



Shriners International – El Jebel Shriners

ACCOUNTING POLICIES AND PROCEDURES MANUAL

Adopted November 2016

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1.00 BACKGROUND INFORMATION

1.01 Tax Status & Purpose

The following manual is a description of the accounting system and responsibilities for the accounting of Shriners International – El Jebel Shriners. Shriners International – El Jebel Shriners is an unincorporated not-for-profit association under the umbrella of Shriners International which is a not-for-profit organization incorporated as a 501(c)(10) organization. Shriners International – El Jebel Shriners is registered with the Secretary of State in Colorado with a calendar year end as a DBA. Shriners International – El Jebel Shriners is also registered with the Colorado Secretary of State to raise funds from the general public. The charter states that the purpose of Shriners International – El Jebel Shriners shall include:

- 1) To form and open a Temple of Shriners International at Denver and State of Colorado, under the title of El Jebel, and
- 2) To exemplify the Order, upon all whom they deem worthy of such honor, and
- 3) To install their successors as elected and chosen, and to invest them with all the Powers to their respective Offices belonging, and all successors, from time to time, shall officiate likewise, always in conformity with the Statutes and Regulations of the Order.

In accordance with IRS Code section 501(c)(10) Shriners International – El Jebel Shriners is organized and operates exclusively for the exempt purpose as described in Form 1024, the application for exemption. In compliance with the restrictions on organizations qualifying under the 501(c)(10) code:

- No part of the net earnings of the organization may inure to the benefit of any private shareholder or individual.
- No substantial part of the activities of the organization may consist of the carrying on of propaganda or of attempting to influence legislation (lobbying).
- The organization may not participate in, or intervene in, any political campaign on behalf of any candidate for public office.

1.02 Service Area

The primary service area is the territorial jurisdiction of this Temple and is governed by the provisions of the bylaws of Shriners International.

2.00 CHART OF ACCOUNTS

2.01 Assets

Assets.....	1000
Cash Accounts.....	1000
Operating Account	1010
Payroll Account.....	1015
Transportation Fund Account.....	1025
Fundraising Account	1030
Raffle Account.....	1035
Building Account	1040
Good Sam Account	1045
Life Membership Account...	1050
Cash in Savings	1100
Operating Savings.....	1110
Transportation Fund Savings	1125
Good Sam Savings	1145
Petty Cash	1150
Petty Cash – Office	1155
Petty Cash – Fundraising...	1165
Petty Cash – Raffle	1170
Receivable Accounts.....	1200
A/R – Dues.....	1205
A/R – Units & Members.....	1210
A/R – Merchant Services....	1215
Advances to Employees....	1220
Notes Receivable – Short ..	1290
Other Current Assets	1300
Inventory	1305
Inventory – Fezzes	1310
Inventory – Food & Beverage	1315
Inventory – Merchandise ..	1320
Prepaid Expenses	1400
Un-deposited Funds.....	1450
Fixed Assets	1500
Land.....	1505
Buildings	1510
Accum. Dep. Buildings	1515
Equipment.....	1520
Accum. Dep. Equipment....	1525
Office Equipment.....	1530
Accum. Dep. Office Equip. .	1535
Computer Equipment	1540
Accum. Dep. Computer Eq.	1545
Furniture & Fixtures.....	1550
Accum. Dep. Furn. & Fixt. ..	1555
Software.....	1560
Accum. Dep. Software.....	1565
Vehicles	1570

Accum. Dep. Vehicles	1575
Intangibles.....	1580
Accu. Amort. Intangibles.....	1585
Long Term Assets	1700
Investments.....	1705
Current Market Value Inv....	1710
Building Fund Inv.....	1711
Operating Fund Inv.....	1712
Life Membership Inv.	1713
Net Change Current Inv.....	1715
Temple Holding Corporation.	1720
Security Deposits	1730
Notes Receivable Long Term	1750

2.02 Liabilities

Liabilities	2000
Current Accounts Payable....	2000
Credit Cards	2005
Operating Visa.....	2010
Transportation Visa	2020
Home Depot	2030
Sams Club.....	2040
Office Depot	2050
Lowe's.....	2060
Short Term Liabilities.....	2100
Payroll Liabilities.....	2200
FICA Tax Payable	2205
Federal Income Tax.....	2210
State Income Tax	2220
OPT Tax.....	2230
FUTA Tax.....	2240
CO – SUTA	2250
Direct Deposit Liabilities ...	2270
Health Insurance Payable.	2280
Garnishments Payable	2290
Facility Deposits	2300
Deferred Revenue	2350
D/R – Dues.....	2355
D/R – Member Dues.....	2360
D/R – Per Capita	2365
D/R – Hospital Assessments	2370
D/R – Fraternal Donation..	2380
D/R – Charitable Donation	2390
Long Term Liabilities	2500
Notes Payable	2505
Loans from Members.....	2550

2.03 Net Assets (Fund Balance)

Net Assets.....	3000
Unrestricted Funds.....	3100
Operating Funds	3110
Board Designated Funds....	3120
Temp. Restricted Funds	3200
Building Funds	3230
Life Membership Funds.....	3250
Facilities Supplies & Equipment Funds.....	3260
Perm. Restricted Funds.....	3500
Operating Endowment.....	3510
Transportation Funds	3520
Building Endowment	3530
Good Samaritan Funds	3540

2.04 Revenues

Revenues.....	4000
Initiation Fees.....	4005
Dues	4010
Life Memberships.....	4020
Rental Revenue	4030
Dividend Income	4040
Interest Income	4050
Miscellaneous Income.....	4060
Gain/(Loss) on Investments .	4070
Unrealized Gain(Loss) Inv. ...	4075
Gain/(Loss) on Sale of Asset	4080
Donations – Fraternal.....	4090
Remission of Dues	4100
Suspended Members	4110
Donations – Restricted	4300
Charitable Fundraising	4400
Donations – Charitable.....	4405
Fundraising – Charitable ...	4410
Fraternal Fundraising	4600
Fundraising – Circus	4610
Fundraising - Raffle.....	4620
Fundraising – Craft Show...	4630
Fundraising – TBD	4640
Fundraising – Temple	
Events.....	4700
Fundraising – Pote Events .	4710
Fundraising – Ladies Event	4720
Other Revenue.....	4800
Fez Sales	4805
COGS – Fez Sales.....	4810
Merchandise Sales.....	4820
COGS – Merch. Sales.....	4830
Tours and Cruises.....	4840
Events Center Income.....	4850
COGS – Events Center	4860
COGS – Laundry and Linens	4865

Advertising Income.....	4900
Advertising Costs.....	4910
Circulation Income.....	4920
Readership Costs.....	4930
Refunds.....	4950
Refunds – Return of Reve ..	4960
Gifts for Capital Purposes.....	5000
Donations – Building.....	5010

2.05 Expenses

Expenses	6000
Imperial Council.....	6000
Imperial Per Capita.....	6005
Initiation Fees	6010
Administrative Expenses ...	6100
Wages – Recorder/ Treasurer.....	6105
Wages – Administrative ...	6110
Wages – Management ...	6115
Payroll Tax Expense.....	6120
Payroll Expenses.....	6124
Employee Benefits.....	6125
Travel & Allowances	6130
Taxes, License & Fees ...	6140
Printing & Stationary.....	6150
Postage	6160
Office Equipment Maintenance.....	6170
Insurance & Bonds	6180
General Liability.....	6182
Professional Liability	6184
Worker’s Comp.....	6186
Telephone/Internet Exp. ..	6190
Interest Expense	6200
Office Supplies	6210
Dues & Subscriptions	6220
Professional Services	6230
Accounting Services	6232
Legal Services	6234
Consulting Services.....	6236
Depreciation Expense	6240
Bad Debt Expense.....	6250
Office Equipment Rent ...	6260
Computer Expense.....	6290
Misc. Expense	6390
Fundraising Expenses	6400
COGS – Circus.....	6410
COGS – Raffle	6420
COGS – Craft Show	6430
COGS – TBD.....	6440
COGS – Temple Events ..	6470
COGS – Pote’s Events ...	6480
COGS – Ladies Events ...	6490
Building Expenses.....	6500
Wages – Facilities	6505

Temporary Labor.....	6515
Utilities	6520
Property Taxes.....	6530
Insurance – Facility	6540
Supplies	6550
Cleaning & Maintenance .	6555
Facility Repairs.....	6560
Mortgage Interest	6570
Depreciation Expense	6580
Building Equipment Rent.	6590
Facility Rent Expense.....	6600
Business Sessions	6700
Divan Meetings	6705
Temple Stated Meetings .	6710
Temple Special Meetings	6720
Temple Seminars.....	6730
Ceremonials.....	6800
First & Second Sections..	6805
Refreshments & Supplies	6810
Committees.....	6820
Publicity.....	6830
Repairs and Supplies	6840
Guests	6850
Transportation.....	6860
Rentals.....	6870
Parade Expenses.....	6880
Miscellaneous	6890
Entertainment & Socials....	7000
Imperial Potentate Visit ...	7005
Visiting Dignitaries.....	7010
Dances.....	7020
Banquets and Dinners.....	7030
Ladies Parties	7040
Family Nights	7050
Holidays and Specials	7060
Public Installation of Offices.....	7070
Visitations and Pilgrimages	7200
Imperial Sessions.....	7205
Directors Association.....	7210
Shrine Associations.....	7220
Shrine Clubs	7230
Parades.....	7240
Imperial Training	7250
Board of Governors.....	7260
Miscellaneous	7290
Promotion and Publicity.....	7400
Newspaper Notices	7410

Membership Committee...	7420
Membership Promotion ...	7430
Public Relations.....	7440
Awards & Gifts.....	7450
Indirect Fundraising	7460
Fraternal.....	7470
Charitable	7480
Merchant Services.....	7490
Unit & Clubs	7600
Units.....	7610
Clubs.....	7620
Donations to Fraternal	7900
Masonic Adult Groups	7910
Masonic Youth Groups	7920
Non-Masonic Charities	7930
Member Relations	7950
Pote’s Discretion	7955
Member Retention.....	7960
Flowers & Gifts	7965
Charitable Donations.....	7970
Shriners Hospitals	7975
Patient Transportation	7980
Other Charitable	7990
Other Income.....	9600
Cash (Over)/Under	9610
Other Expenses.....	9700
Miscellaneous.....	9720
Suspense	9900
Ask My Person recording financial transactions.....	9950
Estimates	9999

2.06 Cost Centers

Administration.....	01
Fundraising	02
Building	03
Program Services.....	04
Charitable.....	05
Miscellaneous.....	06

3.00 ACCOUNTING PRINCIPLES & PROCEDURES

3.10 Policies

The accounting principles of Shriners International – El Jebel Shriners will be consistent with all applicable laws. These include: Generally Accepted Accounting Principles, Statements of Financial Accounting Standards Numbers 93, 116 and 117, SOP 87-2 on Joint Costs, SOP 94-2 on the applicability of the accounting rules to nonprofits, and SOP 98-3 on accounting for federal awards.

Certain procedures resulting from these accounting pronouncements and releases are discussed below.

3.20 Procedures

3.21 Revenue Recognition

Contributions will be recorded as revenue in the period received or the period in which a pledge is received. Any pledges receivable will be closely reviewed each month to determine whether the amount is still collectible and whether the balance of the pledges receivable is adequately reserved with the allowance for doubtful pledges.

Rents will be recognized in the period for which the rent is paid. Any rents receivable will be reviewed monthly to determine if the amounts are collectible and to review what collection actions are being taken.

Grants which are classified as exchange transactions with the grantor will be recognized as revenue when the grant money is earned. This will generally be determined by the costs reportable to the grantor. Each restricted grant will be set up as a separate cost center to allow for accurate and consistent recording of the expenses of each grant.

3.22 Matching of Revenues and Expenses

In order to present accurate and consistent financial statements, the revenues and expenses attributable to each period will be reflected in that period to the degree possible. The Chapters on month and year end procedures review this in greater detail. Generally, all entries required to accurately reflect the revenues and expenses of each period will be made in that period.

The organization records transactions on the accrual basis of accounting.

3.23 Fixed Assets and Depreciation

The general capitalization policy is that all equipment and other fixed assets costing in excess of \$1,000 will be recorded as an asset. To determine if a repair or improvement will need to be capitalized, the following additional factor needs to be considered: does the expenditure extend the useful life of the asset repaired or improved? For example, painting would not be capitalized, but replacing the boiler or repairing the roof would be capitalized, if the dollar value was in excess of \$1,000.

All capital assets will be depreciated over their estimated useful lives. The straight line basis will be used, with depreciation charged beginning in the month that the asset is placed in service. Some sample estimated lives are:

Computers and related equipment	-- 3 years
Office furniture	-- 5 years
Building and building improvements	-- 30 years
Parking lot and landscaping	-- 10 years

All capital assets purchased with grant or other restricted funds will be cataloged.

See Section 21 for property and equipment inventory and management.

3.24 Donated Materials and Services

Generally donated materials, assets and services will not be recorded in the accounting records.

In order to comply with the rules of SFAS 116, certain services would be recorded as revenues and expenses. Such services would be those professional services which we would otherwise have paid for which were provided by a person whose work would normally include providing those services.

Any donated assets which would meet the definition to be capitalized, outlined in Section 3.23, will be recorded as revenue and as a fixed asset.

3.25 Data Cutoff

In order to meet the deadlines for producing reports discussed in Section 7 & 8, the gathering of information to use in making the month end entries must be cutoff by a certain date.

The monthly financial statements are due to the Board by three weeks after the month end. For these reports a cutoff of two weeks will be used. Any payables or other information not available by two weeks after a month end will be classified in the next period. The person recording the financial records may need to use estimates if final information is not available on a significant additional transaction.

The year end financial statements are due to the Board six weeks after year end. For these reports a cutoff of four weeks will be used. Since the year end is the most important period cutoff, the general ledger will continue to be held open for additional material transactions through the conclusion of the financial audit/review fieldwork.

4.00 CASH DISBURSEMENTS

4.10 Policies

The positions authorized to sign checks are; Chief Rabban, Assistant Rabban, High Priest & Prophet, Oriental Guide, and Treasurer. Two signatures are required on checks in accordance with the bylaws of Shriners International. Anyone signing a check must review the supporting invoice or other documentation. Individuals may not sign a check payable to themselves.

The person recording financial transactions will maintain the accounts payable system. Prior to payment, an authorized person will prepare the checks and organize the documentation.

The Board will determine payroll amounts based on experience and qualifications and set authorized rates. An authorized person will prepare the payroll checks.

4.20 Procedures

4.21 Capital Acquisitions

Three bids are required for the purchase of budgeted capital assets in excess of \$5,000, if practical. The Director of Operations selects a bidder. Board approval is required if the low bidder is not selected, or if bidding was not deemed practical by the Director of Operations. Any capital assets not budgeted by the Board must be approved by the Board prior to soliciting bids.

4.22 Supplies, Services, and Other Invoices

Purchase requests may be generated by the Office Manager or Director of Operations. The requests are turned in to the Director of Operations for approval if within the Director of Operations approved purchase limit, otherwise the purchase request will be submitted to the Finance Committee for approval. The approved purchase requests are given to the person recording financial transactions and filed in the open order file.

When the goods or services from purchase requests are received, the Director of Operations pulls the purchase request and compares the order received to the packing slip and the purchase request for accuracy. The packing slip is attached to the purchase request and returned to the open order file until the invoice is received.

Mail is received and opened by the Office Manager. All invoices are routed to the person recording the financial transactions, who matches the invoice to the approved purchase request and the packing slip and determines an account coding for the transaction. The person recording the financial transactions gives the invoice and support documentation to the Finance Committee for approval to pay. The Finance Committee initials the electronic payment authorization or signs the check, indicating approval to pay, and approving the expense account coding proposed by Director of Operations. The person that records the financial transactions enters the approved invoice into the A/P computer module and files all documents in the open invoice file until they are paid.

4.23 Invoice Payment Procedures

Invoices are paid on the 1st and the 3rd Friday of each month. Based on the approved requests, the checks are printed from the A/P computer module, attached to the approved support documentation from the open invoice file, and given to the Finance Committee for signature. The checks are sealed in envelopes by the office manager and the support documents are returned to the person recording financial transactions to be filed alphabetically by vendor.

4.24 Payroll Procedures

Payroll is processed semi-monthly and is run and distributed by the 10th and 25th of each month. The direct deposit stubs are printed and presented to the Finance Committee for review and signature. The pay rates used to prepare payroll will be based on signed resolutions from the Board.

5.00 CASH RECEIPTS

5.10 Policies

The Office Manager will receive and open the mail in the presence of the Volunteer in order to maintain dual control over receipts.

The person recording the financial transactions will restrictively endorse all checks when received.

The bank deposit will be made weekly by the Director of Operations.

If the Office Manager is unavailable to perform these duties, the Director of Operations will assign a volunteer other than the Director of Operations to carry them out.

Pre-numbered receipts will be used for any monies received directly from an individual.

5.20 Procedures

All checks are restrictively endorsed, and may be entered onto a daily cash receipts log when the mail is opened.

Both the Office Manager and Volunteer will sign the cash receipts log when used, verifying its accuracy.

Payments made in person will be given a copy of the pre-numbered receipt. The cash receipts log, if used, is totaled by the Office Manager. A copy of the log, if used, is given to the Director of Operations. A copy of the log, if used, is also given to the Recorder for the Temple files.

The Director of Operations will use the original of the cash receipts log for review and to assist in their duty of reviewing the bank statements (see Section 6).

The person recording financial transactions will use the copy of the cash receipts log, if used, and the checks to determine account coding and to enter the cash receipts into the computer.

6.00 BANK RECONCILIATION

6.10 Policies

The bank statements are printed from the online banking system by the Director of Operations.

Upon printing the statements, the Director of Operations reviews the checks for unusual items or changes. The Director of Operations compares selected deposits on the bank statement to the copy of cash receipts logs, if used, and reviews any account transfers.

The bank statements are to be reconciled by the person recording financial transaction on a monthly basis no more than one week after receipt of the statement. The general ledger and the reconciled bank statements will be adjusted to agree monthly.

6.20 Procedures

Upon receiving the bank statement from the Director of Operations, the person recording financial transactions prepares the monthly bank reconciliation. See Section 18 for the form used to prepare the bank reconciliation. The bank reconciliations will reconcile the bank balance to the general ledger balance. A journal entry will need to be posted each month for items on the bank statements which are not already recorded in the general ledger. These reconciling items may include: interest earned, service charges, NSF checks, direct deposits and other debit or credit memos.

After the general ledger is reconciled to the bank statement, the monthly bank statement and other forms and the actual reconciliation form are filed in the bank reconciliation file.

7.00 END OF MONTH ACCOUNTING PROCEDURES

7.10 Policies

The person recording financial transactions prepares the monthly financial statements.

The Director of Operations approves the financial statements before being sent to the Board of Directors. The financial statements should be to the Director of Operations at least two days prior to the distribution of Board packets in order to facilitate this review.

The Board of Directors approves the monthly financial statements.

7.20 Procedures

The cutoff for information in the monthly statements is two weeks after the month end.

Upon completion of the monthly bank reconciliations, the person recording financial transactions will formulate the monthly journal entries. There are two types of monthly journal entries, those that remain consistent from month to month (recurring) and those that are specific to that month. The recurring journal entries (Section 18) are determined after the annual audit/review with the help of the external CPA firm. These include depreciation and expensing of prepaid insurance. The specific journal entries include recording of principal/interest breakdown for the mortgage payment, interest and dividend income, bank transfers, NSF checks, bank charges, accrued wages and payroll taxes, receivables, etc.

All balance sheet accounts will be reconciled monthly to help ensure that accurate statements are provided to management and the Board.

Once the final general journal entries are posted, the monthly financial statement is printed.

The adjusted financial statements are to be delivered to the Board of Directors within three weeks after the end of the month.

The person recording financial transactions prepares a budget to actual expense report for the Director of Operations and the Board of Directors to be included with the monthly financial statements.

The year end financial statements will be delayed for additional procedures (see Section 8.0).

8.00 END OF YEAR ACCOUNTING PROCEDURES

8.10 Policies

The person recording financial transactions prepares the yearend financial statements.

The person recording financial transactions is responsible for preparing for the annual financial audit/review and for working with the external CPA firm to complete the audit/review.

The Director of Operations approves the financial statements before being sent to the Board of Directors. The financial statements should be to the Director of Operations at least one week prior to the disbursement of the Board packet in order to facilitate this review.

The Board of Directors approves the year end financial statements.

The person recording financial transactions will arrange to move all records from the year which is closing to storage.

8.20 Procedures

The cutoff for December financial statements is extended to four weeks after year end.

Upon completion of the December financial statements, the preliminary year end report is run by the person recording financial transactions and given to the Director of Operations for review.

The person recording financial transactions calculates the recurring entries (with the help of the CPA firm if needed) for the new year.

8.21 Financial Audit/Review

The Person recording financial transactions will contact the external CPA firm as soon as the Potentate signs the audit/review engagement letter to begin planning the scheduling and work needed to complete the audit/review. The person recording financial transactions will ensure that adequate space is provided for the external CPA firm to work in our offices. This would include one or more large tables, space to keep our records provided to the external CPA firm, light and electrical outlets.

The person recording financial transactions will work with the external CPA firm to determine what confirmations will be required. This process will be completed as soon after year end as possible. The person recording financial transactions will oversee typing the confirmations. The Director of Operations will sign the confirmations. The person recording financial transactions will mail the confirmations to the external CPA firm.

The person recording financial transactions will be responsible for preparing as many of the schedules which the auditors will use as possible. The completed monthly reconciliations for December will partially fulfill this requirement. Some of the information which needs to be organized and made available includes: the complete general ledger for the year, a chart

of accounts, all bank statements, all paid invoices, all cash receipts logs, all payroll records, payroll summaries for each pay period, 941s, UTR-1, and W-2s, Board minutes for the year under audit/review through the most recent minutes available, including all restricted donations, lease agreements, insurance policies, documentation for fixed assets capitalized and documentation for donated services or donated assets recorded in the general ledger.

The person recording financial transactions will be available at all times throughout the audit/review to facilitate the work of the external CPA firm. The Director of Operations and Chairman of the Audit Committee will schedule some time to meet with the external CPA firm as needed during the audit/review. The Office Manager will also be available for any work which the person recording financial transactions may delegate to them.

The person recording financial transactions, Audit Committee, and Director of Operations will plan a meeting with the external CPA firm at the end of the audit to discuss any issues raised, review the audit journal entries, evaluate the audit process and plan improvements for the following year.

9.00 COST ALLOCATIONS

9.10 Policies

Shriners International – El Jebel Shriners is required to follow various guidelines for allocating costs which benefit more than one program or unrelated business activity. A cost allocation plan will be adopted each year which satisfies the requirements of all rules and regulations for that year. This cost allocation plan will need to be modified any time a new program is started or at the end or beginning of any fiscal year. Due to the frequent modifications to the cost allocation plan, it will be maintained outside of this accounting procedures manual (see Appendix A).

10.00 INVESTMENTS

10.10 Policies

Cash not needed for immediate working capital will be transferred to interest bearing investments, unless the funds are designated for a particular account.

Shriners International - El Jebel Shriners will maintain collateralization of the total at any one bank in excess of the FDIC coverage. If this is not deemed to be practical or cost effective, a second bank will be used.

The Board of Directors must approve any investments beyond the options listed below.

10.20 Procedures

Shriners International - El Jebel Shriners will maintain a money market account at the same bank where the checking account is maintained. Certificates of deposit may also be used to invest excess cash. The Director of Operations will initiate the transfer of funds or setting up new certificates of deposit based on the projected cash flow requirements and budgets of Shriners International - El Jebel Shriners. The person recording financial transactions will prepare the projected cash flow requirements as requested by the Director of Operations.

The operating reserve fund and any cash designated by the Board will be maintained in a money market account, certificate of deposit, or professionally managed investment account. The Board will specify the investment method for the operating reserve and for each designated fund, so that the timeline of the investment will match the timeline of the reserve or designation.

11.00 DEBT

11.10 Policies

Board and Membership approval is required for incurring any debt of Shriners International - El Jebel Shriners other than operating trade payables and budgeted payroll payables. The Director of Operations will be authorized to negotiate such debt as needed by the Board of Directors.

Any loan covenants and restrictions will be reported to the Board when the debt is authorized. The person recording financial transactions will periodically review these covenants and report to the Director of Operations if there are any violations or potential violations of the covenants.

11.20 Procedures

The Director of Operations and Potentate or Treasurer will sign any debt agreements after receiving full Board and Membership approval.

The person recording financial transactions will reconcile the general ledger debt balances to statements or amortization schedules each month. In addition, accrued interest will be recorded in the general ledger as needed.

12.00 RESERVES AND DESIGNATED FUNDS

12.10 Policies

Shriners International - El Jebel Shriners will build and maintain an operating reserve to assist in maintaining financial stability. The target for the operating reserve will be one (1) year of general operating expenses. This will be a cash reserve held separately from other funds of Shriners International - El Jebel Shriners. The reserve may be invested consistent with the investment policy of Shriners International - El Jebel Shriners. Any income of the reserve fund will stay in the reserve fund.

The Board of Directors may designate portions of the net assets of Shriners International - El Jebel Shriners for specific purposes.

12.20 Procedures

During the annual budget preparation, the Board will review the operating reserve and set a target for funds to be set aside that year. The Director of Operations will establish and maintain the operating reserve bank account or professionally managed investment account as directed by the Board.

Designation of net assets will be made by resolution of the Board. A purpose and timeline must be specified for each designated fund. The designation may also specify whether a separate cash fund is to be used.

13.00 INTERNAL CONTROLS AND FINANCIAL AUDIT/REVIEW

13.10 Policies

The review of internal controls and the annual audit/review are two of the most important procedures the Board has for fulfilling its fiduciary responsibilities to Shriners International - El Jebel Shriners.

Internal controls pertaining to the accounting records are established by the Director of Operations and Board Treasurer in consultation with the person recording financial transactions.

The Board of Directors selects the public accounting firm which will perform the year-end financial audit/review. The financial audit/review report is presented to the Board of Directors who has the authority to approve the audit.

13.20 Procedures

Whenever there is a change in administrative personnel or a change in the operating structure of the organization, the Treasurer and Director of Operations will meet to determine that the internal control system continues to meet the needs of Shriners International - El Jebel Shriners. If appropriate, the changes will be reflected in this accounting procedures manual.

The key features of the internal control system are that the Office Manager and Recorder, who maintains the Temple records, are not involved in signing checks, transferring money or establishing cash accounts or investments and do not print the bank statement. The other aspect of this is that the person recording financial transactions reviews the transactions of the other employees and volunteers; and is responsible for noting any problems to the Chairman of the Audit Committee or directly to the Treasurer and Potentate.

The Board of Directors will approve, as part of the budget process, the public accounting firm to perform the annual audit/review.

The Treasurer will attend the audit/review exit conference at the conclusion of the audit/review. The public accounting firm will present the audit/review to the Audit Committee each year. The Board will review and approve the financial audit/review.

The person recording financial transactions and Director of Operations will be responsible for scheduling the audit/review, preparing the information needed by the external CPA firm and answering questions during the audit/review.

14.00 COMPLIANCE

14.10 Policies

In order to continue receiving charitable contributions and restricted donations, Shriners International - El Jebel Shriners must have systems in place to ensure compliance with the restrictions imposed by those charitable funds and restricted donations.

The person recording financial transactions is designated as Shriners International - El Jebel Shriners 's compliance officer and will be responsible for overseeing the compliance with all applicable restrictions.

The Director of Operations will be responsible for communicating the nature of all donor restrictions to the person recording financial transactions. This information will be used to ensure that the General Ledger restricted donations accounts will reflect the restricted donations and the spending of those restricted amounts, as appropriate.

14.20 Procedures

14.21 Compliance Committee

A compliance committee will be chaired by the Assistant Rabban and consist of the High Priest & Prophet and Oriental Guide. The person recording financial transactions will be responsible for discussing new compliance requirements in the programs with the committee. The person recording financial transactions will be responsible for preparing a report documenting how Shriners International – El Jebel Shriners, is ensuring compliance with rules in each program. The person recording financial transactions will also produce a similar report for overall compliance procedures of the organization. These reports, plus any correspondence with external agencies regarding compliance issues, will be kept in a central compliance file.

The compliance committee will also oversee the maintenance of restricted fund files. The restricted fund files will contain the final signed copy of the restricted donations, any addenda, and correspondence.

14.22 Restricted Donations

The Director of Operations will maintain a record of all restricted donations so that periodic reports of the year's cumulative restricted donations can be produced. When a restriction has been satisfied, that will be noted in the program file. If appropriate, the Director of Operations will be responsible for communicating the satisfaction of the restriction to the donor.

The Director of Operations will forward copies of each month's new and outstanding restricted donations to the person recording financial transactions. The person recording financial transactions will create a journal entry each month to ensure that the restricted donations are correctly presented in the financial statements.

15.00 BUDGETING

15.10 Policies

The Chief Rabban is responsible for guiding the budget process and for approval of the annual budget.

The Director of Operations and person recording financial transactions will be responsible for preparing the proposed budget.

15.20 Procedures

The budgeting process will begin in September for the following fiscal year. This will allow for eight months of results to be used in planning the budget.

All budget documents will be submitted to the person recording financial transactions by September 30th for consolidation into an overall organization budget. The Director of Operations and person recording financial transactions will then review this to determine if there are any obvious areas which may need to be reworked. The collated budget will be submitted to the Finance Committee by October 15 for review and feedback. Any further revisions will be made and the budget presented to the Board in November.

The responsibility for each area of the budget is as follows:

Director of Operations -- Program revenues and expenses, fundraising revenues and expenses, donations revenue, operations expense, and capital budget.

Person recording financial transactions -- Accounting expenses, investment income, projected balance sheet.

Treasurer -- Board and committee expenses.

After completion and approval of the budget by the Membership, the budget will not be modified for subsequent activities.

16.00 COMPUTER AUTHORIZATION AND BACKUP

16.10 Policies

The accounting computer and software will have access controlled by passwords. The Director of Operations will control the master password. The person recording financial transactions will be given a complete system password and will control which other personnel will be given passwords.

The accounting computer will be backed up regularly. The person recording financial transactions is responsible for carrying out this backup.

The person recording financial transactions is responsible for maintaining the disaster recovery plan for the accounting software and for periodically testing the plan.

16.20 Procedures

16.21 Passwords

The person recording financial transactions will maintain a record of all authorized users and the level of password access each user has. Passwords will be changed once each year in June.

16.22 Backup

The back up procedures are designed to maintain records of various periods until that period is closed.

An annual external backup will be maintained of the accounting data prior to the close. This tape will be maintained until the subsequent year accounting data is backed up and closed.

A monthly external backup will be maintained of the accounting data for each month until that month is again backed up the subsequent year.

A weekly external backup will be maintained of the accounting data for each week, as of Friday evening until that week is backed up the subsequent month.

A daily backup will be maintained of the accounting data for each day that work is performed until that day is backed up the following week.

A copy of all external backups will be kept in a fireproof tape safe in the office. A copy of the annual and monthly external backups will be taken home by the person recording financial transactions for storage. The Director of Operations and the Office Manager will have combinations to the fireproof safe.

The person recording financial transactions will ensure that the appropriate backups are made at the end of each day.

16.23 Disaster Recovery

In the event of the serious damage to the offices of Shriners International - El Jebel Shriners arrangements have been made to process certain accounting records at the home office of the Treasurer located across town. Since the disasters we are anticipating would be localized in nature, such as fire or tornado damage, we have not set up recovery plans with other organizations in another part of the State.

The Treasurer has agreed to provide us with one workstation and desk with access to their printers. In exchange we have agreed to provide them with the same services in the event of disaster at their offices. We are required to provide one business day's notice so that they may arrange the items we will need to use.

17.00 ACCESS TO RECORDS AND RECORD RETENTION

17.10 Policies

The records of Shriners International - El Jebel Shriners are generally open to public inspection due to IRS rules, open records laws and the spirit of public service. However, certain information is not open to public examination and may only be released with the permission of the Governance Committee. Questions in this area are to be resolved by the Director of Operations. If the answer to a request is unclear the Director of Operations may contact Shriners International - El Jebel Shriners 's attorney for a consultation.

Record retention is governed by various rules, statutes of limitations and common sense. Certain documents must be retained indefinitely, while others may have little use after a year.

17.20 Procedures

17.21 IRS Forms

Payroll tax forms are not public information and will not be released.

IRS Forms 990 and 990A, the exempt organization information returns, must be made available to anyone upon request. The specific rules are outlined in the instructions for form 990. All pages, schedules and attachments, except the detailed schedule of contributors must be made available. The prior three years of 990s and 990As must be available upon request for free review in our office. If the requestor wishes to have a copy, that will be provided immediately or may be mailed to the person. We ask that the person pay the legally allowed fee of \$1 for the first page and 15 cents for each additional page, plus actual postage, if applicable.

The application for exempt status, Form 1024, and the IRS determination letter are also available to anyone upon request for a free review in our office. Copying charges are the same as for the 990 if the person wishes to take a copy. The specific rules are outlined in the instructions for the form 990.

The person recording financial transactions is responsible for furnishing copies of these documents to the Volunteer in a form suitable for public release. The Volunteer will keep a copy of each form and make photocopies if requested.

17.22 Colorado Annual Charitable Organization Report

Although public disclosure by our organization is not required, the Colorado report is available to the public from the Secretary of State. For this reason, we will make this return available with the forms 990 and 990A.

17.23 Personnel Records

All requests for personnel records, job references and credit inquiries will be referred to the Director of Operations.

17.24 Financial Information

Financial statements and other financial information is regularly distributed to Shriners International - El Jebel Shriners employees, members, and the Board. This information is not to be made available to persons who are not regularly authorized to receive that particular report. Any such requests for information must be approved by the Director of Operations.

17.25 Records Retention

A schedule of record retention follows. Any discarding of records should follow this schedule. However, prior to discarding of records, the permission of the Director of Operations and the person recording financial transactions are required to ensure that they have no reason that an exception should be made to the policy. All discarded documents are to be shredded or sent to our recycling company, which has a confidentiality agreement with us.

For tax purposes, records should be maintained until the expiration of the statute of limitations. Generally, that period expires three years after the later of the due date of the return or the date filed. While there are a few exceptions to this rule, the three-year period normally should be adequate.

For non-tax purposes, records should be maintained only as long as they serve a business purpose or until all legal requirements are met. Unfortunately, there are not specific standards that will cover all situations. The following are some of the factors that should be considered:

- Federal, state, and local statutes and regulations
- Industry requirements or standards
- Potential claims or litigation
- Contract requirements

RECORD RETENTION SCHEDULE

Type of Retention Period Record (Years)

Accident reports & claims.....	7*
Appraisals.....	P
Articles of incorporation, by laws.....	P
Assets records.....	7*
Bank statements, reconciliations.....	3
Bills of sale-assets.....	7*
Budgets & projections.....	2
Cancelled checks – general.....	4**
Capital stock & bond records.....	P
Charts of accounts.....	P
Check vouchers, stubs.....	3
Contracts & agreements.....	7*
Correspondence	
Credit and collection.....	7
Routine with customers or vendors	1
Other.....	3***
Credit memos.....	3
Damage and theft reports.....	7
Deeds.....	P
Deposit slips.....	3
Depreciation schedules.....	7*
Employee records	
Contracts.....	7*
Disability, unemployment claims ...	7
Employment applications.....	4
Expense reports.....	4
Personnel files.....	7*
Time reports, earnings records.....	3
Withholding & exemption certificates (W-2, W-4, etc.).....	4*
Financial reports	
Annual, audited.....	P
Interim.....	3
Freight bills, bills of lading.....	3
Insurance policies & records.....	7**
Internal reports, memos, work orders, etc.....	2
Inventory records.....	4
Invoices	
Fixed assets.....	7
Sales & general expenses.....	4
Leases.....	7*
Ledgers & journals	

Cash receipts & disbursements....	P
General ledger, journal entries	P
Payroll journal	7
Purchases & sales	7
Subsidiary ledgers (receivables, payables, etc.)	7
Licenses	4*
Minute books	P
Mortgages.....	7*
Notes	7*
Pension & profitsharing records	P
Petty cash records	4
Purchase orders, invoices.....	4
Receiving reports	4
Repair & maintenance records.....	4
Sales records & cash register tapes	4
Shipping reports.....	4
Tax returns and related records	
Income.....	P
Payroll.....	4
Sales and use	4
Union contracts.....	P

P means records should be kept permanently

* Retention period begins with settlement of claims, disposal of asset, termination of contract, etc.

** Some should be kept longer, e.g. checks for tax payments should be kept with the tax returns, checks for asset acquisitions should be kept with bill of sale, etc.

*** Legal and important correspondence should be kept as long as the documents to which they relate.

18.00 SAMPLE ACCOUNTING FORMS

The organization's generally used accounting forms are included in Appendix B.

19.00 MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES MANUAL

19.10 Policies

The accounting policies and procedures manual is critical to the accounting function of Shriners International - El Jebel Shriners.

The person recording financial transactions is responsible for maintaining the manual.

All proposed changes must be approved by the person recording financial transactions and by the Director of Operations.

The policies and procedure manual will be dated with the date of each approved revision.

19.20 Procedures

Each year the person recording financial transactions will review the manual and formulate proposed changes. This update will be completed no later than October of each year. All changes must be approved in writing by the Director of Operations. If the person recording financial transactions has no proposed changes, a memo to that effect must be approved by the Director of Operations.

Whenever changes to the accounting procedures are made, a review of the accounting policies and procedures manual will be made by the person recording financial transactions to determine if a revision is required. Any minor revisions to the manual which are not reflected in the manual immediately should be kept on file to incorporate into the formal annual update.

The revised manual will be distributed to the person recording financial transactions, Director of Operations, Treasurer, and Recorder.

20.00 PREPARATION OF INFORMATIONAL RETURNS

20.10 Policies

Shriners International - El Jebel Shriners is required to file IRS forms 990, Return of Organization Exempt from Income Tax and 990 Schedule A, Organization Exempt Under Section 501(c)(10), and Colorado Charitable Organization Annual Report.

The preparation of these reports will generally be contracted out to the external CPA firm.

The person recording financial transactions will be responsible for providing the information needed to prepare the report.

The person recording financial transactions Director of Operations, and Board of Directors will review the reports prior to filing them to ensure that they are accurate and do not indicate any potential problems with the tax status or fundraising license of Shriners International - El Jebel Shriners.

20.20 Procedures

The IRS forms are due May 15 (four and one-half months after year end). If the forms are not ready, an extension may be requested for an additional 3 months using form 2758.

The Colorado form must have the completed 990 and 990A information and is due May 15. One (1) automatic extension of three (3) months is granted on this filing.

These forms will be prepared primarily from the final audited/reviewed financial statements. Additional information which is required includes a current list of the Board of Directors, the salary and benefits amounts of the Director of Operations, a list of all donations of \$5,000 or more from individuals, corporations and foundations, and a report on the nature and dollar value of any lobbying during the year. The person recording financial transactions will be responsible for gathering this information and providing it to the external CPA firm.

The person recording financial transactions and Director of Operations will review the activity of the prior year to determine if there was any unrelated business income. Such income would include newsletter advertising, sales of the mailing list, sales of items not related to our exempt purposes and debt-financed rental income not received as part of performing our exempt purposes. The unrelated business income tax form is 990T for the IRS. Gross unrelated business income in excess of \$1,000 requires that a return be prepared, even though the activity is not netting any money. Generally, the 990T will be prepared by the external CPA firm. The due date for these returns is May 15, with an automatic extension of 6 months using form 7004.

21. PROPERTY AND EQUIPMENT INVENTORY

21.10 Policies

An inventory of all property and equipment will be maintained. The inventory document will contain sufficient information for insurance and grant requirements.

21.20 Procedures

The person recording financial transactions will maintain a spreadsheet of all property and equipment owned by Shriners International - El Jebel Shriners. The spreadsheet will include: tag number, description, serial number, acquisition date, cost, vendor, location and any grant or other restrictions.

All equipment will have a tag affixed with a unique identifying number.

The property and equipment spreadsheet will be consulted prior to sale of any item to determine if there are restrictions. Grant purchased equipment may generally not be sold without the grantor's permission.

An annual inventory will be taken to verify the existence of the property and equipment listed in the spreadsheet.

Equipment will be included in the spreadsheet using the definitions for capitalization in Section 3.

22.00 GRANTS AND CONTRACTS

22.10 Policies

Grant and contract billings will be prepared and filed timely. Adequate documentation will be maintained to support all billings.

Complete grant and contract files will be maintained.

22.20 Procedures

Grant and contract billings will be prepared monthly or as needed. Billing will be done according to funding source requirements based on reimbursements of expenses, units of service or equal installment as required.

Documentation of billings will be prepared and maintained. For billings based on a reimbursement of expenses, a copy of the program expenses from the software and any reconciliations to the billing will be maintained. For billings based on units of service, a copy of the detailed units of service will be maintained.

The person recording financial transactions, Program Manager and Director of Operations will each approve billings prior to issuance.

Billings will be recorded as accounts receivable in the appropriate accounting period.

Grant and contract files will contain at least the following documents: signed copy of contract, application and budget, correspondence, periodic billings and the documentation supporting the billings.

23.00 CONFLICT OF INTEREST

23.10 Policies

All employees and members of the Board of Directors are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee or Board member conflict with the interests of the organization. Both the fact and the appearance of a conflict of interest should be avoided.

23.20 Procedures

Upon or before hire, election, or appointment each employee and Board member must provide a full written disclosure of all direct or indirect financial interests that could potentially result in a conflict of interest. Examples include employer, business, and other non-profit affiliations, and those of family members or a significant other. This written disclosure will be kept on file and will be updated annually and as needed. The files will be maintained by the Recorder.

Employees and Boards members must disclose any interest in a proposed transaction or decision that may create a conflict of interest. After disclosure, the employee or Board member will not be permitted to participate in the transaction or decision.

Should there be any dispute as to whether a conflict of interest exists:

- 1) The Director of Operations shall determine whether a conflict of interest exists for an employee, and shall determine the appropriate response.
- 2) The Board of Directors shall determine whether a conflict of interest exists for the Director of Operations or a member of the Board, and shall determine the appropriate response.

24.00 PETTY CASH

24.10 Policies

The Office will keep a petty cash box not to exceed \$1,000.00. Petty cash will be used primarily to purchase office supplies, snacks, delivery tips, etc. Petty cash will be kept in the office safe. The Office Manager and Director of Operations will have combinations to the office safe.

24.20 Procedures

The petty cash custodians will be given \$1,000.00 to be kept in the office safe.

When cash is used a record should be recorded in a petty cash spreadsheet. Receipts for all purchases are kept in the petty cash box.

When cash is low, the custodians will submit a check request form signed by the Recorder with a print out of the tracking spreadsheet, if used, and all receipts attached.

A check will be cut in the amount to bring the petty cash back to \$1,000.00. It is the custodian's responsibility to cash the check and keep track of funds in the box.

A monthly audit of the petty cash box should occur with both the Office Manager and Director of Operations signing the audit report.

APPENDIX A – ANNUAL COST ALLOCATION PLAN

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APPENDIX B – COMMON FORMS