

**California Creativity
Regional Accounting and Banking
Policy and Procedures**

Version 1.0
Effective: 9/1/2014

PURPOSE

In recent years, the increased requirements of Nonprofit GAAP (Generally Accepted Accounting Principles) accounting laws, the increased level of requirements on the annual Federal Form 990 Informational Tax Return, and the auditor's requirements regarding formalized financial statements and monthly bank reconciliations for both the regional and state levels, plus their now-required reporting on internal controls has caused a need to have accountant-level expertise on the Regional level. That need is placing an undue burden on CA's Regions and their Regional Treasurers.

It is unreasonable to ask for full accounting expertise on the Regional level. Therefore, the state level of CA Creativity Association (CCA) will, as a service to the Regions, take on those tasks for the Regions.

CA Creativity Association will, effective with the start of the 2014-15 fiscal year, provide for the Regions the following:

- Maintenance of a separate QuickBooks set of books for each Region eliminating the need for the Regions to keep a separate set of books.
- Reconcile each Region's bank statements on a monthly basis.
- Produce, on a monthly basis, the following documents for the applicable Regional Director and Regional Treasurer (plus the Regional Operating Committee Members, if desired):
 - An Income/Loss (Profit and Loss and/or Statement of Activities) for the Region.
 - A Balance Sheet (Statement of Financial Position) for the Region.
 - A bank reconciliation.
- Keep all their Quickbooks records, financial reports and associated documents secure in a separate binder for each Region.
- Keep all their bank account reconciliations secure in a separate binder for each Region.
- Eliminate the need for the Region to send any documents in for the annual closing of the books, the consolidation of the financial statements for the combined state and regional accounts, and the filing of the annual consolidated Federal 990 Return.
- Eliminate the need for the Region to send in top-level documents (e.g. financial statements, bank recs, etc.) for the CCA auditor.
- Comply with the auditor's recommendation that the Regions report in a consistent reporting style.
- Comply with the auditor's recommendation that the Regions produce financial statements and bank reconciliations on a monthly basis.

STATE RESPONSIBILITIES:

- Open a separate Bank of America bank account for each of the Region’s checking and/or savings accounts.
- Signers on the accounts:
 - The Regional Treasurer
 - The Regional Director(s)
 - The State Treasurer
 - The State Executive Director
- All of the checks for each applicable account will be sent to the appropriate Regional Treasurer for safekeeping and to write any Regional level checks. One book of checks will be kept in safekeeping at the State level in case of emergency.
- All of the deposit slips for each applicable account will be sent to the Regional Treasurer for purposes of making any Regional level deposits. One book of deposit slips will be kept in safekeeping at the State level in case of emergency.
- It is the responsibility of each Region to maintain their checking and/or savings accounts in a safe and secure manner. It is the responsibility of the State to keep a Region’s books and generate financial statements and bank reconciliations.
- The accounts should have on-line “read only” access so the CA Accountant can pull bank statements on a timely basis for purposes of doing each Region’s bank reconciliations. This will eliminate the need to ask the Regional Treasurers to send in monthly bank statements for purposes of bank reconciliations and producing accurate monthly financial statements.

REGIONAL RESPONSIBILITIES:

- The Regions are to keep evidence of their checks written and their deposits made.
- The auditor-advised record keeping requirements and procedures are described below.
- All “Checks Written” and “Deposits” documents are to be kept in the **REGION’S BANKING NOTEBOOK**.
- Additionally, summary information for all checks written and all deposits made should be entered into an electronic Excel spreadsheet called the **REGION’S BANKING SPREADSHEET** for purposes of sending the CA Accountant the Region’s financial information on a monthly basis. This spreadsheet will give the CA Accountant the needed information to maintain the Region’s Quickbooks account and produce the Region’s monthly financial statements.
- Both of the Notebook and the Spreadsheet are described below.

REGION’S BANKING NOTEBOOK:

- All financial records should be maintained in the **REGION’S BANKING NOTEBOOK**.
 - The Notebook will have 5 sections –
 - § The CADI Accounting and Banking Policy & Procedures
 - § Monthly Financial Statements
 - § Monthly Bank Statements and Bank Reconciliations

§ Checks Written Detail (in check number order)

§ Deposits Made Detail (in date deposit made order)

- A **REGION'S BANKING NOTEBOOK** with the sections already in it will be provided to each Regional Treasurer by the CA Accountant at the start of each fiscal year (September 1).
- The **REGION'S BANKING NOTEBOOK** should be complete and available to send to the CA Accountant in the event your Region is selected for additional testing during CCA's audit within 15 days of the close of the Fiscal Year (August 31).
- The procedures for **Checks Written** and **Deposits Made** are below.

CHECKS WRITTEN:

- Each check written should be written and signed by the Regional Treasurer (RT) and only, if needed, by the Regional Director(s).
- Each check request **MUST** have the following document submitted before the check can be written:
 - The requestor's **Check Request Form (signed and dated)**.
 - A receipt and/or other evidence that the check request is valid.
 - The signature (and dated) of the Regional Director (RD) and/or an email from the RD to the RT stating that the check request is okay to pay. (If a Regional Director signs the check, then the RT must sign and date approval and/or send an email with his/her approval).
 - **No Receipt – No Check.**
 - **No RD/RT Approval before the check is written – No Check.**
- Fill out a **CHECK COVER SHEET** for each check written (master attached) including:
 - Date of check
 - Check #
 - Who the check was written to
 - Purpose of the check
 - The amount of the check
 - Regional Treasurer's and/or the Regional Director's signature and date
- Staple together:
 - The **CHECK COVER SHEET**
 - The requestor's **Check Request Form** that has been signed and dated.
 - The receipt and/or evidence that the check request is valid
 - The review and approval evidence (either the RD's signature and date on the receipt and/or an email from the RD stating the check is okay to pay)
- Each check written should be entered into the **REGION'S BANKING SPREADSHEET** (electronic spreadsheet in Excel – master is attached). Data to be entered:
 - Date of check
 - Check #
 - Who the check was written to
 - Purpose of the check

- Amount of the check
 - Amount of the check entered in the appropriate expense column
- Each check should be entered into the **REGION'S BANKING SPREADSHEET** at the same time the check is written ensuring a complete banking record.
- After the check is written, all paperwork should be stapled together and the transaction recorded on the **REGION'S BANKING SPREADSHEET**. The **CHECK REQUEST packet** should be placed in check number order into the **REGION'S BANKING NOTEBOOK** under the Checks Written Section as discussed above.

- **VOIDED CHECKS:**
 - Voided checks should have "Voided" in big letters written across the check.
 - Voided checks should be put into the Checks Written Section of the **REGION'S BANKING NOTEBOOK** in Check number order.
 - The Voided check should be recorded as "Voided" on the **REGION'S BANKING SPREADSHEET** in order to let the CA Accountant know.
 - § This ensures that the check will be recorded as Voided in the Region's QuickBooks account and will be marked as Voided during the bank reconciliation process.

- **LOST AND/OR STOLEN CHECKS:**
 - With all potentially lost and/or stolen checks:
 - § **NOTIFY THE CA ACCOUNTANT IMMEDIATELY** in order to place a stop payment on the check and for purposes of bank account reconciliation.
 - § Enter an explanation into the check's line on the **REGION'S BANKING SPREADSHEET**.
 - § A note should be written up and placed into the **REGION'S BANKING NOTEBOOK** in proper check order within the Checks Written Section.

- **WITHDRAWALS USING A BANK DEBIT CARD IS NOT PERMITTED.**
 - **All withdrawals must be made via check with a proper approved check requests and expense receipts and/or other documentation.**
 - Bank account debit cards usage is only allowed for after hour deposits.

DEPOSITS MADE:

- When an event occurs that gives the Region revenue, the details should be recorded on the **EVENT DETAIL SHEET** (Master is attached). The **EVENT DETAIL SHEET** should be filled out with the following information:
 - Heading Section – Date of event, Name of event, Purpose of event
 - Detail section:
 - § Participant's name
 - § Amount Paid

§ Method of Payment – Check, Cash, Credit Card (3 separate columns)

- At the end of the event, the three columns should be totaled which will be used as a basis for the deposit slip.

- **DEPOSIT OF CASH AND CHECKS:**

- Count the cash received and verify it is the same amount at the bottom of the **EVENT DETAIL SHEET**.
- Enter the amount of cash on the two-part Deposit Slip.
- Photocopy the checks received for “documentation verification” purposes.
- Enter the checks onto the two-part Deposit Slip. Verify the amount of the checks on the **EVENT DETAIL SHEET** equals the amount of checks on the Deposit Slip.
- Staple together the Event Detail Sheet and the photocopies of any checks.
- Staple the Duplicate Deposit Slip to the right hand side of the **EVENT DETAIL SHEET**.
- Make all deposits within 5 days of the event.
- After depositing any cash and checks:
 - § Staple the Bank Deposit Receipt you received from the bank along side of the Duplicate Deposit Slip onto the **EVENT DETAIL SHEET**.
 - § Record the Deposit onto the **REGION’S BANKING SPREADSHEET:**
 - Method of Payment – Deposit
 - Date of the Deposit
 - What is Revenue for
 - Amount Paid (enter into the proper revenue column)
- Place the entire packet (Event Detail Sheet, additional documentation, the duplicate deposit slip and the bank deposit receipt) into the **REGION’S BANKING NOTEBOOK** in date order.

- **CREDIT CARD TRANSACTIONS:**

- Pull the credit card processor’s detailed listing.
- Enter the amount of the credit cards onto an **EVENT DETAIL SHEET**.
 - § As long as the credit card processor’s detail is sufficient to show who attended and how much their paid (gross), then you can enter the credit card amount total onto the **EVENT DETAIL SHEET** versus re-listing the detail.
- Attached the credit card processor’s detailed listing to the Event Detail Sheet.
- Write on the front of the **EVENT DETAIL SHEET** the following information:
 - Gross amount collected by the credit card processor
 - Amount of service fee
 - Net amount passed-through to the Region’s checking account.

- This information is needed in order to record the Region’s service fees into the Region’s QuickBooks account.
- After preparing the **EVENT DETAIL SHEET** and attaching the credit card processor’s report:
 - § Record the Deposit onto the electronic **REGION’S BANKING SPREADSHEET**:
 - Method of Deposit – Credit Card Deposit
 - Date of the Deposit
 - Event
 - Amount Paid (enter into the proper revenue column)
- Record all deposits within 5 days of the event.
- Place the entire packet (Event Detail Sheet and the credit card processor’s report) into the **REGION’S BANKING NOTEBOOK** in date order.

REGION’S BANKING SPREADSHEET (Master attached):

- This is an electronic (Excel) spreadsheet for the Regional Treasurer to record all checks written and deposits made in a format that can easily be sent to the CA Accountant on a monthly basis for the input of all the Region’s financial activity into QuickBooks.
- This will enable the monthly reporting to the Regional Director(s) and the Regional Treasurer of the Region’s P&L, the Balance Sheet and the Bank Reconciliation.
- If there is no activity during a month, the words “No Activity” should be written on the **REGION’S BANKING SPREADSHEET** and emailed to the CA Accountant.
- If the Regional Treasurer is aware of any reconciliation concerns, he/she should notify the CA Accountant who can help resolve any concerns.
- **IMPORTANT – The entire year-to-date REGION’S BANKING SPREADSHEET is to be emailed to the CA Accountant within 7 days of the end of each month.**

This policy/procedure should take the Accounting burden off the Regions, set all the Regions up on the same accounting system (QuickBooks), enable CCA (both State and Regions) to comply with all the auditor’s requirements, allow CCA to file its Federal 990 on a timely basis, and give the Regional Director(s) timely, accurate financial statements to help them run their Regions.

Revision History

| Version | Date | Changes |
|---------|----------|---|
| 1.0 | 9/1/2014 | Initial release - Approved by California Creativity Board 8/19/2014 |