



SOROPTIMIST®

Investing in Dreams

Founder Region

Soroptimist International of the Americas, Inc.

Financial Review Guidelines

September 28, 2019

Table of Contents

OVERVIEW	1
RECORDS AND DOCUMENTS	1
QUICKBOOKS	2
VERIFICATION OF BALANCE SHEET ACCOUNTS	2
Cash (#1010).....	3
Investments (#1070, #1071, and #1072).....	3
Accounts Receivable (#1110).....	3
Prepaid Expenses (Deposits #1460)	3
Accounts Payable (#2010).....	3
Fund Balance (#3005, #3006, #3010).....	4
TESTING OF INCOME AND EXPENDITURES	4
VERIFICATION OF NET INCOME.....	5
BOARD MEETING MINUTES	5
NEW MEMBER LISTS AND CENSUS REPORTS.....	5
FINAL REPORT.....	6
PLANNING AHEAD AND PREP WORK	6
EXHIBITS (All exhibits are samples only and are selected from various years)	
Exhibit I- Documents Needed for Review	
Exhibit II- Investment Interest Schedule	
Exhibit III-Detail of Asset Accounts	
Exhibit IV-Conference Detail of Open Accounts Payable	
Exhibit V- Combined Statement of Activities Including Adjusting Entries	
Exhibit VI-Census Report-Sorted	
Exhibit VII-New Member List-Sorted	
Exhibit VIII-Final Report	
Exhibit IX-File/Binder Tabs	

OVERVIEW

The purpose of these guidelines is to assist financial review committee members in conducting the biennial review of books and records of Founder Region and Founder Region Conference as required by Soroptimist International of the Americas. The financial review committee is tasked with providing an objective independent examination of the financial statements and financial records to assess the effectiveness of internal controls (e.g. authorization of transactions and account reconciliations) and accuracy of various reports. Included in this review are as follows:

- verification that asset and liability balances as presented on the balance sheet are stated accurately;
- beginning and ending fund balances are reconciled;
- bank statements are reconciled with accounting records and reconciliations are approved by the Region governor;
- income and expenditures are sampled and tested;
- new members list is reconciled to the census report and dues collected;
- final report is prepared and submitted to the Founder Region board;
- prior biennium financial review report is reviewed to assess if the recommendations were followed and/or a letter of response was received;
- and
- Internal controls are in place to ensure the integrity of the financial and accounting information and prevent the mishandling of Founder Region assets.

After the financial review committee is appointed by the Founder Region governor, and shortly after the financial review period begins, the committee meets to select a coordinator and assign tasks.

RECORDS AND DOCUMENTS

The following list of records and documents, as of June 30 of both years of the biennium, is requested from the Founder Region treasurer and/or Conference treasurer in early July:

1. QuickBooks file (final file after all changes and corrections)
Note: Committee can obtain the following reports from the QuickBooks file:
 - a. Check register
 - b. Cash receipts journal
 - c. Cash disbursements journal
 - d. Journal entries

2. Checking account bank statements for June and the following July, and various other months as requested. (this includes Founder Region and Conference)
3. Investment account statements for all 24 months
4. Checking account reconciliations as requested showing review and approval by the Founder Region governor
5. Itemized list of Accounts Receivable (with date cleared)
6. Itemized list of Prepaid Expenses
7. Itemized list of Accounts Payable (with date cleared)
8. Board meeting minutes for biennium
9. Travel and Expense Policy (FR website)
10. Balance Sheet (accrual basis) for both years of biennium
11. Profit & Loss (accrual basis) for both years of biennium
12. Profit & Loss to Budget Report (accrual basis)
13. Balance Sheet Previous Year Comparison (accrual basis)
14. Two-year Profit & Loss (accrual basis)
15. Cash on Hand
16. Investment Records (authorizations for any transactions)
17. Approved reimbursement vouchers with appropriate backup (upon request)
18. New Member List
19. Census Reports
20. Bylaws & Procedures with duties of treasurer (FR website)
21. Approved budget
22. Authorized signatures for banking and investment accounts.
23. Prior biennium financial review report

Attached is a sample of the completed records and documents list submitted to the treasurer displaying when the requested documents were received by the committee and by whom they would be reviewed. **(See Exhibit I)**

QUICKBOOKS

QuickBooks files, both Region and Conference, can be sent to the financial review committee via email or provided on a CD or flash drive. To open the file, the committee member must have the QuickBooks software with at least the same version or higher.

VERIFICATION OF BALANCE SHEET ACCOUNTS

In order to assure that the financial condition of Founder Region, including Conference, is fairly stated, assets and liabilities amounts are verified for accuracy.

Cash (#1010) is verified by reviewing the June 30 bank statement and accompanying reconciliation. Does reconciled bank statement balance agree with amount displayed on balance sheet? Are there dated deposits in transit? Are all funds received and recorded deposited on a timely basis? Are there old and/or outstanding checks that need to be researched and cleared? Are there reconciling items that have not been resolved and cleared? Have the preparer (treasurer) and reviewer (governor) signed off on the monthly bank reconciliations?

The July bank statement and reconciliation should be reviewed to verify that outstanding deposits and/or checks have been cleared. Various other months can be requested to assure that all are being reconciled timely and reviewed by the Founder Region governor.

Investments (#1070, #1071, and #1072) are verified by comparing the amounts to the June 30 investment company statements. Deposits and withdrawals should be authorized by the board as evidenced by the board meeting minutes and/or bylaws and procedures. A schedule is prepared from monthly investment company statements showing interest earned for each sub fund as well as deposits and withdrawals. **(See Exhibit II)** The financial review committee may be called upon to assist in the preparation of this statement. This interest schedule is used when compiling the combined Statement of Activities (profit and loss) as of June 30 for each year in the biennium by the Region treasurer for the tax accountant. (See **Fund Balance** section below)

Accounts Receivable (#1110) is verified by requesting an itemized list of open receivables including date, payer, amount, off-setting account, and date cleared **(See Exhibit III)**. Are the open A/R's current? Do any have credit balances? (If so, this is an accounts payable). If there is an A/R from Conference, is there an A/P in the same amount showing on the Conference balance sheet? These issues need to be resolved by Founder Region treasurer and/or Conference treasurer before the books are closed.

Prepaid Expenses (Deposits #1460) are verified by requesting an itemized list with explanations as per above. **(See Exhibit III)**. This should have a debit balance.

Accounts Payable (#2010) is verified by requesting an itemized list of open payables including date, payee, amount, off-setting account and date payment made with check number. **(See Exhibit IV)**. Are the open A/P's current? Do any have debit balances? (If so, this is an accounts receivable.) If there is an A/P to Conference, is there an A/R in the same amount showing on the Conference

balance sheet? These issues need to be resolved by Founder Region treasurer and/or Conference treasurer before the books are closed.

Fund Balance (#3005, #3006, #3010): Beginning balances for Conference and Founder Region, and each sub fund (Unrestricted, Redwood S-club, and Memorial Grove) within Founder Region, are confirmed using the closing fund balances from the prior June 30 balance sheet and profit and loss reports. If there is a discrepancy, it must be resolved before continuing. A discrepancy could occur if transactions were posted for a prior period after the books were closed and the QuickBooks files were submitted for review.

TESTING OF INCOME AND EXPENDITURES

Income and expenditures are tested for both years of the biennium in a variety of ways. For example, annual S-club dues are currently \$10 per club. Does account #5219 reflect \$10 x the number of clubs in Founder Region? Annual Club dues are currently \$90. Does account #5220 reflect \$90 x the number of clubs in Founder Region? Selected amounts posted to Membership Dues #5210 are checked during the New Member List verification using the census report. (See **New Member Lists and Census Reports** below). Are dues and other income deposited on a timely basis?

Monthly interest from investments is currently being recorded in one income account (#5311). Does the ending balance agree with the total interest on the interest schedule prepared from the investment company statements (See **Investments** above)? (See **Exhibit II**).

In order to assure that all expenditures are properly authorized and in accordance with the approved budget, Region Bylaws, and Region Procedures, a selection of expense vouchers is requested from both Region and Conference treasurers. Using QuickBooks GL detail, select for review and testing, a minimum of six payments from Region and three payments from Conference for each year of the biennium. In addition, select reimbursement vouchers in large amounts payable to the Region governor, Region treasurer and/or Conference treasurer. Look for large payments to vendors. Is the supporting documentation attached and do the amounts agree with the payments? Is the voucher approved by an officer other than the payee? Are travel reimbursements paid to officers in accordance with Founder Region Travel and Expense Policy? Have all funds authorized in board minutes been disbursed? Depending on the outcome of the review, more vouchers can be requested.

VERIFICATION OF NET INCOME

In order to determine the net change to each sub fund, it is necessary to prepare a combined “Statement of Activities” (profit and loss report) by sub fund, and including Conference fund, for each year of the biennium. This is used to allocate revenue and expenses to the appropriate sub fund and thereby determine net change to sub fund ending fund balances. As automated closing entries are posted to only account #3010 Unrestricted (Retained Earnings), manual adjusting entries must be made to the appropriate fund balance, i.e., S-club (#3005), Memorial Grove (#3006), and Unrestricted (#3010). **(See Exhibit V)**. The financial review committee may be called upon to assist the Region treasurer in preparing this combined statement and developing these adjusting entries. This is done for each year of the biennium. The combined Statement of Activities and a combined Statement of Financial Position (balance sheet) must be completed in time for the Region treasurer to meet her deadline of September 1 when she submits her reports to the tax account and to SIA.

To complete the Statement of Activities it is also necessary to break out by sub fund interest earned from investments. (See **Investments** above and **Exhibit II**) As stated previously, monthly interest from investments is currently being recorded in one income account (#5311) and must be allocated to the appropriate sub fund.

BOARD MEETING MINUTES

The biennium meeting minutes are reviewed to ascertain that all funds authorized by motions passed by the board have been disbursed and/or transferred. These expenditures are tracked back to the QuickBooks accounts.

NEW MEMBER LISTS AND CENSUS REPORTS

In accordance with Founder Region Procedures, the Founder Region treasurer keeps a list of new members. This list is compiled in Excel using the Founder Region New/Reinstated Member Dues forms. The Financial Review committee verifies and reconciles this list to the census report **(See Exhibit VI)** and to new member dues collected and recorded in GL #5210 Membership Dues. The tracked transactions in #5210 must be broken down by dues type, i.e., Regular, New, Life, etc, as a club’s dues are posted in a lump sum amount.

One way to reconcile the new members is to sort the Excel file by Region; then club within Region; then date within club. **(See Exhibit VII)**

FINAL REPORT

As the Region governor appoints the financial review committee she is consulted as to how many copies of the final report are to be submitted and to whom. If an electronic copy is requested, it should be in a read-only format.

The following letter and schedules are included in the Financial Review Report:

- **Letter to Founder Region board.** This includes fund balance reconciliation for the fiscal biennium and any recommendations made by the financial review committee. The two-year Profit & Loss is used to prepare the fund balance reconciliation, (July 1, through June 30 covering both years).
- **Combined Statement of Financial Condition** (balance sheet) as of June 30 year-one of the biennium.
- **Statement of Activities** (profit & loss) for year one of the biennium. This breaks out Unrestricted, S-club, and Memorial Grove within Founder Region; and it includes Conference.
- **Combined Statement of Financial Condition** as of June 30 at end of biennium.
- **Statement of Activities** for the second year of the biennium.

These schedules are prepared by the financial review committee and are not QuickBooks standard reports. In accordance with Founder Region bylaws, the final report is due no later than October 31 after the close of the biennium. (See **Exhibit VIII**)

PLANNING AHEAD AND PREP WORK

At the end of the first year of the biennium, steps can be taken to facilitate the financial review process and lessen the workload at the conclusion of the biennium. These might include:

- Request final June 30 balance sheet and profit & loss in accrual mode from Region and Conference treasurers.
- Confirm Cash and Investments have been reconciled to institution statements as of June 30.
- Review Accounts Receivable, Accounts Payable, and Prepaid Expenses. Ask for a detailed listing and analyze for any issues that need to be resolved.
- Review schedule of interest payments, breaking out interest by sub fund and assist treasurer in its preparation, if necessary.

- Assist Region treasurer in the preparation of the combined profit & loss statement, using schedule of interest breakout above; and assist in preparation of fund balance adjusting entries as necessary.
- Request all board meeting minutes for the year just completed. Read and make copies of sections with approved motions and directives for disbursements and/or transfers of funds. These will be used during financial review at the end of the biennium.
- Set up files or a binder to collect reports, documents and emails (**See Exhibit IX**)