

FINANCIAL PROCEDURES

LUTHERVILLE TIMONIUM RECREATION COUNCIL

Revised 10/27/15

Obtain all the necessary forms at the LTRC Office, 121 Ridgely Rd., Lutherville, MD 21093;
Phone: 410-887-7684, (Located in Ridgely Middle School)
(i.e. Check Request Vouchers, deposit slips and envelopes)

I. DEPOSITS

1. **All** monies, no matter the source, type, or method received, must be deposited in the LTRC account. Endorse all checks and provide the program name. You can purchase a preprinted ink stamp, or borrow the Rec. Office's endorsement stamp/pad. This helps identify deposits and bounced checks. The stamp must have the following:
Lutherville Timonium Recreation Council
For Deposit Only
Account Number
(Activity Name)
2. Print your program name in the space provided on the pre-printed deposit slip.
3. List total dollars in the lower left corner of the deposit slip in each of following categories: Registration, Fundraiser, Gaming, Sponsors, Sale of costumes/uniforms/equipment/etc., Bounced check + bank fee collected, Donations, Unused Umpire/Referee Fee, etc. Monies from fundraising must be more clearly defined on the deposit slip, such as, Fundraising- Pizza Sales, Fundraising - Sale of Spirit Wear, Fundraising - Car Wash, etc. This breakdown of funds is necessary for the completion of council tax return.

NOTE: Monies received from raffles are categorized as gaming. All proceeds are to be deposited and the prize paid by check via a **Check Request Voucher**. The IRS regulations regarding gaming are somewhat complicated. For our purpose, a 1099 will be issued if the winning prize is (1) \$600 or more, but less than \$5000, and the prize is at least 300 times the wager, or (2) the prize exceeds \$5000. If either of these conditions exist, the winner must complete IRS Form W-9 prior to receiving the prize.

4. The LTRC bank is **PNC, 2050 York Rd., Timonium, MD, 21093.** Deposits may be made at any PNC branch. The commercial account teller can be used to save time.
5. The teller should return two copies of the deposit slip and a bank receipt. Send the pink copy with the bank receipt attached to the accountant immediately (address below in II). Keep one copy for your records. If the accountant does not receive the deposit slip by the 15th of the next month, or if the program name is not included on the deposit slip, it will be listed as an unknown deposit on the monthly financial statement and a \$5.00 penalty will be imposed. Any unknown deposit not claimed for three months will be transferred to the General Fund. Any deposit which is identified and claimed before the due date of the **FINAL ANNUAL PROGRAM ACTIVITY REPORT** will be assessed an additional \$25.00 fee and the remaining balance will be credited to

the program account. **All such transfers become permanent after the due date for the program's *Final Annual Program Activity Report*.**

6. Deposits are credited to your activity in the month deposited. If there is an error in your deposit the accountant will receive a ***Deposit Correction Advice*** (DCA) from the bank, and the program treasurer will be notified.
7. If a check in your deposit bounces, the face amount of the check, plus the bank fee, will be subtracted from your income. The bounced check will be returned to the program treasurer for collection. When depositing recovered bad checks, label the Deposit Slip: Recovered Bad Check.
8. Monetary donations of \$250 or more **must** be acknowledged in writing by the receiving program. The acknowledgement letter must contain the LTRC tax identification number, 52-1071233, for IRS purposes. A copy of the acknowledgement is to be sent to the Council Treasurer. A sample letter is included in Appendix "A". Should a donor require IRS Form W-9, copies may be obtained from the recreation office **or the treasurer**.
9. All donations of products or services are to be recorded on the "***Donation of Products or Services***" form. The IRS requires that such donations be accounted for in the annual tax return. Any questions regarding the completion of the form should be directed to the Council Treasurer. The completed form is to be submitted to the accountant within thirty (30) days of receipt of the donation. The form is included in Appendix "A".
10. Third Party Cash Collectors

Programs that use third party cash collectors such as ***Active.com, Stone Alley, etc.*** must account for both the revenue collected and service fees from such service providers. When submitting the deposit slip for the income received, attach a copy of the service provider's statement indicating gross revenue **and** the service fee. Programs utilizing these services must become familiar with the methods to obtain a report of any, and all, service fees which are being charged. Gross revenue will be booked as income and the service fees will be booked as an expense. This information must also be included with the ***ANNUAL PROGRAM ACTIVITY REPORT***.

II. **PURCHASES/PAYMENTS**

1. All purchases must be in the name of Lutherville-Timonium Recreation Council with your program name added. **Only the program chairperson can authorize volunteers to purchase items on behalf of the activity. DO NOT PAY MARYLAND SALES TAX.** The LTRC Maryland sales tax-exempt number is 31062905. A copy may be obtained from the Council Treasurer. You will **not** be reimbursed for Maryland sales tax paid. The chairperson or treasurer will submit to the LTRC Administrative Assistant a list of persons authorized to complete a "***Check Request Voucher***" on behalf of the respective program. It is critical that this information be current for all programs so there is no delay in processing requests.

2. Persons completing ***Check Request Vouchers*** must be cognizant of any real or perceived conflict of interest. Such a conflict will exist when goods or services are obtained from another family member or one's own business and/or employer. To avoid or minimize such a conflict, the ***Check Request Voucher*** should be approved by another authorized person from the program. If there is no other authorized person, then the President or Treasurer of LTRC should authorize the transaction by signing the ***Check Request Voucher***.
3. Program/activity funds, no matter the source, are **not** to be used for the purchase of alcohol, nor will anyone be reimbursed for such a purchase.
4. Complete a ***CHECK REQUEST VOUCHER Form*** and attach the original receipt or invoice to the white copy (no photocopies or statements). Ensure the proper documents are provided and the totals are correct. Vouchers containing significant errors and/or missing proper supporting documents will **not** be processed until corrected. These items will be either returned for correction or held by the accountant until the error has been rectified. Please include your e-mail address on the voucher to facilitate any necessary corrections. This may have a negative impact on the timely payment to vendors with whom we do business. Additionally, every expense must be appended to a specific category to properly prepare the annual tax return. Please ensure that every expense is sufficiently described so this determination can be made by the accountant, especially where the vendor only provides a product code or an abbreviated description of the product or service being provided. Retain the pink copy for your records. If the voucher is for pre-payment of an expense, check "Receipt to Follow" on the voucher and remember to send the original receipt to the accountant when it is received. When a chairperson is filling out a ***Check Request Voucher*** and there is a program treasurer, the chairperson must send the yellow copy of the voucher to the program treasurer.

5. Fees For Service

A. IRS Form 1099

Any person paid over \$600 in the calendar year, for personal services rendered to LTRC, will be issued IRS form 1099. This form notifies the IRS of the individual's income from LTRC. Individuals who receive this form are solely responsible for including this income on their tax return. LTRC withholds no taxes.

Individuals being reimbursed for services rendered by another person or company must provide an invoice, receipt, or statement which includes the service provider's social security number, federal tax ID number, or LTRC vendor number and a description of the service provided.

Should the person seeking reimbursement fail to obtain, or provide, the required information (1) reimbursement may be denied, or (2) the person being reimbursed must provide their own social security number in order to receive payment. A 1099 will be issued to any person whose cumulative reimbursements exceed \$600 in any calendar year wherein services were provided by another and the tax identification numbers were not provided.

Payment will **not** be processed, no matter the amount, if the respective social security number, federal tax ID number, or LTRC vendor number is not included on the invoice/receipt or voucher, or, IRS Form W-9 is not on file with the LTRC accountant.

B. Vendor Registry:

To ensure the confidentiality of personal information, vendors who provide various services to LTRC including, but not limited to, umpires, referees, score keepers, assignors, etc. are strongly encouraged to use a unique vendor number in lieu of their Social Security number or federal tax ID number. To that end, the Council Treasurer will maintain a vendor registry. Individuals seeking a vendor number will submit their request to the LTRC Treasurer by use of IRS form W-9. The Council Treasurer will notify the vendor of their assigned number. It is the responsibility of the vendor to report any change in their personal information to the LTRC Treasurer in a timely manner via the W-9. Only the LTRC Treasurer and accountant are authorized to access the Vendor Registry. Vendor names and their assigned number will be made available to program chairs and treasurers.

- C. Expenses for game officials, assignors, scorekeepers, etc. can be paid in cash or by check by following the procedures outlined below. It is the responsibility of both the program chair and treasurer to ensure that accurate records are maintained regarding the disbursement of such funds.

D. Funds Advanced For Future Services:

Monies will be advanced to program officials for cash payments for anticipated services by submitting a ***Check Request Voucher***. The individual receiving the disbursement is responsible for the redistribution of the funds, maintaining the records of all monies disbursed, and reporting to the program chair/treasurer the final distribution of funds to include:

- a. name, address, Social Security number, federal tax ID number or vendor number,
- b. date, time, venue, and type of service, and
- c. total amount paid.

The program chair/treasurer will submit to the LTRC accountant a final report of all monies disbursed within fourteen days of the close of the season. If the program's season crosses from one fiscal year (August 31st) to another, or from one calendar year (December 31st) to another, an interim report of all monies paid must be submitted to the accountant.

Preprinted cash ***Receipt for Services*** will be made available to assist in the tracking of cash payments. The original (white copy) is to be attached to the summary report for submission to the accountant. A copy is included in Appendix "A".

Excess monies not disbursed must be re-deposited within fourteen days of the close of the season or prior to the end of the fiscal year on August 31st, whichever is shortest. Such deposits should be categorized as "Unused Service Fees - Umpires", for example, on the deposit slip.

Any individual receiving the initial distribution of monies, who fails to maintain accurate records and cannot account for all of the monies received and disbursed, will have a Form 1099 issued in their name for any unaccounted monies that total \$600 or more.

E. Payment For Services Rendered:

At the discretion of the program chair/treasurer, payment for services rendered may be made at the end of the season, or, not less than on a monthly basis, by submitting a **Check Request Voucher** to the accountant and attaching a list of payees to include:

- a. name, address, Social Security number, federal tax TD number, or vendor number,
- b. date, time, venue, and type of service, and
- c. total amount due.

F. Baltimore County Employees

Persons on the Baltimore County Payroll must complete and submit a Department of Recreation & Parks **MONTHLY TIME SHEET AND ACTIVITY DATA** form to the Recreation Office. Upon compilation of the time sheets, staff will prepare an invoice listing the program name, total amount earned, time frame covered, fringe benefit cost, and total amount charged to the program. The invoice and a Check Request Voucher will be forwarded for payment by the LTRC Treasurer. A copy of the invoice will be distributed to any affected program. Any discrepancy is to be reported immediately to the LTRC Community Supervisor. Time sheets are available for review by the program chair and/or treasurer.

6. Barter Transactions

Barter Transactions occur when a fee is waived in exchange for goods or services that would ordinarily be purchased by a program. It does not, however, eliminate the need to book the waived fee as income nor the goods or service received as an expense. To properly record these transactions, a **Barter Transaction Report** is to be completed and submitted to the accountant with the following information:

- a) Program/Activity
- b) Amount and type of fee waived
- c) Type of goods or services received
- d) Value of goods or services received
- e) Name, address of person providing the goods or service. (The provider must submit IRS Form W-9)

7. Donations

Programs may make charitable donations, at their discretion, to organizations such as nationally recognized charities, local non-profit organizations, educational institutions, religious institutions, scholarship funds, etc. up to \$2500 without Board approval. It is incumbent upon the program Chair or Treasurer to ensure that the recipient of any funds is a legitimate organization prior to submitting a Check Request Voucher.

Any single donation in excess of \$2500, OR, multiple donations to a single organization which total more than \$2500 in any one fiscal year, will require the approval of the Board of Directors. Requests for payment must be submitted in writing to the LTRC Treasurer for presentation to the Board. Upon approval, the program Chair or Treasurer may submit a Check Request Voucher for payment. Any request must include the following:

- 1) Name and address of the organization
- 2) Federal Tax ID number of the organization, ideally IRS Form W-9
- 3) Amount to be donated
- 4) Reason for the donation
- 5) Confirmation that the recipient is duly registered as a charitable organization with the Maryland Secretary of State and is in good standing.

EXCEPTION: Government entities, churches, and schools.

Information can be found by searching the “Charities & Fundraisers” link at the Secretary of State’s webpage: www.sos.state.md.us.

8. Mail the ***Check Request Voucher*** and original invoice to the LTRC Accountant: **WABC, 201 W. Padonia Road, Suite 600, Timonium, MD 21093, ATTN: Ms. Marie Rogalski.**
Ms. Rogalski will be the individual handling LTRC affairs. Business hours are 8:30 AM to 5:00 PM. She may be reached at 410-561-4411 or preferably via e-mail at ltrc@wabccpas.com. Do not mail deposit slips or vouchers to the Recreation Office. Any inquiries regarding the Financial Procedures are to be directed to the Council Treasurer, Bill Kalista. Inquiries to Ms. Rogalski should be limited to discrepancies regarding program balances.
9. ***Check Request Vouchers*** will be processed every Wednesday, excluding holidays. It is important that persons submitting vouchers plan accordingly to ensure checks are received in a timely manner. Should a holiday fall on a Wednesday, vouchers will be processed on the following day. Checks will **not** be issued at any other time. All checks will be delivered via U.S. Mail.
10. Insurance

If your program is hosting any type of event which requires the issuance of a liquor/alcohol permit, you must obtain additional liability insurance coverage for the event.

Program volunteers are reminded that they are covered under the Baltimore County self insurance plan which is similar to that coverage provided to County employees. The County has the option of whether or not they will extend coverage to a volunteer depending upon the circumstances. If you participate in an activity outside the State of Maryland, you are **NOT** covered by the County’s plan and must obtain insurance coverage for the event/activity. When in doubt, obtain additional insurance coverage.

11. When an individual seeks reimbursement for the use their personal funds, proof of payment is required as follows:

- A) PERSONAL CHECK: Submit a copy of the cancelled check
- B) CREDIT CARD: Submit the original receipt
- C) CASH: Submit the original receipt
- D) ELECTRONIC FUNDS TRANSFER: Submit a copy of the statement showing the transfer
- E) INTERNET PURCHASES: Submit a copy of vendor's confirmation including method of payment, i.e., credit card receipt, PayPal receipt, etc.

NOTE: Maryland sales tax will **not** be reimbursed. Black out account information prior to submission at your discretion. If receipts include items that were not purchased for the benefit of LTRC, circle or highlight those items for which reimbursement is being sought. Failure to provide the required proof of payment will delay reimbursement.

III. PETTY CASH FUND

1. Programs desiring to set up a Petty Cash Fund should contact the Council Treasurer. The account cannot exceed \$1000 without Board approval.
2. A Petty Cash ledger must be maintained indicating cash in and out with a running balance. The ledger is subject to audit at any time.
3. Prior to the close of the fiscal year on August 31st, all expenses must be submitted for reimbursement.

IV. LOST/STALE/VOID PAYMENTS

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| LOST | If you want a "stop payment" placed on the check, contact the accountant. The stop payment fee will be charged to the activity. |
| STALE | Checks that are over six months old and have not been cashed are considered "stale" checks. The accountant will notify the treasurer of that status if this occurs. |
| VOID | Mark the work "VOID" across the face of the check and send the check to the accountant. The voided check will be credited to the activity. |

V. MONTHLY FINANCIAL STATEMENT

1. LTRC issues a financial statement each month. Chairpersons and treasurers of each program should receive a copy via e-mail. Please ensure that a current e-mail address is on file at the Recreation Office. Copies are also available at the recreation council meetings.
2. The program chairperson or treasurer **must** check this statement for accuracy each month. Any differences between the council financial statement and your program figures should be reconciled with the accountant.
3. Each program **must** keep a ledger detailing all income and expenses, as well as a running balance. The program should maintain all paper back-up to support ledger figures. All financial records such as ledgers, petty cash funds, etc. are subject to audit at any time.

4. Records should be kept for the current and the two prior fiscal years.
5. Programs are required to maintain a positive balance. Short-term deficits must be reported to, and approved by, the LTRC President or Treasurer. Programs who run a deficit for three (3) or more consecutive months risk denial or delay of any check request voucher that may be submitted.

VI. COUNCIL ASSESSMENTS

Each program is assessed based on the prior year's program registration numbers. **The Council Treasurer** will obtain these figures, and the assessment charged to your program on November 1st each year. The LTRC Board of Directors will determine assessment fees in the fiscal year prior to the year of the actual assessment.

In addition to the monetary penalties set forth in Sections I(5) and VII, the Board may impose additional monetary penalties against any program/activity for non-compliance with any policy or procedure of the Council. All such monies will be transferred from the program/activity to the Council's General Fund.

Appeals of any fee or penalty must be submitted in writing to the LTRC Board of Directors within three (3) months of the imposition of such fee or penalty.

VII. ANNUAL PROGRAM ACTIVITY REPORT

In September each program will be mailed an **ANNUAL PROGRAM ACTIVITY REPORT** Form. The program chairperson or treasurer must complete this form. Income and expense figures must be categorized on this form to facilitate the completion of the LTRC Federal Income Tax Return by the accountant. All unknown deposits are forfeited after the due date for the final report. (This does not include unknown deposits from the new fiscal year.) After the **Annual Program Activity Report** is submitted no adjustments will be permitted. Programs who fail to submit their **Annual Program Activity Report** by the due date will be assessed a penalty of \$2.00 per day for each day the report is late up until completion of the tax return. Programs with a past history of late submissions will be assessed \$4.00 per day for each day the report is late until it is filed. At their discretion, the Board may take further action to ensure compliance.

APPENDIX "A"

Forms

Check Request Voucher
Receipt for Services
Sample Donation Acknowledgement Letter
LTRC Time Sheet
Donations of Products or Services Form
W-9