**DRAFT 5.3.21**

**Interim Contract with**

**NCM Services LLC**

**Statement of Work**

Transitional period June 1 to June 30

Primary Responsibility period July 1 - August 30

Transitional period September 1 - September 30

1. **Operations**
   1. **Maintain Accounts Receivables & Payables**

The Contractor shall manage NYSARH's accounts receivables and payables according to the following policies and procedures. Any changes to these policies and procedures made during the contract period shall be discussed and agreed to by both parties.

# Receivables:

* + - 1. **Monitoring and Reconciliations** - On a monthly basis, a detailed accounts receivable report (showing aged, outstanding invoices by customer) is generated and reconciled to the general ledger by the Contractor. All differences are immediately investigated and resolved, and the Treasurer reviews the reconciliation.
      2. **Collections** - Collections are performed monthly, according to a review of the outstanding items shown on the accounts receivable aging report.
      3. **Credits or Other Adjustments to Accounts Receivable** - From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors.

# Payables:

1. **Recording of Accounts Payable** - All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner. Accounts payable are processed on a monthly basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached. Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records.
2. **Accounts Payable Cut-Off** - For purposes of the preparation of the Association's monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the 20th day of the current month shall be recorded as accounts payable for the payment cycle. Any bills received after the 20th shall be recorded as accounts payable and will be entered into the system as of the following month.
3. **Preparation of a Voucher Package** - Prior to any account payable being submitted for payment, a package called a "voucher package" shall be assembled. Each voucher package shall contain the following documents:
   * Vendor invoice
   * Packing slip (where appropriate)
   * Any other supporting documentation deemed appropriate
4. **Processing of Voucher Packages** - The authorized person shall apply the following procedures to each voucher package:
   * Check the mathematical accuracy of the vendor invoice.
   * Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report.
   * Document the general ledger distribution, using the Association's current chart of accounts
5. **Reconciliation of A/P Subsidiary Ledger to General Ledger** - At the end of each monthly accounting period, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated, and adjustments are made, as necessary.

# Produce Financial Reports

* + 1. **Standard Financial Statements of the Organization** - Preparing financial statements and communicating key financial information is a necessary and critical accounting function which shall be conducted under strict adherence of NYSARH Board approved policies and procedures. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons. Audited financial statements that are maintained on an Organization-wide basis shall include:

1. Statement of Financial Position - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non - current/long-term.
2. Statement of Activities - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted).
3. Statement of Cash Flows - reports annually the cash inflows and outflows of the organization in three categories: operating activities, investing activities and financing activities.
4. Statement of functional expense.

The internal financial statements of NYSARH include:

* + Profit & Loss by Class - Presents the income/expenses of the organization by class
  + Balance Sheet
  + Profit & Loss Budget vs. Actual Report by Class
    1. **Frequency of Preparation** - The objective of the accounting services is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply: A standard set of internal financial statements described in the preceding section shall be produced monthly, by the 15th day of the following month. The monthly financial statements shall be prepared on the accrual method of accounting, including all receivables, accounts payable received by the last business day of the month. Depreciation is reported annually.
* **Review and Distribution** - A complete set of monthly financial statements, including the Balance Sheet, the P&L by Class, P&L Budget vs. Actual Reports and any necessary supplemental schedules described above, shall be distributed to the Finance Committee for review and clarification as needed.
  + 1. **Quarterly Distribution** - On a quarterly basis, a complete set of NYSARH financial statements and supplemental schedules shall be distributed to the Finance Committee and to the entire Board of Directors after Finance Committee review. Quarterly financial statements distributed to the Board shall include an additional supplemental schedule prepared or compiled by the Contractor. The purpose of this schedule is to provide explanations for material budget variances in accordance with NYSARH's budget monitoring policies and reports on the status of all contracts, grants and appropriations being managed by NYSARH.