

# **GSDCA FINANCIAL CONTROLS**

## **PURPOSE of GUIDE**

This set of financial controls has been created to ensure that the GSDCA follows GAAP financial principals. The GSDCA is managed by volunteers voted into the positions by the membership who at times, may not have the financial acumen to financially manage this non-profit organization.

These controls are an aid for all to ensure that the GSDCA remains financially viable, while promoting the German Shepherd Dog, our Membership and the Club.

## **BOARD OF DIRECTORS RESPONSIBILITIES**

Board will select an audit firm at the January board meeting to perform an audit according to current US GAAP requirements and issue a report of the prior year results. Any special requests or reports of the audit firm should be decided at this meeting.

Insure the Board understands the Budget presented at the April board meeting by the Budget & Finance Committee and approve the Budget.

Review quarterly actual P&L results to Budget at the BOD meetings to insure Board understands the YTD results. It is likely the Q3 results will not be available at the October board meeting due to time commitments with National Shows.

Review and approve the audit report prepared by the Audit Firm during July board meeting. Review and take action on any recommendations listed in separate letters such as SAS114 and SAS 115.

Approve the placing of the audit report on the club website with access to members only after the July board meeting.

## **TREASURER QUALIFICATIONS**

The Treasurer shall have a minimum of five (5) years of professional public or professional private accounting experience.

## **OPERATIONAL CONTROLS/GUIDELINES**

The Treasurer, or a designee, shall collect and receive all monies due or belonging to the GSDCA. He/she or designee shall deposit those monies in a timely manner (generally within 10 days after receipt) the same in a depository satisfactory to the Board, in the name of the GSDCA.

Accounting Solutions Group (ASG) or the Treasurer will prepare a revenue voucher for each deposit. If prepared by the Treasurer, the revenue voucher will be submitted to ASG for entry in QuickBooks shortly after the month end – generally within 10 days.

Periodic payment of bills (generally once per week) shall be initiated by the Treasurer. An email containing summary pay file and documentation of each item being paid will be sent to the President and/or Chair of Budget and Finance Committee with ASG being copied on each request. Once approval is given, ASG will initiate payment utilizing Bank of America's online payment system and record the accounting entries in QB.

ASG will take steps to close the GSDCA records each month; including bank and investment reconciliations, posting all revenue, expenses, and adjusting items. It will send monthly results in summary form to the President, Treasurer and Chair of Budget & Finance Committee.

ASG will work with the Public Accounting Firm that conducts the annual audit and the firm preparing the GSDCA annual tax return to insure timely filings occur.

The GSDCA results for the previous fiscal year and results for the current year to date if deemed necessary by the Board will be presented by the Treasurer at the GSDCA Annual Meeting.

### **Procurement Process**

**Bids:** Expenditures of more than \$500 even if part of a committee's approved budget will require the requester to provide at least three bids for consideration before a commitment is made for the expenditure. If a sole source is considered an email from the requester explaining this is to be provided.

Generally after consultation with the Budget & Finance Chair, the President will approve or deny the request.

**RFP:** All paid positions will be evaluated and an RFP (Request for Proposal) will go out every 36 months or sooner.

### **Contracts:**

Only the President and the Club Treasurer, as legal officers and signatories, have the authority to commit the Club to a contract.

All Contracts must be reviewed by Legal before signing.

The chairperson of a committee is allowed to sign a contract, BUT it must be officially countersigned by the President and/or the Treasurer of the Club, as well as ratified by the Board of Directors.

***The above specifically implies that no contract will become effective until countersigned by both the Club President and the Club Treasurer, as well as ratified by the Board of Directors.*** This will enable the Budget and Finance Committee, for example, to study the matter at hand before committing the club to a binding contract.

The President, Treasurer, Budget & Finance Chair, and Committee Chairperson will hold copies of all contracts.

### **Record Retention**

Records pertaining to tax filings or other GSDCA activities should be retained for 3 years from the date the return was filed. The GSDCA normally files its returns in the third quarter of the year following December 31 of the prior year.

Please consult with the Treasurer or Budget and Finance Chair prior to disposing of records if you have questions.

### **Credit cards**

The GSDCA will accept credit card payments from major cards or PayPal.

## **ON-GOING OPERATIONS INTRODUCTION**

The purpose of the remainder of this document is to provide a listing of controls to guide for the Treasurer and ASG performing the accounting activities of GSDCA in a manner conforming to accepted accounting practices. Each is encouraged to update this section as changes occur without any Board approval required.

### **General Closing**

For GSDCA's book closure and reporting purposes, periodic closure is defined as activities or adjustments carried out on a monthly, quarterly and annual basis.

The activities / adjustments required by the Treasurer or ASG for period end closing of the GSDCA records can be broadly classified as follows:

1. Downloading or printing of bank & investment statements;
2. Preparation of accounting entries necessary to record revenue, or deferred revenue from individual counter deposits (obtained from monthly bank statements) using the revenue journal form and electronic deposits processed through the "Store" by updating the month-end file received from WebMaster with the GL accounts;
3. Preparation of accounting entries necessary to record expense or prepaid expense from payments made;
4. Preparation of accounting entries necessary to record bank fees, credit card fees, and adjustments to revenue from checks/deposits dishonoured (NSF) (obtained from monthly bank statements);
5. Preparation of accounting entries necessary to record bank interest earned, interest earned from investments, and any short/long term gains/losses in investment account(s) (obtained from monthly bank and Merrill Lynch statements);
6. Preparation of accounting entries necessary to record credit card statements as accounts payable. The current credit card statement cut-off date with Bank of America is the 16<sup>th</sup> of each month;
7. Preparation of accounting entries necessary to record contract labor payments and USPC mailing fees incurred for Review magazine;

8. Preparation of accounting entries necessary to record changes of unearned revenue to revenue and recognition of prepaid expense as expense;
9. Inventory adjustments that reflect product sales and cost of goods sold. Year-end adjustments may be needed based on a December physical count;
10. Manual Journal Entries and misc. adjustments as necessary to correct any prior period errors;
11. Regular vendor payments are reviewed and first approved by Committee Chair. After a secondary approval by GSDCA President and/or Budget & Finance Chairperson payments are released through Bank of America; and
12. Purchases or service commitments exceeding \$500 require prior approval of the President or Budget & Finance Chairperson even if the item(s) in question are budgeted. Supporting documentation for these requests should include other quotes or emails stating why other quotes were not acceptable or not obtained.

### **Chart of Accounts**

1. GSDCA's Chart of Accounts for QuickBooks (QB) is currently structured as shown in the file named "GSDCA chart of accounts".
2. The Treasurer shall have the ability to add / edit GL Accounts in the Chart of Accounts (COA) if deemed necessary after approval from the President or Budget & Finance Chairperson.
3. An annual review of the COA shall be undertaken by the Treasurer and/or Budget & Finance Committee to identify any redundant GL Accounts, example those accounts that have not been used over 24 months.
4. A listing of the GL accounts to be deactivated shall be sent to the ASG entering transactions in QB with instructions to 'blocked'.

### **Vendor Payment Processing**

1. Invoices are received by the Treasurer via USPS or email from the vendor or Committee Chairperson. The Committee Chairperson must give approval to pay and if possible provide the GL account and class to use when ASG records the entry in QB.
2. Using discretion, the Treasurer prepares a weekly AP summary including the vendor names, payments with brief comments. Individual pdfs containing the invoices, expense reimbursement voucher or documentation acceptable to ASG being paid are emailed to the President and Budget & Finance Chair for approval of accounting and payment. ASG should be copied on this email and approval for use when it performs payment processing.
3. Directors and committee members must request reimbursement on the appropriate form provided by the Treasurer no later than the tenth day after the month during which an expense, or expenses, were incurred, or else will forfeit such right (listed on P&P). If reimbursement is requested after the date permitted, Budget and Finance Committee will have final authority to determine whether payment is made or denied.

4. A signed, completed W-9 is required from new vendors, contractors, board members or members before the initial, first payment is released through Bank of America. The Treasurer and ASG will hold these documents in their files.

### **Depository listing**

A listing of individuals authorized to deposit checks will normally be proposed during the January board meeting. It will usually include a committee chair or member from:

Membership Chair	Trophy Fund Raising Coordinator
National Pre-sale Coordinator	Review Editor
SV Office Program Manager	

### **Manual Checks**

Most checks are issued by ASG through Bank of America's online bill pay system. In the event a manual check is necessary the Treasurer will issue following the Vendor Processing process listed above. In the absence of the Treasurer, the President will issue manual checks by following the Vendor Processing steps.

### **Insufficient Checks**

When a member's check is returned (by the bank), the Treasurer will notify the authorized depositor, Event Secretary or individual about the dishonored check. If the check and a fee of \$25.00 is not received within 15 days, that individual will lose all membership privileges. The Treasurer will notify affected committees in this event.

### **Nationals**

Major time commitments are necessary by the Treasurer in advance of and during the week of the Shows involving Agility, Confirmation, Herding, Performance, Tracking, and other performance events that may change from year-to-year. Some issues to be aware of are:

1. Prepayment of host hotel(s) – some portion or all in advance is the norm,
2. A listing of individuals whose rooms are being paid should be obtained from the National Show Chair to facilitate final settlement of host hotel,
3. Ability to process credit card payments at the show venue are being supported by John Ayotte our webmaster,
4. Cashiers to count funds received for Store Products, Catalogs, Reserved Seating, Dinner tickets, etc., will be designated by Treasurer or Budget & Finance Chairperson,
5. Night deposit availability is desired,
6. Some vendors require advance payment in full – trophies, ribbons, chairs, risers, and sound systems, etc. The National Show Chair must provide copies of these contracts/invoices along with prior approval for spending amounts exceeding \$500 and his/her approval to pay in order for advance payment to be processed,
7. Most judges and event secretaries expect payment when assignments are complete. The National Show Chair must provide copies of judge and event secretary contracts in advance of show to insure reimbursements are correct, along with prior approval

for spending amounts exceeding \$500 (show secretaries), copies of receipts as needed, and his/her approval to pay in order for payments to be processed.

### **SV Shows**

Some time commitment is necessary by the Treasurer in advance of and during the week(s) of the SV Shows. Some issues to be aware of are:

1. Prepayment of host hotel(s) – some portion or all in advance is the norm,
2. A listing of individuals whose rooms are being paid should be obtained from the SV Show Coordinator or SV Chair to facilitate final settlement of host hotel,
3. EURs may be needed to pay SV judges if from Europe,
4. Most judges expect payment when assignments are complete. The Show Chair or SV Chair must provide copies of judge contracts in advance of show to insure judge reimbursements are correct, along with prior approval for spending amounts exceeding \$500 (show secretaries), copies of receipts as needed and his/her approval to pay in order for payments to be processed,
5. Some vendors require advance payment in full – trophies, ribbons, chairs, risers, and sound systems, along with prior approval for spending amounts exceeding \$500 and his/her approval to pay in order for advance payment to be processed.

### **Prepaid Expense Recognition**

Prepaid expenses are recorded for items paid in full for a specific period of time or future event. Some common prepaid expenses are insurance premiums, expenses paid in December for January board meeting, and deposits for National or SV Events.

General liability, excess liability, directors & officers' liability renewal invoices are received during Q4 of each year.

### **Revenue recognition**

The revenue recognition process was simplified beginning with 2015 results. The process impacts regional club dues, membership renewals and & Futurity Litter Nominations.

Membership renewals for individuals or regional clubs and Futurity Litter Nominations received from January 1 to September 30 are considered revenue for the current year. This includes multiple year membership renewals by individuals. Payments received from October 1 to December 31 are considered revenue for the following year.

Funds received from October 1 to December 31 are recorded as unearned revenue in the following manner:

- Unearned Rev – Regional Club
- Unearned Rev - Membership
- Unearned Rev - Review
- Unearned Rev - Futurity

Membership renewal funds from individuals are split according to the table listed below:

Type	Single – online	Single – print	Family – online	Family – print	Lifetime – print	Junior – online
1 yr – total	\$45.00	\$75.00	\$70.00	\$115.00	\$45.00	Free
Review	\$20.00	\$36.00	\$20.00	\$36.00	\$36.00	
Mbrship	\$25.00	\$39.00	\$50.00	\$79.00	\$9.00	
3 yr – total	\$130.00	\$215.00	\$200.00	\$325.00	na	Na
Review	\$58.00	\$103.00	\$58.00	\$103.00		
Mbrship	\$72.00	\$112.00	\$142.00	\$222.00		
5 yr – total	\$215.00	\$355.00	\$325.00	\$545.00	na	Na
Review	\$96.00	\$170.00	\$96.00	\$170.00		
Mbrship	\$119.00	\$185.00	\$229.00	\$375.00		

Any extra fees collected for specialized mailing are allocated to Review.

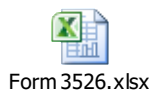
### **Inventory Valuation and Write off/on**

A physical count of club products and corresponding cost will be received from Marketing Chairperson shortly before end of year or in early January. If the product has been owned (determined by invoice date) for the past 2 year ends, it will be written off. The accounting for the write off of inventory is usually a reduction in the product inventory account, which is offset by a charge to the cost of goods account.

A physical count of unused trophies/ribbons that identifies the vendor will be received from the National or SV Show Chairs before end of year. If an explanation shows these carryover items have value and will be used during next year a trophy inventory entry will be recorded. The accounting for this write-on of trophy inventory is usually a reduction of trophy/ribbon expense, which is offset by increase in inventory.

### **Miscellaneous Annual Actions:**

1. USPS form 3526 - filing with the USPS is due by Oct 1 each year. Information for the report is obtained from Sutherland Printing invoices. The Excel file named “Form 3526” has been used to complete the form. It must be published in the Review to comply with current regulations.



**IDs and Passwords**

A separate file with web sites, user ids and passwords will be sent in a separate, password protected file. This information will be readily available when there is a change in Treasurer for the organization.

**Credit Cards:**

There are 3 Credit Card in the GSDCA name – Treasurer for regular, ongoing club activities, President for emergency, backup only, and SV Office Administrator for use when processing payments with Germany.

**Signature cards**

Signature cards for Bank of America and Merrill Lynch are updated during January board meeting. Extracts from the board minutes that authorize the updating of signature cards generally must be signed by the President and Recording Secretary to meet the requirements of these institutions.

Bank of America issued the credit card based on the club financial condition and does not require a personal guarantee. Extracts from the board minutes that authorize the updating of the credit cards with the new Treasurer's name and removal of the outgoing Treasurer generally must be signed by the outgoing Treasurer, President and Recording Secretary to meet the requirements of these institutions.