

Lake Musconetcong Community
Association Incorporated

Policies and Procedures

February 22 2012

Introduction:

This manual puts in place accounting, billing, and cash control policies and procedures designed to protect and secure Lake Musconetcong Community Association Incorporated (hereafter referred to as LMCA INC.) ensuring the maintenance of accurate records of financial activities and ensure compliance with governmental and private funding source reporting requirements. Where this manual conflicts with specific federal or state regulation the federal or state regulation shall apply.

Responsibilities:

- The board of Directors (hereafter referred to as the board) approves all agreements, contracts and payments and the administration of financial policies to the treasurer, and reviews all operations and activities.
- The Treasurer has the responsibility for all accounting, financial records, keeping, check writing, and banking activities operations and activities as set by the board.
- Exceptions to these policies may be made on an individual basis, as necessary, by the board.
- The Treasurer is responsible for monthly reports on all financial accounts active and inactive to the board
- The Treasurer will prepare necessary reports for all funders who require monthly or annual reporting and deliver these reports to the board for signatures and mailing.

General Policies:

- The LMCA INC. will have no employees,
- There are separations or financial duties and responsibilities so that no staff member has sole control over cash receipts, Bank reconciliations, accounts payable or other accounting functions.
- Financial procedures are reviewed annually by the board.
- All financial accounts are reported to the board monthly.
- Separate general ledger accounts are maintained as required by funding sources and agreements.

- Accounting forms are typewritten, computer printed or completed in ink. Whiteout or correction tape is not to be used.
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Compliance with External policies:

- LMCA INC. Accounting policies and procedures are consistent with:
- Generally Accepted accounting Principles (GAAP)
- Cost Principles for non profit Organizations OMB Circular A-122
- Other state and federal audit and management provisions.
- LMCA INC. will comply with OMB Circular A-110 (record retention)

Security and Access:

To ensure that the financial records of the organization are protected:

- Security and access to the financial records is set by the board in policies to secure and protect all documents and records as well as cash and assets.
- The treasurer and audit committee have access to complete their tasks and duties.
- The board may appoint when needed an external auditor when grants or funding sources agreements call for an external audit.
- Digital copies of records will be stored at secure locations.

Overview of our accounting system:

The financial records of the LMCA INC. are maintained on a manual cash system of accounting. Access to the financial records and accounts is controlled to maintain the reliability and integrity of the data. The board sets the security and has full access whenever needed.

- Data Backup:
- Backup is completed daily to ensure that the data is secure and will not be lost in event of a computer failure. Media is rotated to maintain three backups of data at all times. A year end backup is kept for 2 years. Media is stored in a locked fire proof cabinet.

Funds received:

- The funds received policy ensures that all in-coming funds are properly recorded and safeguarded through separation of duties and proper documentation at each level. The board designates the board members authorized to collect in-coming LMCA INC funds and how they account for the funds prior to the treasurer receiving the funds.

Funds Disbursed:

- Specialized procedures govern check writing. Only the board can authorize checks to be issued
- The treasurer has sole access to the checks and Checks require two signatures.

Petty Cash:

- The LMCA INC. Shall not have a petty cash account.

Approvals and Authorization:

- The Board authorizes all expenditures.
- Written Approval to the Treasurer is required for making payments for
- Preapproved contract payments the approval must be signed by the board member overseeing the project to certify the completeness of the scope of work and countersigned by the Chairman or acting chairman of the board.
- The treasurer must keep all documentation received by the Chairman for the record and review of the board when a payment is made by a previous board approval.

Electronic Payment and Transfers:

- Electronic banking will be held to a minimum and used only when needed for the benefit of the LMCA INC.
- Electronic Banking will only be used on the LMCA INC. account all other grant or custodial accounts will have no link or access electronically all debits from these accounts will be manually in the banking institution unless the grantor requires a different procedure.

Custodial Funds:

- When administering funds on behalf of government agencies as prescribed by contract between the agency and LMCA INC. Or other grantor custodial funds are subject to the same security safeguards as LMCA INC. funds.
- All Contracts and professionals shall be handled the same as LMCA INC. funds unless the funding agency or grantor request different a handling or process however all agreements have to be consistent with LMCA INC. bylaws and policies as well as State and federal laws.

Payroll:

- The LMCA INC has no employees and no payroll.

Purchasing:

- Requests for proposals and bids projects will be place pursuant to the New Jersey open Public Contracts Law.
- The board will review and approve all contracts and agreements. Chairman of the LMCA INC. shall sign all documents.
- Consideration is made regarding in-house capabilities to accomplish services before contracting for them.
- Written contracts and agreements clearly defining work to be performed are negotiated and maintained for each consultant and contractor working for the LMCA INC.
- The qualifications and reasonable charges for fees as well as time to completion are considered in hiring or approving bids for projects.

Bank Accounts:

The Board may delegate by resolution the authority board Chair, vice chair, secretary or treasurer to establish bank accounts. The board will set signatory authority.

Bank Accounts are established to meet the needs of the organization for separation of funds and specific requirements of funding sources. Separate accounts for specific state and federal programs which exceed the FDIC limits must be collateralized by the bank to ensure the safety of the deposit. All other accounts will be established to maximize use and earnings of cash while protecting the value.

- Bank statements are received by the treasurer unopened to assure that they remain intact.
- A complete listing of all accounts and the account numbers shall be maintained by the treasurer
- Bank reconciliations for each account are completed monthly by the treasurer
- Reconciled bank statements are reviewed by the board or designee monthly.
- Outstanding checks more than 30 days old are investigated and stop payments issued as required. Replacement checks are issued after appropriate documentation has been collected.

Allocation of costs:

The purpose of the allocation of cost policy is to ensure that all programs are charged their fair share of the cost whose benefits are not readily identifiable with a specific program or funding source but are necessary to the general operation of the organization.

Indirect cost:

Indirect Costs are those costs that are not attributable to a specific cost center and which generally benefit the organization as a whole.

- OMB Circular A-122 established the federal requirements for the determination of allowable and unallowable direct and indirect costs and the preparation of cost allocation proposals. Annually, LMCA INC. approves a cost allocation plan annually as required by OMB Circular A-122.

Audits:

LMCA INC. requires an annual audit. The annual audit is completed in house unless a funding source requires an audit of funds donated. When an audit is required by an agreement or contract with a funder the cost of this audit will be charged to the grant and the audit committee will publish a request for proposal to complete the required audit. The audit committee when receiving the proposals will copy the funding source and request their concurrence on the chosen proposal. When the proposal is ready to accept the audit committee will deliver the proposals and the funders comments to the board for approval and signing of an agreement or contract for the services.

Audits completed will be returned to the audit committee for a detailed review and if the committee agrees it is a complete audit as contracted it is then presented to the board by the auditing firm where the audit committee will affirm it is complete and recommend the board accept audit and the board will vote on the audit on acceptance the audit will be delivered to the funder.

Contract and Grant documents:

- Original contracts and grant documents to be stored in a secure location.
- Copies of the contracts grants are held by the treasurer and board member overseeing the project.
- The treasurer and the board member will maintain complete files on the project including reports amendments and correspondence.

Budgets:

Budgets provide a standard by which to measure performance, encourage planning and allocate resources in accordance with funding source requirements. Budgets should use reasonable assumptions of income and expenses.

- The organization budget is prepared by the board with information gathered by the committees.

- The Board establishes a general fund budget for operating.
- The board completes budgets for projects and assigns a board member to oversee that project.

Internal reporting:

Reports assist the board and funders with managing and controlling of program activities and financial resources.

- Monthly financial reports including revenue, expense, and balance sheets from the treasurer
- Board members overseeing projects report to the board monthly on cost and progress.
- The treasurer prepares quarterly reports as required by funding sources.
- Committee reports on membership and other activities.

Record Retention:

The LMCA INC. sets guidelines on the retention of records which will meet the requirements of all federal and state agencies, as well as those of other funders

The LMCA INC. will comply with OMB Circular A-110, attachment C, record retention and custodial requirements for records.

Special Funds:

- LMCA INC. at times may maintain special funds which are governed by special policies or agreements and are used for specific activities.

General fund:

The LMCA INC. board retains sole discretion for budgeting and expenditure of general funds. They are usually used to fund activities not allowable under federal, state or local grants.

Risk Management and Insurance:

In the implementation of Risk Management Policy, LMCA INC. will insure those risks which LMCA INC. deems appropriate using an insurance professional who is knowledgeable about the market, who understands or is willing to learn about LMCA INC's. Operations, is an assertive advocate for LMCA INC interests, and is organized and responsive to LMCA INC's. Needs.

Investment Policy:

The purpose of the investment policy is to minimize risk and maximize investment return, while at the same time assuring that LMCA INC. Can meet the cash need for ongoing operations.