



Policy: Diversification of Funds

ChildNet Number: CN 010.043
Original Approved Date: November 19, 2010
Policy Revised Date: August 22, 2014
Policy Sunset Date:
COA Standard(s): FIN 2, 4

Statement of Policy

ChildNet receives funds from various sources. Some funds are to be utilized for specific services and others are for general operating activities. It is important for ChildNet to classify the funds based on their limitations and ensure they are utilized appropriately.

Scope:

To ensure funds received are utilized in a manner consistent with the purpose for which they are received and is consistent with the organization's mission.

Board Chair's Signature:

Date:

8/22/14



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Definitions:

Donation: A monetary gift given to the company to be used for either a particular project or at the company's discretion.

Funds: A supply of money

Restricted: confined or limited

Unrestricted: not restricted or limited in any way

Statement of Procedure

ChildNet receives funds for various purposes. When funds are received, it is necessary for ChildNet to identify if the funds are restricted, unrestricted, temporarily restricted or permanently restricted based on the conditions delineated by the donor. Once identified, ChildNet will recognize the funds as revenue in accordance with the Generally Accepted Accounting Principles (GAAP).

ChildNet's primary fund source is the Department of Children and Families (DCF). ChildNet has a contract with DCF to manage the child welfare services of Broward County in exchange for the funds received. The funds are received monthly in advance of services performed and are restricted to the services provided directly and indirectly to the clients. The funds are recorded as deferred revenue upon receipt and revenue is recognized when services are rendered. The services provided monthly by ChildNet are documented in a monthly invoice submitted to DCF. The resources used monthly are charged to the funds received from DCF.

Funds received from other sources (i.e. grants, donations, etc.) can be directly linked to a service provided to the clients. These funds are restricted to that service. The funds are maintained in a grant or donation account to ensure it is utilized for its specific purpose.



ChildNet receives funds that require no reciprocation or delivery of services. Generally, these funds will be identified as non-government, unrestricted revenues and are recognized as donation revenue upon receipt. These revenues are classified in program specific general ledger accounts for tracking purposes but are essentially unrestricted non-government donation revenues unless stipulated by donor-imposed restrictions and/or conditions.

When ChildNet receives donations restricted by donor imposed restrictions and/or conditions, the revenue is recorded as deferred revenue with its applicable restriction, i.e. temporary or permanent, upon receipt. These funds are then recognized as revenue when the donor-imposed restrictions have been satisfied.

President Signature:

Date: 08-22-14