

Somerset West Soccer Club

Policy No. 003.4

Financial Management

Adopted: January 8, 2008

1. Purpose

The purpose of this policy is to outline the club's financial management policies.

2. Background

- A. Somerset West Soccer Club (SWSC) Policy No. 003 created a club risk management program and outlined a need for the club to adopt risk management policies where necessary to manage risks not separately or fully addressed by the policies of the club's affiliated organizations.
- B. The SWSC is a non-profit Oregon corporation. Its non-profit status is based on a group exemption granted to clubs affiliated with the Tualatin Hills Junior Soccer League (THJSL). The Club must comply with Internal Revenue Service (IRS) regulations for non-profit organizations in order to maintain its non-profit status. Those regulations impose limits on how organizational funds can be used and require tax reporting under specific circumstances. Other than the IRS regulations, the League has no financial management policies that apply to its affiliated clubs.
- C. The SWSC Is also affiliated with the Oregon Youth Soccer Association (OYSA). The OYSA has developed some risk management guidelines for its affiliated clubs, but they are limited in their focus on financial risks and are not binding on the clubs.
- D. Effective management of financial risk is a critical issue for the club since it is a non-profit organization that handles significant funds, maintains a large inventory of soccer uniforms and equipment, and relies on a volunteer staff to coordinate and deliver its programs.
- E. Financial risk can be minimized by establishing appropriate organizational internal accounting controls. Internal accounting controls are procedures designed to ensure the safeguarding of assets and to ensure transactions are properly executed as authorized and properly recorded in the accounting records of the organization. The use of effective internal accounting control procedures will significantly increase the likelihood that:

- Financial information is reliable, so that board members can depend on accurate information to make programmatic and other decisions
- Assets and records of the organization are not stolen, misused, or accidentally destroyed
- The organization's policies are followed
- Government regulations are met

F. This policy establishes the club's financial risk management program and outlines its internal accounting control procedures.

3. Policy

A. General

- 1) The SWSC Board formulates financial policies and reviews operations and activities.
- 2) Financial duties and responsibilities must be separated so that no one person has sole control over cash receipts, disbursements, reconciliation of bank accounts, etc.
- 3) Professional financial service providers will be retained for accounting and tax services, banking, insurance, and other services as necessary or required by state and federal requirements.
- 4) This policy will be reviewed annually by the SWSC Board.

B. Budget

- 1) The President and the Treasurer will prepare a calendar year financial budget.
- 2) The Board of Directors must approve the calendar year budget and any proposed changes in the budget, should they exceed \$100 or 20% of the line item, whichever is greater.

C. Bank Accounts

- 1) The SWSC will maintain a minimum of two bank accounts – an operating account and an investment account.
- 2) All bank accounts will be in the name of Somerset West Soccer Club.
- 3) All SWSC accounts will be located in institutions insured by the Federal Deposit Insurance Corporation (FDIC) or another federally insured institution. No account shall exceed the maximum amount for which it is insured.
- 4) Debit or credit cards will not be issued for SWSC financial activities.

D. Cash Receipts (includes checks)

- 1) A board member other than the Treasurer or one of the program registrars will have custody of the SWSC mailbox key and will check the mailbox at least weekly and open all mail not addressed to a specific member of the Board. All cash and checks will be immediately forwarded to the SWSC Treasurer.
- 2) All checks and cash collected for equipment, apparel or other sales will be immediately tallied and reconciled against items sold, then forwarded to the Treasurer.
- 3) The Treasurer will deposit all receipts in a timely manner.
- 4) Documentation for all receipts (a copy of check, letter, etc.) will be maintained and filed chronologically.
- 5) All receipts will be deposited intact. No disbursements will be made from cash or check receipts prior to deposit.
- 6) The SWSC Board will review deposit details each month.

E. Cash Disbursements

- 1) Check Authorization
 - a) All invoices will be immediately forwarded to the Treasurer who will review them for mathematical accuracy, validity, conformity to the budget, and compliance with agreements.
 - b) Prior to payment, all invoices will be approved by the board member responsible for receipt of the goods or services. The board member will advise the Treasurer of the appropriate expense line item to charge.
 - c) Approved invoices will be entered into the accounting system.
 - d) The Treasurer will prepare checks at least weekly.
 - e) Authorized signers on SWSC accounts are the President, Registrar and Treasurer of the Board.
- 2) Checks
 - a) The Treasurer will be responsible for all blank checks.
 - b) All checks will be signed by one of the three authorized signers. Any check exceeding \$500 must be signed by two authorized signers.
 - c) The Treasurer will generate checks for approved invoices and record them in the accounting records.
 - d) Voided checks will have "VOID" written boldly in ink on the face and have the signature portion of the check torn out. Voided checks will be kept on file.
 - e) In no event will:
 - i. invoices be paid unless approved by an authorized signer
 - ii. blank checks (checks without a date or payee designated) be signed in advance
 - iii. checks be made out to "cash," "bearer," "petty cash," etc.
 - iv. checks be prepared on verbal authorization, unless approved by the President

- f) If it is necessary to issue a duplicate check for any check in an amount over \$35, a stop payment will be ordered at the bank on the original check.
- 3) Bank Reconciliations
 - a) Bank statements will be sent to the SWSC mailbox and be opened by the board member assigned custody of the club mailbox key (per paragraph 3.C.1 above) then forwarded to the Treasurer.
 - b) The Treasurer will reconcile the bank statement monthly.
 - c) The SWSC Board will review bank account reconciliations monthly.
 - d) The Treasurer will take appropriate action on all checks outstanding over 120 days.

F. Investments

- 1) Any funds held by SWSC that are not scheduled for immediate operational use will be invested to generate additional resources for future club needs.
- 2) Investments will be made using bank insured instruments that minimize risk of loss of investment principal.
- 3) Each investment decision will be approved by the Board prior to implementing an investment transaction.

G. Books of Original Entry

- 1) The SWSC will utilize a double entry system for accounting for all funds.
- 2) Adequate documentation will be maintained to support all general entries.
- 3) The Treasurer will prepare a Balance Sheet, Statement of Income and Expenditures, and Bank Reconciliation Reports for presentation at each Board meeting.
- 4) The Statement of Income and Expenditures report will include a comparison to the budget.
- 5) The SWSC will maintain its accounting records on the accrual basis in a manner that would facilitate the preparation of audited financial statements conforming to generally accepted accounting principles.

H. Property

- 1) Property Definitions and Responsibilities
 - a) Equipment
 - i. Equipment is defined as game and practice-related supplies (including nets, balls, cones, discs, first aid kits, etc.) necessary to support the club's programs and teams.
 - ii. The Equipment Manager is responsible for ordering and maintaining club equipment. Equipment purchases shall be consistent with the approved budget.

- iii. The Equipment Manager will track the issuance and return of club equipment which is required to be returned at the end of each season using a locally developed form.
 - b) Uniforms
 - i. Uniforms are defined as articles of clothing issued or provided to club players to wear during games. Uniforms also include logo clothing (e.g., shirts and caps) provided to coaches.
 - ii. The Equipment Manager is responsible for ordering and maintaining club uniforms. Uniform purchases shall be consistent with the approved budget.
 - iii. The Equipment Manager will track the issuance and return of all uniform items which are required to be returned at the end of each season (e.g., U8-U14 uniform jerseys) using a locally developed form.
 - c) Apparel
 - i. Apparel is defined as clothing and other items (e.g., umbrellas, blankets, etc.) purchased with the intent of resale. It also includes donated clothing items offered for resale.
 - ii. The Apparel Manager is responsible for ordering club apparel consistent with the approved budget.
 - iii. The Apparel Manager will maintain an inventory record including a description of each item, the date of purchase or acquisition, the purchase price or fair value of donated items, the resale price, and the final disposition of the item (i.e., sold or donated).
- 2) Inventory Requirements
 - a) An inventory and valuation of all equipment, uniforms, and apparel will be conducted annually by the responsible property managers. At least one other member of the Board will participate in the inventory process every other year.
 - b) A copy of each inventory report will be retained by the club President and the responsible property manager.

I. Insurance

- 1) In addition to the medical and liability insurance provided by the Oregon Youth Soccer Association, reasonable and adequate coverage will be maintained to safeguard the assets of the Club. Such coverage will include property insurance for the Club's equipment and board member dishonesty.
- 2) The President and Treasurer will review insurance policies before renewal.
- 3) The President will maintain insurance policies in insurance files.
- 4) Insurance policies will correspond to the calendar year whenever possible.

J. Travel and Expenses

- 1) The Board must approve conference, workshop or other club related travel expenses prior to their occurrence.
- 2) The club will reimburse no more than the standard mileage rate for the business use of a car as established by the IRS and will reimburse meal expenses incurred in direct connection with approved club business at the federal per diem rate for the conference, workshop, or other business location.
- 3) Any club member authorized to travel at club expense must complete an expense voucher if any traveling is done. The voucher must include all expenses for which reimbursement is requested including credit card charges. Each voucher must also reflect reimbursement from sources other than the SWSC.
- 4) Mileage to and from residence will not be paid by the club for local travel. Local travel is considered any distance less than 50 miles from the city of Beaverton.
- 5) Receipts must be attached to the expense voucher for lodging, common carrier transportation, conference/workshop registration, parking, and any other authorized travel expense other than meals.
- 6) Incomplete expense vouchers will be returned.

K. Taxes

- 1) The Club will maintain a Tax Identification Number (TIN) issued by the Internal Revenue Service.
- 2) The Treasurer will prepare an IRS Form 1099 for any member of the Board or outside contractor that is paid by or receives a stipend from the Club of more than \$600 in a calendar year.
- 3) The Treasurer will arrange with an independent accountant for the preparation and submission of the Club's annual federal and state income tax reports.

L. Non-Profit and Corporation Status

- 1) The Club has established itself as a non-profit organization (i.e., 501C (3)) with the Internal Revenue Service and will maintain that status through annual filing with the IRS.
- 2) The Club has established itself as a non-profit corporation in the state of Oregon and will maintain that status through annual filing with the Oregon Secretary of State, Corporation Division.

M. Management Reviews

The Board of Directors will contract with an independent firm for a management review of the Club books at least once every five years.

N. Consultants

- 1) Consideration will be made of internal capabilities to accomplish services before contracting for them.
- 2) Written contracts clearly defining work to be performed, terms and conditions will be maintained for all consultant and contract services.
- 3) The qualifications of the consultant and reasonableness of fees will be considered in hiring consultants.
- 4) Consultant services will be paid for as work is performed or as delineated in the contract.
- 5) Board approval is required for any contract over \$500.
- 6) The Treasurer will prepare IRS Form 1099 for consultants at year end.

O. Scholarships

- 1) All requests for player scholarships must be forwarded to the Registrar. The Registrar will notify the Treasurer of each scholarship awarded to a player and the scholarship amount to facilitate reconciliation of player counts to registration receipts.

P. Other

- 1) Minutes of Meetings
 - a) The Secretary of the Board will prepare accurate minutes of all meetings of the Board.
 - b) The Treasurer will note all items in the minutes relating to finance and take appropriate action.
- 2) Donations
 - a) Donations of cash and non-cash items will be properly accounted for.
- 3) Accounts Receivable
 - a) The Club will avoid entering into transactions that create accounts receivable whenever possible.
 - a) When a need for an accounts receivable transaction occurs, complete documentation will be maintained.
 - b) Accounts receivable will be recorded in the books and collected on a timely basis.