental leadership, reviews financial activities, and ensures operational compliance with approved financial policies and procedures.

Director of Finance & Administration

The Director of Finance & Administration is responsible for accounting operations, financial reporting, budgeting, cash management, payroll administration, financial compliance, procurement oversight, and maintenance of the organization's accounting records.

Department Directors
Department Directors are responsible for managing approved departmental budgets, authorizing expenditures within delegated authority, ensuring compliance with grant and funding requirements, and supporting financial accountability within their respective areas.

Employees and Staff
All employees are responsible for safeguarding organizational assets, complying with established financial policies, maintaining accurate records, and promptly reporting financial concerns or irregularities.

Scope of Application
These policies govern:

- Accounting and financial reporting
- Internal controls
- Budgeting and financial planning
- Procurement and purchasing
- Cash receipts and cash disbursements
- Banking and investments
- Payroll administration
- Credit card usage
- Grant management
- Asset management
- Financial record retention
- Audit and compliance activities
- Financial oversight and governance

Where grant agreements, contracts, government regulations, or donor restrictions impose requirements that are more restrictive than these policies, the more restrictive requirements shall govern.

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102 PURPOSE OF HANDBOOK

Policy
The purpose of this Financial Policies and Procedures Handbook is to establish a framework of financial controls, responsibilities, and procedures that promote accountability, transparency, consistency, and sound stewardship of organizational resources.

The handbook is intended to:

Financial Stewardship

1. Protect organizational assets from loss, misuse, fraud, waste, and abuse.
2. Ensure accurate and timely financial reporting.
3. Promote responsible management of financial resources.
4. Support long-term financial sustainability.

Internal Controls

5. Establish clear authority and responsibility for financial transactions.
6. Maintain appropriate segregation of duties.
7. Reduce organizational risk through effective internal controls.
8. Provide mechanisms for monitoring compliance and accountability.

Compliance

9. Ensure compliance with:
    - Federal laws and regulations
    - State laws and regulations
    - Grant requirements
    - Contractual obligations
    - Donor restrictions
    - Accounting standards
    - Nonprofit governance requirements

Operational Effectiveness

10. Provide guidance for consistent financial decision-making.
11. Promote efficiency and effectiveness in financial operations.
12. Support informed management and Board oversight.

Accountability

13. Define responsibilities for financial management at all organizational levels.
14. Establish documentation and approval requirements.
15. Provide standards for ethical financial conduct.

Relationship to Other Policies

This handbook shall operate in conjunction with:

- Articles of Incorporation
- Organizational Bylaws
- Personnel Policies
- Conflict of Interest Policy
- Records Retention Policy
- Investment Policy
- Grant Management Policies
- Procurement Policies
- Board Policies and Resolutions

In the event of conflict between this handbook and the Articles of Incorporation or Bylaws, the Articles of Incorporation and Bylaws shall govern.

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103 AMENDING THE HANDBOOK

Policy

The Board of Directors retains ultimate authority for approving and amending this Financial Policies and Procedures Handbook.

The handbook shall be reviewed periodically to ensure continued compliance with applicable laws, accounting standards, organizational needs, and best practices.

Responsibility for Review

President & Chief Executive Officer
The President & CEO shall ensure that financial policies remain current and appropriate for organizational operations.

Chief Operations Officer
The COO shall periodically review policies for operational effectiveness and implementation.

Director of Finance & Administration
The Director of Finance & Administration shall:
- Monitor changes in accounting standards and regulatory requirements.
- Recommend updates to financial policies and procedures.
- Identify areas requiring additional controls or clarification.
- Coordinate policy review activities.

Amendment Process
Proposed amendments may originate from:
- Board of Directors
- Finance Committee
- President & CEO
- Chief Operations Officer
- Director of Finance & Administration
- External auditors
- Legal counsel

All proposed amendments shall be documented and submitted for review through appropriate organizational channels.

Approval Requirements

Administrative Changes
Minor administrative changes that do not alter policy intent may be implemented by management and reported to the Board at its next regular meeting.
Examples include:
- Position title changes
- Organizational restructuring references
- Procedural clarifications
- Regulatory citations

Substantive Policy Changes
Substantive changes affecting:

- Financial authority
- Internal controls
- Procurement requirements
- Banking authority
- Debt management
- Investment practices
- Fiscal governance

shall require approval by the Board of Directors.

Review Schedule

This handbook shall be reviewed:

- Annually by management;
- At least every three (3) years by the Board of Directors;
- Whenever significant organizational changes occur;
- Following major audit findings or regulatory changes;
- As required by grantors, lenders, or governing authorities.

Distribution

Current versions of the handbook shall be maintained by:

- Executive Administrative Coordinator (official governance copy)
- Director of Finance & Administration (official financial operations copy)

An electronic copy shall be placed on The Honey Hole, Inc.'s website.

Superseded versions shall be retained in accordance with the organization's Records Retention Policy.

Effective Date

This handbook shall become effective upon approval by the Board of Directors and shall remain in effect until amended or replaced by subsequent Board action.

SECTION 200 – INTERNAL CONTROL POLICIES

These policies establish the governance and internal control foundation for subsequent sections covering procurement, cash receipts, cash disbursements, payroll, grants management, fixed assets, investments, and financial reporting.

201 COMPLIANCE WITH LAWS

Policy

The Honey Hole, Inc. shall conduct all organizational activities in compliance with applicable federal, state, and local laws, regulations, grant requirements, contractual obligations, and nonprofit governance standards.

The President & Chief Executive Officer (CEO), Chief Operations Officer (COO), Director of Finance & Administration, and all employees are responsible for ensuring compliance within their respective areas of responsibility.

Procedures

1. The organization shall maintain all required licenses, registrations, permits, and filings.
2. All employees shall comply with applicable employment, tax, grant, procurement, and reporting requirements.
3. The Director of Finance & Administration shall monitor compliance with financial, tax, payroll, grant, and reporting requirements.
4. The Executive Administrative Coordinator shall maintain corporate records, governance records, and required organizational filings.
5. The COO shall oversee operational compliance and risk management activities.
6. The CEO shall ensure organization-wide compliance and report significant compliance issues to the Board of Directors.
7. Known violations shall be reported immediately to the CEO or Board Chair as appropriate.

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202 ORGANIZATIONAL CONFLICT OF INTEREST OR SELF-DEALING

Policy

Directors, officers, employees, consultants, and volunteers shall avoid actual, potential, or perceived conflicts of interest and shall not use their positions for personal gain.

The organization prohibits self-dealing transactions except as specifically permitted by law and approved through established conflict-of-interest procedures.

Procedures

1. All Board members, officers, and key employees shall complete an annual Conflict of Interest Disclosure Statement.
2. Individuals shall immediately disclose any actual or potential conflict involving:
    - Family relationships
    - Financial interests

    - Business ownership interests
    - Vendor relationships
    - Grant or contract relationships
3. Individuals with conflicts shall:
    - Refrain from participating in discussions.
    - Abstain from voting or approval actions.
    - Leave meetings when requested by the Board or management.
4. Related-party transactions shall be documented and approved by disinterested decision-makers.
5. The Executive Administrative Coordinator shall maintain conflict disclosure records.
6. The Board of Directors shall review conflicts involving the CEO or Board members.
7. The CEO shall review conflicts involving employees.

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203 BOARD OF DIRECTORS AUTHORITIES

Policy
The Board of Directors serves as the governing body of The Honey Hole, Inc. and retains ultimate fiduciary responsibility for organizational oversight.

Board Responsibilities
The Board shall have authority to:
1. Adopt and amend organizational bylaws.
2. Approve strategic plans.
3. Hire, evaluate, and terminate the President & CEO.
4. Approve annual budgets.
5. Approve organizational policies.
6. Approve significant debt obligations.
7. Approve major capital expenditures.
8. Approve real estate transactions.
9. Approve mergers, dissolutions, or major organizational restructuring.
10. Approve audit engagements and receive audit reports.
11. Review organizational financial performance.
12. Approve transactions exceeding delegated management authority.

Delegated Authorities
The Board delegates operational authority to the President & CEO who may further delegate responsibilities to staff consistent with Board policies.

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204 SIGNATURE AUTHORITIES

Policy
Only authorized individuals may execute contracts, agreements, financial instruments, and other documents on behalf of the organization.

Authorized Signatories

President & CEO
Authorized to:

- Execute contracts.
- Sign grants and agreements.
- Sign banking documents.
- Sign leases.
- Execute legal documents authorized by the Board.

Chief Operations Officer
Authorized to:

- Execute operational agreements within delegated authority.
- Sign procurement documents.
- Approve operational contracts within authorized limits.

Board Chair
Authorized to:

- Execute Board-approved actions.
- Sign CEO employment agreements.
- Sign documents requiring Board authorization.

Board Treasurer
Authorized to:

- Sign banking resolutions.
- Participate in major financial transactions.
- Execute documents authorized by the Board.

Financial Authority Limits
Financial approval limits shall be established in the Procurement (Section 700) and Financial Management (Section 300) Policies and reviewed periodically by the Board.

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205 GOVERNMENT ACCESS TO RECORDS

Policy
The organization shall provide lawful access to records by authorized governmental agencies, auditors, regulators, and funding entities as required by law, grant agreements, contracts, or audit requirements.

Procedures

1. All requests for records shall be forwarded immediately to the CEO and Director of Finance & Administration.
2. No employee shall destroy, alter, conceal, or remove records subject to review.
3. The Director of Finance & Administration shall coordinate financial records requests.
4. The Executive Administrative Coordinator shall coordinate governance and corporate record requests.

5. The CEO shall authorize release of records unless otherwise required by law.
6. Legal counsel may be consulted prior to releasing records when appropriate.

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206 SECURITY OF FINANCIAL DATA

Policy
Financial information shall be protected from unauthorized access, alteration, disclosure, theft, or destruction.

Responsibilities

Director of Finance & Administration
Responsible for:
- Financial system administration.
- Financial records management.
- Accounting software security.
- Backup and retention procedures.
- Payroll record security.

COO
Responsible for:
- Oversight of financial controls.
- Periodic review of financial security procedures.

CEO
Responsible for:
- Executive oversight of financial information security.

Procedures
1. Accounting software access shall be restricted by job responsibility.
2. User credentials shall not be shared.
3. Strong passwords and multifactor authentication shall be utilized when available.
4. Financial records shall be backed up regularly.
5. Sensitive financial information shall be stored securely.
6. Access to banking information shall be restricted to authorized personnel.
7. Financial information shall be retained according to the Records Retention Policy.

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207 SECURITY OF ORGANIZATIONAL DOCUMENTS

Policy
Official organizational records shall be maintained in a secure manner that protects confidentiality, integrity, accessibility, and legal compliance.

Custodians

Executive Administrative Coordinator
Maintains:

- Articles of Incorporation
- Bylaws
- Board Minutes
- Committee Minutes
- Board Resolutions
- Corporate Governance Records

Director of Finance & Administration
Maintains:

- Banking Records
- Insurance Policies
- Vendor Records
- Financial Records
- Fixed Asset Records
- Grant Financial Documentation

Procedures

1. Official records shall be maintained in secure physical and electronic storage.
2. Access shall be limited to authorized personnel.
3. Sensitive records shall be protected from unauthorized disclosure.
4. Records shall be retained according to approved retention schedules.
5. Destruction of records shall be documented and approved when applicable.
6. Disaster recovery procedures shall be maintained for critical organizational records.

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208 USE OF ORGANIZATION ASSETS

Policy
Organizational assets shall be used solely for legitimate organizational purposes and in furtherance of the mission of The Honey Hole, Inc.

Covered Assets
Assets include:

- Buildings
- Equipment
- Computers
- Vehicles
- Intellectual property
- Historical collections
- Financial resources
- Software
- Electronic systems
- Organizational data

Procedures

1. Employees shall use organizational assets responsibly and efficiently.
2. Personal use of organizational assets shall be limited and approved when appropriate.
3. Organizational assets shall not be used for:
   - Personal financial gain.
   - Political activities prohibited by law.
   - Illegal activities.
   - Unauthorized business activities.
4. Employees shall protect assets from loss, theft, misuse, or damage.
5. Asset inventories shall be maintained by the Director of Finance & Administration.
6. Suspected misuse of organizational assets shall be reported immediately to management.
7. The COO shall oversee operational asset management.
8. The CEO shall report significant asset losses or misuse to the Board of Directors.

Violations

Violations of this policy may result in disciplinary action, reimbursement obligations, termination, legal action, or referral to law enforcement as appropriate.

Responsibility for Oversight

Policy Area	**Primary Responsibility**	**Oversight**
Compliance with Laws	CEO, COO, Directors	Board
Conflict of Interest	CEO/Board Chair	Board
Board Governance	Board Chair	Board
Signature Authority	CEO	Board
Government Records Requests	CEO	Board
Financial Data Security	Director of Finance & Administration	COO
Organizational Records Security	Executive Administrative Coordinator	CEO
Organizational Assets	COO	CEO & Board

SECTION 300 – FINANCIAL MANAGEMENT POLICIES

This Section aligns with nonprofit GAAP standards, federal grant requirements, auditor expectations, and the organizational structure established for The Honey Hole, Inc. It also provides a foundation for the next major sections on procurement, cash receipts, cash disbursements, payroll, grants management, fixed assets, investments, and banking.

301 BASIS OF ACCOUNTING

Policy

The Honey Hole, Inc. shall maintain its accounting records using the **accrual basis of accounting** in accordance with Generally Accepted Accounting Principles (GAAP) applicable to nonprofit organizations.

Procedures

1. Revenues shall be recognized when earned or pledged in accordance with applicable accounting standards.
2. Expenses shall be recognized when incurred, regardless of the timing of payment.
3. Financial records shall be maintained using nonprofit fund accounting principles.
4. The Director of Finance & Administration shall be responsible for ensuring compliance with GAAP and applicable nonprofit accounting standards.

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302 ACCOUNTING POLICIES

Policy

The organization shall maintain accounting policies that ensure accuracy, consistency, transparency, and compliance with applicable accounting standards.

Procedures

1. Accounting policies shall conform to FASB Accounting Standards Codification (ASC) 958.
2. Significant accounting policies shall be documented and consistently applied.
3. Any changes in accounting methods or estimates shall be disclosed appropriately.
4. The Director of Finance & Administration shall maintain accounting procedures supporting these policies.

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303 BASIS OF PRESENTATION

Policy
Financial statements shall be presented in accordance with GAAP for nonprofit organizations.

Financial Statements
The organization shall prepare:

1. Statement of Financial Position.
2. Statement of Activities.
3. Statement of Functional Expenses.
4. Statement of Cash Flows.
5. Notes to Financial Statements.

Net Asset Classifications
Financial reporting shall distinguish between:

- Net Assets Without Donor Restrictions
- Net Assets With Donor Restrictions

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304 REVENUES

Policy
All revenues shall be recorded accurately, completely, and in the proper accounting period.

Revenue Sources
Revenue may include:

- Grants
- Contracts
- Contributions
- Sponsorships
- Memberships
- Program fees
- Event revenue
- Investment income
- Rental income
- Other earned income

Procedures

1. Revenue shall be properly coded to funding source and program.
2. Donor restrictions shall be documented and tracked.
3. Contributions shall be acknowledged in accordance with IRS requirements.

4. Grant revenues shall be recognized in accordance with grant agreements and accounting standards.

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305 EXPENDITURES

Policy
All expenditures must be:
- Necessary
- Reasonable
- Properly authorized
- Supported by documentation
- Consistent with approved budgets

Procedures
1. Expenditures shall be coded appropriately.
2. Supporting documentation shall be maintained.
3. Approval authority shall follow established procurement policies.
4. Expenses shall be allocated to the appropriate functional classification.

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306 IN-KIND EXPENDITURES

Policy
The organization shall record donated goods and services when required by accounting standards.

Procedures
1. In-kind contributions shall be documented.
2. Fair market value shall be determined and supported.
3. Qualifying professional services shall be recognized when permitted by GAAP.
4. Donated materials and equipment shall be recorded when significant.

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307 INCURRED COSTS

Policy
Costs shall be recognized when goods or services are received or obligations are incurred.

Procedures
1. Month-end accruals shall be recorded when appropriate.
2. Outstanding liabilities shall be recognized.
3. Grant-funded costs shall be recorded in the period incurred.

4. Documentation supporting accruals shall be maintained.

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308 CASH MANAGEMENT

Policy
Cash shall be managed prudently to protect organizational assets and maintain adequate liquidity.

Responsibilities
Director of Finance & Administration
Responsible for:

- Banking relationships
- Cash flow monitoring
- Cash reconciliations
- Deposit administration

COO
Responsible for:

- Cash management oversight

Procedures

1. Cash shall be deposited promptly.
2. Bank reconciliations shall be completed monthly.
3. Excess operating funds may be invested in accordance with the Investment Policy.
4. Cash balances shall be monitored regularly.

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309 ACCOUNTS RECEIVABLE AGING CRITERIA

Policy
Accounts receivable shall be monitored to maximize collection and minimize losses.

Aging Categories

- Current: 0–30 Days
- Past Due: 31–60 Days
- Delinquent: 61–90 Days
- Seriously Delinquent: 91–120 Days
- Collection Review: Over 120 Days

Procedures

1. Aging reports shall be reviewed monthly.
2. Collection efforts shall begin after 30 days.

3. Receivables exceeding 120 days shall be reviewed for possible write-off.
4. Write-offs shall require CEO approval and Board notification if material.

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310 GRANT/CONTRACT INVOICING

Policy
The organization shall invoice grants and contracts accurately and timely.

Responsibilities
Program Directors
Responsible for:
- Deliverables
- Performance reporting
- Supporting documentation

Director of Finance & Administration
Responsible for:
- Invoice preparation
- Revenue recognition
- Reimbursement requests

Procedures
1. Billing schedules shall be monitored.
2. Supporting documentation shall be retained.
3. Invoices shall be submitted timely.
4. Outstanding receivables shall be monitored.

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311 INVESTMENTS

Policy
Organizational funds shall be invested prudently with primary emphasis on preservation of principal and liquidity.

Authorized Investments
- FDIC-insured accounts
- U.S. Treasury securities
- Money market funds
- Certificates of Deposit
- Board-approved investment vehicles

Oversight
Investments shall be reviewed periodically by the Finance Committee and Board.

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312 BUDGETS

Policy
The organization shall adopt an annual operating budget.

Procedures
1. Department Directors shall prepare budget requests.
2. The Director of Finance & Administration shall prepare the draft organizational budget.
3. The COO shall review budget assumptions.
4. The CEO shall recommend the budget to the Board.
5. The Board shall approve the annual budget.

Monitoring
Budget-to-actual reports shall be reviewed monthly.

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313 INSURANCE AND BONDING

Policy
The organization shall maintain insurance and bonding adequate to protect organizational assets and operations.

Minimum Coverages
- General Liability
- Directors & Officers Liability
- Employment Practices Liability
- Workers' Compensation
- Property Insurance
- Cyber Liability
- Crime/Fidelity Coverage
- Automobile Coverage (if applicable)

Responsibilities
The Director of Finance & Administration shall administer insurance coverage.
The COO shall review coverage annually.
The Board shall review insurance adequacy periodically.

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314 RETIREMENT PLANS

Policy
The organization may establish retirement plans for eligible employees.

Procedures
1. Plans shall comply with applicable laws.
2. Contributions shall be remitted timely.
3. Fiduciary responsibilities shall be administered prudently.
4. The Director of Finance & Administration shall oversee administration.

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315 RECORD RETENTION AND DISPOSAL

Policy
Financial records shall be retained in accordance with legal, regulatory, audit, and operational requirements.

Minimum Retention

Record Type	Retention
Audit Reports	Permanent
IRS Filings	Permanent
General Ledger	7 Years
Bank Statements	7 Years
Payroll Records	7 Years
Grant Records	7 Years after closeout
Contracts	7 Years after expiration
Fixed Asset Records	Life of Asset + 7 Years

Disposal
Records shall be destroyed securely when retention requirements expire.

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316 FINANCIAL REPORTING

Policy
Financial reports shall provide timely and accurate information to management and the Board.

Monthly Reports
Prepared by the Director of Finance & Administration:

- Statement of Financial Position
- Statement of Activities
- Budget-to-Actual Report
- Cash Flow Report
- Accounts Receivable Aging
- Accounts Payable Aging

Review

- COO reviews monthly.
- CEO reviews monthly.
- Finance Committee and Board receive reports periodically.

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317 AUDIT

Policy

The organization shall undergo an independent financial audit when required by law, funding agreements, Board policy, or organizational circumstances.

Procedures

1. Auditors shall be selected by the Board.
2. Management shall cooperate fully with auditors.
3. Audit findings shall be addressed promptly.
4. Audit reports shall be presented to the Board.

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318 AUDIT/FINANCE COMMITTEE

Policy

The Board shall maintain an Audit and Finance Committee or separate Audit and Finance Committees.

Responsibilities

- Review financial statements.
- Review audits.
- Monitor internal controls.
- Review investment performance.
- Review significant financial risks.
- Monitor compliance with financial policies.

Membership

Committee members shall be independent and free from conflicts of interest.

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319 CHART OF ACCOUNTS

Policy

The organization shall maintain a chart of accounts that supports financial reporting, grant management, budgeting, and functional expense allocation.

Structure

Accounts shall support:

Assets

- Cash
- Receivables
- Investments
- Fixed Assets

Liabilities

- Accounts Payable
- Accrued Expenses
- Debt

Net Assets

- Without Donor Restrictions
- With Donor Restrictions

Revenue

- Contributions
- Grants
- Contracts
- Sponsorships
- Program Income

Expenses

Natural Classifications:

- Salaries
- Benefits
- Professional Services
- Travel
- Occupancy
- Supplies
- Insurance

Functional Classifications:

- Program Services
- Management & General
- Fundraising

Administration
The Director of Finance & Administration shall maintain the chart of accounts and ensure consistency of use throughout the organization.

SECTION 400 – POLICIES RELATED TO ASSETS, LIABILITIES & NET ASSETS
This section is designed to work directly with the previously drafted Sections 100–300 and establishes a strong framework for asset management, liability accounting, debt oversight, and nonprofit net asset reporting consistent with GAAP, FASB ASC 958, grant compliance requirements, and nonprofit audit best practices.

401 ASSETS

Policy
The Honey Hole, Inc. shall safeguard, maintain, account for, and properly report all organizational assets in accordance with Generally Accepted Accounting Principles (GAAP), applicable grant requirements, donor restrictions, and Board policies.
Assets include but are not limited to:

- Cash and cash equivalents
- Investments
- Accounts receivable
- Grants receivable
- Property and equipment
- Historical collections and archives
- Intellectual property
- Software and technology assets
- Prepaid expenses
- Other organizational resources

Responsibilities
Director of Finance & Administration
Responsible for:

- Asset accounting
- Asset records
- Asset inventory systems
- Asset reconciliation

Chief Operations Officer
Responsible for:

- Operational oversight of asset utilization
- Asset protection and stewardship

President & CEO
Responsible for:

- Executive oversight of organizational assets

Procedures

1. Assets shall be recorded and reported accurately.
2. Asset inventories shall be maintained.
3. Physical assets shall be safeguarded against loss, theft, misuse, or damage.
4. Asset inventories shall be reviewed periodically.
5. Significant asset losses shall be reported to the CEO and Board.

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402 BANK ACCOUNTS

Policy
Bank accounts shall be established and maintained only when necessary to support organizational operations.

Authorized Accounts
The organization may maintain:

- Operating accounts
- Payroll accounts
- Savings accounts
- Investment accounts
- Restricted fund accounts
- Grant-specific accounts when required

Responsibilities
Director of Finance & Administration
Responsible for:

- Bank account administration
- Reconciliations
- Cash management

President & CEO
Authorized to establish or close accounts with Board approval when required.

Procedures

1. All accounts shall be held in the organization's legal name.
2. Bank accounts shall have Board-authorized signatories.
3. Bank reconciliations shall be completed monthly.
4. Unusual banking activity shall be investigated immediately.
5. Online banking access shall be restricted to authorized personnel.

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403 PETTY CASH PAYMENTS

Policy
Petty cash shall be maintained only when necessary to facilitate small operational expenditures.

Petty Cash Fund
The standard petty cash fund shall not exceed:
$500
unless otherwise approved by the CEO.

Custodian
Director of Finance & Administration
Serves as petty cash custodian.

Procedures
1. Petty cash expenditures shall be supported by receipts.
2. Petty cash vouchers shall document:
    - Date
    - Amount
    - Purpose
    - Employee receiving funds
3. Replenishment shall occur through normal accounts payable procedures.
4. Petty cash shall be reconciled monthly.
5. The COO shall periodically review petty cash activity.

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404 CRITERIA FOR CAPITALIZING AND DEPRECIATING PROPERTY & EQUIPMENT

Policy
Property and equipment shall be capitalized when they provide future economic benefit and meet capitalization thresholds.

Capitalization Threshold
Assets shall be capitalized when:
- Cost equals or exceeds **$5,000**, and
- Useful life exceeds one year.

Examples
Capital assets may include:
- Buildings

- Building improvements
- Equipment
- Furniture
- Vehicles
- Technology systems
- Major software implementations

Depreciation
Depreciation shall be recorded using the straight-line method unless another method is justified.

Useful Lives

Asset Type	Useful Life
Buildings	30-40 Years
Improvements	10-20 Years
Furniture & Equipment	5-10 Years
Vehicles	5 Years
Computers	3-5 Years
Software	3-7 Years

Responsibilities
The Director of Finance & Administration shall maintain the fixed asset register and depreciation schedules.

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405 IMPAIRMENT OF ASSETS

Policy
Assets shall be reviewed periodically for impairment when circumstances indicate carrying values may not be recoverable.

Examples
- Physical damage
- Obsolescence
- Significant decline in usefulness
- Technological changes
- Legal restrictions

Procedures
1. Potential impairments shall be reported to the Director of Finance & Administration.
2. Impairment evaluations shall be documented.

3. Material impairments shall be reviewed by the COO and CEO.
4. Financial statement adjustments shall be recorded when appropriate.

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406 BETTERMENTS

Policy
Expenditures that significantly improve, extend, enhance, or increase the useful life of an asset shall be capitalized as betterments.

Examples
- Major building renovations
- Structural improvements
- System upgrades
- Historic preservation improvements
- Major equipment enhancements

Procedures
1. Betterments shall be evaluated individually.
2. Capitalization decisions shall be documented.
3. Routine maintenance shall be expensed.
4. Betterments shall be added to the asset record and depreciated accordingly.

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407 LIABILITIES

Policy
The organization shall recognize liabilities when obligations are incurred and shall maintain sufficient records to support all liabilities.

Types of Liabilities
- Accounts payable
- Accrued liabilities
- Payroll liabilities
- Grant liabilities
- Deferred revenue
- Debt obligations
- Lease obligations

Responsibilities
The Director of Finance & Administration shall maintain liability records and supporting documentation.

408 ACCOUNTS PAYABLE

Policy
Accounts payable shall be recorded when goods or services are received and payment obligations are incurred.

Procedures
1. Vendor invoices shall be reviewed for accuracy.
2. Proper approvals shall be obtained.
3. Supporting documentation shall be maintained.
4. Liabilities shall be recorded in the accounting system timely.

Responsibilities
The Director of Finance & Administration shall administer accounts payable activities.

409 ACCOUNTS PAYABLE PAYMENT POLICY

Policy
The organization shall pay obligations in a timely manner while preserving cash flow and complying with contractual obligations.

Standard Payment Terms
Unless otherwise required:
- Net 30 Days

Procedures
1. Discounts shall be utilized when economically advantageous.
2. Payments shall not be made without appropriate approvals.
3. Emergency payments shall require documentation.
4. Payment runs shall occur regularly.

Approval Authority
Payments shall follow the organization's approved financial authority matrix.

410 ACCRUED LIABILITIES

Policy
Accrued liabilities shall be recorded for expenses incurred but not yet paid.

Examples

- Payroll
- Benefits
- Professional services
- Utilities
- Interest
- Grant obligations

Procedures

1. Accruals shall be reviewed during month-end and year-end close.
2. Supporting documentation shall be retained.
3. Significant accruals shall be reviewed by the COO.

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411 LIABILITIES FOR COMPENSATED ABSENCES

Policy

The organization shall recognize liabilities for earned compensated absences in accordance with applicable accounting standards and personnel policies.

Covered Benefits

- Vacation leave
- Paid time off (PTO)
- Other accrued leave benefits as authorized

Procedures

1. Leave balances shall be maintained accurately.
2. Accrued leave liabilities shall be calculated periodically.
3. Liabilities shall be recorded in financial statements as required.

Responsibilities

The Director of Finance & Administration shall maintain related accounting records.

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412 DEBT

Policy

Debt shall be incurred only when necessary and when approved in accordance with Board policy.

Short-Term Debt

Examples:

- Lines of credit

- Bridge financing

Long-Term Debt
Examples:
- Mortgages
- Equipment financing
- Capital project financing

Approval Requirements
Management Review
Required from:
- Director of Finance & Administration
- Chief Operations Officer
- President & CEO

Board Approval
Required for:
- New debt obligations
- Long-term financing
- Refinancing arrangements
- Material debt modifications

Procedures
1. Debt proposals shall include repayment analysis.
2. Debt service capacity shall be evaluated.
3. Debt obligations shall be monitored regularly.

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413 NET ASSETS

Policy
Net assets shall be classified and reported in accordance with nonprofit accounting standards.

Net Asset Classifications
Net Assets Without Donor Restrictions
Includes resources available for general operations.
Examples:
- General contributions
- Operating revenue
- Board-designated funds

Net Assets With Donor Restrictions
Includes resources restricted by donors or grantors.

Examples:

- Purpose-restricted gifts
- Time-restricted gifts
- Capital campaign funds
- Restricted grants

Procedures

1. Donor restrictions shall be documented.
2. Restricted funds shall be tracked separately.
3. Releases from restriction shall be recorded appropriately.
4. Net asset balances shall be reviewed regularly.

Responsibilities

Director of Finance & Administration

Responsible for:

- Tracking restrictions
- Financial reporting
- Net asset accounting

COO

Responsible for:

- Monitoring use of restricted funds

CEO

Responsible for:

- Executive oversight of donor restrictions and stewardship

Board of Directors

Responsible for:

- Oversight of net asset management and financial sustainability

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Oversight Responsibilities Summary

Policy Area	Primary Responsibility	Oversight
Assets	Director of Finance & Administration	COO
Bank Accounts	Director of Finance & Administration	CEO
Petty Cash	Director of Finance & Administration	COO
Fixed Assets	Director of Finance & Administration	COO
Asset Impairment	Director of Finance & Administration	COO & CEO
Accounts Payable	Director of Finance & Administration	COO
Accrued Liabilities	Director of Finance & Administration	COO
Debt	CEO	Board

Policy Area	Primary Responsibility	Oversight
Net Assets	Director of Finance & Administration	CEO & Board

SECTION 500 – COST ACCOUNTING POLICIES

This section establishes the foundation for functional expense reporting, grant compliance, indirect cost allocations, and annual audits, and will work directly with the job allocation percentages already established for each position within The Honey Hole, Inc.

501 CONSISTENCY IN COST ACCOUNTING

Policy

The Honey Hole, Inc. shall account for costs consistently across all programs, grants, contracts, departments, and funding sources. Similar costs incurred for the same purpose and under similar circumstances shall be treated consistently as either direct costs or indirect costs.

The organization shall maintain accounting practices that comply with:

- Generally Accepted Accounting Principles (GAAP)
- FASB Accounting Standards Codification (ASC) 958
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), when applicable
- Grant and contract requirements
- Donor restrictions
- Organizational financial policies

Procedures

1. Costs incurred for the same purpose shall be treated consistently throughout the organization.
2. Accounting methods shall be applied consistently from period to period.
3. Changes in accounting treatment shall require documentation and approval by the Director of Finance & Administration.
4. Significant accounting changes shall be reviewed by the COO and approved by the CEO.
5. Material accounting changes shall be reported to the Finance Committee and Board as appropriate.

Responsibilities

Director of Finance & Administration

Responsible for:

- Maintaining consistent accounting practices.
- Monitoring compliance with cost accounting requirements.
- Providing guidance on cost classifications.

Chief Operations Officer

Responsible for:

- Reviewing cost allocation methodologies.
- Monitoring operational compliance.

502 UNALLOWABLE COSTS

Policy

The organization shall not charge unallowable costs to grants, contracts, restricted funds, or other funding sources that prohibit such expenditures.

Examples of Potentially Unallowable Costs
Depending upon funding source requirements, unallowable costs may include:

- Fines and penalties
- Political contributions
- Lobbying activities
- Alcoholic beverages
- Personal expenses
- Entertainment expenses not specifically authorized
- Certain fundraising costs when prohibited by grant agreements
- Costs expressly prohibited by grantor regulations
- Late fees and finance charges
- Personal use of organizational resources

Procedures

1. Funding restrictions shall be reviewed prior to charging costs.
2. Program Directors shall review expenditures for allowability.
3. The Director of Finance & Administration shall verify allowability before reimbursement requests or grant billings are submitted.
4. Questionable expenditures shall be reviewed by the COO.
5. Significant concerns shall be referred to the CEO.

Responsibilities
Program Directors
Responsible for:

- Monitoring allowable costs within their programs.

Director of Finance & Administration
Responsible for:

- Reviewing grant expenditures.
- Maintaining documentation supporting allowability determinations.

503 SEPARATE RECORDS OF UNALLOWABLE COSTS

Policy
The organization shall maintain records that clearly identify and segregate unallowable costs from allowable organizational expenditures.

Procedures

1. Unallowable costs shall be coded separately within the accounting system.
2. The chart of accounts shall contain accounts designated for unallowable costs when appropriate.
3. Unallowable costs shall not be included in grant reimbursement requests.
4. Documentation supporting classification decisions shall be maintained.
5. The Director of Finance & Administration shall review coding periodically.

Reporting
Unallowable costs shall be excluded from:

- Grant billings
- Cost reimbursement requests
- Indirect cost calculations when required
- Financial reports submitted to grantors when prohibited

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504 COST ACCOUNTING PERIOD

Policy
The organization's fiscal year shall serve as the primary cost accounting period.

Fiscal Year
The fiscal year shall be:
January 1 through December 31
unless otherwise established by Board action.

Procedures

1. Financial records shall be maintained by fiscal year.
2. Monthly financial statements shall be prepared.
3. Revenues and expenses shall be recognized in the appropriate accounting period.
4. Grant reporting periods shall be maintained as required by grant agreements.
5. Year-end closing procedures shall be completed timely.

Responsibilities
The Director of Finance & Administration shall administer all accounting period closing activities.

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505 GAIN OR LOSS ON DISPOSITION OF ASSETS

Policy
The organization shall properly account for gains and losses resulting from the sale, trade, retirement, abandonment, or disposal of organizational assets.

Procedures
1. Asset disposals shall be documented.
2. Fair market value shall be determined when appropriate.
3. Book value shall be calculated at the date of disposal.
4. Gains and losses shall be recorded in the accounting records.
5. Supporting documentation shall be retained.

Asset Disposal Approval
Assets with Original Cost Under $10,000
Approval:
- Director of Finance & Administration
- COO

Assets with Original Cost of $10,000 or More
Approval:
- COO
- CEO

Significant Asset Dispositions
Approval:
- CEO
- Board of Directors when appropriate

Responsibilities
The Director of Finance & Administration shall maintain disposal records and accounting entries.

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506 COST ALLOCATION PLAN

Policy
The Honey Hole, Inc. shall allocate shared costs among programs, management and general activities, and fundraising activities in a reasonable, equitable, consistent, and documented manner.
The organization shall maintain a written Cost Allocation Plan to support financial reporting, grant compliance, budgeting, and management decision-making.

Functional Expense Categories
The organization shall allocate expenses among:
Program Services
Activities directly related to:

- Historic Preservation & Research
- Community Archives & Oral History
- Education Programs
- Workforce Development Programs
- Community Engagement
- Mission-related services

Management & General
Activities related to:

- Governance
- Financial management
- Executive administration
- Human resources
- Organizational management
- General operations

Fundraising
Activities related to:

- Development
- Donor cultivation
- Sponsorships
- Campaigns
- Fundraising events
- Grant development

Direct Costs
Direct costs shall be charged directly to the benefiting program whenever feasible.
Examples:

- Program staff salaries

- Program supplies
- Program consultants
- Program travel
- Grant-specific expenses
- Educational materials
- Preservation project costs

Indirect Costs
Costs benefiting multiple functions shall be allocated using reasonable methodologies.
Examples:
- Facilities costs
- Utilities
- Shared software
- Administrative salaries
- Insurance
- Office equipment
- Information technology

Approved Allocation Bases
The following allocation methods may be used:

Cost Category	**Allocation Basis**
Salaries	Actual time and effort
Employee Benefits	Salary allocation percentages
Occupancy Costs	Square footage
Utilities	Square footage
Insurance	Salary or square footage basis
Technology	Number of users
Office Supplies	Employee count or usage
Administrative Support	Time studies or documented estimates

Personnel Cost Allocations
Employee compensation shall be allocated based on:
- Actual time records;
- Time and effort certifications;
- Approved position allocation percentages; or
- Other documented methodologies consistent with grant requirements.

Examples:

- Director of Historic Preservation & Research: allocated according to approved position allocation schedule.
- Director of Education & Workforce Development: allocated according to approved position allocation schedule.
- Executive Administrative Coordinator: primarily Management & General with limited Program and Fundraising allocations.
- President & CEO: allocated among Program Services, Management & General, and Fundraising according to documented responsibilities.

Review of Allocation Methodology

The Director of Finance & Administration shall:

1. Review allocation methodologies annually.
2. Ensure consistency with grant requirements.
3. Document allocation calculations.
4. Maintain supporting records.

Oversight

Chief Operations Officer

Responsible for:

- Reviewing allocation methodologies.
- Monitoring consistency of application.

President & CEO

Responsible for:

- Approving significant allocation methodology changes.

Audit/Finance Committee

Responsible for:

- Reviewing allocation practices periodically.
- Monitoring compliance with accounting standards and grant requirements.

Documentation Requirements

The Cost Allocation Plan shall include:

- Allocation methodologies.
- Functional allocation schedules.
- Supporting calculations.
- Position allocation percentages.
- Grant-specific requirements.
- Annual review documentation.

All allocation records shall be retained in accordance with the organization's Record Retention Policy.

SECTION 600 – PROPERTY MANAGEMENT POLICIES
These policies support sound stewardship of organizational assets and compliance with nonprofit accounting, grant management, and governance standards.

601 PROPERTY & EQUIPMENT

Policy
The Honey Hole, Inc. shall maintain an effective property management system to safeguard, account for, maintain, and monitor all property and equipment owned, leased, donated, or otherwise controlled by the organization.
Property and equipment shall be acquired, managed, utilized, and disposed of in a manner that supports the organization's mission, protects organizational assets, complies with donor and grant requirements, and ensures accurate financial reporting.

Covered Property
Property and equipment include, but are not limited to:

- Land
- Buildings and facilities
- Historic structures
- Building improvements
- Furniture and fixtures
- Office equipment
- Computers and technology equipment
- Audio-visual equipment
- Vehicles
- Machinery and tools
- Preservation equipment
- Educational equipment
- Collections and archival storage equipment
- Software and technology infrastructure
- Grant-funded equipment

Responsibilities
Director of Finance & Administration
Responsible for:

- Maintaining fixed asset records.
- Recording capital assets.
- Maintaining depreciation schedules.
- Administering asset inventories.
- Ensuring compliance with grant requirements.

Chief Operations Officer
Responsible for:

- Operational oversight of organizational assets.
- Asset utilization and stewardship.
- Reviewing asset acquisitions and disposals.

Department Directors
Responsible for:

- Safeguarding assets assigned to their departments.
- Reporting asset changes, damage, loss, or theft.
- Participating in inventory activities.

President & CEO
Responsible for:

- Executive oversight of significant property matters.
- Approving major acquisitions and disposals within delegated authority.

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602 IDENTIFICATION OF PROPERTY

Policy
All capitalized property and equipment shall be properly identified and tracked to facilitate accountability, inventory control, maintenance, and financial reporting.

Asset Tagging Requirements
Property and equipment with an acquisition value of **$1,000 or greater**, or assets considered sensitive regardless of cost, shall be assigned an organizational asset identification number. Sensitive assets may include:

- Laptop computers
- Tablets
- Mobile devices
- Cameras
- Projectors
- Audio equipment
- Specialized preservation equipment
- Grant-funded equipment

Asset Identification Records
Asset records shall include, when applicable:

- Asset identification number
- Description of property
- Manufacturer
- Model number

- Serial number
- Acquisition date
- Acquisition cost
- Funding source
- Location
- Oversight or department
- Useful life
- Depreciation information
- Disposal information

Grant-Funded Property
Property acquired with grant funds shall be identified separately when required by grant agreements or applicable regulations.

Responsibilities
The Director of Finance & Administration shall maintain the official asset identification system. Department Directors shall notify Finance of any asset transfers, relocations, losses, or damage.

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603 RECORDING AND REPORTING OF PROPERTY

Policy
The organization shall maintain complete and accurate property records sufficient to support financial reporting, insurance requirements, grant compliance, and operational management.

Fixed Asset Register
The Director of Finance & Administration shall maintain a fixed asset register containing all capitalized assets and other designated assets requiring inventory control.

Recording Requirements
Property records shall include:

Acquisition Information
- Purchase date
- Vendor
- Purchase order reference
- Funding source
- Cost basis

Operational Information
- Department assignment

- Physical location
- Responsible custodian

Financial Information
- Capitalization amount
- Depreciation method
- Useful life
- Accumulated depreciation
- Net book value

Financial Reporting
Property and equipment shall be reported in the organization's financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Insurance Reporting
Property records shall be maintained in sufficient detail to support insurance coverage and claims processing.

Grant Reporting
Grant-funded property shall be tracked and reported in accordance with applicable grant requirements.

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604 PHYSICAL INVENTORIES

Policy
The Honey Hole, Inc. shall conduct periodic physical inventories of property and equipment to verify existence, location, condition, and accountability.

Inventory Frequency
Capital Assets
A complete physical inventory shall be conducted at least:
Annually
Grant-Funded Property
Inventory frequency shall comply with applicable grant requirements. If grant requirements are more restrictive than organizational policy, the grant requirements shall govern.

Inventory Procedures
Physical inventories shall include:
1. Verification of asset existence.
2. Verification of asset location.

3. Verification of asset condition.
4. Verification of asset identification numbers.
5. Review of missing or damaged property.
6. Identification of surplus or obsolete assets.

Inventory Team
The inventory process shall be coordinated by the Director of Finance & Administration and may include:

- Chief Operations Officer
- Department Directors
- Designated staff members

Inventory Reconciliation
Inventory results shall be reconciled to:

- Fixed asset records
- Accounting records
- Grant property records

Missing Property
Missing assets shall be investigated promptly.
Significant losses shall be reported to:

- Chief Operations Officer
- President & CEO

and, when appropriate:

- Insurance carrier
- Law enforcement
- Grantor agency
- Board of Directors

Inventory Documentation
Inventory records shall be maintained and retained according to the organization's Record Retention Policy.

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605 DISPOSAL OF PROPERTY AND EQUIPMENT

Policy
Property and equipment shall be disposed of in a manner that maximizes organizational benefit, protects organizational interests, complies with legal requirements, and satisfies donor and grant restrictions.

Disposal Methods
Property may be disposed of through:
- Sale
- Trade-in
- Donation
- Transfer
- Recycling
- Salvage
- Destruction

Reasons for Disposal
Examples include:
- Obsolescence
- Excess capacity
- Damage
- Theft
- Loss
- End of useful life
- Replacement
- Programmatic changes

Disposal Approval Authority
Original Cost Under $5,000
Approval Required:
- Director of Finance & Administration
- Department Director

Original Cost $5,000–$24,999
Approval Required:
- Director of Finance & Administration
- Chief Operations Officer

Original Cost $25,000 or Greater
Approval Required:
- Chief Operations Officer
- President & CEO

Real Property or Historic Assets
Approval Required:
- President & CEO
- Board of Directors

Grant-Funded Property

Before disposal of grant-funded property, the Director of Finance & Administration shall determine whether:

- Grantor approval is required.
- Reimbursement obligations exist.
- Federal or state property disposition rules apply.

Disposal Documentation

Disposal records shall include:

- Asset description
- Asset identification number
- Reason for disposal
- Method of disposal
- Date of disposal
- Approvals obtained
- Sales proceeds received (if any)

Accounting Treatment

The Director of Finance & Administration shall:

- Remove disposed assets from accounting records.
- Record accumulated depreciation adjustments.
- Record gains or losses on disposal.
- Update inventory records.

Reporting

Material asset disposals shall be reported to:

- Chief Operations Officer
- President & CEO

and, when appropriate:

- Finance Committee
- Board of Directors

Property Management Responsibilities Summary

Activity	Primary Responsibility	Custodian
Asset Acquisition Records	Director of Finance & Administration	COO
Asset Tagging & Identification	Director of Finance & Administration	COO

Activity	Primary Responsibility	Custodian
Fixed Asset Register	Director of Finance & Administration	COO
Asset Custody	Department Directors	COO
Physical Inventory	Director of Finance & Administration	COO
Inventory Reconciliation	Director of Finance & Administration	COO
Property Disposal Review	Director of Finance & Administration	COO
Major Asset Disposal Approval	CEO	Board (when required)
Grant-Funded Property Compliance	Director of Finance & Administration	COO & CEO

Internal Control Objective

The purpose of these Property Management Policies is to ensure that organizational property and equipment are:

- Properly authorized;
- Adequately safeguarded;
- Accurately recorded;
- Periodically inventoried;
- Properly maintained;
- Compliant with grant and donor requirements;
- Reported accurately in financial statements; and
- Disposed of in a responsible and documented manner.

SECTION 700 – PROCUREMENT POLICIES

Policy Objective
The purpose of these Procurement Policies is to ensure that organizational purchases are:

- Properly authorized;
- Competitively procured when appropriate;
- Cost-effective;
- Free from conflicts of interest;
- Adequately documented;
- Compliant with grant and funding requirements;
- Consistent with organizational budgets; and
- Supportive of The Honey Hole, Inc.'s mission and fiduciary responsibilities.

701 PROCUREMENT – GOODS AND SERVICES

Policy
The Honey Hole, Inc. shall procure goods and services in a manner that promotes competition, transparency, accountability, cost-effectiveness, and compliance with applicable laws, grant requirements, donor restrictions, and organizational policies.
All procurements shall be conducted to obtain the best overall value for the organization while ensuring responsible stewardship of organizational resources.

Procurement Principles
Procurements shall:

- Support organizational needs and mission objectives.
- Promote fair and open competition.
- Avoid conflicts of interest.
- Ensure prudent use of organizational resources.
- Comply with grant and contract requirements.
- Maintain adequate documentation.
- Be properly authorized prior to purchase.

Procurement Officer
The **Director of Finance & Administration** shall serve as the organization's Procurement Officer and shall be responsible for:

- Monitoring procurement compliance.
- Maintaining procurement records.
- Reviewing procurement documentation.
- Verifying budget availability.
- Monitoring vendor requirements.

- Administering competitive procurement procedures.

Approval Authority
All purchases shall follow the organization's approved financial authority matrix.
Up to $1,000
Approval:
- Department Director

Documentation:
- Reasonable price determination

$1,001 – $5,000
Approval:
- Chief Operations Officer

Documentation:
- Minimum of two price comparisons recommended

$5,001 – $25,000
Approval:
- Chief Operations Officer

Documentation:
- Minimum of three written quotations
- CEO notified.

$25,001 – $50,000
Approval:
- Chief Operations Officer
- President & CEO

Documentation:
- Formal competitive procurement process

$50,001 – $100,000
Approval:
- President & CEO

Documentation:
- Formal competitive procurement process

Over $100,000
Approval:
- Board of Directors

Documentation:
- Formal Request for Proposals (RFP) or Invitation for Bids (IFB)

Procurement Methods
Micro-Purchases
Small purchases that do not exceed established thresholds.

Requirements:

- Price reasonableness.
- Documentation of business purpose.

Informal Quotations

Used for moderate purchases.

Requirements:

- Multiple vendor quotations.
- Documentation of selection rationale.

Formal Competitive Procurement

Used for significant purchases.

Methods may include:

- Request for Quotes (RFQ)
- Request for Qualifications (RFQ)
- Request for Proposals (RFP)
- Invitation for Bids (IFB)

Conflict of Interest

Employees, officers, directors, consultants, and volunteers participating in procurement activities shall comply with the organization's Conflict of Interest Policy.

No employee shall participate in procurement decisions involving personal financial interests.

Documentation Requirements

Procurement files shall include:

- Purchase requisition
- Quotes or bids
- Vendor selection documentation
- Purchase order
- Contract, if applicable
- Invoice
- Payment documentation

Receiving Goods and Services

Department Directors shall verify:

- Goods were received.
- Services were performed satisfactorily.
- Deliverables were completed.

The individual receiving goods or services should not be the sole individual approving payment.

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702 EMERGENCY PURCHASES

Policy
Emergency purchases may be authorized when immediate procurement is necessary to protect life, safety, organizational assets, facilities, collections, archives, technology systems, or continuity of operations.
Emergency purchasing authority shall be used only when normal procurement procedures would create unacceptable delay.

Examples
Emergency purchases may include:
- Facility emergencies
- Security emergencies
- Technology system failures
- Water, fire, or storm damage
- Public safety concerns
- Preservation emergencies affecting collections or historic assets
- Utility failures
- Critical operational disruptions

Authorization
Up to $5,000
Authorized by:
- Chief Operations Officer

$5,001 – $25,000
Authorized by:
- Chief Operations Officer
- President & CEO notification

Over $25,000
Authorized by:
- President & CEO
- Board Chair shall be notified when practical.

Documentation
Emergency procurement documentation shall include:
- Description of emergency
- Justification for bypassing normal procedures
- Vendor selected
- Cost
- Approval obtained

- Corrective actions if applicable

Review
All emergency procurements shall be reviewed by:
- Director of Finance & Administration
- Chief Operations Officer
- and reported to the CEO.

Material emergency procurements shall be reported to the Finance Committee and Board.

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703 PROCUREMENT – CONSTRUCTION

Policy
Construction, renovation, preservation, restoration, rehabilitation, and capital improvement projects shall be procured using competitive procedures designed to ensure quality, cost-effectiveness, and compliance with legal and funding requirements.

Covered Projects
Examples include:
- Building construction
- Facility renovations
- Historic preservation projects
- Restoration projects
- Site improvements
- Capital improvements
- Infrastructure improvements

Procurement Requirements
Projects Under $10,000
Requirements:
- Documented price comparison when practical

Approval:
- COO

Projects $10,001 – $50,000
Requirements:
- Minimum of three written quotations

Approval:
- COO and CEO

Projects $50,001 – $100,000
Requirements:
- Formal solicitation process

Approval:

- CEO

Projects Over $100,000

Requirements:

- Formal Request for Proposals (RFP) or competitive bidding

Approval:

- Board of Directors

Historic Preservation Projects

Projects involving:

- Historic structures
- Historic resources
- Cultural assets
- Preservation activities

shall comply with:

- Grant requirements
- Preservation standards
- Applicable regulatory requirements

Selection Criteria

Contractors may be evaluated based upon:

- Cost
- Experience
- Qualifications
- Capacity
- References
- Historic preservation expertise
- Compliance history

Lowest cost shall not necessarily determine contractor selection.

Construction Oversight

Director of Historic Preservation & Research

Responsible for:

- Preservation project review
- Historic compliance support

Chief Operations Officer

Responsible for:

- Operational project oversight

Director of Finance & Administration

Responsible for:

- Financial oversight
- Contract administration support
- Payment review

Change Orders
Up to 10% of Contract Value
Approval:

- COO

Greater than 10% of Contract Value
Approval:

- CEO

Material Change Orders
Approval:

- Board of Directors when appropriate

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704 PROCUREMENT – CONSULTING

Policy
Consultants shall be selected based upon qualifications, expertise, experience, organizational needs, and value to the organization.
Consulting services shall be procured through fair and documented procedures.

Covered Services
Examples include:

- Strategic planning
- Historic preservation consulting
- Research services
- Architectural services
- Engineering services
- Fundraising consulting
- Marketing services
- Public relations services
- Workforce development consulting
- Information technology consulting
- Human resources consulting
- Financial consulting
- Legal consulting

Selection Standards
Consultants may be selected based upon:

- Qualifications
- Experience
- Technical expertise
- Organizational fit
- Cost
- References
- Capacity to perform

Approval Thresholds
Up to $2,500
Approval:
- Department Director

Review:
- Director of Finance & Administration

$2,501 – $10,000
Approval:
- COO

Documentation:
- Minimum of two qualifications reviews or quotations

$10,001 – $25,000
Approval:
- COO
- CEO notified.

Documentation:
- Minimum of three qualifications reviews or proposals

$25,001 – $50,000
Approval:
- COO and CEO

Documentation:
- Formal Request for Qualifications (RFQ) or Request for Proposals (RFP)

$50,001 – $100,000
Approval:
- CEO

Documentation:
- Formal competitive procurement process

Over $100,000
Approval:
- Board of Directors

Documentation:
- Formal competitive procurement process

Qualifications-Based Selection
For professional services such as:
- Architectural services
- Engineering services
- Historic preservation services
- Specialized technical consulting

consultants may be selected based primarily on qualifications and expertise rather than lowest price, when permitted by applicable regulations.

Contract Requirements
All consulting engagements shall include:
- Written scope of work
- Deliverables
- Compensation terms
- Performance period
- Reporting requirements
- Termination provisions
- Conflict of interest disclosures

Monitoring
The responsible Department Director shall monitor consultant performance and contract deliverables.
The Director of Finance & Administration shall monitor financial compliance.
The COO shall oversee consulting contract administration.

Related-Party Restrictions
The organization shall not enter into consulting agreements with:
- Employees
- Board members
- Immediate family members of employees or Board members

unless:
- Fully disclosed,
- Determined to be in the organization's best interest,
- Approved through conflict-of-interest procedures, and
- Authorized by the Board of Directors.

Procurement Oversight Responsibilities Summary

Activity	Primary Responsibility	Oversight
Procurement Administration	Director of Finance & Administration	COO
Budget Verification	Director of Finance & Administration	COO
Department Purchases	Department Directors	COO
Emergency Purchases	COO	CEO
Construction Procurement	COO	CEO & Board
Consulting Procurement	Department Director & Procurement Officer	COO
Major Contracts	CEO	Board
Procurement Compliance	Director of Finance & Administration	Finance Committee

SECTION 800 – PAYROLL AND TRAVEL POLICIES

Policy Objective

The purpose of these Payroll and Travel Policies is to:

- Ensure employees are compensated accurately and timely;
- Maintain compliance with labor laws and grant requirements;
- Protect organizational resources through strong internal controls;
- Provide equitable and consistent reimbursement practices;
- Support employee travel necessary to fulfill organizational objectives; and
- Promote accountability, transparency, and financial stewardship throughout The Honey Hole, Inc.

801 PAYROLL POLICIES

Policy

The Honey Hole, Inc. shall maintain payroll practices that ensure employees are compensated accurately, timely, and in compliance with applicable federal and state laws, organizational policies, grant requirements, and employment agreements.

Payroll shall be administered in a manner that promotes accountability, proper internal controls, and accurate financial reporting.

Pay Periods

The organization shall process payroll on a:

Weekly basis

unless otherwise approved by the President & CEO.

Employee Classifications

Employees shall be classified in accordance with applicable labor laws as:

- Exempt Employees
- Non-Exempt Employees
- Full-Time Employees
- Part-Time Employees
- Temporary Employees

Timekeeping Requirements

Non-Exempt Employees

Must:

- Complete accurate timesheets.
- Record all hours worked.
- Submit timesheets by established deadlines.

Exempt Employees

May be required to submit:

- Leave reports
- Time and effort certifications
- Grant-related activity reports

when necessary for organizational or grant compliance purposes.

Timesheet Approval

Timesheets shall be approved by the employee's immediate supervisor.

Approval Authority

Employee Position	Timesheet Approver
Receptionist	Administrative & Operations Coordinator
Administrative & Operations Coordinator	COO
Community Archivist & Oral History Coordinator	Director of Historic Preservation & Research
Communications & Digital Media Manager	Director of Development & Strategic Partnerships
Directors	COO
Executive Administrative Coordinator	CEO
COO	CEO
CEO	Board Chair

No employee may approve their own timesheet.

Payroll Processing

Director of Finance & Administration

Responsible for:

- Collecting approved timesheets.
- Processing payroll.
- Maintaining payroll records.
- Calculating deductions.
- Ensuring tax compliance.

Chief Operations Officer

Responsible for:

- Reviewing payroll summaries.
- Monitoring payroll controls.

President & CEO

Responsible for:

- Final executive oversight of payroll administration.

Payroll Deductions
Authorized deductions may include:
- Federal income tax
- State income tax
- FICA and Medicare
- Retirement contributions
- Insurance premiums
- Garnishments
- Other legally authorized deductions

Payroll Adjustments
Payroll corrections shall be processed promptly and documented appropriately.

Payroll Records
Payroll records shall be maintained in accordance with the organization's Record Retention Policy and applicable legal requirements.

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802 EMPLOYEE BONUS POLICY

Policy
The Honey Hole, Inc. may provide employee bonuses when financially feasible and approved through the organization's compensation and budget processes.
Bonuses are discretionary and shall not be considered guaranteed compensation.

Types of Bonuses
The organization may authorize:

Performance Bonuses
Based upon:
- Achievement of individual goals.
- Exceptional performance.
- Successful completion of significant projects.

Organizational Performance Bonuses
Based upon:
- Financial performance.
- Organizational achievements.
- Strategic accomplishments.

Retention Bonuses
Used to:

- Retain key personnel.
- Address workforce needs.

Special Recognition Bonuses
For:

- Extraordinary service.
- Significant contributions.
- Exceptional organizational impact.

Approval Requirements
Employees
Recommended by:

- Immediate Supervisor

Approved by:

- COO

Final Approval:

- CEO

Directors
Recommended by:

- COO

Approved by:

- CEO

COO
Recommended by:

- CEO

Approved by:

- Board Executive Committee or Board Chair

CEO
Approved by:

- Board of Directors

or

- Board Executive Committee if delegated by Board policy.

Funding Requirements
Bonuses shall:

- Be included in approved budgets when practical.
- Not jeopardize organizational financial stability.
- Comply with grant restrictions and funding requirements.

Tax Treatment
Bonuses shall be treated as taxable compensation and processed through payroll.

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803 EMPLOYEE MILEAGE REIMBURSEMENT

Policy
Employees who use personal vehicles for authorized organizational business may be reimbursed for mileage expenses in accordance with this policy.

Eligible Travel
Mileage reimbursement may be provided for:

- Program activities
- Meetings
- Training
- Conferences
- Community outreach
- Grant-related activities
- Approved organizational business

Non-Reimbursable Travel
Mileage reimbursement shall not be provided for:

- Normal commuting between home and primary work location.
- Personal travel.
- Unauthorized travel.

Reimbursement Rate
Mileage shall be reimbursed at the current **Internal Revenue Service (IRS) standard mileage rate**, unless otherwise approved by the Board of Directors.
The Director of Finance & Administration shall update reimbursement rates when IRS rates change.

Documentation Requirements
Employees requesting reimbursement shall submit:

- Mileage reimbursement form
- Date of travel
- Destination
- Business purpose
- Beginning and ending mileage or total miles traveled
- Program or department charged

Submission Deadlines
Mileage reimbursement requests shall be submitted:
Within 30 days of travel
unless approved otherwise by management.

Approval Authority
Employees
Approved by:
- Immediate Supervisor

Directors
Approved by:
- COO

COO
Approved by:
- CEO

CEO
Approved by:
- Board Chair

Payment Processing
The Director of Finance & Administration shall:
- Review reimbursement requests.
- Verify documentation.
- Process reimbursements through accounts payable or payroll as appropriate.

Grant-Funded Travel
Mileage charged to grants shall:
- Be allowable under grant requirements.
- Be supported by adequate documentation.
- Be properly allocated to the benefiting grant or program.

Travel Safety
Employees using personal vehicles for organizational business shall:
- Maintain valid driver's licenses.
- Maintain required automobile insurance coverage.
- Operate vehicles safely and legally.

The organization reserves the right to request proof of insurance when necessary.

Payroll and Travel Responsibilities Summary

Activity	Primary Responsibility	Oversight
Payroll Processing	Director of Finance & Administration	COO
Payroll Review	COO	CEO
CEO Payroll Approval	Board Chair	Board
Employee Bonus Recommendations	Supervisors	COO & CEO
Director Bonus Recommendations	COO	CEO
CEO Bonus Approval	Board	Board
Mileage Reimbursement Processing	Director of Finance & Administration	COO
Employee Mileage Approval	Immediate Supervisor	COO
Director Mileage Approval	COO	CEO
CEO Mileage Approval	Board Chair	Board

SECTION 900 – CONSULTANTS AND CONTRACTORS POLICIES

Policy Objective

The purpose of these Consultant and Contractor Policies is to ensure that:

- Specialized services are obtained efficiently and responsibly;
- Consultants and contractors are selected fairly and competitively;
- Worker classifications comply with applicable laws;
- Organizational resources are protected;
- Grant and donor requirements are satisfied;
- Conflicts of interest are avoided; and
- Consulting and contractor engagements support the mission and strategic objectives of The Honey Hole, Inc.

These policies promote accountability, transparency, legal compliance, and sound stewardship in the use of external professional services.

901 CONSULTANT UTILIZATION

Policy

The Honey Hole, Inc. may engage consultants when specialized expertise, technical knowledge, professional services, project support, or temporary capacity is required and such services cannot be effectively or economically provided by existing staff.

Consultants shall be utilized only when their services support the organization's mission, strategic objectives, operational needs, program requirements, grant obligations, or organizational capacity.

All consultant engagements shall comply with the organization's Procurement Policies, Conflict of Interest Policy, and applicable grant, donor, and contractual requirements.

Definition

For purposes of this policy, a consultant is an individual or organization engaged to provide specialized professional, technical, advisory, or project-based services under a written agreement.

Examples include:

- Strategic planning consultants
- Historic preservation consultants
- Archivists and researchers
- Architects and engineers
- Fundraising consultants
- Marketing and communications consultants
- Information technology consultants

- Human resources consultants
- Financial consultants
- Grant writing consultants
- Workforce development consultants
- Training and curriculum specialists
- Program evaluators
- Legal counsel

Conditions for Utilization

Consultants may be engaged when:

1. Specialized expertise is required.
2. Temporary staffing support is needed.
3. Grant requirements require external expertise.
4. Independent evaluation or assessment is necessary.
5. Professional licensure or certifications are required.
6. Services cannot be performed effectively by current staff.
7. Outsourcing is determined to be more cost-effective than hiring employees.

Consultant Selection

Consultants shall be selected in accordance with Section 704 – Procurement – Consulting.
Selection factors may include:

- Qualifications
- Experience
- Technical expertise
- References
- Organizational fit
- Cost effectiveness
- Availability
- Historic preservation or nonprofit experience
- Knowledge of applicable regulations

Scope of Work

All consulting engagements shall be documented through a written agreement that includes:

- Scope of services
- Deliverables
- Project timeline
- Compensation terms
- Reporting requirements
- Confidentiality provisions
- Ownership of work product

- Termination provisions
- Conflict of interest disclosures

Contract Administration

Department Director

Responsible for:

- Identifying consulting needs.
- Monitoring consultant performance.
- Reviewing deliverables.
- Verifying completion of services.

Director of Finance & Administration

Responsible for:

- Procurement compliance review.
- Contract documentation review.
- Payment processing.
- IRS reporting compliance.

Chief Operations Officer

Responsible for:

- Reviewing consulting engagements.
- Monitoring organizational consultant utilization.
- Approving engagements within delegated authority.

President & CEO

Responsible for:

- Approving significant consulting engagements.
- Reviewing strategic consulting relationships.

Performance Monitoring

Consultants shall be evaluated based on:

- Achievement of deliverables
- Timeliness
- Quality of work
- Compliance with contract requirements
- Budget performance
- Responsiveness

Unsatisfactory performance may result in contract termination or non-renewal.

Conflict of Interest

Consultants shall disclose any actual or potential conflicts of interest.

Consultants may not participate in decisions involving:

- Personal financial interests

- Related-party transactions
- Conflicting business interests

Ownership of Work Product
Unless otherwise approved in writing, all work products developed under consulting agreements shall become the property of The Honey Hole, Inc.
Examples include:

- Reports
- Research
- Databases
- Training materials
- Strategic plans
- Marketing materials
- Designs
- Intellectual property developed under contract

Confidentiality
Consultants shall protect confidential organizational information and may be required to execute confidentiality or non-disclosure agreements.

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902 INDEPENDENT CONTRACTORS

Policy
The Honey Hole, Inc. shall engage independent contractors only when the nature of the work and the relationship satisfy applicable federal and state legal standards governing independent contractor status.
No individual shall be classified as an independent contractor solely for convenience or to avoid employment-related obligations.
Classification Standards
The organization shall use applicable Internal Revenue Service (IRS), Department of Labor, and state law standards when determining worker classification.
Factors considered may include:

- Degree of control exercised by the organization
- Independence of the worker
- Method of compensation
- Provision of tools and equipment
- Opportunity for profit or loss
- Permanency of the relationship
- Nature of services provided

Responsibilities

Director of Finance & Administration

Responsible for:
- Reviewing contractor classification.
- Maintaining contractor records.
- Administering IRS reporting requirements.
- Monitoring payment compliance.

Chief Operations Officer

Responsible for:
- Reviewing contractor utilization.
- Ensuring appropriate classification practices.

President & CEO

Responsible for:
- Resolving significant classification questions.
- Approving exceptions when appropriate.

Required Documentation

Prior to engagement, independent contractors shall provide:
- Completed IRS Form W-9
- Signed contract or agreement
- Proof of required licenses or certifications, when applicable
- Proof of insurance, when required
- Conflict of Interest Disclosure, when applicable

Payment Procedures

Independent contractors shall:
1. Submit invoices describing services performed.
2. Reference contract deliverables when applicable.
3. Submit invoices in accordance with contract requirements.

Payments shall not be made without:
- Approved invoice
- Verification of services
- Required approvals

IRS Reporting

The Director of Finance & Administration shall:
- Maintain contractor payment records.
- Issue IRS Form 1099-NEC when required.
- Ensure compliance with applicable reporting requirements.

Independent Contractor Restrictions
Independent contractors shall not:

- Be treated as employees.
- Receive employee benefits.
- Supervise employees unless specifically authorized by contract.
- Represent themselves as organizational officers.
- Execute contracts on behalf of the organization.
- Approve expenditures or financial transactions.

Conversion to Employee Status
If the nature of the relationship changes and the individual no longer meets independent contractor criteria, the organization shall evaluate whether employee classification is required.

Grant-Funded Contractors
When contractors are paid with grant funds:

1. Contractor costs must be allowable under grant requirements.
2. Procurement requirements must be followed.
3. Contractor deliverables must be documented.
4. Supporting records must be maintained.

Record Retention
Independent contractor records shall be maintained in accordance with the organization's Record Retention Policy and applicable legal requirements.

Monitoring and Compliance
The Director of Finance & Administration shall periodically review contractor relationships to ensure compliance with:

- IRS regulations
- Labor laws
- Organizational policies
- Grant requirements

Consultant and Contractor Responsibilities Summary

Activity	Primary Responsibility	Oversight
Identify Consulting Need	Department Director	COO
Consultant Procurement	Director of Finance & Administration	COO
Consultant Approval	COO / CEO / Board (per authority limits)	Board
Consultant Performance Monitoring	Department Director	COO

Activity	**Primary Responsibility**	**Oversight**
Contractor Classification Review	Director of Finance & Administration	COO
IRS Reporting	Director of Finance & Administration	CEO
Contract Administration	Director of Finance & Administration	COO
Strategic Consulting Oversight	CEO	Board

SECTION 1000 INVESTMENT POLICIES

1001 INTRODUCTION

Policy Objective
The purpose of this Investment Policy is to establish guidelines for the prudent management and investment of financial assets held by The Honey Hole, Inc. The policy is intended to ensure that organizational funds are managed in a manner that:

- Preserves capital.
- Maintains adequate liquidity to support operations.
- Protects donor-restricted funds.
- Provides reasonable investment returns consistent with acceptable levels of risk.
- Complies with applicable laws, regulations, donor restrictions, grant requirements, and fiduciary standards.
- Supports the long-term financial sustainability of the organization.

This policy applies to all cash, reserves, investment accounts, endowment funds, quasi-endowment funds, and other financial assets owned or controlled by The Honey Hole, Inc.

Investment Objectives
The organization shall manage investments according to the following priorities:
1. Preservation of Principal
Protection of invested assets shall be the primary investment objective.
2. Liquidity
Investments shall maintain sufficient liquidity to support:

- Operating needs
- Payroll obligations
- Grant-funded activities
- Capital expenditures
- Emergency funding requirements

3. Return on Investment
Within the constraints of preservation of principal and liquidity, investments should earn a reasonable rate of return.
4. Risk Management
Investment risks shall be minimized through diversification and prudent investment selection.

Standard of Care
All persons responsible for investment decisions shall discharge their duties:

- In good faith;
- With the care a reasonably prudent person would exercise under similar circumstances;
- In the best interests of The Honey Hole, Inc.; and

- In accordance with applicable fiduciary standards.

Investment Categories
The organization may maintain:
Operating Funds
Cash required for current operations.
Operating Reserves
Funds designated to provide financial stability and emergency liquidity.
Restricted Funds
Funds subject to donor, grantor, or contractual restrictions.
Board-Designated Reserves
Funds designated by Board action for specific future purposes.
Endowment Funds
Funds invested for long-term growth and preservation, if established.

PROCEDURES

Investment Philosophy
The Honey Hole, Inc. shall maintain a conservative investment strategy designed to protect assets while providing appropriate liquidity and modest growth.
Speculative investments are prohibited.

Authorized Investments
Organizational funds may be invested in:
Cash and Cash Equivalents
- FDIC-insured checking accounts
- FDIC-insured savings accounts
- Money market deposit accounts
- Treasury money market funds

Fixed Income Investments
- U.S. Treasury securities
- U.S. Government agency obligations
- Certificates of Deposit (CDs)
- Highly rated corporate bonds
- Highly rated municipal bonds

Investment Funds
- Low-risk bond funds
- Government securities funds
- Balanced funds approved by the Board
- Diversified mutual funds approved by the Board

Endowment Investments (if applicable)
Long-term endowment funds may be invested in diversified portfolios including:

- Equity funds
- Fixed income funds
- Balanced funds
- Other Board-approved investment vehicles

subject to separate endowment guidelines.

Prohibited Investments
The organization shall not invest in:

- Margin accounts
- Commodities
- Futures contracts
- Options trading
- Cryptocurrency
- Private speculative ventures
- Short selling
- Leveraged investments
- Derivative instruments not used for risk management
- Investments inconsistent with nonprofit fiduciary standards

unless specifically approved by the Board of Directors.

Diversification
Investment assets shall be diversified to reduce risk and avoid excessive concentration.
Except for U.S. Treasury obligations and insured bank deposits:

- No more than 25% of invested assets shall be held in a single issuer.
- No more than 50% of invested assets shall be invested in equities without Board approval.

Liquidity Requirements
The organization shall maintain sufficient liquid assets to meet:

- Payroll obligations
- Debt obligations
- Accounts payable
- Operating expenses
- Emergency expenditures

The organization should maintain liquid reserves sufficient to cover at least:
Three (3) months of normal operating expenses
with a long-term goal of maintaining:
Six (6) months of operating expenses

in unrestricted reserves.

Restricted Funds
Funds restricted by donors, grantors, or contracts shall be invested and utilized only in accordance with applicable restrictions.
Restricted funds shall be separately identified within the accounting records.

Operating Reserve Funds
Operating reserve funds may be invested in:

- Money market accounts
- Certificates of Deposit
- U.S. Treasury securities
- Other low-risk investments approved by the Board

Reserve funds shall not be invested in speculative assets.

Investment Accounts
All investment accounts shall:

- Be held in the legal name of The Honey Hole, Inc.
- Be established through Board-authorized financial institutions.
- Have authorized signatories designated by Board resolution.

Investment Review
The Director of Finance & Administration shall prepare quarterly investment reports showing:

- Beginning balance
- Contributions
- Withdrawals
- Investment earnings
- Investment losses
- Ending balance
- Asset allocation

The COO shall review investment activity prior to submission to the CEO.
The CEO shall present investment summaries to the Audit/Finance Committee and Board.

Withdrawal of Funds
Withdrawals from investment accounts shall require:
Operating Funds
Approval by:

- CEO

Reserve Funds
Approval by:

- CEO
- Finance Committee Chair (if practical)

Board-Designated Funds
Approval by:

- Board of Directors

Endowment Funds
Approval according to Board-approved spending policies and applicable law.

DELEGATION OF AUTHORITY
Board of Directors
The Board retains ultimate fiduciary responsibility for investment assets.

The Board shall:

- Approve the Investment Policy.
- Approve investment institutions.
- Approve investment advisors.
- Review investment performance.
- Approve investment strategies.
- Approve establishment of reserve or endowment funds.
- Approve material changes to investment allocations.

Audit/Finance Committee
The Audit/Finance Committee shall:

- Review investment performance.
- Review compliance with this policy.
- Review reserve balances.
- Make recommendations to the Board.
- Review investment advisor performance when applicable.

President & Chief Executive Officer
The CEO shall:

- Provide executive oversight of investments.
- Approve routine investment transactions within Board-approved parameters.
- Present investment reports to the Board.
- Ensure compliance with this policy.

The CEO shall not independently establish new investment accounts without appropriate Board authorization.

Chief Operations Officer
The COO shall:

- Review investment activity.
- Monitor liquidity needs.
- Review cash flow requirements.
- Assist with reserve planning.

Director of Finance & Administration
The Director of Finance & Administration shall:

- Maintain investment records.
- Reconcile investment accounts.
- Prepare investment reports.
- Monitor maturities.
- Coordinate with financial institutions and investment advisors.
- Ensure proper accounting and reporting of investment activity.

The Director of Finance & Administration may not independently authorize investment purchases or liquidations except as specifically delegated by the CEO and Board.

Investment Advisors
The Board may engage qualified investment advisors when appropriate.
Investment advisors shall:

- Operate under written agreements.
- Act in a fiduciary capacity.
- Provide periodic performance reports.
- Comply with this policy.

The use of an investment advisor does not relieve the Board of its fiduciary responsibilities.

Internal Controls
To maintain appropriate segregation of duties:

- Investment transactions shall be authorized by designated officials.
- Investment accounts shall be reconciled monthly by the Director of Finance & Administration.
- Reconciliations shall be reviewed by the COO.
- Quarterly investment reports shall be reviewed by the CEO and Audit/Finance Committee.
- Significant investment decisions shall be documented in Board or committee minutes.

Policy Review
This Investment Policy shall be reviewed at least annually by the Audit/Finance Committee and recommended to the Board for any necessary revisions.

The Board of Directors shall approve all substantive changes to this policy.
This policy is intentionally conservative and aligns with nonprofit best practices, auditor expectations, Uniform Guidance principles, and the governance structure established for The Honey Hole, Inc. It also supports future reserve, endowment, and capital campaign funds should the organization grow in size and complexity.

1002 OPERATING FUND POLICY

POLICY OBJECTIVE
The objective of this Operating Fund Policy is to ensure that organizational operating funds are invested prudently, remain readily available to support mission-related activities, preserve capital, provide adequate liquidity, and generate a reasonable return consistent with sound nonprofit financial management practices and fiduciary responsibilities.

PURPOSE
The purpose of the Operating Fund is to ensure that The Honey Hole, Inc. maintains sufficient liquidity to support its day-to-day operations, meet short-term obligations, safeguard organizational assets, and provide financial stability while maximizing the safety of principal.
The Operating Fund represents financial resources that are expected to be used within the normal operating cycle of the organization and may include:

- Operating cash balances
- Unrestricted working capital
- Payroll reserves
- Grant reimbursement float balances
- Short-term operating reserves
- Undesignated cash balances
- Board-authorized operating reserves

The Operating Fund shall be invested conservatively, emphasizing preservation of capital and liquidity over investment return.

INVESTMENT OBJECTIVES
The Operating Fund shall be managed according to the following objectives, listed in order of priority:
1. Preservation of Principal
The primary objective is the protection of organizational assets.
Investments shall be selected to minimize the risk of loss of principal.
No investment strategy shall jeopardize the organization's ability to meet operational obligations.

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2. Liquidity
The Operating Fund shall maintain sufficient liquidity to support:

- Payroll obligations
- Accounts payable
- Grant and contract expenditures
- Program operations
- Debt service requirements
- Emergency expenditures
- Other short-term cash needs

Operating Fund investments shall be readily convertible to cash without significant loss of principal.

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3. Safety

Funds shall be invested in institutions and instruments demonstrating a high degree of financial stability and creditworthiness.

Deposits should be diversified among qualified financial institutions when balances exceed applicable insurance limits.

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4. Reasonable Return

After preservation of principal and liquidity requirements have been met, the organization shall seek a reasonable market rate of return.

Return objectives shall not outweigh the need for safety and liquidity.

INVESTMENT GUIDELINES

ALLOWABLE INVESTMENTS

Operating Fund assets may be invested only in the following instruments:

Bank Deposits

- FDIC-insured checking accounts
- FDIC-insured savings accounts
- Interest-bearing business checking accounts
- Money market deposit accounts

Certificates of Deposit (CDs)

- FDIC-insured Certificates of Deposit
- Brokered CDs only with Board approval

U.S. Government Obligations

- U.S. Treasury Bills
- U.S. Treasury Notes with maturities permitted by this policy
- U.S. Government agency securities

Money Market Funds

- Government money market funds
- Treasury money market funds
- Institutional money market funds investing primarily in government obligations

Short-Term Fixed Income Investments

- Highly rated short-term bond funds
- Short-term government securities funds

provided such investments maintain low interest-rate risk and high liquidity.

Local Government Investment Pools

Where legally authorized and approved by the Board.

PROHIBITED INVESTMENTS

Operating Fund assets shall not be invested in:

- Common stocks
- Individual corporate stocks
- Cryptocurrency
- Commodity contracts
- Futures contracts
- Options
- Margin accounts
- Leveraged investments
- Venture capital investments
- Private equity investments
- Hedge funds
- Real estate held for investment purposes
- Derivative securities
- Junk bonds
- Any investment deemed speculative

unless specifically authorized by the Board of Directors.

MATURITY

Liquidity Requirements

Operating Fund investments shall be structured to ensure adequate cash is available to support organizational operations.

Maximum Maturity

Except for Board-approved circumstances:

- No individual Operating Fund investment shall exceed three (3) years to maturity.

Preferred Maturity Structure

The following maturity targets are recommended:

Investment Type	Maximum Maturity
Operating Cash	Immediate Access
Money Market Accounts	Daily Liquidity
Certificates of Deposit	6–24 Months

Investment Type	Maximum Maturity
U.S. Treasury Securities	Up to 36 Months

Cash Flow Considerations
The Director of Finance & Administration shall monitor anticipated cash needs and ensure investment maturities align with:

- Payroll schedules
- Grant reimbursement cycles
- Debt obligations
- Capital expenditures
- Programmatic needs

No investment shall be purchased if doing so could impair the organization's ability to meet foreseeable operating requirements.

PERFORMANCE REPORTING
Monthly Internal Review
The Director of Finance & Administration shall prepare a monthly Operating Fund report that includes:

- Beginning balance
- Deposits
- Withdrawals
- Interest earnings
- Investment gains/losses
- Ending balance
- Current asset allocation

The report shall be reviewed by the Chief Operations Officer.

Quarterly Management Reporting
The Director of Finance & Administration shall prepare quarterly investment reports for management and the Audit/Finance Committee.
Reports shall include:
Portfolio Summary

- Investment balances
- Financial institution balances
- Maturity schedule
- Investment allocation

Earnings Summary

- Interest income earned
- Investment return
- Comparison to prior periods

Compliance Review

- Compliance with investment policy
- Compliance with maturity requirements
- Liquidity analysis
- Identification of policy exceptions

Audit/Finance Committee Review

The Audit/Finance Committee shall review quarterly reports and evaluate:

- Preservation of principal
- Liquidity position
- Investment performance
- Policy compliance
- Adequacy of operating reserves

The Committee shall report significant findings to the Board of Directors.

Annual Board Reporting

At least annually, the President & CEO and Director of Finance & Administration shall present a report to the Board of Directors summarizing:

- Operating Fund balances
- Investment performance
- Reserve adequacy
- Liquidity position
- Compliance with policy requirements
- Recommendations for modifications to investment strategy

RESPONSIBILITIES

Board of Directors

Responsible for:

- Approving the Operating Fund Policy.
- Approving authorized investment institutions.
- Reviewing annual investment performance.
- Approving policy amendments.

Audit/Finance Committee

Responsible for:

- Monitoring compliance.
- Reviewing performance reports.
- Making recommendations to the Board.

President & CEO

Responsible for:

- Executive oversight of Operating Fund investments.
- Ensuring compliance with Board-approved policies.

Chief Operations Officer
Responsible for:

- Monitoring liquidity requirements.
- Reviewing investment reports.
- Ensuring operational cash needs are met.

Director of Finance & Administration
Responsible for:

- Managing day-to-day Operating Fund investments.
- Monitoring maturities.
- Preparing reports.
- Maintaining investment records.
- Reconciling investment accounts.
- Ensuring compliance with this policy.

1003 SHORT-TERM RESERVES FUND POLICY

POLICY OBJECTIVE

The objective of this Short-Term Reserves Fund Policy is to ensure that The Honey Hole, Inc. maintains sufficient financial resources to withstand temporary disruptions, respond to unforeseen needs, and support mission continuity while preserving capital, maintaining liquidity, and exercising prudent stewardship of organizational assets.

PURPOSE

The purpose of the Short-Term Reserves Fund is to provide financial stability and liquidity during periods of temporary revenue disruption, unexpected expenditures, delayed grant reimbursements, economic uncertainty, emergencies, or strategic opportunities that support the mission of The Honey Hole, Inc.

The Short-Term Reserves Fund serves as a financial safeguard that allows the organization to maintain operations and fulfill obligations without unnecessary disruption to programs, staff, or services.

The fund is intended to provide a bridge between operating cash needs and long-term reserve or endowment resources.

Examples of appropriate uses include:

- Temporary cash flow shortages
- Delayed grant reimbursements
- Unanticipated facility repairs
- Emergency operating needs
- Insurance deductibles

- Technology failures
- Short-term economic downturns
- Unexpected program opportunities
- Matching fund requirements for grants

The Short-Term Reserves Fund is not intended to finance recurring operating deficits or replace prudent budgeting practices.

INVESTMENT OBJECTIVES

The Short-Term Reserves Fund shall be managed according to the following objectives:

1. Preservation of Capital

Protection of principal shall remain the primary investment objective.

The organization shall avoid investments that could expose reserve assets to significant market volatility or risk of loss.

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2. Liquidity

The fund shall maintain sufficient liquidity to provide timely access to cash when needed for organizational purposes.

Investments shall be structured so that reserve funds can be accessed without significant penalties or losses.

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3. Stability

Investment strategies shall prioritize stability and predictability of value over aggressive growth.

Reserve assets should be protected from significant fluctuations in market value.

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4. Income Generation

Subject to preservation of principal and liquidity requirements, the organization shall seek reasonable interest and investment earnings to preserve purchasing power and support organizational sustainability.

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5. Risk Management

Investments shall be diversified among approved institutions and instruments to reduce risk and protect organizational assets.

INVESTMENT GUIDELINES

ALLOWABLE INVESTMENTS

Short-Term Reserve Fund assets may be invested only in conservative, high-quality investment vehicles including:

Bank Deposits

- FDIC-insured checking accounts
- FDIC-insured savings accounts

- Interest-bearing business accounts
- Money market deposit accounts

Certificates of Deposit (CDs)

- FDIC-insured Certificates of Deposit
- Laddered Certificates of Deposit
- Brokered CDs approved by the Audit/Finance Committee

U.S. Government Securities

- U.S. Treasury Bills
- U.S. Treasury Notes
- U.S. Government agency obligations

Government Money Market Funds

- Treasury money market funds
- Government money market funds
- Institutional government money market funds

High-Quality Fixed Income Investments

- Short-term bond funds
- Government bond funds
- Investment-grade bond funds

provided they maintain low volatility and high liquidity.

Local Government Investment Pools
Where legally authorized and approved by the Board.

PROHIBITED INVESTMENTS
Short-Term Reserve assets shall not be invested in:

- Common stock
- Individual equity securities
- Cryptocurrency
- Hedge funds
- Private equity funds
- Venture capital funds
- Commodities
- Futures contracts
- Options contracts
- Margin accounts
- Leveraged investment products
- Speculative real estate investments
- High-yield ("junk") bonds
- Any investment vehicle deemed speculative by the Board

MATURITY

Investment Horizon

The Short-Term Reserves Fund is intended to support financial needs generally occurring within:

One (1) to Three (3) Years

Maximum Maturity

No individual investment within the Short-Term Reserves Fund shall exceed:

Five (5) Years

unless specifically approved by the Board of Directors.

Recommended Maturity Structure

Investment Type	Recommended Maximum Maturity
Money Market Accounts	Daily Liquidity
Savings Accounts	Daily Liquidity
Certificates of Deposit	6–36 Months
U.S. Treasury Securities	Up to 5 Years
High-Quality Bond Funds	Average Duration Less Than 5 Years

Laddering Strategy

The Director of Finance & Administration may implement a laddered maturity structure to:

- Improve liquidity.
- Reduce interest rate risk.
- Provide predictable access to cash.

RESERVE TARGETS

The organization shall strive to maintain Short-Term Reserve balances sufficient to cover:

Minimum Target

Three (3) months of operating expenses

Recommended Target

Six (6) months of operating expenses

Long-Term Goal

Nine (9) months of operating expenses

subject to organizational resources and Board priorities.

The Board may periodically establish reserve goals through the budgeting process.

USE OF RESERVE FUNDS

Authorized Uses

Reserve funds may be used for:

- Temporary operating deficits

- Cash flow shortages
- Emergency expenditures
- Facility emergencies
- Significant equipment replacement
- Technology failures
- Strategic opportunities approved by management
- Grant match requirements
- Board-approved special initiatives

Approval Requirements
Up to $25,000
Approval:
- President & CEO

Notification:
- Audit/Finance Committee Chair

$25,001–$100,000
Approval:
- President & CEO
- Audit/Finance Committee Chair

Over $100,000
Approval:
- Board of Directors

All reserve withdrawals shall be reported to the Board at its next regular meeting.

PERFORMANCE REPORTING

Monthly Internal Reporting
The Director of Finance & Administration shall prepare monthly reserve reports that include:
- Beginning balance
- Deposits
- Withdrawals
- Interest earnings
- Investment gains/losses
- Ending balance
- Current allocation

The report shall be reviewed by the Chief Operations Officer.

Quarterly Management Reporting
Quarterly reports shall be provided to:
- President & CEO

- Audit/Finance Committee

Reports shall include:

Portfolio Summary

- Asset balances
- Investment allocations
- Financial institution balances
- Maturity schedules

Earnings Summary

- Interest income
- Investment returns
- Year-to-date performance

Liquidity Analysis

- Available reserves
- Reserve-to-operating expense ratio
- Cash flow adequacy

Compliance Review

- Compliance with policy requirements
- Compliance with maturity restrictions
- Compliance with diversification standards

Annual Board Reporting

The President & CEO and Director of Finance & Administration shall present an annual report to the Board including:

- Reserve balances
- Reserve adequacy
- Investment performance
- Withdrawals and replenishments
- Comparison to reserve targets
- Recommendations for future reserve funding

DELEGATION OF AUTHORITY

Board of Directors

Responsible for:

- Approving the Short-Term Reserves Fund Policy.
- Establishing reserve targets.
- Approving significant reserve withdrawals.
- Monitoring reserve adequacy.

Audit/Finance Committee

Responsible for:

- Reviewing reserve performance.
- Monitoring compliance.
- Reviewing withdrawal requests.
- Making recommendations to the Board.

President & CEO

Responsible for:

- Executive oversight of reserve management.
- Approving withdrawals within delegated authority.
- Reporting reserve activity to the Board.

Chief Operations Officer

Responsible for:

- Monitoring organizational liquidity needs.
- Reviewing reserve activity.
- Assisting with reserve planning.

Director of Finance & Administration

Responsible for:

- Managing reserve investments.
- Monitoring maturities.
- Preparing reports.
- Maintaining investment records.
- Reconciling reserve accounts.
- Ensuring compliance with this policy.

1004 LONG-TERM RESERVES FUND POLICY

POLICY OBJECTIVE

The objective of this Long-Term Reserves Fund Policy is to provide The Honey Hole, Inc. with a disciplined framework for investing long-term assets in a manner that balances growth, preservation of capital, diversification, liquidity, and fiduciary responsibility. The policy is intended to strengthen the organization's long-term sustainability, support future strategic opportunities, and ensure continued fulfillment of its mission for generations to come.

PURPOSE

Purpose of the Long-Term Reserves Fund

The purpose of the Long-Term Reserves Fund is to provide financial strength, sustainability, and long-term financial security for The Honey Hole, Inc. by accumulating and investing funds not required for immediate operational needs.

The Long-Term Reserves Fund is intended to support:

- Long-term organizational stability
- Strategic growth opportunities
- Capital improvements and facility expansion
- Preservation of historic assets and collections
- Organizational sustainability
- Economic downturn protection
- Future program development
- Major technology investments
- Long-range workforce development initiatives
- Board-designated strategic priorities

Unlike Operating Funds and Short-Term Reserves, Long-Term Reserves are intended to remain invested over extended periods to achieve moderate capital appreciation while preserving the organization's financial resources.

Types of Long-Term Reserve Funds

The Board may establish one or more of the following reserve categories:

Board-Designated Long-Term Reserves

Funds designated by Board action for future strategic purposes.

Capital Reserve Funds

Funds designated for future capital improvements, equipment replacement, facility acquisition, preservation projects, or expansion.

Strategic Opportunity Funds

Funds reserved for significant mission-related opportunities that may arise.

Quasi-Endowment Funds

Funds designated by the Board to function similarly to an endowment while remaining under Board control.

Legacy and Sustainability Funds

Funds established to strengthen long-term organizational viability and mission continuity.

INVESTMENT OBJECTIVES

Long-Term Reserve assets shall be managed according to the following objectives:

1. Preservation of Purchasing Power

The organization shall seek investment returns sufficient to preserve and increase the real value of reserves over time after considering inflation.

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2. Long-Term Capital Appreciation
The organization shall pursue moderate long-term growth consistent with prudent nonprofit investment practices.
Because these funds are not intended for immediate operational use, the organization may accept reasonable short-term market fluctuations in pursuit of long-term growth.

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3. Preservation of Capital
While some market volatility may be accepted, the organization shall avoid excessive risk that could materially impair reserve assets.

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4. Diversification and Risk Management
Investment assets shall be diversified to reduce risk and minimize the impact of poor performance by any single investment, asset class, or institution.

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5. Liquidity
The organization shall maintain sufficient liquidity within the portfolio to support approved withdrawals and strategic needs without disrupting long-term investment objectives.

INVESTMENT GUIDELINES

GENERAL PRINCIPLES

Prudent Investor Standard
All investment decisions shall be made in accordance with the prudent investor standard and applicable fiduciary obligations.
Investment decisions shall consider:

- Risk and return objectives
- Liquidity needs
- Economic conditions
- Inflation risk
- Organizational financial condition
- Long-term sustainability

Investment Horizon
The Long-Term Reserves Fund shall be managed with an anticipated investment horizon of:
Five (5) years or longer
with many assets intended to remain invested indefinitely.

Risk Tolerance
The Board recognizes that prudent long-term investing requires acceptance of reasonable market volatility.
However, preservation of organizational assets remains a primary consideration.
The portfolio should reflect a moderate risk profile appropriate for a charitable nonprofit organization.

Spending Philosophy
Long-Term Reserve assets shall not be used to support routine operating deficits.
Withdrawals should occur only:

- For Board-approved strategic purposes;
- For major capital projects;
- During significant financial emergencies; or
- For purposes consistent with reserve fund designations.

SPECIFIC INVESTMENT GOALS

DIVERSIFICATION
Asset Allocation
The portfolio shall be diversified among multiple asset classes to reduce investment risk.
The target allocation may be adjusted periodically by the Board upon recommendation of the Audit/Finance Committee and investment advisors.
Illustrative Target Allocation

Asset Class	Target Range
Cash & Cash Equivalents	5% – 15%
Fixed Income Investments	25% – 50%
Domestic Equities	25% – 50%
International Equities	5% – 20%
Alternative Investments (Board Approved)	0% – 10%

Actual allocations may vary based on market conditions and Board-approved strategies.

Concentration Limits
Except for U.S. Treasury obligations:

- No more than 10% of the portfolio may be invested in any single security.
- No more than 25% may be invested with any single financial institution.
- No more than 50% may be invested in a single mutual fund family without Board approval.

ALLOWABLE ASSETS

Long-Term Reserve assets may be invested in the following investment categories:

Cash and Cash Equivalents

- FDIC-insured deposits
- Money market accounts
- Treasury money market funds

Fixed Income Investments

- U.S. Treasury securities
- Government agency obligations
- Investment-grade corporate bonds
- Investment-grade municipal bonds
- Bond mutual funds
- Bond exchange-traded funds (ETFs)

Equity Investments

- Diversified domestic equity mutual funds
- Diversified international equity mutual funds
- Broad-market index funds
- Exchange-traded funds (ETFs)
- Large-cap equity funds
- Dividend-oriented funds

Balanced Funds

- Balanced mutual funds
- Asset allocation funds
- Target-risk funds

Other Board-Approved Investments

- Community development financial institution (CDFI) investments
- Mission-related investments
- Program-related investments (PRIs)
- Other prudent investments approved by the Board

provided such investments are consistent with fiduciary responsibilities.

PROHIBITED INVESTMENTS

Unless specifically approved by the Board of Directors, Long-Term Reserve assets shall not be invested in:

- Cryptocurrency
- Initial Coin Offerings (ICOs)
- Margin accounts
- Commodity futures
- Options trading
- Short selling

- Leveraged investment products
- Speculative real estate ventures
- Venture capital funds
- Private placements lacking sufficient transparency
- Penny stocks
- Highly speculative securities
- Investments that could create reputational risk to the organization

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REBALANCING

The portfolio shall be reviewed periodically to maintain desired asset allocation targets.
Rebalancing may occur:

- Annually;
- When allocations deviate materially from targets; or
- Upon recommendation of the investment advisor.

The Audit/Finance Committee shall review rebalancing recommendations.

USE OF INVESTMENT ADVISORS

The Board may retain qualified investment advisors, wealth managers, or financial institutions to assist with management of Long-Term Reserve assets.
Investment advisors shall:

- Operate under written agreements.
- Act in a fiduciary capacity.
- Provide periodic performance reports.
- Comply with Board-approved investment guidelines.

The Board retains ultimate fiduciary responsibility for investment decisions.

PERFORMANCE REPORTING

Monthly Internal Reporting

The Director of Finance & Administration shall maintain records of:

- Portfolio balances
- Investment income
- Unrealized gains and losses
- Withdrawals
- Contributions

Internal reports shall be reviewed by the COO.

Quarterly Reporting

The Director of Finance & Administration shall prepare quarterly reports for:

- President & CEO
- Audit/Finance Committee

Reports shall include:

Portfolio Summary

- Beginning balance
- Contributions
- Withdrawals
- Investment income
- Realized gains/losses
- Unrealized gains/losses
- Ending balance

Asset Allocation Analysis

- Current allocation
- Target allocation
- Variance analysis

Performance Analysis

- Quarterly return
- Fiscal year-to-date return
- Multi-year performance (when applicable)

Compliance Review

- Compliance with policy
- Compliance with diversification limits
- Compliance with allowable investment requirements

Annual Board Reporting

At least annually, the President & CEO, Director of Finance & Administration, and Audit/Finance Committee shall present a report to the Board that includes:

- Investment performance
- Asset allocation
- Portfolio value
- Reserve adequacy
- Significant market developments
- Policy compliance
- Recommended changes to investment strategy

DELEGATION OF AUTHORITY

Board of Directors

Responsible for:

- Approving the Long-Term Reserves Fund Policy.
- Establishing reserve objectives.
- Approving investment advisors.

- Approving asset allocation strategies.
- Approving significant withdrawals.
- Monitoring long-term performance.

Audit/Finance Committee
Responsible for:

- Reviewing investment performance.
- Reviewing asset allocation.
- Monitoring compliance.
- Making recommendations to the Board.
- Reviewing advisor performance.

President & CEO
Responsible for:

- Executive oversight of reserve investments.
- Presenting investment reports to the Board.
- Implementing Board-approved investment strategies.

Chief Operations Officer
Responsible for:

- Reviewing reserve performance.
- Monitoring organizational liquidity and reserve needs.
- Assisting with long-term financial planning.

Director of Finance & Administration
Responsible for:

- Maintaining investment records.
- Reconciling investment accounts.
- Preparing performance reports.
- Monitoring compliance with policy requirements.
- Coordinating with investment advisors and financial institutions.

The Director of Finance & Administration shall not independently alter investment strategy or asset allocation without appropriate authorization.

1005 ENDOWMENT FUND POLICY

POLICY OBJECTIVE

The objective of this Endowment Fund Policy is to ensure that endowment assets are invested and managed prudently to provide perpetual support for the mission of The Honey Hole, Inc., preserve donor intent, maintain purchasing power, generate sustainable distributions, and strengthen the organization's long-term financial sustainability for future generations.

PURPOSE

Purpose of the Endowment Fund

The purpose of the Endowment Fund is to provide a permanent and sustainable source of financial support for the mission and long-term viability of The Honey Hole, Inc.

The Endowment Fund is intended to:

- Preserve donor gifts and endowed assets in perpetuity.
- Generate a sustainable stream of income to support mission-related activities.
- Protect the organization from economic fluctuations.
- Support future generations of beneficiaries.
- Strengthen organizational sustainability and financial independence.
- Provide long-term support for historic preservation, education, workforce development, community engagement, research, and other Board-approved mission priorities.

The Board of Directors recognizes that endowment assets are generally intended to be invested over an indefinite time horizon and therefore require a disciplined investment approach that balances growth, preservation of purchasing power, and prudent risk management.

Types of Endowment Funds

The organization may maintain one or more of the following endowment categories:

Donor-Restricted Endowment Funds

Funds contributed by donors with the requirement that principal be maintained permanently or for a specified period.

Board-Designated Endowment (Quasi-Endowment)

Funds designated by Board action to function as endowment assets while remaining subject to future Board modification.

Term Endowment Funds

Funds restricted by donors for a specified period or purpose.

Legacy and Heritage Endowment Funds

Funds established to support the long-term preservation and sustainability of The Honey Hole's mission and historical legacy.

INVESTMENT OBJECTIVES

Endowment assets shall be managed according to the following objectives:

1. Preservation of Purchasing Power

The primary objective is to preserve and enhance the inflation-adjusted value of the Endowment Fund over time.
Investment returns should be sufficient to:

- Support authorized spending distributions.
- Cover investment management costs.
- Preserve the real value of principal.

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2. Long-Term Capital Growth
The Endowment Fund shall seek long-term growth of principal through prudent investment strategies.
Because the investment horizon is perpetual or very long-term, short-term market fluctuations may be tolerated in pursuit of long-term growth.

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3. Sustainable Income
The Endowment Fund shall generate sufficient total return to support annual spending distributions while maintaining long-term fund viability.

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4. Risk Management
Risk shall be controlled through:

- Diversification
- Asset allocation
- Professional management
- Periodic monitoring

The organization shall avoid excessive concentration in any single asset class, investment manager, or security.

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5. Fiduciary Stewardship
All investment decisions shall be made in accordance with:

- Uniform Prudent Management of Institutional Funds Act (UPMIFA)
- Applicable nonprofit laws
- Donor restrictions
- Fiduciary obligations
- Board-approved investment policies

INVESTMENT GUIDELINES

GENERAL PRINCIPLES
Investment Horizon
The Endowment Fund shall be managed with an anticipated investment horizon of:
Ten (10) years or longer

and generally with the expectation that assets will remain invested indefinitely.

Total Return Approach

The organization shall utilize a total return investment philosophy, recognizing that investment return consists of:

- Interest income
- Dividend income
- Realized capital gains
- Unrealized capital appreciation

Investment decisions shall focus on total portfolio performance rather than current income alone.

Prudent Investor Standard

Investment decisions shall be evaluated in the context of the portfolio as a whole and as part of an overall investment strategy.

Spending and Investment Relationship

The Board recognizes that investment performance must support:

- Endowment spending distributions
- Inflation protection
- Investment management expenses

over long periods of time.

SPECIFIC INVESTMENT GOALS

The Endowment Fund shall seek to achieve the following long-term objectives:

Target Return Objective

The investment objective is to achieve a long-term average annual return sufficient to equal or exceed:

Spending Rate + Inflation + Investment Expenses

over rolling five- to ten-year periods.

Volatility Management

While some market volatility is expected, investment strategies should seek to minimize excessive risk and avoid permanent impairment of capital.

Preservation of Corpus

For donor-restricted endowments, preservation of the original gift corpus shall remain a significant consideration when determining spending and investment policies.

DIVERSIFICATION

Diversification Philosophy
Endowment assets shall be diversified among multiple asset classes, investment styles, industries, and geographic regions.
Diversification is intended to:

- Reduce portfolio volatility.
- Manage investment risk.
- Improve long-term performance consistency.

Target Asset Allocation
The Board may establish and periodically revise target asset allocation ranges.
Illustrative target ranges are:

Asset Class	**Target Range**
Cash & Cash Equivalents	2% – 10%
Fixed Income	20% – 40%
Domestic Equities	30% – 55%
International Equities	10% – 25%
Alternative Investments	0% – 15%

Actual allocations may vary within approved ranges.

Concentration Limits
Except for U.S. Treasury obligations:

- No more than 5% of the Endowment portfolio shall be invested in any single security.
- No more than 20% shall be invested with a single investment manager unless approved by the Board.
- No more than 60% shall be invested in any single asset class.

ALLOWABLE ASSETS
Endowment assets may be invested in:
Cash and Cash Equivalents

- FDIC-insured deposits
- Treasury money market funds
- Government money market funds

Fixed Income Investments

- U.S. Treasury securities
- Government agency securities
- Investment-grade corporate bonds
- Investment-grade municipal bonds

- Bond mutual funds
- Bond exchange-traded funds (ETFs)

Equity Investments

- Domestic equity mutual funds
- International equity mutual funds
- Index funds
- Exchange-traded funds (ETFs)
- Large-cap funds
- Mid-cap funds
- Small-cap funds
- Dividend growth funds

Balanced and Asset Allocation Funds

- Balanced funds
- Target-risk funds
- Asset allocation funds

Mission-Related Investments

Subject to Board approval, the organization may invest a limited portion of Endowment assets in:

- Community Development Financial Institutions (CDFIs)
- Program-Related Investments (PRIs)
- Mission-Related Investments (MRIs)

provided such investments are consistent with fiduciary obligations and portfolio diversification standards.

Alternative Investments

Subject to Board approval and professional advisor recommendation:

- Real estate investment trusts (REITs)
- Diversified alternative investment funds

may be utilized in limited amounts.

PROHIBITED INVESTMENTS

Unless specifically authorized by the Board of Directors, Endowment assets shall not be invested in:

- Cryptocurrency
- Initial Coin Offerings (ICOs)
- Margin accounts
- Commodity futures
- Options trading
- Short selling
- Leveraged investment products

- Speculative real estate ventures
- Penny stocks
- Highly speculative securities
- Investments lacking adequate transparency
- Investments creating undue reputational risk

SPENDING POLICY

Annual Spending Rate
The Board shall establish an annual spending rate for endowment distributions.
As a general guideline, annual distributions should not exceed:
4%–5% of the average market value of the Endowment Fund
calculated over a rolling twelve-quarter period.

Board Approval
All endowment distributions shall be approved by the Board of Directors.

Donor Restrictions
Spending from donor-restricted endowments shall comply with:

- Donor agreements
- UPMIFA requirements
- Applicable state law

PERFORMANCE REPORTING

Monthly Internal Reporting
The Director of Finance & Administration shall maintain records showing:

- Portfolio balances
- Contributions
- Distributions
- Investment income
- Realized gains and losses
- Unrealized gains and losses
- Ending market value

Internal reports shall be reviewed by the COO.

Quarterly Reporting
The Director of Finance & Administration shall prepare quarterly reports for:

- President & CEO
- Audit/Finance Committee

Reports shall include:

Portfolio Summary

- Beginning market value
- Contributions
- Withdrawals
- Investment income
- Realized gains/losses
- Unrealized gains/losses
- Ending market value

Asset Allocation Analysis

- Actual allocation
- Target allocation
- Variance analysis

Investment Performance

- Quarterly return
- Fiscal year-to-date return
- Three-year return
- Five-year return
- Since-inception return

where applicable.

Compliance Review

- Policy compliance
- Diversification compliance
- Spending policy compliance
- Donor restriction compliance

Annual Board Reporting

At least annually, the President & CEO, Director of Finance & Administration, Audit/Finance Committee, and investment advisor (if engaged) shall present a comprehensive Endowment Report to the Board including:

- Portfolio performance
- Asset allocation
- Spending distributions
- Endowment growth
- Donor-restricted fund status
- Compliance with UPMIFA
- Investment advisor performance
- Recommendations for policy revisions

DELEGATION OF AUTHORITY

Board of Directors
Responsible for:

- Approving the Endowment Fund Policy.
- Approving spending policies.
- Approving investment advisors.
- Approving asset allocation targets.
- Monitoring endowment performance.
- Authorizing distributions.
- Ensuring compliance with donor restrictions.

Audit/Finance Committee
Responsible for:

- Reviewing endowment performance.
- Monitoring policy compliance.
- Reviewing investment advisor performance.
- Recommending policy changes.
- Reporting to the Board.

President & CEO
Responsible for:

- Executive oversight of the Endowment Fund.
- Presenting endowment reports to the Board.
- Implementing Board-approved investment strategies.

Chief Operations Officer
Responsible for:

- Reviewing endowment reports.
- Supporting long-term financial planning.
- Assisting with policy implementation.

Director of Finance & Administration
Responsible for:

- Maintaining endowment accounting records.
- Reconciling investment accounts.
- Preparing performance reports.
- Tracking donor restrictions.
- Coordinating with investment managers and auditors.

The Director of Finance & Administration shall not independently alter investment strategy or authorize endowment distributions without appropriate approval.

Investment Advisors

The Board may engage professional investment advisors to manage Endowment assets.
Investment advisors shall:

- Operate under written agreements.
- Act in a fiduciary capacity.
- Provide quarterly performance reports.
- Comply with this policy and Board directives.

The Board retains ultimate fiduciary responsibility for all Endowment assets.

PROCEDURES

SECTION 1100 – GENERAL ACCOUNTING PROCEDURES

Internal Control Objective

The purpose of these General Accounting Procedures is to ensure that accounting records are complete, accurate, timely, auditable, and compliant with nonprofit accounting standards while providing management and the Board with reliable financial information for decision-making and stewardship of organizational resources.

1101 OVERALL ACCOUNTING SYSTEM DESIGN

Purpose

The accounting system of The Honey Hole, Inc. shall be designed to provide accurate, timely, complete, and reliable financial information for management, the Board of Directors, grantors, donors, auditors, regulatory agencies, and other authorized stakeholders.

The accounting system shall support:

- GAAP-compliant financial reporting
- Nonprofit fund accounting
- Functional expense reporting
- Grant and contract accounting
- Budget monitoring
- Internal control requirements
- Audit requirements
- Management decision-making

Accounting System Structure

The accounting system shall be maintained under the direction of the **Director of Finance & Administration** and shall be structured to track:

Assets

- Cash and cash equivalents
- Investments
- Accounts receivable
- Grants receivable
- Fixed assets
- Prepaid expenses
- Other assets

Liabilities

- Accounts payable
- Payroll liabilities
- Accrued liabilities
- Deferred revenue
- Debt obligations

- Other liabilities

Net Assets

- Net Assets Without Donor Restrictions
- Net Assets With Donor Restrictions

Revenues

- Grants
- Contracts
- Contributions
- Sponsorships
- Program service revenue
- Membership revenue
- Investment income
- Other income

Expenses

Expenses shall be tracked by:

Natural Classification

Examples:

- Salaries
- Payroll taxes
- Employee benefits
- Professional services
- Occupancy
- Insurance
- Travel
- Supplies
- Equipment
- Depreciation

Functional Classification

- Program Services
- Management & General
- Fundraising

Program Classification

Examples:

- Historic Preservation & Research
- Community Archives & Oral History
- Education Programs
- Workforce Development Programs
- Community Engagement
- Development Activities

- Administration

Funding Source Classification

Examples:

- Federal Grants
- State Grants
- Foundation Grants
- Corporate Sponsorships
- Individual Contributions
- Unrestricted Operations

Accounting Software

The Director of Finance & Administration shall maintain and administer the organization's accounting software.

The accounting system shall:

- Support audit trails.
- Restrict access based upon job responsibilities.
- Maintain backup capabilities.
- Produce standard financial reports.
- Support grant accounting and cost allocation.

System Access

Access levels shall be assigned according to responsibilities.

Director of Finance & Administration

Authorized to:

- Enter transactions.
- Maintain accounting records.
- Generate reports.
- Maintain chart of accounts.

Chief Operations Officer

Authorized to:

- Review financial information.
- Review transactions.
- Approve accounting adjustments.
- Monitor financial performance.

President & CEO

Authorized to:

- Review financial reports.
- Monitor organizational performance.
- Access executive-level financial information.

Internal Controls

The accounting system shall incorporate:

- Segregation of duties.
- Approval controls.
- Audit trails.
- User access controls.
- Periodic reconciliations.
- Financial review procedures.

Responsibilities

Director of Finance & Administration

Responsible for:

- Daily accounting operations.
- Financial record maintenance.
- Accounting system administration.
- Financial reporting preparation.

Chief Operations Officer

Responsible for:

- Operational oversight.
- Review of accounting activities.
- Internal control monitoring.

President & CEO

Responsible for:

- Executive financial oversight.
- Financial stewardship.

1102 GENERAL LEDGER ACTIVITY

Purpose

The General Ledger serves as the official accounting record of The Honey Hole, Inc. and shall contain all financial transactions necessary to prepare the organization's financial statements.

Responsibilities

Director of Finance & Administration

Responsible for:

- Maintaining the General Ledger.
- Recording accounting transactions.
- Posting journal entries.
- Reviewing account activity.
- Preparing reconciliations.

Chief Operations Officer
Responsible for:
- Reviewing General Ledger activity.
- Reviewing significant transactions.
- Approving journal entries as required.

Source Documents
Transactions entered into the General Ledger shall be supported by appropriate documentation.
Examples include:
- Vendor invoices
- Purchase orders
- Cash receipt records
- Bank statements
- Payroll records
- Grant documentation
- Contracts
- Journal entry support schedules
- Fixed asset records

Journal Entries
All journal entries shall:
1. Be supported by documentation.
2. Include an adequate explanation.
3. Be assigned a transaction date.
4. Identify the preparer.
5. Be reviewed when required.

Journal Entry Approval
Routine Entries
Prepared by:
- Director of Finance & Administration

Reviewed by:
- Chief Operations Officer

Examples:
- Depreciation
- Accruals
- Allocations
- Reclassifications

Significant Entries
Prepared by:
- Director of Finance & Administration

Reviewed by:
- COO

Approved by:
- President & CEO when material

Examples:
- Audit adjustments
- Debt transactions
- Major corrections
- Net asset releases
- Significant grant adjustments

Account Reconciliations
The following accounts shall be reconciled monthly:
- Cash accounts
- Accounts receivable
- Grants receivable
- Accounts payable
- Payroll liabilities
- Credit cards
- Fixed asset accounts
- Debt accounts
- Restricted funds

Review Procedures
The Director of Finance & Administration shall review:
- Account balances
- Transaction coding
- Grant allocations
- Budget variances

The COO shall review:
- Significant fluctuations
- Unusual transactions
- Financial reports

Error Corrections
Errors identified in the General Ledger shall be corrected promptly through documented journal entries.

Original transactions shall not be deleted when doing so would impair the audit trail.

Audit Trail
The accounting system shall maintain a complete audit trail showing:

- Date entered
- User entering transaction
- Transaction modifications
- Approval documentation

1103 GENERAL LEDGER CLOSE-OUT

Purpose
The General Ledger close-out process ensures that all financial activity is accurately recorded and reported for each accounting period.

Monthly Close
The Director of Finance & Administration shall complete a monthly closing process no later than:
Fifteen (15) business days after month-end
unless circumstances require additional time.
Monthly Close Procedures
The monthly close shall include:
Cash

- Complete bank reconciliations.
- Review outstanding items.
- Verify cash balances.

Receivables

- Review accounts receivable aging.
- Review grant receivables.
- Record necessary adjustments.

Accounts Payable

- Record outstanding liabilities.
- Review vendor balances.
- Verify unpaid obligations.

Payroll

- Record payroll accruals.
- Reconcile payroll liabilities.
- Verify payroll allocations.

Credit Cards

- Reconcile credit card statements.

- Record all charges.

Fixed Assets

- Record acquisitions and disposals.
- Calculate depreciation.

Grants and Contracts

- Review grant expenditures.
- Review grant revenues.
- Review reimbursement requests.
- Record grant-related adjustments.

Allocations

- Record functional allocations.
- Record indirect cost allocations.
- Verify program cost distributions.

Journal Entries

- Post all required month-end entries.
- Review supporting documentation.

Monthly Financial Reports

Upon completion of the monthly close, the Director of Finance & Administration shall prepare:

- Statement of Financial Position
- Statement of Activities
- Budget-to-Actual Report
- Cash Flow Report
- Accounts Receivable Aging Report
- Accounts Payable Aging Report
- Grant Status Reports
- Functional Expense Reports

Management Review

Chief Operations Officer

Reviews:

- Financial statements
- Budget variances
- Cash flow
- Reconciliations
- Significant transactions

President & CEO

Reviews:

- Organizational financial performance
- Strategic financial indicators
- Significant variances
- Cash position

Year-End Close
At fiscal year-end, the Director of Finance & Administration shall perform all monthly close procedures plus:

Additional Year-End Activities

- Review all account balances.
- Confirm receivables and liabilities.
- Review net asset classifications.
- Review donor restrictions.
- Verify fixed asset records.
- Prepare audit schedules.
- Complete year-end accruals.
- Record audit adjustments when necessary.

Audit Preparation
The Director of Finance & Administration shall prepare:

- Trial balance
- General ledger detail
- Reconciliation schedules
- Fixed asset schedules
- Grant schedules
- Debt schedules
- Supporting documentation requested by auditors

Close Approval
The monthly and annual close shall be considered complete upon review by:

Monthly Close

- Director of Finance & Administration
- Chief Operations Officer

Annual Close

- Director of Finance & Administration
- Chief Operations Officer
- President & CEO

Retention
General Ledger reports, reconciliations, and close-out documentation shall be retained in accordance with the organization's Record Retention Policy.

Responsibilities Summary

Activity	Primary Responsibility	Oversight
Accounting System Administration	Director of Finance & Administration	COO

Activity	Primary Responsibility	Oversight
General Ledger Maintenance	Director of Finance & Administration	COO
Journal Entry Preparation	Director of Finance & Administration	COO
Significant Journal Entry Approval	COO / CEO	Finance Committee (when applicable)
Account Reconciliations	Director of Finance & Administration	COO
Monthly Close	Director of Finance & Administration	COO
Year-End Close	Director of Finance & Administration	COO & CEO
Financial Statement Preparation	Director of Finance & Administration	COO
Financial Statement Review	COO	CEO & Board

SECTION 1200 – CASH MANAGEMENT PROCEDURES
Internal Control Objective
The purpose of these Cash Management Procedures is to ensure that cash and cash equivalents are properly safeguarded, deposited timely, disbursed only for authorized purposes, accurately recorded, and regularly reconciled to protect the financial integrity of The Honey Hole, Inc.

1201 CASH RECEIPTS

Purpose
The purpose of these procedures is to ensure that all cash receipts are properly received, safeguarded, deposited, recorded, and reconciled in a timely and accurate manner.
Cash receipts include:

- Cash
- Checks
- Money orders
- Electronic payments
- ACH receipts
- Wire transfers
- Credit card receipts
- Online donations
- Program fees
- Sponsorship payments
- Grant reimbursements

Receipt of Funds
Funds may be received by:

- Receptionist
- Administrative & Operations Coordinator
- Director of Development & Strategic Partnerships
- Program Staff
- Department Directors

Employees receiving funds are responsible for:

- Safeguarding funds.
- Issuing receipts when appropriate.
- Maintaining receipt logs.
- Forwarding funds promptly for deposit.

Receipt Documentation
The employee receiving funds shall document:

- Date received

- Amount
- Source of funds
- Purpose of payment
- Method of payment
- Applicable program, grant, or fund

Supporting documentation may include:

- Receipt books
- Registration forms
- Donation records
- Sponsorship agreements
- Grant reimbursement notices
- Payment processor reports

Mail Receipts

Checks received by mail shall be:

1. Opened by authorized personnel.
2. Restrictively endorsed immediately:

"For Deposit Only – The Honey Hole, Inc."

3. Logged into the cash receipts register.
4. Forwarded to the Director of Finance & Administration.

Deposit Preparation

The Administrative & Operations Coordinator shall normally prepare deposits.

The Director of Finance & Administration may serve as backup.

Deposit preparation shall include:

- Verification of funds received.
- Comparison to receipt logs.
- Completion of deposit documentation.
- Preparation of deposit slips.

Whenever practical, two individuals shall verify cash counts.

Deposit Timing

Deposits shall be made:

- Within three (3) business days of receipt; or
- Sooner when significant amounts are involved.

Cash shall not be accumulated unnecessarily.

Deposit Review

The Director of Finance & Administration shall review:

- Receipt logs

- Deposit documentation
- Deposit slips
- Supporting records

before recording transactions.

Recording Deposits
The Director of Finance & Administration shall:

- Record deposits in the accounting system.
- Assign proper account coding.
- Record donor restrictions when applicable.
- Record grant and program revenue classifications.

Cash Receipt Reconciliation
Monthly, the Director of Finance & Administration shall reconcile:

- Receipt logs
- Deposit records
- Accounting records
- Bank statements

The COO shall review reconciliations.

Significant Contributions
Contributions exceeding $25,000 shall be reported to:

- President & CEO
- Director of Development & Strategic Partnerships

1202 CASH DISBURSEMENTS

Purpose
The purpose of these procedures is to ensure that all organizational disbursements are properly authorized, documented, processed, and recorded.
Cash disbursements include:

- Checks
- ACH payments
- Wire transfers
- Electronic payments
- Credit card payments
- Payroll
- Reimbursements

Initiation of Expenditures

Department Directors shall:

- Verify organizational need.
- Verify budget availability.
- Approve purchases within delegated authority.

Invoice Processing

Vendor invoices shall be submitted to the Director of Finance & Administration.

The Director of Finance & Administration shall verify:

- Proper authorization
- Receipt of goods/services
- Mathematical accuracy
- Appropriate coding
- Supporting documentation

Payment Preparation

The Director of Finance & Administration shall:

- Enter invoices into the accounting system.
- Prepare payment documentation.
- Schedule payments.
- Maintain accounts payable records.

Payment Approval

Payments shall be approved according to the organization's financial authority matrix.

Up to $5,000

Approval:

- COO

$5,001 – $25,000

Approval:

- COO

CEO notified.

$25,001 – $100,000

Approval:

- CEO

Over $100,000

Approval:

- Board of Directors

Check Processing

Checks shall be:

- Sequentially numbered.
- Maintained in secure storage.
- Prepared by Finance.
- Supported by approved documentation.

Unused check stock shall be secured by the Director of Finance & Administration.

ACH and Electronic Payments

Prepared by:

- Director of Finance & Administration

Approved by:

- COO

Large ACH or wire transfers may require CEO approval pursuant to authorization limits.

Check Signatures

Authorized signers include:

- President & CEO
- Chief Operations Officer
- Board Treasurer
- Board Chair (when required)

Dual signatures shall be required in accordance with Board-approved banking policies.

Voided Checks

Voided checks shall:

- Be marked VOID.
- Retain original documentation.
- Remain in sequential order.

Recording Disbursements

The Director of Finance & Administration shall record all disbursements promptly and accurately.

Monthly Review

The COO shall review:

- Cash disbursement reports
- Accounts payable aging
- Bank reconciliations
- Significant payments

1203 PETTY CASH FUNDS

Purpose
Petty cash funds provide a convenient method for reimbursing minor business expenses that are impractical to process through normal accounts payable procedures.

Authorized Fund
The standard petty cash fund shall not exceed:
$500
unless otherwise approved by the CEO.

Custodian
The Director of Finance & Administration shall serve as petty cash custodian.

Authorized Uses
Petty cash may be used for:

- Minor office supplies
- Small operational purchases
- Postage
- Emergency local purchases

Petty cash shall not be used for:

- Payroll
- Personal loans
- Advances
- Travel advances
- Capital purchases

Reimbursement Documentation
Each petty cash reimbursement shall include:

- Date
- Amount
- Business purpose
- Original receipt
- Employee signature

Replenishment
Petty cash replenishment shall:

1. Be supported by vouchers and receipts.
2. Be processed through accounts payable.
3. Restore the fund to its authorized balance.

Reconciliation
The Director of Finance & Administration shall reconcile petty cash monthly.
The COO shall periodically review petty cash activity.

Security
Petty cash shall be maintained:
- In a locked cash box.
- Within a locked cabinet or safe.
- Accessible only to authorized personnel.

1204 PREPAID ITEMS

Purpose
These procedures establish requirements for accounting for prepaid expenses and deferred expenditures.

Definition
Prepaid items are expenditures made in advance of receiving future goods or services.
Examples include:
- Insurance premiums
- Software subscriptions
- Memberships
- Maintenance agreements
- Licenses
- Conference registrations
- Rent payments
- Service contracts

Recording Prepaid Expenses
The Director of Finance & Administration shall evaluate expenditures to determine whether they should be recorded as:
- Expense; or
- Prepaid asset.

Capitalization Threshold
Prepaid items extending beyond one accounting period may be recorded as prepaid assets when:
- The future benefit exceeds one month; and
- The amount is material to financial reporting.

Amortization
Prepaid assets shall be amortized systematically over the applicable benefit period.
Examples:

Item	Amortization Period
Insurance	Policy Term
Software Subscription	Subscription Period
Memberships	Membership Period
Maintenance Agreements	Contract Period

Review Procedures
During each month-end close, the Director of Finance & Administration shall:

- Review prepaid asset balances.
- Record amortization entries.
- Verify remaining balances.

Year-End Review
At fiscal year-end, prepaid balances shall be reviewed to ensure:

- Proper classification.
- Accurate valuation.
- Appropriate amortization.

Cash Management Responsibilities Summary

Activity	Primary Responsibility	Oversight
Receipt of Funds	Receptionist, Staff, Directors	Supervisors
Deposit Preparation	Administrative & Operations Coordinator	Director of Finance & Administration
Deposit Recording	Director of Finance & Administration	COO
Cash Receipt Reconciliation	Director of Finance & Administration	COO
Payment Preparation	Director of Finance & Administration	COO
Payment Approval	COO / CEO / Board	Board
Petty Cash Custody	Director of Finance & Administration	COO
Prepaid Expense Accounting	Director of Finance & Administration	COO

Activity	Primary Responsibility	Oversight
Bank Reconciliations	Director of Finance & Administration	COO

SECTION 1300 – GRANTS MANAGEMENT PROCEDURES

Internal Control Objective

The purpose of these Grants Management Procedures is to ensure that grant revenues, receivables, billings, and indirect costs are accurately recorded, properly documented, timely collected, compliant with funding requirements, and reported in a manner that supports sound financial stewardship and successful grant administration for The Honey Hole, Inc.

1301 REVENUE RECOGNITION AND INVOICING

Purpose

The purpose of these procedures is to ensure that grant and contract revenues are recognized accurately, invoiced timely, properly documented, and reported in accordance with Generally Accepted Accounting Principles (GAAP), grant agreements, donor restrictions, and applicable regulatory requirements.

Scope

These procedures apply to:

- Federal grants
- State grants
- Foundation grants
- Corporate grants
- Cost-reimbursement contracts
- Fixed-price contracts
- Cooperative agreements
- Other funding agreements

Responsibilities

Director of Finance & Administration

Responsible for:

- Grant revenue accounting.
- Revenue recognition.
- Invoice preparation.
- Financial reporting.
- Grant receivable management.
- Maintenance of grant financial records.

Program Directors

Responsible for:

- Program implementation.
- Grant performance monitoring.
- Deliverable completion.

- Performance reporting.
- Verification of reimbursable expenditures.

Chief Operations Officer

Responsible for:

- Oversight of grant administration.
- Review of grant performance and compliance.
- Approval of grant reimbursement requests when required.

President & CEO

Responsible for:

- Executive oversight of grant management.
- Approval of significant grant agreements and amendments.

Grant Setup Procedures

Upon receipt of a new grant or contract award:

The Director of Finance & Administration shall:

1. Obtain a fully executed agreement.
2. Review financial requirements.
3. Establish grant accounts within the accounting system.
4. Establish grant budgets.
5. Establish reporting schedules.
6. Establish invoicing schedules.
7. Identify indirect cost limitations.
8. Document grant restrictions and requirements.

The responsible Program Director shall review:

- Scope of work
- Deliverables
- Performance requirements
- Reporting obligations

Revenue Recognition

Revenue shall be recognized in accordance with GAAP and the terms of the funding agreement.

Exchange Transactions

Revenue shall be recognized as:

- Eligible costs are incurred; or
- Deliverables are completed,

depending upon agreement terms.

Examples:

- Cost reimbursement contracts
- Fee-for-service contracts
- Performance-based contracts

Contribution Revenue

Contribution revenue shall be recognized when:

- The contribution is awarded or pledged; and
- Applicable accounting criteria are met.

Conditional Grants

Conditional grants shall not be recognized until:

- Conditions have been substantially met; and
- Recognition requirements have been satisfied.

Grant Invoicing

Cost Reimbursement Grants

Invoices shall be prepared based upon:

- Actual allowable expenditures.
- Approved grant budgets.
- Supporting documentation.

Fixed Price Agreements

Invoices shall be prepared according to:

- Contract milestones.
- Deliverables completed.
- Billing schedules.

Advance Payment Agreements

Advances shall be recorded appropriately and recognized as revenue in accordance with applicable accounting standards.

Invoice Preparation Procedures

The Director of Finance & Administration shall:

1. Review expenditures charged to the grant.
2. Verify allowability.
3. Verify budget availability.
4. Verify supporting documentation.
5. Prepare reimbursement request or invoice.
6. Submit invoice according to grant requirements.
7. Retain supporting documentation.

Invoice Review

Prior to submission:

The responsible Program Director shall verify:

- Deliverables completed.
- Program expenditures are appropriate.
- Performance requirements have been met.

The Director of Finance & Administration shall verify:

- Financial accuracy.
- Allowability of costs.
- Compliance with grant requirements.

The COO may review significant grant billings.

Revenue Recording

Upon invoice submission or recognition event:

The Director of Finance & Administration shall:

- Record revenue.
- Record grant receivables when applicable.
- Update grant tracking schedules.
- Reconcile grant balances.

Grant Reporting

Grant reports shall be submitted according to grant requirements.

Reports may include:

- Financial reports
- Programmatic reports
- Performance reports
- Matching contribution reports
- Equipment reports

Program Directors shall prepare programmatic information.

The Director of Finance & Administration shall prepare financial reports.

Grant Closeout

At grant completion:

The Director of Finance & Administration shall:

1. Reconcile all expenditures.
2. Submit final invoices.
3. Submit final financial reports.
4. Reconcile receivables.
5. Retain grant documentation.

The Program Director shall verify completion of program deliverables.

1302 GRANTS RECEIVABLE

Purpose

The purpose of these procedures is to ensure that grant receivables are accurately recorded, monitored, collected, and reported.

Definition
A grant receivable represents amounts due to the organization from grantors, contracting agencies, foundations, or other funding entities.

Responsibilities
Director of Finance & Administration
Responsible for:
- Recording receivables.
- Maintaining receivable schedules.
- Monitoring collections.
- Reconciling receivable balances.

Program Directors
Responsible for:
- Assisting with resolution of performance issues affecting collections.
- Providing supporting documentation.

Chief Operations Officer
Responsible for:
- Monitoring aging receivables.
- Reviewing collection issues.

Recording Receivables
Grant receivables shall be recorded when:
- Revenue is recognized; and
- Payment has not yet been received.

Documentation shall include:
- Grant agreement
- Invoice
- Financial reports
- Supporting expenditures
- Correspondence

Aging Categories
Receivables shall be categorized as:

Category	Days Outstanding
Current	0–30 Days
Past Due	31–60 Days
Delinquent	61–90 Days
Seriously Delinquent	91–120 Days
Collection Review	Over 120 Days

Monitoring Procedures
The Director of Finance & Administration shall review grant receivable aging monthly.
Collection follow-up shall occur as follows:

30 Days

- Verify invoice receipt.
- Confirm payment status.

60 Days

- Contact grantor.
- Document collection efforts.

90 Days

- Escalate to COO.
- Review outstanding issues.

120 Days

- Escalate to CEO.
- Develop collection action plan.

Reconciliation
Monthly, the Director of Finance & Administration shall reconcile:

- General ledger receivables
- Grant billing schedules
- Grantor payment records

The COO shall review aging reports monthly.

Write-Offs
Grant receivables shall not be written off without:

Review

- Director of Finance & Administration
- COO

Approval

- CEO

Material write-offs shall be reported to the Finance Committee and Board.

1303 INDIRECT COSTS

Purpose
The purpose of these procedures is to ensure that indirect costs are allocated fairly, consistently, and in accordance with grant requirements and the organization's Cost Allocation Plan.

Definition

Indirect costs are organizational expenses that benefit multiple programs or activities and cannot be readily identified with a single program or funding source.

Examples include:

- Executive management
- Finance and accounting
- Human resources
- Insurance
- Facilities
- Utilities
- Information technology
- Administrative support

Responsibilities

Director of Finance & Administration

Responsible for:

- Administering the Cost Allocation Plan.
- Calculating indirect costs.
- Maintaining supporting documentation.
- Monitoring grant compliance.

Chief Operations Officer

Responsible for:

- Reviewing allocation methodologies.
- Monitoring consistency and reasonableness.

President & CEO

Responsible for:

- Approving significant changes to allocation methodologies.

Cost Allocation Methodology

Indirect costs shall be allocated using methodologies approved in the organization's Cost Allocation Plan.

Allocation methods may include:

Cost Type	**Allocation Basis**
Occupancy Costs	Square Footage
Utilities	Square Footage
Administrative Salaries	Time and Effort
Employee Benefits	Salary Allocation
Insurance	Salary or Space Allocation
Technology Costs	Number of Users

Cost Type	Allocation Basis
General Administration	Time Studies or Documented Estimates

Indirect Cost Rates

When permitted by grant agreements, the organization may:

- Apply an approved indirect cost rate;
- Apply a negotiated indirect cost rate;
- Apply the de minimis rate authorized by applicable regulations; or
- Utilize another approved allocation methodology.

Documentation Requirements

The Director of Finance & Administration shall maintain:

- Allocation schedules.
- Supporting calculations.
- Time and effort documentation.
- Grant-specific allocation records.
- Indirect cost rate documentation.

Monthly Allocation Procedures

During month-end close:

The Director of Finance & Administration shall:

1. Calculate indirect cost allocations.
2. Review allocation bases.
3. Record allocation entries.
4. Update grant expenditure reports.

The COO shall review allocation summaries periodically.

Grant Compliance

Indirect costs charged to grants shall:

- Be allowable under grant requirements.
- Be properly documented.
- Be consistently applied.
- Comply with approved allocation methodologies.

Unallowable costs shall not be included in indirect cost calculations.

Annual Review

The Director of Finance & Administration shall review the Cost Allocation Plan annually to ensure:

- Continued accuracy.
- Consistency of application.

- Compliance with grant requirements.
- Alignment with organizational operations.

Material changes shall be reviewed by the COO and approved by the CEO.

Grants Management Responsibilities Summary

Activity	Primary Responsibility	Oversight
Grant Setup	Director of Finance & Administration	COO
Program Performance Monitoring	Program Director	COO
Grant Revenue Recognition	Director of Finance & Administration	COO
Grant Invoicing	Director of Finance & Administration	COO
Financial Grant Reporting	Director of Finance & Administration	COO
Programmatic Grant Reporting	Program Director	COO
Grants Receivable Monitoring	Director of Finance & Administration	COO
Indirect Cost Calculations	Director of Finance & Administration	COO
Significant Grant Compliance Issues	CEO	Board

SECTION 1400 – PAYROLL PROCEDURES

Internal Control Objective

The purpose of these Payroll Procedures is to ensure that compensation is authorized, payroll is processed accurately, employee records are maintained properly, payroll taxes and withholdings are administered in compliance with applicable laws, and payroll expenditures are appropriately controlled, documented, and reported in support of The Honey Hole, Inc.'s mission and fiduciary responsibilities.

1401 PERSONNEL REQUIREMENTS

The purpose of these procedures is to establish controls governing employee hiring, compensation authorization, payroll administration, and personnel actions to ensure compliance with applicable laws, grant requirements, internal controls, and organizational policies.

Authorized Positions

All positions shall be:

- Approved through the annual budget process; or
- Specifically authorized by the President & CEO and Board when required.

No employee shall be hired without an approved position and approved compensation level.

Responsibilities

Board of Directors

Responsible for:

- Hiring, evaluating, and establishing compensation for the President & CEO.
- Approving CEO compensation adjustments.

President & CEO

Responsible for:

- Approving organizational staffing plans.
- Authorizing personnel actions within approved budgets.
- Approving compensation recommendations for employees.

Chief Operations Officer

Responsible for:

- Supervising personnel administration.
- Reviewing staffing requests.
- Approving personnel actions for departmental staff.

Director of Finance & Administration

Responsible for:

- Maintaining payroll records.
- Processing compensation changes.
- Maintaining payroll compliance documentation.

Personnel Action Requirements
The following actions shall require written authorization:

- New hires
- Promotions
- Compensation adjustments
- Position reclassifications
- Terminations
- Leave status changes
- Benefit elections

Personnel action documentation shall be maintained in the employee personnel file.

Hiring Documentation
Prior to payroll activation, employees must complete all required documentation, including:

- Employment application
- Offer letter
- Form I-9
- Form W-4
- State tax forms
- Direct deposit authorization
- Benefit enrollment forms (if applicable)
- Emergency contact information
- Required policy acknowledgments

Compensation Authorization
Compensation rates shall be documented through:

- Employment agreements
- Offer letters
- Personnel action forms
- Board-approved compensation actions

No employee may authorize their own compensation.

1402 PERSONNEL DATA

Purpose
Personnel data shall be maintained accurately, securely, and confidentially to support payroll administration and compliance requirements.

Personnel Records
Personnel records shall include:
Employment Information

- Position title
- Department
- Employment status
- Hire date
- Compensation information
- Reporting relationships

Payroll Information
- W-4 forms
- State withholding forms
- Direct deposit information
- Payroll authorizations

Benefits Information
- Insurance elections
- Retirement elections
- Leave balances

Compliance Records
- I-9 documentation
- Required certifications
- Licenses
- Background checks when applicable

Responsibilities

Executive Administrative Coordinator

Responsible for:
- Maintaining personnel files.
- Maintaining employment records.
- Processing personnel documentation.

Director of Finance & Administration

Responsible for:
- Maintaining payroll-related records.
- Updating payroll system information.
- Maintaining compensation records.

Confidentiality

Personnel records shall be:
- Stored securely.
- Accessible only to authorized personnel.
- Protected from unauthorized disclosure.

Changes to Personnel Data
Employees shall promptly report:

- Address changes
- Name changes
- Tax withholding changes
- Banking changes
- Benefit changes

Changes shall be supported by appropriate documentation.

1403 TIMEKEEPING

Purpose
Timekeeping procedures ensure that payroll costs are accurately recorded and properly allocated among programs, grants, management and general activities, and fundraising activities.

Timekeeping Requirements
Non-Exempt Employees
Non-exempt employees shall:

- Record all hours worked.
- Record leave usage.
- Submit timesheets timely.
- Certify accuracy of reported hours.

Exempt Employees
Exempt employees shall maintain:

- Leave reports
- Time and effort certifications
- Grant allocation documentation when required

Timekeeping System
The organization shall utilize:

- Electronic timekeeping system; or
- Approved timesheet forms

as authorized by management.

Timesheet Submission
Employees shall submit timesheets no later than:
The first business day following the end of the payroll period
unless otherwise directed.

Timesheet Approval Matrix

Position	Approver
Receptionist	Administrative & Operations Coordinator
Administrative & Operations Coordinator	COO
Community Archivist & Oral History Coordinator	Director of Historic Preservation & Research
Communications & Digital Media Manager	Director of Development & Strategic Partnerships
Directors	COO
Executive Administrative Coordinator	CEO
COO	CEO
CEO	Board Chair

Supervisor Review
Supervisors shall verify:
- Hours worked
- Leave usage
- Overtime authorization
- Grant allocations
- Reasonableness of reported time

Grant-Funded Employees
Employees whose compensation is charged to grants shall maintain documentation sufficient to support:
- Cost allocations
- Time and effort reporting
- Grant reimbursement requests

Prohibited Activities
Employees may not:
- Submit inaccurate timesheets.
- Approve their own time.
- Falsify time records.
- Alter approved timesheets without authorization.

1404 PREPARATION OF PAYROLL

Purpose
Payroll preparation procedures ensure that employees are compensated accurately and timely while maintaining appropriate segregation of duties.

Payroll Processing Responsibility
Director of Finance & Administration
Responsible for:

- Collecting approved timesheets.
- Reviewing payroll information.
- Processing payroll.
- Calculating deductions.
- Maintaining payroll records.

Payroll Review Procedures
Prior to processing payroll, the Director of Finance & Administration shall verify:

- Approved timesheets received.
- Compensation rates authorized.
- Personnel changes approved.
- Leave balances reviewed.
- Benefit deductions updated.
- Tax withholdings updated.

Payroll Register Preparation
The payroll system shall generate a payroll register showing:

- Employee name
- Gross pay
- Deductions
- Employer taxes
- Net pay

Payroll Review
Chief Operations Officer
Reviews:

- Payroll register
- Payroll changes
- Significant adjustments
- Overtime activity

President & CEO
Reviews:

- Summary payroll reports
- Significant payroll changes
- Organizational payroll costs

Payroll Corrections
Payroll errors shall be corrected promptly.
All corrections shall be documented and retained with payroll records.

1405 PAYROLL PAYMENT

Purpose
Payroll payments shall be distributed accurately, securely, and timely.

Payment Methods
Employees may be paid through:

- Direct deposit
- Payroll debit card (if authorized)
- Paper check (limited circumstances)

Payroll Distribution
Direct Deposit
Preferred method.
Employees shall complete a Direct Deposit Authorization Form.
Paper Checks
Checks shall be distributed only to:

- Employee
- Authorized representative with written authorization

Unclaimed payroll checks shall be secured by the Director of Finance & Administration.

Payroll Release
Payroll shall not be released until:

- Payroll processing is complete.
- Payroll review is completed.
- Necessary approvals have been obtained.

Payroll Funding
Prior to payroll processing:
The Director of Finance & Administration shall verify:

- Availability of funds.
- Payroll account balances.
- Tax obligations.

Payroll Security
Payroll information shall be treated as confidential.
Payroll records shall be secured from unauthorized access.

1406 PAYROLL WITHHOLDINGS

Purpose
Payroll withholding procedures ensure compliance with tax laws, benefit requirements, court orders, and employee elections.

Required Withholdings
The organization shall withhold amounts required by law, including:
Federal
- Federal Income Tax
- Social Security Tax
- Medicare Tax

State
- State income tax withholding (when applicable)

Employee Benefit Withholdings
Authorized deductions may include:
- Health insurance
- Dental insurance
- Vision insurance
- Retirement contributions
- Flexible spending plans
- Other approved benefit programs

Court-Ordered Deductions
The organization shall comply with:
- Garnishments
- Child support orders
- Tax levies
- Other lawful withholding orders

Responsibilities
Director of Finance & Administration
Responsible for:

- Maintaining withholding records.
- Calculating deductions.
- Remitting withholdings timely.
- Filing payroll tax reports.

Tax Deposits
Federal and state payroll tax deposits shall be made according to applicable regulatory requirements.

Payroll Tax Reporting
The Director of Finance & Administration shall prepare or coordinate preparation of:
- Forms W-2
- Forms 941
- State payroll reports
- Unemployment reports
- Other required payroll filings

Year-End Reconciliation
Annual payroll reconciliations shall be performed to verify:
- Wages paid
- Taxes withheld
- Benefits deducted
- Tax filings submitted

Review
The COO shall periodically review payroll tax compliance and payroll reporting activities.

Payroll Responsibilities Summary

Activity	Primary Responsibility	Oversight
Personnel Authorization	CEO	Board
Personnel File Maintenance	Executive Administrative Coordinator	CEO
Payroll Record Maintenance	Director of Finance & Administration	COO
Timekeeping Administration	Supervisors	COO
Payroll Processing	Director of Finance & Administration	COO
Payroll Review	COO	CEO
CEO Payroll Approval	Board Chair	Board
Payroll Tax Compliance	Director of Finance & Administration	COO
Payroll Reporting	Director of Finance & Administration	COO

Activity	Primary Responsibility	Oversight
Compensation Oversight	CEO	Board

SECTION 1500 – PROPERTY AND EQUIPMENT (P&E) PROCEDURES'

Internal Control Objective

The purpose of these Property & Equipment Procedures is to ensure that organizational assets are properly authorized, accurately recorded, adequately safeguarded, periodically inventoried, correctly depreciated, appropriately disposed of, and managed in compliance with donor, grant, accounting, and regulatory requirements while supporting the mission of The Honey Hole, Inc.

1501 PROPERTY & EQUIPMENT ACQUISITIONS

Purpose

The purpose of these procedures is to ensure that all acquisitions of property and equipment are properly authorized, recorded, safeguarded, and reported in accordance with organizational policies, Generally Accepted Accounting Principles (GAAP), grant requirements, and sound stewardship practices.

Definition

Property and equipment (P&E) include tangible assets acquired for organizational use with a useful life exceeding one year.

Examples include:

- Buildings
- Building improvements
- Furniture
- Office equipment
- Computers and technology equipment
- Vehicles
- Audio-visual equipment
- Preservation equipment
- Educational equipment
- Security systems
- Archival storage equipment

Acquisition Approval

All property acquisitions shall comply with:

- Procurement Policies
- Budget authorization requirements
- Financial approval thresholds

Approval authority shall follow the organization's approved procurement matrix.

Acquisition Documentation

The following documentation shall be maintained:

- Purchase requisition
- Purchase order
- Vendor invoice
- Contract (if applicable)
- Grant documentation (if applicable)
- Payment records
- Receiving documentation

Receiving Procedures

The receiving department shall verify:

- Quantity received
- Condition of items
- Compliance with specifications
- Delivery documentation

The individual receiving the asset should not be the sole individual approving payment.

Recording New Assets

Upon acquisition, the Director of Finance & Administration shall determine whether the item:

- Should be expensed; or
- Should be capitalized.

Assets meeting capitalization criteria shall be added to the Fixed Asset Register.

Asset Tagging

Assets requiring inventory control shall receive an asset identification number and organizational asset tag when practical.

1502 RECORDKEEPING OVER PROPERTY & EQUIPMENT

Purpose

Accurate property records shall be maintained to support:

- Financial reporting
- Insurance coverage
- Inventory control
- Asset stewardship
- Grant compliance
- Audit requirements

Fixed Asset Register

The Director of Finance & Administration shall maintain a Fixed Asset Register containing:

Identification Information

- Asset ID Number
- Description
- Manufacturer
- Model Number
- Serial Number

Acquisition Information

- Acquisition Date
- Vendor
- Cost
- Funding Source
- Purchase Order Number

Accounting Information

- Capitalized Cost
- Useful Life
- Depreciation Method
- Accumulated Depreciation
- Net Book Value

Operational Information

- Department Assignment
- Physical Location
- Responsible Custodian

Supporting Documentation

Property records shall be supported by:

- Invoices
- Contracts
- Receiving reports
- Asset transfer forms
- Disposal records

Record Updates

The Director of Finance & Administration shall update records for:

- New acquisitions
- Asset transfers
- Location changes
- Betterments
- Disposals
- Impairments

Department Responsibilities
Department Directors shall notify Finance when:

- Assets are relocated
- Assets are damaged
- Assets are lost
- Assets become obsolete
- Assets are transferred

1503 DEPRECIATION

Purpose
Depreciation procedures ensure that property and equipment costs are allocated systematically over their useful lives in accordance with GAAP.

Capitalization Threshold
Assets shall generally be capitalized when:

- Cost is $5,000 or greater; and
- Useful life exceeds one year.

The CEO may authorize capitalization of lower-cost items when warranted by grant requirements or operational considerations.

Depreciation Method
The organization shall utilize the:

Straight-Line Method
unless another method is approved by the Director of Finance & Administration and CEO.

Standard Useful Lives

Asset Type	Useful Life
Buildings	40 Years
Building Improvements	15–20 Years
Furniture & Fixtures	7 Years
Office Equipment	5 Years
Computers & Technology	3–5 Years
Vehicles	5 Years
Security Systems	5–10 Years
Software	3–7 Years

Depreciation Schedule
The Director of Finance & Administration shall:

1. Maintain depreciation schedules.
2. Calculate monthly depreciation.
3. Record depreciation journal entries.
4. Reconcile depreciation records to the General Ledger.

Review
The COO shall review depreciation schedules periodically.

1504 INVENTORY OF PROPERTY & EQUIPMENT

Purpose
Periodic inventories shall be conducted to verify the existence, location, condition, and accountability of organizational assets.

Inventory Frequency
Capital Assets
A physical inventory shall be conducted:
Annually
Sensitive Assets
Sensitive assets shall be verified annually regardless of cost.
Examples include:

- Laptops
- Tablets
- Cameras
- Mobile devices
- Projectors
- Specialized preservation equipment

Inventory Team
Inventories shall be coordinated by the Director of Finance & Administration and may include:

- Administrative & Operations Coordinator
- Department Directors
- Designated staff

Inventory Procedures
The inventory shall verify:

- Asset existence
- Asset condition

- Asset location
- Asset identification number
- Responsible custodian

Inventory Reconciliation
The Director of Finance & Administration shall reconcile:
- Physical inventory results
- Fixed Asset Register
- General Ledger balances

Missing Assets
Missing assets shall be investigated promptly.
Material losses shall be reported to:
- COO
- CEO

and, when appropriate:
- Insurance carrier
- Law enforcement
- Grantor agency
- Board of Directors

Inventory Reports
Inventory results shall be documented and retained according to the organization's Record Retention Policy.

1505 DISPOSAL OF PROPERTY & EQUIPMENT

Purpose
Property and equipment shall be disposed of in a manner that protects organizational interests and complies with applicable accounting, grant, donor, and legal requirements.

Reasons for Disposal
Assets may be disposed of due to:
- Obsolescence
- Damage
- Theft
- Loss
- Excess capacity
- Replacement
- End of useful life

Disposal Methods
Approved disposal methods include:

- Sale
- Trade-in
- Donation
- Transfer
- Recycling
- Salvage
- Destruction

Disposal Authorization
Original Cost Under $5,000
Approval:

- Department Director
- Director of Finance & Administration

Original Cost $5,000–$24,999
Approval:

- Director of Finance & Administration
- COO

Original Cost $25,000 or Greater
Approval:

- COO
- CEO

Real Property
Approval:

- CEO
- Board of Directors

Disposal Documentation
Documentation shall include:

- Asset description
- Asset ID number
- Disposal method
- Reason for disposal
- Date of disposal
- Approval signatures
- Sale proceeds (if applicable)

Accounting Entries
The Director of Finance & Administration shall:

- Remove asset records.
- Remove accumulated depreciation.
- Record gains or losses.
- Update inventory records.

Reporting
Significant disposals shall be reported to:

- CEO
- Finance Committee
- Board of Directors when appropriate

1506 PROPERTY & EQUIPMENT ACQUIRED THROUGH GOVERNMENT GRANTS/CONTRACTS

Purpose
The organization shall manage grant-funded property and equipment in accordance with applicable federal, state, local, and grant-specific requirements.

Identification
Grant-funded assets shall be clearly identified within the Fixed Asset Register.
Records shall include:

- Funding source
- Grant number
- Acquisition date
- Acquisition cost
- Grant ownership requirements
- Disposition restrictions

Inventory Requirements
Grant-funded assets shall be inventoried at least annually and more frequently if required by the grant agreement.

Use of Grant-Funded Assets
Grant-funded property shall:

- Be used for authorized program purposes.
- Be safeguarded from loss, damage, or misuse.
- Be maintained in good operating condition.

Transfers
Grant-funded assets shall not be transferred, sold, or reassigned without required approvals.

Disposition Requirements
Before disposing of grant-funded assets, the Director of Finance & Administration shall determine:
- Whether grantor approval is required.
- Whether reimbursement is required.
- Whether federal or state disposition rules apply.

Reporting
Required reports concerning grant-funded property shall be prepared by:
Director of Finance & Administration
Responsible for:
- Financial reporting
- Inventory reporting
- Disposition reporting

Program Director
Responsible for:
- Programmatic use documentation
- Grant compliance support

Government Audits
Grant-funded property records shall be available for inspection by:
- Grantors
- Auditors
- Regulatory agencies
- Authorized government representatives

Record Retention
Records relating to grant-funded assets shall be retained:
- For the life of the asset; and
- At least seven (7) years after final disposition,

or longer if required by grant agreements.

Property & Equipment Responsibilities Summary

Activity	Primary Responsibility	Oversight
Asset Acquisition Review	Director of Finance & Administration	COO
Asset Receiving	Department Director	COO
Fixed Asset Register Maintenance	Director of Finance & Administration	COO
Depreciation Calculations	Director of Finance & Administration	COO
Physical Inventory	Director of Finance & Administration	COO

Activity	Primary Responsibility	Oversight
Asset Custody	Department Directors	COO
Disposal Processing	Director of Finance & Administration	COO
Major Asset Disposal Approval	CEO	Board
Grant-Funded Asset Compliance	Director of Finance & Administration	COO & CEO

SECTION 1600 – ACCOUNTS PAYABLE PROCEDURES
Internal Control Objective
The purpose of these Accounts Payable Procedures is to ensure that all expenditures are properly authorized, competitively procured when appropriate, accurately recorded, timely paid, adequately documented, compliant with grant and donor requirements, and subject to appropriate segregation of duties and management oversight.

1601 ACCOUNTS PAYABLE

Purpose
The purpose of these procedures is to ensure that all organizational obligations are properly authorized, accurately recorded, timely paid, and adequately documented while maintaining strong internal controls and segregation of duties.

Scope
Accounts payable includes:

- Vendor invoices
- Consultant invoices
- Contractor invoices
- Utility bills
- Rent and lease payments
- Insurance premiums
- Professional service fees
- Program expenditures
- Reimbursements
- Recurring operating expenses

Responsibilities
Director of Finance & Administration
Responsible for:

- Accounts payable administration
- Invoice processing
- Vendor file maintenance
- Payment preparation
- Accounts payable recordkeeping
- Accounts payable reconciliations

Department Directors
Responsible for:

- Verifying receipt of goods and services
- Reviewing invoices

- Approving expenditures within delegated authority
- Verifying budget availability

Chief Operations Officer
Responsible for:
- Reviewing significant expenditures
- Approving disbursements within delegated authority
- Monitoring accounts payable activity

President & CEO
Responsible for:
- Approving expenditures requiring executive approval
- Monitoring organizational cash obligations

Receipt of Invoices
Invoices shall be forwarded immediately to the Director of Finance & Administration.
Invoices may be received by:
- Receptionist
- Administrative & Operations Coordinator
- Department Directors
- Executive Administrative Coordinator

Any employee receiving an invoice shall promptly forward it to Finance.

Invoice Review
The Director of Finance & Administration shall verify:
- Vendor name
- Invoice date
- Invoice number
- Mathematical accuracy
- Proper approvals
- Supporting documentation
- Budget availability
- Procurement compliance

Three-Way Match
When applicable, the Director of Finance & Administration shall verify:
1. Approved Purchase Order
2. Receiving Documentation
3. Vendor Invoice

before payment processing.

Accounts Payable Entry
The Director of Finance & Administration shall:

- Enter approved invoices into the accounting system.
- Assign appropriate account coding.
- Assign program, grant, and functional allocations.
- Establish payment due dates.

Vendor File Maintenance
The Director of Finance & Administration shall maintain vendor records including:

- Vendor contact information
- W-9 forms
- Contracts
- Insurance certificates when required
- Payment history

Accounts Payable Aging Review
The Director of Finance & Administration shall prepare an Accounts Payable Aging Report monthly.
The COO shall review:

- Outstanding obligations
- Overdue invoices
- Cash flow impacts

Month-End Procedures
Prior to closing each month:
The Director of Finance & Administration shall:

- Review unpaid invoices.
- Accrue liabilities when necessary.
- Reconcile accounts payable balances.
- Investigate unusual balances.

Segregation of Duties
Whenever practical:

Function	Responsible Party
Request Purchase	Department Staff
Approve Purchase	Director/COO/CEO
Receive Goods	Department Staff
Enter Invoice	Director of Finance & Administration
Approve Payment	COO/CEO

Function	Responsible Party
Reconcile Accounts	Director of Finance & Administration
Review Reconciliation	COO

No employee shall control all aspects of a transaction.

1602 PURCHASING

Purpose
The purpose of these procedures is to ensure that purchases are properly authorized, competitively procured when appropriate, budgeted, documented, and compliant with organizational procurement policies.

Procurement Officer
The Director of Finance & Administration shall serve as Procurement Officer.
Responsibilities include:

- Monitoring procurement compliance.
- Maintaining procurement files.
- Verifying approvals.
- Reviewing competitive procurement requirements.

Purchase Requisition Process
Before purchasing goods or services, the requesting department shall:

1. Identify operational need.
2. Verify budget availability.
3. Complete required procurement documentation.
4. Obtain appropriate approvals.

Purchase Order Requirements
Purchase Orders (POs) are required for:

- Purchases exceeding $1,000
- Equipment purchases
- Consultant contracts
- Construction services
- Grant-funded purchases when required

The Director of Finance & Administration shall issue purchase orders after approvals are obtained.

Approval Levels
Up to $1,000
Approval:

- Department Director

$1,001 – $5,000

Approval:

- COO

$5,001 – $25,000

Approval:

- COO

CEO notified.

$25,001 – $100,000

Approval:

- CEO

Over $100,000

Approval:

- Board of Directors

Competitive Procurement

Purchases Under $5,000

Reasonable price determination required.

Purchases $5,001 – $25,000

Minimum of three written quotations.

Purchases Above $25,000

Formal competitive procurement process required.

Receipt of Goods

The receiving department shall verify:

- Quantity
- Condition
- Specifications
- Delivery completeness

Receiving documentation shall be forwarded to Finance.

Emergency Purchases

Emergency purchases shall follow Section 702 Emergency Purchases procedures.

Documentation must include:

- Description of emergency
- Justification
- Approvals obtained

Procurement File Documentation

Procurement files shall include:

- Requisition
- Quotes or proposals
- Purchase Order
- Contract (if applicable)
- Invoice
- Receiving documentation
- Payment documentation

1603 EXPENSE REIMBURSEMENT

Purpose
The purpose of these procedures is to provide a consistent process for reimbursing employees, Board members, and authorized volunteers for approved business expenses incurred on behalf of the organization.

Eligible Reimbursements
Examples include:
- Mileage
- Travel expenses
- Conference expenses
- Lodging
- Meals during approved travel
- Program supplies
- Emergency purchases
- Other authorized business expenses

Non-Reimbursable Expenses
Examples include:
- Personal expenses
- Alcoholic beverages unless specifically authorized
- Traffic fines
- Personal entertainment
- Expenses lacking documentation
- Unauthorized purchases

Documentation Requirements
All reimbursement requests shall include:
- Expense Reimbursement Form
- Original receipts
- Business purpose

- Date incurred
- Program or grant charged
- Required approvals

Credit card statements alone are not acceptable supporting documentation.

Submission Deadlines
Reimbursement requests shall be submitted within:
30 days of the expense
unless otherwise approved by management.

Mileage Reimbursement
Mileage shall be reimbursed at the current IRS standard mileage rate.
Documentation shall include:

- Date
- Destination
- Purpose
- Miles traveled

Mileage reimbursement shall follow Section 803 Employee Mileage Reimbursement.

Travel Reimbursement
Travel reimbursements shall include:

- Transportation receipts
- Lodging receipts
- Conference registrations
- Meal receipts when applicable

Travel must be approved prior to incurring expenses.

Reimbursement Approval Matrix

Employee	Approver
Receptionist	Administrative & Operations Coordinator
Administrative & Operations Coordinator	COO
Community Archivist & Oral History Coordinator	Director of Historic Preservation & Research
Communications & Digital Media Manager	Director of Development & Strategic Partnerships
Directors	COO
Executive Administrative Coordinator	CEO
COO	CEO

Employee	Approver
CEO	Board Chair
Board Members	Board Chair or Board Treasurer

No individual may approve their own reimbursement request.

Processing Reimbursements

The Director of Finance & Administration shall:

1. Review reimbursement request.
2. Verify supporting documentation.
3. Verify approvals.
4. Verify budget availability.
5. Process reimbursement through Accounts Payable.

Grant-Funded Reimbursements

Expenses charged to grants must:

- Be allowable under grant requirements.
- Be properly documented.
- Be allocated appropriately.
- Be approved by the responsible Program Director.

Reimbursement Audits

The Director of Finance & Administration shall periodically review reimbursement activity for:

- Policy compliance
- Duplicate payments
- Unusual expenditures
- Grant compliance

The COO shall review reimbursement summaries periodically.

Accounts Payable Responsibilities Summary

Activity	Primary Responsibility	Oversight
Invoice Receipt & Processing	Director of Finance & Administration	COO
Vendor File Maintenance	Director of Finance & Administration	COO
Accounts Payable Entry	Director of Finance & Administration	COO
Purchasing Compliance	Director of Finance & Administration	COO
Purchase Approval	Director / COO / CEO / Board	Board
Expense Reimbursement Processing	Director of Finance & Administration	COO
Expense Reimbursement Approval	Supervisor / COO / CEO / Board Chair	Board
Accounts Payable Reconciliation	Director of Finance & Administration	COO

Activity	Primary Responsibility	Oversight
Cash Flow Monitoring	COO	CEO

SECTION 1700 – OTHER LIABILITIES PROCEDURES

Internal Control Objective

The purpose of these Other Liabilities Procedures is to ensure that organizational obligations and unearned revenues are accurately identified, properly recorded, adequately documented, timely reconciled, and reported in accordance with GAAP, grant requirements, donor restrictions, and sound nonprofit financial management practices. These procedures support accurate financial reporting, compliance, transparency, and stewardship of organizational resources.

1701 ACCRUED LIABILITIES REVIEW

Purpose

The purpose of these procedures is to ensure that liabilities incurred by The Honey Hole, Inc. are properly identified, recorded, reviewed, and reported in the appropriate accounting period in accordance with Generally Accepted Accounting Principles (GAAP), grant requirements, and sound financial management practices.

Definition

Accrued liabilities represent obligations incurred by the organization for goods received, services rendered, benefits earned, or other obligations existing at the reporting date that have not yet been paid or invoiced.

Examples include:

- Accrued payroll
- Payroll taxes payable
- Employee benefits payable
- Accrued paid time off (PTO)
- Professional service fees
- Utilities
- Interest payable
- Grant obligations
- Contractual obligations
- Audit fees
- Legal fees

Responsibilities

Director of Finance & Administration

Responsible for:

- Identifying accrued liabilities.
- Preparing accrual calculations.
- Recording accrual entries.
- Maintaining supporting documentation.

- Reconciling liability accounts.

Chief Operations Officer

Responsible for:

- Reviewing accrual calculations.
- Reviewing significant liabilities.
- Monitoring organizational obligations.

President & CEO

Responsible for:

- Reviewing material accruals.
- Approving significant year-end adjustments.

Monthly Accrual Procedures

As part of the monthly close process, the Director of Finance & Administration shall review:

- Unpaid vendor invoices
- Unbilled professional services
- Payroll obligations
- Employee benefit obligations
- Contractual commitments
- Utility expenses
- Grant obligations

to determine whether accrual entries are necessary.

Accrued Payroll

At each month-end, payroll expenses shall be accrued for wages earned but not yet paid.

The accrual shall include:

- Gross wages
- Employer payroll taxes
- Employer retirement contributions
- Other employer-paid benefits

Supporting calculations shall be maintained.

Professional Service Accruals

When professional services have been received but invoices have not yet been received, accruals shall be recorded based upon:

- Contract terms
- Engagement letters
- Service periods
- Estimated fees

Examples include:

- Audit services

- Legal services
- Consulting services
- Information technology services

PTO and Compensated Absence Accruals
The Director of Finance & Administration shall calculate accrued compensated absences periodically and at fiscal year-end.
The calculation shall include:

- Earned but unused PTO
- Employer payroll taxes associated with PTO liabilities

The liability shall be adjusted as necessary.

Year-End Accrual Review
During the annual close process, the Director of Finance & Administration shall:

1. Review all liability accounts.
2. Identify unrecorded obligations.
3. Confirm significant vendor balances.
4. Review legal obligations.
5. Review pending invoices.
6. Review grant obligations.
7. Prepare year-end accrual schedules.

Supporting Documentation
Accrual entries shall be supported by:

- Invoices
- Contracts
- Payroll reports
- Benefit calculations
- Correspondence
- Other supporting evidence

Documentation shall be retained according to the organization's Record Retention Policy.

Journal Entry Approval
Routine Accrual Entries
Prepared by:

- Director of Finance & Administration

Reviewed by:

- COO

Material Accrual Entries
Prepared by:

- Director of Finance & Administration

Reviewed by:

- COO

Approved by:

- CEO

Examples include:

- Significant audit adjustments
- Large legal liabilities
- Major contractual obligations
- Significant grant liabilities

Reconciliation

Accrued liability accounts shall be reconciled monthly to:

- Supporting schedules
- Vendor records
- Payroll records
- Benefit records
- Grant documentation

The COO shall review reconciliation summaries monthly.

1702 DEFERRED REVENUE

Purpose

The purpose of these procedures is to ensure that revenue received before it is earned is properly recorded as a liability and recognized as revenue in accordance with GAAP and applicable grant, contract, and donor requirements.

Definition

Deferred revenue represents amounts received by the organization before the organization has fulfilled the related performance obligations or earned the revenue.

Examples include:

- Advance grant payments
- Contract advances
- Sponsorship advances
- Program registration fees received in advance
- Conference registrations
- Membership dues received in advance
- Rental deposits
- Prepaid service agreements

Responsibilities

Director of Finance & Administration

Responsible for:

- Recording deferred revenue.
- Maintaining deferred revenue schedules.
- Recognizing revenue appropriately.
- Reconciling deferred revenue balances.

Program Directors

Responsible for:

- Monitoring program deliverables.
- Verifying completion of activities.
- Notifying Finance when performance obligations are satisfied.

Chief Operations Officer

Responsible for:

- Reviewing deferred revenue balances.
- Monitoring compliance with revenue recognition requirements.

President & CEO

Responsible for:

- Oversight of significant contractual and funding obligations.

Recording Deferred Revenue

When funds are received before revenue is earned, the Director of Finance & Administration shall record:

Debit: Cash

Credit: Deferred Revenue (Liability)

Revenue shall not be recognized until the organization satisfies the applicable performance obligation or earning requirement.

Examples of Deferred Revenue

Program Registration Fees

If registration fees are received before an event occurs:

- Funds shall be recorded as Deferred Revenue.
- Revenue shall be recognized when the event occurs.

Advance Contract Payments

If a funding agency provides payment before services are delivered:

- Funds shall be recorded as Deferred Revenue.
- Revenue shall be recognized as services are performed.

Sponsorship Payments

When sponsorship payments are received prior to the sponsored event:

- Deferred Revenue shall be recorded.

- Revenue shall be recognized when sponsorship obligations are fulfilled.

Grant Advances
When grant funds are received in advance:
The Director of Finance & Administration shall determine whether:

- Revenue may be recognized immediately; or
- Deferred revenue treatment is required.

The determination shall be based on:

- Grant agreement terms
- Performance obligations
- Applicable accounting standards

Deferred Revenue Schedule
The Director of Finance & Administration shall maintain a schedule showing:

- Funding source
- Date received
- Amount received
- Revenue recognized
- Remaining deferred balance
- Expected recognition period

Monthly Review
As part of the monthly close process, the Director of Finance & Administration shall review:

- Deferred revenue balances
- Program activity
- Contract activity
- Grant activity
- Sponsorship obligations

to determine whether revenue recognition adjustments are required.

Revenue Recognition Entries
When revenue becomes earned:
Debit: Deferred Revenue
Credit: Appropriate Revenue Account
Supporting documentation shall be retained.

Year-End Review
At fiscal year-end, the Director of Finance & Administration shall:

1. Review all deferred revenue balances.
2. Confirm remaining obligations.

3. Verify recognition schedules.
4. Reconcile liability balances.
5. Prepare audit support schedules.

The COO shall review year-end deferred revenue reports.

Audit Support

Deferred revenue schedules shall be provided to:

- Independent auditors
- Grant auditors
- Regulatory agencies
- Funding entities

when required.

Other Liabilities Responsibilities Summary

Activity	Primary Responsibility	Oversight
Accrued Liability Identification	Director of Finance & Administration	COO
Accrual Journal Entries	Director of Finance & Administration	COO
Material Accrual Approval	CEO	Finance Committee
Deferred Revenue Recording	Director of Finance & Administration	COO
Deferred Revenue Reconciliation	Director of Finance & Administration	COO
Revenue Recognition Review	Director of Finance & Administration	COO
Program Deliverable Verification	Program Directors	COO
Year-End Liability Review	Director of Finance & Administration	COO & CEO

SECTION 1800 – MANAGEMENT REPORTING PROCEDURES

Internal Control Objective

The purpose of these Management Reporting Procedures is to ensure that organizational leaders, management, and the Board of Directors receive timely, accurate, and meaningful financial information; that budgets are developed and monitored effectively; and that payroll tax obligations are administered in full compliance with applicable laws and regulations. These procedures support transparency, accountability, strategic decision-making, and responsible stewardship of The Honey Hole, Inc.'s financial resources.

1801 ANNUAL BUDGET

Purpose

The purpose of these procedures is to establish a comprehensive budgeting process that supports strategic planning, financial stewardship, operational decision-making, grant compliance, and Board oversight.

The annual budget serves as the organization's primary financial planning tool and shall reflect the mission, strategic priorities, operational needs, and anticipated funding resources of The Honey Hole, Inc.

Responsibilities

Board of Directors

Responsible for:

- Reviewing and approving the annual budget.
- Reviewing significant budget amendments.
- Monitoring organizational financial performance.

Audit/Finance Committee

Responsible for:

- Reviewing proposed budgets.
- Evaluating financial assumptions.
- Recommending budget approval to the Board.

President & CEO

Responsible for:

- Providing strategic direction.
- Reviewing budget assumptions.
- Recommending the proposed budget to the Board.

Chief Operations Officer

Responsible for:

- Coordinating organizational budget development.
- Reviewing departmental budget requests.
- Ensuring operational alignment with strategic objectives.

Director of Finance & Administration

Responsible for:

- Coordinating budget preparation.
- Developing financial projections.
- Preparing budget schedules.
- Consolidating departmental submissions.
- Preparing budget reports.

Department Directors

Responsible for:

- Preparing departmental budget requests.
- Identifying staffing, operational, and program needs.
- Supporting revenue and expense projections.

Budget Development Timeline

July – August

Department Directors shall:

- Review current year performance.
- Identify anticipated operational needs.
- Develop preliminary budget requests.

September – October

Director of Finance & Administration shall:

- Compile departmental requests.
- Prepare revenue projections.
- Develop draft operating budget.

November

COO and CEO shall:

- Review draft budget.
- Evaluate organizational priorities.
- Recommend modifications.

December

Audit/Finance Committee shall:

- Review proposed budget.
- Recommend budget to Board.

Prior to Fiscal Year Start

Board of Directors shall:

- Approve annual budget.

Budget Components

The annual budget shall include:

Revenue Budget

- Grants
- Contracts
- Contributions
- Sponsorships
- Program income
- Membership income
- Investment income
- Other revenue

Expense Budget

- Personnel costs
- Employee benefits
- Professional services
- Occupancy
- Insurance
- Supplies
- Technology
- Travel
- Program expenses
- Capital expenditures

Functional Expense Budget

- Program Services
- Management & General
- Fundraising

Cash Flow Projections

- Expected receipts
- Expected disbursements
- Cash reserve requirements

Budget Amendments

Management may reallocate expenditures within approved budgets when operationally necessary.

Formal Board approval shall be required when:

- Total organizational expenditures exceed approved budget levels.
- Significant revenue shortfalls occur.
- Major strategic initiatives are added.
- Material changes affect organizational financial condition.

Budget Monitoring

Monthly budget-to-actual reports shall be prepared by the Director of Finance & Administration.

Reports shall be reviewed by:

- Department Directors
- COO
- CEO

Budget reports shall be provided to the Audit/Finance Committee and Board regularly.

1802 FINANCIAL REPORTING

Purpose

The purpose of these procedures is to provide management and the Board of Directors with timely, accurate, relevant, and understandable financial information to support decision-making and fiduciary oversight.

Responsibilities

Director of Finance & Administration

Responsible for:

- Preparing financial reports.
- Maintaining supporting schedules.
- Ensuring report accuracy.
- Distributing reports.

Chief Operations Officer

Responsible for:

- Reviewing financial reports.
- Monitoring financial performance.
- Investigating significant variances.

President & CEO

Responsible for:

- Reviewing organizational financial performance.
- Reporting financial matters to the Board.

Audit/Finance Committee

Responsible for:

- Reviewing financial reports.
- Monitoring financial condition.
- Reviewing financial trends.

Board of Directors

Responsible for:

- Oversight of financial performance.
- Monitoring organizational sustainability.

Monthly Financial Reports

The Director of Finance & Administration shall prepare monthly financial reports no later than:

Fifteen (15) business days after month-end

unless otherwise authorized.

Monthly reports shall include:

Statement of Financial Position

Including:

- Assets
- Liabilities
- Net Assets

Statement of Activities

Including:

- Revenue
- Expenses
- Changes in Net Assets

Budget-to-Actual Report

Including:

- Current month activity
- Year-to-date activity
- Budget variances

Cash Flow Report

Including:

- Cash balances
- Cash inflows
- Cash outflows

Accounts Receivable Aging Report

Including:

- Grant receivables
- Contract receivables
- Other receivables

Accounts Payable Aging Report

Including:

- Outstanding obligations
- Vendor balances

Grant Status Reports

Including:

- Budget balances
- Expenditures
- Revenue
- Reimbursement status

Quarterly Reporting

Quarterly reports shall include:

- Trend analysis
- Revenue performance
- Program performance summaries
- Cash reserve analysis
- Grant performance summaries

The COO and CEO shall review quarterly financial performance with the Audit/Finance Committee.

Board Reporting

Financial information presented to the Board shall include:

- Financial statements
- Budget comparisons
- Cash position
- Significant variances
- Grant performance updates
- Financial risks and opportunities

Variance Analysis

The Director of Finance & Administration shall investigate significant variances.

Generally, variances exceeding:

- 10% of budget; or
- $5,000

shall be explained and documented.

The COO shall review significant variances.

Year-End Reporting

At fiscal year-end, the Director of Finance & Administration shall prepare:

- Year-end financial statements
- Audit schedules
- Budget performance reports
- Grant compliance reports
- Financial analysis summaries

The CEO shall present year-end results to the Board.

Report Retention

Financial reports shall be retained in accordance with the organization's Record Retention Policy.

1803 PAYROLL TAX COMPLIANCE

Purpose

The purpose of these procedures is to ensure compliance with all federal, state, and local payroll tax laws and reporting requirements.

Responsibilities

Director of Finance & Administration

Responsible for:

- Payroll tax administration.
- Tax deposits.
- Tax reporting.
- Payroll compliance monitoring.
- Maintaining payroll tax records.

Chief Operations Officer

Responsible for:

- Reviewing payroll compliance activities.
- Monitoring payroll tax reporting.

President & CEO

Responsible for:

- Executive oversight of payroll compliance.

Payroll Tax Withholdings

The organization shall withhold and remit all required payroll taxes including:

Federal

- Federal Income Tax
- Social Security Tax
- Medicare Tax

State

- State Income Tax (when applicable)
- State unemployment taxes

Other Authorized Deductions

- Retirement contributions
- Employee benefit deductions
- Court-ordered withholdings

Tax Deposits

Payroll taxes shall be deposited in accordance with applicable IRS and state requirements.

The Director of Finance & Administration shall monitor:

- Deposit deadlines

- Deposit amounts
- Electronic payment confirmations

Quarterly Payroll Tax Reporting
The Director of Finance & Administration shall prepare and file:
Federal

- IRS Form 941

State

- State payroll tax reports
- State unemployment reports

or coordinate filing through the organization's payroll service provider.

Annual Payroll Reporting
The Director of Finance & Administration shall ensure preparation and filing of:
Employee Reporting

- Form W-2

Contractor Reporting

- Form 1099-NEC
- Form 1099-MISC, when applicable

Federal Transmittals

- W-2 transmittals
- Information return filings

Payroll Tax Reconciliation
At least quarterly, the Director of Finance & Administration shall reconcile:

- Payroll registers
- Tax liabilities
- Tax deposits
- Payroll tax filings
- General Ledger accounts

The reconciliation shall verify that:

- Taxes withheld equal taxes remitted.
- Payroll records agree with tax filings.
- General Ledger balances are accurate.

Year-End Payroll Review
Prior to issuance of Forms W-2 and 1099s, the Director of Finance & Administration shall:

1. Review employee compensation records.
2. Review taxable fringe benefits.
3. Reconcile payroll accounts.

4. Verify employee information.
5. Review contractor payments.
6. Confirm tax reporting accuracy.

Payroll Service Providers
The organization may utilize third-party payroll service providers.
Use of a payroll provider does not relieve management of responsibility for:

- Payroll accuracy.
- Tax compliance.
- Filing oversight.
- Record retention.

The Director of Finance & Administration shall review all payroll provider reports.

Compliance Monitoring
The COO shall periodically review:

- Payroll tax filings
- Deposit confirmations
- Compliance reports
- Payroll tax reconciliations

Material compliance issues shall be reported immediately to the CEO.

Management Reporting Responsibilities Summary

Activity	Primary Responsibility	Oversight
Budget Preparation	Director of Finance & Administration	COO
Department Budget Requests	Department Directors	COO
Budget Approval Recommendation	CEO	Audit/Finance Committee
Budget Approval	Board of Directors	Board Chair
Monthly Financial Reporting	Director of Finance & Administration	COO
Financial Statement Review	COO	CEO
Board Financial Reporting	CEO	Board of Directors
Payroll Tax Administration	Director of Finance & Administration	COO
Payroll Tax Compliance Monitoring	COO	CEO
Financial Oversight	Audit/Finance Committee	Board

APPENDIX A: COST ALLOCATION PLAN

THE HONEY HOLE, INC.
COMPREHENSIVE COST ALLOCATION PLAN

PURPOSE
The purpose of this Cost Allocation Plan is to establish a consistent, equitable, and auditable methodology for allocating costs among the various functions, programs, grants, contracts, and funding sources of The Honey Hole, Inc.
This plan is designed to:
- Comply with Generally Accepted Accounting Principles (GAAP)
- Comply with FASB ASC 958 functional expense reporting requirements
- Comply with Uniform Guidance (2 CFR Part 200) when federal funds are received
- Provide consistent treatment of costs
- Support grant budgeting and invoicing
- Ensure accurate program costing
- Support annual financial statement audits
- Facilitate management decision-making

I. COST ALLOCATION PHILOSOPHY
The Honey Hole shall allocate costs according to the following hierarchy:

Direct Costs
Whenever possible, costs shall be charged directly to:
- Programs
- Grants
- Contracts
- Fundraising activities
- Management & General activities

Direct charging shall always be preferred over allocation.
Indirect Costs
Costs benefiting multiple functions shall be allocated using a reasonable and consistently applied methodology.
Functional Expense Categories
All expenses shall ultimately be allocated to:

> **Program Services**
> Activities directly related to mission delivery.
> **Management & General**
> Activities supporting overall administration and governance.
> **Fundraising**
> Activities associated with generating contributed revenue.

II. ORGANIZATIONAL FUNCTIONAL STRUCTURE
PROGRAM SERVICES

Historic Preservation & Research
Including:
- Historic preservation projects
- Research activities
- Archival collections
- Preservation planning
- Historical documentation

Community Archives & Oral History
Including:
- Oral history collection
- Community archiving
- Records preservation
- Community engagement related to archives

Education Programs
Including:
- Educational workshops
- Youth programs
- Public education
- Curriculum development

Workforce Development Programs
Including:
- Job readiness
- Career development
- Training programs
- Workforce partnerships

Community Engagement
Including:
- Public programs
- Community outreach
- Volunteer activities
- Mission-related events

MANAGEMENT & GENERAL
Including:
- Executive leadership
- Accounting and finance
- Human resources

- Insurance
- Governance
- Compliance
- Audit activities
- General administration
- Organizational planning

FUNDRAISING
Including:
- Grant development
- Donor cultivation
- Sponsorship solicitation
- Fundraising events
- Campaigns
- Development communications

III. DIRECT COST ALLOCATION
The following costs shall be charged directly whenever possible.
Personnel
Personnel costs shall be charged directly when employees work exclusively within a single function or program.
Examples:
- Program instructors
- Community Archivist
- Project consultants
- Program-specific staff

Program Supplies
Charged directly to benefiting program.
Examples:
- Archival supplies
- Educational materials
- Preservation supplies
- Program equipment

Consultants
Charged directly to the benefiting function.
Examples:
- Preservation consultant
- Grant writer

- Curriculum developer

Travel

Travel shall be charged directly to the benefiting:

- Program
- Grant
- Fundraising activity
- Administrative function

Equipment

Equipment shall be charged directly to the benefiting activity whenever feasible.

IV. SHARED COST ALLOCATION METHODOLOGY

PERSONNEL COSTS

Personnel costs include:

- Salaries
- Payroll taxes
- Employee benefits
- Retirement contributions

Allocation Basis

Personnel costs shall be allocated using:

1. Actual time records
2. Time and effort certifications
3. Approved allocation percentages

V. POSITION ALLOCATION MATRIX

President & CEO

Function	Allocation
Program Services	15%
Management & General	45%
Fundraising	40%

Chief Operations Officer

Function	Allocation
Program Services	60%
Management & General	35%
Fundraising	5%

Director of Finance & Administration

Function	Allocation
Program Services	15%
Management & General	75%
Fundraising	10%

Director of Historic Preservation & Research

Function	Allocation
Program Services	70%
Management & General	20%
Fundraising	10%

Community Archivist & Oral History Coordinator

Function	Allocation
Program Services	80%
Management & General	15%
Fundraising	5%

Director of Education & Workforce Development

Function	Allocation
Program Services	70%
Management & General	20%
Fundraising	10%

Director of Development & Strategic Partnerships

Function	Allocation
Program Services	20%
Management & General	20%
Fundraising	60%

Communications & Digital Media Manager

Function	Allocation
Program Services	40%
Management & General	20%
Fundraising	40%

Executive Administrative Coordinator

Function	Allocation
Program Services	10%
Management & General	80%
Fundraising	10%

Administrative & Operations Coordinator

Function	Allocation
Program Services	40%
Management & General	50%
Fundraising	10%

Receptionist

Function	Allocation
Program Services	50%
Management & General	45%
Fundraising	5%

VI. OCCUPANCY COST ALLOCATION

Costs Included

- Rent
- Mortgage interest
- Property insurance
- Utilities
- Building maintenance
- Security
- Janitorial services

Allocation Basis

Square footage utilized.

Example

Function	Sq. Ft.	Initial Sq. Ft.	Allocation
Program Services	4,000	30	67%
Management & General	1,500	30	25%
Fundraising	500	30	8%

Occupancy expenses shall be allocated using these percentages.

VII. TECHNOLOGY COST ALLOCATION

Costs Included

- Software subscriptions
- IT support
- Website hosting
- Internet services
- Cloud storage
- Telephone systems

Allocation Basis

Primary basis:

- Number of users

Secondary basis:

- Functional use

VIII. INSURANCE ALLOCATION

Costs Included

- General liability
- Property insurance
- Directors & Officers insurance
- Cyber liability
- Workers compensation

Allocation Basis

Personnel cost percentages.

IX. OFFICE SUPPLY ALLOCATION

Direct Assignment

Whenever possible.

Shared Supplies

Allocated based upon:

- Full-time equivalent employees (FTEs)

or

- Headcount

X. VEHICLE COST ALLOCATION

Costs Included

- Fuel
- Maintenance

- Insurance
- Registration

Allocation Basis
Mileage logs.
Where logs are unavailable:
- Estimated documented usage.

XI. PRINTING AND COPYING
Allocation Basis
Actual usage when available.
Otherwise:
- Employee headcount.

XII. AUDIT COSTS
Allocation Basis
Management & General
100%
Unless specific grant requirements permit allocation.

XIII. BOARD GOVERNANCE COSTS
Allocation Basis
Management & General
100%
Examples:
- Board meetings
- Governance training
- Board insurance
- Board retreats

XIV. FUNDRAISING COSTS
Fundraising costs shall be charged directly whenever possible.
Examples:
- Donor events
- Sponsorship activities
- Campaign expenses
- Fundraising software
- Donor management systems

Allocation
100% Fundraising unless dual-purpose allocation is documented.

XV. GRANT COST ALLOCATION

Grant costs shall be charged according to:

Direct Costs

Directly charged to the benefiting grant.

Shared Costs

Allocated using:

- Personnel effort
- Occupancy allocations
- Approved indirect cost methodology

XVI. INDIRECT COST RATE

Until a federally negotiated indirect cost rate is obtained, The Honey Hole may utilize:

De Minimis Rate

10% of Modified Total Direct Costs (MTDC)
when permitted by grant regulations.
Alternatively, the organization may use its documented Cost Allocation Plan.

XVII. TIME AND EFFORT CERTIFICATION

Exempt Employees

Shall complete:

- Monthly activity certification
- Functional allocation certification

No hourly timesheets required.

Non-Exempt Employees

Shall complete:

- Biweekly timesheets

XVIII. REVIEW OF ALLOCATIONS

The Director of Finance & Administration shall review:

- Cost allocation methodologies
- Position allocation percentages
- Indirect cost calculations

annually.

XIX. APPROVAL OF CHANGES

Changes to allocation methodologies require:

Review

- Director of Finance & Administration
- Chief Operations Officer

Approval

- President & CEO

Material Changes

Require Audit/Finance Committee review and Board notification.

XX. ANNUAL CERTIFICATION

The Director of Finance & Administration shall annually certify that:

1. The Cost Allocation Plan has been reviewed.
2. Allocation methodologies remain reasonable.
3. Functional allocations reflect actual operations.
4. Grant requirements have been considered.
5. The plan complies with organizational policy and applicable regulations.

Approved by:

- Director of Finance & Administration
- Chief Operations Officer
- President & CEO

Recommended Annual Functional Allocation Target

Based on the staffing structure developed for The Honey Hole, the organization should generally expect total expenses to approximate:

Function	Target Range
Program Services	70% – 80%
Management & General	15% – 20%
Fundraising	5% – 10%

These ranges align with nonprofit industry best practices and provide strong support for grant applications, donor stewardship, charity watchdog evaluations, and financial sustainability.

APPENDIX B: CHART OF ACCOUNTS

CHART OF ACCOUNTS

Assets (1000 SERIES)

Account No.	Account Name
1000	Operating Checking Account
1010	Savings Account
1020	Grant Restricted Cash
1030	Petty Cash
1100	Accounts Receivable
1200	Prepaid Expenses
1300	Equipment & Technology
1400	Archival & Historical Assets
1500	Furniture & Fixtures

Liabilities (2000 SERIES)

Account No.	Account Name
2000	Accounts Payable
2100	Payroll Liabilities
2200	Credit Card Payable
2300	Deferred Grant Revenue
2400	Consultant Contracts Payable
2500	Accrued Expenses

Net Assets/Fund Balance (3000 SERIES)

Account No.	Account Name
3000	Unrestricted Net Assets
3100	Temporarily Restricted Net Assets
3200	Permanently Restricted Net Assets
3300	Board Designated Funds
3400	Capital Campaign Funds

Revenue & Support (4000 SERIES)

Account No.	Account Name
4000	Individual Contributions
4010	Corporate Contributions
4020	Foundation Grants
4030	Government Grants
4040	Preservation Grants
4050	Sponsorship Revenue
4060	Fundraising Event Revenue
4070	Membership Revenue
4080	In-Kind Contributions
4090	Interest Income

Personnel Expenses (5000 SERIES)

Account No.	Account Name
5000	Salaries & Wages
5010	Payroll Taxes
5020	Employee Benefits
5030	Contract Labor
5040	Stipends
5050	Volunteer Support Expenses

Program & Project Expenses (6000 SERIES)

Historic Documentation & Archival Research (HDR)

Account No.	Account Name
6100	Historic Records Collection
6110	Archival Access Fees
6120	Historic Photography Acquisition
6130	Scanning & Digitization
6140	Sanborn Maps & Technical Records
6150	Historical Research Consultant

Account No.	Account Name
6160	Archival Organization
6170	Digital Storage & Preservation
6180	Oral History Framework Development
6190	Historical Narrative Development

Community Engagement & Oral Histories (CEH)

Account No.	Account Name
6200	Community Listening Sessions
6210	Oral History Recording Equipment
6220	Oral History Interview Stipends
6230	Community Outreach Materials
6240	Community Advisory Meetings
6250	Documentation & Transcription Services
6260	Pop-Up History Events
6270	Public Engagement Activities

Preservation & Feasibility Analysis (PFA)

Account No.	Account Name
6300	Preservation Feasibility Study
6310	Preservation Architect Services
6320	Structural Engineering Review
6330	Existing Dock/Foundation Analysis
6340	Site Survey & Assessment
6350	Code & ADA Analysis
6360	Preservation Planning Activities

City & Stakeholder Alignment (CSA)

Account No.	Account Name
6400	City & Stakeholder Meetings
6410	Partnership Development
6420	Public Presentation Materials

Account No.	Account Name
6430	Economic Impact Analysis
6440	Tourism Analysis
6450	Legal Consultation
6460	Organizational Support Activities

Preliminary Architectural Concepts (PAC)

Account No.	Account Name
6500	Conceptual Site Planning
6510	Preliminary Floor Plans
6520	Exterior Renderings
6530	Museum Space Planning
6540	Corridor Revitalization Concepts
6550	Presentation Graphics & Visualizations

Consultant Procurement (CON)

Account No.	Account Name
6600	Procurement Planning
6610	Preservation Consultant Procurement
6620	Architectural Consultant Procurement
6630	Engineering Consultant Procurement
6640	Museum Planning Consultant Procurement
6650	Fundraising Consultant Procurement
6660	Oral History Consultant Procurement
6670	Procurement Administration

General Organizational Support (7000 SERIES)

Account No.	Account Name
7000	Administrative Salaries
7010	Office Supplies
7020	Technology & Software
7030	Communications

Account No.	Account Name
7040	Internet & IT Support
7050	Printing & Copying
7060	Insurance
7070	Accounting & Bookkeeping
7080	Legal & Compliance
7090	Travel & Meetings
7100	Community Outreach Support
7110	Website & Digital Communications
7120	Archive Management Support
7130	Organizational Contingency

Indirect Cost Pool (8000 SERIES)

Account No.	Description
8000	Indirect Cost Pool (Parent Account)
8100	Executive Management & Administration
8200	Finance & Accounting
8300	Human Resources
8400	Occupancy & Facilities
8500	Information Technology
8600	Insurance & Risk Management
8700	Governance & Organizational Development
8800	General Office Operations
8900	Indirect Cost Reserve & Contingency

Unallowable Costs (9000 SERIES)

Account No.	Description
9000	Unallowable Costs (Parent Account)
9100	Entertainment & Social Activities
9200	Lobbying & Political Activities
9300	Penalties, Fines & Legal Settlements
9400	Personal Expenses

Account No.	Description
9500	Excess Compensation & Non-Business Expenses
9600	Alcoholic Beverages
9700	Unallowable Fundraising Costs
9800	Unallowable Travel & Meetings
9900	Other Unallowable Costs

INDIRECT COST ACCOUNTS

Indirect costs will be organized so they can be:

- Allocated across grants and projects
- Reported separately from direct program costs
- Supported during audits
- Used for a future negotiated indirect cost rate (NICRA)
- Easily mapped to IRS Form 990 Management & General and Fundraising categories

The Honey Hole, Inc. will establish an **8000 Series – Indirect Cost Pool** within the Chart of Accounts.

8000 SERIES – INDIRECT COST POOL

Account No.	Description
8000	Indirect Cost Pool (Parent Account)
8100	Executive Management & Administration
8200	Finance & Accounting
8300	Human Resources
8400	Occupancy & Facilities
8500	Information Technology
8600	Insurance & Risk Management
8700	Governance & Organizational Development
8800	General Office Operations
8900	Indirect Cost Reserve & Contingency

8100 Executive Management & Administration

Account No.	Description
8110	CEO Administrative Time
8120	COO Administrative Time
8130	Executive Administrative Support
8140	Strategic Planning
8150	Organizational Leadership Meetings

Examples:

- Board reporting
- Executive planning
- Organizational management
- Administrative oversight

8200 Finance & Accounting

Account No.	Description
8210	Director of Finance & Administration
8220	Accounting Services
8230	Audit Services
8240	Bookkeeping Services
8250	Payroll Processing
8260	Banking Fees
8270	Financial Software

Examples:

- QuickBooks
- Payroll services
- Annual audit
- CPA fees

8300 Human Resources

Account No.	Description
8310	Personnel Administration
8320	Recruiting & Hiring
8330	Employee Training
8340	Employee Benefits Administration
8350	Personnel Records Management

Examples:

- Employee onboarding
- HR consulting
- Background checks

8400 Occupancy & Facilities

Account No.	Description
8410	Headquarters Rent
8420	Utilities
8430	Janitorial Services
8440	Facility Maintenance
8450	Furniture & Equipment Depreciation
8460	Security Services

Examples:

- Huntsville headquarters lease
- Utilities
- Building maintenance

8500 Information Technology

Account No.	Description
8510	Computer Hardware
8520	Software Subscriptions
8530	Cloud Storage
8540	Internet Services
8550	Cybersecurity
8560	IT Support Services

Examples:

- Microsoft 365
- Google Workspace
- Zoom
- Website hosting

8600 Insurance & Risk Management

Account No.	Description
8610	General Liability Insurance
8620	Directors & Officers Insurance
8630	Workers Compensation
8640	Property Insurance
8650	Risk Management Consulting

Examples:

- D&O coverage
- Workers comp

8700 Governance & Organizational Development

Account No.	Description
8710	Board Meetings
8720	Board Development
8730	Strategic Planning Retreats
8740	Legal Services
8750	Corporate Filings
8760	Organizational Assessments

Examples:

- Attorney fees
- Board training
- Bylaw updates

8800 General Office Operations

Account No.	Description
8810	Office Supplies
8820	Printing & Copying
8830	Postage & Shipping
8840	Telecommunications
8850	Professional Dues & Subscriptions
8860	General Administrative Travel
8870	Records Management

Examples:

- National Trust membership
- AFP membership
- Chamber dues
- Postage

8900 Indirect Cost Reserve & Contingency

Account No.	Description
8910	Operating Reserve
8920	Emergency Reserve
8930	Indirect Cost Recovery Reserve
8940	Organizational Capacity Building Reserve

Examples:

- Cash reserve
- Unexpected administrative costs

Recommended Grant Allocation Accounts

To facilitate indirect cost recovery on grants:

Account No.	Description
8990	Indirect Cost Allocation to Programs
8991	Indirect Cost Recovery – Grants
8992	Indirect Cost Recovery – Contracts

This allows the organization to:

1. Accumulate indirect costs in the 8000 series.
2. Allocate them proportionally to programs (5100–5600).
3. Track recovered overhead from grants and contracts.

Example Allocation

If annual indirect costs equal $300,000:

Program	Direct Costs %	Allocated Indirect
5100 Historic Documentation	17.6%	$52,800
5200 Community Engagement	12.4%	$37,200
5300 Preservation & Feasibility	26.8%	$80,400
5400 Stakeholder Development	5.2%	$15,600
5500 Heritage Planning	16.3%	$48,900
5600 Consultant Procurement	21.7%	$65,100

This structure will position The Honey Hole, Inc. for future federal grants, foundation grants, consultant contracts, and eventually a formal indirect cost rate methodology as the organization grows.

UNALLOWABLE COST ACCOUNTS

For a nonprofit that intends to pursue foundation, state, and federal funding, it is a good practice to establish a separate series of **Unallowable Cost Accounts**. These accounts help ensure compliance with:

- Uniform Guidance (2 CFR 200)
- Federal grant requirements
- State grant requirements
- Independent audits
- IRS Form 990 reporting

- Future indirect cost rate proposals

These costs are generally not chargeable to grants and should be segregated from both direct and indirect cost pools.

9000 SERIES – UNALLOWABLE COSTS

Account No.	Description
9000	Unallowable Costs (Parent Account)
9100	Entertainment & Social Activities
9200	Lobbying & Political Activities
9300	Penalties, Fines & Legal Settlements
9400	Personal Expenses
9500	Excess Compensation & Non-Business Expenses
9600	Alcoholic Beverages
9700	Unallowable Fundraising Costs
9800	Unallowable Travel & Meetings
9900	Other Unallowable Costs

9100 Entertainment & Social Activities

Account No.	Description
9110	Entertainment Expenses
9120	Sporting Events
9130	Concerts & Cultural Events
9140	Social Club Memberships
9150	Recreational Activities

Examples:

- Ball game tickets
- Concert tickets
- Golf outings
- Social events without program purpose

9200 Lobbying & Political Activities

Account No.	Description
9210	Legislative Lobbying
9220	Political Campaign Activities
9230	Political Contributions
9240	Advocacy Not Related to Approved Programs
9250	Lobbying Consultants

Examples:

- Campaign donations
- Candidate endorsements
- Political event sponsorships

9300 Penalties, Fines & Legal Settlements

Account No.	Description
9310	IRS Penalties
9320	Tax Penalties
9330	Late Filing Fees
9340	Court Judgments
9350	Legal Settlements
9360	Regulatory Fines

Examples:

- Late payroll tax penalties
- State filing penalties
- Regulatory fines

9400 Personal Expenses

Account No.	Description
9410	Personal Meals
9420	Personal Travel
9430	Personal Vehicle Expenses
9440	Personal Cell Phone Charges
9450	Non-Business Gifts

Examples:

- Family travel
- Personal expenses mistakenly paid by the organization
- Non-business purchases

9500 Excess Compensation & Non-Business Expenses

Account No.	Description
9510	Non-Allowable Executive Benefits
9520	Personal Use of Organizational Assets
9530	Excessive Fringe Benefits
9540	Unapproved Bonuses
9550	Personal Housing or Living Expenses

Examples:

- Personal use of organizational property
- Unapproved executive perks

9600 Alcoholic Beverages

Account No.	Description
9610	Alcohol Purchases
9620	Alcohol at Events
9630	Alcoholic Beverage Service

Examples:

- Wine at receptions
- Alcohol at fundraising events (track separately)

9700 Unallowable Fundraising Costs

Account No.	Description
9710	Donor Entertainment
9720	Donor Gifts Above Policy Limits
9730	Luxury Event Expenses
9740	Non-Program Sponsorship Hospitality

Examples:

- Luxury donor outings
- Entertainment unrelated to mission

9800 Unallowable Travel & Meetings

Account No.	Description
9810	First-Class Airfare
9820	Luxury Lodging
9830	Spousal Travel
9840	Non-Business Travel
9850	Excessive Conference Expenses

Examples:

- Upgraded airfare not justified by policy
- Family member travel

9900 Other Unallowable Costs

Account No.	Description
9910	Bad Debts
9920	Contributions to Other Organizations
9930	Reserve Contributions Not Grant Eligible
9940	Contingency Provisions
9950	Miscellaneous Unallowable Costs

Examples:

- Donations made by The Honey Hole to another organization
- Bad debt write-offs
- Certain reserve funding activities

Recommended Special Accounts for The Honey Hole

Because the CEO may also be a major donor and have significant personal involvement with projects, these special accounts are recommended:

Account No.	Description
9460	Founder Personal Expense Reimbursements (Non-Allowable)

Account No.	Description
9470	Related Party Transactions Review Account
9560	Founder-Contributed Assets Pending Review
9960	Related Party Adjustments

These accounts provide transparency during audits and Form 990 preparation and help document any transactions that require conflict-of-interest review.

Best Practice
Keep the **9000 Series completely outside**:

- Program budgets (5100–5600)
- Indirect cost pool (8000 Series)
- Grant reimbursement requests

This allows auditors and grant managers to quickly identify expenses that are not chargeable to grants and ensures The Honey Hole maintains strong financial controls as it grows and pursues larger federal, state, and foundation funding opportunities.