



**MAHARASHTRA MANDAL - CHICAGO**  
**A NOT FOR PROFIT ORGANIZATION**  
**REGISTERED WITH THE STATE OF ILLINOS**  
2071 GARDNER Circle E, AURORA, IL 60503

**STANDARD OPERATING PROCEDURES (SOPMMC- 001)**

Note: This Standard operating practices (SOPs) is drafted within the framework of the Maharashtra Mandal Constitution (MMC).adopted for the first time with the resolution passed in adjourned Annual General meeting on 15<sup>th</sup> Dec 2018. In case of conflict between requirements of SOP and Constitution Constitutional requirements override SOP requirements.

**Background**

The MMC constitution and bylaws there-in is the highest level document which defines the General Body of the not for profit (NFP) organization, the purpose, management and Governance of the activities and provides a framework of authority, responsibility, rights and accountability.

The Standard Operating Procedure (SOP) is a detail level document which defines rules and guidelines to ensure the NFP operations are in conformity with the Constitution and By-laws.

**Applicability & Procedure**

As such, Pursuant to Article Nine of the Bylaws of Amendment MMC-02, the SOPs are applicable to the entire MMC organization. SOP#MMC-001 to SOP#MMC-003 are adopted in by the General Body AGM dated December 15th 2018.

A list of serial numbered SOP will be maintained by the Board of trustees on the Google drive and made available as required. For future SOPs and amendments must be numbered in the continuing series.

SOP # should be reviewed annually for, any changes needed pursuant to amendments in the Constitution and bylaws; and changes other changes needed (for example change in legal compliances) by the Board of trustees and Board of directors to ensure these are current and updated as they deem fit.

Any deviations, changes, additions and deletions should be reported by the Board of trustees to the General Body and should be ratified by the general body at the AGM.

Standard Operating procedures (SOPs)

**1. Standard Operating Procedure for the Executive Committee (EC)**

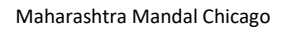
- The basic duties of the President, Vice-President, Treasurer and the Secretary are clearly defined in the MMC Constitution.
- The other core committee members (5) shall be responsible for, but not limited to, Rachana, Website maintenance, Sports Tournaments, Community Outreach and MMC's community services and donation activities.



- Out of the five core committee members one shall be a Youth Representative (Age 18-25).
- Out of the five core committee members one shall be a senior representative. The senior representative need not be a senior but should be responsible for assisting the senior membership (65+ years) of the MMC.
- Both Youth and Senior Representatives shall be specifically identified after the election and periodically during the committee term.
- The immediate past President of the Mandal shall be one of the coopted members of the committee.
- The Executive committee is responsible for holding the General body meetings and elections as outlined in the "By Laws" of the Constitution.
- The Executive committee while making any consequential decisions regarding long term (beyond the year of the Executive Committee) activities and policy matters shall take into account the advice of the Board of Trustees
- The recommendations of the Board of Trustees shall not be binding on the day to day activities of the Mandal.
- Besides "Life Membership", the Executive Committee (EC) does not have the authority to grant any benefits beyond the EC's term.
- The EC should strongly consider holding the annual general body meeting (AGM) on a separate date from and prior to the Diwali function's date. The following year's committee can then be announced at the Diwali function

## **2. Standard Operating Procedure for MMC Board of Trustees (BOT)**

- Board of Trustees Eligibility Criteria and election process.  
Refer MMC Constitution. Article 11, 12, 13 and By Law Article 5, 10,  
1) Additional desired eligibility criteria for Board of Trustees:
  - Experience in managing or participating in any other nonprofit organization.
  - Experience in government organization who oversee non-profit organizations.
  - Experience in Law firm dealing with nonprofit organization or related field.
- 2) Election process for addition of 2 trustees for the first time in the year 2019 and election process continuing thereafter will be as outlined in the table shown in 3) below
- 3) Model and Table to be followed for retiring and appointment trustees going forward 2019.

[illegible]

- Board of Trustees Responsibilities:
  - 1) Monitoring Mandal's current operations to verify that they are according to the current constitution.
  - 2) Reviewing the long-term needs of the mandal membership and making recommendations to the Executive Committee for necessary actions.
  - 3) Monitoring the activities beyond the term of the executive committee.(example seed money for Drama )
  - 4) Appointing any subcommittees for Mandal's long term objectives. (Such as senior citizen's needs, younger generation's involvement in Mandal s activities, Mandal's membership, administration, elections, Constitutional matter, code of conduct, database maintenance, accounting, assets, fund raising, etc.
  - 5) Providing support to the Executive Committee in Mandal operations.
  - 6) Bring the general Body up-to date with the deviations, deletions, additions and changes in these SOPs for ratification.

Objective of the procedure: To conduct MMC elections as per constitutional requirements, in fair and unbiased way and give opportunity to all members to choose right candidates who can represent MMC.

Election Notice: Refer to By Laws Article 4 in MMC Constitution.

Election positions: Refer to Article 7, Article 12 in MMC Constitution.

#### 4. Standard Operating Procedure for Accounting & Finance Function of the organization



- **Software Program:**

MMC needs to purchase an accounting program like Quick Books or Sage that is suitable for its operation. This program should be “Cloud Based” so that anyone authorized to use it in future can do so through Internet. An annual license renewal would be necessary.

Quick Books is recommended as it is widely used and has all the functionalities we would need.

Setting up the Accounting System:

- 1) A suitable chart of account needs to be created
- 2) Trial Balance from the previous year end would be the starting point
- 3) All subsequent transactions should be individually entered in the accounting system to bring it up to date.
- 4) Accounting for each event of the Mandal should be separated by designating it as a special “class” so that the net result of each event can be ascertained. Consolidated financials can be produced by merging the activities of all classes.

- **Records to be maintained on a continuous basis:**

- 1) General Ledger
- 2) Trial Balance
- 3) Balance Sheet
- 4) Income Statement
- 5) Bank Reconciliation – Monthly
- 6) Cash Flow Statement – Annually

- **Expense Reimbursement Procedure:**

A proper process of verifying the validity of expenses to be reimbursed should be adopted. A written request for reimbursement like a pre-designed form would help keep track of expenses. Submitting receipts for expenses wherever possible should be mandatory for reimbursement.

- Compliance Reporting for Sales Tax, Not for Profit GAAP & IRS , the fund accounting principle for internal record keeping, sample template, internal control and relevant information is listed in SOPMMC-002

## **5. MMC Investment Account- (Also refer SOPMMC-003)**

- Investment advisory Committee formed under Bylaw Seven point 5) will follow SOP MMC-003 for conducting their activities and responsibilities towards the MMC investment account
- EC and Trustees shall held a quarterly meeting with the investment committee to review the investment account and to discuss any changes in the investment strategy that might be necessary depending upon the results of the current quarter.

## **6. MMC Tax Filing: (Also refer SOP MMC-002)**

The books of accounts for the previous year end should be closed by the end of February. An internal audit should be performed within next one month and the financial statements



should be submitted to the Professional Accounting firm for auditing/ filing of the annual tax return. A summary report of the audited financials should be provided to MMC members as soon as available. Detail accounting information should be made available to any MMC member who sends a request in writing.

#### **7. Standard Operating Procedure for IT website and social Media usage**

- The Board is responsible for the IT, data and Cyber security compliances
- Emails is the official communication channel. Reasonable care and data maintenance policy for privacy information need to be inculcated.
- Website
  - The SSL certification should be latest.
  - Maintain domain with Go daddy (service Provider)
  - Content Management should be in conformity with the Constitutional Purpose
  - Reasonable care and steps to reduce the Cybersecurity risks
  - Website may be used for advertisement and sponsorship within the frame work of the NFP purposes.
- Social media
  - Being NFP, usage of social Media like Facebook, twitter LinkedIn whatsapp Instagram etc, should be used for communication purposes only
  - Appropriate disclaimers need to be included in the MOUs/contracts for major sponsorships/advertisement posted on the social media
  - The Contents posted on the social media should be regulated and restricted to the Mandal activities by the Board through an approval process for content management.

#### **8. Standard Operating Procedure for MMC Drama Wooden sets**

- One-time Seed Money of \$5000 for MMC Drama Wooden sets will be allotted.
- This money is for building the basic sets required to construct the program sets. Individual program sets enhancement expenses will be borne as a part of that program.
- The usage of money will be accounted as a separate line item in the accounts.
- The activities of this money will be separately presented in every general body meeting starting 2019 by the trustees.
- The expenses, recovery/reimbursement and balance will be presented for audit every year.
- The Money will be transferred to the 2019 executive committee and transitioned every year to the next committee in the transition process.

**last Reviewed Dec 31, 2018**



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**STANDARD OPERATING PROCEDURE (SOP) # MMC- 002)**

Note: This Standard operating practice (SOP) is drafted within the framework of the Maharashtra Mandal Constitution (MMC).adopted for the first time with the resolution passed in adjourned Annual General meeting on 15<sup>th</sup> Dec 2018. In case of conflict between requirements of SOP and Constitution Constitutional requirements override SOP requirements.

**Standard operating procedure: MMC Reporting and Accounting compliances for Not for Profit (NFP). (also Refer MMC-001)**

**Background:**

These are SOPs prepared based on the Reporting and disclosure requirements per Generally Accepted accounting principles (GAAP), IRS Taxation rules, State government, and other not for profit (NFP) compliances as required from time to time. This is not an exhaustive list.

As such, these should be reviewed periodically (minimum annually) for any changes in the laws and compliances.

Per the NFP compliances and disclosure requirements some of the Items, may require need pre-approval of the Board of Directors, Board of trustees and/or General Body. In such cases the approval process which is used by other similar NFP and which may be used is given wherever applicable.

Sample Statement of Financial Position per GAAP as applicable to Similar NFP is given in point 15 for a better perspective of this SOP.

1. **Basis of accounting:** Cash basis or accrual Basis can be used for accounting.  
MMC follows the Fund accounting principles for internal record keeping (refer point 9)
2. **Fund accounting principles for internal record keeping :**
  - For internal record keeping MMC has been currently using Fund Accounting principles. In Fund accounting principle, assets, liabilities, and fund balances are segregated into separate accounting entities associated with specific activities, donor-imposed restrictions, or objectives.
  - Accordingly the Executive committee, the Marathi Shaala, the Investment committee, joint programs/events with other NFPs are maintain and tracked separately.
  - For future this should be explicitly determined as part of the pre-approval process at the beginning of such programs.
3. **Reporting components :**



- Statement of Financial Position ( also referred as Balance sheet) with 3 classification of net assets Permanently restricted, Temporarily restricted, Unrestricted net assets (\*see sample attached below)
  - Statement of activities (also referred as Income Statement)
  - Statement of cash flows
  - Statement of functional expenses(major classes of program services & supporting activities)
  - Fund Accounting for internal record keeping
  - Disclosures required as Notes to accounts
4. **Cash and cash equivalents:** Cash balances Include Currency on hand (USD) and deposits held in financial Institutions like Banks.
5. **Contribution/Donations received:**
- Contributions /Donations received can be in cash or kind.
  - Donations/contributions earmarked by the donor for a specified purpose should be used for the purpose. Any unspent portion at the end of year should be carried over to the next year, through the transition process.
  - Donor restricted Contributions/donations: Donor restriction contributions (for example allocation/distribution to beneficiaries) should not be accepted in the ordinary course of the NFP activities.
  - Funds received/collected under MOUs for joint programs more than a year with one or more NFP should be managed separately per the fund accounting principle.
6. **Investments:**
- The investment committee will be managing the investment portfolio under separate SOP.
  - Disbursement for Programmatic investments will need a preapproval of the general body. Examples: Grants given, seed money, allocation of money for awards, investment in other NFP
  - Investment in Fixed assets: Refer point 7
7. **Property & equipment :**
- All fixed assets acquisitions (example Real estate property owned and/or leased or equipment owned/leased, contributed use of facilities and equipment), which can be termed as capital in nature, whether purchased or received in donation or contribution will need pre-approval of the general body.
  - This approval process will be 2 tier 1<sup>st</sup> board of trustees and special committee formed for the assessment and 2<sup>nd</sup> a final general body approval.



- The preapproval will be supported explicitly by cost, purpose, payback period and the maintenance cost direct and indirect for present and future, mortgage cost if applicable, MOU (memorandum of understanding) in case of contributed or joint property

**8. Debt & other Liabilities;**

- No liability long term or short term in nature of borrowings/loans and mortgages will be incurred by any member of executive committee/ sub-committee/ programs (including Shaala)/board of trustees/investment.
- In case of exceptional cases this approval process will be 2-tier 1<sup>st</sup> board of trustees if approved then and 2<sup>nd</sup> general body approval .

**9. Net assets FOR NFP:**

- Net assets FOR NFP as defined for GAAP (Generally Accepted Accounting Principles) means “excess or deficiency of assets over liabilities.

Simply put this is surplus/deficit from the resulting from the operations of the Executive committee events, all programs general and ear marked, investments accounts, and any other special events, exchange of assets transactions and any other Transactions incurred by Maharashtra Mandal Chicago over the years.

- These are classified as permanently restricted, temporarily restricted, Unrestricted net assets as required by GAAP & IRS.

**10. Receipts from activities:**

- All receipts from ongoing, major and/or central activities, events, programs, donations /contribution received, investment portfolio are reported as income and reported in the Statement of activities or income statement in accordance with GAAP for NFP.
- Events, are defined as ongoing, or as major and or central activities of MMC  
If (a) they are normally part of an NFP's strategy and it normally carries on such activities or if (b) the event's gross revenues or expenses are significant in relation to the NFP's annual outlay.

**11. Expenses for activities**

- Voluntary Contributions /donations to other NFP out of the surplus generated from the yearly activities not exceeding \$1000 may be made with a Pre-approval of the Board of trustees. Any other donation need a pre-approval of the general body in the AGM.
- Expenses of Major classes of programs and support services should be separately shown as Statement of Functional expenses

**12. Statement of Cash flows shows the actual cash received and disbursed by the NFps in the case accrual basis of accounting is used.**





**13. Following items income/expenses** (not exclusive list) should be shown as separate line items for compliance

- Income from events and Sponsorships, advertisement, joint programs, special events including fund-raising events, investment income
- Separate receipts and expenses by event /program/earmarked donations
- Fund raising costs
- Cost of Special Events and Other Fund-raising Activities
- Advertising costs
- Start-up costs
- Contributions/donations made
- Breakdown of joint costs

**14. Taxation Sales tax & IRS rules:**

- Cash Basis of accounting is followed for income tax returns.
- All receipts for the purpose of NFP for which 501 (3)C are tax exempt. Exemption may be revoked if receipts are earned are not in line with the IRS rules and sanctions.  
Examples of IRS revoke exemptions
  - Material changes in the NFP's character, purpose, or method of operation
  - Private inurement or Private benefit
  - Commerciality
  - Lobbying or political campaign
  - Unrelated business income
  - Violation of public policy
  - Failure to comply with annual reporting obligations
- Donation certificates will be issued to the donors as per the US Internal Revenue Service (IRS) valuation rules prevalent as at the date of the donation.
- Internal Revenue Service IRS: Tax filings form 990 to be filed with IRS.
- State government Annual Report needs to be files with the State government.
- Secretary of State: Annual report form NFP 114.05 needs to be filed with the Secretary of State before the beginning of the year. A copy is received by the registered Agent at the end of the year.
- Sales Tax Exemption: All NFP activities in line with 501(3) c of IRS are generally exempt from sales Tax of Illinois. Sales tax exemption number is needed to claim this exemption. This has to be renewed periodically per the sanction. For any activities outside Illinois that state rules are applicable

**15. Sample Templates of Statement of financial position**



<i>Per GAAP</i>	<i>Amt</i>
<b>Assets:</b>	
<i>Cash and cash equivalents- (Bank accounts &amp; cash)</i>	XXXXXX
<i>Investments, at fair value</i>	XXXXXX
<i>Receivables: Contributions and grants, net (includes earmarked)</i>	XXXXXX
<i>Other, Receivables net</i>	XXXXXX
<i>Total receivables</i>	XXXXXX
<i>Inventories, net (applicable if selling goods and services)</i>	XXXXXX
<i>Land, buildings, and equipment – net of accumulated depreciation and amortization</i>	XXXXXX
<i>Total assets</i>	XXXXXX
<b>Liabilities and net assets:</b>	XXXXXX
<i>Accounts payable and accrued expenses</i>	XXXXXX
<i>Program advances</i>	XXXXXX
<i>Capitalized lease obligations payable</i>	XXXXXX
<i>Notes payable</i>	XXXXXX
<i>Commitments and contingencies</i>	XXXXXX
<i>Total liabilities</i>	XXXXXX
<i>Net assets: Surplus/deficit over the years thru statement of activities</i>	XXXXXX

Last Reviewed Dec 31, 2018

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**STANDARD OPERATING PROCEDURE SOPMMC- 003)**



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## **Standard operating procedure: Finance Advisory Committee (also Refer MMC-001 for the main SOP)**

### **1. Purpose**

The main purpose of this document is to regulate the committee operations and functions irrespective of the members involved in the following years.

### **2. Scope**

This SOP is intended for the finance committee and office bearers of MMC and the trustees defined in the main SOP of MMC.

### **3. Prerequisites**

- The reserve funds are accumulated by surplus from the yearly events and donations received by the various institutions to MMC organization.
- The committee is formed by three members. Every year, the elections will be conducted to replace one member who has served longest period of time.
- The committee member should have the knowledge of working with publicly traded security instruments available in the market. The committee member should possess the yearly membership of MMC during his tenure of total three years. There should be at least one-year gap to re-elect as the committee member. The committee member and the spouse should not have any other active position that will contradict the committee functions.
- The investment should be made with a conservative perspective and should be able to liquidate in a short amount of time. All members will have access to the funds for the trading purposes. A particular investment selection is totally committee decision and should be approved by 2/3<sup>rd</sup> majority of the finance committee members only. No other person or committee is responsible for risk involved in security trading.
- The Finance committee will adhere to policies led down by MMC with regards to disbursement of the funds to the executive committee.

### **4. Responsibilities**

There are a set number of responsibilities that need to be performed by the committee members and are as follows:

- a. Account access to a new member
- b. Revoking access of the retiring member
- c. Maintaining the spreadsheet of the yearly balances and trading activities



- d. Generating quarterly and yearly reports
- e. Presentation of the status of the account during AGM
- f. Providing all details required in preparing yearly Tax return, if any

## 5. Procedure

Steps required to fulfill responsibilities from 4a-4f as defined above.

- a. **Account access to a new member:** As of today, the Fidelity brokerage account is established for holding the reserve funds. Account number is Z73715654. You will have to fill-out the account opening form for any kind of change in the brokerage account. For example, email, address, committee member. The form can be downloaded from the Fidelity web site.
  - I. Need signature of MMC President along with the MMC seal
  - II. Committee member details like name, address, social security number and signature
  - III. Mailing it to Fidelity brokerage as defined in the form
  - IV. In order to access this account, all members should have the fidelity account. The brokerage account will part of their portfolio since the accounts are combined with the SSN
- b. **Revoking access of the retiring member:** Please follow the same steps as explained in the procedure 5(a)
- c. **Maintaining the spreadsheet of the yearly balances and trading activities:** The spreadsheet is created to log account balance for every quarter and any trading activity. E.g., buying and selling the security.
- d. **Generating quarterly and yearly reports:** Every quarter the account status report should be emailed to all MMC trustees and the president.
- e. **Presentation of the status of the account during AGM:** If you maintain the spreadsheet, there is no separate need to prepare of the AGM.
- f. **Providing all details required in preparing yearly Tax return, if any:** As of today, there is no need to prepare any tax report.
- g. **Procedure for withdrawal of money**
  - Any withdrawals from the account require a written resolution for the Pre-approval of general Body conveyed in writing from the Board of trustees AND (both )MMC executive team of that year
  - The resolution should clearly state that
    - the directives given by the General body meeting,
    - the purpose of the withdrawal - example seed money
    - the name of the payee and the mode of transfer
    - that the investment committee has been consulted regarding effects of the withdrawal on the investment and portfolio and liquidity etc.
- h. Any change of broker in future requires pre-approval from General body.



Final