

# FINANCIAL PROCEDURES

## LAKE ROLAND NATURE COUNCIL

### (LRNC)

Revised 1-11-19

Obtain all the necessary forms at the LRNC Office, 1000 Lakeside Drive, Baltimore, Maryland, 21210 Phone: 410-887-4156 or from Nature Council Treasurer directly.

(i.e. Check Request Vouchers, deposit slips and envelopes)

#### I. DEPOSITS

1. **All** monies, no matter the source, type, or method received, must be deposited in the LRNC account. All funds are to be provided to the LRNC Treasurer for proper handling, processing, and depositing. Regarding general programs receipts that involve cash, a three-part form receipt book will be utilized and kept at the Nature Center for general customer receipts. The first part of the three-part receipt will be provided to the customer for their records, the second part of the three-part receipt will be attached to the cash amount and forwarded to the treasurer for deposit, and the third part of the three-part receipt is retained in the receipt book as a permanent record. The treasurer will transfer the individual receipt serial number into the accounting software for deposit tracking purposes. Regarding Paw Point dog park receipts that involve cash, a two-part form receipt book will be utilized and kept in the Paw Point membership processing bin. The first part of the two-part receipt will be provided to the customer for their records and the associated cash will be attached to the processed Paw Point membership application and forwarded to the treasurer for data entry and deposit, and the second part of the two-part receipt is retained in the receipt book as a permanent record. The treasurer will transfer the individual receipt serial number into the accounting software for deposit tracking purposes. Endorse all checks and provide the program name. You can purchase a preprinted ink stamp, or borrow the LRNC endorsement stamp/pad. This helps identify deposits and bounced checks. The stamp must have the following:

Lake Roland Nature Council

For Deposit Only

Account Number

(Activity Name)

NOTE: Monies received from raffles are categorized as gaming. All proceeds are to be deposited and the prize paid by check via a ***Check Request Voucher***. The IRS regulations regarding gaming are somewhat complicated. For our purpose a 1099 will be issued if the winning prize is (1) \$600 or more, but less than \$5000, and the prize is at least 300 times the wager, or (2) the prize exceeds \$5000. If either of these conditions exist, the winner must complete IRS Form W-9 prior to receiving the prize.

2. The LRNC bank is ***The Columbia Bank, Cross Keys Branch, 96 Village Square, Baltimore, MD 21210.*** Deposits may be made at any *Columbia Bank* branch.
  
3. If a check bounces, the face amount of the check, plus the bank fee, will be requested from the issuer of the check. The bounced check will be returned to the Treasurer for collection. When depositing recovered bad checks, label the Deposit Slip: Recovered Bad Check.
  
4. Monetary donations of \$250 or more **must** be acknowledged in writing by the receiving program. The acknowledgement letter must contain the LRNC tax identification number, 45-1462130, for IRS purposes. A copy of the acknowledgement is to be sent to the Council Treasurer. A sample letter is included in Appendix “A”. Should a donor require IRS Form W-9, copies may be obtained from the recreation office.
  
5. All donations of products or services are to be recorded on the “***Donation of Products or Services***” form. The IRS requires that such donations be accounted for in the annual tax return. Any questions regarding the completion of the form should be directed to the Nature Council Treasurer. The completed form is to be submitted to the Council Treasurer within thirty (30) days of receipt of the donation. The form is included in Appendix “A”.
  
6. Third Party Cash Collectors/Credit Card Processing Firms: Programs that use third party cash collectors such as ***Paypal.com*** must account for both the revenue collected and service fees from such service providers. When submitting the deposit slip for the income received, attach a copy of the service provider’s statement indicating gross revenue **and** the service

fee. Programs utilizing these services must become familiar with the methods to obtain a report of any, and all, service fees which are being charged. Gross revenue will be booked as income and the service fees will be booked as an expense.

## II. PURCHASES/PAYMENTS

1. All purchases must be in the name of Lake Roland Nature Council.
2. Persons completing ***Expense Reimbursement Form*** must be cognizant of any real or perceived conflict of interest. Such a conflict will exist when goods or services are obtained from another family member or one's own business and/or employer. To avoid or minimize such a conflict, the ***Expense Reimbursement Form*** should be approved by another authorized person from the program. If there is no other authorized person, then the President or Treasurer of LRNC should authorize the transaction by signing the ***Expense Reimbursement Form***.
3. Complete an ***Expense Reimbursement Form*** and attach the original receipt or invoice to the white copy (no photocopies or statements). Ensure the proper documents are provided and the totals are correct. Vouchers containing significant errors and/or missing proper supporting documents will **not** be processed until corrected. These items will be either returned for correction or held by the accountant until the error has been rectified. Please include your e-mail address on the voucher to facilitate any necessary corrections. This may have a negative impact on the timely payment to vendors with whom we do business. Additionally, every expense must be appended to a specific category to properly prepare the annual tax return. Please ensure that every expense is sufficiently described so this determination can be made by the accountant, especially where the vendor only provides a product code or an abbreviated description of the product or service being provided. Retain the pink copy for your records. If the voucher is for pre-payment of an expense, check "Receipt to Follow" on the voucher and remember to send the original receipt to the accountant when it is received.
4. Fees For Service
  - A. All persons who are paid over \$600 in the calendar year, for personal services rendered to LRNC, will be issued IRS form 1099. This form

notifies the IRS of the individual's income from LRNC. Individuals who receive this form are solely responsible for including this income on their tax return. LRNC withholds no taxes. Payment will not be processed if the individual's social security number or vendor number is not included on the voucher.

B. Vendor Registry:

To ensure the confidentiality of personal information, vendors who provide various services to LRNC are strongly encouraged to use a unique vendor number in lieu of their Social Security number. To that end, the Nature Council Treasurer will maintain a vendor registry. Individuals seeking a vendor number will submit their request to the LRNC Treasurer by use of IRS form W-9. The Nature Council Treasurer will notify the vendor of their assigned number. It is the responsibility of the vendor to report any change in their personal information to the LRNC Treasurer in a timely manner via the W-9. Only the LRNC Treasurer and accountant are authorized to access the Vendor Registry. Vendor names and their assigned number will be made available to program chairs.

- C. Expenses for programs can be paid by check by following the procedures outlined below. It is the responsibility of both the program chair and treasurer to ensure that accurate records are maintained regarding the disbursement of such funds.

D. Funds Advanced For Future Services:

Monies will be advanced to program chair for cash payments for anticipated services by submitting a ***Check Request Voucher***. The individual receiving the disbursement is responsible for the redistribution of the funds, maintaining the records of all monies disbursed, and reporting to the program chair/treasurer the final distribution of funds to include:

- a. name, address, Social Security number or vendor number,
- b. date, time, venue, and type of service, and

- c. total amount paid.

Excess monies not disbursed must be re-deposited within fourteen days of the close of the program or prior to the end of the fiscal year which is June 30<sup>th</sup>, whichever is shortest. Such deposits should be categorized against the specific program expenses and delivered to the Council Treasurer.

Any individual receiving the initial distribution of monies, who fails to maintain accurate records and cannot account for all of the monies received and disbursed, will have a Form 1099 issued in their name for any unaccounted monies that total \$600 or more.

E. Payment For Services Rendered:

At the discretion of the program chair/treasurer, payment for services rendered may be made by submitting a **Check Request Voucher** to the Treasurer and attaching a list of payees to include:

- a. name, address, Social Security number or vendor number,
- b. date, time, venue, and type of service, and
- c. total amount due.

5. Barter Transactions

Barter Transactions occur when a fee is waived in exchange for goods or services that would ordinarily be purchased by a program. It does not, however, eliminate the need to book the waived fee as income nor the goods or service received as an expense. To properly record these transactions, a **Barter Transaction Report** is to be completed and submitted to the accountant with the following information:

- a. Program/Activity
- b. Amount and type of fee waived
- c. Type of goods or services received
- d. Value of goods or services received

- e. Name, address of person providing the goods or service. (The provider must submit IRS Form W-9)
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6. ***Check Request Vouchers*** will be processed every week, excluding holidays. It is important that persons submitting vouchers plan accordingly to ensure checks are received in a timely manner.
  
  7. When an individual seeks reimbursement for the use their personal funds, an ***Expense Reimbursement Form*** needs to be completed and proof of payment is required as follows:
    - A. PERSONAL CHECK: Submit a copy of the cancelled check
    - B. CREDIT CARD: Submit the original receipt
    - C. CASH: Submit the original receipt
    - D. ELECTRONIC FUNDS TRANSFER: Submit a copy of the statement showing the transfer
    - E. INTERNET PURCHASES: Submit a copy of vendor's confirmation including method of payment, i.e., credit card receipt, PayPal receipt, etc.

NOTE: Maryland sales tax will **not** be reimbursed. Black out account information prior to submission at your discretion. Failure to provide the required proof of payment will delay reimbursement.

NOTE: The Treasurer has check writing authority up \$499.99 per check. For checks inclusive of or in excess of \$500.00, the check requires two signatures, the signature of the Treasurer and the signature of the President of the organization. The Treasurer is prohibited from signing checks written directly to the Treasurer for any amount unless co-signed by the President of organization.

### III. PETTY CASH FUND

1. Programs desiring to set up a Petty Cash Fund should contact the Council Treasurer. The account cannot exceed \$200 without Board or Executive Committee approval.
2. A Petty Cash ledger must be maintained indicating cash in and out with a running balance. The ledger is subject to audit at any time.
3. Prior to the close of the fiscal year on June 30<sup>th</sup>, all expenses must be submitted for reimbursement.

### IV. LOST/STALE/VOID PAYMENTS

LOST If you want a “stop payment” placed on the check, contact the accountant. The stop payment fee will be charged to the program.

STALE Checks that are over six months old and have not been cashed are considered “stale” checks.

VOID Mark the work “VOID” across the face of the check and send the check to the accountant. The voided check will be credited to the program.

### V. MONTHLY FINANCIAL STATEMENT

1. LRNC issues a financial statement each month. Chairpersons of each program should receive a copy via e-mail. Please ensure that a current e-mail address is on file with the Council Treasurer. Copies are also available at the Nature Council Executive meetings.

2. The program chairperson **must** check this statement for accuracy each month. Any differences between the council financial statement and program figures should be reconciled with the treasurer.
  
3. Each program **must** keep a ledger detailing all income and expenses, as well as a running balance. The program should maintain all paper back-up to support ledger figures. All financial records such as ledgers, petty cash funds, etc. are subject to audit at any time.
  
4. The Treasurer **must** maintain a Restricted Funds Report reflecting specific committed funds initiatives and the current remaining committed funds balance per each committed fund initiative. Committed funds initiatives can be a result of specific grants, specific bequests/donations or specific fund-raising initiatives. Funds associated with these initiatives will be categorized as restricted. In addition, as that funds are managed in a pooled methodology, the restricted funds report will reflect the total pooled funds balance, the current total of restricted funds balance, and the net of those of those two balances to reflect the current net free cash funds balance.
  
5. Records should be kept for the current and the two prior fiscal years.

VI. **FINANCIAL GUIDELINES FOR BOARD MEMBERS AND COMMITTEE MEMBERS.**

Various committees and other entities within the Council are authorized to spend Council funds without requiring the approval of the Board of Directors [the Board], subject to the limitations below. Multiple expense items associated with a single program or event should be consolidated, and the estimated expenses approved as part of the program approval process.

1. Repetitive and recurring expenses do not require recurring authorization, regardless of dollar levels. Examples include Paw Point dog tags and annual insurance, etc...

2. Expenses associated with contracts, legal requirements, or event insurance always require the approval of the Board, regardless of dollar levels. Typical examples include any with paperwork that must be signed by an officer.
  
3. For expenses not covered above, each Standing Committee, the Paw Point committee, or any Officer is authorized to spend up to \$500 without full Board approval.
  
4. Per the bylaws, the Executive Committee is authorized to act on behalf of the full Board and therefore has the ability to approve any expenditure. The Executive Committee should only exercise this right when it has a good reason to not refer the expenditure to the Board. An example would be scheduling limitations that cannot wait for the next board meeting.
  
5. All approved expenditures should be recorded by the Secretary and included in the minutes of the subsequent Board Meeting.

# **APPENDIX “A”**

## **Forms**

Expense Reimbursement Form (.xls)

Expense Reimbursement Form (PDF)

Financial Review Audit

Baltimore County Nature Council Financial Review Guidelines

Baltimore County Nature Council Guidelines and Best Practices

LRNC Biennial Audit Form

LRNC W-9