



Policy: Financial Statements

ChildNet Number: CN 010.012

Original Approved Date: June 2, 2003

Policy Revised Date(s): October 1, 2007; November 20, 2007; March 2010; June 22, 2010; October 28, 2010; July 9, 2014

Policy Sunset Date:

COA Standard(s): FIN 2, 5.03, 5.04, 6.01, 6.02, 6.04, 7.01, 7.02, 7.03, 7.04, 7.05, 7.06, 7.07

Statement of Policy:

It is ChildNet's policy to prepare financial statements and reports that provide an accurate status of the financial activity of the agency, complete with comparisons to approved budgets.

Scope:

Financial reporting is facilitated through the use of an integrated modular accounting system and report writer based on a departmental coding mechanism. This system allows for the recognition of all funds received and disbursed by the Department of Children and Families (DCF) while affording the capability to distinguish funds received by funders with different disbursement criteria.

References:

Generally Accepted Accounting Principles (GAAP)

Board Chair's Signature:

Date: 07-29-14



Procedure: Financial Statements

ChildNet Number: CN 010.012

Original Approved Date: June 2, 2003

Revised Date(s): October 1, 2007, November 20, 2007; March 2010, June 22, 2010, October 28, 2010, May 4, 2017, October 19, 2022

Sunset Date:

COA Standard(s): FIN 2, 5.03, 5.04, 6.01, 6.02, 6.04, 7.01, 7.02, 7.03, 7.04, 7.05, 7.06, 7.07

Definitions:

Integrated modular accounting system and report writer - Extracts information from the general ledger and optionally combines it with information from various Microsoft® Excel spreadsheets. Then, it uses ChildNet's customized report formats and management reporting hierarchy to produce reports. These reports can be viewed, printed, sent as e-mail, or exported to a text or spreadsheet file.

Statement of Procedure:

- a. Financial statements are prepared monthly by the Controller or designee, from the general ledger in conformity with GAAP. The general ledger is queried for the applicable period to show the details for the following financial statements:
 - Statement of Financial Position
 - Statement of Activities
 - Monthly Expenditure Report
 - Variance Report
 - Other Miscellaneous Reports as required

These financial statements are produced by our Integrated modular accounting system and are useful in assisting the department in making business and economic decisions while predicting future cash flow. The financial statements also provide data about economic resources, claims to those resources and circumstances that may change claims to those resources.

- b. The detailed accounts are reviewed by the Director of Finance/~~Regional~~ Controller/-, and necessary corrections are made to ensure financial statements reflect the most accurate information for the reporting period.
- c. The Financial Statements are reviewed and approved by the Chief Financial Officer (CFO). They contain a budget to actual variance for the applicable month and a year-to-date comparison.



- d. The approved financial reports are presented first to the Chief Executive Officer and the Finance Committee and then secondly to the Board of Directors on a monthly basis. Verbal and written explanations are given for variances from budget. The Finance Committee at as the direction of the Board approves the monthly financial statements as presented against budget.
- e. For purposes of the monthly financial statements, the cutoff date for recording transactions are ten (10) days after the month ends. For the annual financials, the CFO establishes a cutoff date as part of the year end closing calendar. That cutoff date applies for transactions involving the purchase of all goods and services.
- f. Annually, ChildNet has a year-end audit performed by an independent CPA firm within 180 days after the close of the fiscal year. Financial reports are prepared in accordance with promulgations of the Financial Accounting Standards Board (FASB) and 2 CFR Part 200. Financial statements presented are:
 - Statement of Financial Position
 - Statement of Activities
 - Statement of Cash Flows
 - Statement of Functional Expenses
 - Schedule of Contract and Grant Activity Inclusive of Federal Financial Assistance
- g. The audit committee selects and meets with the Independent auditors to review audit findings, accompanying financial information and any accompanying management letter. The audit committee also makes recommendations to the Board of Directors. The committee works with the CEO and CFO to promptly act on all recommendations.
- h. The final year-end audit report is presented by the independent CPA firm, first to the Board President and/or Audit Committee, and finally to the full board.
- i. A copy of annual audit is provided to the Department of Children and Families for placement into the Child Placing License File.
- j. The corporate tax returns (Form 990) are prepared on an annual basis by the designated accounting firm. The CEO and CFO review the Form 990 and then the Form 990 is presented to the Board of Directors for final approval prior to filing with the IRS.

President Signature: _____

Date: _____

10/31/22