

**CENTRAL**

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**GRAZING**

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**COMPANY**

**Standard Operating Procedures  
&  
Accounting Practices**

**Confidential**

Updated 4/25/22

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## **Financial Management System**

Central Grazing Company (CGC) uses Quickbooks Enterprise Solution accounting software to maintain accurate, current, and complete financial data. CGC books are kept on an accrual basis. Each transaction is given a unique line item category, and all income and expenses are posted to that category. All expenses are backed up by proper documentation with a clear memo description. All expenses have been reviewed and submitted by the appropriate CGC staff.

Procedures:

Incoming Expenses:

Invoices are first reviewed daily by the Director of Operations for accuracy and budget allowability. If the expenses are accurate and allowable, the Director of Operations enters the transaction onto CGC's Cash Flow Stream (CFS) document and shares it with the CEO to approve the expense. If approved, the Director of Operations passes the invoice to the bookkeeper, who enters it into QuickBooks. The bookkeeper processes checks weekly. The CEO signs checks.

- The Director of Operations manages the CFS and creates the stream for a 12-month period.
- Weekly the CFO checks the CFS for accuracy and combines the daily transaction into a monthly cash flow 12-month period.

End of Month Closing (EOM):

At EOM, the CEO and Director of Operations run reports from QuickBooks detailing the income and expense for each transaction to ensure that all invoices are correctly categorized, and have the proper memos and attached documents. The reports are submitted to the third-party Accountant for review. The Accountant verifies that the accounts are accurate based on Good Accounting Procedures. If an expense is posted to the wrong account, the original paperwork is reviewed. If the paperwork is marked for the correct account and the error was a data entry error, the entry is corrected in QuickBooks by the Accountant.

- Each month will be closed within 30 days of the end of the calendar month.

The CFO checks the total expenses to date, comparing total expenses to the approved budget. The CFO also compares expenses to date vs. the approved budget and updates the overall company's Financial Model (FM).

## General Ledger:

CGC uses QuickBooks Enterprise (QBE) software that is housed on the Right Networks Servers. The Accountant, Director of Operations, and bookkeeper do all data entry of information into QuickBooks. There is a separate drive folder on Google Docs for all of the accounting information and the CEO, CFO, Accountant, and the Director of Operations, and Bookkeeper (Financial Team) are the only staff with access to that drive.

Quickbooks Enterprise is an off-the-shelf software package and no changes have been made to The Financial Team reviews accounts weekly and complete financial statements on a monthly basis. The Finance Team reviews the reports at least quarterly.

## Grants Accounting Procedures

### I. Overview

CGC processes the financial transactions of grants. The funds are referred to as a “**Restricted Fund**” account because they have been awarded for a specific purpose, with a restricted budget. They are governed by a variety of laws, regulations, and local guidelines by CGC and third-party financial consultants and accountants (Financial Team). These regulations range from zero governance by certain private sponsors to very complex regulations such as those described in the U.S. Office of Management and Budget Uniform Guidance Title 2 CFR 200 which are implemented according to the dictates of the several federal granting agencies.

### II. Project Startup Grant

Applications and contracts will be reviewed and approved by the CEO before the application or contract is signed. All approved/awarded grants must be forwarded to the designated company Grant Project Manager (Project Manager) to provide oversight on the grant budget and impact reporting.

The Project Manager will need the following documents:

- Copy of Notice of Award
- Copy of Grant Application
- Any other relevant information

Upon approval/award by the CEO the Project Manager will take the following steps:

- Review the grant documents to determine funding source, start and end date of grant, amount of funding, cost-share requirement, indirect costs %, etc.

- Coordinate an initial meeting with the Financial Team to review the financial requirements of the grant and establish the operational budget.
- Set up Quickbooks with a separate line item holding a banking account for easy grant accounting and reporting.
  - Co-mingling of funds is prohibited and the grant must stay in a separate financial account.
  - The CEO's signature is required for the budget.
  - CEO will oversee the transferring of funds from the Restricted Fund account to the General Operating Account per invoice or budget payment requirement.
  - The CEO's signature is required for all fund disbursements or reimbursement requests for grant funds.

### **III. Contracted Services**

A contracted service arrangement occurs when an independent third-party vendor, such as a consultant, is used to perform grant-funded work. Contracted services do not include the use of part-time or full-time CGC employees.

In order to utilize a contracted service, the following procedures should be followed:

- Persons requesting services should contact the Project Manager.
- Submit contract for review to Project Manager.
- A purchase order must be issued and approved before the contractor may start work
- The contractor must submit invoices for payment
- The CEO will transfer funds to the General Operating Account from the Restricted Funds account in the amount necessary to pay the Contractor's invoice.
- Contractor invoices are paid via ACH or check through Accounts Payable General Account approved by the Financial Team.
- The Project Manager will initiate the payment.

### **IV. Purchasing/Procurement**

All Purchases will adhere to CGC purchasing policies and the grant budget. This includes, but is not limited to, a required purchase order, with appropriate signatures for all purchases over \$1,000.00. All purchases will be subject to the allowable, allocable, reasonable, and necessary requirements. CGC will adhere to all grant-specific requirements as they relate to purchasing and procurement.

### **IV. Program Income Program**

Income is revenue related to the project financed in whole or in part with federal or state funds. In order to determine which method to follow refer to the awarding agency regulation or OMB 2

CFR 200.80. If the method is not specified by the awarding agency, the addition method will automatically apply (except when specified by the program).

- Addition Method-Revenue generated is added to grant funds committed to the project and used to further eligible project/program objectives
- Subtraction Method – The amount of program income revenues generated to reduce the number of federal funds. Must be spent in accordance with the original approved budget
- Other Method – Revenues are used to finance the non-federal share of the project/program.

## **V. Debarment and Suspension**

All vendors and contractors who receive grant funds for goods and services must be in good standing with Federal Agency regulation, Debarment, and Suspension.

Section 200.213 of the Office of Management and Budget (OMB) 2 CFR 200.213 requires federal awarding agencies and recipients to comply with Federal agency regulations. Under those regulations, certain parties who are debarred, suspended, or otherwise excluded may not be participants.

Procedures: The Project Manager will verify vendors and contractors using the Excluded Parties List System <https://www.sam.gov>. Verification will be initiated when the Project Manager receives a purchase order requesting goods or services to be purchased with grant funds. If the vendor is included in the Excluded Parties List System, the Project Manager will notify the CEO.

## **VI. Cost Sharing or Matching Funds**

Cost-Share and matching funds are contributions made to an award from other funds. The contributions must be for expenses that are necessary and reasonable to support the objectives of the award. Cost-share may be from non-federal funds, must be allowable by federal regulations, cannot be used by more than one project, and must be auditable. Cost-share and matching expenses that are included in proposals become “required” cost-share/matching and must be tracked and verified. All cost-share must occur during the project period. Documenting cost share is an effort that involves both the Project Manager and Financial Team. The Project Manager will provide the necessary information so the Financial Team can document the cost share as necessary if requested by the awarding agency or auditors.

## **VII. Supplementing Versus Supplanting**

Grant awards made under programs that prohibit supplanting by law must ensure grant funds supplement (increase the level of services) and not supplant (take the place of) federal, state, and local funds. Federal funds cannot be used to pay for services, staff, programs, or materials that would otherwise be paid with other grants.

Each year the General Operating budget is updated for supplies, equipment, payroll expenses, and all other expenses. The CFO and CEO work together to determine the best use of budget funds based on historical data and the budget for the upcoming fiscal year. When grant budgets are prepared the General Operating budget is considered to ensure grant funds are not being used for items budgeted in the General Operating budget.

During the fiscal year, the Project Manager performs reconciliations of the general ledger reports with the grant financial/budget reports to ensure accurate reporting. Reconciliations are prepared and reviewed when grant financial reports are due. The grant financial reports are normally completed on a monthly, quarterly, or annual basis. If an expense is disallowed due to supplanting in error, a journal entry is processed to remove the expense from the grant general ledger accounts and included in the appropriate General Operating account.

Procedures: If a program or activity cost was funded with non-federal funds in one year and with federal or state grant funds the next year, an auditor would most likely make a presumption of supplanting.

For a decision to allocate grant funds in this way, you must have two types of documented evidence that supports its action:

1. Evidence of an actual reduction in state and/or local support and/or other non-federal support.
2. Proof that the activity/program would be discontinued without the benefit of grant funds.

## **VIII. Indirect Costs**

Actual costs incurred to conduct normal business activities of an organization that cannot be identified with or directly charged to a specific project or activity. Indirect cost rates are used to partially recover the indirect cost of a grant project. CGC indirect costs are negotiated and approved with the Federal government and for most non-federal projects. The rate agreement is periodically renegotiated (usually every three years) so rates will vary.

In the case of an indirect rate being non-negotiable, some granting agencies allow for an alternative allocation method. The alternative allocation method must be approved by the granting agencies. Some granting agencies allow for a lower indirect cost rate than the, thereby allowing more dollars for program use. If so, this must be identified in the approved contract, narrative, or budget. Indirect costs are recovered by applying the applicable indirect costs rate to the direct cost expenditures incurred on each project. The calculated indirect cost amount is charged to each project by the Financial Team.

## **XI. Payroll**

The Financial Teams' function in the payroll process is to verify the valid start and end dates and ensure salaries are an allowable cost to the grant. All grant salaries are contingent upon grant funding. The Project Manager is responsible for contacting the Financial Team regarding any new hires and reassigned employees. A reassigned employee is an existing employee to be paid by a grant. The employee's salary and related benefits should be charged to the grant account. This requires a payroll change.

## **XII. Staff Time for Reporting Grants**

**Purpose:** Required documentation of time and effort that reasonably reflects the employee's total activity. Reports that reflect activities of employees' compensation by grants and contracts must be reviewed and authorized by individuals who have first-hand knowledge or a suitable means of verification of the work performed.

**Policy:** Federal regulations require all staff to report and certify their effort. Staff receiving salaries and wages from a grant are required to document their effort.

**Procedures:** Effort documentation records the percentage of salaries and wages charged to the grant. Employees are required to report time and effort if their wages are charged to grants. Effort documentation is based on 100% of activities and not a 40-hour workweek. Efforts must be reported even if not paid for by the funding agency. Grant-funded efforts must be activities that are allowable for the grant. Documentation forms must be completed and signed by the employee. The form must also be signed by the CEO. Effort reports are to be prepared each month by employees. The Financial Team will compare actual payroll costs to effort reports each month and promptly adjust significant differences at least quarterly. If budget and actual costs are 2% or greater, adjustments will be calculated and recorded.

**Procedures to Certify Effort:** The Project Manager is responsible and accountable for compliance with federal regulations associated with the grant awarded.

- The Project Manager is responsible for forwarding the appropriate forms to employees.
- Each employee is responsible for certification of his/her own effort.
- The complete top portion of the effort form (name, name of grant, time period, etc.)
- Effort forms are to be completed monthly. One effort form for each month (ex: Jan 1 – Jan 31). Individual verifies the actual effort worked for each grant.
- List broad categories of activities performed during the period for a grant.
- Employees will confirm their effort by signing the report.
- Forward to the Project Manager.
- The Project Manager is responsible for ensuring the accuracy of the report.
- The CEO will certify based on firsthand knowledge that the information reported is correct by signing the form.

- All completed original signed effort forms will be returned to the Grant's Standard Operating Procedures company file within 12 working days after the end of the month.

### **XIII. Fringe Benefits**

Fringe benefits are the employer and employee portion of Social Security and Medicare taxes, Workman's Compensation, retirement, and health insurance. Fringe benefits are charged in accordance with 2 CFR 200.431 and to the respective grant by the Accountant via journal entry. The entries are calculated using payroll distribution reports, and applicable rates and percentages are applied against the salary or wage amounts charged to the grant.

### **XIV. Cost Transfers or Budget Changes for Grants**

Costs transfers or Budget Changes are reassignments of costs involving a grant account. All transfers must be in compliance with the requirements contained in the grant sponsoring entity guidelines. The Project Manager is responsible to ensure that only allowable, allocable, reasonable, and necessary costs are charged to his/her grant budget. Costs should be charged to the appropriate grant or budget category when first assigned.

However, there may be circumstances that require transferring expenditures to a grant or budget category subsequent to the initial recording of the expense. Transfer costs either into or out of a grant account require monitoring for compliance with CGC guidelines, federal regulations, grant-specific guidelines, and the cost principles that underlie fiscal activities on grants.

To promptly identify costs that have been erroneously posted to a sponsored account, the Project Manager should review expenses at least on a monthly basis. A timely review of expenditures will help to correct errors and limit the number of cost transfers. Cost transfers should be requested within 90 days after the month in which the cost was originally posted to CGC's financial accounting system. Any request received after the 90-day period will require review and approval by the Financial Team and may not be allowed. If an unallowable expenditure is discovered on any grant it must be removed regardless of the time limit. Cost transfers must be completed not later than 30 days after the grant terminates. This is necessary to promptly charge the grant and not delay the submission of final financial reports.

Transfer requests on terminated grants will be reviewed by the Financial Team on a case-by-case basis and may not be approved. Transfers to reduce overruns, to spend unused balances, or for other reasons of convenience are prohibited. Retroactive payroll adjustments may affect previously submitted effort reports and will require recertification and submission of a new effort report reflecting the change.

Procedures:

- The Project Manager will submit a request to the Financial Team for review.

- The request must contain an explanation and supporting documents to justify the cost transfer.
- The Financial Team will review the request from the Project Manager.
- If further justification is needed or the request is denied the Financial Team will notify the Project Manager.
- If approved:
  - The Accountant will prepare the journal entry for approval by the CEO.
  - The CEO will review and approve the journal entry.
- The Accountant will maintain copies of journal entries and supporting documentation in Quickbooks.

## **XV. Reconciliation of Grant Accounts**

Reconciliations of the general ledger reports to the grant financial reports are necessary to ensure accurate reporting. Reconciliations are to be done when grant financial reports are due. The grant financial reports are normally due monthly, quarterly, or annually.

Procedures:

- Review the expense general ledger report to ensure the budget matches the grant. All budget adjustments must be approved by the CEO. A copy of the budget adjustment form must be kept in the Grants Folder. Make budget changes as necessary.
- Review the expense report to ensure the expenses are allowable, allocable, reasonable, and necessary for the grant.
  - If any expense is a concern, review the invoice. Paid invoices are located in the Accounts Payable in the Grants Folder. If an expense is disallowed, a journal entry must be processed to remove the expense from the grant general ledger accounts.
  - The CEO must approve all journal entries
- 4. Once the reconciliation is complete, report the expenses to the Grantor for reimbursement or reporting purposes.
  - Each Grantor has different reporting procedures; refer to the grant contract.

## **XVI. Financial Reporting**

The Project Manager is responsible for submitting invoices to and filing the various financial reports to the grantor. These reports vary according to grantor requirements. Reporting due dates also vary according to grantor requirements: monthly, quarterly, semi-annually, or annually.

Invoices:

Some grants require reports detailing expenditures as some require summary information.

Payment is also varied for the grantor: some are reimbursed by ACH, some by wire transfers, and others by check.

The Financial Team is responsible to ensure revenue is received and properly recorded to correct accounts receivable/grant accounts.

**Payment:**

The time elapsing between the transfer of funds from the grantor and the issuance of funds to recipients shall be minimal.

**Programmatic Reporting:**

It is the Project Manager's responsibility to complete and file required program reports. A copy of the report must be maintained by the Project Manager in the Grant SOP folder.

**Refund to Sponsor:**

Funds remaining at the end of a cost-reimbursement project need to be returned to the grantor unless otherwise directed by the grantor.

**Inventory:**

Inventory of supplies and equipment must be taken and the results reconciled at least every two years (except when required more frequently by individual grant policy). Review the grant contract as requirements vary according to the grantor's requirements.

The Project Manager is responsible for coordinating the inventory effort. A copy of the inventory report must be maintained by the Project Manager and a copy stored in the Grant SOP folder.

## **XVII. Project Completion**

The closeout of the grant is important in the overall management of the grant project. It is imperative the Project Manager arrange a meeting with the Financial Team 90 days prior to the end of the project to discuss close-out procedures. The close-out guidelines below should help facilitate the process. However, please refer to the grant contract for close-out procedures as instructions may vary according to grantor requirements.

**Procedures:**

**Project Manager:**

- Schedule a meeting with CEO 90 days prior to the end of the grant.
- Review account activity and encumbrances for closeout.
- All goods and services must be received/completed prior to the end of the grant date.
- Complete termination paperwork for staff and/or payroll changes for staff assigned to other departments or grant accounts.
- Take inventory of all equipment and review disposition instructions.
- Prepare and submit the final program report.

- Review and file all documentation pertaining to the grant. Records will need to be stored for a specific time period as noted in the grant agreement in the Grants SOP Folder

#### Financial Team:

- Run reports for review.
- Review activity after the grant end date for compliance and prepare needed closing adjustments. Assess formal indirect costs.
- Review equipment dispositions instructions and take necessary action.
- Return unexpended funds to grant if needed. Refer to grant contract for instructions.
- Prepare and submit the final financial report. Forward a copy to the CDO and Project Manager.
- Review folder for all documents related to the grant.

#### Specific Grant Reporting:

##### Value-Added Producer Grant Submission

Contacts: Nancy Pletcher | [nancy.pletcher@usda.gov](mailto:nancy.pletcher@usda.gov)

Jennifer Yarbrough | [jennifer.yarbrough@usda.gov](mailto:jennifer.yarbrough@usda.gov) (Grantor)

- This Value-Added Producer grant through the USDA is submitted quarterly. We have a \$210K cap on this matching grant structure. You must own 50% or more of your raw commodities to qualify. Our current grant is active through 10/4/23.
- Our rent and processing costs are what we'll focus on for matching funds. Labor could be matched at some level if needed, but this may require additional work to accurately track and separate out those costs.

#### Procedure:

- Submit for reimbursement on form SF270
- Use the Cash Flow document for USB to pull rent and processing costs
- Rent expenses do not require an invoice - processing costs do.
- Use the "VAPG Central Grazing Expenses" form. When this is filled out, transfer over applicable information to the SF270.
- This will be submitted to Nancy and Jennifer
  - Receipts and invoices for processing costs
  - Bank statements showing that these costs cleared our account
    - Note on the statement which line number each requested reimbursement lives on in the spreadsheet we send over.
- CEO's signature is required- we'll put everything together for her to review and sign and then we'll submit.
- When emailing Grantor the submission, remind them that "rent is included in our grant as a monthly ACH draw so receipts are not required".
- In March and September, the process may be slightly different as these are semi-annual filings. Follow up with the CEO on this process.

## **Internal Controls for General Accounting**

### **Vendor Onboarding**

#### **Vendor Onboarding**

- Send over a W9 and the Authorization for Direct Deposit form (Drive > Materials Log)
- “ACH direct deposit is our preferred method of payment and would make it easier for us to pay you timely. If you please complete the attached authorization and return to our Accounting Department, we will get you paid.”
- Put W9 information in “Tax Settings” tab under Vendor Center.
- Set up vendors to be paid by ACH
  - Pull up the vendor > edit (top left)
  - Additional info tab > click “direct deposit” > check “use Direct Deposit”
  - Enter in account information - checking is the default
  - Send vendor confirmation of direct deposit
  - Enter PIN
  - Set vendor type to ACH
  - Under Tax Settings tab - click “vendor eligible for 1099”
  - Click on “attach” and attach the paperwork

### **Receive Payments - A/R**

The Bookkeeper records the receipts in QBE as with other cash receipts. The approval category is given and written down by the Bookkeeper or Director of Operations on the forms. The paper copies of all backup documentation for each deposit are filed, with the report from the online credit card processing system in the paper cash receipts file. Billing is done mainly in conjunction with grants’ or contracts’ time-frame for billing and recording revenue. The Director of Operations maintains billing detail and ensure that payment information is put QBE file with a copy of the invoice. Requests for follow-up regarding late invoices to be paid are made by the Director of Operations to program staff.

#### **Invoicing**

- All invoices should be the template “Copy of intuit...”
- Always make sure you’re starting with a blank invoice
- Customer Job = Customer
- P.O. = PO# or use the current naming convention (LB220119\_Customer Initials)
- Item Code = our SKU
- QTY - cs/ea/lb
- Add shipping and box charges if applicable
- Email a copy to the customer if applicable

#### Send Statement

- Customers > create statement
- Period > select customer > preview

#### A/R Reports

- Go to Reports > AR Aging Detail
- Customize the filters to name by account and any other details needed
- Export to a CSV if needed.

#### Checks/Cash:

The Director of Operations opens the mail and creates a check log of all incoming checks by recording the date, name, type of payment, and amount in the CFS. The Director of Operations then gives all related and miscellaneous cash receipts to the Bookkeeper and shares the updated CFS with the CEO and the CFO.

- The Bookkeeper categorizes and enters the receipts into QBE.
- The Bookkeeper calculates the deposit and summary of checks/ cash, etc. for the general ledger. The Bookkeeper prepares the deposit slip and either the Bookkeeper or the Director of Operations physically makes the deposit at least weekly.
- The Bookkeeper uploads a copy of the deposit into QBE. The uploads notes name, amount, general ledger account distribution, and codes.

#### Process Payments:

##### Misc Payments:

The bookkeeper records the amount into QBE.

- Vendor > Pay Bills (as long as the bill has been entered) > check the box by the vendor you're paying.
- Set the payment date
- Set the method to direct deposit
- Account: General Account = USB.
- Send direct deposit payment
- As a matter of best practice, print the payment confirmation report and file those as records that payments have been initiated.

##### ACH Payments:

The Bookkeeper enters all of the ACH transactions following these procedures:

- Open "Receive Payments"
- Date = date processed

- Ref # = check # or document number from NGVC
- After payment is processed, go into Banking -> Make deposits and find the payment, process with date from remittance/date it hit the account.

#### Amazon - Receipt of Payments to Quickbooks

- Go to Amazon Seller's Central "Total Balance" and click on the link for the outstanding balance - "Payments Dashboard".
- Click "Disbursements" and "View Summary" in the top left - and then "View Transactions For This Period". The BookKeeper downloads several transactions for a period.
- When an invoice for an amazon order is created, the Bookkeeper will apply the payment.
- The payment amount is applied in the Total column - it's less than invoice due to the fees.
- Subscription and advertising fees
  - These were not deducted from an invoice
  - Banking > write checks > pick the Amazon account and write the check for these fees to pay to Amazon and make sure the correct expense account is selected..
- The BookKeeper created A/R aging detail to see several invoices awaiting payment.
  - Double click the line to pay on the AR aging report and pay the invoice from the following window.
- The BookKeeper receives payment in QB by entering the "Total" amount from Amazon. This will short the invoice. The extra amount will process as "Write off the extra amount" in the lower left corner and categorized to the proper category.
- After payments have been made against the invoices, the BookKeeper will make a deposit to the Amazon Account.
  - Amazon deposits in the Amazon bank account and then deducts their fees and then deposits the remainder to our General Operating Account.
- Transfer the funds from the Amazon account to the General Account
  - Banking > Transfer Funds > Select the correct accounts and use the date that the funds hit USB for the transfer date.
  - Verify the transfer amount from the Amazon Disbursements screen.

#### Retail NG and MO - Receipt of Payments to Quickbooks

- Process payments as early in the week as possible. They should come through on Mondays. The goal is to follow up on any questions with them by Thursday of the week payment is received so that we can receive the outstanding balance the following Monday.
- Open the NG clearing document.
- Go to "Receive Payments" in Quickbooks
- The Reference Number is the Clearing Document number that we get from NG
- Put checkmarks next to each payment referenced in the clearing doc.

#### Short Pays from NG

- Dig into short-pay situations by finding the LIV emails and any communication from the store.

- If the short is in good order, create a credit memo on the invoice, note why the pay is short and apply the payment received to cover the balance and close the invoice.

#### Shopify - Receipt of Payments to Quickbooks

- This follows the same pattern of Amazon.
- Receive payment for what we actually got and write off the underpayment to Shopify (choose correct expense category)
- Do the transfer from Shopify/Amazon to the General Account as of the date the payment cleared in General Account.
- Go to "Banking" > Transfer funds > select accounts and date
- Verify deposit amounts from the customer side (rather than pulling from bank statement)

### **Invoices Payments - A/P**

#### Expense Accounts:

Accounts Payable is done weekly for billing. The Director of Operations maintains billing detail and ensure that payment information is put in QBE with a copy of the invoice. Requests for follow-up regarding late invoices to be paid are made by Director of Operations to program staff and determine why payment is late, work to resolve the situation in a timely fashion and communicate back to the CEO and Bookkeeper.

#### AP Reports:

The Director of Operations creates a weekly report for Accounts Payable and emails a copy to the CEO for approval. Once approved the Bookkeeper processes the payments according to the following procedures:

- Reports > Vendors and Payables> Balance Detail
- Set the date forward for the period you are evaluating.
- Customize Report
  - Display: check "Due Date"
  - Filters
    - Paid Status = Open
    - Transaction Type = Multiple: Credit Memo/Bill/Bill Credit
    - Due Date = leave "From" blank, put in "To" date.
    - Vendor Type = ACH or NON ACH
  - Payroll withholding will never make it on the report. This must be manually accounted for. This is monthly.

#### Write Checks

- Banking > Write checks
- Used in situations where we've spent from an account (usually debit transactions)

## Void Checks

- Write the check in Quickbooks and then go back and under “delete” you can select “void”. Save the transaction and attach a scan of the voided check.

## Credit Memo

The best way to do Credit Memos is to write the CM and then do an inventory adjustment to remove the re-received inventory. You should be asked during the inventory adjustment process where to credit the expense (research/damage/etc).

For damaged product: figure out the amount of the credit memo and write up the memo using “Damaged in Shipping” code under Services.

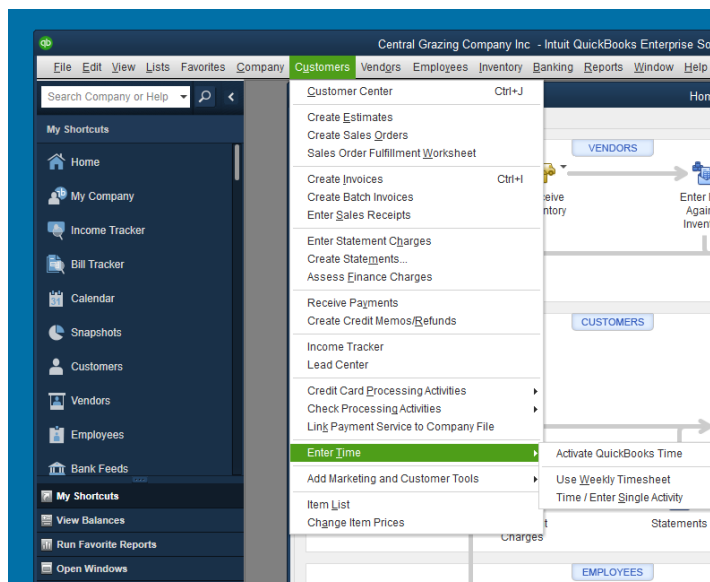
Remove the “quantity” and finish credit memo with only the dollar amount.

Apply to affected invoice

For demo/R&D product:

Generate an invoice and use the correct item code from the “Services” categories. There will be no cost. Change the description to what was sent and add lot number.

Open Quickbooks and select the Customers tab and select Credit Memo/Refunds from the drop down menu.



In the Customer:Job field enter the customer information enter the item the number of units or cases and the PO number. The PO number can be found on the invoice from the shipment the credit is being issued for.

Central Grazing Company Inc - Intuit QuickBooks Enterprise Solutions 19.0(multi-user)(Heather)

Company Customers Vendors Employees Inventory Banking Reports Window Help

Customer Center: Meat LLC

Create Credit Memos/Refunds (Editing Transaction...)

Main Formatting Reports

Find New Save Delete Create a Copy Memorize Mark As Pending Print Email Email Later Attach File Use credit to give refund Use credit to apply to invoice

CUSTOMER JOB: NG-Retail.071-E TEMPLATE: Custom...

### Credit Memo

DATE: 05/27/2021 CUSTOMER: Natural Grocers  
12155 SW Broadway St  
Beaverton, OR 97005

CREDIT NO.: 6341

P.O. NO.:

| ITEM | DESCRIPTION | QTY | U/M | LOT NUMBER | RATE | AMOUNT |
|------|-------------|-----|-----|------------|------|--------|
|      |             |     |     |            |      |        |
|      |             |     |     |            |      |        |
|      |             |     |     |            |      |        |

CUSTOMER MESSAGE:

TOTAL: 0.00

REMAINING CREDIT: 0.00

Save & Close Save & New Clear

Customer: NG-Retail.071-BV

Customer Transaction

SUMMARY

|                             |      |
|-----------------------------|------|
| Open balance                | 0.00 |
| Active estimates            | 0    |
| Sales Orders to be invoiced | 0    |

RECENT TRANSACTION

|                         |        |
|-------------------------|--------|
| 03/29/21 Invoice - Paid | 283.70 |
|-------------------------|--------|

NOTES

Select save and close a screen will pop up asking how to apply the credit memo. If the credit memo is being issued for a damaged product, customer complaint or thawed shipment the credit memo should always be applied to the original invoice for the shipment.

If a credit memo is issued for a duplicate payment select give a refund or issue a credit, depending what the customer would like.

If you do a credit memo it will pull the inventory back if you use inventoried SKU line items to write the memo. You'll have to do an inventory adjustment after you do the credit memo for any situations where the inventory doesn't actually come back and you use SKU line items in the memo.

Available Credit

This credit memo or refund has a remaining balance which you may use.

What would you like to do with this credit?

- ☐ Retain as an available credit
- ☐ Give a refund
- ☒ Apply to an invoice

OK

## Inventory Management

All orders will be post-processed within one day of fulfillment. Inventory quantities will be tracked for each fulfillment with hard-counts quarterly.

New skus will be created by Accounting/CEO.

Lots will be created by Bookkeeping/Receiving.

We will evaluate inventory fluctuations monthly during the close-out meeting.

### Inventory Adjustment

- Go to the “Inventory” tab > adjust
- Remove from cases (watch UOM)
- Add to eaches
- Is the adjustment account supposed to be “ask my accountant”?

### Build Assemblies

- Pull the inventory sheet from the lot for which you are building the assemblies.
- Go to the “Inventory” tab and drop down to “Build Assemblies”
- Set the date to the delivery date
- Choose SKU and input lot #
- Choose the item code for the lamb:
  - “Live Lamb from Producers” is for when we buy lamb from other folks - not for lamb we raise.
  - You’ll have to put in how many lbs of the live lamb it takes to make the retail cut (per item qty). In this example it was 3.1776.
    - This number comes from the Accountants spreadsheet - it’s the rolling 12 month average cost/yield information. The Accountant will upload a version to QBE.
  - The other quantities remain as 1 (Case box/Label/Transport to and from/processing)
  - Choose what Lot # for the line item of the lamb itself. The other items do not require a lot identifier.
  - Put in the total weight for the item in the “Quantity To Build” box.
- Hit “Build & New” and push through the warning message.
- Final step is to check Inventory Valuation Detail report against the cut/pack sheet
  - Filter Lot Number
  - Filter Transaction Type to Build Assembly

## Inventory Receiving

### Prior to Delivery

- Prepare receiving pack: Cut Sheet, Inventory Count Sheet, BOL
- Arrange freezer
- Confirm delivery date with logistics

### Delivery Day

- Count product received by each, case, and weight. Fill out inventory sheet in receiving pack.
- Verify USDA bug and handling instructions and ensure all labels are correct.
- Verify lot number.
- Attach pallet count sheet and documentation from logistics and save to drive. Alert Bookkeeping the lot is ready for build assemblies.
- Complete Cut Sheet workbook with inventory items
  - Boxes
  - Stickers
  - Lamb
- Follow up on any questions or concerns from the shipment.

## End of Month Accounting Close

### Monthly Close

- Set Monthly Close meetings 30 days out.

### Amazon - Receipt of Payments

- Go to Amazon Seller's Central "Total Balance" and click on the link for the outstanding balance - you'll go to the "Payments Dashboard".
- Click "Disbursements" and "View Summary" in the top left - and then "View Transactions For This Period". You can download several transactions for a period all at once if you've gotten behind.
- As soon as you create an invoice for an amazon order, go into this window and apply the payment.
- Apply the payment amount in the Total column - it's less than our invoice due to the fees.
- Subscription and advertising fees
  - These were not deducted from an invoice
  - Go to Banking > write checks > pick the Amazon account and write the check for these fees to pay to Amazon and make sure you select the correct expense account.

- You can pull the A/R aging detail to see several invoices awaiting payment, but we shouldn't get into this situation.
  - Double click the line you want to pay on the AR aging report and pay the invoice from the following window.
- When you receive payment in QB, you'll enter the "Total" amount from Amazon. This will short the invoice. You'll click on "Write off the extra amount" in the lower left corner. You'll be prompted to select where you want to write this off from.
- After payments have been made against the invoices, you'll need to make a deposit to the Amazon Account.
  - Amazon deposits in the Amazon bank account and then deducts their fees and then deposits the remainder to our USB account.
- Transfer the funds from the Amazon account to the General Account
  - Banking > Transfer Funds > Select the correct accounts and use the date that the funds hit USB for the transfer date.
  - Verify the transfer amount from the Amazon Disbursements screen.

#### Income Accounts - Reconciliation

- Reconciliation
  - Click banking > reconciliation
  - Select the account, statement date, and then the balance should be the Beginning Balance amount that shows in Amazon.
    - The ending balance is the Account Level Reserve
  - Click on Checks and Payments (this is money from Amazon to USB) and then click on deposits and credits - they should zero out.
  - When you go back to the chart of accounts > Amazon, you should see checkmarks by the transactions now as they've been reconciled.
  - The ending balance should equal the "Account Level Reserve" amount on the Amazon Payments Dashboard.

#### Credit Card - Reconciliation

- To see the balance (ledger) go to Lists > Chart of Accounts
- This is paid through the American Express website. It's listed as an ACH vendor so that we know not to write a check for it.
- Download the .qbo file for the period
- Get that file over to Right Networks (Docs folder)
- In Right Networks
  - File > Utilities > Import > WebConnect
  - Then go to Banking > Bank Feeds > Bank Feeds Center
  - Select the account for which you are importing and view the Transaction List
  - Click on the headers (Changed By Rules/Need Your Review/Matched) and edit the transactions accordingly.
  - When complete > Batch Actions > Add/Approve

- You can do a quick-add for a new Payee - but will need to email accounting so that this can be verified.
- Then go to the chart of accounts and verify the transactions before starting reconciliation.

## Bank

- Reports > Banking > Previous Reconciliation is a way to check prior reccos.
- Beginning balance - Cleared Transactions + Deposits and Credits = Ending Balance.
- The General Account will show Uncleared Transactions as well (checks written that have not cleared).
  - Money Market Account Reconciliation
    - Check the previous reconciliation and get the Ending Balance
    - This Ending Balance will match the beginning balance on the statement
    - Check the Chart of Accounts and verify that your transactions are all listed. Enter in anything that's missing. You can type directly into the register if you like. Enter dates as "xxxx" and hit tab. No slash and no year required.
    - Select "Ask My Accountant" for transfers to account 1441 until we have a better answer.
    - Ending balance in QB should match Mid-Am. This will not work for accounts that will have any pending transactions.
    - Go into the reconciliation process screens.
    - Let's think about where to stash these statements - perhaps last transaction of the month for that account? It may move....
  - General Account Reconciliation
    - Banking > Bank Feeds Center (like the AmEx transactions)
    - Select USB account. Make sure it's up to date (upper right)
    - Input PIN: 7784 and hit OK
    - Click "Transaction List" and go through the process of "Need Your Review/Changed by Rules/Auto-Matched"
      - Start with Needs Review. Group by Downloaded to clear chunks.
      - Auto-Matched means that the transaction matches something that's already in the register.
      - You can match items needing review to existing items. There's an option on the left to match to existing transactions.
      - This is a step where duplicate transactions can occur if QB doesn't know to match things up.
      - Changed By Rules count is included in the Needs Your Review total.
    - The lightning bolt on the chart of accounts page means that the line item was received from the bank feed.
  - Changing Rules in the bank feed
    - Click on the Rules on the top left - sort by When -
      - Edit: click on the rule > edit rule and edit accordingly.

### Shopify Orders in Quickbooks

- Pull transaction history monthly to reconcile Quickbooks
  - Finances > Payouts > Transactions (upper right)
  - Filter by dates
  - Export items matching your search as a CSV for Excel
  - Lamb Box Orders
  - One-time orders must be tagged in Shopify and Mailchimp with their Batch ID. This must be stripped from one-time orders after the “WITB” email is sent.
- Shopify Discount Setup
  - Discounts tab on the left
  - Create Discount button (upper left) and select if it's a code or automatic.
  - Define all fields.

### Shopify - Receipt of Payments to Quickbooks

- This follows the same pattern of Amazon.
- Receive payment for what we actually got and write off the underpayment to Shopify (choose correct expense category)
- Do the transfer from Shopify/Amazon to USB as of the date the payment cleared in USB.
- Go to “Banking” > Transfer funds > select accounts and date
- Verify deposit amounts from the customer side (rather than pulling from USB)

## Payroll

### Prior to PPE

- Send a reminder of payroll close date to employees

### Submission

- Pay periods end on the 1st and 16th of each month and pay on the 8th and 23rd. Within 48 hours of the pay period end, verify all entries, resolve any outstanding items, close the period and submit for approval.
- The Director of Operations will verify, approve and submit the payroll to the Accountant for processing. The CEO will give final approval.
- Payroll tax withholdings are filed by the Accountant.