



LAWRENCE RESTAURANT ASSOCIATION
ACCOUNTING POLICIES & PROCEDURES MANUAL
2022

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I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at Lawrence Restaurant Association (“LRA”, “the Association”) and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All LRA leadership with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Board of Directors.

II. Division of Responsibilities

The following is a list of those who have fiscal and accounting responsibilities:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Two members of the Board (President and Treasurer) are appointed by the Board to be authorized signers on the bank accounts
4. Reviews and approves all contracts over \$1,000
5. Reviews and approves all non-budgeted expenditures over \$1,000

Executive Leadership, Board of Directors President, Vice President and Treasurer

1. Reviews and approves all financial reports
2. Sees that an appropriate budget is developed annually
3. Monitors program budgets and expense allocations
4. Reviews and manages cash flow
5. Reviews bank statements for any irregularities and reviews completed monthly bank reconciliations
6. Reviews all invoices
7. Reviews and approves all reimbursements and fund requests
8. Reviews and signs all issued checks and/or approves check signing procedures, serves as signatory for all bank accounts
9. Reviews and approves all contracts and non-budgeted expenditures under \$1,000
10. Reviews and approves all grant submissions
11. Monitors grant reporting and appropriate release of temporarily restricted funds
12. Monitors and manages all expenses to ensure most effective use of assets
13. Approves inter-account bank transfers
14. Reviews, revises, and maintains internal accounting controls and procedures

15. Oversees the adherence to all internal controls
16. Initiates donor thank you letter acknowledgements

Bookkeeper

1. Overall responsibility for data entry into accounting system and integrity of accounting system data
2. Processes invoices and prepares checks for signature
3. Makes bank deposits
4. Maintains general ledger
5. Prepares monthly and year-end financial reports
6. Prepares the annual Return for Organization Exempt from Income Tax (IRS Form 990)
7. Reconciles all bank accounts
8. Mails grant checks
9. Manages Accounts Receivable and Accounts Payable

III. Chart of Accounts and General Ledger

The Association has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (e.g. operations, funding). The Treasurer is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is shown below.

The general ledger is automated and maintained using our accounting software (Quickbooks). All input and balancing is the responsibility of the Bookkeeper with final approval by the Treasurer.

The Treasurer should review the general ledger on a periodic basis for any unusual transactions.

Chart of Accounts

Account Number	Account Description	Account Category	Nature of Account
6217	General Operations & Public Donations	Bank	Debit
5449	Hospitality Workers Relief Fund	Bank	Debit
0231	Grant Funding Separate Account	Bank	Debit

IV. Cash Receipts

Cash receipts generally arise from:

1. Grants
2. Public donor contributions
3. Fundraising activities

The principal steps in the cash receipts process are:

Executive leadership receives and reviews incoming mail. Executive leadership submits the following to the Bookkeeper for processing: endorsed checks, deposit logs, and correct account allocation for deposits. The Bookkeeper processes the deposits. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement. The deposit log book is returned to the Treasurer.

All cash received will be counted, verified, and signed off by the Treasurer and another available Board member. The cash will immediately be posted using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited within 1 business day.

V. Inter-Account Bank Transfers

The Treasurer monitors the balances in the bank accounts to determine when there is a shortage or excess in the general operations checking account. The Treasurer recommends to the Board President when a transfer should be made to maximize distribution potential (i.e. via the Hospitality Workers Relief Fund). The Bookkeeper is directed in writing when to make a transfer and in what amount. A copy of the transfer is given to the Treasurer.

VI. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Memberships, dues and subscriptions
4. Meeting expenses
5. Reimbursements
6. Marketing/promotional materials

Checks are processed weekly.

Requests for cash disbursements are submitted to the Treasurer in three ways:

1. Original invoice
2. Purchase request
3. Reimbursement request

All invoices must be approved by the Board President prior to being submitted to the Treasurer. Every reimbursement or purchase request must be documented with receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement.

The Treasurer reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Bookkeeper for processing

The Bookkeeper processes all payments and:

1. Immediately enters them into Accounts Payable
2. Prints checks according to allocation and payment date provided by the Treasurer
3. Submits checks, with attached backup documentation, to the President for approval. All checks in excess of \$2,500 require a second signature from an authorized Board member.
4. Stamps invoice "paid"
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Runs an accounts payable aging at the end of each month and submits to the Treasurer to assure timely payment of all invoices

Expense Allocations

Expenses that benefit more than one cost center (operations, fundraising, and programs) are spread across centers using a shared cost method.

VII. Credit Card Policy and Charges

Any Board members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which the Association receives funds.

The receipts for all credit card charges will be given to the Treasurer within two (2) weeks of the purchase along with proper documentation. The Treasurer will verify all credit card charges with the

monthly statements. A record of all charges will be given to the Bookkeeper with applicable allocation information for posting. A copy of all charges will be attached to the monthly credit card statement when submitted to the Board President for approval and signing.

The Board President's credit card usage will be provided to the Board Vice President and the Board Treasurer.

VIII. Accruals

To ensure a timely close of the General Ledger, the Association may book accrual entries. Some accruals will be made as recurring entries.

Accruals may include:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, prepaid corporate insurance, etc.

IX. Bank Account Reconciliations

1. All bank statements are given unopened to the Board Treasurer. The Board Treasurer reviews the statements for unusual balances and/or transactions.
2. The Board Treasurer gives the statements to the Bookkeeper for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Bookkeeper will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Bookkeeper will investigate any checks that are outstanding over six months.
5. The Bookkeeper will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the Board Treasurer.

X. End of Month and Fiscal Year-End Close

1. The Board Treasurer will review and sign off on all month- and year-end journal entries. They will be filed for audit trail purposes.
2. At the end of each month and fiscal year end, the Board Treasurer will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, accounts receivable and payable accounts match outstanding amounts due and owed.

3. The income and expense accounts review will include reconciliation to amounts received and expended.
4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the Board Treasurer and Board President, no more entries or adjustments will be made into that month or year's ledgers.
5. At the end of the fiscal year, the Bookkeeper or outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to executive leadership for their review and approval. The Treasurer will then file the return with the Internal Revenue Service by the annual deadline.
6. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XV. Financial Reports

The Bookkeeper will prepare the monthly and annual financial reports for distribution to the Operations Manager. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Board of Directors for review and approval.

XVI. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by LRA will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.
2. No travel cash advances will be made except under special conditions and pre-approved by the Board President.
3. Reimbursements will be paid upon complete expense reporting and approval. Reimbursements to the Board President will be authorized by the Board of Directors.
4. Any donated item with a value exceeding \$100 will be recorded and a letter acknowledging the donation will be sent to the donor within one month of the receipt of the donation.
5. All volunteer time shall be recorded as in-kind donations.
6. The Board President and one designated Board member are the signatories on LRA's bank accounts. Disbursements exceeding \$2,500 require a second signature by executive leadership.
7. Bank statements will be reconciled monthly. All bank statements will be given unopened to the Board Treasurer for review.
8. Correction fluid and/or tape will never be used in preparing any accounting documents.
9. Accounting records will be kept in a secure location and only parties with financial responsibility or executive leadership will have access to the records.