BOARD POLICY
AUDITED FINANCIAL STATEMENT REQUIREMENTS

Section:	Finance		
Subject:	Audited Financial Statement Requirements		
Effective Date:	May 20, 2026	**Review Date:**	May 20, 2026
Approved: May 27, 2026			

AUTHORITY

Ordinance 77.109 (a) (18) – Kids Hope Alliance Powers
Kids Hope Alliance in developing, overseeing, implementing and managing the Essential Services Plan for Kids under this Chapter shall have the following powers to: Make and adopt bylaws, rules, regulations and policies for the Board's guidance, operation, and governance; however, the Board's bylaws, rules, regulations and policies shall not be inconsistent with this Chapter, Federal or State laws or other applicable City ordinances.

PURPOSE:

The Procurement Code under Chapter 126 does not require providers and agencies awarded contracts to submit audited financial statements. As such, the purpose of this policy is to create requirements for Providers and Small Providers funded by the Kids Hope Alliance to submit financial statements to determine their ongoing financial standing.

POLICY

I. Providers and Small Providers with cumulative annual payment amounts funded by Kids Hope Alliance less than $200,000 shall furnish the Kids Hope Alliance annual unaudited financial statements certified as to its accuracy by the Board Chair of the Provider or the Provider's or Small Providers' Form 990 filed with the IRS. The statements or Form 990 must be submitted within 90 days of the close of the Provider's or Small Provider's fiscal year.

II. Providers and Small Providers with cumulative annual payment amounts funded by Kids Hope Alliance from $200,000 to $1,000,000, shall furnish the Kids Hope Alliance a copy of an audit report in accordance with Generally Accepted Auditing Standards (GAAS) issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA). This report shall be due within 180 days of the close of the Provider's or Small Provider's fiscal year.

III. Providers and Small Providers with cumulative annual contract amounts funded by Kids Hope Alliance more than $1,000,000, shall furnish the Kids Hope Alliance a copy of an audit report conducted in accordance with both GAAS and Government Auditing Standards (GAS), issued by the Comptroller General of the United States, and if applicable the provisions of the Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations," of its financial affairs. This report shall be due within 180 days of the close of the Provider's or Small Provider's fiscal year.

KHA shall have the authority to waive the audit requirements related to Government Auditing Standards under any of the following conditions:

- If KHA recognizes that the cost of implementing such an audit requirement adds substantially to the total cost of the audit; or
- If KHA is the only entity that is requiring that the audit be conducted in accordance with Government Auditing Standards; or
- The recipient provides other requested information that in the opinion of KHA satisfies the Government Auditing Standards requirements; or
- If the recipient will no longer receive funding from KHA in a future year due to dissolution of its operation

Kids Hope Alliance Finance Committee will review any requests to waive the audit requirements and recommend appropriate action to the Board.

In the case that an audit in accordance with GAS standards is waived, the Provider shall submit an official financial statement, Form 1099, or audited financial statement per the timeline provided in the waiver.

PROCEDURE:

1. Submission of financial statements shall be a deliverable included in the contract requirements for Providers and Small Providers.

2. The Kids Hope Alliance (Finance Department) shall maintain a worksheet to track the due date for financial statements or audit reports to be submitted by Providers and Small Providers. The Finance Department will also provide quarterly reports to the KHA Finance Committee on the status of all providers' audits that were due in the preceding months.

3. When the financial statements or audit report is received, the Kids Hope Alliance Finance Director or designee shall review the financial statements or audit and the management letter

from the audit for financial viability and any evidence of internal control weakness.

4. If the financial statements or audit report has not been received by the required date, no payments will be made under any Kids Hope Alliance contracts until the audit report has been submitted.

5. A provider may request an extension of an audit submission deadline under the following conditions:
   - The request must be submitted no fewer than fourteen (14) calendar days prior to the required audit submission date.
   - The request must be submitted in writing to the Kids Hope Alliance Chief Executive Officer (CEO) or designee.

   Each extension request must include the following information:
   - The provider's legal name and contract number.
   - The original audit submission due date.
   - The specific length of extension requested, stated in number of days.
   - A detailed explanation of the reason(s) for the delay.
   - A description of steps the provider is taking to complete the audit.
   - A revised projected submission date.
   - Contact information for the individual responsible for coordinating the audit.
   - Any supporting documentation relevant to the request.

   The CEO has authority to approve extension requests of up to thirty (30) calendar days beyond the original due date. Any extension request exceeding thirty (30) calendar days must be approved by the Kids Hope Alliance Board before becoming effective. KHA will issue written notification of approval or denial of the request within a reasonable timeframe. Providers remain responsible for meeting all requirements unless and until an extension is formally granted.

6. If the financial statements, audit or management letter from the audit reveals evidence of financial instability or internal control weakness, the Finance Department will present the findings to the Kids Hope Alliance Finance Committee. Kids Hope Alliance Finance Committee will then review and recommend appropriate action to the Board.

Board Secretary's Signature: MF
(in the event the Board Secretary is not present, the Board Chair may sign, and authority shall pass down accordingly.)

Print Name and Title: Meredith Frick

Date: 5/27/26