Kairos Prison Ministry International, Inc.

"…I was in prison, and you visited me." (Matthew 25:36)

January 2026 Updated Edition

FINANCIAL POLICIES AND PRACTICES

This manual is divided into two sections: Policies and Practices. These documents must be taken as a whole; together they articulate the financial system of the ministry.

Table of Contents

Financial Policies **1**

Introduction 1

Spiritual Foundations 1
Purpose of Financial Policies and Practices 1
Kairos Entities are to be Good Stewards 2
Auditing of Kairos Financial Records 2
Using This Manual 2

Policies 4

Financial Structure of Kairos Prison Ministry International 4
Financial Methodology 4
Timely Completion of Required Financial Activities 4
Separation of Duties 5
4.a. Two Counters of Funds 5
4.b. Restrictions on Who May Serve 5
Affiliation Contributions 6
Audit Cost Participation 6
Ministry Banking 6
Management of Ministry Expenses 7
Annual Budget 8
Reimbursable and Non-Reimbursable Expense 8
Approved Organizational Model 9
Fixed Assets and Supplies 10
Ministry Program Materials 10
Authority to Designate “Restricted Funds” 10
Digital Financial Solutions 11
Retention of Records 11
Conflict of Interest 12
Third Party Gifts 13
Suggested Donations and Fair Market Value 13
Compliance 14

Financial Practices **15**

Introduction 15

Recommended Qualifications for Financial Secretaries, KairosDonor Coordinators and Treasurers 15

Financial Segregation of Duties 16

Practices 17

1. Donation Management 17

1.a. KairosDonor and Tracking Donations 17

1.b. Temporary Restricted Funds 20

1.c. Gift and Donation Acceptance 21

2. Expense Management 22

2.a. Chart of Accounts 23

2.b. Interministry Payment Request Form 23

2.c. Calculating Audit Contributions 23

2.d. Calculating Affiliation Contributions 24

2.e. State Chapter Committee Affiliation Contributions 24

2.f. Methods for Incurring Ministry Expenses 24

2.g. How to Properly Document Ministry Expenses 25

2.h. Reimbursable and Non-Reimbursable Expenses 28

2.i. How to Request Reimbursement for Expenses 30

2.j. Credit Cards and Bank Cards 30

3. Ordering Ministry Supplies, EZRA, KairosDonor and AKT Training from the Int'l Office 31

4. Kairos Torch Screening Fees 31

5. Banking 31

5.a. Writing Checks 32

5.b. Deposits 32

5.c. Signatures on Bank Accounts 33

5.d. No Personal Bank Accounts to Be Used as Kairos Bank Accounts 33

5.e. Gifts to Individuals or Other non-Kairos Entities Duties 33

5.f. Monthly Reconciliation 34

5.g. Digital and Online Banking 36

5.h. Merchant Accounts 36

6. Procedures and Tools 36

Addendums 36

Changes to the FPP 37

Financial Policies

Introduction

Spiritual Foundations

"Now you are the body of Christ and each one of you is a part of it." (1 Corinthians 12:27)

Scripture teaches us about our profound interdependence as we live the Christian life. Ministries like Kairos Prison Ministry International are part of the body of Christ, and just like the Christian church as a whole, they are made up of many parts. Together, we are the body of Christ in the world, sent on a mission to bring good news to all. Just as hands, feet and hearts do not function in isolation, we depend on each other to do what none of us could accomplish on our own. When the body is functioning properly, then the Gospel is spread, and when any part of the body is not functioning properly, all the parts of the body are affected.

As a volunteer assisting in the financial aspect of Kairos Prison Ministry, you play a key role in keeping the Kairos body healthy. The work you do in upholding our standards of financial accountability at every level enables the whole ministry to function. Thank you for your faithful stewardship of this important role.

Purpose of Financial Policies and Practices

The ministry as a whole operates under one Federal Employer Identification Number (EIN), and all parts of Kairos are connected as one body by affiliation agreements. It is imperative that all member elements of the ministry comply with the policies and practices defined in this document. All funds held across the country belong to Kairos Prison Ministry International, Inc. as one ministry.

Federal, state and municipal laws concerning nonprofit accounting and fundraising have very clear, precise guidelines. This manual has been written to keep Kairos Prison Ministry in compliance with those laws, as well as the ethical standards articulated by the Evangelical Council for Financial Accountability (ECFA). Following the policies and practices mapped out in this manual will keep every organizational level in compliance; deviating from them can put all of Kairos at risk, since we are one body. Therefore, study this manual carefully and be sure to follow all that it says.

These policies and practices are specifically designed for the use of Kairos ministries within the United States. This manual is for Kairos only and is not to be used by other organizations.

Kairos Entities are to be Good Stewards

Due to the spiritual nature of the ministry – many parts, one body and the affiliation of all organizational elements to the one corporate ministry – all members are urged to exercise an open spirit with regards to the monies donated to Kairos. We must always remember that it is not our money. We need to recognize that our God is a generous God who will reward our efforts with blessings over and above our immediate needs. We are enjoined spiritually to share God's abundance for the greater good and growth of the work of Christ in prison. All organizational elements are expected to be good stewards and to raise sufficient funds to support their part in the ministry.

Auditing of Kairos Financial Records

Kairos needs to show the financial health of the ministry, that we are properly conducting the ministry by generally accepted accounting procedures (GAAP), and that the donations received are being used in a way that supports our mission statement and purpose for which we are legally registered. Kairos must have an annual, independent audit by a recognized auditing firm. In addition to meeting non-profit regulations, this audit provides all volunteers, donors and philanthropic investors the assurance that Kairos financial reports are true and accurate.

The annual audit also enables Kairos to maintain membership in the Evangelical Council for Financial Accountability (ECFA). The ECFA credential is immediately recognized as standing for integrity, and many major donors to Christian based organizations use it as a prime criterion in selecting which ministries will receive their donations.

Kairos is audited as a single organization. We expect everyone, from Counter 1 at the Advisory Council level, to the accountants in the International Office, to cooperate fully with the audit process. The auditors review how well we follow our own financial policies and practices as outlined in this manual.

Using This Manual

The policies and practices in this document are designed to facilitate orderly and accurate record keeping and to ensure that the financial needs of the ministry are met. One organizational model exists within the ministry, and the financial standards must be upheld.

This manual is divided into two sections: **Policies** and **Practices. These documents must be taken as a whole; together they articulate the financial system of the ministry.**

Kairos financial **policies** have been determined by our Board of Directors. They provide the **guiding principles** of our financial system.

Kairos financial **practices** flow out of our policies—they are **what** we do to put the policies into action.

No State Chapter Committee, Advisory Council or volunteer may diminish the policy requirements of this document, but, with approval from the Accounting Department of the International Office, they may add criteria to the practices to allow their State Chapter to work more effectively. Such additions must be documented and signed by the State Chair, the State Financial Secretary, the Kairos National Controller and the Kairos CEO.

The State Chapter Committee is responsible to ensure the ministry in their respective state is conducted according to the policies and standards of Kairos Prison Ministry International and to take corrective actions as necessary. Each State Chair, State Financial Secretary and State Treasurer is responsible for assuring that these policies are carried out. The State Financial Secretary and the State Treasurer are responsible for assuring that all Financial Secretaries, Treasurers and KairosDonor Coordinators within their state are trained for the specific position they hold and how they relate to all the other positions in the system.

All must study these guidelines and be aware of what help is available. As one body, we are responsible for each other. If you have any difficulty, there are numerous ways to receive assistance. If you are working for an Advisory Council, you can contact your State Financial Secretary or Treasurer with any questions about your role in Kairos financial structure. Questions and requests for assistance with KairosDonor should be addressed to the kairosdonor.com support website. For questions or requests for assistance on QuickBooks or interpreting the Financial Policies and Practices, please contact the Kairos International Office at 407-629-4948 and ask for the National Controller.

Much time, effort and expertise has gone into reworking and updating Kairos financial systems in 2013 and each year since. This system is successful only if everyone in Kairos, cooperating as one body, does his or her part to understand and implement these policies and practices.

Financial Policies

1. Financial Structure of Kairos Prison Ministry International

Kairos Prison Ministry International operates as a single entity. The income and property that is used at any organizational level is the income and property of Kairos Prison Ministry International. All federal, state and local registrations are conducted by the International Office. Only one Federal Tax ID for Kairos Prison Ministry throughout the United States may be registered or used with location of the home office. All income and expenses for Kairos must be reported through the ministry.

Under no circumstance may you use a church or other organization nonprofit tax ID or tax exemption to operate or purchase items on behalf of Kairos. Kairos cannot use a church P.O. Box for receiving donations, mail, or any correspondence.

2. Financial Methodology

This Financial Policies and Practices Manual (FPP) prescribe the Kairos methodology of record keeping, systems and tools and must be used at all levels of the ministry. This methodology is the *only* approved financial system for all levels of Kairos. Records must be maintained in an accurate manner. There must be no material omissions or misleading representation of fact that would lead to an intentional false impression or misunderstanding. All financials for Kairos Prison Ministry must use QuickBooks as provided by the ministry. No other financial/accounting books or systems may be kept at any level for Kairos finances.

3. Timely Completion of Required Financial Activities

In our accrual-based system, revenue and expense must be accurately allocated to the correct month. Affiliation contributions are calculated only after a month is closed.

State Chapters are to close each month in QuickBooks, including bank reconciliation, no later than 20 days after the end of the month. Each State Chapter Committee must institute procedures and reporting schedules for their Advisory Councils to ensure compliance with this closing deadline. If there are reporting issues by an Advisory Council or any individual, the State Chapter Committee must be informed and take appropriate actions to gain compliance. If issue persists, the State leaders may find it necessary to take corrective actions.

Current KairosDonor export files with accompanying report from all Advisory Councils must be included in the State Chapter Committee monthly closing documents and reconciled to the QuickBooks income.

The State Financial Secretary must provide the State Chapter Committee financial reports for the State and each Advisory Council including Profit and Loss statement (P&L), Balance Sheet and budget comparisons. Each Advisory Council must receive copies and utilize their P&L and Balance Sheet at least quarterly.

4. Separation of Duties

At every organizational level, duties are assigned to separate individuals—one to handle funds (Treasurer) and another to account for the funds and to reconcile banking (KairosDonor Coordinator). This segregation of duties is fundamental to the methods and practices of the financial aspect of the ministry and good accounting practice.

4a. Two Counters of Funds

When funds are brought into the ministry, the treasurer must ensure there are two counters. The Treasurer of the organizational element that maintains the P.O. Box will be responsible for collections from the P.O. Box. The Treasurer or approved designee will retrieve mail from the P.O. Box at least once a month; however, the mail is only to be opened using the "two counter" method as outlined in the Job Descriptions found online at mykairos.org. It is strongly recommended that we encourage donors to send checks rather than cash via the US Postal System.

P.O. Boxes must be used at every level of the ministry to receive donations and ministry-related mail. Kairos cannot use a church P.O. Box for any purpose. Each State Chapter Committee must know and maintain a list of all P.O. Boxes for each Advisory Council. Upon request this list may be needed for sending funds from the International Office. Promotion of sending donations to personal addresses must not occur.

Spouses or immediate family members may not be used as two counters of funds.

4b. Restrictions on Who May Serve

In order to maintain "segregation of duties" and "dual control" as articulated in these policies; there are restrictions on who may serve in the various financial positions. To serve as State Financial Secretary, the person must have some accounting or financial management knowledge or experience. QuickBooks and Excel knowledge is highly desirable and must be attained at the State Financial Secretary level.

Restricting who serves in financial positions provides some assurance to volunteers, donors, and other supporters of Kairos that financial transactions are conducted fairly and are in the best interest of our ministry. People previously convicted for financial crimes may not serve as Financial Secretary or Treasurer (including Assistants) at any level in the organization.

Related parties, as defined by GAAP, may not hold financial positions within our ministry (for example, a husband and wife may not serve as Treasurer and Financial Secretary in the organization at the same time). This also includes a spouse or immediate family member of the State Chair cannot hold the position of State Financial Secretary or State Treasurer because of decision making and signature authority. This includes Assistants to Financial Secretary and Treasurer.

5. Affiliation Contributions

Per the State Chapter Covenant Agreement with Kairos Prison Ministry International, an affiliation fee contribution is paid to the Kairos International Office. The current affiliation fee contribution is equal to 15% of State Chapter gross revenue. Gross revenue is defined as all restricted or unrestricted funds received by an Advisory Council or State Chapter, including gross revenue from fundraising activities, grants, interest income and all revenue sources. Gross revenue excludes Interministry transfers and gifts in kind. An Interministry Payment Request Form will be issued on a monthly basis for affiliation fees.

Accepting gifts in kind must reflect our ministry's principles of forthrightness and transparency. Gifts in kind are not to be used to circumvent the 15% affiliation contribution. Gifts in kind must be recorded in the financial reports and reported in KairosDonor for a receipt to be produced.

States may collect an additional contribution from organizational elements within the State Chapter for direct operational costs of the State Chapter Committee with prior written permission of the CEO.

6. Audit Cost Participation

Appropriate accounting practices are required by law, nonprofit financial accountability standards, Generally Acceptable Accounting Principles (GAAP), and by the Kairos Prison Ministry bylaws. These standards and Kairos bylaws require an annual audit to be performed by an independent certified public accounting firm.

The entire ministry, including the International Office, State Chapter Committees and local entities will share proportionally in the ministry's audit costs.

Results of the audit are available to volunteers in Kairos.

7. Ministry Banking

Kairos Prison Ministry International, Inc. exists as a single entity with its own Federal EIN; however, the International Office, and State Chapter Committees have bank accounts.

For control and audit purposes, the State Treasurer, State Chair, and the CEO must be an authorized signature on all Kairos accounts. Authorization to open a banking account or change signatures must come to the International Office National Controller in writing. Requests for opening or changing signers on an account are to be submitted on the form provided in the Financial Addendum before an account is opened. This form is also on mykairos.org. It is the responsibility of the State Chapter Committee to manage their bank account and ensure proper signatures are on the Kairos account. The State may initiate signature changes based on new officers elected while ensuring the CEO remains on the account and appropriate signatures are addressed. The Financial Secretary may not be a signature on any account. For Wells Fargo and other accounts, contact the International Office to add or remove signatures on bank accounts.

Online access for all accounts must be shared with the associated State Chapter Treasurer, State Chapter Financial Secretary, and the National Controller at the International Office. A bank that provides the service of view only access is recommended. For efficiency, cost savings and audit oversight of funds, Kairos uses the least number of banks possible for all entity bank accounts.

Control of funds remains at the associated entity level unless serious financial infractions occur. The State Chapter Committee or CEO may remove control of an account until infractions are corrected if warranted.

8. Management of Ministry Expenses

Controlling and accounting for ministry related costs are fundamental principles of both proper budgeting and financially responsible management. Tracking expenses keeps us fiscally accountable to our donor base and to each other.

Ministry expenses are to be recorded and allocated in the approved Chart of Accounts by the Financial Secretary. Full disclosure of expense, purpose and vendor is required along with itemized receipts for all expenses. (Financial Practices, section 2.g) Only expenses on the approved reimbursement list will be used. (Financial Practices, section 2.h)

Credit cards or other banking cards may not be used in the name of Kairos, KPMI or any derivation thereof, or any entity using the EIN number.

If advances are requested, the request must indicate the purpose for which the funds will be used, Weekend and Advisory Council identification and the name of the person who will be held responsible for the advance. It is strongly recommended to do smaller advances close to the time of needing funds and to the person handling the purchase for the ministry, rather than one large advance months ahead of a Weekend. A form for advances is included on mykairos.org.

Interministry transfer payments to the Kairos International Office must be made by using the QuickBooks Payment System, detailed in the Financial Practices section 2.b. of the manual.

9. Annual Budget

Kairos consolidated budget is the Board of Directors operating directive for management. It provides a blueprint for action and a method of measuring results. The new unified ministry wide Chart of Accounts affords an opportunity to create a dynamic budget to better understand and guide our ministry.

All Advisory Councils will prepare a proposed annual budget to be approved at its level and submitted to the next higher level. These will be rolled into a proposed annual budget at the State Chapter level, which will be used in conjunction with a Kairos International Office Budget, to populate a ministry-wide Consolidated Budget as required by our ministry Bylaws. All Advisory Councils budgets must be entered by the state into QuickBooks and tracking reports provided quarterly to the Advisory Councils.

Each Advisory Council is required to have an annual budget. Each State Chapter Committee must submit by December 1 to the Kairos National Controller a final consolidated State Chapter budget for the next fiscal year. No State or Advisory Council will have a budget where expenses are greater than income. Each State Chapter Committee will prepare a written submission schedule for each program element within the State Chapter to ensure that the final State Chapter consolidated budget is prepared, approved, and submitted on time. Each State Chapter Committee must provide quarterly financial reports to each Advisory Council. These reports must include a comparison of the actual income and expenses to the budgeted income and expenses.

Access a budget template by visiting mykairos.org or by calling the International Office.

10. Reimbursable and Non-Reimbursable Expense

When incurring expenses, Kairos expects all ministry volunteers to exercise discretion, use sound judgment, give a proper account of what is spent and be aware of the budget.

Any expense incurred on behalf of Kairos or reimbursed by Kairos must be approved by the appropriate higher authority in the structure. Approved budget expenditure can take place as they are incurred. Pre-approval by the appropriate State Financial Secretary or as per this document is required for non-budgeted items. Items that must be approved include annual budgets, one-time expenses, or capital expenses. Reimbursement may be made to any member of Kairos for reasonable expenses, which are listed in Financial Practices section 2.h. of this document. (Reasonable expenses are those which are considered necessary for the presentation of Kairos programs only, as described in the program manuals.) Expenses will be borne by, or allocated to, the organizational entity incurring them. Full disclosure of expenses, purpose and vendor is required along with itemized receipts for all expenses.

Reimbursement will NOT be made for expenses listed under “Non-Reimbursable Expense” in Financial Practices section 2.h. of this document or without proper documentation of reimbursable expenses.

The State Chapter Committee, Advisory Council or any individual cannot enter into contractual arrangements (except storage for Kairos property and short-term rental) on behalf of the ministry or obligate the ministry to payments other than those outlined in this document. Only the CEO can sign contractual, hiring, or legal documents on behalf of Kairos Prison Ministry International.

A state may set up a direct bill (not a credit/debit/ATM card account) account provided an itemized receipt is received to issue a check for the Kairos items purchased. An individual must never be a personal guarantor for the account. The Kairos EIN number may be used. These accounts must be reviewed with the National Controller prior to setting up to ensure they are viable and within guidelines.

11. Approved Organizational Model

There is one standard State Chapter financial model in Kairos.

Each State Chapter, including newly forming State Chapters, must organize its financial operations around the Kairos financial model only. A State Chapter is not authorized to create a hybrid model, nor create a new model different from the authorized Kairos model.

Kairos Financial Model. The State Chapter Committee has one bank account and provides financial services to all organizational elements within the State Chapter. No Advisory Council within the State Chapter has its own bank account. A dedicated, financially minded, State Financial Secretary is needed.

For a new State Chapter or one struggling for any reason, the record keeping is performed by the Kairos International Office staff. The CEO may, at his or her discretion, transition a State Chapter to an office managed financial process for a time for reasons of financial stability or lack of financial personnel.

12. Fixed Assets and Supplies

Generally, it is the policy of the ministry that “consumable” items will be expensed at the time of purchase. If any large items such as furniture, sound systems, computer systems or other such one-time expenditures are purchased, they must be pre-approved by the State Chapter Committee (and the Kairos CEO, if the purchase is greater than $1500) and listed as fixed assets in the Chart of Accounts. Trailers that cost more than $5000 must also be pre-approved by the State Chapter Committee and the Kairos CEO and listed as fixed assets in the Chart of Accounts. All fixed assets remain the property of Kairos at all times. The State Chapter must keep a list of all fixed assets within their state and annually submit a copy to the National Controller. Fixed assets will remain on the balance sheet and depreciated over their projected life span. If a fixed asset is sold, discarded, or stolen, the CEO and/or National Controller must be notified immediately.

In the event of a change of leadership, access to all fixed assets and supplies is transferred to the next person taking the leadership role. This includes supplies such as pens, paper and other such consumable items as well as larger fixed assets. All fixed assets and supplies are the property of Kairos and must be used for Kairos purposes only. The State Chapter Executive Committee is responsible for ensuring the transfer of assets from one person to another occurs at all levels of the organization.

13. Ministry Program Materials

Ministry-specific program materials including crosses, songbooks, etc. must be ordered through the Kairos International Office and not acquired locally or through other sources. The ministry provides branded and procedural materials as needed for the ministry to implement its various programs. Copies (hard copies or electronic) of the Kairos Program materials are not permitted. The majority of these materials are not available elsewhere. A detailed guide to ordering the materials is in Practices section 3.

Costs for the items available from the International Office, including training and materials, are borne by organizational entities using them and are paid for via the Interministry Payment Request Form, as outlined in the Financial Practices section 2.b. Individual payments will not be accepted. If an individual or entity chooses to donate funds for program materials, these are treated as a donation (contribution) in the bookkeeping and must be entered into KairosDonor as a donation and the donor must receive an acknowledgement letter/statement.

All orders require approval from the Financial Secretary of the Kairos entity paying for the order. If the Financial Secretary is not available, the Treasurer or State Chair will be asked to approve.

14. Authority to Designate “Restricted Funds”

To ensure all legal requirements for restricted funds are met, Kairos will carefully manage these funds and utilize its Gift Acceptance Policy. Unless specifically stated by motion or an approved Board of Directors’ policy, the authority to designate “Restricted Funds” rests exclusively with the Kairos CEO. No affiliated entity, State Chapter Committee or Advisory Council, can designate funds as restricted for any reason unless authorized in writing by the Kairos CEO. Monies donated to the ministry at any level cannot be “restricted” unless the donor makes a specific request in writing for the funds to be used for a specific purpose. Fundraising requests must be made for general gifts and overall ministry costs. They are not to imply restriction or to be considered “restricted” under this policy.

A State Chapter Committee, if authorized to do so, may carry temporary restricted funds on its accounts, according to the practice outlined in the Financial Practices section 1.b. If approved,

tracking to show use of funds on an itemized basis is required on a monthly basis and is reportable to the Kairos International Office.
All restricted funds for Kairos and its entities will be handled by Kairos Prison Ministry International.

For all restricted or temporary restricted funds or local funds, the Board of Directors reserves the right to use extra funds for similar ministry work if a project/need is overfunded.

15. Digital Financial Solutions

Kairos uses technology that is standard in financial practices. Financial Secretaries, Treasurers and other financial volunteers are expected to have working knowledge of computers and to have an internet connection to make use of the current common tools in the financial field.

All Kairos entities (State Chapter and Advisory Councils) may use generally accepted digital and online banking systems (per policies and practices below) in the course of the administration of their duties, including:

- Electronic funds transfers, debit transfers, e-checks, and e-deposits.
- Third party pay services or merchant accounts, such as Give Butter and the QuickBooks Payment System. These third-party services must be logged by the International Office also, including log-in and password information.
- Secure online banking services as approved by Kairos provided by a bank in which Kairos entity has an account.

Kairos uses digital signatures as a method of authenticating electronic documents. A digital signature is a type of electronic signature that encrypts documents with digital codes that are difficult to duplicate. When you sign a document with a digital signature, the signature links a "fingerprint" of the document to your identity. Therefore, a digital signature is not a typed name in a Word or Excel document. Adobe uses a digital ID for you to sign PDF documents.

16. Retention of Records

Proper maintenance of documents and records is critical from the regulatory, management and legal perspective. To provide proper documentation to donors, vendors and governmental agencies, records must be properly protected, maintained and retained. Records that are no longer needed, or which are of no value, must be discarded after a set period of time per government requirements. Government policy is to retain financial records (including banking statements and cancelled checks, receipt logs, reimbursement, contributions, tax records, cash advance records and expense records) for a minimum of seven years in paper or electronic versions. Electronic financial records (KairosDonor outputs and receipt files) need to be backed up monthly on a separate drive and retained in a different location. The preferred backup is Dropbox, and access will be shared with the National Controller.

Contracts with vendors and vendor credit agreements need to be kept seven years after termination date, while government authorizations, certifications or registrations must be kept permanently. These must be sent to the International Office upon receipt for record retention. In the event of a change in leadership, all retained paper and electronic records must be transferred to the next person taking the leadership role.

17. Conflict of Interest

Fairness in decision making can occur only in an impartial environment.

If a potential conflict of interest exists or may appear to exist, it must be disclosed to the State Chapter Committee and the Kairos CEO.

As per ECFA's regulations, Kairos will not enter into a business transaction with anyone who meets the definition of a "disqualified person" under federal tax law applicable to public charities unless the following is true with respect to the transaction:

1. All parties with a conflict of interest (direct or indirect) are excluded from the discussion and vote related to approval of the transaction;
2. Kairos obtains reliable comparability information regarding the terms of the transaction from appropriate independent sources such as competitive bids, independent appraisals or independent expert opinions;
3. Kairos Board has affirmatively determined that entering into the transaction is in the best interests of the organization; and
4. Kairos contemporaneously documents the elements described above, as well as the Board approval of the transaction.

Examples of potential conflict of interest could include:

1. Using the ministry personnel or volunteers, equipment, supplies or goodwill for other than ministry approved activities, programs and purposes, such as a Kairos Weekend leader uses Kairos purchased sound equipment for their private use or wedding gigs.
2. Holding office, serving on the Board, International Council, State Chapter Committee, or Advisory Council, participating in management, or being otherwise employed (or formerly employed) by any third party and entering into deals with the ministry, such as: a volunteer requests that all Weekend food purchases be made through his/her company or family business.
3. Receiving pay or other personal benefit for services involving individual transactions with the ministry, such as a Board member offers his/her skills as an IT expert at a reduced cost.

18. Third Party Gifts

Under no circumstances are gifts, donations, or loans (including funds, Kairos assets and supplies) allowed to non-affiliated third parties except those listed in Financial Practices section 5e below. Third party is any organization outside of Kairos entities and does include volunteers, individuals, churches, and correctional facilities. This policy applies to all organizational elements within Kairos. Kairos entities may and are encouraged to share financial blessings across Kairos entities. The International Office (or Kairos State Chapter Committee or Advisory Council through the International Office) may provide donations/funds to an International Affiliate.

19. Suggested Donations and Fair Market Value

Kairos Prison Ministry's International Office provides program materials only to its volunteers and participants for use in Kairos programs. The International Office may charge a fee for providing those program materials to its volunteers and participants.

Kairos State Chapters or Advisory Councils may provide program materials only to its volunteers and participants as a gift. The State Chapters or Advisory Councils may ask for a suggested donation when providing program materials. Any donations received in this manner shall be included in the calculation of gross receipts.

With permission of the CEO, any Kairos entity may provide non-program related branded items to its donors, friends, volunteers, and participants in return for a suggested donation. They may not charge a fee for providing those items.

Fundraising activities, such as yard or bake sales, may be conducted to support the ministry of Kairos. At events, which are fundraisers, tickets and merchandise must only be exchanged for a suggested donation.

Gambling events and opportunities to win cash prizes, or other monetary value, must not be used within Kairos. In many cases raffles are considered gambling events subject to federal income reporting and backup income tax withholding. Accordingly, no raffles, nor any game of skill for which a prize of monetary value is awarded, are allowed in Kairos. Silent Auctions are permitted.

As per Financial Accountability standards, if an organizational entity within Kairos offers premiums or incentives which are not insubstantial, it shall advise the giver of the fair market value of the premium or incentive and advise that the value is not deductible for tax purposes. Tax law permits givers to deduct only the net value of their gifts to charities. If a Kairos entity provides goods or services (for example, books, tapes, records, Christmas cards, gift subscriptions, Bibles, admission tickets, etc.) to a giver as an inducement or in exchange for a

contribution, the charity must generally provide a good faith estimate of the value of such goods or services.

Occasionally, givers request a refund of a charitable gift they made previously. Since contributions must be irrevocable to qualify for a charitable deduction, there generally is no basis to return a charitable gift to a donor. When it appears, a refund involving a significant amount is justified, only the CEO can authorize such activity.

20. Compliance

In any organization, there is a need to hold the organization, entities or participants in compliance with the IRS and GAAP rules as well as Kairos policy. Discipline is needed to protect the interest of the organization as a whole. The Board of Directors has given authority to the Kairos CEO to implement disciplinary measures as needed, which could include but are not limited to late fees, temporary or permanent suspension, change of financial control or closure. If one entity is out of compliance with the policies and practices for the organization, it places the entire ministry at risk.

Financial Practices

Introduction

Thank you for volunteering your time, energy, and expertise in service of Kairos Prison Ministry International. Because you are serving as a Financial Secretary, a Treasurer, KairosDonor Coordinator, or a Counter, we are able to devote more of our financial resources directly to our ministry. You play a key role in the work we are all doing to spread the light of Christ, remembering how He Himself said, “I was in prison, and you visited me.” (Matthew 25:36)

This section of our Financial Policies and Practices manual covers the practices of our financial work. The Policies section gave an overview of the guiding principles we follow as Kairos volunteers; this section explains what we do. Financial volunteers at Kairos are responsible for donation management, expense management, banking, record keeping, budgeting and compliance.

Even if you are not directly responsible for each of these financial tasks, please familiarize yourself with the basic practices of each to help you see how your role contributes to the integrity and excellence of our ministry.

Recommended Qualifications for Financial Secretaries, KairosDonor Coordinators and Treasurers

The State Chapter Committee Operating Procedures (SCCOP) requires that each State Chapter Committee have a Financial Secretary and a Treasurer. The Advisory Council Operating Procedures (ACOP) requires that the Advisory Council have a KairosDonor Coordinator and a Treasurer. The duties and responsibilities of these positions are listed in the Appendix. The State Chapter Committee, led by the State Chair, is responsible to ensure that financials are completed in a timely and accurate fashion and according to the policies, practices and procedures of Kairos Prison Ministry in a monthly timeframe.

Volunteer roles in Kairos require willingness, commitment, dedication and a spiritual sense of calling. Positions of responsibility in the financial aspect of the ministry require additional skills and gifts.

Listed below are recommended characteristics for those holding volunteer positions in Kairos financial structure:

All of these roles require easy access to a computer and the Internet.

State Financial Secretary; a working knowledge of QuickBooks and Excel or ability to learn rapidly, good computer skills, KairosDonor knowledge and an accounting or business background with knowledge of IRS and GAAP rules. The financial secretary does not handle funds or deposits.

KairosDonor Coordinator for each Advisory Council; a working knowledge of the KairosDonor software or the ability to follow detailed instructions, a basic level of computer skills.

Treasurer, all levels—Computational skills, attention to detail and a basic level of computer skills is helpful. Easy access (electronic or physical access) to a branch of the bank that the Kairos component uses is also necessary to facilitate the deposits.

Back up persons for Financial Secretaries and Treasurers—Financial Secretaries or Treasurers may become incapacitated or may leave for extended travel. Therefore, it is strongly recommended that a backup person for State Financial Secretary and the State Treasurer should be selected and trained so that they are able to assume full or partial responsibility in case of emergencies. These are non-voting positions. One approved Assistant Treasurer for the State may be a signature for check writing purposes if the Treasurer authorizes that duty when they are away for extended times. An Assistant State Financial Secretary, as a non-voting position, is allowed for the State; however, this position does not provide direction or replace the role of the Financial Secretary and Treasurer for the state. They must follow the policies of the ministry. A job description is included. Contact International Headquarters for more information.

If anyone other than the elected Financial Secretary or Treasurer is serving in any financial capacity, they are to identify themselves to the Treasurer of the next highest organizational level. The Treasurer of that next highest organizational level is responsible for sending in this new name, in writing, to the Kairos National Controller and informing the State Chapter Committee.

No person will serve in more than one elected position within the Advisory Council and/or State Chapter Committee. A person cannot hold two financial positions across the ministry, including Treasurer, Financial Secretary, Assistants, or KairosDonor Coordinator.

No State Chapter Committee or Advisory Council positions are to be paid for services as these are volunteer positions. Exceptions must be approved in writing by the CEO and the Finance Committee of the Board of Directors.

Financial Segregation of Duties

When one individual has control over an entire accounting transaction, fraud is possible. To prevent most types of theft, it is required an organization segregate duties that relate to financial management. This also protects the individuals performing the duties by creating a checks and balance. No spouse or immediate family member may serve in financial roles at the same time. Immediate family includes husband, wife, son, son-in-law, daughter, daughter-in-law, father, father-in-law, mother, mother-in-law, brother, brother-in-law, sister, sister-in-law, grandparent, grandchild, aunt, uncle, cousin, niece or nephew.

At minimum, the following duties must be segregated to the appropriate job positions to prevent theft:

- Collecting cash
- Preparing bank deposit
- Reconciling bank statements
- Posting receipts to the general ledger/contribution system

Financial Practices

Two software programs are used in Kairos for accounting and contribution management.

- **KairosDonor.** This is **required to be used** at the Advisory Council level by the KairosDonor Coordinator. It must be installed on the computers used by KairosDonor Coordinators. KairosDonor tracks donations and provides receipts/statements for donations.
- **QuickBooks Enterprise.** This is used by State Financial Secretaries. It is a web-hosted accounting system, so it is not installed on any computer, but State Financial Secretaries will be given login information.

Both of these programs are introduced in this Practices section of the Financial Policies and Practices manual. Procedural resources are available online for these software tools at kairosdonor.com and mykairos.org.

1. Donation Management

The first task of financial volunteers at Kairos is to faithfully and accurately record donations and to properly acknowledge these donations to our donors. The IRS has very strict rules on handling donations and donor information. Donations received in December must be recorded in KairosDonor and QuickBooks with a December date. End of year statements MUST be sent to all donors by the end of January the next year.

1.a. KairosDonor and Tracking Donations

KairosDonor is our donor management software and when used properly ensures the IRS rules are fulfilled. This software is used at the Advisory Council level by KairosDonor Coordinators. It has been designed specifically for the needs of Kairos and is required to be used by every Advisory Council; other systems are not approved for use. The State Financial Secretary must use KairosDonor if they receive any type of donations that require issuing a tax receipt.

KairosDonor primary purpose is to provide an easy-to-use method of providing feedback to donors, acknowledging their continuing support to the ministry and meeting IRS reporting requirements for donations, along with tracking donor information and gifts.

The KairosDonor software has been designed so that anyone with basic administrative and computer skills can successfully perform the responsibilities defined in this document. The KairosDonor software provides simple donation tracking. The key functions are summarized below.

Please note: the KairosDonor software is designed to work in a Windows environment (i.e., on a PC rather than on a Mac and not Chromebook). If you own a Mac, you can consult your computer supplier for information on running Windows based programs on your computer.

KairosDonor Key Functions

1. Provides Receipt Logs

A standard Receipt Log to record donations received at Team Meetings and Fundraising events can be printed from the KairosDonor software or on MyKairos.org. These must be filled out at the time of receiving cash or kind gifts. Checks and cash may be collected during fundraising events, secured in a bank sealable bag or sealed envelope, and counted by two counters following the event. The receipt log will be filled out at that time. With proper copies of check the address does not have to be filled out for check gifts but does for all other gifts.

2. Allows You to Quickly and Easily Record Donations

All donations, online and checks/cash, (including gifts in kind donations described below) received at the Advisory Council level are to be recorded in the KairosDonor software. A database of donors is then built that includes their addresses and all donations received. These entries are to be made by the respective Advisory Council KairosDonor Coordinator, excluding Restricted Gifts.

Donor receipts must include merchant fees for processing website donations if the donor chooses to cover the fee. Ensure the entire amount is entered as a donation in KairosDonor.

People making a gift in kind donation will be requested to submit documentation of their expenses to the appropriate State Financial Secretary or Advisory Council KairosDonor Coordinator so that an accurate accounting of all costs associated with the ministry can be maintained. For non-cash donations where the assigned value may exceed $250, consult with the Kairos International Office to determine the IRS reporting requirements prior to acknowledging the gift. Submission of documentation of gifts in kind is required for any gift amount.

Gifts in kind are not to be used to circumvent the 15% affiliation contribution and if abuse is found, the 15% will be assessed.

3. Helps to Nurture and Encourage the Donor Base - Fundraising

The KairosDonor software enables the Advisory Council to nurture and communicate with its donor database. This helps encourage ongoing and growing support of the Advisory Council's ministry. KairosDonor includes a variety of letters that can be selected and modified for the Advisory Council's use. These letters incorporate an automatic merging of the donor information and the KairosDonor software can generate a matching set of mailing labels.

The donor relationship management tools in the KairosDonor software include a pre-weekend letter and a post-weekend letter. The pre-weekend letter, which is essentially a fundraising solicitation, is to be sent to all donors in the database 6-8 weeks prior to the start of the Weekend. This letter is personalized for the particular Weekend and will include the name and address of the intended recipients.

The post-weekend letter provides feedback to all donors in the database and is to be sent within 3 weeks after the completion of the Weekend. This letter serves as a "Thank You" to those who donated for the Weekend and a follow up communication to those who did not donate. This letter includes one or two highlights from the Weekend and will include the name and address of the recipients.

This process conveys an appreciation for any gifts and encourages a continuing desire to provide financial support for the ministry.

Kairos does not use tuitions, membership fees, team fees, or dues in order to attend or participate. No Advisory Council or team should collect team fees or give an amount each person must give to cover the costs. Kairos focus is on the Advisory Council and team fundraising and inviting new people in to support Kairos with prayers and funding.

4. Enables You to Prepare the Required IRS Charitable Contribution Acknowledgement Letter

It is best practice to send a thank you letter with each gift. The KairosDonor software produces the IRS Acknowledgement Letter that provides the donor with documentation for their charitable contributions, including gift in kind donations. **These letters must be sent by the Advisory Council KairosDonor Coordinator no later than January 31st of the following year.** The letter generated by KairosDonor software contains a listing of the donor's donations and includes the statement "Kairos Prison Ministry International Inc. is a 501(c)(3) non-profit organization and we acknowledge your charitable contributions listed below which were given to the ministry with no benefit, supplies or assets of any kind received in return (other than the eternal satisfaction of enabling work in the name of Christ Jesus)."

Note: if a church, business, corporation or foundation gives a gift, the donor is the entity giving and not an individual name at that location. The receipt must be in the name of the entity giving the donation.

5. Helps You to Manage Advisory Council Income and Donations

The KairosDonor software is programmed to recognize the financial organizational structure of each State Chapter Committee. The functions of KairosDonor include recording donations and recording the depositing of receipts into the State Chapter bank account.

6. Creates QuickBooks Transactions for the State Chapter Financial Secretary

The State Financial Secretaries are required to use the QuickBooks Enterprise software as the standard tool for recording financial transactions at their level of responsibility. The KairosDonor software has a routine that generates a QuickBooks Out File that contains transactions as iff format and accompanying report. This file **must be** transmitted to the State Financial Secretary for reconciliation of income in QuickBooks. The files may be sent in one of two ways – through Dropbox, or as an attachment to an email. Use of Dropbox requires that the Controller in the Kairos office coordinates with the State Financial Secretary and the Advisory Council KairosDonor Coordinators to create a Dropbox account. The State Financial Secretary shares a particular folder with the Advisory Council KairosDonor Coordinators to post required documentation and donor reports for control and audit purposes. Specific instructions are available by calling the International Office.

7. Additional Information about the KairosDonor Software

Additional information about KairosDonor is available on the www.kairosdonorsupport.com website. This information includes:

- The latest Service Pack Update
- How to obtain support for KairosDonor, including training support
- How to obtain a replacement copy of KairosDonor
- Tutorials on a variety of subjects
- Frequently Asked Questions (FAQ)

1.b. Temporary Restricted Funds

Best practice is all temporary restricted funds will be held at the International Office for use by the specific designated use. State Chapter Committees, with the proper written authorization, may carry temporary restricted funds on their accounts. The following guidelines must be observed:

1. State Chapter Committees seeking authorization for new temporary restricted funds must obtain written approval in advance from the Kairos CEO.

2. Only State Chapters and the International Office may have temporary restricted accounts. No Advisory Council may have temporary restricted accounts. There is no exception to this rule.
3. All temporary restricted accounts are required to be fully documented in writing. To ensure proper use of funds, the documentation must include, at a minimum:
    a. The date a donation was received
    b. The name of the donor
    c. The purpose of the restricted fund
    d. The date funds were used
    e. How funds were spent and how the expenditure relates to the restricted use
    f. The recipient of the funds
4. All temporary restricted accounts will be subject to audit and International Office review. If the audit or management review shows the temporary restricted account is out of compliance, the Kairos CEO reserves the right to have those temporary restricted funds and any other funds under the control of that State transferred to International Office control. Funds managed by the International Office shall be transferred to the State Chapter as needed to be expended for proper use.
5. State Chapter Committees, Advisory Councils or individuals will not solicit funds that are restricted in nature. The States will continue to operate primarily for the purpose of providing ministry programs through their Advisory Councils and should rarely, if ever, encounter temporary restricted accounts.
6. The most common use of temporary restricted funds will be for the creation of a new Advisory Councils. In some cases, they are funds that are not able to be designated to an existing Advisory Council or its program due to the nature of the gift.
7. No temporary restricted accounts will be managed in KairosDonor.
8. All documentation (including scanned original documents, when possible) that pertains to temporary restricted accounts will be sent to the State Chair and the CEO for review prior to approval for receiving.

1.c. Gift and Donation Acceptance

All designated gifts must be reviewed prior to acceptance per 1.b. above. Single donations (or cumulative gifts in a single year from one person/source) greater than $10,000 at the Advisory Council level must be reported, while single donations (or cumulative gifts in a single year from one person/source) greater than $40,000 at the State Chapter level must be reported to the International Office. Large gifts of this nature may be held or invested by Kairos Prison Ministry International for the use of the entity (State Chapter or Advisory Council) that received the original gift as designated or not designated and will be released to the State Chapter upon request as needed to conduct Kairos ministry.

All bequests, estates, trusts, endowments, or other planned giving gifts of any size must be reported to the International office upon receipt of information or knowledge. The documentation or paperwork from the provider/administrator must be included for proper reporting and handling of these gifts. Determinations of where funds are held will be

determined by the size of the gift and if any restrictions or stipulations are associated with the gift by the giver.

Most estates, trusts, endowments or other complex planned giving gifts will be managed by the Kairos Prison Ministry International. The funds, if designated, will be handled accordingly and available to the states, programs or Kairos entities as designated and as needed. The funds, if not designated, will be for the good of Kairos Prison Ministry and could be available for any use location across the ministry.

Any property, asset or planned gift that is offered to Kairos can only be handled by the International office. Kairos will follow the Gift Acceptance Policy for gifts and donations.
All inquiries to establish a planned gift (wills, trusts, annuities, endowments, IRAs, etc.) must be forwarded to the CEO for handling properly and by the IRS rules. Wording to address the desires of the donor will be suggested based on the donor's intent.

Web-based donations are available at each State level. Venmo donations are allowed but only through the Kairos approved website systems and as long as not individual to individual. All others digital pay systems are not approved.

Food stamps are not donations and cannot be used for Kairos purposes. Note the person with the food stamps is violating the law to use them for purposes outside their individual use.

Kairos requires protection of donor information and does not allow publication of donor's names and personal information. For company, foundation, or other special donations that it is desired to publish, the International Office must receive a written request and must approve in writing before any use may be done. Only officers at the State Chapter Committee and Advisory Council can see donation information and only the financial persons can enter donation information into appropriate systems.

Note: We do not return donations even if Weekends did not occur. The funds are used for the next available Weekends or similar events.
Note: Donations made to States or Advisory Councils through means that have a merchant fee (website, facebook, etc.) will receive the net amount of the donation.

2. Expense Management

Both Financial Accountability standards and IRS regulations stipulate that in order for an expense to be tax-deductible, it must be both ordinary and necessary. An ordinary expense is one that is common and accepted in types of ministries similar to ours. A necessary expense is one that is helpful and appropriate for our work. An expense does not have to be indispensable to be considered necessary.

Listed in this section are the most common expenses associated with the State Chapter and Advisory Council levels of Kairos Prison Ministry's work.

If there is disagreement on what constitutes a legitimate expense, the disagreement will be resolved by the International office.

No entity will approve an expense that exceeds the current funds available to that organizational level. A possible exception is approved budgeted expenses where the income has yet to be raised, but where there is good assurance the income will be raised. Written permission for this exception must be obtained from the State Chapter Committee or International Office, whichever is the next higher organizational level.

If reimbursement is for the Financial Secretary or Treasurer or immediate family (per bylaws definition), the State Chair must approve the expense.

2.a. Chart of Accounts

Kairos has a ministry wide Standard Chart of Accounts that provides a means for recording income and expenses for every entity in our ministry. Because it is a comprehensive Chart of Accounts, every expense incurred at every level will fit within it. There will be accounts listed that may not pertain to your situation. A Chart of Accounts Glossary is available on mykairos.org.

2.b. Interministry Payment Request Form

State Chapter Committees are required to send funds for certain expenses (such as audit contributions, affiliation contributions and program materials) to the International Office via the QuickBooks Payment System (electronic funds transfer system).
When the International Office sends an Interministry Payment Request Form, a link to QuickBooks Payment System will be included with the request. Click the link and follow the prompts to make the Interministry payment. Always confirm that the email and bank account information is correct. The State Treasurer must pay the interministry invoice from Kairos.

Payments are to be remitted by the date indicated on the Interministry Payment Request Form. The International Office reserves the right to charge a late fee if funds are consistently delinquent.

2.c. Calculating Audit Contributions

The audit participation cost is proportionally allocated to State Chapters. It equals the number of audited units in the State Chapter multiplied by the unit cost.

The unit cost is calculated by dividing the total cost for the annual audit by the number of units or entities to be audited. Each State Chapter and Advisory Council is considered a unit for this

purpose. The State Chair is responsible for providing an accurate report of all Advisory Councils within the State Chapter to the International Office on a regular basis; this includes all on-going, suspended, deleted, or new ministry activities.

An Interministry Payment Request Form for audit participation will be generated by the International Office on an annual basis and will be due 15 days after the reference date on the Interministry Payment Request Form. Payments are to be made through the QuickBooks Payment System on the Interministry Payment Request Form.

2.d. Calculating Affiliation Contributions

An Interministry Payment Request Form for affiliation contributions will be generated by the International Office and sent to the State Chapter Committee after the State's monthly financials are reviewed. The contribution amount that is sent for the work of the International Office is 15% of the gross revenue (as defined in Financial Policies section 5) of the previous month. A spreadsheet, breaking down the contribution by Advisory Council, is also provided with the Interministry Payment Request Form. The payment is due 15 days after the reference date on the Interministry Payment Request Form. Payment is to be made through QuickBooks Payment System.

2.e. State Chapter Committee Affiliation Contributions

A State Chapter Committee may elect to require affiliation contributions for its expenses from the Advisory Councils. These are allocated by the State Chapter Committee to its Advisory Councils and cannot exceed 10%. Only the State Chapter pays the International Office for the affiliation contributions based on the amount billed to them.

2.f. Methods for Incurring Ministry Expenses

- All advances must be reconciled within 30 days of the end of a Weekend. Receipts and requests for reimbursement are due 30 days after a Weekend or other event.
- State Financial Secretaries will intervene if Advisory Council reimbursements are not reconciled within 30 days after the Weekend or other event. The State Financial Secretary will document the issue.
- Kairos International Office must be notified of any advances that remain open after 60 days with a plan for reconciliation of the amount by the State Financial Secretary and Treasurer.

Expenses of the ministry programs will normally be paid using the following methods *in order of preference*:

1. **Cash advance from the appropriate Treasurer to the Weekend Leader, the Support Team Coordinator and/or other Core Team members making purchases to support the ministry.** Future cash advances to the same organizational element will be denied until all open cash advances are properly accounted for. The check request form with itemized and specific documentation must be submitted within 30 days after completion of the event for which the cash advance was given. See the Cash Advance Request Form and Check Request Form (available on mykairos.org). An optional Cash Advance tracking worksheet is available. It is recommended new volunteers are not asked to handle large cash advances.
2. **Personal credit card or check with reimbursement.** Reimbursement will be made only when such itemized requests are submitted on the Check Request Form (available on mykairos.org).
3. **Accounts established with local vendors.** Copies of itemized vendor invoices will be submitted within 30 days after completion of the event for which the purchase was made. Approval for these accounts must be obtained, before they are used, by the Treasurer of the next highest organizational level. The state must write the check to the vendor, such as hotel bill that is direct billed.
4. **Cash or gift card from local vendors for amounts commensurate with the expected purchase amount.** Itemized documentation must be submitted within 30 days after completion of the event for which the cash or gift card was issued. Note: Gift Cards must be reported as a donation in the financial systems (KairosDonor and QuickBooks). In QuickBooks, Gift Cards must be recorded as an advance with the same documentation as Cash Advance Reconciliation.
5. **Prepaid bank debit card with a limit commensurate with the expected purchase amount.** Itemized documentation must be submitted within 30 days after completion of the event for which the debit card was issued. This is not a preferred method and not recommended for future use. This approach must be approved by the CEO.

Advances must be made in smaller amounts and very close to the time of purchase. Large one-time advances months ahead of need must be avoided. The person using the funds must be the recipient. An optional Cash Advance Worksheet is provided (mykairos.org) to help manage advance expenses. This allows the user to itemize expenses by category for each itemized receipt. Note: The itemized receipt is still necessary to be submitted. The worksheet allows for the user to easily track the use of the advance and ensure compliance.

2.g. How to Properly Document Ministry Expenses

In a non-profit ministry like Kairos, for expenses to be allowed as deductions, evidence must show that the money was spent for a legitimate ministry reason. Documentary evidence that can be confirmed by a third party generally meets that provision. To the IRS, third-party verification is important; an itemized receipt is required to substantiate the transaction.

To follow IRS requirements, note the following five "Ws" on the receipt:

- Why (business purpose)
- What (description, including itemized accounting of cost)
- When (date)
- Where (location)
- Who (names of those for whom the expense was incurred)

Expense reimbursements must be requested within 30 days of the date the expense was incurred. Expenses must also be within the year incurred and reported within 30 days of the end of the year. If expenses are not turned in timely following any event, the next event could be postponed due to improper reporting. Mileage reimbursement must be documented on an expense report with proof of mileage illustrated by electronic map showing the to and from locations and mileage. Google maps, MapQuest, or similar maps services are acceptable.

It is required to document the expenses as Program, Fundraising/Recruitment, or Administrative. (See Proper Categorization of Expenses below) Program (Weekend or Post Weekend, or training) are the expenses to conduct the ministry itself. Fundraising is all costs associated with any activity to raise funds or to recruit volunteers. Administration costs for the field general are administration costs that are not for the program or fundraising. The check request form has these categories listed. In addition, the Chart of Accounts on KairosDonor and in QuickBooks Enterprise lists these categories. These categories are required as a non-profit ministry.

Proper Categorization of Expenses:

ADMINISTRATIVE:

Management and general expenses are considered administrative. They are not identifiable with a specific program or fundraising activity but are normally indispensable to the organization's continued existence.

- Examples of activities which must be reported as administrative expenses, include:
  - Office management (contract negotiation of office equipment)
  - General Board, committee, and staff meetings
  - Executive direction and corporate planning
  - Business management (e.g., determining the need for and helping to establish new local chapters of the national organization)
  - Managing the organization's investments
  - Corporate legal services
  - Personnel administration including procurement, except volunteers
  - Reception, mail distribution, filing and other general office activities
  - General accounting, auditing, budgeting and financial reporting
  - Bank charges

FUNDRAISING/RECRUITMENT:

Fundraising activities involve encouraging current and potential donors to contribute money, securities, materials, facilities, other assets, services or time to the organization. Any activities that are undertaken with the anticipation of receiving contributions are considered fund-raising activities even if the activities do not explicitly ask for contributions. For example, an organization or individual making support needs or investment opportunities known is engaging in fundraising activities. The financial statements must disclose total fundraising expenses.

- These costs can include:
  - Printing and postage
  - Direct mail appeal expenses
  - Personal visitation to potential donors of time and/or funds
  - Recruitment costs for volunteers
  - Promotional Items for recruitment / fundraising purposes/events

PROGRAM:

Program services are the activities that result in goods and services being distributed to beneficiaries, customers or members that fulfill the purposes or mission for which the organization exists. Those services are the major purpose for and the major output of the organization.

- Expenses that must be recorded here are:
  - AKT Training Expenses
  - Weekend Promotional Materials (including program materials)
  - Weekend Expenses (lodging, food, agape, etc.)
  - Post Weekend Expenses (reunion, mentoring, Prayer & Share, etc.)

Due to our normal separation of roles in Advisory Councils and teams, we have check request forms for program, fundraising/recruitment, and administration. In all cases the purpose of the expense must be listed to help the State Financial Secretary to properly record the expense.

2.h. Reimbursable and Non-Reimbursable Expenses

Reimbursable expenses are those which are considered necessary for Kairos to present its programs, as described in the program manuals, to raise funds and recruit volunteers and to sustain and grow the ministry. These expenses will be borne by or allocated to the organizational element incurring them. All reimbursable expenses must be for the purpose of Kairos Prison Ministry as a registered 501(C)(3) and cannot be for individual or others purpose.

Reimbursement may be made to any member of Kairos for the following reasonable expenses:

1. Supplies such as paper, marking pens or printer ink cartridges.
2. All supplies incidental to Kairos programs such as cleaning supplies, poster board, table decorations, note paper, folders, photographs, pencils, index cards, masking tape or envelopes. Note: Crosses and other program supplies must be purchased through the Kairos office.
3. Postage and post office box rental.
4. Printing and copying charges.
5. Long distance telephone charges.
6. All reasonable food items needed for Kairos programs, including cookie dough for commercial kitchen baking.
7. Facility costs.
8. Hotel costs for team during Weekends when necessary.
9. Mileage for pulling the Kairos trailer is allowed at no more than $0.30 per mile. (See note)
10. Mileage to pick up Kairos Outside guest may be reimbursed at no more than $0.30 per mile. (See note) Other transportation for Kairos Outside Guests per program manual (pg75)
11. Mileage for one Kairos Outside person to attend closings at Kairos Inside or Kairos Torch to share about Kairos Outside may be allowed for mileage at no more than $0.30/mile. (See note)
12. Mileage for State Chair or other State Executive Team to travel to distant locations within their state for Kairos business may be reimbursed at no more than $0.30/mile (see note)
13. Advanced training registration fees and associated travel expenses (mileage at no more than $0.30/mile (see note)) for approved Weekend Leaders or Observing Leaders. No personal checks for Advanced Kairos Training are allowed and the normal state booking process is required.
14. Registration fees and travel expense for State Chapter Representatives, including International Council members, may be paid by the State Chapter Committee to the Annual Conference. (Mileage at no more than $0.30/mile (see note)) When registration/travel expenses are paid directly by the State Chapter account they are not reimbursed to the individual. The International Office will bill the state for approved Annual Conference attendees. Spouses attending the Annual Conference must be an active volunteer to be eligible for cost coverage for registration fees, travel, and any other related expense by the State/Advisory Council. If not, the spouse is responsible for all such costs.
15. Two laptop computers (**Windows only**, <u>not</u> a Mac or Chromebook) per Advisory Council, if preapproved by the State Chapter Committee, may be purchased using Kairos funds, provided the cost is $600 or less. The computer is used for Kairos business only, remains in

the control of the Advisory Council, is passed to future leaders for use and may not be retained by an individual. No more than 2 non-Mac laptop computers can be owned by each Advisory Council at one time. A property loan agreement must be used for Kairos owned computers, printers and/or projectors.

16. For Kairos Outside only. One no-contract prepaid mobile phone per Advisory Council, if preapproved by the State Chapter Committee, may be purchased and used to provide a phone number for the team and a way for the Observing Leader 1 to talk to potential guests without using a personal phone number. This phone may not be used for personal use. The phone must remain in the control of the Advisory Council and passed to the appropriate person. This phone can be used for calls only; data charges are not authorized. The maximum reimbursement cannot exceed $500 annually including the cost of the phone and the prepaid minutes.
17. Any extraordinary expense pre-approved by the State Chapter Committee, provided falls within the guidelines of this document.

*__Note:__ Current law allows nonprofits to reimburse volunteers, on a nontaxable basis only, up to the charitable mileage rate of 14 cents per mile. Alternatively, volunteers are permitted to deduct their "out of pocket" expenses incurred in providing donated services – when those expenses are not reimbursed. Documentation of mileage is required by the IRS. If annual mileage reimbursement reaches $600.00 then a 1099 must be submitted by Kairos for that volunteer.

Reimbursement will NOT be made for the following expenses:

1. Transportation, including gasoline or mileage, for Kairos team meetings, Weekend and Post Weekend activities.
2. No per diem allowed.
3. Cookie ingredients baked by individuals or volunteers.
4. Stationery and cost associated with personal agape letters.
5. Medical tests (e.g., TB tests, COVID tests) or medical expenses.
6. Basic telephone, cell phone or internet charges.
7. Medical expenses from injury or illness associated with a Kairos event.
8. Childcare services for a team member.
9. Insurance for volunteers or vehicles used for volunteer work. (Does not include insurance related to the Kairos trailers being covered.)
10. The value of "donated" labor by an individual or organization.
11. Personal property damaged or personal injury while at the Correctional Facility, meetings or other Kairos events.
12. Musical instruments.
13. No volunteer position may receive compensation for their services or home use including but not limited to Financial Secretary and Treasurer.
14. High meal or dessert costs, or high hotel costs when other options are available.
15. No State, Advisory Council or individual may purchase a Kairos domain or host a website on behalf of Kairos. All hosting and domains owed and paid through the Kairos International Office.

Special Notes:

a. A person's food stamps may not be used to purchase goods for Kairos.
b. GIK cannot be used for any travel expenses or Conference Registrations.
c. No payment for speakers, consultants or graduates of the program will occur using Kairos funds at the local or state level without approval by the International Office.
d. Kairos Inside or Kairos Torch persons with family inside the facility being served cannot receive cash advances or funds from Kairos.
e. Items such as gifts/recognition to volunteers or guests, mileage reimbursements and other are taxable items for the person and 1099's will be issued as per law.

Note: In the event of a theft of any kind and any trailer incident, the State Financial Secretary and State Chair must be notified immediately. Thereafter the office must be informed also by the State Financial Secretary or State Chair. Decisions on how to address these will be made on a case-by-case basis.

2.i. How to Request Reimbursement for Expenses

Regardless of the method used to incur them, **all expenses must be processed using the Check Request Form (available on mykairos.org)** with proper itemized documentation attached and per category of use – program, administration, or fundraising. This must occur no later than 30 days after the completion of the event. Advance amounts or reimbursements cannot be rounded up or down but must match the itemized documentation.

All advances must be processed using the Check Request Form (available on mykairos.org) with appropriate itemized documentation to support the expenditures. This must occur no later than 30 days after the completion of the event.

Advances for future events must be denied until all open advances are cleared. Under extenuating circumstances, the State Financial Secretary may accept a late submission, however the State Financial Secretary is responsible for proper accrual accounting practices.

Properly submitted expense forms are to be paid within 30 days of submission by the Financial Secretaries and Treasurers. Without proper documentation of itemized expenses, reimbursement will not occur, and funds may be required to be reimbursed to Kairos by the individual.

2.j. Credit Cards and Bank Cards

Use of credit cards or other banking cards or ATM cards for withdrawals or deposits is strictly prohibited unless specific, written approval is given by the Kairos CEO before the card is issued. Direct billing from vendors may be allowed, please consult International Office prior to setting up account.

3. Ordering Ministry Supplies, EZRA, KairosDonor and AKT and ACT Training from the International Office

Ministry-specific program materials including crosses, AKT and ACT must be procured through the Kairos International Office and not acquired locally or through other sources. The ministry provides branded and procedural materials as needed for the ministry to implement its various programs. The ministry does not provide these materials to individuals, but only to approved Kairos ministry units. Hard copy or electronic copies of the Kairos Program materials are not permitted.

Bibles may be purchased through Kairos or other sources but if not ordered from Kairos there must be an approved version per the appropriate program manual.

To order program materials, contact the International Office by phone (407-629-4948) or email (order@kpmi.org). The International Office will contact the appropriate Financial Secretary for approval. You can also find the order form online at mykairos.org. Go to "Supply Ordering" to find the order form, which also lists the phone and email contact information.

Costs for the items available from the International Office, including training and materials, are borne by organizational entities using them and are paid for via Interministry Payment Request Form, as outlined in the Practices section 2.b. Individual payments will not be accepted. If an individual or entity chooses to donate funds for program materials, these are treated as a donation (contribution) in the bookkeeping.

EZRA, KairosDonor and AKT/ACT training are likewise ordered through the International Office by phone or email. You can find order forms online at mykairos.org. All appropriate costs will be charged.

4. Kairos Torch Screening Fees

Any potential Torch volunteers must have a background screening because they will be working with youth. Kairos contracts with a company to provide background screenings for all volunteers. Volunteers are responsible for the screening fee of $25, payable to the International Office. Some State Chapter Committees have elected to pay the fees on behalf of their Torch volunteers. The International Office will send a statement monthly to the state which provides notice if any fees remain unpaid.

5. Banking

The State Chair is responsible for helping ensure an appropriate bank is selected. Wells Fargo is the preferred Kairos bank and offers full service and remote access through scanning. The choice of bank must be approved per the form provided. Upon transition to a consolidated banking system, use of a different bank requires written permission from the International Office.

All bank accounts must be reported in the financials for Kairos, under the Kairos name and use the EIN number for Kairos Prison Ministry International, Inc. No other bank accounts or personal accounts may be established to handle Kairos funds as that is considered an illegal practice by law. Avoidance of fraud or improper financial practices is required at all times as we handle the ministry funds.

Electronic access to the bank accounts is recommended. The National Controller must also have access to view the account. The CEO must be an authorized signature on all accounts.

5.a. Writing Checks

The Treasurer is responsible for paying the bills to all entities and ensuring a separation of duty from the Financial Secretary. The exception is for interministry payments that are made electronically from one Kairos entity to another using the QuickBooks Payment System (electronic funds transfer system). For these internal payments within Kairos, the Financial Secretary or Treasurer shall be allowed to authorize these payments. This is only for payments within Kairos as one entity. The Treasurer must be informed of the amount and payment if QuickBooks Payment Systems is used by the Financial Secretary.

Unless the bank provides easily accessed copies of checks written with signatures and redacted information, it is recommended the treasurer retains a hard copy of each check written. The auditors do require and review checks to ensure an authorized person has signed the checks on behalf of Kairos.

Blank check stock must be handled as if it is cash and readily usable; thus, safeguarded carefully by the Treasurer. The Financial Secretaries may not print onto blank check stock. If blank check stock is used by the state, the Financial Secretary can save the check as a PDF and email the PDF to the Treasurer who can print the check onto blank check stock and sign it as an authorized signature.

The Treasurer can write checks based on invoices and approved expenditures up to $10,000 when properly coordinated with the Financial Secretary. Any check over $10,000 must be approved in writing by the State Chair (or State Vice Chair if the State Chair is unavailable). Any check over $20,000 must be approved in writing by the CEO or National Controller. The Treasurer must never write a check as a donation to any individual or non-Kairos entity. The Treasurer must ensure adequate funds are in the checking account prior to writing a check.

5.b. Deposits

The Treasurer is responsible for depositing funds. All cash (including passing the hat collections), checks or other monies must be 100% deposited in the Kairos account. For no purpose may the monies be held and used to pay for supplies without being reported as income and expenses

within the Kairos financial system. Otherwise, this is viewed as theft of Kairos funds and misreporting of income and expenses, thereby requiring appropriate actions to be taken. Copies of checks deposited must be retained for audit purposes and assurance of IRS compliance. For security purposes, the routing and bank account numbers on the checks can be blacked out (redacted) after depositing. The checks may also be locked up for security.
If using Well Fargo bank, the International Office can provide deposit only atm cards, which do not require a written deposit slip. This is only allowed through the office and with Wells Fargo banking. All deposits require a receipt.

5.c. Signatures on Bank Accounts

The State Treasurer, State Chair and the CEO must be signatures on all bank accounts. The CEO is the only official signature of the Ministry legally and is on each bank account only for emergency purposes as an officer of the organization who can change signature authority or handle extreme situations. The local Treasurer who is responsible for writing the check must be the primary signature.

Under no circumstances may there only be one signature on a Kairos banking account.

5.d. No Personal Bank Accounts to Be Used as Kairos Bank Accounts

No person can use their own or a non-Kairos banking account to hold funds for Kairos in any manner or for any reason. This is to protect the ministry and also the volunteers.

5.e. Gifts to Individuals or Other Non-Kairos Entities

Blessings within Kairos to other Kairos entities are welcome. For example: blessings to the International Office, blessings to help start new state, blessings to the International Office for international countries. These are within the Kairos ministry and for the purpose of the ministry.

No gifts from Kairos funds may be given to an individual, church, correctional facility, other ministry or any entity outside of Kairos for any purpose. This includes cash, love offerings, checks or purchasing items for them. Funds raised for Kairos must be used for Kairos.

The **ONLY** special cases where gifts from Kairos funds using only Kairos check for the gift (no reimbursements to individuals) may be used are:

- A church donates space for meetings on a regular basis for the Kairos local or Kairos State use. If there is no charge for use from the church, the State Chapter Committee may approve providing a cumulative per year thank you gift to the church (not the pastor or any individual). <u>The maximum annual gift cannot exceed $1000.00.</u>
    - Gifts to churches must be from Kairos. Volunteers cannot use advance funds or ask for reimbursement for a donation made. Request must be a check request payable to the church.

- A chaplains' fund is established for the State or local purposes, the State Chapter Committee may approve providing a one-time per year thank you gift to the chaplains' fund for use by the group. No individual chaplain may receive funds. The maximum annual gift cannot exceed $500.00.
- Basic packages: Packages may be sent not more than two (2) times per year to a facility where Kairos is currently operating. Each package cannot exceed $15 in cost per package. The Advisory Council must fully raise all funds for acquisition and delivery of the health care packages. The Institution must pre-approve all items, the number of packages needed, and delivery.
    - A basic health care package (toothbrush, toothpaste, lotion, soap, socks, and similar products) with no more than one 'treat' type item (cookies, candy, lifesavers or similar type items) may be provided to Kairos graduates and/or non-Kairos participants in a Correctional Facility/Youth Facility currently served by a Kairos Advisory Council.
    - Homemade or purchased cookies may be the package.
    - Meals may be provided as special meals if each meal is not greater than $15 per person. This is not referencing food during the program events.
- Other needs or additional amounts for churches if preapproved in writing by the CEO.

If there is a special project for the correctional facility to raise funds, the State Chapter Committee can present this to the CEO for discussion and appropriate approach if viable.

5.f. Monthly Reconciliation

The Financial Secretary of each level must reconcile the books monthly. The State Financial Secretary is required to ensure all entries are made accurately and properly, provide bank statements and details of all expenses, checks, advances and reconcile the books to the bank statements on a monthly basis. All books must be reconciled within 20 days of the close of the previous month and the National Controller notified of completion.

Delays in reports and reconciliation create delays for the entire ministry of Kairos in closing the financial books and properly reporting. Habitual delays are subject to fines or suspension of operations until proper financial reporting occurs.

Paperwork required to be provided to the Financial Secretary as they occur and at minimum on a monthly basis:

1. Disbursements (Checks, Bill Payments, etc.)
    a. Cash Disbursement Voucher – completed by both Financial Secretary and Treasurer
    b. Redacted copy of signed check (or print out from online e-check payment)

    c. Appropriate Form
        i. Check Request Form (Program, Fundraising/Recruitment, or Administration) form with approval (ink or digital signature)
        ii. Request for Cash Advance form with proper approval (ink or digital signature)
    d. Receipts and or Vendor invoices for remittance
2. Cash Receipts (Deposits)
    a. Receipt Log (signed by two counters)
    b. KairosDonor printout
        i. Donor deposit list, and
        ii. Monthly KairosDonor export (.iif or PDF)
    c. Redacted copy of deposit slip as appropriate
    d. Deposit receipt from the bank for all deposits including Wells Fargo deposit card (regardless if the bank requires the deposit slip)
    e. Redacted copies of the signed checks
3. Cash Receipts (Online Giving)
    a. Merchant's transaction report (listing donors, dates of donation, and amount)
    b. KairosDonor printout
        i. Donor deposit list, and
        ii. Monthly KairosDonor export for reconciliation to the. iif or PDF
4. Advances (must be cleared within 30 days)
    a. Part I
        i. Request for Cash Advance Form (ink or digital signature)
        ii. Redacted copy of the signed check given to recipient of the advance
    b. Part II
        i. Cash Advance Clearing Worksheet (optional)
        ii. Check Request Form complete with summary of expenses with approval (ink or digital signature)
        iii. Itemized receipts/bills/invoices
    c. Part III
        i. If spending MORE than the Advance
            1. Cash Disbursement Voucher (to reimburse for overspending)
            2. Redacted copy of the signed check for reimbursement
        ii. If spending LESS than the Advance
            1. Receipt log, bank receipt, bank deposit slip
            2. Redacted copy of deposited check

Note: All cash income and donations must be deposited into the bank and accounted for in full. Use of petty cash or using cash for expenses without reporting into the income is misrepresentation of income and expenses and is improper accounting.

5.g. Digital and Online Banking

All Kairos banking accounts may be viewable or used as online systems as allowed by the bank itself. View only access is needed by the National Controller and at the State Treasurer and Financial Secretary level in all cases for reconciliation of the financial books monthly. Only those with signature authority on the account may have online banking authority.

5.h. Merchant Accounts

A merchant account is a bank account allowing the processing of credit cards. The main use of this is for web/electronic giving. Approved merchant accounts and processes will be provided to the States for electronic giving methods via websites. The only approved merchant account for websites is Give Butter. For other considerations contact the International Office. All merchant accounts must be reported to the International Office as the laws protecting credit card information and electronic funds for donations are extremely rigid.

6. Procedures and Tools

For procedures or help feel free to call the International Office to ask for clarification, support, or help in handling the situation. The National Controller can train in QuickBooks Enterprise and address daily questions of use. The KairosDonor software has tutorials, and Kairos has a network of trainers to help with learning the system. This document has referenced several tools utilized by the financial volunteers of Kairos in the course of their work, including KairosDonor, QuickBooks Enterprise and QuickBooks Payment System. No list of financial practices will ever be exhaustive; so please ask if you have questions or need help.

This manual is divided into two sections: Policies and Practices. These documents must be taken as a whole; together they articulate the financial system of the ministry.

Addendums that go with the FPP and on the MyKairos.org

- **Request to Open or Change a Bank Account**
- **Cash Disbursement Voucher**
- **Receipt Log**
- **Kairos Check Request Form (note separate form for program, administration and fundraising/recruitment expenses/ Interministry expenses)**
- **Request for a Cash Advance Form**
- **Kairos Budget template**
- **Chart of Accounts**
- **Chart of Accounts Glossary**
- **Job Descriptions for various financial positions**
- **Optional Cash Advance Worksheet**

- **Property Loan Agreement**

Changes to Financial Policies and Practices

Clarifications have been added throughout the manual in various places throughout. Some of the major changes to call out include:

2026 Additions:

- Donations to churches from Kairos
- Website domain and hosting; Venmo gifts
- Removal of Model 2
- Donor information protected
- No using church PO boxes or addresses
- Deposit slips are not required in internal paperwork stored for backup and audit purposes.
- Clear language on not requiring tuition, membership fees or dues required to attend or participate. Focus on team fundraising.

2025 Additions:

- Policy 16. Clarified retention of records can be electronic; backup on Dropbox.
- Practice 2b. Added State Treasurer pays interministry invoices.

2024 Additions:

- Practice Financial Segregation of Duties clarified immediate family members.
- Practice 1. Donations added merchant fees so amounts will be net.
- Practice 5e. added meals to basic packages allowed.