

The Prairie Enthusiasts



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Chapter Treasurers' *Handbook* (Responsibilities and Procedures)

Approved by the Board of Directors November 20, 2019

Approved by:

Finance Committee _____
Alice Mirk, Chair

Date: _____

Board _____
Scott Fulton, President

Date: _____

Table of Contents

1.	Introduction & Purpose	3
2.	Organization Structure	3
	a. Responsibilities of TPE Business Office	3
	b. Responsibilities of Chapter Treasurers	4
3.	Communication with TPE Business Office	5
	a. Separation of Duties and Financial Management Process	5
	b. Financial Reports	5
	c. Purchasing	5
	d. Income Deposits	5
	e. Fund Transfers	5
	f. Contractor Services	5
	g. Change in Treasurers	6
4.	Instruction/Guidance for Chapter Bookkeeping	6
	a. Bank Accounts	6
	b. Petty Cash	6
5.	Sales Tax Exemption on Items TPE Buys	7
6.	Sales Tax Exemption on Items TPE Sells	7
7.	Donations	7
	a. Cash Donations	7
	b. Donations of Stock	7
	c. Restricted Donations	7
	d. In-Kind Donations	7
	e. In-Kind Goods	8
	f. Donated Services	8
	g. Donation Acknowledgements	8
8.	Membership Dues	9
	a. Membership Acknowledgements	9
9.	Equipment Inventory	9
10.	Property Taxes	10
11.	Insurance	10
12.	Grants	10
13.	Income Allocation to Chapter Support	12
	Appendix A. Purchase advice form (PAF)	i
	Appendix B. Income advice form (IAF)	iii
	Appendix C. Transfer advice form (TAF)	v
	Appendix D. In-Kind donation advice form (IKDAF)	vi
	Appendix E. Sales advice form (SAF)	vii
	Appendix F. Income and Expense Codes	viii
	Appendix G. Six Major Budget Categories	xii
	Appendix H. State sales tax exemption certificate	xiii
	Appendix I. Contractor Information Form	xv
	Appendix J. Sample in-kind donation thank you and receipt letter	xvi
	Appendix K. TPE official donation thank you and receipt letter	xvii
	Appendix L. Equipment Inventory Form	xviii

Introduction & Purpose

The Prairie Enthusiasts, Inc. has developed this handbook to help ensure transparent, clear and consistent bookkeeping throughout the organization. It describes the accounting and financial procedures adopted by The Prairie Enthusiasts' Board of Directors (hereinafter referred to as "Board") as recommended by the Finance Committee. Our responsibilities include (1) accurately reporting our finances to the membership and donors, (2) filing tax returns in a timely manner, (3) passing financial audits, and (4) retaining our 501(c)(3) non-profit status.

Organizational Structure

The Prairie Enthusiasts, Inc. (TPE) is a single legal corporation organized under one IRS nonprofit tax identification number. The overall corporation files one tax return, and has the legal standing to own property and hold title to land. The Board has the legal responsibility for all assets and financial and legal operations of the entire organization. TPE is organized into Chapters to facilitate conservation throughout the upper Midwest. The Board authorizes TPE's local Chapters to raise and spend money on behalf of the organization in pursuit of TPE's mission pursuant to this handbook.

TPE's fiscal year is January 1-December 31. TPE's Federal Employee Identification Number is 39-1601574.

It is the policy of TPE that all Chapter bank accounts will be maintained at TPE business office.

Board approval is needed prior to entering into legal agreements such as land purchases, management agreements, grants, contracts of any kind or all other legal obligations.

The Finance Committee provides policy and guidance to the Chapter Treasurers as approved by the Board. TPE has one overall Treasurer, elected by the Board and each Chapter has a Treasurer, elected by the Chapter. Financial information is exchanged between the Board Treasurer and the Chapter Treasurers on a regular basis through the TPE Bookkeeper. The primary function of the Chapter Treasurers is to make certain that Chapter controlled funds are being accurately reported and used according to the wishes of the Chapter under proper direction of the Board and the Bylaws of TPE.

Responsibilities of TPE Business Office:

- 1) Reports all items, stocks and cash gifted to the organization to the Board.
- 2) Tracks restricted donations made to TPE to be certain they are used for intended purposes.
- 3) Compiles all financial information from all centrally managed accounts and provides bi-monthly financial reports to the Board. Flags anything unusual for further discussion.
- 4) Provides an annual financial report and budget to the Board and membership at large.
- 5) Provides quarterly financial reports to the Chapter Treasurers detailing all Chapter transactions and funds held in the Chapter accounts.

- 6) Maintains bank accounts for the funds overseen by the Board for all Chapters.
- 7) Makes contributions and disbursements of Chapter funds at the direction of the Chapter Chair, Treasurer, or both, depending upon the wishes of the Chapter. Chapter expenses incurred or received at the TPE business office will be approved by the Executive Director and processed by the Bookkeeper using a Purchase Advice Form (PAF). Copies of all invoices and PAF's will be sent to the chapter treasurers. It is the policy of TPE that no Chapter checks may be written unless there is money in the Chapter account.
- 8) Quarterly distributes bank interest to Chapter accounts.
- 9) Makes contributions to and disbursements of TPE business operations funds at the direction of the Board.

Responsibilities of Chapter Treasurers:

- 1) Submit a proposed Chapter budget to TPE business office for approval by the Board as developed by Chapter leadership annually by the end of November once provided a budget template by the Central office after the September financial reports have been reconciled.
- 2) Track income (donations, grants etc.) and expenses against the chapter budget categories with reports provided from the TPE business office to ensure:
 - All financial reports from TPE business office are complete and accurate
 - All restricted donations are used for their intended purposes.
- 3) Request TPE business office to make deposits and disbursements of Chapter funds using an Income Advice Form (IAF) or a Purchase Advice Form (PAF). Requests may either be sent via mail to the TPE business office or emailed to the Bookkeeper.
- 4) Provide financial reports to the Chapter at Chapter meetings.
- 5) When the Chapter plans to hire contractors, the Chapter Treasurer shall ensure the contractor can provide a certificate of insurance prior to the work commencing. The Treasurer shall communicate with the Bookkeeper of the intent to hire the contractor. The Bookkeeper will then work directly with the contractor to obtain a Certificate of Insurance and IRS W-9 in accordance with TPE's Worker's Compensation Insurance Policy.
- 6) Provide a copy of all grant applications and documentation to TPE business office for audit files. For grants of \$100,000 or greater, request approval from the Board of Directors through the Executive Director prior to application.
- 7) Report all in-kind donations to TPE business office using an In-Kind Donation Advice Form (IKDAF).
- 8) Although not the official acknowledgement, the TPE Board and the Finance Committee encourage Chapters to send a thank-you to all donors and keep records of same (See Donation Acknowledgement herein).
- 9) Prepare an annual equipment inventory which includes description of item, where kept, when purchased, etc. (see Equipment Inventory herein)

Communication with TPE Business Office

Separation of Duties & Financial Management Process The mail is picked up daily at the central office by the Communications Coordinator, who opens all mail, logs all checks to be reconciled at least monthly once processed by the bank. All PAFs obtained in the mail are provided to the Bookkeeper. Chapter Treasurers can also email PAFs directly to the Bookkeeper. Each week the Bookkeeper processes all bills to be paid. All checks with attached PAF forms are provided to the Executive Director for review and signature. Each month the Bookkeeper reconciles all checking and savings account, and then TPE's accountant reviews the reconciled activity and produces Chapter Support Budget Reports. Once reconciled and reviewed by the accountant Chapter Reports are provided to Chapter Treasurers. All transfer advice forms (TAF) are prepared by the Bookkeeper and approved by the Executive Director to transfer the funds.

Financial Reports TPE business office sends out quarterly budget reports to each Chapter detailing their bank activity and fund balances held in the TPE centrally-managed accounts for the previous quarter.

Purchasing When Chapters want TPE business office to pay a bill, or reimburse an individual, using their Chapter funds' checking account, they must submit a Purchase Advice Form (PAF) (see Appendix A) to TPE business office. The form must be filled out completely, have the signature of either the Chapter Treasurer or Chair, and be accompanied by all original receipt(s) or invoice(s). Vendors can send bills directly to the central office but the Chapter Treasurer should inform the Bookkeeper about this with a PAF. The Bookkeeper will provide copies of any bills received at the Central Office to the Chapter Treasurer for their records. PAFs can be emailed to the TPE Bookkeeper or mailed to the TPE office. Chapter Treasurers should keep a copy of all receipts and invoices for the Chapter records. (See also Sales Tax Exemption herein.)

Income Deposits All income for Chapters must be forwarded to TPE business office. The income will be deposited into the Chapter's accounts as directed by the Chapter by submitting it to TPE business office with a completed Income Advice Form (IAF) (see Appendix B).

Fund Transfers If Chapters wish to have their funds transferred among centrally managed accounts (checking, money market savings, and trusts), they must send specific instructions to TPE business office using a Transfer Advice Form (TAF) (see Appendix C). The form must be signed by either the Chapter Treasurer or Chair and please include your phone number or email in case there are questions.

Contractor Services When Chapters seek to hire contractors, the Chapter Treasurer must ensure the contractor is able to provide a Certificate of Insurance that demonstrates the contractor has workers' compensation and general liability insurance. The Chapter Treasurer must contact TPE Bookkeeper to have the Central Office obtain the certificate of insurance and tax forms prior to when the contractor begins work. TPE business office must have this on file for use in preparing annual 1099's and for worker compensation audits.

Change in Treasurers When a new person comes into a Chapter Treasurer position, the outgoing Treasurer (or Chapter Chair) must inform TPE business office of the change via letter or e-mail. The name, address, telephone, and e-mail address must be provided. In addition, this handbook should be passed on to the new Chapter Treasurer.

Instruction/Guidance for Chapter Bookkeeping

Bank Accounts This section applies to all Chapters. Chapter Treasurers must do the following:

- 1) Track all revenues and expenses passing through the Chapter to TPE business office.
- 2) Check records against reports from TPE business office. Report any discrepancies to TPE business office.
- 3) Track restricted donations to be certain that they are used for intended purposes.
- 4) Use TPE's standardized income and expense codes (see Appendix F) on PAFs and IAFs sent to TPE business office.
- 5) Stay in regular communication with TPE business office (see Communication with TPE business office above).
- 6) After Chapter leadership prepares a proposed Chapter budget, provide that proposed budget to TPE business office for approval by the Board, annually, by the end of November.
- 7) Track income and expenses vs budget within the budget categories (see Appendix G) and compare them against TPE business office reports.
- 8) Track and report all in-kind donations to TPE business office using the In-Kind Donation Advice Form (IKDAF) (see Appendix D).
- 9) Submit to TPE business office a list of equipment held and managed by the Chapter. A request will be sent from TPE business office annually in January.

Petty Cash Each Chapter may request \$50 in petty cash using a PAF. This money can be used on budgeted expenditures like buying incidentals such as office supplies and postage stamps. Once the petty cash is exhausted, the Chapter Treasurer submits a PAF attaching all original receipts and invoices and sends this to TPE business office. Upon receipt, TPE business office will replenish the petty cash.

Sales Tax Exemption on Items TPE Buys

The Prairie Enthusiasts, Inc. is a charitable 501(c)(3) non-profit organization registered in the states of Illinois, Minnesota, and Wisconsin. TPE is not required to pay sales tax in Wisconsin. (TPE is not eligible for sales tax exemption in Illinois and Minnesota.) When making purchases in Wisconsin you will need to inform the vendor or clerk that the purchase is for a tax exempt non-profit. You will then need to provide TPE name and TPE federal EIN number; 39-1601574. You may also be asked to provide a copy of the state tax-exempt certificate (see Appendix H). In a few cases, you may even be asked to fill out a form for the business to keep on file. You may be asked to provide this information for a single purchase or annually. Please provide copies of the state sales tax-exempt certificate to all those in your Chapter who will be making purchases or placing orders on behalf of TPE in Wisconsin.

Sales Tax Exemption on Items TPE Sells

Under the Wisconsin Department of Regulation and Licensing, currently TPE qualifies for an “occasional sale exemption” for nonprofits. Therefore, it is not necessary to complete a Sales Advice Form (see Appendix E) for Chapter sales in Wisconsin. You will be notified if this procedure needs to change due to increased sales in the future.

Donations

TPE business office tracks all donations and sends an official thank you letter and receipt for all donations. All new and renewing memberships are also acknowledged. TPE will provide receipts as required by current IRS rules. It is the responsibility of Chapter Treasurers to provide TPE business office with all information for donations of cash, equipment or in-kind donations received directly to the Chapter.

Cash Donations When cash donations are received directly to the Chapter, it is the responsibility of Chapter Treasurers to submit an IAF which provides all information on the donors of cash including name, address, and purpose of donation.

Donations to a Chapter sometimes arrive at TPE business office in Viroqua. Any gift that a donor specifies as being for a particular Chapter is credited to the Chapter through TPE business office. TPE business office provides Chapters the information on donations received directly at TPE’s business office on a weekly basis by email.

Donation of Stock It is the policy of TPE to liquidate all gifts of stock as soon as possible and to use or reinvest the funds as specifically designated by the donor in accordance with TPE’s investment policy. The Chapter Treasurer shall notify TPE business office immediately if they receive notice that a donor intends to make a stock donation. TPE business office will contact the donor directly with information for TPE’s brokerage services. TPE donated stock is managed through our brokerage service and the value of the stock is deposited in the appropriate account. TPE business office will notify the Chapter of the value of the stock and details if it is a restricted gift.

Restricted Donations, such as a donation for equipment, land, or a donation to a particular endowment, must be tracked to be certain that they are used for intended purposes only. If a gift is given to the Chapter with restrictions, please note those on the IAF that you prepare and submit to TPE business office.

In-Kind Donations For IRS reporting purposes, TPE is required to record the fair value of all in-kind donations and donated services made to The Prairie Enthusiasts, Inc. The total value of all in-kind donations for the year as well as other pertinent information is reported to the IRS annually on our Tax Form 990.

Chapter Treasurers shall report any in-kind donations made directly to the Chapter using an In Kind Donation Advice Form (IKDAF). This form enables TPE business office to track and record the information required by the IRS. When in-kind donations or donated services are received by your Chapter, the Chapter Treasurer completes this form and submits it, together with documentation from the donor describing the donated good or service and stating the value to TPE's business office. If the valuation from the donor is estimated to be \$500 or greater the Chapter Treasurer will contact TPE's business office and TPE staff will work directly with the donor to ensure their donation is handled according to IRS rules to ensure the donation is substantiated and documented appropriately.

There are two types of in-kind donations: in-kind goods or donated services.

In-Kind Goods are non-cash donations contributed to the organization. In-kind goods can be food, clothing, furniture, equipment or facility rental at prices significantly less than fair market value. The fair market value of donated goods is determined by the donor on the date of the gift.

Donated Services are specialized skills provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Services typically requiring specialized skills are provided by attorneys, accountants, physicians, plumbers, architects, biologists, ornithologists, herpetologists and other professionals. Determining the fair value of donated services requires obtaining the rate the service would have cost if we had to pay to receive the same skill.

When completing the In-Kind Donation Advice Form:

- Indicate the type of donation received in the appropriate column with an "x";
- Provide the value of the In-Kind Donation;
- Mail the completed form and copy of the letter to TPE business office.
- If the donation is equipment, add it to the Chapter equipment inventory.
- If the valuation is \$500 or greater forward the information obtained from the donor TPE business office for further processing. Also tell the donor that the business office will work with them to complete the documentation of their donation for tax purposes.

Donation Acknowledgements: TPE acknowledges all donations.

The official donation acknowledgement thank you letter sent by TPE must be on TPE letterhead (Appendix K). To meet IRS requirements for donations, the official TPE thank you letter will (1) describe the donation, (2) list the amount or value of the donation, (3) state that The Prairie Enthusiasts is a 501(c)(3) non-profit organization, (4) include the date and number of the donation check, (5) acknowledge any use restrictions that the donor may place on the gift, (6) state that the letter may be used as a receipt for income tax purposes, and (7) state that the contribution was made solely for charitable purposes and that TPE did not provide any goods or services.

TPE Board and the Finance Committee encourage Chapters to also acknowledge donations made to their Chapter with a personalized thank you note signed by the Chapter Treasurer or Chair. Copies of all Chapter thank-yous must be kept on file by the Chapter Treasurer.

Membership Dues

Chapters directly receive all membership and general donations from assigned members (also see Income Allocation section). Membership dues generally come to TPE via two routes: directly to TPE's post office box or on-line via TPE's website. Dues payments (checks) received by the Chapters must be passed on to TPE business office where the information is processed into the organization's membership database. The payments are then deposited into the organization's checking account.

Membership Acknowledgements TPE business office acknowledges all new and renewing memberships.

TPE Board and the Finance Committee encourage Chapters to also acknowledge their Chapter memberships, especially new members. Monthly TPE business office sends a new member report to the Chapter leadership. Chapters should contact the new member and invite them to a Chapter meeting/work party.

Equipment Inventory

For IRS and financial reporting purposes an inventory of all equipment owned by The Prairie Enthusiasts, Inc. is maintained by TPE's business office. Should your Chapter purchase, or acquire through donation, a piece of equipment (or computer software) valued at \$5,000 or more, you must report the following information to TPE business office using an equipment inventory form (Appendix L). The insurance companies and auditors require us to have the following:

- An original invoice or letter stating the original purchase price or value of the item at the time of donation or purchase
- A photo of the item if it is above \$5,000
- Information on where it is stored and whether that location is locked
- Description of item (including make, model, VIN number or serial number)
- Date acquired
- New vs. used
- Purchased vs. donated
- Donated by (if a donation)

Chapter Treasurers must also maintain an inventory of their own equipment, and a record as to whom each piece of equipment has been assigned and where it is stored. This latter item is critical to keeping track of equipment.

The Finance Committee encourages Chapters to label all of their equipment and number it if there are more than one of the same item. Example Label: TPE _____ Chapter Item #1

The TPE business office will conduct an annual inventory of fixed assets by contacting Chapter Treasurers to confirm that the assets are still in Chapter possession.

Property Taxes

TPE and all land trusts that meet tax exempt qualifications are eligible to file for tax exempt status on all fee title held lands. Chapters who manage the property shall be responsible for paying the relevant property taxes.

Once a TPE site is acquired, upon request of the Chapter, TPE's business office will obtain all the necessary paperwork to file for tax exempt status for the site acquired and submit it to the appropriate municipal assessor. At the Chapter's discretion, some Chapters choose to make a payment in lieu of taxes to the local municipality to replace the lost local tax revenue. The TPE business office can assist in arriving at this value.

Insurance

It is the duty and responsibility of The Prairie Enthusiasts, Inc. (TPE) to insure that the organization has adequate insurance protection for all assets of the organization.

The Prairie Enthusiasts, Inc. (TPE) business office shall make all arrangements for the organization's insurance needs. This includes general liability, land, prescribed burn, workers' compensation, directors and officers, equipment, building, and vehicle insurance.

a. TPE shall pay the premiums for general liability, land and improvements, prescribed burn, workers' compensation, directors and officers and equipment insurance. Worker's compensation insurance premiums will be allocated to the Chapter based on actual payroll exposure.

b. TPE shall pay the premium for vehicle insurance and allocate the costs to the Chapter where the vehicle is kept and utilized. The vehicle title and registration must be on file with TPE business office. The Chapter should keep a copy of the vehicle title and registration on file.

All Chapter insurance needs shall be communicated to TPE business office. Working with the local Chapter, TPE business office will make the necessary arrangements for all insurance coverage. All insurance policies shall be kept on file at TPE business office.

Grants

The Prairie Enthusiasts, Inc. and its Board of Directors are ultimately responsible for all financial oversight including but not limited to making certain that grants will aid in fulfilling TPE's

mission, for any commitments made to provide match, whether as in-kind or cash, and for fulfilling the requirements of grants. It shall be the policy of The Prairie Enthusiasts, Inc. that:

- Before applying for a grant, the Chapter must communicate the purpose and application process of the grant to the Executive Director for review to determine any risk assessment and if the project requires a vote of the TPE Board of Directors.
- Grants of \$100,000 or greater require approval of the TPE Board of Directors prior to application.
- TPE staff will assist the Chapter in preparing grant applications, including working on budgets, maps, and written portions of the applications. The Executive Director will sign the final application being submitted.
- TPE business office will be responsible for all grant paperwork. This includes but is not limited to grant applications, grant contracts, grant budgets, grant progress reports, grant match reports, and grant final reports, including all supporting documentation. These are needed for the Central accounting and audit files.
- A Chapter shall designate a project leader who will work directly with TPE business office and assist with the grant from application, through award, processing, filing paperwork, and completing final reports.
- The Chapter Treasure shall complete and submit a copy of a PAF, together with a copy of the invoice and any supporting documentation, to TPE business office when preparing any grant invoices for payment by TPE. The PAF shall include documentation of the grant and/or site that the cost is related to. This will ensure the project costs related to the grant can be tracked appropriately by TPE business office.
- The Chapter project manager will work with TPE business office to document any match requirements. This may consist of volunteer hours, mileage, use of TPE equipment and supplies, etc. Typically the granting agency provides forms to use to document these items and usually the volunteer signs the match reports at the work parties. TPE business office needs to have the match documentation on file.
- Grant applications shall include administrative and/or overhead costs whenever applying for a grant that allows for such costs to be included. A portion of grant income may be allocated to Chapter support to cover the cost of administration and accounting.
- For USDA and NRCS contracts, agreements, and grants, the Chapter President has signing authority. For all other grant application, the Executive Director will sign unless that authority is delegated by the TPE President to another person.
- All grant funds shall be processed according to the grant contract and managed as restricted income, and if applicable allocated to a certain Chapter and site(s).

- If the grant is reimbursable, TPE business office shall obtain all the necessary paperwork and submit for reimbursement on behalf of the organization and communicate about the reimbursement status with the Chapter Treasurer.
- Any hiring of employees in connection with grants must be approved by the Executive Director with the understanding that the position is funded through the grant.
- TPE, as a 501(c)(3) nonprofit, does not pay overhead costs on grants we give out.

Income Allocation to Chapter Support

The objective of this policy is to ensure that the organization’s core support services (Chapter Support) are adequately funded in an equitable, transparent and sustainable manner that balances the needs of local chapters and the larger organization. This will be accomplished through the application of overhead charges appropriate for the type of income received.

A. Chapters will directly receive all membership and general donations from assigned members. Chapters will directly receive all contributions restricted or directed to the chapter by the donor. Non-assigned and non-directed donations will be attributed to Chapter Support.

B. Overhead rates will be applied to three pools of chapter income (see exclusions):

#1 – Membership and general donations

#2 – Contributions for non-grant land acquisition

#3 – All other contributions and income (includes grants, rents, events, fee for service, grants, restricted contributions, sale of goods, and distributions from endowments)

C. Exclusions: Policy does not apply to investment income, in-kind, annual conference income, endowment contributions, and land acquisition grants that do not specifically allow administrative fees.

D. The overhead rate for pools #2 and #3 will be fixed rates of 5% and 10% respectively. Pool #1 will be assessed a variable rate sufficient to cover the remaining budget.

E. The variable rate will the same percentage for each chapter.

F. Temporarily restricted donations will be assessed an overhead charge on the full amount of donation when received, versus when released from restriction.

G. Chapters may petition the Finance Committee for a rate adjustment on large grants. This is done through the grants pre-approval process.

H. If Chapter Support incurs a Net Ordinary Loss at year-end, an additional overhead charge (“true-up”) may be levied on Pool #1 sufficient to cover the loss. Disposition of Net Ordinary Income will be returned to chapters in the same manner. Net Ordinary Income or Loss is defined

as unrestricted net income or loss before depreciation and investment gains/losses. The Finance Committee has the authority to waive immaterial true-up adjustments.

I. Changes to the fixed overhead rates will be recommended by the Finance Committee for approval by the Board of Directors. The initial variable overhead rate will be set by the Board of Directors in January. Mid-year adjustments to the variable rate, as well as the “true-up”, may authorized by the Finance Committee without Board approval provided that the change conforms to the stated policy.

Procedure:

- The TPE business office records and transfers overhead fees per policy between chapter and Chapter Support at the time income is recorded.
- At year-end, the Finance Committee is requested to approve an additional variable rate to be applied to income pool #1 to cover the remaining Chapter Support budget, if needed.
- The Finance Committee monitors Chapter Support Net Operating Income via monthly reports and may adjust variable rates mid-year if needed.