

# **Blacklodge Productions LLC**

## **Accounting Policies and Procedures Manual**

| <b>Blacklodge Productions LLC</b>                |    |
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| <b>Accounting Policies and Procedures Manual</b> |    |
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## **Introduction**

This manual has been prepared to document the internal accounting procedures for Blacklodge Productions LLC. Its purpose is to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of Blacklodge Productions LLC's fiscal operations are expected to uphold the policies in this manual. It is the intention of Blacklodge Productions LLC that this accounting manual serve as our commitment to proper, accurate financial management and reporting.

*Revised:* \_\_\_\_\_

## **Division of Duties**

The following is a list of personnel who have responsibilities within the accounting department:

### **President:**

1. Reviews and approves all financial reports.
2. Reviews and approves annual budget.
3. Reviews the payroll summary for the correct payee, hours worked and check amount.
4. Reviews all vouchers and invoices for those checks which require his or her signature.
5. Reviews and approves all contracts for goods and services that will exceed \$10,000 over the year.

### **Vice President:**

1. Approves all vouchers, invoices and checks.
2. Receives unopened bank statements.
3. With the Fiscal Manager, and input from the President and Program Directors, develops the annual budget.
4. Reviews and approves all financial reports.
5. Reviews and approves list of pending check disbursements.
6. Reviews all vouchers and invoices for those checks which require his or her signature.
7. Authorizes all interfund transfers.
8. Reviews all bank reconciliations.
9. Reviews the payroll summary for the correct payee, hours worked and check amount.
10. Approves all reimbursements.
11. Manages the assets accounts.

### **Fiscal Manager:**

1. Processes all receipts and disbursements.
2. Processes the payroll, including payroll tax returns.
3. Submits requests for interfund transfers.
4. Maintains and reconciles the general ledger monthly.
5. With the Vice President, and with input from the President and Department Directors, develops the annual budget.
6. Prepares all financial reports, including requests for reimbursements.
7. Manages the petty cash fund.
8. Reconciles the bank accounts.
9. Reconciles the statement of credit card deposits and service charges.
10. Double-checks all reimbursement requests against receipts provided.

Office Assistant/Receptionist:

1. Receives and opens all incoming mail, **except** the bank statements.
2. Prepares cash receipts log and invoice log.
3. Mails all checks for payments.
4. Processes credit card payments for publications.

## **Cash Receipts Procedures**

The Office Assistant receives all incoming mail. All checks received by the Office Assistant should be recorded on a cash receipts log which states the department to which the income is attributed, and stamped For Deposit Only. The Office Assistant then makes two copies of the check with one copy forwarded to the Fiscal Manager and the other copy to the responsible department. A copy of the cash receipts log will be given to the Vice President on a daily basis.

Next, the Fiscal Manager prepares a deposit slip and deposits the funds into the savings account. The validated deposit slip should be attached to the Fiscal Manager's cash receipts log and filed. All check copies should be filed according to month received.

A deposit not forwarded or mailed to the bank should be locked in the accounting department's lock box. No deposit should be locked in the file cabinet for more than 24 hours. If the funds are mailed to the bank, the Fiscal Manager should indicate the date mailed and received on the cash receipts log. The Fiscal Manager should make a copy of each check mailed and file them in a separate file folder.

No single account should contain more than \$100,000 - or the amount over which the FDIC will not insure.

Funds Received by Wire Transfer:

The Vice President will request a wire transfer of funds. This request will be prepared by the Fiscal Manager and should be signed by the Vice President.

Where appropriate - as in reimbursement of federal funds - the Fiscal Manager should forward a project financial statement to the Vice President who prepares a request for reimbursement or advance and files or mails the necessary documents, providing a copy to the Fiscal Manager.

Next, the Fiscal Manager will monitor the transfer of funds and maintain the appropriate records of this transaction.

As soon as the funds are credited to the Blacklodge Productions LLC savings account, the bank should send a credit memo to the Fiscal Manager. The Fiscal Manager should reconcile these credit memos to the total cash received at the end of the month.

*Inter-Fund Transfers:*

The Blacklodge Productions LLC operating checking account should not exceed \$10,000 at any time. All funds received should be deposited into the savings account. It will be necessary to transfer funds from the savings account into the checking account. In order to transfer funds from the savings into the checking account, the following procedures should be followed:

The Fiscal Manager should monitor the balance in the checking account, and determine if there are adequate funds to pay the daily expenses. The Fiscal Manager should prepare a transfer memo for signature by the Vice President to transfer the necessary amounts from the savings account to the checking account, as long as the remaining balance does not exceed \$10,000. These transfers will occur concurrently with the associated disbursements.

*Funds received from Credit Card Charges:*

The *Office Assistant* and the *Program Assistant, Membership* are responsible for processing the receipt of funds through the credit card authorizer directly into the savings account. Transactions should be processed on a weekly basis, with a list of the credits and date processed delivered to the fiscal manager in order to double-check against the bank statement. The statement of deposits and service charges will be reconciled by the *Fiscal Manager*.

## **Cash Disbursements Procedures**

1. Incoming invoices will be logged in by the Office Assistant (naming the staff person responsible for ordering the product or service) and delivered to the responsible staff person for his/her approval and to prepare a check request voucher prior to disbursement dates.
2. The staff person responsible for ordering the product or service will check the validity of the invoice against proposals/bids, etc. and work accomplished and/or delivered and prepare a check request voucher prior to disbursement dates.
3. Twice monthly on the 1st and 16th days (or the next business day if the date falls on a weekend or holiday), cash disbursements should be prepared by the Fiscal Manager for signature by authorized Blacklodge Productions LLC officials for expenses, debts and liabilities of Blacklodge Productions LLC. The Fiscal Manager is responsible for the preparation of disbursements. All disbursements are to be made by check unless the item is considered a petty cash item.
4. A check request voucher should then be completed by the purchasing staff person and attached to the original vendor invoice, and/or any other supporting documentation. The voucher should include the account codes to which the expense will be applied. Approval for an expense by the Vice President must be indicated on the check request voucher.
5. After inputting all the check requests, the Fiscal Manager will prepare a master list of all checks to be paid for approval by the President or Vice President. If there are any questions or concerns about the amounts, the Fiscal Manager should provide necessary information prior to running any disbursements. If there are any items removed from the batch, the totals on the payment summary form should be corrected, initialed and dated by the President or Vice President.
6. The Fiscal Manager should then run an aging accounts payable, which is generated by the accounting software. A total of the disbursements to be paid will be recorded on the form and sent to the Vice President for approval, along with the current balance in any and all cash accounts.
7. Once the amount to be disbursed has been received, the Fiscal Manager should print the checks from the computer system. The checks should be attached to the invoice, and other supporting documentation, being paid and submitted for signatures. A check register should be run and filed together with the disbursement transmittal form.
8. While the President, Vice President, and/or Director signs each check, he/she should double check the check request voucher.

9. This approval is to ensure the account and grant/project is charged to the correct expense and line item. Any checks made to pay invoices in excess of \$10,000 must be signed by the President and authorized for payment in writing by one of the Board of Directors authorized for signature.
10. After the checks have been signed, the second signatory will double-check the work, cancel the invoice by stamping "PAID" on it in red ink, and pass the checks on to the Office Assistant for mailing. In the event that the Office Assistant is out, the administrative assistant will assume these duties.
11. All checks will be mailed as soon as this process is completed.
12. Supporting documentation should be filed by the Fiscal Manager in appropriate vendor files.
13. The Fiscal Manager will utilize the paid invoice files to respond to any discrepancies which arise with vendors or other payees.
14. Once monthly, the fiscal manager will check the invoice log to determine if there are any outstanding invoices which have not yet been paid. If so, the fiscal manager will investigate the nonpayment of these invoices with the responsible staff member.

## **Reconciliations**

### *Cash Flow:*

Blacklodge Productions LLC is to maintain a minimum of ten percent (10%) of the operating budget between its operating and savings bank accounts at all times. In the event that balances fall below that amount the President and Treasurer should be notified immediately.

### *Bank Reconciliations:*

1. Bank statements are to be received unopened by the Vice President. The receiving party should review the contents for inconsistent check numbers, signatures, cash balances and payees and endorsements at a minimum. After this cursory review is conducted, the official should initial and date the bottom, right hand corner of the first page of each bank statement reviewed. The reviewed bank statement should then be forwarded to the Fiscal Manager (an individual without check signing rights) to reconcile the bank accounts using the approved reconciliation form.
2. The person charged with this responsibility should reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this period of time, the President or Vice President should be notified by a written memo from the Fiscal Manager.
3. When reconciling the bank accounts, the following items should be included in the procedures:
  - a. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
  - b. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
  - c. An investigation of items rejected by the bank, i.e., returned checks or deposits.
  - d. A comparison of wire transfers dates received with dates sent.
  - e. A comparison of canceled checks with the disbursement journal as to check number, payee and amount.
  - f. An accounting for the sequence of checks both from month to month and within a month.
  - g. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.

4. Completed bank reconciliations should be reviewed by the Vice President and initialed and dated by viewer.
5. The Fiscal Manager upon receipt of the completed bank reconciliations, prepares any general ledger adjustments.
6. Copies of the completed bank reconciliations will be forwarded to the Treasurer for his/her review.

*Reconciliations of Other General Ledger Accounts:*

1. Each month the Fiscal Manager and Vice President should review the ending balance shown on balance sheet accounts such as the cash accounts, accounts receivable, accounts payable and deferred revenue. The Fiscal Manager and Vice President should review the bank reconciliations, schedules of accounts receivable and deferred revenue and the aging of accounts payable to support the balances shown on the balance sheet.
2. Assets - These accounts will include cash, petty cash, prepaids, property, equipment and fixtures, security deposits, and intangible assets.
  - a. Cash - The balances in cash accounts should agree with the balances shown on the bank reconciliations for each month.
  - b. Petty Cash - The balance in this account should always equal the maximum amount of all petty cash funds. The current amount equals \$100.00.
  - c. Prepaids - The amounts in these accounts should equal advance payments paid to vendors at the end of the accounting period.
  - d. Property, Equipment & Fixtures - The amounts in this account should equal the totals generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly.
  - e. Security Deposits - The balance in this account should equal amounts paid in escrow to landlords and lessors and should not change frequently, but should be updated as applicable.
3. Liabilities - These accounts are described as accounts payable, payroll tax liabilities, loans and mortgages payable, and amounts due to others.
  - a. Accounts Payable - The balance in this account should equal amounts owed to vendors at the end of the accounting period and the aging report.

- b. Payroll Tax Liabilities - The amounts in these accounts should equal amounts withheld from employee paychecks as well as the employers portion of the expense for the period, that has not been remitted to the government authorities.
  - c. Due to Others - If there are any amounts owed to others at the end of the period they should be recorded and the correct balance maintained in the general ledger accounts.
- 4. Income/Expenses - These accounts are described as income from membership, contributions, publications, and other expense line items such as salaries, consulting fees, etc.
  - a. Income - The amounts charged to the various cash accounts should be reconciled with funding requests, funders reports, draw down schedules, etc.
  - b. Gross Salary Accounts - The balances in the gross salary accounts should be added together and reconciled with the amounts reported on quarterly payroll returns.
  - c. Consulting - The amounts charged should be reconciled to the contracts.

## Petty Cash Fund

1. The petty cash fund should never exceed \$100.00.
2. The Fiscal Manager is the custodian of the petty cash fund.
3. A single disbursement from petty cash shall never exceed \$15.00.
4. The petty cash fund shall be operated on an impress basis. This means that when it is time to replenish the petty cash fund, the Fiscal Manager shall total out the expenses made and identify those expenses by general ledger account number. When the check request is submitted for payment it should indicate the total amount needed to bring the fund back up to \$100.00. Also, the check request should breakdown the various expense accounts being charged and the amount charged to each.
5. When a request for petty cash reimbursement is made to the Fiscal Manager, the item will be listed on the Petty Cash Fund Reconciliation Sheet. A description of the item charged should be recorded together with the amount. A vendor receipt must be received by the Fiscal Manager for the amount of the request in order for the request to be approved.
6. The recipient of the petty cash funds must sign the sheet to indicate receipt of the funds. The paid receipt should be attached to the sheet. All paid information should remain in the locked petty cash box until it is time to replenish the fund. At that time, the Petty Cash Fund Reconciliation Sheet and associated receipts are attached to the check request voucher.
7. The petty cash box is to be locked at all times when the Fiscal Manager is not disbursing or replenishing the fund. The locked petty cash box is to be kept in the locked file cabinets within the finance office.
8. At least once annually, the President or Vice President should conduct a "surprise review" of the fund. When this is done, he/she should count, while the Fiscal Manager is in attendance, the total monies on hand and the total amount of receipts in the petty cash box. The two amounts should equal exactly \$100.00. Any discrepancies should be discussed and resolved immediately.
9. It is a policy of XXX not to cash checks of any kind through the petty cash fund.
10. The Blacklodge Productions LLC postage meter is not to be used for personal mailings under any circumstances. Staff may use the UPS service provided they indicate that the mailing is personal and reimburse Blacklodge Productions LLC at the time the appropriate invoice is paid.

## **Purchases**

### To Prompt a Purchase:

1. When the normal cash disbursement procedure of invoice, etc., is not appropriate, (i.e., postage, petty cash, etc.) a check request should be completed and forwarded with any order form or other documentation to the President or Vice President for approval. If the check is made out to either the Vice President or President, that individual cannot approve the check request voucher.
2. Approved check requests should be sent to the Fiscal Manager for payment.
3. In the absence of backup materials, receipts for the purchase must be provided to the Fiscal Manager for attachment to the check request within two weeks from the check date.

### Credit Card Purchases:

1. Only the President and Vice President carry corporate credit cards in his or her name. The purchase of airline tickets and other authorized business expenditures may be made by other employees or board members using the corporate credit card. In every case of credit card usage, the individual charging a Blacklodge Productions LLC account will be held personally responsible in the event that the charge is deemed personal or unauthorized.
2. Authorized uses of the credit card include:
  - a. Airline or rail tickets (at coach class or lower rates) for properly authorized business trips. Blacklodge Productions LLCs designated travel agency will require that employees supply the travel agency with an account code in order to charge to the Blacklodge Productions LLC American Express. The account code will help reconcile the costs of travel with the proper Blacklodge Productions LLC program to be charged. The travel agency will provide Blacklodge Productions LLC a monthly report of all travel charged to the American Express.
  - b. Lodging and meal charges that do not exceed the authorized reimbursement rate for persons traveling on official Blacklodge Productions LLC business
  - c. Car rental charges (for mid-size or smaller vehicles) for properly authorized business trips
  - d. Properly authorized expenditures for which a credit card is the only allowed method of payment (such as monthly internet access)
  - e. Business telephone calls
  - f. Properly authorized entertainment at a rate which is consistent with the employees level of responsibility within, or on behalf of, Blacklodge Productions LLC and within the limits of the approved budget.

3. Receipts should be compiled and submitted with an expense report on a weekly basis.

*Proper Documentation for all Purchases, including Company Credit Card Purchases:*

Every instance of credit card or other purchase use must be documented with travel authorizations, receipts, individuals paid for, nature of business, etc. before the expense will be considered authorized and will be approved for reimbursement. See details below.

1. Lodging - Provide an itemized receipt from the hotel detailing every charge and the name of the person(s) for whom lodging was provided.
2. Meals/Entertainment - Provide a receipt showing separately the cost for food/beverage and gratuities, and including the names of every person for whom food or beverage was provided and the specific business purpose which was furthered by the expenditure.
3. Other Expenditures - A receipt from the vendor detailing every individual good or service purchased (including class of service for commercial transportation) accompanied by an explanation of the specific business purpose which was furthered by each expenditure. For example, A Round trip coach flight from Washington to New York for Conference Director John Doe to review hotel proposals and facilities for the 2012 Blacklodge Productions LLC annual conference.

The Fiscal Manager will double-check all reimbursement requests against receipts provided and run a calculator tape which will be attached to the reimbursement form.

*Capital Expenditures:*

For all major expenditures such as computers, furniture, audit services, printing services, etc., three bids must be obtained before a purchasing decision is made. If the annual amount will exceed \$2,000, a bidding process and review will be conducted. All bids, including phone quotes, must be recorded and kept on file.

Consultants:

Contracts with consultants will include rate and schedule of pay, deliverables, time frame, and other information such as work plan, etc. Justification for payment should be submitted to file. For example, if Blacklodge Productions LLC hired a writer to create a publication, a copy of the final version should be included in the file.

Contracts:

Contracts for purchasing products or services, similar to a purchase order, should be created and maintained for the file whenever appropriate. All contracts to exceed \$10,000 over the course of the year should be approved by the President.

## **Fixed Asset Management**

1. A permanent property log or database is to be maintained by the Fiscal Manager for all fixed assets purchased by Blacklodge Productions LLC.
2. The log should contain the following information:
  - a. Date of purchase
  - b. Description of item purchased
  - c. Received by donation or purchased
  - d. Cost or fair market value on the date receipt
  - e. Donor or funding source, if applicable
  - f. Funding source restrictions on use or disposition
  - g. Identification/serial number (if appropriate)
  - h. Depreciation period
  - i. Vendor name and address
  - j. Warranty period
  - k. Inventory tag number (all fixed assets should be tagged with a unique identifying number)
  - l. Number of the Blacklodge Productions LLC check used to pay for the equipment
3. At least annually, a physical inspection and inventory should be taken of all Blacklodge Productions LLC fixed assets and reconciled to the general ledger balances. Adjustments for dispositions should be made.

4. The Fiscal Manager should be informed, in writing, via an interoffice memorandum of any material changes in the status of property and
5. equipment. This should include changes in location, sale of, scrapping of and/or obsolescence of items and any purchase or sale of real estate.
6. All capital items which have a cost greater than \$250.00 will be capitalized and depreciated.

## **Payroll**

### *Personnel:*

1. The Fiscal Manager is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information, at a minimum.
  - a. Employment application or resume
  - b. A record of background investigation
  - c. Date of employment
  - d. Position, pay rates and changes therein
  - e. Authorization of payroll deductions
  - f. Earnings records for non-active employees
  - g. W-4 Form, withholding authorization
  - h. I-9 Immigration Form
  - i. Termination data, when applicable
3. All personnel records are to be kept locked in a locking file cabinet in the Fiscal Manager's office. Access to these files other than by the Fiscal Manager, President, Vice President or the auditor should be requested in writing to the President.

### *Payroll Preparation and Timekeeping:*

1. Timesheets are to be prepared by all staff persons and submitted semi-monthly on the 15th and last day of each month. Time should be input on a daily basis and, if in writing, completed in ink. Correction fluid should never be used in preparing timesheets. If an error needs to be corrected, a line should be drawn through the item and the corrected information recorded, and initialed by the person who made the correction.

2. Timesheets are to include specific time spent on each grant/project.
3. Timesheets are to be signed by the staff person and his/her supervisor.
4. All approved timesheets should be submitted to the Fiscal Manager, who will verify the hours worked against his/her record.
5. The Fiscal Manager should then process the time and report the information to the payroll service bureau. The information reported should include:
  - a. Hours worked, by cost center
  - b. Changes in pay rates or employment status
  - c. Vacation, sick or personal hours used and earned
6. The President or Vice President should review the payroll summary page of the payroll service report for inappropriate payees or unusual hours.
7. Paychecks should be distributed by the Fiscal Manager on the designated day and hour, one week after the end of the pay period according to a prearranged schedule distributed by the Fiscal Manager. In the event that a paycheck is picked up by a designated person other than the staff person, a memo should be received in writing from the staff person and proper identification should be requested from the party picking up the pay check.
8. As an employee benefit, Blacklodge Productions LLC offers direct deposit through the employee's own financial institution and also offers cost-free checking through US Bank. Through direct deposit, payroll is deposited as cash into the employee's account on payday.

## **Financial Reporting**

### **Monthly Reports:**

The Fiscal Manager should prepare a set of monthly financial reports for distribution to the President, and the Budget and Finance Committee. The reports should include: a balance sheet and a statement of income and expenses for each department (operating, project); a consolidated balance sheet and consolidated income and expense report which show all departments combined; a budget-to-actual report for all accounts included in the annual operating budget; a list of deferred and receivable funds, and a cash flow projection. In addition, the monthly reports for the quarterly periods (December, March, June, September) will be submitted to the full board for their review and acceptance at the following board meeting.

The monthly statements should be reviewed by the President or Vice President prior to distribution to the Treasurer for initial comments. After the Treasurer's approval, the statements will be mailed to the Budget and Finance Committee every month and to the full board as stated above. The monthly statements will be finalized by the conclusion of the month following the statement period.

*Year-End Report/Audit:*

At fiscal year-end, and in time for the winter retreat of the Board of Directors, a year end Audit report should be prepared summarizing the total income and expense activity for the year. A balance sheet should be prepared as of September 30 and should be attached to the income and expense report. This report will be initially reviewed by the President and Vice President, and then by the Treasurer, prior to distribution at the annual meeting.

Bids for an independent auditor to conduct this review will be accepted between September 1 and October 15. In accordance with Blacklodge Productions LLC policy, at least three proposals will be considered. The auditing process will begin on or about November 1.

## **Grant Compliance**

1. When a new grant is received or renewed, a copy of the executed grant must be forwarded to the Fiscal Manager.
2. The Fiscal Manager should set up a permanent file for the grant and maintain the contract along with any other financial correspondence regarding the grant.

Governmental Generally Accepted Accounting Principles:

3. It is a policy of Blacklodge Productions LLC to adhere to any restrictions imposed by its funders, both governmental and private. Therefore, Blacklodge Productions LLC employees are expected to bring to the attention of management, any instances of non-compliance.
4. When Blacklodge Productions LLC is expending federal funds, prior written approval from the funder agency is required for the purchase of:
  - a. Capital expenditures for land or buildings
  - b. Insurance and indemnification expenses
  - c. Pre-Award costs
  - d. Public information service costs
  - e. Publication and printing cost
  - f. Rearrangement and alteration costs
5. Blacklodge Productions LLC will never request federal funds to pay for the following costs:
  - a. Bad debt expense
  - b. Contingencies
  - c. Contributions or donations to others
  - d. Entertainment expenses
  - e. Fines and penalties
  - f. Interest, fundraising and other financial costs
6. Federal funds received in advance will be deposited into a separate federally insured bank account. Any interest earned from those monies will be submitted to the funder agency.

