

Accounting and Reporting Procedure

Organization: Red Mountain Community Social Club

Effective Date: April 7, 2026

Approved by: RMCSB Board

1. Purpose

The purpose of this procedure is to establish standardized practices for financial recordkeeping, reporting, and internal controls, ensuring compliance with IRS regulations, state laws, and generally accepted accounting principles (GAAP). Accurate and timely accounting is critical for transparency, donor confidence, and strategic decision-making.

2. Scope

This procedure applies to all club members involved in financial management, including the receipt, recording, and disbursement of funds, as well as financial reporting.

3. Responsibilities

3.1 Board of Directors

- Approve the annual budget.
- Review financial statements
- Monitor financial policies and internal controls.
- Review of variances between actual and budgeted results.
- Ensure an independent audit or review is conducted annually (if required). See Audit and Financial Review Procedure Policy

3.2 Treasurer

- Oversee day-to-day financial operations.
- Ensure proper documentation of all transactions.
- Prepare financial reports for the board.

3.3 Members

- Record and submit receipts and expenses promptly.
- Maintain supporting documentation for all transactions.

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4. Accounting Procedures

4.1 Chart of Accounts

- Maintain a chart of accounts reflecting categories such as:
 - Assets (Cash, Accounts Receivable, Investments)
 - Liabilities (Accounts Payable, Deferred Revenue)
 - Net Assets (Unrestricted, Temporarily Restricted, Permanently Restricted)
 - Revenue (Donations, Membership Dues, Grants, Fundraising Income)
 - Expenses (Program Services, Management & General, Fundraising)

4.2 Recording Transactions

- Record all financial transactions promptly in the accounting system.
- Use double-entry accounting to ensure accuracy.
- Retain supporting documentation (invoices, receipts, bank statements) for a minimum of 7 years.

4.3 Cash Handling

- All cash and checks must be recorded immediately and deposited within 5 business days.
- No personal use of organization funds is permitted.

4.4 Accounts Payable

- Approve all expenses in accordance with the board-approved budget.
- Require supporting documentation for all payments.
- Issue checks or electronic payments via authorized signatories only.

4.5 Accounts Receivable

- Record all incoming donations, grants, and other receivables promptly.
- Issue receipts to donors in compliance with IRS rules.

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5. Reporting Procedures

5.1 Monthly Reporting

- Prepare Statement of Activities
- Provide reports to the Board

5.2 Annual Reporting

- Prepare the annual financial statements in accordance with GAAP.
- Submit Form 990 (or 990-EZ/990-N) or any other applicable form to the IRS.
- Provide donors with annual contribution summaries upon request.
- Engage an independent accountant or auditor for review/audit if required.

5.4 Special Reports

- Generate additional reports for grantors, regulators, or funding agencies as required.

6. Internal Controls

- Segregate duties among club members to prevent conflicts or errors.
- Regularly reconcile bank statements with accounting records.
- Periodically review and update financial policies and procedures.

7. Record Retention

- Retain financial records, receipts, and support documentation for at least 7 years.
- Maintain both electronic and physical backups when possible.
- Ensure secure storage of sensitive financial information.

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8. Review and Updates

- Updates may be made to comply with new regulations, accounting standards, or organizational needs.
- Policies and procedures are reviewed and revised at the direction of the Board President as needed or to align with changes in the law or changes in organizational practices.