



Information Resource

Treasurer

Treasurer: Position Description
January, 2014

Treasurer: Position Description Introduction

Introduction

Welcome

Thank you for taking on the role of Treasurer. To ensure that the National Kitchen & Bath Association Continues to meet the needs of kitchen and bath professionals, the NKBA encourages our members to serve as officers in their local NKBA chapters.

The purpose of this document is to set the expectations and responsibilities of your role for a calendar year. Please review the information and direct any questions to the Regions and Chapters Department at Chapters@nkba.org

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Who Is Best Suited To Be Treasurer?

Description

The ideal Treasurer is a person who is:

- Good record keeping skills
 - Comfort with numbers
 - Willingness to file a monthly financial meeting report and year-end financial report.
 - Willingness to balance a checkbook on a monthly basis
 - Willingness to act as the “ticket taker” at chapter meetings
 - Familiarity with software applications such as Microsoft Money or Quicken would be extremely helpful.
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Responsibilities of the Treasurer include (but are not limited to) the following

Responsibilities

- Supervises the financial affairs of the chapter
 - Disburses chapter funds required to conduct chapter affairs and activities, approved by its members or the Chapter Executive Committee
 - Maintains all financial accounts and signs all checks with another Chapter Executive Committee member (usually the Chapter President or Chapter Representative) that have been authorized by the Executive Committee
 - Prepares and submits financial reports to the Chapter, Chapter Executive Committee, and NKBA
 - Files 990 with IRS annually
 - Ensures that all current members are entitled to participate in membership services and activities at member rate
 - Prepares an annual Chapter budget
 - Handles registration at Chapter meetings
 - Performs other duties assigned by the President or Chapter Executive Committee
 - With the Chapter President, selects an assistant
 - Assist outgoing Treasurer
 - Obtain bank account signatures card. For internal control purpose all checks and drafts disbursing chapter funds must have the signature of two chapter officers.
 - Prepares monthly Bank Reconciliation and reviews the monthly bank statement with the Chapter Representative and President
-

Responsibilities of the Treasurer- Continued

As an officer of the Chapter, you are expected to attend all of the Chapter and Chapter Executive Committee meetings. You and your fellow Chapter Executive Committee members are expected to further the goals of the NKBA Strategic Plan.

As Treasurer, you are responsible for submitting two reports to National. The “Chapter Meeting/Financial Report Form” which is required to be filled out and submitted to NKBA by email or fax. This report is to be submitted within one week after each chapter meeting or event. The “Chapter Treasurer’s Annual Financial Report” is due to National by January 31st for the prior calendar year. Both of these documents are available on the NKBA website.

To effectively manage the Chapter’s financial affairs, you may want to utilize one of the available financial management software programs available, such as Microsoft Money, Quicken, or QuickBooks. Check with your predecessor if you haven’t already learned what method was used in the past. Once you are comfortable with the software program, you will find it easy enough to generate the monthly reports or expenses and income, as well as balancing the Chapter’s checkbook. If your Chapter has any investments, you can use the program to track that account as well.

Procedural Checklist

These are the procedures that must be followed during a given calendar year

<u>Procedure</u>	<u>Time Line</u>
<ul style="list-style-type: none"> • Provide articles for Chapter newsletter to VP Technology/Communications. 	<ul style="list-style-type: none"> • Seven weeks prior to desired publication
<ul style="list-style-type: none"> • Provide any information that needs to be included in the Chapter meeting notice mailing to VP Programs. 	<ul style="list-style-type: none"> • Seven weeks prior to the mailing date
<ul style="list-style-type: none"> • Report Chapter's finances at Executive meetings and Chapter meetings. 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Submit the "Chapter Meeting/Financial Report Form to NKBA which includes the number of meeting attendees. 	<ul style="list-style-type: none"> • Within one week of the meeting or event
<ul style="list-style-type: none"> • Supervise Chapter meeting registration (<i>see sample on the NKBA website "Tools for Chapters"</i>). 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Submit the "Chapter Treasurer's Annual Financial Report" to NKBA. Chapter grants for the year will not be sent until required reports are received (<i>see sample on the NKBA website "Tools for Chapters"</i>). 	<ul style="list-style-type: none"> • January 31 deadline

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Procedural Checklist, Continued

<u>Procedure</u>	<u>Time Line</u>
<ul style="list-style-type: none"> • Prior to each Chapter meeting verify that your meeting assistant will be on hand 	<ul style="list-style-type: none"> • By next business day
<ul style="list-style-type: none"> • Prepare badges for pre-registered attendees. 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Day of the meeting be responsible for registration (<i>see sample on the NKBA website "Tools for Chapters</i>). 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Report to attendees: <ol style="list-style-type: none"> a) Amount in treasury b) special occurrences that create revenue or expenditures 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Collect sponsorship monies from sponsor 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • With approval of VP Programs, pay meeting facilities bills 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Two weeks after a meeting or event complete the Chapter Meeting/Financial Report Form (<i>Form found on the NKBA Website www.nkba.org Member Center- "Tools for Chapters"- "Chapter Officer Forms"- Treasurer. Either email it to chapters@nkba.org or fax it to 908-852-7639 and print a copy for your Chapter Executive Committee's records. This Chapter Meeting/Financial Report Form will help you complete the "Year End Financial Report" form that is due every year.</i> 	<ul style="list-style-type: none"> • Ongoing

Procedural Checklist, Continued

<u>Procedure</u>	<u>Time Line</u>
<ul style="list-style-type: none">• Deposit monies received	<ul style="list-style-type: none">• Deposit monies received
<ul style="list-style-type: none">• Pay bills	<ul style="list-style-type: none">• When due
<ul style="list-style-type: none">• Balance Checking account	<ul style="list-style-type: none">• Monthly within one week of receipt of statement
<ul style="list-style-type: none">• Review bank statement with Chapter Representative and President	<ul style="list-style-type: none">• Ongoing
<ul style="list-style-type: none">• Develop a Chapter budget for approval by Chapter Executive Committee	<ul style="list-style-type: none">• January

New Chapter

Typically, a new chapter may need the following to open a local bank business checking account.

1. Employer Identification Number (EIN) - Upon approval of chapter or sub-chapter status by the National BOD, the chapter President or Treasurer should request the NKBA Controller to obtain an EIN from the Internal Revenue Service. Information required is: exact chapter name, address (normally the business address of the President or Treasurer), contact name and phone number. Upon obtaining the EIN, the Controller will advise the chapter President or Treasurer.

2. Information that may be required is: minutes of the chapter meeting showing the election of the President and Treasurer, copy of NKBA National's IRS Determination Letter of Tax-exempt status, copy of NKBA National BOD minutes showing approval of new chapter. Many states and banks have differing rules so the requirements for opening an account are often different.

**Authorization of
general
disbursements:**

3. Note: Two (2) signatures are required for all chapter bank accounts.

- An approved chapter budget should provide initial control of chapter funds.
- Use purchase authorization so that commitments of chapter assets will be known, recorded, and approved.
- Develop suggested guidelines for attaining approval of chapter expenditures. Base the dollar thresholds on budget size and desired level of control. For instance:
- More than \$100 requires prior approval by the chapters' executive committee and recorded in minutes.
- Under \$100 requires prior approval by either Chapter Representative or President, if the expenditure is within the scope of committee activities and within the budget allowance.
- Bank Debit Card – Two officers may hold and utilize bank debit cards where funds are authorized pre-approved by the chapter board. It is recommended that the Treasurer and Vice President of Programs should hold debit cards; should either of the positions be vacant, the President of the chapter should then hold a debit card.
- Online Banking – Where a chapter utilizes online banking system, the Treasurer along with the Chapter Representative and President should have full access to the account.
- When an existing chapter elects new officers and needs to change

Existing Chapter

authorized signatories on an account, banks may allow the change to be made by simply completing a new signature card or, may require such information as stated above. Again, banks and states have different rules and the requirements may be different, accordingly.

Registration

The Chapter Executive Committee establishes registration cut-off dates. The Treasurer collects registration fees, accepts all registration information, checks attendance, and pays the bills.

As registrations arrive prior to the meeting, record information (preferably on a computer program such as Word or Excel) identify members and nonmembers (see sample on the NKBA website “Tools for Chapters). Contact any person who has omitted information.

If you do not know the status of the registrant, check with your Vice President-Membership or check the NKBA website.

Notify the Vice President-Programs of the number of attendees prior to the registration deadline.

Issue receipt (have a receipt book) for cash payments at the door.

Submit Chapter Financial Reports

You will be expected to provide a report from each Chapter and Chapter EXCO meeting. The report should provide an overview of the income received and expenses incurred since the previous report, and the bottom line. You should include a status of any investments the Chapter holds. It is not necessary to go into detail, providing the balance should be sufficient.

Within one week of a Chapter event, you are expected to email or fax the post meeting activity report (Chapter Meeting/Financial Report Form) which includes the number of meeting attendees to chapters@nkba.org. The year-end annual report of financial activity (Chapter Treasurer's Annual Financial Report) is due by January 31st. If you have trouble with your Chapter Treasurer's Annual Financial Report you might contact the previous Treasurer or NKBA staff for assistance. To get to the reporting forms, go to the NKBA website www.nkba.org log on using your member number and your password. Once logged onto the NKBA website click on the "Member Section" and "Tools for Chapters". Click on "Downloadable Forms" and the Form is located under "Treasurer".

NKBA Chapters are encouraged to maintain reserve funds in case of unforeseen need. The amount of the reserve should be sufficient for the Chapter to continue operations even if income were lost due to unexpected circumstances, such as a natural disaster causing the cancellation of an event for which substantial income had been projected.

Chapter expenditures must benefit the entire membership, not a select few.

Budget

The Chapter Treasurer is responsible for preparing the Chapter's annual budget. This document does not have to be submitted to the NKBA, but the Chapter EXCO should review and approve the budget before the beginning of the calendar year.

Indebtedness

As stated in the NKBA Policy Manual no Chapter, its officers or members, shall create any indebtedness except those required to conduct the everyday activities of the Chapter. No Chapter may incur debt or financial obligations which binds or obligates the Association and its members without prior written approval of the Board of Director of NKBA.

Tax-Exempt Status

The NKBA as well as each chapter are 501 (C) (6) organizations, the category of tax exemption designated by the IRS for trade associations. This means that the IRS has granted an exemption from federal income taxes for income from activities that are substantially related to the purposes for which the association was formed.

Chapters are usually exempt from state taxes, but not sales tax. If you aren't sure about your state's tax laws, contact the previous Treasurer, or a local Tax Accountant familiar with your particular state's tax laws.

If your Chapter has an employee, the Chapter is responsible for paying the employment taxes, including federal withholding, social security, and any other applicable state or local taxes to be withheld.

NKBA Chapters are not incorporated, and each Chapter has its own employer identification number.

990N & 990 EZ Filings

If your Chapter's gross annual receipts from all sources are \$50,000 or less, you are required to file the IRS form 990-N Postcard (online). If your Chapter's gross annual receipts from all sources are above \$50,000, you must file IRA form 990-EZ. The 990s are informational returns only and as such require no accompanying tax payments.

The form 990N or form 990EZ must be filed by May 15, or a request for an extension must be filed by that date. If you need copies of form 990-EZ, you can obtain them online at www.irs.gov, or they can be provided by the NKBA Controller. You are responsible for filing the necessary forms with the IRS and providing a copy to the NKBA Controller.

Unrelated Business Income/Such as Advertising Revenue

If you're Chapter brings in \$1,000 or more in income per year in unrelated business income, such as advertising revenue, the Chapter maybe subject to unrelated business income tax (UBIT). Among the activities not subject to UBIT are meeting revenue, the sale of publications or NKBA logo merchandise, income from fundraising activities, investment income and sponsorship revenue.

Unrelated business income is subject to tax and must be reported on IRS Form 990-T. It is generally imposed at the federal corporate income tax rates.

Unrelated Business Income applies if all three of the following conditions are met:

- 1) Income must be from a trade or business
- 2) The activity is regularly carried on
- 3) The activity must be unrelated to the purpose for which the organization was granted a tax exemption

The taxable amount is determined by the total unrelated business income less the cost related to generate that income.

To Summarize Tax Returns

Unrelated business income is subject to tax. It is generally imposed at the federal corporate income tax rates. Unrelated Business Income applies if three conditions are met:

Income must be from a trade or business; and
The activity is regularly carried on; and
The activity must be unrelated to the purpose for which the organization was granted a tax exemption.
The taxable amount is determined by the total unrelated business income less the cost related to generate the income.

If your Chapter is subject to this tax, you must file IRS form 990-T. For more information, or for IRS forms, go to the IRS web page www.irs.gov and use their search engine. Please do not hesitate to contact NKBA Controller if you have any questions about your tax filings or status.

Gross receipts \$50,000 or less – file form 990-N (on-line). Form 990-N is an Electronic Notification (e-Postcard) for tax-exempt organizations. This form must be filed electronically
<http://www.irs.gov/charities/article/0,,id=169250,00.html> by May 15th.

Gross receipts above \$50,000 – file form 990EZ also due by May 15th.

Sponsorship vs Advertising

Sponsorship

Chapters may offer a sponsorship opportunity to a non-member company or individual, on a one-time basis only, to experience the benefits of NKBA membership. This policy does not apply, however, to companies that are not affiliated with the kitchen and bathroom industry.

Qualified sponsorship payments include monies given to your Chapter by any person or company engaged in a trade or business in support of a particular event or activity, for which the corporation does not expect a substantial return benefit. Advertising is taxable.

Under the sponsorship rule, you may use or acknowledge the sponsor's name, logo, or product line in connection with your activities as long as there is not qualitative or comparative description of the sponsor's facilities, products, services or company.

You may include a sponsor company's locations, their logo, website and telephone numbers in your newsletter or meeting announcement. You may include value-neutral descriptions including displays or visual depictions, of a sponsor's product line or services. To clarify, this means that you may say, for example "ABC Appliances distributes Maytag and Kitchen Aid appliances." You may *not* say "ABC Appliances is the leading distributor of Maytag and Kitchen Aid Appliances in the tri-state area."

Sponsorship vs Advertising- Continued

Advertising

In contrast, advertising payments are payments for which the corporation would receive a return benefit. Advertising income is subject to unrelated business income tax.

Advertising includes some of the components of a sponsorship and goes a step further to induce the individual reading the advertisement to purchase, sell, or use the company's products or services. There may be references to how much better the company or its products and services are than any other. This is referred to as qualitative or comparative language.

Advertising may contain pricing information, or highlight savings, or include value statements or an endorsement of a company's products or services.

It is important, however, that advertising in an NKBA publication NOT appear to be an NKBA endorsement of a company, a product or service. In other words an advertisement should not say "The NKBA ABC Chapter recognizes the Smith Company as the number one appliance dealer in the area."

Taxes on Advertising in Newsletters

It seems the IRS would consider an activity an unrelated business, and subject to the unrelated business tax (UBIT) if the activity:

1. Is a trade or business, and
2. Is regularly carried on, and
3. Isn't substantially related to furthering the organization's tax-exempt purpose.

Sale of advertising space in an organization's magazine, newsletter, or on its website, probably would be considered UBI if the Ad includes a description of the product's or service's quality as opposed to just listing the company's name and logo.

If considered UBI, you would need to file a Form 990-T, Exempt Organization Business Income Tax Return.

Chapter Funding Program

Each Chapter and Subchapter receives a grant from the NKBA to support educational, professional development and membership recruiting/retention activities. Your chapter expenditures must benefit the entire membership, not a select few. The purpose of chapter meetings is to provide information, professional development and networking opportunities to members of the Association.

The funding is calculated as follows:

\$1,200 flat grant to each chapter and subchapter (paid beginning in January for the calendar year, along with the prior year's chapter sharing grant);

Chapter Sharing Grant – (this is paid in January of the next calendar year based on activity and membership statistics for the prior year as long as requirements are met):

\$10 per industry/associate member recruited or renewed during the year
\$5 per each student member recruited or renewed during the calendar year
\$2,500 for each subchapter formed within previous geographic boundaries of the Chapter (\$2,000 is paid to the new subchapter and \$500 is paid to the "parent" chapter)

\$250 for existing NKBA Accredited or Supported programs within the Chapter's geographic boundaries and

\$500 per new NKBA Accredited or Supported programs within the Chapter's geographic boundaries added during previous calendar year.

No share or grants will be paid until all reporting is completed:

- ✓ Meeting reports (one complete report for each chapter meeting held from the prior year which are due within one week after each meeting)
- ✓ Year-end financial report due yearly by January 31st
- ✓ Chapter Strategic Plan due by April 15th
- ✓ Nominating Committee Roster by April 15th
- ✓ Filed 990 N Post Card or 990 EZ by May 15th

Year End Chapter Treasurer's Responsibilities

Year End Financial Form

- Your last responsibility as a Chapter Treasurer is to submit the "Chapter Treasurer's Annual Financial Report" (*see form on the NKBA website "Tools for Chapters"*). This report is a year end financial review of chapter income for the year, expenses and your net income/loss. This report is to be submitted to NKBA by January 31st for the calendar year that you were the Chapter Treasurer. Chapters that do not complete this report will have their annual chapter grants withheld until this report is received.

Record Keeping

- The chapter is required to keep all of their Year End Financial Forms for at least 7 years. They are to be handed over to the incoming chapter Treasurer.

Mentoring Incoming Chapter Treasurer

- Review all financial accounts with the incoming chapter treasurer. Make sure you give and review the following financial information:
- Procedure to update signature on check
- Give the bank your contact information
- Canceled checks
- Copies of the monthly financial reports that were submitted to NKBA
- Review the procedure for completing the Chapter Meeting/Financial Report Form
- Discuss the pricing and registration requirements that appear on the chapter meeting notice with the VP Programs.
- Meeting Reservation and Attendance List Form
- At the first chapter meeting sit with the incoming Chapter Treasurer to review the procedure for completing this form
- Last years' chapter budget
- Review past years end financial reports
- New signature card at bank
- Review prior year's 990 Filing

General Ledger

Below is NKBA National's accounting policy with respect to establishment of a General Ledger and system of accounts. NKBA Chapters should use this policy as a guideline for establishing the chapters' system of accounts.

Maintaining an Effective Accounting System

Policy

The NKBA will establish and maintain an effective accounting system to record data regarding the economic activity of the association.

General

Management requires accurate and timely financial reports in order to judge the performance of the association and plan for further activities.

General Ledger Set-Up and Posting

1.1 Procedures

The NKBA will set up a general ledger system to quickly and accurately accumulate all financial transactions. The framework for this system is called the chart of accounts. The chart of accounts consists of the account titles and account numbers assigned to the titles. The account titles should be developed from an understanding of the economic activity and the information management deems necessary in the financial reports. Account titles should most appropriately describe the assets, liabilities, net assets, revenues, and expenses of the association.

The following account titles in the chart of accounts are representative of what might appear in a simple business enterprise:

Assets:

- Cash
- Investments
 - Accounts Receivable
- Inventory
 - Prepaid Expenses
- Land
- Building
- Equipment
 - Furniture and Fixtures
 - Accumulated Depreciation
- Other Assets

Liabilities:

- Accounts Payable
- Accrued Expenses

Net Assets:

- Designated
- Undesignated

- Revenue
- Expenses

Continued on next page

General Ledger Set-Up and Posting –Continued

1.2 Arrangement of Account Titles

Account titles within the chart of accounts should generally be arranged in the following order:

- Assets
- Liabilities
- Net Assets
- Revenue
- Expenses

1.2.1 Within these categories, current accounts are grouped first, followed by long-term accounts. Referring to the sample chart of accounts shown in 1.1, note that current assets such as cash, accounts receivable, and inventory are listed before long-term assets such as land and building.

1.2.2 After the accounts are titles and listed in order, account numbers should be assigned. Generally, accounts should be numbered in the following manner:

1000- 1999	Assets
2000- 2999	Liabilities
3000- 3999	Net Assets
4000- 4999	Revenue
7000- end	Expenses

1.2.3 Expenses are often divided into several groupings. For instance,
7000 - 9000 Operating – G&A – Building

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General Ledger Set-Up and Posting –Continued

1.3 Establishment of Contra Accounts

Accounting systems record transactions at their historical cost. However, there are instances where generally accepted accounting principles require that an account be presented in the financial reports at a lesser amount. This is accomplished through the use of contra accounts, allowing the accounting system to maintain records of the reporting purposes. For example, accounts receivable is stated at its historical cost. However, for financial reporting purposes, accounts receivable must be reduced for accounts that will not be collected. Therefore, the allowance for doubtful accounts is established to reduce accounts receivable to its collectible amount.

1.4 Financial Information Adequacy

Accounting systems should provide adequate financial information on a summary level if deemed necessary.

Although business enterprises are extremely concerned with their overall operating results, they often require more detailed information to know how various segments of the business are performing. Businesses with more than one profit center must know detailed information about each area to determine if it is profitable or not.

Different methods can be used to accomplish these accounting needs depending on the requirements of the enterprise. If an organization will use centralized accounting for all of its profit centers, adding additional numbers to the standard chart of accounts will serve to accumulate the required information. For example, NKBA uses a system of segment and program codes to delineate detailed activity.

Adding these additional codes to all accounts in the chart of accounts will give the organization all of the detail it will require for each segment and program. Most computerized accounting systems will be able to use a sophisticated series of codes to produce financial reports for each program, as well as a combined report to show the overall financial position and results of operations of the association

General Ledger Activity

Policy

All valid general ledger entries, and only those entries, should be accurately recorded in the general ledger

General

The general ledger consists of control accounts for accounts in the association's chart of accounts (see 1.0). These accounts are listed in the general ledger in numerical order with the account title. The general ledger may be maintained on a computer, i.e., Great Plains.

2.1 Posting Monthly Activity to the General Ledger

Monthly, all activity should be posted to the general ledger. The postings to the general ledger accounts may come from any and all of the following sources:

- General journal – adjusting journal entries
- Sales journal – sales and accounts receivable activities
- Purchases journal – expense and accounts payable entries – A/P module
- Payroll journal – payroll summary
- Cash receipts journal – A/R module
- Cash disbursements journal

The physical posting of the general ledger will vary depending on The type of system being used. Most computer accounting software packages are fully interactive and post journal activity to the general ledger on command.

General Ledger Activity- Continued

2.2 Documentation of Entries Not Originating from Journals

All entries (recurring and nonrecurring) that do not originate from modules should be supported by journal vouchers.

Accounting systems record transactions as they occur on a historical basis. However, simply recording transactions as they occur does not always provide an accurate basis for reporting the financial position and operating results of an enterprise. For instance, an enterprise may purchase a piece of equipment and pay cash for it. However, the equipment must be depreciated over its useful life rather than expenses when purchased. Likewise, other adjustments are periodically required to adjust the recorded transactions, such as accruing certain items of income and expense or correcting posting errors

2.2.1

Certain entries, called recurring adjusting journal entries, are made every period. These entries include, but are not limited to, the following:

- Depreciation of fixed assets
- Amortization of intangible assets
- Amortization of prepaid expenses
- Amortization of deferred revenue

The association should identify these recurring adjusting journal entries for posting to the general ledger in each accounting period. Most computerized accounting systems allow the company to set up recurring adjusting journal entries, and these entries are posted to the general ledger automatically as part of the closing process.

Nonrecurring adjusting journal entries must be prepared to properly reflect account balances. Nonrecurring adjusting journal entries include, but are not limited to, the following:

- Correction of posting errors
- Accrual of incoming and expense items
- Recording of non-cash transactions

2.3 Adequate Documentation for All Journal Entries

All journal vouchers for journal entries should be prepared only on the basis of adequate supporting documentation.

2.4 Authorization of Entries

All journal vouchers for entries into the general ledger should be authorized by a responsible person

General Ledger Maintenance

Policy

The general ledger should be adequately maintained.

General

As stated throughout this section, the general ledger accounts are the source of all of the financial reports used by management. It is therefore critical that the accounting records, after the entry of transactions in them, are properly controlled so that they continue to reflect accurately the operations of the business.

3.1 Preparation of Trial Balance

A trial balance should be prepared monthly from the general ledger. A trial balance is a listing of all general ledger accounts and their balances as of a particular date. The trial balance will verify that the general ledger accounts balance (debits equal credits) and serves as a work paper to make adjustments to any accounts to correct their balances.

3.2 Performance of Reconciliations

Reconciliations should be performed between control accounts maintained in the general ledger and the subsidiary ledgers

The trial balance and the reconciliations should be reviewed by a responsible person, ideally by persons other than those who post entries in the general ledger. The reasons for differences noted should be investigated and any adjustments properly processed.

3.3 Review of Trial Balance and Reconciliations

At the end of the fiscal year, all items of income and expense should be closed so that they will not carry over to the next fiscal year. After all of the required adjustments have been made to the general ledger, the association should prepare a closing entry. A closing entry is an entry that will create a zero balance in each revenue and expense account when the entry is posted to the general ledger. Since these accounts will not balance, the entry will include a credit to retained earnings of the association for the net income, or a debit to retained earnings for the net loss of the association. After the closing entry is posted to the general ledger, the income and expense accounts should be zero, and the general ledger is ready to begin accepting transactions for the next fiscal year. This procedure is typically done automatically by the software program.

3.4 Close of income And Expense Items



Sample Operation Budget

PROJECTED NET REVENUES			
Product Night		6040.00	
Chapter Meeting		720.00	
Schools		940.00	
Interest on savings deposits		240.00	
Home Show		<u>200.00</u>	<u>8140.00</u>
PRESIDENT			
National trip - travel expenses		<u>351.00</u>	351.00
FIRST VICE PRESIDENT - PROGRAMS			
Annual phone expense		125.00	
Mail expense		<u>58.00</u>	
Products Night - January 21st			
Decorations	150.00		
Mailings (local chapter)	58.00		
Raffle item	<u>50.00</u>	258.00	
Goal Setting Meeting - February 16th			
Lunch and refreshments	300.00	300.00	
Round Tables - March 16th			
Beverages and cookies	50.00		
Mailing expense	<u>58.00</u>	108.00	
Round Tables - June 15th			
Beverages and cookies	50.00		
Mailing expense	<u>58.00</u>	108.00	
Dinner/Seminar - July 15th			
Decorations	100.00		
Audio visual equipment	50.00		
Mailing expense	<u>58.00</u>	208.00	
Round Tables - August 17th			
Beverages and cookies	50.00		
Mailing expense	<u>58.00</u>	108.00	
Weekender - September 21-23			

Speaker-Lodging	250.00		
Mailings	<u>58.00</u>	308.00	
Round Tables - November 16th			
Beverages and cookies	50.00		
Mailing expense	<u>58.00</u>	108.00	
Holiday Party - December 2nd			
Subsidy \$10.00/1st 50	500.00		
Music - other sponsor			
Decorations - other sponsor			
Mailing expense	<u>58.00</u>	658.00	2347.00
VICE PRESIDENT - MEMBERSHIP			
Literature mailing expense/phone expense		<u>100.00</u>	100.00
VICE PRESIDENT - EDUCATION/SOCIETIES			
Mail/phone expense		<u>50.00</u>	50.00
VICE PRESIDENT - COMMUNICATIONS			
Newsletter expense		1500.00	
Advertising expense		400.00	
Press Release expense		<u>100.00</u>	2000.00
SECRETARY			
Mail/phone expense		<u>300.00</u>	300.00
TREASURER			
Mail/phone expense		75.00	
Banking charges		117.00	
Check printing expense		<u>68.00</u>	260.00
NATIONAL KITCHEN & BATH MONTH CHAIRMAN			
Phone expense		<u>25.00</u>	25.00
LEGISLATIVE CHAIRMAN			
Mail/phone expense		<u>50.00</u>	50.00
LONG RANGE PLANNING			
Mail/phone expense		<u>50.00</u>	50.00
CHAPTER REPRESENTATIVE			
Mail/phone expense		<u>50.00</u>	50.00
HOME SHOW			
Space rental		800.00	
Brochure printing		185.00	
Electrical service for booth		58.00	
Misc. material for booth		<u>223.00</u>	<u>1266.00</u>
PROJECTED EXPENSES			
			\$6,849.00
PROJECTED NET GAIN (LOSS)			<u>\$1,291.00</u>

Consolidated Chapter Budget Form

CONSOLIDATED CHAPTER BUDGET FOR FISCAL YEAR 20XX											
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>
INCOME											
Chapter Meetings Registration	\$800.00	\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00	\$700.00	\$900.00	\$400.00
Acteva Registrations	\$150.00	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.00	\$750.00	\$0.00	\$0.00	\$0.00
Workshops	\$0.00	\$0.00	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Chapter Annual Grant/Share	\$0.00	\$0.00	\$0.00	\$1,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Design Comp	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sponsorship	\$0.00	\$0.00	\$0.00	\$0.00	\$500.00	\$200.00	\$0.00	\$0.00	\$0.00	\$500.00	\$500.00
Special Events	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$100.00</u>	<u>\$0.00</u>							
TOTAL INCOME:	\$950.00	\$350.00	\$400.00	\$1,200.00	\$500.00	\$200.00	\$150.00	\$1,050.00	\$700.00	\$1,400.00	\$900.00
EXPENSES											
Printing	\$75.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450.00
Meeting Expenses	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Postage	\$0.00	\$5.20	\$0.00	\$0.00	\$5.20	\$0.00	\$0.00	\$5.20	\$0.00	\$5.20	\$0.00
Speaker Expenses	\$0.00	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.00	\$0.00	\$0.00
Supplies	\$0.00	\$0.00	\$45.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Audit/Legal Fees	\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bd Planning Meetings	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$75.00	\$0.00	\$0.00	\$0.00	\$0.00
Home/Trade Show booth rental	\$0.00	\$0.00	\$0.00	\$600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$600.00	\$0.00
Special Events	<u>\$0.00</u>	<u>\$500.00</u>	<u>\$0.00</u>								
TOTAL EXPENSES:	\$725.00	\$305.20	\$45.00	\$600.00	\$5.20	\$0.00	\$75.00	\$5.20	\$150.00	\$1,105.20	\$450.00
Net Surplus/Deficit	\$225.00	\$44.80	\$355.00	\$600.00	\$494.80	\$200.00	\$75.00	\$1,044.80	\$550.00	\$294.80	\$450.00
CASH BUDGET PROJECTION											
Starting Balance	\$950.00	\$4,500.00	\$1,000.00	\$2,000.00	\$4,500.00	\$2,000.00	\$5,000.00	\$1,000.00	\$4,500.00	\$4,500.00	\$8,500.00
Plus: Budget Income	\$950.00	\$350.00	\$400.00	\$1,200.00	\$500.00	\$200.00	\$150.00	\$1,050.00	\$700.00	\$1,400.00	\$900.00
Less: Budget Expenses	<u>\$725.00</u>	<u>\$305.20</u>	<u>\$45.00</u>	<u>\$600.00</u>	<u>\$5.20</u>	<u>\$0.00</u>	<u>\$75.00</u>	<u>\$5.20</u>	<u>\$150.00</u>	<u>\$1,105.20</u>	<u>\$450.00</u>
Ending Balance	\$1,175.00	\$4,544.80	\$1,355.00	\$2,600.00	\$4,994.80	\$2,200.00	\$5,075.00	\$2,044.80	\$5,050.00	\$4,794.80	\$8,950.00

*Double Click into excel spreadsheet to input numbers



Records Retention Timetable

CHAPTER ORGANIZATION RECORDS

Minutes of Chapter Board Meeting	PERMANENT
Annual Reports	PERMANENT

ACCOUNTING RECORDS

General journals	7 years
General ledger	PERMANENT
Cash receipts book	10 years
Cash disbursements books	7 years
Bank statement and canceled checks	7 years
Expense bills (source documents)	7 years
Petty cash records	7 years
Financial statements - annual	PERMANENT
Financial statements - monthly or quarterly	7 years

FIXED ASSETS

Land and Buildings	PERMANENT
Equipment in use	KEEP ON FILE
Equipment traded in on similar asset	7 years
Equipment disposed of (no trade-in)	7 years

CONTRACTS

Leases (after termination)	7 years
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TAX RETURNS

Federal Form 990, 990EZ or 990-T and working papers	PERMANENT
State information returns and working papers	PERMANENT
Payroll tax returns	7 Years
Withholding tax statements (Forms W-2 and W-9)	7 Years

PERSONNEL RECORDS

Individual employee records	PERMANENT
Payroll book	7 years

GENERAL CORRESPONDENCES

5 years

Available NKBA Forms for the Treasurer on the NKBA Website

The following forms are available on the NKBA website www.nkba.org for the Chapter Treasurer located under Member Center, Tools For Chapters, Chapter Officer Forms:

- [Chapter Meeting/Financial Report Form](#)
 - [Chapter Meeting Reservation & Attendance List](#)
 - [Chapter Roster Policy & Permission Form](#)
 - [Annual Financial Report Form](#)- must be completed to receive [annual chapter grant](#)
 - [Downloading & Using Membership Lists](#)
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