

Index

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

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

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

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

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

- Employees (*continued*)
 - weapons, 224
 - Worker's Compensation, 163–165, 223, 224
 - wrongful dismissal, 224
- Employment agreement, 129–132
- Endowment funds, 53
- Engagement letters, CPA firms, 44
- Equal opportunity employment, 147
- Equal Pay Act, 147, 148
- Errors and omissions insurance, 251, 252
- Ethics, 284–286
- Evaluations, staff, 148
- Executive sessions, 148
- Exit interview, 148
- Expenses
 - chart of accounts, 18–21
 - occupancy, 71
 - prepaid, 84
 - reimbursements, 53, 54, 93, 278
 - travel, 75–77, 97, 100–106
- Facilities
 - maintenance and use of, 149
 - office decor, 183
 - use of premises, 218–221
- Fair Labor Standards Act (FLSA), 149–151
- Family and Medical Leave Act (FMLA), 151, 178, 186, 209
- Fax machine, 151, 152
- Federal Election Campaign Act, 192
- Federal identification number (FIN), 152
- Fidelity bonds, 252
- Fiduciary responsibilities, 124, 125
- Financial statements
 - audited statements, policies on, 41–44
 - certification of, 288, 289
 - and chart of accounts, 1
 - consolidated statement of unrestricted activities, 1
 - distribution log, audited financial statements, 43
 - formats, 2–6
 - internal, 1
 - preparation and distribution, 54
 - statement of board-designated funds activity, 107
 - statement of changes in net assets, 1, 6
 - statement of financial position, 1–3, 100, 107
 - statement of permanently restricted activities, 1, 6
 - statement of temporarily restricted activities, 1, 6
 - statement of unrestricted activities by function, 1, 5
- Fire protection, 152
- Form 990, 166, 276–278
- Form 990-BL, 276
- Form 990-EZ, 276–278
- Form 990-PF, 278
- Form 990-T, 62, 107, 277, 281
- Form 1023, 277
- Form 1024, 277
- Form 1065, 276
- Form 1099, 62, 63, 159, 163
- Form 1120-POL, 277
- Form 4506-A, 278
- Form 5500, 147
- Form I-9, 152, 153
- Form W-4, 154
- Forms manual, 153, 154
- Fraud
 - action plan, 248–251
 - embezzlement, 227, 269–273
 - prevention, 227
- Fringe benefits
 - accruals, 95, 96
 - annual fringe benefits day, 155
 - clearing account, 38, 154, 155
- Functions, chart of accounts, 22
- Fundraising, registration for, 295
- Funds, holding for other organizations, 55
- Garnishment of wages, 135, 155
- General liability insurance, 252

- Ghost employees, 252–254
- Ghost vendors, 254–256
- Gifts, 256–259
- Grants, 55
- Grievances and complaints, 155, 156
- Guidestar.org, 278, 279

- Health care benefits
 - COBRA, 135, 209
 - Family and Medical Leave Act (FMLA), 151, 178, 186, 209
- Hold harmless agreements, 156–158
- Holidays, 158
- Hours of operation, 158

- Immigration Reform and Control Act (IRCA), 152, 153
- Income statement. *See* Consolidated statement of unrestricted activities
- Income statement by function. *See* Statement of unrestricted activities by function
- Income statement of permanently restricted activities. *See* Statement of permanently restricted activities
- Income statement of temporarily restricted activities. *See* Statement of temporarily restricted activities
- Indemnification and legal representation, 170–172
- Independent contractors
 - agreement, 160
 - classification of, 159, 161–163
 - files, 159
- Information releases, 28
- Injuries, 163–165
- Insurance
 - annual review, 259
 - automobile, 231
 - business interruption, 233
 - certificate of, 235
 - committee, 259, 260
 - convention cancellation, 242
 - errors and omissions, 251, 252
 - general liability, 252
 - key employee insurance, 165
 - malpractice, 264
 - officers and directors liability, 264, 265
 - professional liability, 266, 267
 - property, 267
 - umbrella, 268
- Internal audit committee, 287, 288
- Internal Revenue Service (IRS)
 - forms. *See* specific form number
 - forms, requesting copies of, 278
- Internet
 - documents, posting of, 278
 - use of, 142–145
- Interns, accounting, 25
- Inventory
 - give-aways, 55–57
 - internal controls, 260, 261
 - receiving, 57
 - valuation, 57, 58
 - write-off, 58–60
- Investments, 60–62

- Job applications, 223, 253, 254
- Job descriptions, 165
- Journal entries, 64–66
- Jury duty, 165

- Key employees, 165–168
- Kiting schemes, 261, 262

- Leases
 - capital leases and operating leases, 66
 - leasehold improvements, 66
 - rent, 94
- Leave
 - annual. *See* Annual leave
 - personal, 188
 - sick time, 116, 129, 130, 178, 215, 216
 - without pay, 168
- Legal audit, 168, 169

- Legal counsel
 - board of directors meetings, attendance at, 169
 - review of editorial material, 172
 - review of information disclosure policies, 275
 - review of office administration policies, 113
- Liabilities, chart of accounts, 13
- Libel and slander, 172
- Licensing
 - music, 179
 - software, 207, 208
- Loans and lines of credit, 67, 172–174, 294
- Lobbying
 - activities, 174
 - expenditures, 67
 - Lobbying Disclosure Act, 174, 175
 - Omnibus Budget Reconciliation Act, 41, 67, 68, 71, 87, 174
 - optional proxy tax, 1, 67, 71, 72
- Lockbox service, 228, 229, 261–264, 269
- Logo, 175
- Mailing list sales, 175
- Malpractice insurance, 264
- Management day, 176–178
- Management letter, CPA firms, 44–47
- Maternity leave, 178
- Meetings
 - attendance, 128, 293
 - board of directors, 148, 169, 179, 185, 294
 - budget, monthly meetings, 68
 - legal counsel attendance at, 169
 - minutes, 179, 293, 294
 - open meetings, 185
 - posting, 294
 - staff meetings, 195, 196
- Members
 - confidential information, protection of, 195
 - records, disclosure of, 279, 280
- Military obligations, 178, 179, 217, 218
- Music
 - employee policies, 179
 - licensing, 179
- Nepotism, 180
- Net assets, chart of accounts, 14
- Nicknames, 180
- Noncompete agreements, 180–182
- Notice of leaving office, 168
- Occupancy expenses, 71
- Occupational Safety and Health Act (OSHA), 183
- Office decor, 183
- Office equipment
 - personal use of, 151, 152, 221–223
 - tracking, 183–185
- Office supplies, 185
- Officers and directors liability insurance, 264, 265
- Omnibus Budget Reconciliation Act (OBRA), 41, 67, 68, 71, 87, 174
- Orientation, finance department, 54
- Outside employment, 185
- Overhead allocation, 72
- Ownership records, 186
- Paid stamp, 72, 73
- Passwords, 128, 129
- Paternity leave, 186
- Payment terms, 73, 74
- Payroll processing and taxes, 265
- Permanently restricted net assets, 75
- Permissions and waivers, copyright, 186–188
- Personal leave, 188
- Personnel records, 188, 295
- Petty cash, 77–80
- Photocopies, 38, 39, 80–82
- Plagiarism, 188–190
- Policies and procedures
 - amendments to, 115, 190–192
 - manual, 23, 24
- Political action committees (PACs), 192
- Political education funds, 192, 193
- Positive pay service, 266, 269

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

- Smoking, 207
- Software licenses, 207, 208. *See also*
 - Computers
- Staff. *See* Employees
- State law
 - accounting records, access to, 293
 - committee meeting attendance, 293
 - executive sessions, 294
 - fundraiser registration, 295
 - loans, 294
 - minutes of meetings, 294
 - personnel files, 295
 - records, disclosure of, 294
 - registered agent, 295
- Statement of activity for temporarily restricted net assets, 100
- Statement of Auditing Standard No. 99 (SAS 99), 267, 268
- Statement of board-designated funds activity, 107
- Statement of changes in fund balances. *See* Statement of changes in net assets
- Statement of changes in net assets, 1, 6
- Statement of financial position, 1–3, 100, 107
- Statement of permanently restricted activities, 1, 6
- Statement of temporarily restricted activities, 1, 6
- Statement of unrestricted activities by function, 1, 5
- Suggestions, 209–211
- Sunshine laws, 185

- Tax forms. *See under* specific form number
- Taxes
 - confidentiality, 132, 134
 - independent contractors, 160
 - optional proxy tax, 1, 67, 71, 72
 - payroll, 265
 - sales tax, 96, 202
 - unemployment, 217
 - withholding, 154
- Telephone expenses, 39, 97–100
- Tellers' committee, 120, 213
- Temporarily restricted net assets, 100
- Temporary employment agencies, 213–215
- Time sheets, 215–217
- Trademarks, 217
- Training, employees, 208, 209
- Travel
 - advances, 75–77, 100–102
 - expenses, 102–106
 - spousal, 97
- Umbrella insurance, 268
- Unemployment compensation, 217
- Uniformed Services Employment and Reemployment Rights Act (USERRA), 217, 218
- Unrelated business income tax (UBIT), 107, 215
- Unrestricted net assets, 107–108
- Utility expenses, 39

- Vacations. *See* Annual leave
- Vendors
 - approval form, 122
 - approved vendor listing, 229, 230
 - bid requirements, 121–123
 - discounts, 50, 51
 - federal identification numbers, log of, 63, 152
 - ghost vendors, 254–256
 - payment terms, 73, 74
- Voice mail, 223

- Wages. *See* Compensation
- Weapons, 224
- Weather, 158, 159
- Whistleblower protection, 286, 287
- Wire transfers, 239, 273
- Worker's Compensation, 163–165, 223, 224
- Wrongful dismissal, 224

- Year-end manual, 224, 225