

SECTION 4

DISTRICT ACCOUNTING POLICY

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For Accounts Receivable: districtaccounting@massdental.org

The bookkeeping for District finances is managed by the accounting department at the Massachusetts Dental Society (MDS). This ensures that all accounting tasks are performed by trained accounting personnel, and that District expenditures are properly documented and reported in accordance with Internal Revenue Service (IRS) regulations and generally accepted accounting principles.

While the District leadership retains full control and decision-making authority over spending, they must adhere to the rules governing tax-exempt organizations to protect the Society's tax-exempt status. All spending must also comply with the District's bylaws.

MDS accounting personnel will not participate in financial decision-making at the District level unless requested by District leaders or if it is necessary to maintain the Society's tax-exempt status. District leaders will receive monthly financial statements to support their decision-making process.

REQUIRED DISTRICT ACCOUNTING PROCEDURES

1. DISTRICT BANK AND INVESTMENT ACCOUNTS

As the Districts and the MDS file a consolidated tax return, all District bank and investment accounts must be established under the MDS tax ID number (04-1590155), which is used for IRS tax reporting purposes. The account name should be formatted as follows to identify the District: "Massachusetts Dental Society dba _____ District Dental Society."

2. BANK ACCOUNT AUTHORIZED SIGNERS

The Managing Director of Accounting and Finance (MDAF) and the MDS CEO & Executive Director (ED) must be authorized signers with online access to all District bank and investment accounts.

Assigning the MDS MDAF and ED as authorized signers on District accounts is crucial for several reasons:

- The MDAF and ED need to be authorized signers to sign and process District checks. The ED serves as a backup signer if the MDAF is unavailable when a check needs to be signed.
- The MDAF must have online access to all District bank and investment accounts to download, accurately account for, and reconcile all financial activity within the separate NetSuite subsidiary files maintained by the MDS.

- The District Treasurer may also be an authorized signer on the account, although it is not required since all checks will be processed through the MDS. However, the District Treasurer can be granted online access to the accounts to monitor activities and balances.

3. PROCEDURES FOR PROCESSING DISBURSEMENTS/PAYMENTS

Disbursements

- District invoices for services, supplies, and other related disbursements must be submitted to the MDS for processing, along with the necessary substantiation for payment as required by IRS regulations. When submitting an invoice, ensure that the correct event and venue expense category/description is included. Please refer to the document checklist in Section 15 for disbursement guidelines.
- All invoices related to District events must be issued in the name of the District, not in the name of individual District members or the MDS.
- The District Treasurer must approve all disbursements before they are processed by the MDS. Approvals will be obtained by the District Accounting team using Netsuite email approval process (see District Document Checklist in Section 15). District Chairs are authorized to sign contracts.
- If the District does not have a vendor's W-9 form on file, the District should request the vendor to complete and submit a W-9 to MDS before any payments can be processed. If you are unsure whether the MDS has a vendor's W-9 on file, please contact the MDS.
- Districts are encouraged to request invoices from vendors rather than using a credit card for expenditures. Paying by check ensures that all required documentation is received and can be substantiated as required by the IRS. However, if using a credit card is necessary, the MDS has one on file for expenses related to District meetings or events. Significant expenditures should be documented in the District Board meeting minutes.
- For any other payments by check that are not invoiced, the District must complete and submit a check request form (see Section 15) to the MDS for processing, along with appropriate supporting documentation of the expenditure.
- Invoices and supporting documentation should be emailed directly to Sean Nadeau, Senior Staff Accountant and District Coordinator (SSA), at districtaccounting@massdental.org. For any questions regarding disbursements or credit card requests, please contact him at the same address.

Reimbursements

- Any District member who incurs or pays for an approved District expenditure can be reimbursed if the expenditure is approved by the District treasurer. To receive reimbursement, the member must complete a District Check Request form (see Section 15) and submit it with the required itemized receipts to districtaccounting@massdental.org, for processing.

PROCEDURES FOR PROCESSING RECEIVABLES

Contracts

- Fully signed copies of the contract are required with a check request for the payment to be released.
- MDS accounting personnel are not authorized to sign contracts on behalf of a District. The contract can only be signed by the District Chair or District Treasurer, but the approval of the District Treasurer is required for any disbursements.
- All contracts related to District events are required to be put in the name of the District, not the name of individual District members or the MDS.
- Copies of all contracts with payment obligations (e.g., hotel contracts for use of venues for programs) must be submitted to districtaccounting@massdental.org, a minimum of two weeks prior to the payment due date to support the charges.

Speakers

- All honorariums paid to speakers will be issued upon confirmation of the engagement's completion. If a deposit is required, a signed contract by both parties must be provided and submitted districtaccounting@massdental.org. A check request, W-9, and signed contract are necessary for any honorarium payment to be processed.
- For honorariums exceeding \$5,000, payments are subject to taxation. A 5.00% Massachusetts withholding tax will be deducted before the payment is made to the speaker. The withheld taxes will be remitted to the Commonwealth of Massachusetts on behalf of the speaker and will be reflected as state withholdings on the Form 1099 issued by the MDS at the end of the calendar year in which the event took place. These requirements apply to both residents and non-residents. To ensure clarity, a contract should be completed informing the speaker that the tax withholdings will be deducted from their honorarium.
- As all tax withholding and reporting regarding speaker contracts will be completed by the MDS. All contracts with speakers should be in the following name:
Massachusetts Dental Society dba _____ District Dental Society.
- We strongly encourage all Districts to use the speaker contract template found in Section 15 when engaging a speaker. If the District opts not to use the template, the following language must be included in all contracts regarding fees: "The Presentation Fee (Honorarium) and any other payments to the Speaker will be subject to all applicable local, state, federal, and foreign tax withholding requirements."

Please note that checks at the MDS are issued only once a week, typically on Thursdays. Due to the volume of invoices and the payment processing schedule, a check may take up to two weeks to be issued, depending on when the MDS receives the invoice. To avoid any payment delays, please ensure all required documentation is submitted.

PROCEDURES FOR PROCESSING RECEIVABLES

Sponsors

- All sponsorship checks must be sent directly from the sponsor to the MDS for deposit into the District bank account, along with any supporting documentation related to the sponsorship. If a sponsor prefers to pay via credit card instead of a check, they should contact, Sean Nadeau (SSA) at districtaccounting@massdental.org or call 508.449.6032 to process the payment. Once the transaction is complete, the MDS will transfer the funds to the District bank account. It is strongly recommended that sponsorships be collected before the sponsored event.
- All sponsorships related to District events are required to be put in the name of the District, not the name of individual District members or the MDS.
- Sponsors may request the District's W-9 form before submitting their sponsorship payment. The MDS has W-9 forms on file for each District, and a copy will be provided electronically to each District Treasurer upon request.

4. EVENT REGISTRATION FEES

- If the District conducts events, it is responsible for collecting admission or registration fees. The District must provide the MDS with the collected receipts and a complete list of attendees reconciled to the receipts for deposit.
- Many Districts utilize online registration software (e.g., TicketLeap) for processing registrations. This setup should be managed by MDS under the organization's account. This arrangement enables MDS to update tax compliance, add the District's bank account, and access reports for event reconciliation.

5. REGIONAL EVENTS

- When two or more Districts collaborate on an event, the accounting can become complex. To streamline this process, one District will be designated as the primary District responsible for handling all accounting transactions related to the event. This includes processing all revenue and expenses through the primary District's accounting system.
- The District Collaborated Event Agreement should be signed by the District Chairs involved in the event and sent to districtaccounting@massdental.org (see Section 15). The District may also reach out to districtaccounting@massdental.org to assist with sending a DocuSign version of the agreement to the Districts involved.
- At the conclusion of the event, once all financial transactions have been settled, the income or deficit will be divided equally among the participating Districts, regardless of each District's membership count. This ensures a fair and straightforward distribution of financial outcomes.
- For ticketing and registration, the primary District's Ticketleap account will be utilized to maintain consistency and simplify the financial management of the event. This approach helps to ensure accurate financial reporting and clear accountability for the event's finances.

6. PAYROLL PROCESSING

- If the District has an employee, the payroll processing will need to be completed by the District or a payroll service contracted by the District.
- All District payroll and related tax reporting should be completed under the separate tax ID number of the District as the individual is an employee of the District, not the MDS.

- Each payroll register must be submitted to MDS to ensure accurate recording in the District's accounting records.
- The District is also responsible for all required tax reporting and timely filing of payroll tax returns, with copies provided to MDS for inclusion in the accounting records.

7. CHARITABLE DONATIONS

- District Officers are reminded that District funds are member funds and should be allocated to programs and services that benefit and are accessible to all members within the District.
- Donations to charities related to dentistry or access to care, especially those within the District, are appropriate. For example, partnering with the MDS Foundation to fund a grant request within the District is acceptable.
- While there are many deserving charitable organizations, District leaders should prioritize the guiding principle of using District funds for member-focused programs rather than personal preferences for charities before authorizing any charitable donations.

8. DISTRICT FINANCIAL STATEMENTS

- District financial statements are essential for guiding the District leaders in managing the activities and finances of the District throughout the year.
- The financial statements are provided monthly alongside the District Dashboards and the District Membership List to the District Treasurer, District Chair, Regional Chair, Assistant Treasurer, and Secretary.
- The financial statements will include a comparative balance sheet showing the year-to-date month-end figures compared to the same period in the prior year, as well as a comparative year-to-date income statement. A detailed monthly income statement will also be provided. If the District has submitted an operating budget to MDS for the year, a year-to-date budget-to-actual income statement will be included as well. For any questions regarding the financial statements, Districts should contact Susan Griffin at the MDAF via email at sgriffin@massdental.org or 508.449.6036.

9. ANNUAL DISTRICT BUDGET

- The District is encouraged to develop an operating budget that serves as a comprehensive financial plan for the upcoming year. This budget should accurately reflect the District's anticipated expenses and be based on the historical spending levels from prior years.
- When creating the annual budget, it is essential to consider each future event throughout the year. This practice helps to manage costs effectively and minimize potential financial losses associated with individual events, thereby ensuring the District's financial health is maintained. By carefully planning and monitoring the budget and events, the District can better align its financial resources with its goals and activities. For any questions regarding the financial budgets, Districts should contact Susan Griffin at the MDAF via email at sgriffin@massdental.org or 508.449.6036.

10. DISTRICT DUES

Dues Rates

- The District should conduct an annual review of its dues rate. This rate should be determined by analyzing the financial statements and using the District's operating budget as a planning tool. The dues rate should be set at a level that meaningfully supports the District's activities and ensures its financial stability. The Dues rate changes are due to MDS on or before October 1st.

Dues Processing

- The MDS will process and electronically deposit all District membership dues payments into the designated District bank account.

11. RESERVES/INVESTMENTS

- Districts should consider investing their reserves in liquid accounts that earn interest, rather than leaving them in low-interest-bearing accounts. This approach allows the funds to grow while remaining accessible for use when needed. Even a modest interest rate can contribute to the District's financial resources over time, supporting future programs and activities.
- Districts with substantial reserves or investments should have their leadership evaluate the purpose and necessity of these funds. Consideration should be given to how these monies can be returned to members through programs or directed back to the community by offering grants to organizations connected with dentistry. For any questions regarding investments, Districts should contact Susan Griffin at the MDAF via email at sgriffin@massdental.org or 508.449.6036.

12. OTHER MANAGEMENT SERVICES PROVIDED BY THE MDS

- Although MDS accounting personnel will manage District accounting in accordance with this policy, MDS also offers management services to select Districts. These services can help Districts with their operations for a contracted fee. If your District requires additional support, District leadership should reach out to Ellen Factor at efactor@massdental.org or 508.449.6028.