



**Hindu Temple & Cultural Center of Wisconsin**

**ACCOUNTING POLICIES AND  
PROCEDURES**

**September 26, 2014**

# TABLE OF CONTENTS

1.00	BACKGROUND INFORMATION .....	1
1.10	Tax Status & Purpose .....	1
2.00	CHART OF ACCOUNTS .....	1
3.00	ACCOUNTING PRINCIPLES & PROCEDURES .....	1
3.10	Policies .....	1
3.20	Procedures .....	2
3.21	Revenue Recognition .....	2
3.22	Matching of Revenues and Expenses .....	2
3.23	Fixed Assets and Depreciation .....	2
3.24	Data Cutoff .....	3
4.00	CASH DISBURSEMENTS .....	3
4.10	Policies .....	3
4.11	Supplies, Services and Other Invoices .....	3
4.12	Invoice Payment Procedures .....	3
5.00	CASH RECEIPTS .....	3
5.10	Policies .....	3
5.20	Procedures .....	4
6.00	INVESTMENTS .....	4
6.10	Policies .....	4
7.00	DEBT .....	4
7.10	Policies .....	4
7.20	Procedures .....	4
8.00	RESERVES AND DESIGNATED FUNDS .....	4
8.10	Policies .....	4
8.20	Procedures .....	5
9.00	END OF MONTH ACCOUNTING PROCEDURES .....	5
9.10	Policies .....	5
9.20	Procedures .....	5
10.00	END OF YEAR ACCOUNTING PROCEDURES .....	5
10.10	Policies .....	5
10.20	Procedures .....	5
10.21	Financial Audit .....	5
11.00	INTERNAL CONTROLS AND FINANCIAL AUDIT .....	6
11.10	Policies .....	6
12.00	BUDGETING .....	6
12.10	Policies .....	6
12.20	Procedures .....	6
13.00	COMPUTER AUTHORIZATION AND BACKUP .....	6
13.10	Policies .....	6
13.20	Procedures .....	6
13.21	Passwords .....	6
13.22	Backup .....	6
14.00	ACCESS TO RECORDS AND RECORDS RETENTION .....	7
14.10	Policies .....	7

14.20	Procedures .....	7
14.21	IRS Forms .....	7
15.00	MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES MANUAL .....	7
15.10	Policies .....	7
16.00	PREPARATION OF INFORMATIONAL RETURNS .....	7
16.10	Policies .....	7
16.20	Procedures .....	7
17.00	PROPERTY AND EQUIPMENT INVENTORY .....	8
17.10	Policies .....	8
17.20	Procedures .....	8

## 1.00 BACKGROUND INFORMATION

### 1.10 Tax Status & Purpose

The following manual is a description of the accounting system and responsibilities for the Treasurer and Assistant Treasurer of American Hindu Association. AHA is a not-for-profit organization incorporated as a 501(c)(3) organization. AHA is registered in Wisconsin with a calendar year end.

The specific purpose of this corporation is to conduct religious programs and workshops to help devotees understand and practice the principles of Hinduism.

The Company currently has no employees. All personnel are volunteers. No part of the net earnings of the organization may inure to the benefit of any individual.

## 2.00 CHART OF ACCOUNTS

No.	Bank	Account Type	Account No.	QuickBooks Reference	Comments
1.	Guaranty	<b>Checking</b> (Operational Fund)	XXXX-062		To be used for all operational purposes
2.	Guaranty	<b>Money Market</b> (Operational Fund)	XXXX- 169		To be used for all operational purposes
3.	Guaranty	<b>Checking</b> (Education Fund)	XXXX-495		To be used for educational funds
4.	Guaranty	<b>Checking</b> (General Fund)	XXXX-348		CLOSED
5.	Lake Mills	<b>Money Market</b> (Operational Fund)	XXXX- 395		Mortgage Payments buffer Account
6.	Lake Mills	<b>Mortgage</b>	XXXX- 735		Mortgage Account
7.	Wells Fargo	<b>Analyze Checking</b> (General Fund)	XXXX-368		<b>New</b> - Set up for ACH Deposits and Credit Card payments
8.	Wells Fargo	<b>Simple Checking</b> (Building Fund)	XXXX-178		<b>New</b> - To be used for Building Fund
9.	Wells Fargo	<b>Money Market</b> (Building Fund)	XXXX-318		<b>New</b> - To be used for Building Fund

## 3.00 ACCOUNTING PRINCIPLES & PROCEDURES

### 3.10 Policies

The accounting principles of AHA will be consistent with all applicable laws of United States. 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.

### 3.20 Procedures

#### 3.21 Revenue Recognition

Contributions will be recorded as revenue in the period received, as per below.

Revenue Source	Revenue Type	Revenue Account / Fund Allocation
<b>Regular Pujas at Temple</b>	<b>Aarti</b> (Including checks)	<b>Operations Fund</b> (Guaranty Bank A/C #:XX0062)
	<b>Hundi Cash</b> Collections	<b>Operations Fund</b> (Guaranty Bank A/C #:XX0062)
	<b>Hundi Check</b> Collections (other than Aarti designation)	See <b>Donation</b> allocations below
	<b>Donations</b>	See <b>Donations</b> allocations below
<b>Major Events (At Temple or Outside)</b>	<b>Event Revenue</b> – Tickets, Brochure Ads, Food Sales, Sponsorships (those that are not specifically identified as donations by the donor), etc.	<b>Operations Fund</b> (Guaranty Bank A/C #:XX0062)
	<b>Aarti</b> (Including Checks)	<b>Operations Fund</b> (Guaranty Bank A/C #:XX0062)
	<b>Hundi Cash</b> Collections	<b>Operations Fund</b> (Guaranty Bank A/C #:XX0062)
	<b>Hundi Check</b> Collections (other than Aarti designation)	See <b>Donation</b> below
	<b>Donations</b>	See <b>Donations</b> below
<b>Donations</b>	<b>Cash</b>	Per <b>Donor's</b> wishes for allocation
	<b>Checks</b> – “ <b>Building Fund</b> ” Memo	<b>Building Fund Account</b> (Wells Fargo A/C XX178)
	<b>Checks</b> – “ <b>Education Fund</b> ” Memo	<b>Education Fund Account</b> (Guaranty Bank A/C # XX495)
	<b>Checks</b> – “ <b>Temple Donation</b> ” Memo	Initial Deposit to Wells Fargo A/C XX368 ( <b>General Fund</b> ) 90% - <b>Building Fund</b> (Wells Fargo A/C XX 178)
	<b>Checks</b> – “ <b>Donation</b> ” Memo	
	<b>Checks</b> – “ <b>General Donation</b> ” Memo	
	<b>Checks</b> – No Memo	10% - <b>Operations Fund</b> (Guaranty Bank A/C #: XX062 – Monthly deposits)

#### 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. 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, unless budgeted as an expense for the year. 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:

<i>Computers and related equipment</i>	--	<i>3 years</i>
<i>Office furniture</i>	--	<i>5 years</i>

### **3.24 Data Cutoff**

In order to meet the deadlines for producing reports the gathering of information to use in making the month end entries must be cut off by a certain date.

**The current financial statements are presented to the Board on a quarterly basis.** 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 Treasurer may need to use estimates if final information is not available on a significant additional transaction.

**The yearend financial statements are to be presented to the Board approximately six weeks after year end. For these reports a cutoff of three 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 fieldwork.

An Annual Budget is presented for approval to the Board of Directors.

## **4.00 CASH DISBURSEMENTS**

### **4.10 Policies**

Per By-laws, the Treasurer is authorized to sign checks on behalf of AHA. The President's approval is needed for any expense greater than \$500. The Treasurer shall maintain the accounts payable system. The Treasurer will pick up mail at least weekly from the post office box & temple.

### **4.11 Supplies, Services and Other Invoices**

Purchase requisitions may be generated by any volunteer at the temple. The requisitions are turned in to the President/Board for approval. The approved purchase requisitions are given to the Treasurer and processed as appropriate.

Vendors will send accounts payable invoices to the post office box. The Treasurer will pick up the mail at least bi-weekly. The Treasurer gathers all purchase requisitions and matches them to the appropriate invoice.

### **4.12 Invoice Payment Procedures**

Invoices are timed for payment on a bi- weekly basis (once in two weeks). The Treasurer writes the checks manually, staples remittance stubs to the support documentation and files all paid invoices alphabetically. The Treasurer/Assistant Treasurer enters the approved invoices into QuickBooks on a regular basis.

## **5.00 CASH RECEIPTS**

### **5.10 Policies**

The Hundi box shall be cleared out weekly, or more frequently in case of special events/pujas. At least two Board members shall be present while opening the Hundi, one of which must be the Treasurer, Assistant Treasurer or the President. All checks & cash from the Hundi shall be counted, recorded and signed off on by the two Board members who open the Hundi and handed over to the Treasurer (in the event the Treasurer was not involved in the process) as soon as practical upon clearing of the Hundi, for banking and updating of records.

The Treasurer deposits all checks and cash on immediately upon receipt and no later than on a bi-weekly basis and prepares a cash log with details of receivables and payments and updates Quickbooks. In the event that an Assistant Treasurer updates Quickbooks, then the Treasurer hands over to the Assistant Treasurer no later than the 15<sup>th</sup> of the next month for details of prior month. eg Sep cash log has to be handed over to the Assistant Treasurer no later than Oct 15<sup>th</sup>. Assistant Treasurer enters all checks & cash deposited and checks paid into QuickBooks and does Bank reconciliation

The bank statements are opened and maintained by the Treasurer. Upon opening the statements, the Treasurer reviews the bank statement for any unusual items or changes and also reviews any account transfers. After this procedure is completed, he/she initials the statement and sends a copy to the Assistant Treasurer for reconciliation, where applicable.

The bank statements are to be reconciled by the Treasurer/Assistant Treasurer on a monthly basis no later than two weeks after receipt of the statement. The general ledger in QuickBooks and the reconciled bank statements shall be adjusted to agree monthly.

### **5.20 Procedures**

The Treasurer/Assistant Treasurer prepares the monthly bank reconciliation in QuickBooks. The bank reconciliations will reconcile the bank balance to the general ledger balance. A journal entry will 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 cancelled checks and other forms and the actual reconciliation form are filed in the bank reconciliation file.

## **6.00 INVESTMENTS**

### **6.10 Policies**

Cash not needed for immediate working capital shall be transferred to interest bearing investments, with approval of the President, unless the funds are designated for a particular account.

## **7.00 DEBT**

### **7.10 Policies**

The Board, and where applicable Trustee's, approval is required for incurring any debt per the bylaws. The President will be authorized to negotiate and recommend such debt as needed by the Board of Directors, to the Trustees for their consideration and execution.

Any loan covenants and restrictions will be reported to the Board when the debt is authorized. The President, in consultation with the Trustees will periodically review these covenants and report to the Board if there are any violations or potential violations of the covenants.

### **7.20 Procedures**

The Treasurer/Assistant Treasurer 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.

## **8.00 RESERVES AND DESIGNATED FUNDS**

### **8.10 Policies**

AHA will build and maintain an operating reserve to assist in maintaining financial stability. The target for the operating reserve shall be minimum of six months of general operating expenses, the operational fund account(s). The Board of Directors may designate portions of the net assets of AHA for specific purposes.

## **8.20 Procedures**

During the annual budget preparation, the Board shall review the operating reserve and set a target for funds to be set aside that year.

Designation of net assets will be made by resolution of the Board. A purpose and timeline must be specified for each designated fund.

## **9.00 END OF MONTH ACCOUNTING PROCEDURES**

### **9.10 Policies**

The quarterly financial statements shall be prepared according to the Accounting Principles and Procedures, Section 3.10. The Treasurer/Assistant Treasurer prepares the Quarterly financial statements. The Board of Directors reviews and approves the Quarterly and Yearly financial statements.

### **9.20 Procedures**

Upon completion of the monthly bank reconciliations, the Treasurer/Assistant Treasurer shall 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 are determined after the annual audit. 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, receivables, etc.

All balance sheet accounts will be reconciled quarterly by the Treasurer/Assistant Treasurer to help ensure that accurate statements are provided to management and/or the Board. Once the final general journal entries are posted, the monthly financial statement is printed.

## **10.00 END OF YEAR ACCOUNTING PROCEDURES**

### **10.10 Policies**

The yearend financial statements shall be prepared according to the Accounting Principles and Procedures, Section 3.10. The Treasurer/Assistant Treasurer prepares the Quarterly financial statements. The Board of Directors reviews and approves the Quarterly and Yearly financial statements.

### **10.20 Procedures**

The cutoff for December financial statements is extended to three weeks after year end. Upon completion of the December financial statements, the Treasurer/Assistant Treasurer prepares the yearend financial statements.

The President approves the financial statements before being presented to the Board of Directors. The Board of Directors deliberates and accepts the yearend financial statements.

The President, in consultation with the Treasurer, shall arrange to move all records from the year which is closing to storage, or back it up online, upon completion of Financial Audit.

### **10.21 Financial Audit**

The Treasurer shall contact the Board approved auditor to begin planning the scheduling and work needed to complete the audit. The Treasurer is responsible for preparing for the annual financial audit and for working with the Board approved auditor to complete the audit.

The Treasurer/ Assistant Treasurer will be responsible for preparing as many of the schedules which the auditors will use as possible. The completed monthly reconciliations for December shall partially fulfill this requirement. Some of the information which may need to be organized and made available includes: the complete general ledger for the year, a chart of accounts, all bank statements and cancelled checks, all paid invoices, all cash receipts logs, Board minutes for the year under audit through the most recent minutes available, lease agreements, insurance policies, documentation for fixed assets capitalized and documentation for donated services or donated assets recorded in the general ledger.



The Treasurer/ Assistant Treasurer shall be available at all times throughout the audit process to facilitate the work of the auditor.

The Treasurer, Assistant Treasurer and the President shall plan a meeting with the auditor 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.

## **11.00 INTERNAL CONTROLS AND FINANCIAL AUDIT**

### **11.10 Policies**

Internal controls pertaining to the accounting records are established by the President and the Board in consultation with the Treasurer and Assistant Treasurer.

The Board of Directors will approve, as part of the budget process, a public accounting firm or an individual deemed by the Board to have sufficient knowledge and background to undertake such work to perform the annual audit.

The President and/or the Treasurer will be responsible for scheduling the audit, preparing the information needed by the auditors and answering questions during the audit.

The Treasurer, Assistant Treasurer and the President shall plan a meeting with the auditor 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.

## **12.00 BUDGETING**

### **12.10 Policies**

The Treasurer, in consultation with the President and respective Committee Chairs, shall be responsible for preparing the proposed budget. The Board of Directors is responsible for guiding and supporting the budget process and for approval of the annual budget.

### **12.20 Procedures**

The budgeting process will begin in October for the following fiscal year. The proposed operating and capital budgets shall be presented for review by the Board prior to the end of the calendar year.

## **13.00 COMPUTER AUTHORIZATION AND BACKUP**

### **13.10 Policies**

The accounting software, QuickBooks, will have access controlled by passwords. The President and Treasurer will control the master password. No other personnel other than Treasurer, Assistant Treasurer or President shall be able to access QuickBooks. QuickBooks viewing shall be accessible only by personnel authorized by the President. The QuickBooks data file will be offsite and in possession of Treasurer/Assistant Treasurer or President.

QuickBooks shall be backed up regularly by the Treasurer/Assistant Treasurer. The Treasurer/Assistant Treasurer is responsible for maintaining the disaster recovery plan for the accounting software and for periodically testing the plan.

### **13.20 Procedures**

#### **13.21 Passwords**

QuickBooks will be controlled by the Treasurer/Assistant Treasurer. Passwords will be changed once each year in January or more frequently if deemed necessary.

#### **13.22 Backup**

The Treasurer/Assistant Treasurer will make a backup of the system at the end of each day QuickBooks has been updated.

## **14.00 ACCESS TO RECORDS AND RECORDS RETENTION**

### **14.10 Policies**

The records of AHA are generally open to public inspection due to IRS rules, open records laws and the spirit of public service.

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.

### **14.20 Procedures**

#### **14.21 IRS Forms**

IRS Forms 990 and 990A, the exempt organization information returns, must be made available to the public via AHA website and at the Temple. The specific rules are outlined in the instructions 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 for public.

## **15.00 MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES MANUAL**

### **15.10 Policies**

The accounting policies and procedures manual is critical to proper accounting functions of AHA.

The Treasurer and Assistant Treasurer is responsible for maintaining and recommending any updates to the manual. All proposed changes must be approved by the President. The policies and procedure manual will be dated with the date of each approved revision.

## **16.00 PREPARATION OF INFORMATIONAL RETURNS**

### **16.10 Policies**

AHA is required to file IRS forms 990, Return of Organization Exempt from Income Tax and 990 Schedule A, Organization Exempt Under Section 501(c)(3), and Wisconsin Department of Regulation and Licensing form 1952, Charitable Organization Annual Report.

The preparation of these reports will done by the Treasurer/Assistant Treasurer

The President will review the reports prior to filing them to ensure that they are accurate and meets all purpose and statutory requirements.

### **16.20 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 Wisconsin form must have the completed 990 and 990A attached and is due June 30. No extensions are granted on this filing. If donations from the general public, exceed \$100,000, the annual audit will need to be included with the Wisconsin form.

These forms will be prepared primarily from the final audited financial statements. Additional information which is required includes a current list of the Board of Directors. A list of all donations of \$1,000 or more from individuals, corporations and foundations will be maintained.

The Treasurer/Assistant Treasurer 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 and 4T for Wisconsin. 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 and 4T will be prepared by the Treasurer/Assistant. The due date for these returns is May 15, with an automatic extension of 6 months using form 7004.

## **17.00 PROPERTY AND EQUIPMENT INVENTORY**

### **17.10 Policies**

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

### **17.20 Procedures**

The Treasurer/Assistant Treasurer will maintain a log of all property and equipment owned by AHA. The log will include: description, serial number, acquisition date, cost, vendor, location and any other restrictions.

An annual inventory will be taken to verify the existence of the property and equipment listed in the database. The annual inventory results will be provided to the Treasurer/Assistant Treasurer in order to update depreciation schedules. Equipment will be included in the database using the definitions for capitalization in Section 3.

***THE END***