Windham County NRCD

FINANCE POLICIES & PROCEDURES MANUAL

Approved by Windham NRCD Board of Supervisors, October 8, 2025

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- 1099s, W2s, Other required reporting

1. Finance Roles and Responsibilities

Board of Supervisors

The Board of Supervisors, under the leadership of the Treasurer, is responsible for:

1. Approving the annual operating budget process, ensuring the budget is in agreement with Windham County Natural Resources Conservation District's (WCNRCD) mission, goals, and policies.
2. Overseeing the organization's internal control structures, identifying any areas of risk exposure and working with management to control them.
3. Reviewing financial reports no less than four times per Fiscal Year (FY) and determining the appropriate information to be included in each reporting package and any needed adjustments to review frequency.
4. Reviewing and approving conflicts of interest both for Supervisors and (the organization's) staff.
5. Ensuring appropriate protocols are maintained for ensuring compliance with all applicable regulatory matters.
6. Making appropriate amendments by board-vote as policy and procedure changes are suggested by the Executive Director (ED).

Treasurer

The Treasurer is responsible for ensuring the receipt of and reviewing monthly bank and bank reconciliation statements for any perceived irregularities as well as the monthly Statement of Activities and Statement of Financial Position. The Treasurer will notify the Board in a timely manner of any areas of concern.

The Treasurer will approve any reimbursable expenses incurred by the ED prior to payment as well as pre-approve any non-payroll related expense in excess of $5,000

Staff

Executive Director

The ED, or their assignee, is responsible for, no later than the last business day of the following month, providing the Treasurer with the prior month's bank statement and bank reconciliation report, evidencing that all prior month banking activity has been properly accounted for in the organization's accounting system.

In addition to ensuring the ED is providing the Treasurer the necessary information to comply with the above, the ED, or their assignee, has responsibility for all the effective oversight of all day to day financial operations, including the:

- Processing all payments received in a timely manner as funding allows, ensuring each bill is charged to the appropriate funding source, if applicable
- Ensuring payroll is processed accurately and payroll expenses are allocated to the appropriate funding sources, as applicable, including the processing of federal and state payroll tax withholdings
- Maintenance of, and ongoing compliance with, sufficient policies and controls
- Drafting the annual operating budget for board approval
- Accurate and timely financial reporting, as further detailed below, to support decision making and the monitoring of WCNRCD's financial position
- Ensuring ongoing compliance with all federal and state reporting requirements, including grant and contract requirements as specified in funding agreements (see Section 5 for more details)

2. Financial Statements and Reporting

Monthly close

The ED will oversee all appropriate accrual-based accounting entries to ensure financial statements accurately report the financial position of the organization and are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The monthly close process will include, but is not limited to, the following:

- Book all invoices and receipts from the period per applicable revenue recognition principles, inclusive of revenue receivable on a reimbursement basis due to expenses incurred during the period
- Book all expenses incurred in the period goods are consumed or services rendered, including payroll expenses
- Reconcile all current liabilities, accounting for all known and material expenses incurred but not yet entered into the financial management system
- Book any unrealized gains, dividends, and interest on investments held
- Reconcile bank account to ensure all cash entries are appropriately recorded and tied to bank reported balances

The monthly reconciliation will be completed no later than the last business day of the month following the reporting month's end.

Financial Reporting

On a monthly basis, the ED will review the Profit & Loss Statement, Balance Sheet, and a Year-to-date Budget to Actual Report, share them with the Treasurer and notify the Treasurer if there appears reason for potential concern, such as a variance to budget the ED deems to be material, particularly if it negatively impacts WCNRCD's cash reserve balance.

These will be distributed on a quarterly basis to the Board of Supervisors. The quarterly statements may include a short narrative drafted by the ED noting any material budget variances, the source of those variances, and a suggested plan to maintain on track to meet or exceed budgeted net income.

It is the ED's responsibility to ensure that all transactions are booked to the appropriate funding source to ensure accurate grant billing and restricted funding spend down tracking.

Availability of books and records

The Board of Supervisors retains the authority to request more detailed financial data at any given time, including engaging a third party entity to perform an independent review of all books and records.

The ED shall respond as promptly as is practical to inquiries from the Board of Supervisors regarding the financial affairs, books, and records of the organization.

Financial structure – chart of accounts and profit centers

The ED is responsible for maintaining and periodically reviewing WCNRCD's chart of accounts and is also responsible for managing and periodically reviewing the use of Customers, Projects and Classes (as long as Quickbooks Online (QBO) remains the financial system of record) to ensure the financial structure serves the organization's decision-making and reporting needs and accurately tracks grant-funded expenses to inform grant billing and spend down tracking.

Please see Use of QuickBooks Online addendum for an overview of WCNRCD's financial structure and use of QBO for grant tracking and billing.

Security of financial data

WCNRCD's financial data is secured in the organization's accounting system which utilizes password protection to prevent unauthorized access. Access to the system will be limited to staff, the Treasurer, and consultants who need it to perform their duties for WCNRCD.

Any physical financial data that contains banking information or Personally Identifiable Information (PII) will be stored in a secure location.

3. Accounting and financial management policies

Invoicing (Accounts Receivable)

All invoices, unless a funder requires a format QBO cannot easily accommodate, are created within QBO and are payable Net 30, unless a payment timeline exception has been approved by the ED or a funder's payment terms exceed Net 30. In the event a funder requires a certain invoice format not easily accommodated by QBO, the off-system invoice must still be recorded in QBO within the appropriate accounting period (date upon which the income is to be recognized as revenue).

Reimbursable grants are tracked at the Project level in QBO and the amounts billed to funders for a specific time period must tie to and be substantiated by expenditures, inclusive of indirect expenditures, booked to the grant-specific Project in QBO. All invoices must be approved by the ED prior to being sent to the recipient for payment.

Revenue Recognition

Funding is typically contingent on conditions that must be met in order for the funds to be released to WCNRCD, such as the incurrence of allowable expenditures. Conditions should be outlined in the funding agreement or another document referenced in the agreement. WCNRCD only considers a grant to be contingent when contingencies/conditions are evidenced in writing from the donor. Examples of contingencies include:

- Contributions payable on a reimbursement basis, which are recognized upon the expenditure of covered expenses (contingency is incurring the allowable expenditures) and will typically be calculated and recorded as income on a monthly basis and no less than on quarterly basis. In these instances, the revenue is considered unconditional once the condition of having incurred the expenses has been met and typically recognized as revenue as of the last day of the month the invoice covers.

- A multi-year grant, where the grant agreement states that future year payments could be subject to cancellation or change at the donor's discretion

- Any grant that requires programmatic milestones to be met to the satisfaction of the donor prior to future payments being awarded

In more uncommon instances, a funder may pay a grant in advance that is contingent on a future project deliverable and the grant agreement is clear that if the deliverable is not completed, the payment is refundable. Such funding streams are considered Refundable Advances and will be booked as a liability until such time as requisite deliverables are complete.

Cash receipts/revenue processing

WCNRCD receives payment via check and electronically. Checks are received via mail, which is opened by the ED. The ED also monitors the receipt of electronic payments

through WCNRCD's online bank account. For both check and electronic payments, the ED, or their designee, creates a payment record in QBO or applies it to an existing invoice, booking it to the proper account and Customer/Project or Class (if applicable). Checks are deposited by the ED, or their designee.

On the rare occasion an individual provided a donation in excess of $250, an acknowledgement thanking donors for their support of WCNRCD's work, and providing donors with confirmation of the tax deductibility of their gifts is provided by the ED or their designee.

Revenue processing is performed on a rolling basis, but no less than once per month as part of the monthly reconciliation process. Documentation is to be kept by the ED regarding the source and purpose of all deposits, including copies of all check deposits.

During sales and fundraising events where cash donations are collected, a Supervisor will be present when the ED counts total donations received. That amount is to be reported to the Treasurer who can then confirm that total amount ties to the bank deposit.

Banking and Investments

Opening and closing bank and investment accounts shall be approved by the Board of Supervisors. All accounts must have at least two Board signatories, in addition to the ED. Transfers between accounts may be made by the ED as necessary to conduct District Business. Transfers in and out of investment accounts require Board of Supervisors approval.

Bad debt

For written pledges recognized as revenue and outstanding as unpaid for greater than 180 days, WCNRCD will consider the pledge as bad debt absent any information to the contrary. If this 180-day period has expired and there is no valid reason to believe the pledge remains collectable, WCNRCD will debit bad debt expense and credit accounts receivable (or debit income if within the same Fiscal Year). If WCNRCD chooses not to write off a pledge outstanding for greater than 180 days, a written record must be maintained by the ED noting the justification for continuing to recognize the pledge as ongoingly collectable.

Purchasing

The ED has the final say in the purchasing of all of WCNRCD's goods and services up to $5,000 in value and ensuring that they are within the parameters of a budget approved by the board. For any contractual obligations initiated under this $5,000 approval level, the ED will inform the board of any such obligations at the next board meeting following the date of contract initiation.

If a purchase exceeds $5,000, the Treasurer must approve the payment by email if it will be paid electronically or provide a second signature on the check if it will be paid by check. It is at the Treasurer's discretion as to whether full board approval is to be obtained prior to authorizing the incurrence of the proposed expense.

The Treasurer must pre-approve any non-personnel expense in excess of $500 that was not included in the board-approved budget. In the event of the Treasurer's absence, the Chair or Vice-Chair will act as approver or defer the approval to the vote of the full Board of Supervisors.

Contracting

All contracts are subject to the approval of the ED and can only be signed by the ED or Board Chair. Per the above section, the ED is prohibited from unilaterally approving contracts that obligate WCNRCD to incur greater than $5,000 in expense, which requires pre-approval of the Treasurer.

If the Chair is the signer of the contract, written approval of the ED, typically over email, is required and record of approval is to be maintained by the ED.

Employment Obligations

The Board of Supervisors shall approve the hire of all employees. Raises shall be approved by the board pursuant to the [Pay and Benefit Policy.](#)

Procurement

When WCNRCD must seek support from contractors and equipment beyond what staff has the capacity or expertise to complete on their own, selection of the external service provider is subject to the Procurement Policy detailed herein.

This policy is intended to obtain the highest quality goods and services at the most competitive price, clearly define authority for the selection of vendors for goods and services, and to allow equal and fair opportunity among qualified providers.

The ED is responsible for ensuring whether specific funding sources require additional procurement actions and implementing them in compliance with all applicable grant terms.

If a conflict of interest exists, the ED must delegate the procurement process to the Board of Supervisors, which is then responsible for compliance with WCNRCDS's procurement policy and with only those board members free of any conflicts of interest involved in the final vendor selection.

For goods and services with an aggregate value of **less than $15,000**, a provider can be selected if the price and proposal received is deemed to be reasonable by the ED. The ED shall update the Board of Supervisors on selected providers at monthly board meetings. WCNRCD will keep a record of the rationale for selecting the vendor, including maintaining a copy of the vendor's proposal for services rendered.

Whenever available, and particularly for contracts of aggregate value **greater than $15,000**, WCNRCD will work to obtain no less than three proposals in order to foster open competition and obtain pricing and quality favorable in prevailing market conditions. If the ED is unable to obtain at least three bids, records of the bids obtained will be maintained along with a detail of the efforts that took place to obtain them.

If the contract is for aggregate services **greater than $25,000**, a simplified bid process will be undertaken, which will entail the ED developing a detailed statement of work in order to obtain written proposals from no less than three potential providers. In the event that three written proposals cannot be secured the ED will document that every effort was made to request such proposals. The ED must maintain a record of all communications with the responding contractors, price quotes must be documented, and an overview of the rationale for determining the final selection.

WCNRCD may choose to sole source contracts to providers who are pre-qualified to continue on an existing project, or have completed previous projects that position the provider as best qualified for the next phase of a project. Sole source exceptions must be authorized and documented by the Board of Supervisors, and typically will not be approved for contracts with an aggregate value of $50,000 or greater.

Regardless of contract size, WCNRCD will take reasonable steps to assure, whenever available, minority and women-owned businesses are included in consideration, specifically soliciting proposals from such sources. Whenever practical, the ED will seek input from the Board of Supervisors on contracting decisions.

4. Payroll

Timesheet and payroll processing

WCNRCD pays staff on a biweekly basis. By the end of the first business day following the pay period, staff must submit timesheets so that the ED understands how to allocate the payroll expenses across WCNRCD's Class and Customer/Project structure and the amount due to hourly employees. The ED reviews all timesheets for completeness prior to approving them for payroll.

Personnel data

Any physical financial data that contains banking information or Personally Identifiable Information (PII) will be secured by the ED in a secure cabinet.

5. Grant compliance and reporting & sponsorships

Restricted funds

WCNRCD considers a donation to be restricted when provided with written evidence of restriction. The ED is responsible for ensuring all restrictions associated with each donation received are recorded through the establishment of a distinct and separate Customer or Project in QBO, records of those restrictions and eligible expenses against them are maintained with the Customer or Project, and all funds are spent in accordance with donor stipulations. QBO must be maintained in a manner that allows for the appropriate recording and tracking of all donor restrictions, and any restricted funding that remains temporarily restricted (net assets w/ restriction) at the close of each fiscal year.

Allowable expenditures

The ED is responsible for understanding and keeping up to date on all regulations applicable to allowable expenditures. It is the ED's responsibility to ensure all expenses charged to grants are allowable under the terms of each funding source. In general, many funding sources prohibit or restrict use of funds on the following:

- Food and Beverage for Public Events
- Alcohol
- Severance Payments
- Entertainment
- Lobbying
- Business or First Class Airfare

Documentation

Certain funders may require evidence of expenses incurred or personnel time billed. For each payable transaction, WCNRCD is to maintain an electronic copy of the backup for the transaction, typically the invoice for nonpersonnel expenses and employee timesheets for personnel expenses. The ED will not approve any transaction without appropriate back-up evidencing the validity and appropriateness of the expense.

Employees charged directly to grants that require timesheets must track all their weekly time in accordance with WCNRCD's time tracking protocols. The ED is responsible for ensuring time sheets are maintained in accordance with all applicable grant time tracking requirements.

Grant budgeting & reporting

Any requests from a funder or potential funder for financial information must be brought to the attention of the ED, who is responsible for creating or approving all financial information shared with external audiences. This includes requests for financial statements, program or organizational level operating budgets, and reports on how funding has been spent.

For budgets built to apply for funding, it is the responsibility of the ED to ensure all grant requests reasonably include the full cost of project/program delivery, inclusive of

all direct and indirect costs the projects will require to be successful. In instances where funding opportunities place limits on overhead rates, such that the grant budget submitted does not cover the full cost of program delivery, it is the ED's responsibility to ensure there are other funding sources available to be drawn upon to ensure all costs of the commitment/ask can be covered.

6. Budgeting

Annual operating budget preparation & approval

Prior to the start of each fiscal year, WCNRCD's Operating Budget must be approved by its Board of Supervisors. It is the responsibility of the ED to draft a budget – inclusive of revenue (from secured and expected sources) and expenses – for board approval that is aligned with the mission of the organization and structured to minimize financial risk. Details may include portions of each staff time covered by each funding source and a breakdown of the proposed expense budget by activity/project.

Once an Operating Budget is approved by the board, typically during the annual meeting, it is the ED's responsibility to load the approved budget into QBO. It is the ED's responsibility to report to the board any and all material variances or alterations to the board-approved net income budget no less than quarterly, keeping the treasurer up to date monthly. The ED is to also share pertinent budget details with staff to help inform allowable purchase decisions throughout the fiscal year.

The board should typically be focused on the budgeted change in net assets (net income/deficit) and whether the budget will increase or decrease WCNRCD's operating reserves. Typically, within a budget year, actual income and expenses may shift from the budget plan as project timelines change or new and unanticipated funding is secured. However, even if income and expenses vary from budget they should not negatively impact the changes in net assets (net income) budget approved by the board.

Budget management

The ED is responsible for monitoring all of WCNRCD's financial activities and ensuring board-approved budget compliance and seeking Treasurer pre-approval of any expense not included in the board-approved budget.

WCNRCD's spending needs – inclusive of personnel and nonpersonnel – are typically analyzed during the annual operating budget process, with the final budget approved by the Board of Supervisors. However, at times, spending needs may arise throughout the fiscal year that were not included in the budget, either due to unforeseen needs at the time of budget approval or as a result of new funding sources available to WCNRCD that were not included in the budget. The ED is responsible for seeking Treasurer approval prior to incurring an unbudgeted expense, particularly if that expense may negatively impact the board-approved net income budget, and is responsible for disclosing all unbudgeted expenses incurred during the quarterly review of the financials with the Board of Supervisors. The Treasurer, at their sole discretion, can set a materiality standard for unbudgeted amounts requiring their pre-approval. Any such exceptions should be made in writing, such as over email, and maintained by the ED for future reference.

Expenses

All expenses must be ordinary, necessary, and reasonable and only incurred in connection with providing programmatic services or facilitating the growth and improvement of the organization and allocated to the appropriate budget.

Expense reimbursements: If a staff member incurs an expense on behalf of the organization, they submit for reimbursement by providing the receipt or documentation of mileage or per diem to the ED for approval prior to the ED processing the reimbursement. Any WCNRCD expenses incurred by the ED must be approved by the Treasurer prior to the ED processing the reimbursement.

7. Insurance

Coverage requirements

WCNRCD will maintain insurance coverage appropriate for its size and operations and consistent with applicable law, including but not limited to:

- General Commercial Liability
- Workers Compensation
- Directors & Officers Liability
- Umbrella Policy
- Automobile Liability

Annually, the ED will review coverage to ensure that appropriate lines and levels of coverage are in place to adequately safeguard WCNRCD's interests.

8. Compliance

1099s

The ED will use QBO to prepare and electronically file with the IRS the 1099s by January 31st of each year for the prior year to vendors meeting the prior year threshold for 1099 eligibility as set by the IRS.

Vendors who indicate on the W9 that their tax classification is an individual, sole proprietor, partnership or LLC (taxed as a sole proprietor or partnership) must be set up as 1099-eligible in QBO by the ED, or their designee. Payments made by WCNRCD to corporations* (C-corps and S-corps) and tax-exempt organizations such as nonprofit organizations and federal, state and local municipalities do not require 1099 reporting.

If a vendor is not clearly a corporation or a tax-exempt entity, the ED is responsible for ensuring a W9 is on hand before issuing payment or obtaining one from the vendor if not. The vendor must disclose on the W9 their federal tax classification which will dictate whether a 1099-NEC (non employee compensation) is required. The ED will maintain file copies of each W9 received.

exception - all legal service providers, even if incorporated, must be classified in QBO as 1099-eligible.

W2s

QuickBooks Payroll generates W2s for all employees who received pay in that tax year, including employees that separated during the year. It is the ED's responsibility to ensure accurate address and compensation information is maintained for all employees, both current and former, that were paid within the tax year. QuickBooks also files the W-2s with the requisite federal and state agencies on WCNRCD's behalf, and will send a copy to WCNRCD for its records, which must be maintained by the ED.

Other required reporting

All payroll reports and filings will be made or facilitated by the ED, who is responsible for ensuring WCNRCD is properly registered in any locations where employees reside and/or conduct business.

The ED is responsible for ensuring that WCNRCD completes all required reporting for state and federal compliance.

Addendum: Use of QBO for Budgeting, Grant Management & Tracking

Whenever income or an expense is entered into Quickbooks Online (QBO), each entry must be assigned <u>both</u> a Class and a Project. The Class structure is used to track the activity associated with the income or expense and the Project identifies the funder associated with the transaction, or if unrelated to an active grant, assigned to the Project "General Operating."

Classes

The Class structure is intended to capture the multitude of activities (tasks) that WCNRCD engages in and could have to be reported out to a funder. As each income and expense related to WCNRCD activities is assigned a Project (funding source as detailed below), it is also assigned a Class. A single funding source (project / grant) could be funding multiple activities / tasks which can then be tracked and reported through a combined Class and Project structure. Based on using QBO in this manner, WCNRCD is able to run reports not only at the grant level (how much of a grant has been spent) but also by activity (class) supported by the Grant (spending on each activity a grant may fund).

To view WCNRCD's active class list, click the gear icon in the upper right corner of the home screen (Setting). Under Lists, select All Lists and then navigate to Classes.

- To Add a Class, select NEW in the upper right hand corner, name the Class being added and can then click on the "Is Subclass" box to assign it to an existing parent Class. There is no requirement for a Class to have a Subclass or be designated a Subclass. This can be helpful to capture more specific elements of activity (example. Class: Fundraising Subclass: Events)
- To Edit a Class, click the inverted triangle adjacent to Run Report and select Edit (this drop down also allows you to make a class Inactive if it is no longer in use).
- To reactivate a previously inactivated class, click the gear icon adjacent to the print icon and click the Include Inactive box. All inactive Classes will appear and provide the option to Make Active

Customers / Projects

WCNRCD's active grants are tracked using either the Customer or Project. Typically a Customer is the funder and a project is a single active grant awarded by that Customer (funder).

To add a new project, Select Projects via the left hand Menu, select the green New Project button in the upper right hand corner of the main Projects screen. Select a Project Name that will easily identify the grant the Project will represent and select the funder via the Customer drop down. If the funder is not yet an active Customer, the drop down provides a + Add new option to add the funder to associate the new Project (grant) with. The Start and End dates are optional and Project Status typically defaults to "In Progress." The Project can later be edited upon completion to set the Project Status to "Completed" once the grant is closed. Notes are optional if there is anything grant specific it is helpful to reference in this text field.

To edit or delete a project, select the three dots to the far right of the project in need of editing, noted as completed or deletion.

Annual Operating Budget

To build WCNRCD's annual org-level operating budget, which should be approved by the Board no later than the last day of the calendar year preceding the budget (fiscal) year, generally three components are considered:

1. Active grants (Projects) - WCNRCD should assess the work that will take place on each active grant for the upcoming fiscal year. This will include all expenses anticipated to be charged to each grant and the income the grant will generate to cover those expenses.
2. General Operating Expenses - additionally WCNRCD should consider all expenses it anticipates incurring unrelated to grant-funded programmatic work. This will generally include administrative expenses, which may or may not be fully covered by the indirect overhead allocations permitted by each funding source, fundraising activities and may also include other programmatic initiatives that are not tied to a specific grant source.

3. Anticipated new grants - WCNRCD should also determine if there are additional funding sources it anticipates or that it will apply for within the budget year and include the income anticipated from those grants *and expenses related to new funding sources* it anticipates incurring within the budget year.

Once these three components are tallied, they are combined in the form of a draft operating budget to be approved by the board.

Once the budget is Board-approved, the budget should be entered into QBO. Select Budgets from the left hand menu.

- Select Create budget (green button) in the upper right hand corner of the Budgets window.
- Select Profit and loss and Consolidated (both defaults) and select Next
- The pencil icon in the upper left corner allows you to edit the name of the budget - select a name that will clearly identify the annual operating budget
- Compare reference data is typically toggled green to allow you to reference a prior budget in creating this new budget. This can be toggled off if there is no helpful reference data (particularly given the budget is already set and approved by the Board in this example)
- On the upper right hand corner of the screen, you can choose a Yearly, Quarterly or Monthly (default) budget build. If you choose Monthly, QBO allows the option to straight line by month. You can enter the total in the far left "Budget totals" column and use the blue split icon to straight line the totals.
- Enter each income and expense live and click the green Save button in the lower right hand corner.
- Be sure to keep track of the budget name as you will need to select the budgets you build in certain reporting capabilities.
- Tip - if a monthly budget look isn't overly important to an organization's planning it can be helpful to simply build a Yearly budget to track progress towards budget throughout the fiscal year

Budgets for Projects

Each Grant (Project) in QBO can also include a Budget for the Grant to easily track expenses incurred to date and monitor to ensure the Grant is on track to be fully spent down and is managed so that it will not be inadvertently over-spent.

To create a Grant budget in QBO, select Budgets from the Menu (left side of the screen)

- select Create budget which is a green button in the upper right hand corner of the Budgets page.
- select the Profit and loss button (which is the default), the time period should be the current calendar year, and for Budget format, **choose Subdivided** (whereas the annual budget was built as a consolidated budget). By subdividing a budget you will be able to show budgets for specific projects only.
- select Customer in the Subdivide by menu and the Project (Grant) you are building the budget for in the Subdivide by menu, which will allow Budget actual reports to be run for a specific Customer (Project)
- Select Next in the lower right corner of the screen.
- In the upper left hand corner of the budget build screen, select the "Pencil" graphic which allows you to Rename the budget from the default QBO naming convention. Name the budget something that is easy to identify as associated with the Grant (Project) budget you are building.
- Toggle off the Compare Reference Data icon in the middle of the screen unless you'd like to reference a prior Grant budget.
- Unless a monthly budget build is desired, select Yearly for an easier interface to work with.

You can now enter the annual budget total for each income and expense account in the budget by clicking to the far right of the account that contains budget data. Once all data is entered, click Save in the lower right hand corner of the screen. Your Grant (Project) budget is now created.

Grant (Project-level) Budgets to Actual Reporting (Customized Reports)

QBO allows the ability to create - and save for future use - Customized Reports to easily view Budget to Actual reports at the Grant (Project) level. To do so;

- Select Reports from the Menu (left side of the screen)
- If no Custom Reports exits to copy, select Standard Reports
- Within the business overview section, select Budget vs. Actuals
- change the Report Period to All Dates
- select the correct budget name in the Budget drop down on the upper left hand portion of the screen above the data
- select the Customize button on the upper right hand of your screen
- Scroll down the menu that appears, under the Rows/Columns section, under the Show Grid drop down, select Account vs. Total
- select the arrow to the left of Filter, check the Customer box and select the Grant (Project) you'd like the report to capture.
- Click Run Report in the lower right hand corner of the Customize menu. The report should now be capturing the Actual and Budget data for the desired Project (Grant). Select Save customization in the upper right hand corner and you can now access this data through the Customized reports section whenever data is needed for billing and/or tracking purposes.

To clone an edit an already created Project-level Custom Report:

- toggle to Custom Reports
- select Edit to the right of any existing Grant Budget to Actuals report
- In the lower right hand corner of the screen, select the drop down arrow to the right of Save and close in the green button and select Save As to create a new Custom Report for the newly created Grant (Project) and Grant Budget
- Within the Save as window that opens, name the new report using a naming convention that will easily identify the Grant (Project) you are creating the new Budget to Actual report for

- select Save and then click the Save and close button in the lower right hand corner. If you refresh the Custom Reports page, the newly created Customized Report will appear in the Grant Budget to Actuals list.
- Click on the name you've selected for the newly created Custom Report. The data will not yet be accurate as this Custom Report was copied over a previously existing report - the report needs to be configured for the correct Actual and Budget data by using the same steps listed above to create a new customized Grant Budget to Actual Report.
- Note you'll have to remove the previously selected Grant (Project) under the Customer filter to not be capturing actual data for multiple Grants (Projects)

Booking & Paying Pledges

WCNRCD records receivables in the same period expenses are incurred. For example if billing for Q1 expenses incurred, the receivable will be booked as of the last day of the Quarterly billing, in this example March 31st. To do so, Select + New from the top of the Menu (left side of the screen), select Pledge under the Customer column, and an invoice template page will appear. Under the Add customer drop down, select the Grant (Project) WCNRCD will be billing and the funder should appear in the Bill To field. Tip: Instead of using the drop down to select the Grant (Project), type keywords into the Add customer field to find the project to avoid having to scroll through WCNRCD's voluminous Customer list.

Terms should be set to Net 30 and Invoice date would be the appropriate period (such as 3/31 in the above example).

For Product/service, select the correct Income category for the receivable (typically Government Grant income). Description fields can be used as necessary, particularly to capture any information that the funder may require or might assist the funder in understanding the source of the billing. Enter the Amount Due and select the appropriate Class (which is designed to capture tasks, if required by the funder). Class should always be populated for each and every invoice created. As many rows as needed can be created using the plus icon to the left of each line.

Once complete, select Save and close if the funder-facing invoice will be generated "off-system" or Review and send if the invoice will be sent to the funder directly using QBO.

Once payment is received, Select + New from the top of the Menu (left side of the screen), select Receive Payment under the Customer column, and a payment processing screen will appear. Under Customer, enter the Grant (Project) for which the payment applies and the outstanding invoice (Pledge) will appear under Outstanding Transactions. To the right of the Pledge the payment applies to , enter the Payment amount to the far right box, and select Save & Close. The payment is now booked to QBO and applied against the appropriate Invoice (Pledge).

Overhead Allocations

On a monthly basis, after payroll is complete for the month and all expenses have been booked in QBO, (typically) a 10% allocation for indirect overhead expenses is to be applied to each active Project, unless a Project is excluded due to not having any indirect expenses budgeted. While 10% is the default, if a specific Project has a lower or higher indirect overhead cost allocation %, that % should be factored into the model. To determine the dollar amount of indirect overhead costs to allocate, run the Custom report "Statement of Activity by Customer - Active Projects" report isolating the prior month to which indirect overhead costs are to be allocated. This report will detail the total **direct** costs incurred by the grant in the month indirect costs are to be allocated. This report will provide the data necessary to calculate the month's indirect overhead cost allocations.

It will be helpful to download the report into Excel or Google Sheets to do the calculation and the data (sheet/workbook) should be saved for future reference in the event WCNRCD needs to reference the data driving indirect overhead costs allocated.

Multiply each applicable project's total expenses by 10% (or factoring in different perfect calculations for exceptions and excluding those projects that did not budget for indirect overhead costs).

This amount will determine the journal entry data to allocate indirect overhead cost for the month. To complete the Journal entry:

- Within Reports > Standard Reports, search Journal for the prior months overhead allocation activity (month prior to the month you will be doing the allocations for)
- Select the prior months Indirect Cost Overhead Allocation journal and copy it by selecting the Copy button in the upper right hand corner of the last months' journal screen
- Select Create Duplicate
- Update the new data for the following month, dating it the last day of the month you are doing the allocations for.
- Add a new line to the journal for new Projects as necessary. Future journals will now include the revised and more robust list of Projects available in the journal template to allocate costs to. As grants close out, the Projects can be deleted from the journal to keep the number of journal lines available manageable as it is copied for future use.