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# **FISCAL POLICIES & PROCEDURES MANUAL**

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*Educational Divide Reform, Inc.*

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**DRAFT FISCAL POLICIES AND PROCEDURES MANUAL**

## **I. PURPOSE OF THE MANUAL**

This manual has been designed as a reference for staff and board of Educational Divide Reform, Inc (EDR). EDR was incorporated in 1998 in the state of Washington as a non-profit corporation. It is a 501(c)(3) according to Internal Revenue Service classifications.

The manual includes fiscal policies established by the board and Executive Director, and fiscal procedures designed to implement those policies and provide simple methods to manage the organization's business affairs.

The manual will be updated periodically to reflect changes and clarifications in policies and procedures. The Executive Director will establish appropriate procedures to be certain that copies of the manual in use are updated and outdated policies and procedures are removed.

## **II. FISCAL MANAGEMENT POLICIES**

### **A. Generally Accepted Accounting Principles (GAAP):**

Except when noted, EDR follows Generally Accepted Accounting Principles (GAAP) for nonprofit voluntary health and welfare organizations.

### **B. Accrual Accounting:**

EDR utilizes the accrual basis of accounting in which revenues are recorded in the period in which they are earned and expenses are recorded in the period in which they are incurred regardless of when cash is received or disbursed.

### **C. Temporarily Restricted Revenue:**

EDR records revenue when restricted funds are promised or received in advance of the provision of the services or incurring of expenses for which the funds are provided. Revenues are classified as Temporarily Restricted Revenues on the audited financial statements, which are presented in accordance with Financial Accounting Standards Board (FASB) 116 and 117.

### **D. Equipment, Furnishings, and Real Property:**

EDR records equipment with a useful life of more than 1 year and cost of more than \$1000 as an asset. Equipment with useful life under 1 year and/or cost of \$1000 or less is recorded as a supply expense.

Equipment purchased with restricted grant funding is coded to the expense account in the fund providing the money during the fiscal year, so that the purchase may be easily tracked for reporting to the funder. At fiscal year end, a journal entry is made which records the purchase as an asset in the equipment

account in the Unrestricted fund and credits it out of the equipment purchases account and debits it out of the fund balance account in the restricted fund.

Depreciation expense and an allowance for depreciation is recorded for all equipment, furnishings, and real property owned by EDR.

#### **E. Donated Materials, Equipment, and Services:**

EDR records in-kind gifts of equipment as in-kind contributions, a revenue account, and as equipment, an asset account. Donated equipment is recorded at the fair market value on the date of donation. Fair market value is the price at which the item would be sold by a willing buyer to a willing seller.

Donated material which does not meet the definition of equipment is not recorded as "in-kind supplies expense" and "in-kind contribution" in accordance with FASB 116. Volunteer time of professionals in their professional capacity is recorded as "in-kind revenue" and "in-kind expense." Other volunteer time is not recorded in accordance with FASB 116. There is no net effect of recording in-kind labor and its associated in-kind contribution income. The recording of in-kind contribution income for the value of donated equipment results in an increase in net income because the value of the donated equipment is recorded as an asset not as an expense.

#### **F. Inventory:**

EDR maintains a physical inventory of curriculum which includes written materials and videotapes. During the year, purchases of printing services, contracted writing services, videotaping services, etc. are coded to a purchases account in the Unrestricted fund. At year-end, a physical inventory count is taken, witnessed by the independent auditor, and a journal entry is made to back out purchases of inventory from the purchases account and adjust the inventory account to actual.

#### **G. Cost Allocation:**

EDR develops its cost allocations within its budgeting process, and uses these allocations as the basis of negotiations with funders.

EDR develops an annual written cost allocation plan to fairly allocate shared costs among the various functions performed by the organization. The written cost allocation plan is utilized as the basis of negotiation of costs with funding sources. The cost allocation plan is applied consistently to all programs. It may be revised during the year upon approval of the Executive Director.

#### **H. Restricted Funds:**

Grants and contracts from grantors who restrict the use of funds are recorded in separate funds during the year. The use of restricted gifts is linked to the purpose specified by the donor/grantor. A separate fund is established for each restricted funding source which utilizes line item budgets. Expenses which fulfill the restrictions of the donor/grantor are recorded in that donor/grantor's fund. Separate bank accounts are not required for each restricted funding source. Internal financial statements are presented using a fund accounting format; year-end audited financial statements are presented on a Net Assets basis, using Unrestricted, Temporarily Restricted, and Permanently Restricted classes of Net Assets in accordance with FASB 117.

### **I. Functional Expense:**

EDR utilizes distinct cost centers to record costs of its distinct program and management functions. Each cost center contains the specific expense account line items needed to record the specific expenses of performing its respective functions.

### **J. General Ledger:**

EDR maintains a complete double-entry General Ledger reflecting the complete chart of accounts and segregating costs by function and by restricted funding source requirements.

### **K. Budget:**

The Board of Directors adopts a comprehensive organization-wide budget for each fiscal year. The budget reflects all anticipated revenues from all sources and all anticipated expenses. Board adoption of the budget constitutes authorization for staff to incur budgeted expenses.

### **L. Financial Statements:**

The board receives a balance sheet and statement of support revenue, and expense for each quarter. The statements are presented to the board by the board Treasurer, who has reviewed them with the Fiscal Manager. The financial statements facilitate identification of restricted and unrestricted funds and comparison of actual revenues and expenses to budget.

### **M. Audit:**

The board selects an independent CPA to conduct an annual audit of all funds of EDR. The auditor is required to present the results of the audit to the board or a designated board committee. If the total revenue for a particular year is lower than \$200,000, the annual audit may be conducted by an internal independent

auditor designated by the board committee, in collaboration with the CPA who files the corporate tax return of EDR.

**N. Interest Bearing Accounts:**

EDR places funds in interest bearing accounts whenever practical and permissible by funding source agreements.

**O. Bonding:**

EDR's board committee determines to carry an Employee Dishonesty Bond insurance policy which covers the Executive Director and Fiscal Manager positions.

**P. Line of Credit/Borrowing:**

The Board of Directors approves the establishment of a line of credit with Santander Bank. The Executive Director and the Fiscal Manager are authorized to draw on the line of credit during times of short-term cash flow difficulties. The Executive Director and the Fiscal Manager may do so via a telephone draw down of cash into the EDR checking account. Currently, the line of credit has a \$20,000 limit.

**III. PURCHASES AND DISBURSEMENT PROCEDURES**

**A. Purchases:**

Authorization by a supervisor is required prior to all purchases. Standing authorization for routine expenditures such as utilities and copier maintenance is provided by board approval of the annual budget. Employees desiring to make purchases outside the standing authorization items should put the request in writing, describing the item briefly, its cost, and the project to which it is to be charged, and give the request to the Fiscal Manager. The Fiscal Manager codes the request to the appropriate fund and cost center, and gives it to the Executive Director for approval. Once the Executive Director approves the purchase, the Fiscal Manager cuts the check. Alternatively, with approval of the supervisor, an employee may purchase the item with her/his own funds and submit a written request for payment, complete with receipt, to the Fiscal Manager who will prepare a reimbursement check.

## **B. Processing Invoices:**

All invoices/statements from outside vendors will be routed to the Fiscal Manager who will review them to determine whether they are covered by a standing authorization or whether a written request has already been submitted for the item.

The Fiscal Manager supplies the account code. Once an approved request or standing authorization is available, the Fiscal Manager will prepare the check. The Fiscal Manager assembles invoices and bills, and types checks on the fifteen and the last day of each month The Executive Director sign checks and returns the signed checks to the Fiscal Manager. The Fiscal Manager then mails the checks, staples the check stubs and any backup information, such as an invoice, packing slip, etc., and files the document by vendor in the vendor files.

## **C. Check Preparation:**

EDR utilizes three-part check stock. The check document is the top portion, the detail which accompanies the check is under it, and at the bottom is the check stub which will be attached to the invoice for filing. Void checks are marked VOID. The original check is retained in the VOID check file.

## **D. Check Signatures:**

The board authorizes check signers through board resolution. Checks for under \$1000 require one signature; checks for over \$1000 require two signatures. All check signers must review the documentation attached to the checks prior to signing the checks. Currently, the Executive Director, the Program Manager and two board members are authorized check signers. It is preferred that the Executive Director be the primary check signer. Whenever possible, the Executive Director is the signer for all checks and the Program Manager the second signer for checks over \$1000.

The Board may authorize the Executive Director to make telephone transfers between EDR bank accounts, and to utilize EDR's line of credit over the phone.

## **E. Distribution of Checks:**

Once checks are signed, the Fiscal Manager removes the attached documentation for filing and places the check in envelope for mailing. Checks for staff reimbursements or purchases are released to the approved staff member. Payroll checks prepared by the payroll service are distributed by the Executive Director or her/his designee.

## **F. Filing Paid Invoices:**

Once checks have been separated from paid invoices, the invoice, written check request, and check stub are stapled together by the Fiscal Manager. These documents are filed by vendor chronologically, i.e. the most recent invoice placed at the top of the file. Reimbursements to employees are filed by employee in the vendor files, treating employees as vendors.

## **G. Employee Travel Expense Procedures:**

Staff members who travel extensively for their jobs are issued a company credit for charging their job-related travel expenses. Personal charges should not be charged to EDR credit cards.

Other employees may submit a request for a travel advance by estimating costs on a travel voucher form to the Fiscal Manager, or may submit their actual expenses with a travel voucher form for reimbursement after the travel. All travel advances must be reconciled with actual expenses incurred within 15 days of return from the travel. The reconciliation takes place on the travel voucher form, and the form must be submitted to the Fiscal Manager whether or not money is owed to the employee. When additional reimbursement is owed to the employee, the Fiscal Manager will cut a check on the next normal check processing day (the fifteenth or the last day of the month). When the employee owes EDR money (because the advance was for more than the actual travel) a refund check, payable to EDR, must be submitted with the travel voucher form to the Fiscal Manager. The Fiscal Manager then routes the check to the Office Manager for logging in to the Receipts Log.

EDR will not pay for personal items or services while traveling.

Staff mileage reimbursement, currently at \$.30/mile (referring to the policies of University of Massachusetts Boston), includes the cost of gasoline and wear/tear. Separate gasoline costs will not be reimbursed. Gasoline costs should not be charged to EDR credit cards.

Staff travel expenses are coded to one of the following General Ledger accounts:

- Staff mileage, for mileage costs
- Staff travel for food and lodging costs (actual reimbursement, not per diem)
- Staff airfare, for airfare costs
- Reimbursable travel, for any reimbursable travel costs

## **H. Board Travel Expense Procedures:**

Requests for travel advances must be submitted on a travel voucher form with estimates of costs to the Fiscal Manager prior to travel. When travel advances exceed actual cost the unspent portion should be returned to EDR within 10 working days. If expenses exceed advance amount, EDR will reimburse traveler within 10 working days. Childcare reimbursement shall be in the form of a stipend not to exceed \$50 for any one trip. Meals purchased for others may be considered a EDR expense, over and above the Board member's meal, if the Board member is conducting official EDR business. Receipts are required for reimbursement of such meals.

Board members can plan travel through EDR's Office Manager, who also coordinates travel for EDR staff; requests for financial authorization must be made to the Fiscal Manager and the Office Manager will arrange for ticketing.

EDR will not pay for personal items or services while traveling.

Board meal and hotel expense reimbursement is based on actual cost based on receipts.

Board mileage reimbursement, currently at \$.30/mile, includes the cost of gasoline and wear/tear. Separate gasoline costs will not be reimbursed. Gasoline costs should not be charged to EDR credit cards.

Board travel voucher forms, with receipts, should be submitted to the Fiscal Manager within 30 days of travel.

Board travel expenses are coded to one of the following General Ledger accounts:

- Board travel, for mileage and airfare costs
- Board food and lodging costs

## **IV. PROCEDURES FOR RECEIPT AND DEPOSITS FOR CASH AND CHECKS**

### **A. Funds Received at the Office:**

The Executive Director identifies an employee other than the Fiscal Manager to sort mail and log all checks received in the mail prior to giving them to the Fiscal Manager. Currently, this employee is the Office Manager. All receipts should be routed through this employee.

The information received with grant checks from funders, including any check stub or correspondence, is passed on to the Fiscal Manager who files the information in the revenue section of the filing system, which is organized by General Ledger revenue account.

When cash payments are received in the office, the employee assigned to maintain the receipts log records the cash receipt in the log, and the Fiscal Manager issues a receipt to the payer utilizing a pre-printed, pre-numbered, pre-carboned triplicate receipt book. The original receipt is given to the payer. The first copy is attached to the daily receipts log. The second copy is retained in the receipt book.

#### **B. Cash and Checks Received Outside the Office:**

Occasionally employees will be given cash and checks at meetings or events held outside the office. Any checks and cash received outside the office are brought back to the office by the employee who received them, and given to the Office Manager who logs them into the receipts log.

The receipts log is totaled weekly by the Office Manager, and proofed to the cash receipts/accounts receivable journal by the Fiscal Manager.

#### **C. Maintaining the Cash Receipts/Accounts Receivable Journal:**

The Fiscal Manager maintains a manual cash receipts/accounts receivable journal. The journal lists the date received, payer, invoice number where applicable, amount of each receipt. Amounts received through out-of-office collections procedures are entered in the cash receipts/accounts receivable journal with appropriate receipt number references. Cash receipts which lack a receipt number are entered with the words, "Cash sale," or "Cash Donation."

Each receipt entered in the cash receipt/accounts receivable journal is then spread to the appropriate column on the journal to indicate accounts receivable payment, direct mail donation, sale of curriculum, workshop registration, etc. The Fiscal Manager adds and proofs the pages of the journal, and indicates deposits by skipping a line in the journal and writing the date and the deposit total in the journal.

#### **D. Bank Deposits:**

The Fiscal Manager will prepare all bank deposits with duplicate deposit slips. Each deposit ties out to the cash receipts/ accounts receivable journal. The Fiscal Manager lists the total cash deposited on the bank deposit slip and on the carbon copy of the deposit slip. The Fiscal Manager compares the bank deposit total to the cash receipts/accounts receivable journal total and reconciles any differences before deposit. A deposit should be made at least once a week, and always on the last day of the month. The Fiscal Manager writes the deposit total in the checkbook.

### **V. PROCEDURES FOR ACCOUNTS RECEIVABLE**

## **A. Payments from Grantors:**

Payments from grantors received in the mail are opened by the Office Manager, who routes them to the Fiscal Manager. The Fiscal Manager logs them into the Accounts Receivable/Cash Receipts journal, noting the grantor name and amount.

## **VI. BILLINGS AND FISCAL REPORTS TO FUNDERS**

All financial reports to funders are to be prepared directly from the General Ledger of EDR by the Fiscal Manager. Staff responsible for supervision of grant/contract funded activities will prepare all required narrative portions of funder reports and review all fiscal portions prepared by the Fiscal Manager prior to submission.

Whenever feasible, the General Ledger amounts will be established to correspond to funder fiscal report categories. When this is not feasible, the Fiscal Manager will prepare worksheets for each fiscal report documenting the source of all information reported by General Ledger account number and funder report line number or caption.

## **VII. PAYROLL PROCEDURES**

### **A. Payroll Service:**

An outside Payroll Service is used to prepare paychecks, payroll tax reports, and employee payroll records. Copies of all payroll journals, payroll tax reports, and individual payroll records must be maintained at EDR. The Fiscal Manager is responsible for assuring the completeness and order of the payroll record files.

### **B. Pay Periods:**

EDR utilizes a monthly pay period, with paychecks issued on the last day of the month for that month's hours.

### **C. Processing of Monthly Timesheets:**

Each employee is responsible for recording their daily hours worked on a monthly timesheet. Days taken off for sick, holiday, or vacation leave must be recorded on the monthly timesheet to their supervisor for approval on the last working day of the month. Employees are required to record out of office work hours on their timesheets for Workers Compensation reporting requirements. The supervisor reviews the timesheet for correct recording of hours worked and hours taken as sick, holiday, and vacation leave and initials the completed time sheet to indicate approval. Timesheets must indicate the number of hours worked by project and grant. The supervisor turns in all approved timesheets to the Fiscal Manager no

later than two days prior to the last day of the month. Hourly employees must project their hours for the last two days of the month. These projected hours are then corrected or adjusted, as necessary, by the Fiscal Manager, in the following month's pay cycle.

The Fiscal Manager verifies the totals of hours work and used as sick, vacation, or holiday leave on each time sheet. The Fiscal Manager compares the sick and vacation leave to the employee's master record of sick and vacation leave available to verify that hours taken as paid leave were available. The Fiscal Manager initials any lines on the time sheet s/he has changed as part of the review process, and adjusted timesheets must be re-signed by the employee and supervisor. The Fiscal Manager then completes the vacation and sick worksheets for each employee for that month.

Once the timesheets have been reviewed and corrected, the Fiscal Manager fills out funding source on the timesheet. S/he then completes the timesheet form provided by the payroll service and calls the information in to the payroll service.

#### **D. Review and Distribution of Paychecks:**

The Fiscal Manager picks up the prepared paychecks and payroll journal and compares the documents to the timesheets to be certain that the correct hours worked have been recorded. Once s/he has reviewed the payroll documents and initialed the payroll journal indicating her/his review, s/he gives the paychecks and journal to the Executive Director. The Executive Director spot check the payroll, and satisfies her/himself that all employees being paid are bonafide employees and that no payroll amounts appear unreasonable. The Executive Director then signs the paychecks and passes them back to the Program Manager for the second signature.

Once the paychecks are signed, they are given to the Fiscal Manager for distribution to the employees. Employees of EDR will have the option of direct deposit of their paychecks if the ACH system is available.

#### **E. Payroll Tax Deposits:**

The payroll service computes all federal and state payroll tax deposit requirements and the quarterly unemployment amounts. With each monthly payroll listing, the payroll service prepares instructions for payroll tax deposits. The Fiscal Manager prepares deposit coupons and checks, and gives them to the Executive Director for signature.

#### **F. Recording the Payroll Checks in the Checkbook:**

The Fiscal Manager records the total net amount of checks and directly deposited checks in the checkbook with the date, and the words "Net Payroll" or "Net Direct Deposit Payroll" for description. The checks prepared by the Fiscal Manager for

payroll tax deposits are recorded in the checkbook with all other checks issued by the Fiscal Manager that day.

### **G. Payroll Records:**

The payroll service is required to supply a printed payroll journal for each pay period and copies of all payroll tax reports. The Fiscal Manager maintains files for the payroll journals and payroll tax reports.

### **H. Benefit and Miscellaneous Payroll Payments:**

The Fiscal Manager generates checks for health and investment benefits and for any wage garnishments.

### **I. Allocation of Staff Time:**

The Fiscal Manager uses the time sheet records for the month to update the spreadsheet of staff time allocations so that it accurately reflects actual time spent. The spreadsheet is then used by the contract bookkeeper to spread payroll, payroll taxes, and benefits to the correct fund and cost center.

### **J. Workers Compensation Reports:**

The Fiscal Manager prepares semiannual Workers Compensation reports. S/he prepares a worksheet for breaking out hours worked into clerical (for in-office) and out of office classification, and for recording vacation hours. This worksheet is the basis for the final Workers Compensation report.

## **VIII. DAILY CASH BALANCE**

The Fiscal Manager maintains a checkbook for the checking account. At the end of each day's processing of receipts, disbursements, and payroll, the Fiscal Manager enters all disbursements into the checkbook for the checking account by entering each check on a line including date of check, payee, check number, and amount. On days on which the payroll service provided paychecks, the checkbook will have an additional line for payroll, with the date and total net amount of the payroll.

The Fiscal Manager also enters the amounts deposited by date into the checkbook. Deposit entries are made for totals only, showing date and amount. If no deposit is made on a day, no entry is made.

The Fiscal Manager computes the daily cash balance in the checkbook by adding deposits made to the previous balance and subtracting checks written. The checkbook is reconciled to the monthly bank statements. Any bank charges or other bank entries must be recorded in the checkbook as soon as notification is

received from the bank. The Fiscal Manager also reconciles the Cash in Checking General Ledger account to the bank statement on a monthly basis.

The checkbook is used to determine whether funds are available for disbursements. The Fiscal Manager is responsible for projecting cash needs and evaluating whether sufficient cash will be available when needed.

When the Fiscal Manager identifies potential cash flow problems, s/he notifies the Executive Director who is responsible for resolving cash flow problems.

## **IX. GENERAL LEDGER**

### **A. Monthly General Ledger Preparation:**

The Fiscal Manager is responsible for preparing the materials needed by the contract bookkeeper to prepare the General Ledger each month. S/he is also responsible for initial review of the computer processed General Ledger when it is returned by the bookkeeper, and for maintaining files of the printed General Ledgers.

The following data is prepared by the Fiscal Manager for the bookkeeper:

- A. A complete set of photocopied check copies in check number sequence for the entire check range processed during the month (including voids) - all check copies must be coded to the correct line item, fund and cost center.
- B. Copy of the payroll journal.
- C. The complete set of pages of the cash receipts/accounts receivable journal for the month.
- D. A listing of all outstanding invoices for goods or services received prior to month-end for which payment was not made by month end, including expense account, fund and cost center information for each invoice.
- E. A reconciliation of accounts receivable for the month, including balance forward at the beginning of the month; total new sales on account (from the cash receipts/accounts receivable journal); total payments for the month (from the cash receipts/accounts receivable journal); and adjustments; ending balance; and a list of all outstanding invoices which total ties to the ending balance.
- F. The updated spreadsheet listing each staff member's allocation of time by fund and cost center.
- G. The updated spreadsheet listing vacation time accrued and vacation time used for each employee.
- H. Any adjustments to prior month's General Ledger.

- I. The bank statement for the checking account, and for the savings account on a quarterly basis.
- J. Any other information relating to transactions in that month (voided checks; deposits to the savings account; electronic draw downs; etc.)

The contract bookkeeper reviews the information provided by the Fiscal Manager and discusses any questions on coding with her/him. The bookkeeper records any disbursements previously recorded as payable to the accounts payable account, and makes adjustments for changes in payable amounts.

## **B. General Ledger Entry Procedures:**

EDR's General Ledger is maintained by the bookkeeper. A copy of the Chart of Accounts is attached at the end of this manual.

The bookkeeper enters all disbursements into the computerized General Ledger, maintaining one set of journals for cash disbursements and one set for payroll cash disbursements. S/he proofs the cash receipts/accounts receivable journal and verifies month end totals, and enters all deposits into the General Ledger using a revenue receipts journal. S/he prepares a set of General Journal entries from the information provided, recording:

- Accounts receivable sales (from cash receipts/accounts receivable journal)
- Accounts payable (from list of outstanding invoices provided by the Fiscal Manager)
- Prepaid expenses (from a schedule maintain by the bookkeeper)
- Salary reduction plan adjustments to employee benefits (from the payroll journal)
- Payroll taxes (from a worksheet she prepares based on the payroll journal)
- Vacation time accrued by employees (from the spreadsheet provided by the Fiscal Manager)
- Vacation time used by employees (from the spreadsheet provided by the Fiscal Manager)
- Interest earned on bank accounts (from the bank statements)
- Visa/Mastercard deposits and sales revenue (from the Visa/Mastercard log, with confirmation on the bank statement)

- Any other bank account activity not recorded through cash receipts or cash disbursements (such as electronic draw downs or bank charges)
- Depreciation expense and accumulated depreciation on fixed assets (from a schedule prepared by the Fiscal Manager)
- Any adjustments to accounts receivable (from the accounts receivable reconciliation)
- Any adjustments to prior months (these are coded into the current month)

After posting these entries, the bookkeeper reconciles the Cash in Checking account to the bank statement, verifies balances in the accounts payable, accounts receivable, prepaid expense, and payroll liability accounts, and prepares a second set of General Journal entries. These entries correct any errors in posting and record:

- Grants and contracts receivable and revenue earned for the month, based on expenses incurred in the month for each reimbursable grant or contract (this procedure is followed even if the grantor sends equal monthly payments)
- Deferred revenue recognized/grant revenue earned, based on expenses incurred in the month for each grant which has advanced EDR money

After posting these entries and proofing the financial statements, s/he prints out a full set of financial statements and the month's General Ledger in detail, and prepares an updated list of accounts payable. S/he delivers these to the Fiscal Manager.

## **C. Review of the General Ledger and Financial Statements:**

Upon receipt of the computer processed General Ledger and financial statements, the Fiscal Manager is responsible for initial review of the statements and the General Ledger print-out. The purpose of this initial review is identification of any entries posted to incorrect accounts. The Fiscal Manager is not expected to verify each transaction. Instead, s/he should scan the statements for apparently too high or too low amounts in line items and look up the questionable line items in the General Ledger for closer review. The Fiscal Manager should scan the entire General Ledger print out to be sure that there are not obvious mispostings. If the Fiscal Manager finds possible errors, s/he should discuss them with the bookkeeper and arrange for correction if needed.

The Fiscal Manager should be certain that the bookkeeper has returned the check copies and cash receipts/accounts receivable journal pages. The bookkeeper keeps the rest of the information in files at her/his office.

The Fiscal Manager then makes photocopies of the statements for the board, and forwards the financial statements and the General Ledger printout to the Fiscal Manager, who reviews them and files them. If the Fiscal Manager notes any questionable variances in comparing actual to budget, s/he meets with the appropriate program manager and/or project director to determine what happened and whether further action is needed to correct the problem.

## **X. FINANCIAL STATEMENTS**

The financial statements include a Balance Sheet and a Statement of Support, Revenue, and Expenses. The revenue and expense statement includes both the current month and the year-to-date amounts and a comparison to budget. Separate revenue and expense statements by grant and contract (fund) are prepared to facilitate monitoring the various grants, and statements which break out costs by cost center (functional statements) are also provided.

The Fiscal Manager has primary responsibility for monitoring the financial statements and alerting board members to financial choices or problems. The Executive Director is responsible for assuring overall compliance with grant and contract agreements, and consequently must monitor the financial activity for each grant/contract and take corrective action if problems occur.

## **XI. BUDGET PREPARATION AND REVISION PROCEDURES**

The Fiscal Manager prepares EDR's organizational budget for each fiscal year, by fund, cost center, and line item. The budget is reviewed with the Executive Director and the board Treasurer, who present it to the full board for discussion and approval.

Revisions to the annual budget are necessary when new funding sources are received mid-year. The Fiscal Manager prepares budget revisions, including both

the new funding source budget and any changes to other budgets caused by changes in cost allocations. The revisions are reviewed by the Executive Director and the board Treasurer, who then present the revisions to the full board for approval. Since the full board meets only quarterly, mid-year revisions may be approved by the Executive Committee.