Index

Absenteeism and tardiness, 113 Amortization, 31–32 Accounting Anniversary date, 116 Annual leave information release system, 28 method, 28-29 accrual, 32 records, access to, 293 mandatory, 178 Accounting and Financial Policies and payments, 116 Procedures Manual reinstatement of benefits, 197 accounting policies, 23 Antitrust law, 116, 117 chart of accounts, 7. See also Chart of Antivirus, 117 Aptitude and ability tests, 117 accounts internal financial statements, 1 Arbitration, 123 Accounts payable Assets accruals, 29 chart of accounts, 9-11 paid stamp, use of, 72, 73 fixed assets, serial numbers, 96–97 Accounts receivable net assets, chart of accounts, 14 collection procedures, 39-41 permanently restricted net assets, 75 discounts, 51 serial numbers, 96, 97 discounts on, 51 statement of changes in net assets, 1, 6 nonsufficient funds account, 69 temporarily restricted net assets, 100 write-offs, 29-31 unrestricted net assets, 107-108 Acronyms, use of and fraud prevention, Attorneys. See Legal counsel 228, 229 At-will employment, 117, 118 Affinity programs, 113, 114 Audits Age Discrimination in Employment Act audited financial statements. See Financial (ADEA), 114 statements Agent, registered, 197, 295 changeover audit, 235 Agreements. See Contracts internal audit committee, 287, 288 Alcohol and controlled substances, 114 legal, 168, 169 Americans with Disabilities Act, 115 and year-end manual, 224, 225

Background checks, 118, 119	Business cards, 126
Bad debts. See also Accounts receivable	Business interruption insurance, 233
collection activity record, sample form, 40	By-laws, 126
nonsufficient funds checks, 79	
Balance sheet. See Statement of financial	Capitalization cutoff points, 36
position	Cash
Ballots, 120	internal controls, 241, 242
Bank accounts. See also Checks	transactions, 234, 235
positive pay service, 266, 269	Cash register, 233, 234
reconciliations, 231, 232, 268, 269	Certificate of authority, 126–128
statement mailings, 232	Certificate of insurance, 235
statements, check images, 235, 236	Certified public accountants (CPAs)
Bartering, 120	audited financial statement policy, 41–44
Benefits	engagement letter, 44
reinstatement of, 197	management letter, 44–47
statutory, 209	partner rotation, 286
Bereavement leave, 120, 121, 188	review of work by other firms, 47, 48
Bid requirements, 121–123	selection of firm, 47
Board of directors	Statement of Auditing Standard No. 99
board-designated funds, 32, 33, 107	(SAS 99), 267, 268
contact with staff, 208	use of other firms to review work, 47, 48
executive sessions, 148, 294	Chart of accounts
expense reimbursements, 93	account examples, 9–21
fiduciary responsibilities, 124, 125	detailed accounts, 8
indemnification and legal representation,	employee accountability for copies of,
170–172	7, 8, 37
meetings, executive sessions, 148, 294	functions, examples of, 22
meetings, legal counsel attendance at, 169	generally, 1, 36
meetings, minutes of, 179, 294	issuance form, 8, 37
meetings, open, 185	maintaining, 7
meetings, posting, 294	major account groupings, 7, 36
officers and directors liability insurance,	policy, 38
264, 265	purpose of, 7
records, access to and examination of,	Checks
280, 281	acronyms, use of, 228, 229
Board-designated funds, 32–33, 107	bank account reconciliations, 231, 232,
Bonding, 233, 252	268, 269
Budget	bank account statements, mailing
monthly meetings, 68	address, 233
policy, 33	Check 21, 235, 236
Budget and finance committee, 33	deposits, 246, 247
Bulletin boards, 126	disbursements, 236–239

and embezzlement, 227	data processing manual, 138
endorsement stamps, 228, 246, 247	e-mail and Internet policy, 142–145
imprinter machine, 264	file back-ups, 26–28
internal controls, 241, 242	management day, 176–178
manual preparation, 264	passwords, 128, 129
nonsufficient funds, 69–71	remote access, 197–199
positive pay service, 266	software licenses, 207, 208
preparation and mailing, 38	Conduct, 208
signatures, 239, 240, 268	Confidential information
stock, 240	agreement, 133, 134
supply, 241	document shredding, 140
unused, 236, 238, 239	personnel files, 295
voided, 108–110	protection of, 195
write-off of old checks, 110–112	staff meetings, 195, 196
Civil Rights Act of 1991, 139	types of, 132
Clearing accounts	Conflicts of interest, 290–292
chart of accounts, 12	Consolidated Omnibus Budget Reconcilia-
fringe benefits, 38, 154, 155	tion Act (COBRA), 135, 209
photocopies, 80–82	Consolidated statement of unrestricted
policy, 39	activities, 1, 4
purpose of, 38, 39	Consumer Protection Act, 135
COBRA. See Consolidated Omnibus Budget	Contingencies, board-designated funds, 32,
Reconciliation Act (COBRA)	33, 107
Reconciliation Act (COBRA) Collection procedures, 39–41 Committees	Contracts
Committees	awards, 55
budget and finance committee, 33	employment agreement, 129-132
expense reimbursements, 93	hold harmless agreements, 156-158
insurance, 259, 260	noncompete agreements, 180-182
meeting attendance, 128, 293	signing authority, 135, 136
minutes of meetings, 179, 293, 294	use of premises agreement, 218-221
safety committee, 205–207	Contributions
tellers' committee, 213	accounting and financial policies, 41
Compensation	quid pro quo, 87
direct deposit, 247, 248	Contributors, disclosure of records to, 279, 280
Equal Pay Act, 147, 148	Convention cancellation insurance, 242
garnishment of wages, 135, 155	Copyright permissions and waivers, 186–188
payroll processing, 265	Correspondence
payroll taxes, 265	acknowledgment of, 136, 138
salary accruals, 95, 96	date and time received stamp, 48
Computer file back-ups, 26–28	format, 136–138
Computers	nicknames, use of, 180
antivirus policies, 117	ownership of, 186

	1 (((((((((((((((((((
Correspondence (continued)	removal of from office, 211–213
record retention, 87–89	retention, 87–92
reference letters, 196	safe and safe combination, 199–202
thank-you letters, 41	safe deposit box, 202–205
CPAs. See Certified public accountants (CPAs)	shredding, 140
Credit cards	sign-out form, 140–142
affinity programs, 113, 114	Donations of property, 51–53. See also
elimination of, 251	Contributions
issuance of, 242–246	Dress code, 142
payments, use of clearing accounts, 39	Drug use, 114
receipts, 48	Dues, nondeductibility of, 68, 69
statements, 246	Duties, segregation of, 267
Credit rating release, 138	
	Earnings, nondistribution of, 69
Data processing manual, 138	Elections
Date and time received stamp, 48–49	ballots, 120
Debt, long-term, 67, 68	political action committees (PACs), 192
Deposits	tellers' con mittee, 213
checks and cash, 241, 242	time off to vote, 215
kiting schemes, 261, 262	E-mau, 117, 136, 142–145
receipts, deposits of, 49	Embezzlement, 227, 269–273
	Emergency contact form, 145–147
Direct deposit, 247, 248	Employee Retirement Income Security Act
Disabilities, 115, 196	(ERISA), 147, 209
Depreciation, methods and policy on, 50 Direct deposit, 247, 248 Disabilities, 115, 196 Disciplinary action, 138, 139 Discounts accounts receivables, 51	Employees
Discounts	absenteeism and tardiness, 113
accounts receivables, 51	alcohol and controlled substances, 114
lost discounts, 50, 51	anniversary date, 116
prompt payment, 73	annual leave. <i>See</i> Annual leave
Discrimination	aptitude and ability tests, 117
Age Discrimination in Employment Act, 114	arbitration, 123
Americans with Disabilities Act, 115	at-will employment, 117, 118
Civil Rights Act of 1991, 139	background checks, 118, 119
equal opportunity employment, 147	benefits, reinstatement of, 197
military service, 217, 218	benefits, statutory, 209
types of, federal and state laws, 139	bereavement leave, 120, 121, 188
Diversity, 139, 140	bonding, 233, 252
Documents	bulletin boards, 126
forms manual, 153, 154	business cards, 126
logo, 175	certificate of authority, 126–128
ownership of, 186	compensation. See Compensation
public inspection of records, 275–281	conduct, 208

confidentiality policies, 132–134, 195 maternity leave, 178 contact with directors, 208 military obligations, 178, 179, 217, 218 contract signing authority, 135, 136 music, 179 disabled, 115, 196 nepotism, 180 disciplinary action, 138, 139 nicknames, 180 discrimination. See Discrimination noncompete agreements, 180–182 diversity, 139, 140 notice of leaving office, 168 documents, removal of from office, 211–213 Occupational Safety and Health Act, 183 dress code, 142 office decor, 183 elections, time off to vote, 215 office equipment, personal use of, 151, 152, 221-223 and embezzlement, 227, 269–273 emergency contact form, 145–147 office supplies, 185 employment agreement, conditions of, orientation, finance department, 54 129-132 outside employment, 185 Equal Pay Act, 147, 148 passwords, 128, 129 and ERISA compliance, 147 paternity leave, 186 evaluations, 148 personal leave, 188 personnel records, 188, 295 exit interview, 148 Fair Labor Standards Act, 149–151 reasonable accommodation, 196 Family and Medical Leave Act (FMLA), reference letters, 196 151, 178, 186, 209 references, 196 Form W-4, 154 remote computer access, 197–199 fringe benefits, 154, 155 resignation, 199 ghost employees, 252–254 rest periods, 199 gifts to, 256–259 retirement, 147 grievances and complaints, 155, 156 salaries. See Compensation health care benefits, 135, 151, 178, 186, 209 sexual harassment, 207 holidays, 158 sick time, 116, 129, 130, 178, 215, 216. See also Family and Medical Leave Act (FMLA) Immigration Reform and Control Act, 152, 153 smoking, 207 inclement weather, 158, 159 staff meetings, 195, 196 indemnification and legal representation, suggestions, 209–211 170 - 172temporary agencies, 213–215 injuries, 163–165 time sheets, 215–217 job applications, 223, 253, 254 training, 208, 209 travel, 75-77, 97, 100-106 job descriptions, 165 jury duty, 165 unemployment compensation, 217 key employee identification, 166–168 vacant positions, consideration for, 223 key employee insurance, 165 vacations. See Annual leave leave without pay, 168 voice mail, 223 loans, 174 wage garnishments, 135, 155 management day, 176–178 wages. See Compensation

Employees (continued)	internal, 1
weapons, 224	preparation and distribution, 54
Worker's Compensation, 163–165, 223, 224 wrongful dismissal, 224	statement of board-designated funds activity, 107
Employment agreement, 129–132	statement of changes in net assets, 1, 6
Endowment funds, 53	statement of financial position, 1–3, 100, 107
Engagement letters, CPA firms, 44	statement of permanently restricted
Equal opportunity employment, 147	activities, 1, 6
Equal Pay Act, 147, 148	statement of temporarily restricted
Errors and omissions insurance, 251, 252	activities, 1, 6
Ethics, 284–286	statement of unrestricted activities by
Evaluations, staff, 148	function, 1, 5
Executive sessions, 148	Fire protection, 152
Exit interview, 148	Form 990, 166, 276–278
Expenses	Form 990-BL, 276
chart of accounts, 18–21	Form 990-EZ, 276 -278
occupancy, 71	Form 990-PF, 278
prepaid, 84	Form 990-T, 62, 107, 277, 281
reimbursements, 53, 54, 93, 278	Form 1023, 277
travel, 75–77, 97, 100–106	Form 1024, 277
	Form 1065, 276
Facilities	Form 1099, 62, 63, 159, 163
maintenance and use of, 149	Form 1120-POL, 277
office decor, 183	Form 4506-A, 278
use of premises, 218–221	Form 5500, 147
Fair Labor Standards Act (FLSA) 149–151	Form I-9, 152, 153
Family and Medical Leave Act (FMLA), 151,	Form W-4, 154
178, 186, 209	Forms manual, 153, 154
Fax machine, 151, 152	Fraud
Federal Election Campaign Act, 192	action plan, 248–251
Federal identification number (FIN), 152	embezzlement, 227, 269–273
Fidelity bonds, 252	prevention, 227
Fiduciary responsibilities, 124, 125	Fringe benefits
Financial statements	accruals, 95, 96
audited statements, policies on, 41-44	annual fringe benefits day, 155
certification of, 288, 289	clearing account, 38, 154, 155
and chart of accounts, 1	Functions, chart of accounts, 22
consolidated statement of unrestricted	Fundraising, registration for, 295
activities, 1	Funds, holding for other organizations, 55
distribution log, audited financial	
distribution 10g, addited intartelar	
statements, 43	Garnishment of wages, 135, 155

Ghost employees, 252–254	errors and omissions, 251, 252
Ghost vendors, 254–256	general liability, 252
Gifts, 256–259	key employee insurance, 165
Grants, 55	malpractice, 264
Grievances and complaints, 155, 156	officers and directors liability, 264, 265
Guidestar.org, 278, 279	professional liability, 266, 267
	property, 267
Health care benefits	umbrella, 268
COBRA, 135, 209	Internal audit committee, 287, 288
Family and Medical Leave Act (FMLA),	Internal Revenue Service (IRS)
151, 178, 186, 209	forms. See specific form number
Hold harmless agreements, 156–158	forms, requesting copies of, 278
Holidays, 158	Internet
Hours of operation, 158	documents, posting of, 278
	use of, 142–145
Immigration Reform and Control Act (IRCA),	Interns, accounting, 25
152, 153	Inventory
Income statement. See Consolidated state-	give-aways, 55–57
ment of unrestricted activities	internal controls, 260, 261
Income statement by function. See Statement	receiving, 57
of unrestricted activities by function	valuation, 57, 58
Income statement of permanently restricted	write-off, 58–60
activities. See Statement of permanently	Investments, 60–62
restricted activities	
Income statement of temporarily restricted	Job applications, 223, 253, 254
activities. See Statement of temporarily	Job descriptions, 165
restricted activities	Journal entries, 64–66
Indemnification and legal representation,	Jury duty, 165
170–172	
Independent contractors	Key employees, 165–168
agreement, 160	Kiting schemes, 261, 262
classification of, 159, 161-163	
files, 159	Leases
Information releases, 28	capital leases and operating leases, 66
Injuries, 163–165	leasehold improvements, 66
Insurance	rent, 94
annual review, 259	Leave
automobile, 231	annual. See Annual leave
business interruption, 233	personal, 188
certificate of, 235	sick time, 116, 129, 130, 178, 215, 216
committee, 259, 260	without pay, 168
convention cancellation, 242	Legal audit, 168, 169

Legal counsel	Nepotism, 180
board of directors meetings, attendance	Net assets, chart of accounts, 14
at, 169	Nicknames, 180
review of editorial material, 172	Noncompete agreements, 180–182
review of information disclosure policies, 275	Notice of leaving office, 168
review of office administration policies, 113	
Liabilities, chart of accounts, 13	Occupancy expenses, 71
Libel and slander, 172	Occupational Safety and Health Act
Licensing	(OSHA), 183
music, 179	Office decor, 183
software, 207, 208	Office equipment
Loans and lines of credit, 67, 172–174, 294	personal use of, 151, 152, 221–223
Lobbying	tracking, 183–185
activities, 174	Office supplies, 185
expenditures, 67	Officers and directors liability insurance,
Lobbying Disclosure Act, 174, 175	264, 265
Omnibus Budget Reconciliation Act, 41, 67,	Omnibus Budget Reconciliation Act (OBRA),
68, 71, 87, 174	41, 67, 68, 71, 87, 174
optional proxy tax, 1, 67, 71, 72	Orientation, finance department, 54
Lockbox service, 228, 229, 261–264, 269	Outside employment, 185
Logo, 175	Overhead allocation, 72
, ×	Ownership records, 186
Mailing list sales, 175 Malpractice insurance, 264 Management day, 176–178	Y
Malpractice insurance, 264	Paid stamp, 72, 73
Management day, 176–178	Passwords, 128, 129
Management letter, CPA firms, 4 ← 47	Paternity leave, 186
Maternity leave, 178	Payment terms, 73, 74
Meetings	Payroll processing and taxes, 265
attendance, 128, 293	Permanently restricted net assets, 75
board of directors, 148, 169, 179, 185, 294	Permissions and waivers, copyright,
budget, monthly meetings, 68	186–188
legal counsel attendance at, 169	Personal leave, 188
minutes, 179, 293, 294	Personnel records, 188, 295
open meetings, 185	Petty cash, 77–80
posting, 294	Photocopies, 38, 39, 80–82
staff meetings, 195, 196	Plagiarism, 188–190
Members	Policies and procedures
confidential information, protection of, 195	amendments to, 115, 190-192
records, disclosure of, 279, 280	manual, 23, 24
Military obligations, 178, 179, 217, 218	Political action committees
Music	(PACs), 192
employee policies, 179	Political education funds, 192, 193
licensing, 179	Positive pay service, 266, 269

Postage	Refunds, 93
and embezzlement, 227	Registered agents, 197
log, 82–84	Reimbursements
postal permits, 193	expenses, 53, 54, 93, 278
Premises, use of, 218–221	travel, 75–77, 100–106
Prepaid expenses, 84	Rent, 94
Press releases and media contacts,	Repairs and improvements, 94
193–195	Reserves, 95
Printing expenses, 227	Resignation, 199
Professional liability insurance, 266, 267	Rest periods, 199
Property	Retirement, 147
donated, 51-53	Return policy, 95
insurance, 267	Revenues
Proxy tax, optional, 1, 67, 71, 72	chart of accounts, 15-17
Public inspection of records, 275–281	deferred, 49
Publications	Office
copyright permissions and waivers, 186-188	Safe deposit box, 202–205
libel and slander, 172	Safety and security
plagiarism, 188–190	fire protection, 152
Purchase orders, 34–36, 84–87	Occupational Safety and Health
<u>~</u>	Act, 183
Reasonable accommodation, 196	safe and safe combination, 199–202
Receipts credit cards, 48 deposit of, 49 Records disclosure of	safety committee, 205–207
credit cards, 48	Safety committee, 205–207
deposit of, 49	Salaries. See Compensation
Records, disclosure of	Sales tax, 96, 202
board of directors, right to examine	Sarbanes-Oxley Act (SOX)
records, 280, 281	applicability of to not-for-profits, 283,
federal and state laws, 276	284, 292
Form 990-T, 281	code of ethics, 284–286
general public, requests made in person,	conflicts of interest, 290–292
275, 279	CPA firms, partner rotation, 286
general public, requests made in writing, 275, 279, 280	financial statements, certification of, 288, 289
importance of policy on, 275	internal audit committee, 287, 288
inspection of records, 276–279	whistleblower protection, 286, 287
members or contributors, requests made in	Segregation of duties, 267
person, 275, 280	Serial numbers, fixed assets, 96–97
members or contributors, requests made in	Sexual harassment, 207
writing, 275, 280	Signatures
state law, 294	checks, 239, 240, 268
Records retention, 87–92, 140	contract signing authority, 136
References, 196	wire transfers, 239, 273

Smoking, 207	Telephone expenses, 39, 97–100
Software licenses, 207, 208. See also	Tellers' committee, 120, 213
Computers	Temporarily restricted net assets, 100
Staff. See Employees	Temporary employment agencies, 213–215
State law	Time sheets, 215–217
accounting records, access to, 293	Trademarks, 217
committee meeting attendance, 293	Training, employees, 208, 209
executive sessions, 294	Travel
fundraiser registration, 295	advances, 75–77, 100–102
loans, 294	expenses, 102–106
minutes of meetings, 294	spousal, 97
personnel files, 295	of casas, y.
records, disclosure of, 294	Umbrella insurance, 268
registered agent, 295	Unemployment compensation, 217
Statement of activity for temporarily	Uniformed Services Employment and Reem-
restricted net assets, 100	ployment Rights Act (USERRA), 217, 218
Statement of Auditing Standard No. 99	Unrelated business income tax (UBIT),
(SAS 99), 267, 268	107, 215
Statement of board-designated funds	Unrestricted net assets, 107–108
activity, 107	Utility expenses, 39
Statement of changes in fund balances. See	Ctiffty experises, 57
Statement of changes in retrieved balances. See	Vacations. See Annual leave
Statement of changes in net assets, 1, 6	Vendors
Statement of changes in het assets, 1, 0 Statement of financial position, 1–3, 100, 107	approval form, 122
Statement of inflancial position, 1–3, 100, 107 Statement of permanently restricted	approved vendor listing, 229, 230
activities, 1, 6	bid requirements, 121–123
	-
Statement of temporarily restricted	discounts, 50, 51
activities, 1, 6	federal identification numbers, log of,
Statement of unrestricted activities by	63, 152
function, 1, 5	ghost vendors, 254–256
Suggestions, 209–211	payment terms, 73, 74
Sunshine laws, 185	Voice mail, 223
Tax forms. See under specific form number	Wages. See Compensation
Taxes	Weapons, 224
confidentiality, 132, 134	Weather, 158, 159
independent contractors, 160	Whistleblower protection, 286, 287
optional proxy tax, 1, 67, 71, 72	Wire transfers, 239, 273
payroll, 265	Worker's Compensation, 163–165, 223, 224
sales tax, 96, 202	Wrongful dismissal, 224
unemployment, 217	
withholding, 154	Year-end manual, 224, 225
O [,]	, ,