✏️ Accounting

SECTION ONE–GENERAL ACCOUNTING

CASH FLOW FORECASTING

Cash flow forecasting is an estimate of receipts and disbursements during a given period. When used effectively, it can lead to optimizing of funds as well as insuring sufficient liquidity is present to meet all liabilities. This must be done on a daily basis.

- Log into bank website; and take note of current balances. Ensure accounts have not gone negative. If account(s) are negative, a transfer must be made to cover the shortage.

- Print out all activity of all overnight monies that have been credited/debited from accounts. This will get entered later in the day when processing cash receipts.

- Go into each individual company account, update balance, clear checks (provided from check export/payables) and debits. Outgoing checks are exported from Sampro after being entered by A/P. Weekly office bill totals are provided from A/P on weekly basis (Monday)

- The activity from the cash flow is always being updated; weekly office bills are added, weekly payroll numbers and transfers are always being done.

- Depending on the week; the payables vary, and can include large amounts

- Sales Tax

- Unions (H/R)

- Est. taxes (Outside Accountants)

- Weekly payroll estimate (which will be adjusted accordingly when numbers are finalized from HR)

POSTING OF CASH RECEIPTS

- All cash receipts need to be sorted by division to the best of knowledge prior to being entered in Sampro

- Once sorted, checks are applied to customer invoices individually. If client id is known and invoice is being paid in full–apply payment directly

- If client id is not known, invoice # needs to be looked up to determine where it needs to be applied

- In cases where there is not a posted invoice, money is placed "on account" under desired client

- If payment exceeds total amount due, payment must be applied manually; leaving a credit balance against specific invoice. The same applies if an invoice is short paid

- In many cases, the invoices being paid on one check are for multiple entities. When this occurs, invoices must be looked up in the system to determine where funds need to be applied. Once applied an inter-company exchange needs to be entered to ensure proper reconciliation of check

- Once all checks have been applied to their respective clients, a bank deposit is made

- Checks are then deposited into the corresponding bank accounts through the Teller Scan. Checks deposited must match total of what has been entered in Sampro

- All cash entries need to be completed on a daily basis prior to 5pm to ensure credit from bank

- The same process applies to cash receipts made via ACH or credit card

COD payments are usually made via check or credit card charge. If COD is paid via check, the technician on site normally receives check and alerts dispatch, and a note is placed in work order. Technician drops off check to office, given to respective

dispatcher/service manager, invoice is posted and then given to back office to apply and deposit.

COD payments made via credit card charge come from the respective dispatcher. They send an email with the credit card information, work order and amount to be charged. Once credit card sale is approved, a receipt is generated and emailed back to respective dispatcher to inform them credit card has been charged. If sale is declined, they are also informed accordingly.

When processing COD credit card payments, invoices must be posted prior to applying payment in sys- tem. If invoice is not posted, Head Dispatcher (David Sher) must be made aware so he can ensure invoic- es get posted in a timely manner. The same applies if there is a discrepancy between amount requested to be charged and total of invoice.

BANK RECONCILIATION

Bank reconciliation compares bank balance with company's accounting records for a specific time frame. At the start of the month bank reconciliations needs to be completed for prior month.

- Log into bank website and print each individual bank statement for all accounts

The bank reconciliation is completed in Sampro when bank statement ties to all activity entered in Sampro for the month.

Prior to starting the reconciliation:

- Inter company transfers must be entered

- All payables must be entered

- All deposits must be entered

- Payroll entries/401K must be entered

Confirmation of entries must be done prior to bank rec completion. If something is missing, person responsible needs to be informed so they can enter anything needed. This is crucial because the bank reconciliation cannot be saved until it is complete, if something is missing the entire reconciliation must be done from the beginning.

SECTION TWO–FINANCIAL CLOSE

BALANCE SHEET RECONCILIATIONS

All payables must be entered for prior month; credit card payments, payments to vendors via ACH all must be entered. All A/R transactions must be entered, deposits, credit card charges, EFT, bank transfers.

- The inter-company accounts must be analyzed and ensure they balance; if not they must be corrected (debits & credits must balance).

- The payables must reconcile; the AP aging must equal the GL history (2010)

- The receivables must reconcile; the AR aging must equal the GL history (1100)

- The inter-company GL's (1521-1530; 1560-1568) must all balance

BACKUP WORK-PAPERS

The goal of the organization is the ability to produce timely and accurate financial statements. Analyze each of the following GL's:

- 2010 (Accounts Payable)

- 2410 (Accrued Expenses)

- 1100 (accounts Receivable)

- 1215 (Employee Loans)

- 1210 (Notes Payable)

- 2700 (Customer Deposits)

- 1925 (Security Deposits)

- 1405 (Prepaid Expenses)

- 1401 (Prepaid Insurance)

Update totals on spreadsheets, months must be in agreement with SamPro

After the work papers are analyzed and approved by CFO, standard journal entries are compiled and entered. These standard journal entries are adjusting entries that are made to the general ledger on a monthly basis to balance account variances.

Various reports in Sampro are used to aid preparation of these entries

A final review of work papers to Sampro to ensure account are in agreement.

CONTRACT RECONCILIATION:

Our service contract base is our biggest asset and represents a recurring revenue stream. This asset needs to be managed carefully to ensure all billing takes place timely, all revenue recognition is accurate and that the base itself is properly captured in the system. The reconciliation process performed in accounting relates to the SOP's in the sales admin area for contract billing.

At the end of each month, a reconciliation report detailing contract revenue by customer, by operating unit needs to be created and compared to the prior month to understand and document all changes from the prior month. This procedure is completed prior to issuing invoices for the following month.

In order to create this report, the following takes place:

- In the respective operating unit in SAMPRO, run the "Report GL History by Account by Job" using the beginning and ending dates of the respective month and GL account "4100"

- When the report is run, it is saved into an excel spreadsheet. And on that spreadsheet a calculation is made determining the revenue recognized by customer. The calculation for each customer is the credits for the month less the debits for the month

In order to perform the revenue reconciliation the following takes place:

- We open the month by month contract revenue reconciliation spreadsheet, and using a "v lookup" formula, we search the GL History by Account by Job spreadsheet to find the respective revenue for each customer that month and the formula places the appropriate revenue onto the reconciliation spreadsheet

- At this point, if the revenue on the spreadsheet matches the revenue in the GL this step is complet- ed. If it does not, then we need to perform the process in reverse. We run a "v lookup" formula on the GL History by Account by Job spreadsheet pulling the current months revenue from the reconciliation spreadsheet. This enable all new customers to be recognized and added to the reconciliation spreadsheet and the totals to tie to the general ledger

- After this is completed for all operating units, the revenue figures for each customer for the current month is compared to the figure for the previous month and all changes are investigated.

- Any differences that can be easily explained are; as an example, a 3% price increase is standard upon renewal and these do not need to be reviewed.

- Any remaining differences are looked into by the person responsible for doing the billing to get an acceptable reason for the difference or to make the necessary adjustments in the billing system to record the proper revenue for the month.

On a quarterly basis (3/31, 6/30, 9/30 and 12/31), we perform a reconciliation of the unearned contract revenue by customer. The reconciliation is performed as follows:

- In the respective operating unit in SAMPRO, run the "Report GL History by Account by Job" using the beginning and ending dates of the respective month and GL account "2800"

- When the report is run, it is saved into an excel spreadsheet

- We open the month by month contract revenue reconciliation spreadsheet, and using a "v lookup" formula, we search the above spreadsheet to find the respective balance in the 2800 account for each customer that month and the formula places the appropriate revenue onto the reconciliation spreadsheet

- After this is completed for all operating units, we compare the balance in the 2800 account to the monthly revenue earned and determine if the # of months in unearned appears analytically correct (it should be a whole number). Any unusual balance is investigated and corrected if necessary

FINANCIAL STATEMENT PREPARATION:

The financial statements is SAMPRO are broad based and show too much detail to be distributed to all concerned parties. Accordingly, the financial statements are condensed in an Excel spreadsheet to make them more informative and user friendly.

In order to achieve this objective the individual Profit and Loss (P&L) statements of each operating unit are run in SAMPRO and saved into excel and transferred onto the "Income Statement by Unit by Month" spreadsheet in the appropriate tab for the individual unit. This spreadsheet, through formulas embedded in various tabs, translates the data into condensed P&L statements. The condensed P&L statements are available for individual unit, consolidated NY, consolidated D&N companies and consolidated inclusive of managed entities.

The same process is undertaken for the consolidated balance sheet which is made into a condensed balance sheet and ultimate creates a cash flow statement to reconcile the P&L which is prepared on an accrual basis with the balance sheet to show the true effect on cash

SECTION THREE–SALES TAX

New York Quarters

1st DEC JAN FEB

2nd MAR APR MAY

3rd JUNE JULY AUG

4th SEPT OCT NOV

All payment for NY companies are due no later than the 21st of the month. The outer markets are due on the 20th.

Monthly

NY NJ CT

All NY companies get paid monthly, but a quarterly return must be filed when necessary

Semi-Annually

PA

Yearly

CA

To determine the sales tax payment, a number of reports are required to be printed from SamPro.

The reports include:

INVOICE REGISTER (for specific time frame)- This helps ensure all monthly invoices have posted correctly, and any credit memos were posted correctly.

SALES TAX SUMMARY BY GROUP- This report shows vendor credits

A/P TAX SUMMARY BY STATE- This report shows what is due to be paid from each state. GL 2400 AND ANY GL'S CORRESPONDING TO VENDOR CREDITS.

Once sales tax payment agrees to sales tax summary, vendor credits are deducted. Payments must be made online to each corresponding state.

Some states allow discounts, which are determined at time of payment.

Once payments are made, everything must be entered in Sampro, corresponding JE's.

SECTION FOUR–COMMISSION

Commissions are computed at the beginning of the month, for the previous month. For example, December commissions will be computed the first week of January and payment sometime thereafter. Commissions are based on payment of contract invoices within specified time frame. A "commission crystal report" is run to gather payment information.

Each sales person has their own folder within the Sales Folder. This folder contains their commission spreadsheet. When the report is run, payments are then entered into the commission spreadsheet. This is done by locating the site ID on spreadsheet and imputing payment.

Each account has a percentage of commission paid, which is determined at contract inception by Matthew Sher and sales person. This percentage can change based on age of contract. Once contract reaches 365 days old, commission percentage decreased to a percentage agreed upon between Matthew Sher and respective sales person.

Once spread sheets are complete for each sales person, per entity, they are given to the sales rep to confirm accuracy. This is usually done within the first week of the month. Upon verification and approval from sales person, commissions spreadsheets and all corresponding backup reports and given to Matthew Sher for final approval.

When commissions have been approved by Matthew, they are given to human resources for payment. This usually occurs the second week of the month.

SECTION FIVE–CREDIT AND COLLECTIONS

PURPOSE:

The Credit and Collections Department has the primary responsibility of ensuring Accounts Receivables are collected in a timely, fair and cost effective manner for the company. It is an organized, repeatable practice adopted in order to control the risk we assume when extending Net payment or COD terms to our clients. This Department also evaluates and determines appropriate credit worthiness and limits for new accounts while continuously monitoring existing accounts status. Credit and Collections involves several departments within the company to ensure our standards and compliance of set terms are upheld.

NEW ACCOUNTS:

All new accounts must go through a credit and evaluation process to become eligible to have an open account with our company.

APPROVAL PROCESS:

The basic source of information for decisions on credit extensions is the Credit Application. The Credit Manager evaluates the facts gathered from this application along with past payment history, common sense and experience to determine credit worthiness and limits on a case by case basis. The application process is as follows:

1. Credit Applications are sent by various departments within the company.

    a. The Sales Dept. if a perspective client is considering a contract or an existing client (if by chance no application is on file) is considering a contract.

    b. Customer Service Reps if a COD client would like to be billed on a T/M basis.

    c. Credit and Collections Dept. upon request.

2. Once a completed application is returned, the Credit Manager will verify the following information is included:

    a. Credit Check Report

    b. 3 Trade References

    c. Bank Authorization and signature

    d. Terms and Conditions signature

    e. Supplemental information page

3. Provided that the Credit Application is complete, and the client is deemed eligible to have an open account, the Credit Manager will update an existing account in our system, the Sales Administrator if a new contract is pending or Customer Service if a new T/M client. At this time, the Credit Manager will also set a credit limit for the new client.

4. The Credit Manager will determine when necessary to have the President of the company countersign an application if information is missing.

COLLECTION PROCEDURES UNIQUE TO NEW ACCOUNTS::

The Credit and Collections Department monitors new clients closely to ensure they adhere to our Net30 payment terms. New guidelines were recently established as follows below by our CFO.

1. Call new customers within 7-10 days of the initial invoice being sent (we are still trying to find the most efficient way to know the invoice has been sent).

   a. This will ensure receipt of the invoice by the customer and acknowledgment of intent to pay.

   b. It will catch issues regarding required paperwork in order to get paid that were missed during the sales cycle.

   c. It will speed up payment of new customers and ideally ensure they do not become a typical late paying customer.

2. Call the new customer after 30 days if the bill has not yet been paid to determine expected date of payment, if not to be within 45 days of invoice date we will notify sales (in writing), for their immediate action.

3. Notify sales (in writing), if the customer has not paid within 40 days (if slower terms were granted in the initial credit process, this will be delayed).

4. Place these accounts on hold if the invoices are not paid in 60 days:

   a. This gives sales at least 20 days to resolve any issues, this does not mean that the customers can pay in 60 days. In fact, just the opposite. Resolving the issues mean getting the customer to pay in the 30-45 day window consistently going forward (not getting collections to be okay with late payments). This is a sales issue and part of the sales person properly on-boarding a customer. The same way a salesperson should make sure we properly perform our first

service, they need to make sure the customer lives up to their end of the agreement as well.

COLLECTION PROCEDURES: GENERAL

The Priority List of Aging and 60 Day and Over Listing by Collection Representative are reports used to help realize, analyze and collect the debt of our clients.

PRIORITY LIST OF AGING REPORT

This report is prepared bi-weekly by one of our collection reps and is used as a visual and analytical aid in the Accounts Receivables Department. It is the primary tool used by our collections personnel to determine which clients are past due and how much is owed in priority order – highest to lowest dollars. It increases our ability to detect and correct problems as early as possible.

1. It helps to manage and define the goals of the collection department:

   a. The aging report is sorted by clients into time buckets in increments of 30 days ie…0-30, 30-60, 60-90, 90-120, 120 and over

   b. In addition, clients are sorted by priorities..ie… Priority 1 greater than $5,000.00 over 60 days, Priority 2 greater than $2,500.00 but less than $5,000.00 over 60 days, Priority 3 greater than $2,500 over 30 days but less than $2,500 over 60 days etc…

   c. Collection reps can view the accounts they are responsible for with ease and can update payment information as an ongoing required process. Priorities 1, 2 and 3 are of the utmost importance to bring down the age of the receivables.

   d. Reports are submitted to the Credit Manager to analyze payment trends, problem areas and cash promised in by clients on a weekly basis. Meetings are scheduled to discuss reported information on a regular basis

   e. Report also aids in determining write-offs, uncollected accounts, payment trends and helps detect accounts to be placed on Hold

   f. Helps to determine increasing and decreasing categories which can then be translated into percentages toward achieving goals of the department set by Upper Management and the Credit Manager.

g. It also helps provide comparable figures of collections for several years to further analyze the progress and direction of the companies.

2. Uncollected accounts

a. Spreadsheets in the Priority List of Aging Report also provide accurate records of Bad Debt as uncollected or clients sent out to collections.

PROCEDURES USED IN COLLECTION

Procedures are necessary to monitor and pursue collection of payments from clients where payments are past due. In collecting we need to balance general guidelines to ensure collections while retaining our clients for future sales.

1. Collections: T/M and Contract customers - for customers with terms:

a. Credit Manager to assign each collection rep various accounts. The collection reps will become the responsible Account Manager for his/her assigned clients.

b. 30 days-call for due invoices, to include all open invoices while calling - send statement of account(s) via e-mail or fax. Review invoices with clients when necessary.

c. If a client states that an invoice is in dispute – Account Manager will review the invoice and prepare paperwork to be given to the Service Manager of the appropriate dept. All credits, adjustments and write offs must have the signature of approval by the Service Manager. Once approved the invoices are to be placed in a folder and given to the Accounting Manager to be handled as directed.

d. 45 days-request time frame for payment-relay to customer that there is a warning that their account may be placed on Credit-hold @ 60days – Credit Department to enlist help of Sales Department if there is a contract. Credit Manager or Collection rep to advise and prepare paperwork for meeting between Sales and customer if necessary.

e. Credit Manager and CFO will have a weekly discussion as to customers pending Credit-hold, particularly contract customers reaching 60 days.

f. 60 days if account on Credit-hold, continue to try to collect (option to send collection letter #1). Notify Managers, Dispatchers and Sales Department of Credit-hold (include statement). Release of service to be determined by Credit

Manager or Account Manager, if sufficient payment information to current status is received unless otherwise instructed by Upper Management by e-mail or in writing.

g. 75 days continue collection effort (option to send collection letter #2). No service for T/M customers, Contract customers no service with notification to Upper Management. The request for service calls to be released by Upper Management must be e-mailed or in writing.

h. 90 days' notice will be sent with specified date to be sent to collection (option to send collection letter # 3 signed by Credit Manager). No service for T/M, Contract customers same as above (f.). The request for service calls to be released by Upper Management must be e-mailed or in writing.

i. 120 days invoice(s) out for collection with the approval of the CFO for both T/M and Contract customers. The request for service calls to be released by Upper Management must be e-mailed or in writing.

j. Credit Manager to continually monitor progress of the Credit Department to implement the steps above.

k. If an emergency arises while a contract customer is on Credit-hold, Credit Manager will determine with Upper Management the ability to release service while account remains on Credit-hold.

l. Non-payment may negate credit terms with our companies to be determined by Credit Manager and CFO –to return to COD status - also to be discussed with Upper Management.

m. Release of Credit-hold to be determined by Credit Manager or Account Manager, once account returns to current.

n. Credit Manager will discuss customers having agreed upon extended terms with Upper Management if a collection issue arises. Collection process may need to be adjusted in these cases. Sales Department to notify Credit Manager of special terms at the time of the agreement with customer.

2. Collections: COD Customers

a. Calls are taken by Customer Service Reps who are responsible for securing payment by credit card, check or cash with a credit card authorization form on file when a call is placed.

b. COD service calls are to be collected by the Service Department, the account should be on COD, 1 day warning and 1 dollar terms. If not paid, the account will automatically go on hold in the event another service call is placed until payment is made in full. No additional service calls will be released by the Collection Dept., unless the account has a zero balance.

c. If payment is returned due to declined credit card or check return – Collection Rep will take over the collection of this debt.

d. Calls that are generated by Management that are not COD, nor have terms need to be labeled as "Leave Due Bill". Notification must be placed in service notes to identify authorization, or whom the account is connected to.

e. COD report to be run and evaluated by Credit Manager and Customer Service Manager, to further discuss with collection reps on a regular basis. This is to ensure all accounts have been paid or dealt with properly.

PLACING AN ACCOUNT ON HOLD

While we recognize the importance of maintaining our client base, we have to educate, or in some cases, re-educate our clients about our credit policy and the importance of timely payments. A client that allows their balance to become delinquent will have credit limited and or service monitored until they are within terms. The client, (to include all of our companies that have extended service) is placed Credit-hold. This enables us to stop increasing debt until the client resolves payment issues. It is imperative for the Credit Manager to work with the Collection Dept. to evaluate accounts on a regular basis to prevent delinquency as early as possible.

1. **Credit-hold:** Procedures to determine need to place an account on Hold

    a. Client is avoiding contact, breaking terms, issuing NSF checks, sends partial payments, makes payment arrangements without authorization from the Credit Manager, issues an unsigned check, checks are postdated, uses us to extend their terms as if we were a bank, consistent delays by requesting redundant paperwork be sent.

    b. Net30 terms have passed or the client has exceeded their credit limit – we have explained to our client that a "Hold Warning" exists on their account verbally and in writing. Further delays may cause them to experience interrupted service if they cannot provide us with immediate payment information.

c. If a contract client, sales will be notified at 45 days for assistance. At 60 days the Account Manager will re-evaluate the past due client to determine if they should be placed on Hold and report this decision timely to the Credit Manager. Once placed on Hold, service calls will automatically be diverted to the Collection Dept. which will allow the Collection Rep. to speak directly with the person calling in service about the debt owed. No service is to be provided

d. In all instances, it will be further determined by the Credit Manager if we will continue to extend credit to the client for service until issues at hand are resolved, the account becomes current or has made acceptable payment arrangements.

APPROVAL PROCESS FOR ACCOUNTS PLACED ON HOLD

1. Credit and Collection Department has the authority to place an account on Hold

   a. Collection Representatives have the authority to place clients on Hold once the account has reached 60 days or exceeded their credit limit without payment pending. Credit Manager will be notified and the situation shall be discussed.

   b. Credit Manager will update an ongoing Credit-hold spreadsheet to be sent to all Managers so they are aware of the status of clients on Hold.

   c. If Sales, working with the Collection Rep. has been unable to resolve payment issues by 60 days, Upper Management is notified. With the approval of Upper Management and CFO, clients with contracts will be placed on Hold. The account will revert to a COD at this time. Once on Hold, the Sales Administrator will cancel out future scheduled Preventive Maintenance and Contract billing until payment is received or acceptable payment arrangements have been made. It will then be determined when that contract will be reinstated.

APPROVAL PROCESS FOR CONTRACT CANCELLATION

1. The Credit Manager has the authority to cancel a contract (and close an account) due to non-payment after the following steps have been taken.

   a. Sales Rep is notified immediately, cc: Sales Manager,COO,President and Contract Admin.

   b. The above will determine how to proceed with contract and account within (1) week of notification.

c. If still no resolution, the Credit Manager will bring contract invoice(s) along with service history and explanation to be signed off by CFO.

d. Cancellation will be given to the Contract Admin. to be canceled in the system, effective for appropriate time period.

e. If needed, service provided in the unpaid period will be given to the affected division to be back billed on a time and material basis.

f. It will be further be determined by the Credit Manager if this account will remain open, change to COD going forward or close the account and send out to collection.

BAD DEBT PROCEDURES

Writing off bad debt is a non-routine function that occurs when all practical in house recovery procedures have proven unsuccessful and the client who used our services is unwilling to pay the amount due. At this time, it is determined that further action is either not cost effective or highly unlikely to succeed. Our goal with a strong in house commitment is to keep bad debt down to a minimum.

1. Procedure to determine need

   a. A client is non-responsive by phone, e-mail and/or mail - it is determined there is no valid reason why the debt has not been paid

   b. We are notified that the client is no longer in business or has gone into bankruptcy

   c. A client refuses to pay debt owed

2. Procedure to write off invoice/account balance

   a. Once all of the collection procedures above have been followed, (to include enlisting the aid of other departments where necessary) and the client has been placed on Hold - the Collection Reps will deem a debt non-collectable.

   b. This non- collectable debt is presented to the Credit Manager with supporting documentation and explanation.

   c. The Credit Manager will make a final attempt to collect or enlist one of the Dept. Managers for a final attempt at collecting said debt.

3. Approval Process – write off to bad debt

a. All debt to be written off by Collection Reps need to be given to Credit Manager

b. Credit Manager will bring bad debt into CFO to discuss and for approval/sign off to include date and signature

c. Bad debt signed off is then placed in file to be written off by Accounting Manager

d. Bad Debt is to be recorded by Credit Manager on a spreadsheet which identifies client name, client #, invoice #, dollar amount, which company debt occurred, reason and name of authorized signer.

4. Procedure to send to collection Agency

a. If there is reason to believe that the debt written off should have been paid, the Credit Manager will further discuss this with the CFO. Further action will be to be taken by an outside Collection Agency which collects past due accounts on behalf of the creditor. The decision to send this debt out to a Collection Agency should include consideration of the cost of recovery versus the debt being pursued.

b. Credit Manager will prepare documentation to be forwarded to the Collection Agency

c. Collection Agency debt to be recorded by Credit Manager on a spreadsheet which identifies client name, client #, which company debt occurred, name of Collection Agency, date sent to agency and status of payment by agency.

d. Credit Manager to follow and report status of all clients placed with an outside Collection company to CFO or Upper Management.

SECTION SIX-ACCOUNTS PAYABLE

OFFICE INVOICES/BILLS: Office invoices are utility bills, Verizon (telephone), Wright Express(gas), recruitment background checks, payroll fees, etc., these bills need to be approved by the overseeing corporate officer.

1. Office invoices are received via email and general mail.

2. Enter invoices AP tab, AP entry, enter the vendor, the invoice number, the invoice date in the corresponding active period, any taxes, click the add button.

3. Enter the office invoices on the corresponding company spreadsheet which totals all bills, credit card payments & vendor payments, this spreadsheet is completed on Monday of that week; submit one copy to the accounting manager and one copy with the invoices in the company folders to the appropriate corporate officer reviewing the weekly bills to be paid.

4. Van payments are to be entered with their corresponding due date. Your work-flow will start with the corresponding spreadsheet in excel and the amortization schedule. You will have G/L entries to and from corresponding companies; ie; Day & Nite Refrigeration pays for Day & Nite Air Condition- ing, etc., to enter G/L click General Ledger, click G/L journal entry, click new, enter description, enter the G/L number in G/L account, tab to debit, enter dollar amount, tab until new line appears enter G/L number, tab to credit, enter dollar amount, click add button, your transaction ID # will appear, enter transaction ID # on printed worksheet from Excel.

5. Verizon invoices are to be entered with their corresponding spreadsheet in excel and your entry will include checking the EFT dot along with the proper G/L checking account and entering the date of the EFT. You will enter the full amount into the company paying the invoice and then breakdown the individual companies on the general tab. Your final entries will be to enter your breakdown into each company as a wash to the company paying the invoice.

6. Van accounts should be reconciled quarterly, verify G/L balance versus the amortization balance. Corrections should be entered in General Ledger, G/L journal entry.

7. New York City tickets are paid weekly; you will receive a weekly report from NYC DOF via email. Highlight the new tickets, total the entire sheet(s), then you need to breakdown the tickets into the appropriate companies. Enter the total amount into Day & Nite Refrigeration, on the general tab you will enter the individual companies. The final entries you will enter with your breakdown into the corresponding company as a wash to Day & Nite Refrigeration.

8. Red Light/Speeding/Bus Lane tickets; each tech is responsible for these types of tickets. Complete the violation sheet with the techs name and company the amount of the fine and the violation. Attach the original to the NYC weekly ticket sheet, 1(one) copy to the manager of the department and 1(one) to HR department for payroll deduction.

9. On Wednesdays all checks are printed and submitted for signature.

10. Vendor checks follow the same weekly/monthly schedule for payment.

11. To print a check; select invoices for payment, unless you have already coded the invoice when the AP entry was done, select the invoice, use the space bar for daily date, click go. Click print checks, use the space bar for the daily date(to/from), enter the corresponding GL account for each company, use the space bar for the daily date, the check number will enter automatically, enter the vendor numbers with a comma between each. Hit print checks, the checks will preview for your review to verify their amounts. If corrections are necessary you will close the screen, correct your entry and then proceed in the same manner. Put your checks in the printer face down with the check number facing front, hit print, and attach the printed check to the corresponding invoice/bill. Submit for signature.

12. Expense checks follow the same entry as for invoices for each company. Printing expense checks follow the same procedure as office bills to print a check

VENDOR INVOICES/BILLS: Vendor invoices are purchases that the parts department for each company initiates with a work order and/or an installation job and then creates a purchase order for material needed to complete the job/service call.

The following procedures are to optimize invoice processing and verify a purchase order has been entered properly.:

1. Accounts payable click AP entry

2. Enter the PO# given on the invoice, if the PO # is incorrect or there is no PO #, you need to verify the number in Purchasing, click the purchasing tab, click the PO tab, vendors are alphabetical, look for the vendor see if the PO # is missing a number or number is transposed, for no PO # check the PO dates and verify the parts on the PO to the invoice, check other companies as well, if none of these are available then return a copy of the invoice to the appropriate parts department with an appropriate deadline.

3. Verify pricing, parts quantity, any incorrect pricing cannot be changed unless it is under $50.00, if the amount is over $50.00 this needs to be returned (a copy of the invoice) to the appropriate parts department for correction, no parts quantity can be changed these also must be returned to the appropriate parts department.

4. If the PO # entered has nothing on the PO, does not have a PO #, items not received or there are items missing on the PO this needs to be returned to the appropriate Parts department for correction.

5. All corrections are to be returned to the AP department within 5 days, follow up is an important task; if weekly reminders are necessary utilize your daily calendar. If there is a problem with receiving corrections follow the proper chain of command to obtain your corrections.

6. Enter the invoice number, the invoice date (as long as the corresponding period is active),enter the sales tax(taxes tab),use the general tab for any freight added to the invoice. If the A/R invoice has been generated, on the second tab enter a "zero" for the quantity. If the entry is a credit card purchase the corresponding G/L must be entered, check the credit card (CR/DB card), close the PO if the PO is complete and click the add button. This will give you the transaction ID #. Write the transaction ID # on the invoice along with the corresponding work order # and Client name and/or the Job ID #(REF/DAC123456-IN).

7. Each invoice needs to be then scanned to the system attached to the corresponding transaction ID#

8. All daily invoices via email or general mail are to be entered.

9. Any credit memo from our vendors should follow the same procedures as above.

VENDOR STATEMENTS

Reviewing statements ensures all vendor balances, invoices and credit memos have been correctly entered and ensures to correct mistakes before month end close.

Reconciling vendor statements:

1. Statements should be done on a weekly basis; consider your largest vendors first and then narrow your review on smaller vendors.

2. Statements are to be done in the consolidated format, using our vendor number, locate invoices by number, verify invoice amount, whether invoice has been paid or not.

3. To verify vendor balance coincides with system balance.

4. Invoices recorded by vendor but not in our system are to be requested and entered.

5. Verify all credits issued by vendor are entered.

6. Any invoice out of normal invoice number sequence for each vendor should be researched these could be wrong vendor entries or incorrect invoice numbers by verify statements weekly this helps to catch minor mistakes.

Credit Card Procedures:

Credit card purchases are verified and reconciled to ensure all Purchase Orders are completed and no additional parts are purchased without authorization.

A: Processing Credit Card Invoices

1. Invoices are received via email from vendors and from each Parts Department Manager that provide a weekly list of their credit card purchases with the invoices attached.

2. All invoices are matched to the purchase on the individual credit card.

3. All invoices are processed with their PO number in the period of purchase stated on the credit card cycle.

4. Once the invoices are processed the additional purchases on each statement are reconciled to their proper G/L.

5. All purchases are entered on their monthly spreadsheets and reconciled to the statement.

6. Each credit card spreadsheet is entered to SAMPRO in the credit card vendor broken down by G/L minus the purchases and vendor payments.

7. To process an inter-company purchase on a credit card; the total amount of purchases are entered as one on the main company credit card entry. The entry is then broken down in the inter company, when entering the material purchase amount in the G/L entity we use the credit card G/L for the company of purchase.

   - To clarify, use of the credit card is an integral part of how we do business and as such, tracking when you use the card or authorize others to do so is a critical control over the spending and proper recording of the expenditure. Accordingly, it is the responsibility of the parts managers to authorize and control the documentation of the spending under their respective domain. Nobody should be using the card without the parts manager's knowledge

- The respective parts manager is responsible for ensuring the data sheet is correct for the usage of the card, not the field personnel. The Field personnel need to follow the procedure and not use the card without permission (except in the rare case of emergencies that occur when the parts department is closed and in that case the receipt should be sent immediately along with a request for PO; this should be very rare). If the outer markets use a credit card they must submit the receipt immediately after purchasing, (if the PO was already issued or with the request for a purchase order if one was not already issued). This ensures that no PO will be issued without a receipt. The parts person for the outer market is responsible for tracking this type of usage of the card as they are authorizing the usage when they issue the PO

- If a receipt is not sent up within two hours of using the card, an email must go to the respective field person requesting the receipt and accounts payable needs to be cc'd on the email

B: Reconciliation credit card balance to G/L

On the G/L rec spreadsheet

1. Verify the G/L balance for the month.

2. Enter the credit card balance from the corresponding month.

3. Enter any purchases that did not appear on the credit card statement.

4. Enter any payments that did appear on the credit card statement.

5. Subtract payments add charges to credit card balance enter expected credit card balance.

6. Enter difference, if any, from G/L balance & expected credit card balance various points during a relationship with a customer.