

Title: Preparation and Approval of Audited Financial
Statements and Form 990

Number: FC 070

Effective: March 19, 2008

Revised:

Review Schedule: Annually at regularly scheduled July meeting

Last Review:

Responsible Committee: Finance Committee

I. Purpose

The purpose of this policy is to:

- A. Establish the criteria for the acceptance of the audited financial statements.
- B. Establish a routine for the review and acceptance of the Form 990.

II. Audited Financial Statements

- A. ANS shall have its financial records audited on an annual basis by an independent certified auditor

B. Selection of Auditor

- 1. Every three to five years, the Finance Committee and the CFO shall consider developing a request for proposals and soliciting proposals from qualified firms (which may include the current auditing firm) to conduct the annual ANS audit.
 - a. The Request for proposal shall be for a three-year period with option for a two-year extension.
 - b. At least three firms having substantial experience in conducting audits for not-for-profit organizations shall be invited to submit proposals.
 - c. No proposals will be accepted from firms or individuals that may appear to have a possible conflict of interest because of any personal relationship the individual or firm partners may have with a staff member, member of the Board of Directors, or member of the Finance Committee of ANS.

2. If an RFP is issued, the Chair of the Finance Committee shall designate an *ad-hoc* subcommittee, which shall, in association with the CFO:
 - a. Review the proposals submitted
 - b. Conduct interviews with the most promising candidates
 - c. Make a recommendation to the Finance Committee on which of the candidates should be retained.
3. The Finance Committee shall recommend to the Board of Directors which candidate should be selected.
4. The Board of Directors makes the final decision regarding the selection.

C. Conducting the Annual Audit

1. The Finance Committee, or a sub-committee of the Finance Committee appointed by the Chair, shall serve as the audit committee.
2. At the beginning of each fiscal year, the Executive Director, with approval of the Finance Committee, signs an engagement letter that stipulates the fee and schedule for services to be rendered in conducting that year's audit.
3. The auditor may meet with the Finance Committee or representatives designated by the Chair of the Finance Committee to discuss the audit plan and schedule.
4. The CFO will assemble all the information, prepare any summaries, and otherwise provide any assistance the auditors request in order to ensure that the audit is completed properly and expeditiously.
5. The preparation for the audit should be completed as quickly as possible after the end of the fiscal year with the goal of having the audit completed in time for presentation to the Finance Committee and the Board of Directors at their regularly scheduled July meetings.

D. Review and Acceptance of the Annual Audit

1. Upon completion of the annual audit of the financial statements of ANS, the auditors will submit a draft of the audited financial statements, the letter to governance and, if appropriate, the management letter.
2. The members of the Finance Committee shall receive a copy of these drafts for review. On the basis of this review (which may be conducted by email) the Finance Committee will either:
 - a. Request the auditor to address specific issues raised by the draft reports or
 - b. Accept responsibility for the audited financial statements as presented by the auditor

3. If the Finance Committee requests the auditor to address specific issues:
 - a. The Chair of the Finance Committee and the CFO will follow-up on any outstanding items that remain from the review and report their findings to the Finance Committee.
 - b. The auditor will make any changes as necessary and appropriate to the draft materials
 - c. The revised materials will be submitted again to the Finance Committee for acceptance.
 - d. If the Finance Committee is still unwilling to accept responsibility for the materials prepared by the auditor, the President of ANS will arrange for a meeting between the Board of Directors and the Auditor to resolve any remaining issues.
 - i. The President will invite the Chair of the Finance Committee to attend such a meeting and may invite non Board members of the Finance Committee and legal counsel as well.
 - ii. The process for resolving any issues still remain after this meeting will be agreed to at the meeting.
4. When the Finance Committee accepts responsibility for the audited financial statements:
 - a. The auditor will complete all subsequent events testing necessary as outlined in the applicable audit guidance (SAS 103) and date their opinion letter accordingly
 - b. The auditor will present the audited financial statements, the letter to governance and the related management letter to the Finance Committee and, if requested, to the Board of Directors at their next regularly scheduled meetings (usually in July).

III. Preparation, Review, and Submission of the IRS Form 990

A. Preparation

1. The CFO will normally prepare IRS form 990.
2. If the CFO is unable to prepare the form, the independent auditor may be requested to do so.
3. Because of the importance of Form 990, it:
 - a. Should be prepared as soon as reasonable after the audit has been completed and well within the deadlines established by the IRS.
 - b. Be carefully reviewed to ensure that it accurately represents the programs, activities, accomplishments, and financial condition of ANS.

B. Review

1. The draft Form 990 should be reviewed by:
 - a. The auditor (if initially prepared by the CFO)
 - b. The Treasurer
 - c. The President
 - d. The Finance Committee
 - e. The Executive Director and Deputy Executive Director
2. On the basis of these reviews, the CFO may be requested to make modifications to the Form 990. If such modifications are made, the revised form shall be reviewed by:
 - a. The Treasurer,
 - b. The Chair of the Finance Committee,
 - c. The President
 - d. The Executive Director and Deputy Executive Director

C. Submittal and Distribution

1. If all the individuals listed in section III.B.2. approve the revised form, it will be submitted to the IRS after it is signed by:
 - a. The auditor
 - b. The Executive Director
2. Copies of the public version of the submitted form shall be provided to all the members of the Board of Directors
3. Copies of the public version of the submitted form will be provided to the public as specified in policy FC 110.

I. REVIEW OF POLICY

This policy will be reviewed on an annual basis by the Finance Committee at its regularly scheduled July meeting.

Approval

Finance Committee Kathleen Malloy Date: March 13, 2008

Board of Directors: John H. O'Leary, Jr. Date March 19, 2008