**Process for Preparation of Forms 1099**

The Foundation is required to issue 1099s to vendors by January 31st of the year following the tax year, and to file Form 1096 with 1099s with the Internal Revenue Service by the last day of February. The following discusses the Foundation’s process for compliance with this requirement. The Accountant checks various sources for IRS changes in reporting before starting the 1099 preparation process.

When a new vendor is set up in Great Plains, the Accounting Assistant creates the vendor in Great Plains when entering the transaction for payment. The Accounting Assistant then enters the new vendor’s information into the year’s new vendor spreadsheet (copy of 2012 spreadsheet attached).

The Foundation maintains a Vendor W-9 file for all vendors. When the Foundation pays a new vendor, a W-9 is requested from the new vendor. Generally, the Accounting Assistant sends a letter with a blank copy of Form W-9 to the vendor, requesting that the vendor return the completed form. In some cases, W-9s are requested instead by the Foundation employee who utilized the vendor. All W-9s, when received, are routed to the Accounting Assistant. When the W-9 is received, the Accounting Assistant enters the vendor’s information in Great Plains, including whether or not the vendor is subject to 1099 reporting requirements. The Accounting Assistant also inputs the vendor’s information in the year’s new vendor spreadsheet. Finally, the Accounting Assistant makes a photocopy of the W-9. The original W-9 is filed in the Vendor W-9 file, and the photocopy is filed with the other W-9s for new vendors for the year.

In early January, the Accounting Assistant reviews the 1099 edit list for the year and makes adjustments as necessary. During this review, the Accounting Assistant compares the 1099 edit list against the year’s new vendor summary, the W-9 for each vendor, and the year’s vendor file for each vendor.

When the Accounting Assistant has finished an initial review of the 1099 edit list, a copy of the updated 1099 edit list is printed from Great Plains for the Senior Accountant for review. The Senior Accountant is also given the vendor files for vendors on the 1099 edit list, the Vendor W-9 binder, prior year’s 1099s, and a printed copy of the year’s new vendor file. The Senior Accountant uses these items to review the 1099 edit list, and also reviews the new vendor listing to determine whether any additional 1099s need to be issued.

The Accounting Assistant makes changes per the Senior Accountant’s review then prints the 1099s on blank paper and reviews the printed pages. Any adjustments to be made on the final 1099s are flagged by the Accounting Assistant and penciled in exactly as they should be typed. The Assistant Accountant then provides the printed 1099s on blank pages to the Senior Accountant for review.

The Accounting Assistant makes changes per the Senior Accountants review of the 1099s, then provides printed 1099s on blank pages to the Controller for review.

If the Controller has any questions or concerns about the forms, the Accounting Assistant resolves them before beginning the printing process. The Accounting Assistant prints the 1099 information on the 1099-MISC forms. The Accounting Assistant flags any 1099s on which additional information needs to be typed manually. The Accounting Assistant then types the additional information directly onto each copy of the forms using the typewriter.

When the Accounting Assistant is done, the 1099s are provided to the Controller for final review. When the 1099s have been completely reviewed, the Accounting Assistant mails the 1099s to the vendors.

When 1099s have been sent to vendors, the Accountant pencils in the information to be typed on Form 1096 and provides this to the Controller and VP for Finance for review. When they have approved the drafted 1096, the Accountant types the information onto Form 1096, and provides the final form to the Controller for review.

Once approved by the Controller, the 1096 is provided to the VP for Finance for review, and for the VP for Finance to sign and date.

When the final Form 1096 is approved and signed, the Assistant Accountant photocopies Form 1096 and the Forms 1099s to be sent to the Internal Revenue Service. The Assistant Accountant then mails the originals to the IRS.