

Barefoot Farmer Accounting Policies and Procedures

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I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at Barefoot Farmer and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All Barefoot Farmer's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Executive Director, Operations Manager, Business Manager and Board of Advisors.

II. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

Executive Director/Chief Executive Officer- Jeff Poppen

1. Reviews and approves all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews and signs all issued checks and/or approves check signing procedures
4. Reviews and approves all contracts
5. Reviews and approves all grant submissions
6. Approves inter-account bank transfers
7. Is on-site signatory for all bank accounts
8. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
9. Oversees the adherence to all internal controls

Operations Manager (Finance Director)- Jeff Poppen

1. Approves all program expenditures (may be done by a Program Manager at larger organizations)
2. Monitors program budgets
3. Reviews all payrolls and is responsible for all personnel files
4. Reviews and manages cash flow
5. Reviews and approves all reimbursements and fund requests
6. Processes all inter-account bank transfers
7. Assists Executive Director with the development of annual and program budgets
8. Reviews all incoming and outgoing invoices
9. Manages the petty cash fund
10. Receives and opens all incoming accounting department mail except bank statements
11. Monitors and manages all expenses to ensure most effective use of assets
12. Monitors grant reporting and appropriate release of temporarily restricted funds
13. Oversees expense allocations
14. Monitors and makes recommendations for asset retirement and replacement
15. Reviews, revises, and maintains internal accounting controls and procedures
16. Initiates donor thank you letter acknowledgements
17. Reviews all financial reports
18. Project Director for all grants

Business Manager- Kristina Rossi

1. Overall responsibility for data entry into accounting system and integrity of accounting system data

2. Processes invoices and prepares checks
3. Makes bank deposits
4. Processes payroll
5. Maintains general ledger
6. Prepares quarterly and year-end financial reports
7. Reconciles all bank accounts
8. Submits vendor checks
9. Manages Accounts Receivable
10. AOR for all grants
11. Generates and distributes bills

Advisory Board- Coree Entwistle, Jed Costanza, Steve Yancey, Sally Yancey

1. Review and give opinions and feedback on all submitted forms and documents
2. Give opinions and feedback on all new land and property acquisitions
3. Be available for impromptu meetings and for advice or direction from any employee of Barefoot Farmer for any fiscal or accounting issue

III. Chart of Accounts and General Ledger

Barefoot Farmer has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Operations Manager is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the Business Manager with final approval by the Operations Manager.

The Operations Manager should review the general ledger on a periodic basis for any unusual transactions.

IV. Cash Receipts

Cash receipts generally arise from:

1. Vegetable sales
2. Consultations & Speaking Engagements
3. Events
4. Donations

The principal steps in the cash receipts process are:

Daily, the Operations Manager submits the following to the Business Manager for processing: checks, cash, and the correct account allocation for each deposit. The Business Manager processes the deposit and takes it to the bank for deposit.

All cash received will be counted, verified, and signed off by the Operations Manager and another available staff member. The cash will immediately be posted using the appropriate allocation. The cash will be kept in a locked, secure location and deposited within 24 business hours.

V. Inter-Account Bank Transfers

The Operations Manager monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. The Operations Manager decides when a transfer should be made to maximize the potential for earning interest. The Business Manager is directed in writing when to make a transfer and in what amount. A copy of the transfer is given to the Operations Manager.

VI. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments for goods and services
2. Taxes/license fees
3. Business expenses
4. Employee reimbursements
5. Marketing/promotional materials

Checks are processed weekly.

Requests for cash disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must be approved by the Program Manager prior to being submitted to accounting.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Gas/fuel- an itemized receipt from the filling station detailing all charges, the person(s) for whom the gas/fuel was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The Operations Manager reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Business Manager for processing

The Business Manager processes all payments and:

1. Immediately enters them into the Accounts Payable module
2. Prints checks according to allocation and payment date provided by the Operations Manager

3. Submits checks, with attached backup documentation, to Executive Director for approval. Business Manager may sign checks
4. Stamps invoice "paid"
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Runs an accounts payable aging at the beginning of each quarter and submits to the Operations Manager to assure timely payment of all invoices

VII. Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which Barefoot Farmer receives funds.

The receipts for all credit card charges will be given to the Operations Manager within two (2) weeks of the purchase along with proper documentation. The Operations Manager will verify all credit card charges with the monthly statements. A record of all charges will be given to the Business Manager with applicable allocation information for posting. A copy of all charges will be attached to the monthly credit card statement when submitted to the Executive Director for approval.

VIII. Accruals

To ensure a timely close of the General Ledger, Barefoot Farmer may book accrual entries. Some accruals will be made as recurring entries. Examples include recurring expenses, such as bills that remain the same month-to-month, prepaid insurance, etc.

IX. Bank Account Reconciliations

1. All bank statements are given unopened to the Executive Director. The Executive Director reviews the statements for unusual balances and/or transactions.
2. The Executive Director gives the statements to the Business Manager for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Business Manager will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Business Manager will investigate any checks that are outstanding over six months.
5. The Business Manager will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the Executive Director.

X. Petty Cash Fund

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$400 and is kept in a locked file cabinet at all times.
2. The Operations Manager oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Operations Manager and another staff member. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.
5. The Operations Manager and the Business Manager together will periodically count the cash in the petty cash fund.
6. No checks will be cashed by the petty cash fund.

XI. Property and Equipment

Property and equipment includes items such as:

1. Tractors and implements
2. Land and buildings
3. Farm/garden tools
4. Vehicles

The executive Director must approve all sales of any property and equipment, and the purchase of anything describes as capital. It is the organization's policy to capitalize all items which have a unit cost greater than one thousand dollars (\$1,000). Items purchased with a value or cost less than one thousand dollars (\$1,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Tractors and implements	36 months
Farm/garden tools	60 months
Vehicles	36 months

1. A Fixed Asset Log is maintained by the Business Manager including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, life of asset.
2. The Log will be reviewed by the Operations Manager.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The Operations Manager shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

XII. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, termination data where applicable, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Operations Manager.
2. All employees will fill out an I-9 form and submit the allowable forms of identification to the Operations Manager.
3. The completed I-9 forms will be kept in a secure location separate from the personnel files.
4. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.

XIII. Payroll Processing

1. Timesheets are to be prepared by all staff on the approved form and submitted weekly. Timesheets are to be kept on a daily basis and completed in ink – unless prepared electronically.
2. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable. Scribbles are not advised.
3. Timesheets are to be signed and dated by the employee and the employee's supervisor for submission to the Operations Manager.
4. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the Executive Director before the change can be made.
5. The Business Manager will process payroll in a timely manner and record any other information deemed necessary to properly reflect time worked.
6. Paychecks will be distributed by the Business Manager at time of timesheet submission.
7. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
8. The Operations Manager will review payroll expenditures and allocations quarterly, or on demand.
9. All quarterly federal and state payroll reports will be prepared and filed appropriately.

XIV. End of Month and Fiscal Year-End Close

1. The Operations Manager will review and sign off on all quarterly- and year-end journal entries. They will be printed and filed for audit trail purposes.
2. At the end of each quarter and fiscal year end, the Operations Manager will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.
3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.
4. Once the final quarterly and fiscal year-end financial statements are run, reviewed, and approved by the Operations Manager and Executive Director, no more entries or adjustments will be made into that month or year's ledgers.
5. At the end of the fiscal year, the Operations Manager or outside CPA will prepare the annual tax return. The return will be presented to the CEO for their review and approval. The Operations Manager will then file the return with the Internal Revenue Service by the annual deadline.
6. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XV. Financial Reports

The Business Manager will prepare the quarterly and annual financial reports for distribution to the Operations Manager. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, and any other requested reports.

Periodic and annual financial reports will be submitted to the Advisory Board for review and approval.

XVI. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by Barefoot Farmer will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.
2. Employee or public personal checks will not be cashed through the petty cash fund.
3. No salary advances will be made under any circumstances.
4. No travel cash advances will be made except under special conditions and pre-approved by the Executive Director.
5. Reimbursements will be paid upon complete expense reporting with receipts approved by the Operations Manager and given to the Business Manager.
6. Any donated item with a value exceeding (\$50) will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of the receipt of the donation.
7. The Executive Director and Business Manager are the signatories on Barefoot Farmers bank accounts. Checks over \$1,000 require approval from the Executive Director before Business Manager can sign.
8. Bank statements will be reconciled monthly. All bank statements will be given unopened to the Executive Director for review.
9. Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.
10. Accounting and personnel records will be kept in locked file cabinets in the finance office and only parties with financial and/or HR responsibility will have access to the keys.

XVII. Billing

Invoices are created and sent out mostly for the following:

1. Vegetable Sales
2. Consultations
3. Speaking Engagements
4. Educational Engagements
5. Other

Invoices are generated by the Business Manager after notification from the Operations Manager and/or Executive Director. Invoices are then either (in order of preferred to least preferred methods): Emailed, personally handed, or mailed. Invoice template below.



Date:

To:

For:

520 Lafayette Road
Red Boiling Springs, TN 37150

DESCRIPTION	RATE	AMOUNT	TOTAL
Subtotal :			
<i>Sales Tax :</i>			<i>0.00</i>
Total Due:			

Please make checks payable to **Jeff Poppen or Barefoot Farmer**. We accept credit card payments with permission to apply a 3% processing fee.

Terms: Due Upon Receipt

Thank you for supporting us in our mission of growing high quality produce and helping others to do the same.