I. INTRODUCTION

This manual is intended to serve as a guide for accounting and financial reporting for the New England Water Environment Association (NEWEA). It establishes the basic accounting framework for receipt and disbursement procedures. In addition, the manual also outlines procedures that reflect the handling and flow of transactions. These procedures generally relate to documentation of activities that enhance the reliability and integrity of financial and accounting reporting. Where separation of duties critical for internal controls are not feasible due to the size of the Association, further authorization approvals are required to validate transactions and maintain internal controls.

NEWEA’s financial system utilizes the QuickBooks accounting software to record financial and accounting transactions. The software generates financial reports necessary for management controls, planning and other decision making. The QuickBooks financial reporting system provides complete audit trail from data input to the financial reporting stage.

This manual will attempt to describe the accounting policies of NEWEA, present the procedures for cash receipts and check disbursements used for recording and posting of transactions, and discuss accounting procedures and related internal controls inherent in the procedures. In addition, budgeting will be discussed. Monthly and periodic reporting will also be discussed.

The accounting policies and financial reporting adopted for this manual are consistent with Generally Accepted Accounting Principles (GAAP) in the United States of America. All transactions and accounting procedures shall conform with relevant State and Federal legislation as they pertain to the Association.

The NEWEA Finance Committee shall be responsible for formulating NEWEA’s overall financial policies as part of its responsibility for the financial management of the Association. The Finance Committee is vested with the final and legal responsibility for all aspects of the Association’s financial management.

Under the direction of the Treasurer, who shall serve as the committee chair, the Finance Committee shall review this document yearly. Recommended changes shall be presented to the Executive Committee for review. Minor edit can be made to the accounting and financial policies manual at the discretion of the Finance Committee without the need to be formally adopted by the Executive Committee.
II. ACCOUNTING POLICIES

The NEWEA Executive Committee shall have the sole authority over the following matters:

- Approval of annual operating and capital budget;
- Salaries of the Association staff;
- Incurring of debt, mortgages, and other financial commitments;
- Investment policies;
- Purchase and sale of properties and other assets; and
- All other activities associated with the operations and management of NEWEA.

Signature Authorities
To ensure adequate segregation of authority, the Executive Director and Treasurer shall have the signatory authority for checks and all other cash transactions. Individual checks in excess of $20,000 and not included in the annual budget approved by the ECM, will require dual signoff prior to check issuance. (See additional procedures in “Check Signers” section.)

Security of Financial Data
NEWEA’s accounting software should ensure that access to financial data is limited by the use of password protection and authorizations for inquiries or browse only functions. The Executive Director and shall maintain the password security to set controls. The Executive Director or designated bookkeeper (currently performed by the Executive Director and Office Administrator) shall have unlimited access to transactions and reports and shall perform the correction of errors and adjustments through journal entries, which must be recorded and numbered numerically.

The accounting data must be backed-up weekly to ensure the recoverability of financial information in case of software failure. The backed-up data must be stored in a safe and secured area away from the Association premises and is to include the “Originals” noted below.

The accounting policies and financial reporting adopted by NEWEA are consistent with Generally Accepted Accounting Principles (GAAP) in the United States of America and the Financial Accounting Standard Board. Accordingly, NEWEA has adopted FAS 116 – Accounting for Contributions Received and Contributions Made; and FAS 117 – Financial Statements of Not-For-Profit Organizations.

Originals are to include the following:
- The Association’s bylaws and related amendments;
- IRS Communications;
- Agreements;
- Fixed Assets inventory, including Financial Statements;
- Insurance policies;
- Checks, unclaimed checks and signed checks awaiting disbursement;
• Revenue and cash receipts original documents; and
• Vendor Invoices

The accounts of NEWEA shall be organized by classes of Unrestricted, Temporarily Restricted, and Permanently Restricted Net Assets.

**Accounts Payable & Receivables**
A schedule of aged accounts receivables and payables for all categories shall typically be prepared quarterly for review by the NEWEA Executive Director and CPA.

**Annual Budget and Financial Reports**
The NEWEA Finance Committee shall prepare an annual operating budget of revenue and expenses as outlined in the “Finance, Budget and Accounting Schedule” section of this manual. These budgets shall be reviewed and approved by the NEWEA Executive Committee. Financial Statements displaying actual versus budget shall be prepared by the Executive Director/bookkeeper. The reports shall be reviewed and approved by the NEWEA Executive Committee. The Executive Director and Treasurer shall present quarterly financial reports at the NEWEA Executive Committee meetings and members shall be given opportunities to ask questions before the report is adopted. Discussion of the budget continues at “Finance, Budget and Accounting Schedule” section of this manual.

**Record Retention and Disposal**
Books, records, documents and other supporting evidence including paid invoices, cancelled and/or voided checks, accounts payable records, vendor invoices, payroll sheets, payroll registers, tax withholding statements, employees’ timesheets, and all other statutory corporate and legal documents shall be retained for a period of seven years after the original entry date.

The latest accounting and financial policies included in this manual were approved by the NEWEA Executive Committee at the June 2019 Executive Committee meeting. All members and others acting on behalf of the Association (or agents of the Association) are bound by the policies herein, and any deviation from established policy without prior approval of the Executive Committee is prohibited. However, minor edits can be made to the accounting and financial policies manual at the discretion of the Finance Committee without the need to be formally adopted by the EC.
III. **FINANCIAL GOALS**

Financial Goal #1: NEWEA will establish an annual operating budget which will use the accrual based accounting method.

Financial Goal #2: NEWEA will maintain a Reserve Fund at or above a target amount of 30% of its annual operating budget. Reserve monies shall be invested with a strong reputable organization to maximize interest return while balancing risk. Reserve monies shall be defined as Certificates of Deposits and Bonds, Money Market, Bonds and Mutual Funds, Equities (managed high-quality stocks) and Cash Reserves.

Financial Goal #3: NEWEA will maintain a minimum balance in available liquid funds to cover no less than three months’ worth of operating expenses.

IV. **ACCOUNTING & FINANCIAL POLICIES**

**Access to Records:** At the discretion of NEWEA and in accordance with applicable law, NEWEA may provide copies of the following records of the Association to any member in good standing appearing at the Association office during normal business hours of operations. Copies will be made available within 30 days to any member requesting these documents by mail or email. Requests must be made either in person or in writing (telephone requests will not be honored). Hard copies of any of these documents will be made available for a fee to cover printing and mailing costs.

- IRS Form 990 – most recently filed;
- Not-for-profit tax-exempt status letter from IRS; and
- Financial statements – balance sheet and income statement for most recent quarter.

**Accounting Method:** It is the policy of NEWEA to utilize the accrual basis of accounting that recognizes revenues when earned and expenses when incurred during the fiscal year.

**Bank Reconciliation:** It is the policy of NEWEA to address bank statements to the Executive Director at the Association office. The Executive Director will review the bank statements and will reconcile the accounts in QuickBooks. The CPA will review all activities. The CPA shall routinely conduct an internal financial audit to compare monthly bank statements with the monthly QuickBooks reconciliations. The Treasurer will report financial summaries to the Executive Committee on a quarterly basis.

**Capital Items:** It is the policy of NEWEA to capitalize all furniture and equipment purchases, property betterments, and property renewals valued over $500.

**Cash Management Policy:** Separate checking and investments accounts will be maintained.
NEWEA will maintain:

1. An operating checking account in which all deposits will be made and which will be used to pay Association expenses and will be maintained at a minimum of 3 months of the association’s operating expenses. No account will exceed $250,000, which is currently the FDIC limit for each checking account.
2. Investments accounts at various financial institutions.

Chart of Accounts: It is the policy of NEWEA to maintain a chart of accounts. All persons involved with accounting coding responsibilities will be issued a chart of accounts.

Check Disbursements: It is the policy of NEWEA to keep unused check supplies safeguarded under lock and key at the office of the Association. All check disbursements will require approved invoices or expense vouchers. The resulting checks will be signed by an authorized signer as described in “Check Signers”.

Check Signers: It is the policy of NEWEA to give check-signing authority to the following positions: Executive Director and Treasurer. Those persons serving in these two positions will be given authority at the commencement of their term of office. New signature cards will be executed at that time.

The Executive Director will be the primary check signer. All payments will be processed through electronic checking. Any vendor payment less than $20,000 requires only Executive Director approval. Any vendor payment equal to or greater than $20,000 must have approval of both the Executive Director and the Treasurer.

If the situation arises when the Executive Director has an invoice larger than $20,000, the Treasurer will be notified by the Executive Director of the request at which time the Treasurer will then provide approval.

Collection Procedures: It is the policy of NEWEA to invoice for services immediately following completion of service. If payment is not received according to schedule, the Treasurer, after consultation with the finance Committee may authorize the use of a collection agency. Attempts to collect payments will be noted and kept on file.

Contract Signing Authority: It is the policy of NEWEA to grant authority to sign contracts to the Executive Director and Programs Director as long as the financial implications of the contract are included in the Association’s approved budget.

Control over Checks, Cash and Credit Card Payments: It is the policy of NEWEA that checks and cash will be deposited on at least a bi-weekly basis.

CPA Firm – Audited Financial Statements: It is the policy of NEWEA to direct the Treasurer and the Executive Director to distribute the audited financial statements to the Executive Committee. The decision to accept this financial audit prepared by the Accounting firm will be made at the June Spring Meeting or as soon as available.
thereafter, where the financial statement will be presented by the Treasurer and the Executive Director.

**CPA Firm – Selection of Firm:** At the recommendation of the Treasurer and the Executive Director, the Executive Director will select a CPA firm experienced in auditing not-for-profit organizations. Rewarding the contract for auditing services to the existing firm is acceptable as long as its performance is satisfactory and its continued use is cost effective.

**Credit Cards:** It is the policy of NEWEA that the Association will establish a credit card account and credit cards will be issued to the Executive Director, Programs Director, Communications Coordinator and the Office Administrator. The credit card limit will be $10,000 per card. The credit card account will be reviewed on a monthly basis by the Executive Director. All credit card charges over $2,000 will need prior approval of the Executive Director.

**Finance, Budget, and Accounting Schedule:** The Treasurer, the Executive Director, and the Finance Committee shall establish an annual schedule for budget preparation and approval, budget review, fiscal year audit, program budget estimates, committee budgets, and appropriate other reports. Schedule is based on a fiscal year from October 1 to September 30.

- **April** Committee Chairs receive requests for budgets
- **July/August** Budget Request forms and other program forms due
- **July/August** Finance Committee meets and reviews proposed committee and program budgets and formulates proposed Association budget
- **September** Treasurer/Finance Committee presents proposed Association budget to Executive Committee
- **Immediately Following Sept ECM** Approved individuals program and committee budgets emailed to Committee Chairs

**Financial Statement Preparation and Distribution:** It is the policy of NEWEA for the Executive Director and the Treasurer to prepare the financial reports every quarter for review and approval by the Executive Committee at their meetings.

**Fiscal Year:** The fiscal year shall be from October 1 to September 30.

**Independent Contractors:** It is the policy of NEWEA to evaluate criteria established by the IRS when assigning individual employee or independent contractor status. Individuals qualifying as independent contractors will sign a contract or invoice and will be issued IRS Form 1099 if compensation is $600 or more during the fiscal year. All independent contractors and vendors will be required to submit IRS Form W-9 (Request for Tax Payer Identification Number and Certification).
**Insurance:** It is the policy of NEWEA to have an independent insurance consultant review the Association’s insurance policies annually to ensure coverage and limitations adequately meet the needs of the Association and members.

Insurance will be secured as follows:

1. General Liability Insurance is purchased through an independent company to cover NEWEA office slip & fall insurance, commercial general liability, property insurance, employee health, employee accidental death, employee long-term disability, and workers’ compensation insurance.
2. Insurance is purchased for Directors’ and Officers’ liability for NEWEA.

**Investment Plan for Reserves:**

**Objectives:** NEWEA will maintain a Reserve Fund at or above a targeted amount of 30% of its annual operating budget. Reserve monies shall be invested with a strong reputable financial investment organization to maximize interest while balancing risk. Reserve monies shall be defined as Certificates of Deposit, Money Market, Bonds and Mutual Funds, and Cash Reserve accounts. This is exclusive of restricted funds and exclusive of the main Checking Account.

Investments must be designed to support subsidies and donations.

**Purpose:** The purpose for reserves is to ensure the long-term financial health of the Association and to meet financial obligations.

**Goals:** The use of reserves that will lower the reserves below 30% of the annual operational budget shall be considered as a last resort.

Reserve funds would be available to meet the Association’s financial obligations that cannot be met through actual revenue sources or through other budgeting measures.

Due to FDIC limitations, monies greater than $250,000 invested in one financial institution shall be reviewed by the Executive Director and Treasurer. Investments less than $250,000 in one financial institution are acceptable if they are backed in full faith and credit of the United States government.

**Types of Investments:** Investments shall be short-term cash surpluses in FDIC-insured certificates of deposit and money market, bond and mutual funds, and/or cash reserve accounts. Funds with defined maturity dates (ex. CDs) may be invested for a period of up to
2.5 years and are subject to consideration for renewal at maturity.

Investments shall be short-term cash surpluses in United States government obligations or federal agency obligations which are backed by the full faith and credit of the United States government.

The Treasurer and the Executive Director will be tasked with oversight of all investments including stocks and will monitor the actions and results obtained by the Association’s investment advisor, currently Merrill Lynch and will be responsible to recommend changes to the management of investments should it become prudent to change investment advisors or policies. Any and all interest income earned from these investments may be used as current fiscal year operating funds. The budget will reflect such anticipated revenues.

The Finance Committee shall review investment opportunities on an annual basis or as needed.

Bonds and Mutual funds shall have no penalty for withdrawals. Investment firm will provide initial 90 day review on new funds and quarterly follow-up meetings. This maybe adjusted at the discretion of the Executive Director and Treasurer.

**Loans Prohibited:** It is the policy of NEWEA to prohibit loans to members under all circumstances.

**Purchasing Authority:** If an item is not included in the approved budget and is over $20,000 then it must be presented to the Executive Director and Treasurer for approval. If this item will affect the approved budget, then the Executive Committee must approve an adjustment to the budget. Under special circumstances, the Senior Management Team may authorize such an expense to continue the operation of the Association.

**Records Retention and Destruction:** It is the policy of NEWEA to retain records as required by law and to destroy them when appropriate.

**Refunds:** It is the policy of NEWEA to publish the Association’s Refund Policy on all order forms. No refunds will be allowed for dues. Full refunds for Conference/Seminars, less a processing fee, if appropriate, may be granted at the discretion of NEWEA if the customer or member requests the refund in writing, which explains why they are requesting the refund. Refund requests must be provided to NEWEA prior to the stated deadline or 30 days, whichever is less. Refunds issued will reduce the corresponding revenue account accordingly.

**Software:** QuickBooks shall be the base software for financial management.
A. TRAVEL POLICY: FINANCIAL GUIDELINES -- GUIDELINES FOR DEVELOPING OFFICER AND NEWEA DIRECTOR BUDGETS

1. Officer Budgets

Since NEWEA is a Not-for-Profit Association of volunteers, budgets are intended to subsidize the cost of executing officer duties and responsibilities.

In general, when an individual accepts the nomination to become an officer, NEWEA assumes that the individual with concurrence of his or her employer will be able to carry out his or her officer responsibilities without significant reliance upon NEWEA. Therefore, NEWEA assumes that each individual will be responsible for the overwhelming majority of expenses associated with the time and expenses to carry out officer duties and responsibilities. NEWEA understands that not every officer will have the ability to defer every expense relating to executing officer duties and responsibilities. Therefore, NEWEA has prepared budgets for each officer to help subsidize costs that might not be able to be reimbursed elsewhere.

The NEWEA fiscal year begins on October 1 of each year. All officer budgets are Fiscal Year annual budgets and are intended to be utilized during the year for which they have been approved. Unexpended budgets will not be "rolled over" to a subsequent year.

There are a number of activities and/or events that NEWEA would like to see officers participate in. The following table presents Officer budgets’ and a matrix of the types of activities and/or events – outside of the Annual and Spring Meetings, Executive Committee Meetings, Specialty Conferences and other routine Association activities - that these budgets are encouraged to subsidize if need be:
<table>
<thead>
<tr>
<th>Officer</th>
<th>Budget</th>
<th>WEFTEC</th>
<th>WEFMAX</th>
<th>Planning Session</th>
<th>ASA, Other Aff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>$3,000</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>President Elect</td>
<td>$2,500</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Vice President</td>
<td>$2,000</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Treasurer</td>
<td>$1,000</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Past President</td>
<td>$1,500</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>WEF Delegate (3)</td>
<td>$1,500</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>NEWEA State or Council Director (9)</td>
<td>$1,000</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Extraordinary Travel Expenses</td>
<td>$1,000</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>Extraordinary Visiting Dignitary Expenses</td>
<td>$1,000</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
</tbody>
</table>

While each budget can be used for purposes not included within the above matrix, it is assumed that most or all other activities and/or events are routine and less likely to need to be subsidized.

2. **Other Budgets**

Officers and/or others, upon approval of the President or the Executive Director if the President is not available, may request additional funding from one of two additional accounts: Extraordinary Travel and Extraordinary Visiting Dignitary Expenses.

**Extraordinary Travel** is considered travel not originally budgeted for but required unexpectedly by a member. Example: NEWEA needs representation at an ASA meeting from an individual who had not planned to attend and whose employer will not pay for lodging and meals.

**Extraordinary Visiting Dignitary Expenses** are considered to be those expenses relating to the professional courtesy that NEWEA might give to an individual from WEF or another MA when visiting NEWEA or vice versa. Example: An Officer meets a visiting dignitary for dinner at a NEWEA event. Once again, reimbursement will be considered if there is no other means for the officer to be reimbursed.
In either case, Extraordinary Travel or Extraordinary Visiting Dignitary expenses’, the individual requesting reimbursement must receive approval prior to expending any funds for an intended purpose.

3. **Annual Budget Preparation Guidelines Instructions**

   a) Familiarize yourself with the *Guidelines for Annual Budget Preparation* before preparing your budget. If you have any questions or comments, please contact the NEWEA office.

   b) Committee expenses are divided into various categories as shown on the NEWEA COMMITTEE BUDGET REQUEST FORM distributed by the Finance Committee Chair (a sample copy is included in the appendix to this manual). Expenses associated with the Annual and Spring meetings should be listed in the appropriate column. The budget amounts to be included in the Annual and Spring meeting columns should be coordinated with the Programs Director as these costs will vary from venue to venue. Sufficient backup or justification must be included to support all budget requests.

   c) In addition to completing the NEWEA COMMITTEE BUDGET REQUEST FORM described above, the COMMITTEE BUDGET REQUEST FORM - NARRATIVE must be completed to explain how the budget(s) requested will be used by the committee. Narratives should be as detailed as possible in order to facilitate review by the Finance Committee.

   d) If your committee is planning a specialty seminar, a SPECIALTY PROPOSAL FORM must be completed in addition to your NEWEA COMMITTEE BUDGET REQUEST FORM. All forms must be submitted to the NEWEA Programs Director for inclusion with the Finance Committee Budget package for review and approval.

4. **Annual Budget Preparation Guidelines**

When preparing your committee budget, be reminded that NEWEA is a not-for-profit organization that depends upon its Committee Chairs and members to provide volunteer services. The following are provided as guidelines for budgeting for committee meetings with the understanding that specific circumstances may vary and variance from these guidelines may be warranted.
5. **Committee Meetings and Associated Costs**

When preparing your budget, always consider the following:
   a) Is the expenditure necessary?
   b) Where is the meeting being held?
   c) Can I opt for a conference call?
   d) How many people will be participating?
   e) Will I need any outside support - audio or visual etc.?
   f) What do I really need?
   g) Would I spend this amount if I were paying for it personally?
   h) Is the budget reasonable considering other activities I expect to carry out with my committee?

6. **Mailings/Postage**

Large mailings (over 250 pieces) can be printed, collated and mailed using the NEWEA “contracted” printer and bulk mail permit provided the mailing is available to the printer at least 3 weeks in advance of the expected delivery date. For all other mailings, current first class mailing rates should be used. Contact the NEWEA office for details when preparing your budget if you plan on using the bulk mail permit.

7. **Copying/Printing**

When necessary, the NEWEA “contracted” printer can be utilized for large amounts of copying or printing. Contact the NEWEA office assistance in obtaining cost estimates if you are planning on using the NEWEA “contracted” printer.

8. **Airfare**

For individuals traveling on NEWEA related business or when budgeting for out-of-town speakers whose presence at a meeting would not otherwise be possible, only the cost of coach airfare will be allowed for reimbursement.

9. **Ground Transportation**

For individuals traveling on NEWEA related business, public transportation when available should be the travel means of choice. If NEWEA business is incidental to other planned employer related business travel, costs should not be considered for reimbursement by NEWEA.

10. **Personal Auto/Parking**

Where NEWEA business requires use of an individual’s personal automobile, only approved mileage will be reimbursed. Approved mileage will be reimbursed at the current IRS approved mileage rate. For approved parking, only reasonable self parking charges will be allowed for reimbursement.