

POLICIES HANDBOOK: TREASURER

SCOPE OF RESPONSIBILITIES

The Treasurer is responsible for maintaining the association's financial records, banking and investment accounts, and paying association debts. S/he arranges for the completion and filing of the annual tax return in compliance with IRS regulations for nonprofit organizations. The Treasurer provides quarterly financial reports reflecting the status of the organization at the end of each quarter to the Executive Board for approval. The Treasurer serves on the Membership Committee, the Finance Committee and performs other duties as assigned by the president or the Executive Board.

TERM OF SERVICE

The position of Treasurer runs for one calendar year beginning January 1st. The incoming Treasurer will serve an orientation period with the presiding Treasurer following the annual meeting until the term begins. The Treasurer is a voting member of the Executive Board.

FINANCIAL TRANSACTIONS AND RECORDS

NDLA's financial transactions are recorded using financial software. QuickBooks was chosen as the association's software in 1999 and is updated periodically as needs arise. Paper records are kept as backup to electronic records for the purpose of verifying financial activity. Paper records include but are not limited to requests for payment, invoices, receipts, deposit slips, financial statements, tax forms, and documentation relating to grants, memberships, or programs.

Electronic Database Structure (QuickBooks)

Accounts are divided into the following types: banking, income, expense, other income, and other expense. Categories may be added or deleted as required.

Banking Accounts Actual checking and investment accounts kept in financial institutions.

Income Accounts Association funds from sources such as annual conference, checking interest, donations, dues, ads and subscriptions.

Expense Accounts Expenses in budgeted categories.

Other Income Accounts Contains funds generated from sources external to the association such as grants and investment accounts.

Other Expense Accounts Expenses for activities external to the association such as grants.

STATISTICS AND REPORTS

A financial report is produced at the end of each quarter that reflects the association's financial status to that point. Consistent end-of-quarter reporting provides comparative data from year to year. Ending balances from the previous calendar year are carried over and become the beginning balances for the new year. Reports are cumulative each quarter

within a given year. Detailed profit and loss statements and balance sheets, generated from the financial software, support the quarterly financial report. Up-to-date reports are also generated for each board meeting. Quarterly reports must be approved by the board while reports generated for board meetings are informational only and do not require board approval.

Financial Report Structure

The quarterly financial report is divided into two basic sections. The top section reflects pass-through (other income and expense categories) and NDLA funds (ordinary income and expense categories) that make up the check book balance. Columns include beginning balance, receipts, disbursements, and ending balance. The bottom section of the report reflects funds in money market and certificate of deposit accounts held at financial institutions. Principle, interest, deposits, and donations are reported. Columns include beginning balance, receipts, disbursements, and ending balance.

RESPONSIBILITIES and PROCEDURES

Backup and Archiving of Records

Financial records in electronic format should be backed up immediately after any change to the database to insure their integrity. An archival copy of the financial database will be created at the end of each calendar year. The archived copy will be stored with the Treasurer's records. Paper records of invoices paid and funds received will be maintained for a three-year period. Quarterly and annual reports appear in issues of *The Good Stuff* and are submitted to the NDLA Archivist/Historian.

Deposits and Transfers

Funds are deposited directly into any of the bank accounts and transfers move funds between accounts. A transaction record must be made in the financial software for transfers and transfers are recorded on the financial report.

Deposit of Dues, Conference Funds, etc.

There are instances where NDLA members involved with special projects will make deposits into NDLA's checking account. Dues and donations are deposited into the checking account by the Membership Committee Chair. Conference funds are deposited by the Conference Registration Chair. Receipts are sent to the Treasurer along with a report containing necessary information for entry of data into the accounting software. Funds for special projects such as book sales and the conference auction should be deposited by the project's committee chair. In these cases, the bank receipt for the deposit is sent to the Treasurer. Deposits during a quarterly period should be reported to the Treasurer prior to the end of that quarter.

Acknowledgment of Donations

NDLA's Executive Secretary acknowledges donations with a letter of thanks to the individual or organization making the donation. The Membership Chair informs the Executive Secretary about incoming donations. A form letter is used containing information about NDLA's donation categories. The letter includes a receipt for tax

purposes.

Balancing of Account Statements

Statements from checking and money market accounts are received on a monthly basis and should be balanced with the association's financial records in a timely manner. It is recommended that this be done within a few days of receiving the statement so that discrepancies can be reported to the financial institution.

Investment Funds

The association desires to strike a balance between a sound investment strategy and the preservation of adequate liquidity to meet its financial obligations. Funds not needed to support short-term goals are available for investment. Traditionally, the association has invested these funds in certificate of deposits (CDs) because of their relative safety and low maintenance requirements. The Treasurer is responsible for establishing and maintaining these accounts as prescribed by either the Finance Committee or the Executive Board.

Paying Bills and Reimbursing Expenditures

Payments are made from NDLA's checking account. A payment may be transacted using either a paper check or the bank's bill pay service. Payments are made to businesses and individuals providing services to NDLA and to individuals seeking reimbursement for personal expenses made on behalf of NDLA. A "request for payment" form must support requests and, except for those submitted electronically using the form on the NDLA website, be signed by the individual responsible for the expenditure. Forms submitted electronically must include the e-mail address of the person making the request and are restricted to requests for payment to a vendor when the vendor sends the invoice or statement directly to the Treasurer. Receipts must accompany requests for payment and reimbursement as indicated on the forms. Request for payment forms can be found on the association's website at <http://www.ndla.info/forms.htm>. Conference expense forms found on the annual conference web page are used for conference related expenses and must be signed by the Conference Chair. If a request for payment is questionable or not fully understood, the Treasurer should request clarification from the individual making the request. If the payment request is still not clear, the request should be referred to the Finance Committee Chair for approval of payment.

Authorized Signer

The NDLA Treasurer is designated by NDLA's chosen financial institution as an authorized signer of checks drawn on NDLA's checking account. In the temporary absence of the Treasurer, it may become necessary for a second person to make payments and reimbursements in order to meet the obligations of the association. This person shall be known as the "backup authorized signer" and must be a current NDLA member. The person shall be selected by the Treasurer and appointed by the NDLA Executive Board after careful consideration of that person's suitability. The appointment of backup authorized signer will be reviewed annually by the Treasurer by the end of January. Any change in the appointment must be approved by the Executive Board. The "backup authorized signer" must follow all policies relating to payment and reimbursement as outlined in this policy manual.

Data Entry into Database

- Payments - Fields recorded for payments include check number, date, name, amount, expense account, memo, and expense class. Check numbers recorded for payments made using the bank's bill pay service should be followed by the letter "E". Payments to one entity may be split among various expense accounts and classes and have more than one memo line.
- Deposits - Fields recorded for deposit include received from (i.e., source of funds), from account (i.e., income account), memo, check number, income class and amount. Deposits may be split among various income accounts and classes and have more than one memo line.
- Transfers - Fields recorded for transfers of funds between accounts include date, amount, transfer funds from, and transfer funds to. Details may be recorded in the memo line.

Externally Funded Projects

There may be projects undertaken by NDLA that rely upon external funds. The NDLA Treasurer will work to administer funds from external agencies in support of such projects as directed by the NDLA Executive Board and as required by the funding agency.

PayPal Transactions

NDLA began making credit card payment options available for payment of dues, member conference fees, exhibitor fees, and donations in 2009. The Treasurer monitors the PayPal account balance and transfers funds from the account to NDLA's checking account periodically. Transfers should be made prior to the end of each fiscal quarter so that amounts can be reflected in the quarterly financial report. However, transfers may be made more often if desired. Payments made through PayPal are indicated as such in the accounting software.

COMPLIANCE WITH STATE AND FEDERAL REQUIREMENTS

Annual Report

The Treasurer will file the *Domestic and Foreign Nonprofit Corporation Annual Report* each January with the North Dakota Secretary of State. This report verifies NDLA's continued existence as a nonprofit corporation. If a new registered agent needs to be named, the pertinent section of the report should be completed after board approval of the new registered agent. A copy of the return is kept in the Treasurer's files.

State Sales Tax

Sales requiring collection of state and local sales tax must be tracked within the accounting software. Guidelines stating conditions under which gross receipts from sales are exempt from sales tax are available from the state tax department and should be

periodically reviewed. The Treasurer will file the *Sales, Use, and Gross Receipts Tax Return* each January with the North Dakota Office of State Tax Commissioner. A copy of the return is kept in the Treasurer's files.

Nonemployee Compensation

Payments qualifying as nonemployee compensation (see the IRS website for definitions) must be tracked within the accounting software. Individuals and other entities receiving such compensation must provide the Treasurer with IRS Form W-9 before compensation is received. A MISC-1099 form *Miscellaneous Income* will be sent to the recipient of nonemployee compensation prior to January 31st of the year following payment of the compensation. Appropriate copies of the MISC-1099 along with the *Annual Summary and Transmittal of U.S. Information Return* (i.e., Form 1096) will be sent to the IRS and to the North Dakota Office of State Tax Commissioner prior to March 1st following the year in which compensation was paid. Copy C of form 1099 as well as W9 forms received are kept in the Treasurer's files.

Filing of Federal Income Tax Return

As a nonprofit organization with gross receipts of less than \$500,000 and total assets less than \$1,250,000, NDLA is required to file the IRS Form 990-EZ Short Form *Return of Organization Exempt From Income Tax*. The Treasurer will identify a paid or nonpaid preparer and provide information to that individual, current as of the end of the tax year, which is necessary for completing the return. Information includes but may not be limited to the 4th quarter financial report, balance sheet, profit loss detail, approved budget for the tax year, and a current list of Executive Board members. The Treasurer will sign the return on behalf of NDLA. If a paid preparer has prepared the return the preparer will also sign the return. A copy of the return and supporting schedules are kept in the Treasurer's files.

Payments to Lobbyist

All payments made to lobbyists are tracked within the accounting software. This information is made available to the preparer of NDLA's tax return.

BUDGET

The Treasurer shall estimate expenses for each calendar year and report this estimate to the Finance Committee Chair prior to the start of the calendar year.

REIMBURSEMENT

See Reimbursement Policy Handbook

<http://www.ndla.info/Handbooks/reimbursementpolicy.pdf>.

CHRONOLOGICAL GUIDELINES

January:

- Creates financial statement reflecting beginning balances for the new year.
- Archives copy of financial database from previous calendar year.
- Files “Domestic and Foreign Nonprofit Corporation Annual Report” with the North Dakota Secretary of State’s Office.
- Files North Dakota Sales and Use Tax Return.
- Files the previous year’s quarterly and annual reports with the NDLA Archivist/Historian.
- Sends Form 1099-MISC to individuals that received nonemployee compensation during the previous calendar year.
- Submits financial report for 4th quarter of the previous year to the board for approval.

February:

- Submits end-of-year financial reports from the previous year to the Finance Committee Chair.
- Files Copy A of Form 1099-MISC along with Form 1096 (Annual Summary and Transmittal of U.S. Information Returns) with the Internal Revenue Service. Copy 1 of Form 1099-MISC along with a copy of Form 1096 is sent to the North Dakota State Tax Department.

March - May:

- Arranges to have the association’s federal tax return completed.
- Compiles relevant data and submits data to the tax preparer.
- Signs the return on behalf of NDLA.
- Files the return if the preparer is not paid.
- Submits financial report for 1st quarter to the board for approval.

July:

- Provides NDLA’s Web Editor with conference payment, reimbursement, and refund forms for posting on NDLA’s conference web page.
- Submits financial report for 2nd quarter to the board for approval.

August:

- Works with conference planners regarding financial aspects of the conference.

September:

- Pays conference bills.
- Records conference deposits using the accounting software.
- Prepares annual report for NDLA membership.

October:

- Pays conference bills.
- Provides an annual conference income and expense summary to the NDLA

- President after the annual conference.
- Submits financial report for 3rd quarter to the board for approval.

November:

- Submits a budget estimate for Treasurer to the Finance Committee Chair.

December:

- Transfers funds between accounts if needed to reflect proper end-of-year balances.

Approved by Executive Board, 12/03/2001

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Reimbursement statement revised by Executive Board 12/09/02

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