



## **Accounting Policies**

**07/20/20**

Empower Next Generations Inc records shall keep its books and records based on an annual accounting period called a tax year to comply with annual reporting requirements. Empower Next Generations Tax Year runs from January 1 and ending December 31.

### **A - Accounting Method**

Empower Next Generations Inc shall record and report income and expenses under the Accrual Method. Under an accrual method, Empower Next Generations Inc shall generally record income in the tax year earned (in other words, in the tax year in which a pledge is received, even though it may receive payment in a later year). Expenses shall be recorded in the tax year incurred.

### **B – Supporting Documents**

Empower Next Generations Inc transactions such as contributions, purchases, sales, and payroll will generate supporting documents. These documents — grant applications and awards, sales slips, paid bills, invoices, receipts, deposit slips and canceled checks — contain information to be recorded in accounting records. Empower Next Generations Inc shall keep these documents to support the entries in books and the entries on tax and information returns. Documents shall be organized by year and type of receipt or expense. All records shall be kept in a safe place both physically and digitally via cloud-based storage.

### **C - Reporting Changes on the Annual Information Return**

Empower Next Generations Inc shall file 990 Series forms as appropriate to report name and address changes, termination or merger, significant program changes and changes to its organizing or enabling document or to its rules governing its affairs (commonly known as bylaws) on its annual information return.

### **E- GROSS RECEIPTS,**

Gross receipts are the amounts received from all sources, including contributions. Empower Next Generations Inc shall keep supporting documents that show the amounts and sources of its gross receipts. Documents that show gross receipts include donor correspondence, pledge documents, cash register tapes, bank deposit slips, receipt books, invoices, credit card charge slips and Forms 1099-MISC, Miscellaneous Income.

### **F - PURCHASES, INCLUDING ACCOUNTING FOR INVENTORY,**

Purchases are items bought, including any items resold to customers. Empower Next Generations Inc may produce items, if so, it shall account for any items resold to customers. Empower Next Generations Inc shall account for the cost of all raw materials or parts purchased for manufacture into finished products. Supporting documents should show the amount paid and that the amount was for purchases. Documents for purchases include:

canceled checks, cash register tape receipts, credit card sales slips and invoices. These records will help a Empower Next Generations Inc determine the value of its inventory at the end of the year.

## **G - EXPENSES**

Expenses are the costs Empower Next Generations Inc may incur (other than purchases) to carry on its program. Supporting documents should show the amount paid and the purpose of the expense. Documents for expenses include canceled checks, cash register tapes, contracts, account statements, credit card sales slips, invoices and petty-cash slips for small cash payments.

## **H - EMPLOYMENT TAXES**

Empower Next Generations Inc shall keep records of compensation and specific employment tax records.

## **I - ASSETS & LIABILITIES**

Assets are the property, investments, buildings, and furniture that Empower Next Generations Inc shall own and uses in its activities. Liabilities reflect financial obligations. Empower Next Generations Inc shall keep records to verify certain information about its assets and liabilities.

Records should show:

- when and how the asset was acquired,
- whether any debt was used to acquire the asset,
- documents that support mortgages, notes, loans, or other forms of debt,
- purchase price,
- cost of any improvements,
- deductions taken for depreciation, if any,
- deductions taken for casualty losses, if any, such as losses resulting from fires or storms,
- how the asset was used,
- when and how the asset was disposed of,
- selling price,
- expenses of sale,

Documents that may show the above information include purchase and sales invoices, real estate closing statements, canceled checks, and financing documents. If Empower Next Generations Inc does not have canceled checks, it may be able to show payment with certain financial account statements prepared by financial institutions. These include account statements prepared for the financial institution by a third party. All information, including account statements, must be highly legible.

The following defines acceptable account statements.

IF payment is by check, THEN statement must show check number, amount, payee's name, and date the check amount was posted to the account by the financial institution.

IF payment is by electronic funds transfer, THEN statement must show amount transferred, payee's name and date the transfer was posted to the account by the financial institution.

IF payment is by credit card, THEN statement must show amount charged, payee's name and transaction date.

## **Records Management Policies**

Empower Next Generations Inc shall use such recordkeeping systems as suited to its activities to clearly document the organization's income and expenses, Assess Budgetary results, monitor income and expenses to ensure it is operating within its budget and to evaluate successful performance, compliance and stewardship of funds.

### **A. Tax Exemption Records**

Empower Next Generations Inc shall take steps to maintain thorough records to help identify the sources of program receipts from non-program receipts, taxable from non-taxable income and to complete Schedule A, as well as other schedules of the Form 990. Prepared Annual Information and Tax Returns Records shall support income, expenses and credits reported on Form 990 series and other tax returns. A complete set of Books and records shall be available for inspection by the IRS or the state. Empower Next Generations Inc shall substantiate Revenues, Expenses and Deductions for Unrelated Business Income Tax (UBIT) by keeping records of revenues derived from, and expenses attributable to, an unrelated trade or business to properly prepare Form 990-T and calculate unrelated business taxable income.

### **B. Charitable Programs Evaluations**

Empower Next Generations Inc shall use records to evaluate the success of its charitable program and determine whether the organization is achieving desired results, identify problem areas and determine what changes it may need to make to improve performance.

### **C. Donors and Grantors**

Lists of donors and grantors and the amount of cash contributions or grants (or a description of the noncash contributions) received from each shall be kept.

### **D. Grant Compliance**

Empower Next Generations Inc shall keep adequate records and case histories to demonstrate that the grants serve its charitable purposes. Case histories on grants to individuals shall show names, addresses, purposes of grants and manner of selection.

### **E. Racial Non-Discrimination**

Empower Next Generations Inc shall keep adequate records that show compliance of racial nondiscrimination compliance, including annual publication of a racially nondiscriminatory policy through newspaper or broadcast media to the general community served.

### **F. Reporting of Excess Benefit Transactions**

Empower Next Generations Inc shall use the appropriate 990 Series Form to report any excess benefit transactions to a person who it believes is able to exercise substantial influence over the organization's affairs.

## **G - Document Retention and Destruction Policy**

Empower Next Generations Inc herein adopts this written policy establishing standards for document integrity, retention, and destruction. document retention guidelines for handling electronic files, backup procedures, archiving of documents, regular check-ups of the reliability of the system. This Policy covers all records and documents, regardless of physical form (including electronic documents), contains guidelines for how long certain documents should be kept and how records should be destroyed. The Policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate Empower Next Generations Incs operations by promoting efficiency and freeing up valuable storage space.

Empower Next Generations Inc follows the document retention procedures outlined below. Documents that are not listed but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

### **Corporate Records.**

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
Bylaws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	5 years
Correspondence (general)	3 years

### **Accounting and Corporate Tax Records**

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	10 years
General Ledgers	10 years
IRS 990 Tax Returns	Permanent
Business Expense Records	6 years
IRS 1099s	6 years
Journal Entries	6 years
Invoices	6 years
Sales Records (box office, concessions, gift shop)	3 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts	3 years

### **Bank Records**

Check Registers	10 years
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

### **Payroll and Employment Tax Records**

Payroll Registers	Permanent
State Unemployment Tax Records	10 years
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax returns	7 years
W-2 Statements	7 years

### **Employee Records**

Employment and Termination Agreements	10 years
Retirement and Pension Plan Documents	10 years
Records Relating to Promotion, Demotion or Discharge	7years after termination
Accident Reports and Worker's Compensation Records	5 years
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms	3years after termination
Time Cards/Sheets	2 years
Donor Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	5 years after completion

### **Legal, Insurance and Safety Records**

Appraisals	10 years
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	10 years
Real Estate Documents	Permanent
Stock and Bond Records	10 years
Trademark Registrations	Permanent
Leases	6 years after expiration
OSHA Documents	5 years
General Contracts	3years after termination

### **H- Electronic Documents and Records.**

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

### **I - Emergency Planning**

Empower Next Generations Inc records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the Organization operating in an emergency will be duplicated or backed up at least every week and maintained off site.

### **J - Document Destruction**

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

### **K - Document Compliance**

Failure on the part of employees or contract staff to follow this policy can result in possible civil and criminal sanctions against the Organization and its employees or contract staff and possible disciplinary action against responsible individuals. The Treasurer will periodically review these procedures with legal counsel or the organization's certified public accountant to ensure that they are in compliance with new or revised regulations.