

SOCIETY OF ROCKY MOUNTAIN ARCHIVISTS

FINANCIAL POLICIES AND PROCEDURES

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Accounting Procedures

This section covers basic accounting procedures for the organization. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

Policy: The organization uses the cash basis of accounting. Cash basis is an accounting method in which income is recorded when it is received and expenses are recorded when they are paid out.

Procedures:

- Throughout the fiscal year, income and expense are recorded on the date the transaction occurs. The books are closed no later than the last day of the month.
- The same rule applies at the end of the fiscal year. Income and expense transactions that happen on or before the last day of the fiscal year are recorded in that year.

Journal Entries

Policy: The organization can use a journal entry to update the general ledger. They may be postings of original transactions, adjustments, reversals, or corrections. Journal vouchers may be used to transfer amounts between general ledger accounts and project cost codes in order to distribute charges, accrue, reverse, reclassify, or correct data. Entries may involve general ledger account transfers within the same account or transfers between different accounts, projects, and cost codes.

Procedures: Note – journal entries are not the preferred method to enter information into the accounting system.

- Identify what type of journal entry is needed.
- Present the journal entry to the treasurer for discussion and approval.
- Complete approved journal entry in the accounting system.
- A journal entry can be used to void a check.

Bank Reconciliations

Policy: All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30 days of the close of the month.

Procedures:

- All bank statements and cancelled checks will be opened, reviewed and initialed by the treasurer upon receipt.
- Once reviewed, bank statements are reconciled by the treasurer.
- A voting board member will review and approve reconciliation. This process can be completed electronically by email. The Board Member reviewing the reconciliation should look for:
 - Old outstanding checks that have not been cashed
 - Old outstanding deposits that have not come into the bank in a timely manner.
 - Electronic payments out of the account that were not authorized
 - Any strange dollar amounts or vendor names

Monthly Close

Policy: The books will be closed on the last day of the month.

Procedures: Treasurer will review a detailed profit and loss report once the bank reconciliations are complete for accuracy in coding transactions. After the treasurer has approved all transactions then QuickBooks will be closed. This is accomplished in QuickBooks under the Account and Settings Menu by putting the date of closing in the closing date field. Any subsequent entries will be recorded in the following month.

Recordkeeping

Policy: Treasurer or other board member will house all documents that need to be retained in a shared electronic folder (currently, Dropbox).

Procedures:

Financial:

1. Bank Statements-7 Years + Current (CMMRRS 30.050)
2. Cancelled Checks-7 Years + Current (CMMRRS 30.010)
3. Check Register-7 Years + Current (CMMRRS 30.010)
4. Check Stubs-3 Years + Current (CMMRRS 30.050)
5. Checking Deposits and Withdrawals-3 Years + Current (CMMRRS 30.050)
6. Credit Card Records of Issuance to SRMA-2 Years + Current after Cancellation of Card (CMMRRS 30.010)
7. Credit Card Statements-2 Years + Current (CMMRRS 30.010)
8. IRS Information and Reports-All Years-Permanent. Original kept for 1 year by treasurer then sent to SRMA Archivist.
9. Renewal of Non-Profit Status with State of CO-Permanent
10. Treasurer's Annual Report-Permanent

Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed, and recorded.

Segregation of Duties

Policy: The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

Procedures:

- Treasurer should discuss and gain approval from four additional voting board members for any expense over \$500.00.

Physical Security

Policy: The organization maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, real estate, and other valuable property.

Procedures:

- Blank checks will be stored in a locked location.
- The treasurer and one other board member should have access to the accounting system, safeguarding their password and changing it every 6 months.
- Bank deposits should be made once a week, and until the deposit is made the cash and checks will remain in a locked location.

Financial Planning & Reporting

The organization's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted, temporarily restricted and permanently restricted.

Budgeting Process

Policy: The organization's annual budget is prepared and approved annually. The budget is prepared by the president in conjunction with the board of directors.

Procedures:

- The treasurer will work together with the board of directors to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
- In consultation with the vice-president and treasurer, the president will prepare a draft budget and present to the board at least 30 days prior to the end of the fiscal year.
- The board shall review and approve a recommended fiscal year budget. The budget shall contain revenues and expenses forecasted by quarter.
- The board of directors will review and approve the budget at its last meeting prior to the start of the fiscal year.

Internal Financial Reports

Policy: The treasurer prepares regular financial reports on a monthly basis. All reports are finalized no later than 30 days after the close of the prior month.

Procedures:

- The treasurer is responsible for producing the following year-to-date reports quarterly: Statement of Financial Position (Balance sheet), Statement of Activities (Profit and Loss), and Budget vs. Actual.
- The Board will review financial reports each quarter.
- The treasurer creates an annual report after the close of the fiscal year. This includes a monthly summary of expenses and revenues, profit and loss statements, and budget vs. actual.

Tax Compliance-Exempt Organization Returns

Policy: Organization will file a 990 each year.

Procedures:

- Determine if a 990 or a 990N is due.
- If the dollar threshold is met for a full 990, the document should be prepared by the treasurer and reviewed by the board before filing.
- If a 990N is due, then the treasurer will prepare it.
- Treasurer completes the 990 and submits it electronically to the IRS.

Revenue Recognition

Policy: All contributions will be recorded in accordance with GAAP. Contributions are credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the organization's Chart of Accounts.

Procedures:

- Treasurer receives checks, cash, and credit card income. Other board members, such as the membership coordinator, can make deposits.
- Treasurer will make copies of checks and indicate on the copy what revenue line is associated with the check.
- Treasurer will enter deposits into the accounting system as of the day the deposit is made.

- Under no circumstance will the Society accept money orders or PayPal transfers as a form of payment.

Invoice Approval & Processing

Policy: All invoices must be approved by the treasurer. Approved invoices will be paid within 30 days of receipt.

Procedures:

- Invoices and bills will be opened and reviewed by the treasurer.
- If the expense is greater than \$500 four (4) voting board members' approval is required.
- Copies of all invoices paid will be filed with the treasurer.
- Under no circumstance will money orders or PayPal transfers be used to issue payment to vendors.

Expense Reimbursements

Policy: A board member or volunteer may make a purchase for the organization that needs to be reimbursed. Pre-authorization for any expense over \$100 is needed by the treasurer and a second board member.

Procedures:

- Person incurring the cost should present the receipt for the goods along with an explanation of the purchase to the treasurer.
- The treasurer will approve and remit payment.

Travel Expenses

Policy: Board members that incur approved travel expenses while conducting travel on behalf of the Society can be reimbursed up to \$1,500 for travel to conferences.

Procedures:

- Approved travel expenses will be submitted to the treasurer along with any receipts and an explanation of the travel.
- The treasurer along with one other board member will approve the expenses and remit payment.

Credit Cards

Policy: The organization uses debit cards that are linked directly to the checking account. Two (2) board members shall be issued debit cards with which to make purchases on behalf of the Society, the Program Director and the Treasurer. The Membership Coordinator may be issued a deposit-only card for deposit of membership payments.

Each cardholder is responsible for collecting receipts from each purchase made, documenting what the purchase was for, and submitting the receipts to the treasurer within 10 days of the purchase.

Procedures:

- The treasurer then enters the receipt information into the accounting system.
- If an unrecognized charge appears the card holder will be contacted immediately for a receipt and clarification. If the charge is unknown by the card holder the treasurer will contact the bank and have the card reported.

- Any charge over \$500 needs to be pre-approved by 4 voting board members.
- Card holder is responsible for all charges made on his/her card. If a receipt cannot be produced for a charge the cardholder is liable to pay for the expense.

Bank Accounts

Policy: The organization will maintain a checking, savings, and Pay Pal account. The savings account will hold a balance of at least 2 years operating expenses.

Procedures:

- Treasurer and board will monitor bank balances
- The board president and treasurer will be listed as signers on both accounts at all times.
- Any balance in the Pay Pal account will be transferred to the checking account on the last working day of the month.
- SRMA accounts will be separated from individual signers' bank accounts. If online access is requested to view the bank accounts a separate business login will be used, not a personal login.
- Any time account signers need to be changed the process will occur within 30 days. This includes checking account, savings account, Pay Pal, debit cards, and bills.
- Under no circumstances will reimbursement take place using means other than checks or debit cards from SRMA's checking account (i.e. PayPal transfers, money orders, etc.)

Glossary of Terms

Bank Reconciliation - A bank reconciliation is the process of matching the balances in an entity's accounting records for a cash account to the corresponding information on a bank statement. The goal of this process is to ascertain the differences between the two, and to book changes to the accounting records as appropriate.

Journal Entry - A journal entry, in accounting, is the logging of a transaction into accounting journal items. The journal entry can consist of several recordings, each of which is either a debit or a credit. The total of the debits must equal the total of the credits or the journal entry is said to be "unbalanced".