

KENTUCKY YOUTH SOCCER ASSOCIATION
FINANCIAL POLICIES & PROCEDURES
September 20, 1998

A. Objective: The objective of these financial policies and procedures is to provide consistent application of conduct and proper internal controls to safeguard Association assets while performing the duties as described in the Association's constitution and bylaws. To this end, all funds raised and dispersed in the name of K.Y.S.A. are within the acceptable practices of all 501 c (3) tax exempt organizations.

B. Definitions:

1. "Association" means the Kentucky Youth Soccer Association (K.Y.S.A.).
2. "Line item" means a specific line with corresponding amount in the Association budget. Normally there are several line items within a Program area of the Association budget.
3. "Program" means the operations of a specific officer, committee, or office of the Association. It normally is an area containing at least several line items within the Association budget.
4. "Department" means an Association officer, program, committee, or office.
5. "Finance Committee" means a group of 4 people comprised of the Association's Treasurer (the "Chairperson") and 3 additional members not associated with the K.Y.S.A. Board of Directors. These additional members will be selected at the Treasurer's discretion.
6. "Executive Committee" means the current officers of the Association and is composed of the President, Vice President, Treasurer, and Secretary.

C. Budgetary Process:

1. **Initial Budgets.**
 - a. **Generation.** The next fiscal year's budgets of all officers, programs, committees and offices of the Association shall be initially generated by the Treasurer and the Finance Committee.

- b. **Distribution.** These initial, line item budgets shall be submitted to the officers, program directors and committee chairpersons for review, proposed revision, and comments.
 - c. **Proposed Changes.** Officers, program directors, and committee chairpersons must submit changes to the Treasurer, by means of written requests for budget changes, 90 days prior to the beginning of the fiscal year. Any proposed change must contain:
 - (1) the full, initial budget for the program, office, committee or individual;
 - (2) the requested change;
 - (3) the budget totals for each line item as modified;
 - (4) a detailed explanation and justification for each requested change; and
 - (5) the source for funding for the proposed change
2. **Finance.** The Finance Committee shall review the proposed Budget, including changes, and shall submit it to the Association's Board of Directors 60 days prior to the beginning of the fiscal year.
3. **Budget.** The proposed budget, as reviewed by the Association's Board of Directors, shall be approved by a majority of the voting members of the Board of Directors.
4. **Affiliates.** The approved budget is distributed to the affiliates prior to the beginning of the fiscal year.
5. **Budgetary Amendments.** Once the Budget has been approved by the Association's Board of Directors, any changes to the budget must be accomplished through the budget amendment process.
6. **Requests for Amendment.** Requests for budget amendments shall contain those requirements listed in section C.1.c (1) through (5).
 - a. **Request Submission.** Each request shall be first submitted in writing to the Chairperson of the Finance Committee, who in turn, copies and reviews the request with the Finance Committee.
 - b. **Finance Committee.** The Finance Committee submits its recommendation to the Board of Directors which shall have responsibility for final approval.

- c. **Board of Directors.** Upon receipt of the proposed budget amendment and recommendations from the Finance Committee, the Board of Directors shall consider the amendment at its next scheduled meeting. In the event urgency is required, approval may be obtained by telephone conference or other communication media.
- d. **State Office.** The State Office shall provide copies of the Budget Amendment, if approved, to all members in possession of the original Budget. This printing shall be in a color contrasting to the color of the original budget package.

D. Management and Control:

1. Handling of the Association's Funds.

- a. **State Office and Treasurer.** The State Office, with oversight by the Association's Treasurer, shall process and handle the receipt of all income and payment of all expenses of the Association.
 - (1) **Division of Responsibilities.** The financial responsibilities of the Association shall be divided among the State Office personnel and the Treasurer of the Association as follows:
 - (a) **Opening Mail and Collecting Financial Receipts.** An Association employee shall open all mail and stamp endorse any checks or other financial receipts, if required, for deposit. Any and all cash shall be logged by this individual(s). Checks and financial receipts shall be recorded in a database and deposited in the Association's bank on a daily basis. The deposit will be recorded in the Association's books, on the day of deposit, by an Association employee other than the depositor. Should the Treasurer reside in a city other than the city in which the State Office is located, a copy of the database shall be provided to the Treasurer on a weekly basis.

2. General Requirement of All Accounts.

- a. **Type of Accounts.** The Association maintain the following accounts.

- (1) operating accounts as approved by the Board of Directors; and
 - (2) investment accounts as recommended by the Finance Committee and approved by the Board of Directors.
 - b. **Name of Accounts.** All accounts including regional and Olympic Development bank accounts, will be in the K.Y.S.A. name.
 - c. **Operation of Accounts.** Accounts shall be opened and operated to insure funds are managed under acceptable practices of all 501 c (3) tax exempt organizations.
3. **Operating Accounts.**
- a. The operating accounts of K.Y.S.A. shall be maintained by State Office personnel only. All income specified by the Bylaws and Rules of K.Y.S.A. and any other income from sales, sponsorships, allotments, in kind fees, and donations shall be recorded and/or deposited into these accounts. All expenses shall be paid by check drawn upon these accounts. Expenses will be paid from the operating accounts according to the procedures outlines as follows:
 - (1) **Expenses.** All bills are either mailed, hand delivered, or faxed into the State Office. State Office personnel will date stamp each bill received. State Office personnel will generate a check for each bill related to Corporate operations: i.e., utilities, payroll, telephone, rent, on-line services, etc. Payment for all other bills requires the approval of the head of the applicable program prior to payment. Upon approval, State Office personnel will generate a check for the amount approved, obtain signatures on the check, and mail the payment to the vendor. All checks presented for signing must have documentation supporting the approved amount. Documentation will include an approval form with signature of the approving person and an original invoice which is being paid. State office personnel will retain a copy of all bills, along with a copy of the remittance advice, in the State Office. Should the Treasurer reside outside the city in which the State Office is located the following procedure will be adopted: On a weekly basis, State Office personnel will send checks requiring signature including a copy of the approval form, a copy of the approved bill, and a stamped envelope addressed to the payee, to the Treasurer

for signature and disbursement. The Treasurer will sign the checks, place in the stamped envelope and mail. Should the checks require two signatures, State Office personnel will obtain on signature as efficiently as possible and then provide the Treasurer with the information as required above.

- b. **Location of Accounts.** Operating accounts must be held in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or by another federally insured institution. The Finance Committee shall be mindful that the account shall not exceed the maximum insurable amount.
 - c. **Signatures Required.** Checks for payment of expenses shall be written by State Office personnel and signed by the Treasurer if the amount of the check does not exceed \$1,000.00. If the Treasurer is unavailable, the check will be signed by any member of the Executive Committee with signatory power. For checks exceeding \$1,000.00, two signatures are required.
 - d. **No Payments Over Budget.** No payments may be made on payables which are not covered by the approved Budget. Payment of these debts shall be made either by the individual creating the unauthorized payable or by following the budget amendment process of the Association with approval of the Executive Committee and submission of a request for budgetary amendment as stated in Section C 5.
 - e. **Affiliate Accounts.** Affiliates of K.Y.S.A. may maintain whatever independent bank accounts required in order to carry out their obligations to their respective members. The accounts of these Affiliated Members may be subject to audit by the Board of Directors of K.Y.S.A. or its designee at any time in order to ensure the fiscally prudent operations of the Affiliate.
4. **Investment Accounts.**
- a. **Finance Committee.** The President may appoint an investment committee, chaired by the Treasurer. At the request of the Treasurer, the Finance Committee may be called upon for consultation in the decision to invest funds of the Association.
 - b. **Investments.** The Board of Directors, with the assistance of the Treasurer, shall decide the nature and amount of investment for the Association with the advice of the Finance Committee.

- c. **Investment Considerations.** Considerations for the investment of Association funds shall be as follows (listed in the order of priority):
 - (1) security; then
 - (2) liquidity; then
 - (3) rate of return

- 5. **Financial Records.**
 - a. **Chart of Accounts.** The State Office and the Association's Treasurer will create and maintain a chart of accounts which reflect all line items in the Budget.

 - b. **Books and Records.** The State Office shall keep and maintain records of all of the accounts of the Association and shall make back up copies. The Treasurer will be provided with copies of the records on a weekly basis.

- 6. **Reporting.**
 - a. **Records of Year Month-to-Date Financial Activity in Comparison to Budget.** The Treasurer will create and report, on a monthly basis, the year month-to-date financial activity results in comparison to the Association's budget to the following:
 - (1) Association's Board of Directors;
 - (2) Members of the Association's Finance Committee;
 - (3) Program Chairpersons.

 - b. **General Ledger Reports.** The Treasurer shall provide each member of the Finance Committee a copy of the General Ledger Report each month upon request. (This report will include each check written and each deposit made for the previous month).

 - c. **Reports for the Board of Directors.** The Treasurer shall provide upon request from any member of the Board of Directors a copy of the Budget Comparison Document each month along with a copy of the Income/Expense Comparison from prior year to current year.

- d. **Midyear Report to Affiliates.** The Treasurer shall provide each Affiliate a copy of the Budget Comparison Document for six months and a Profit/Loss Statement by Account for the first six months of the fiscal year.
 - e. **Annual Financial Statements.** The Treasurer will prepare and submit to the membership at the annual general meeting, financial statements approved by the Board of Directors. These statements shall include a year-end Balance Sheet and a year-to-date Income Statement along with any other financial statements deemed applicable.
 - f. **Extra-Budget Expenses.** The Treasurer, President, and the Program Manager involved shall be contacted immediately whenever any extra-budgetary expense is received or any Department exceed its Budget.
7. **Audits.**
- a. **Accounts.** All accounts of the Association shall be audited or reviewed annually.
 - b. **Audit Examination Results.** The results of all audits or reviews shall be provided to the Board of Directors, the Finance Committee and each Affiliate of the Association.
8. **Other Matters.**
- a. **Individuals Compensated, Information to be provided to K.Y.S.A.** All individuals providing a service which is compensated by K.Y.S.A. must provide name, address, social security or E.I.N. to the State Office for the purpose of filing IRS Form 1099.
- E. Expense Reimbursement.** It is expected that the Board of Directors, Committee Chairpersons, volunteers, and employees of the Association will, from time to time, incur expenses on behalf of the Association. This policy presents standard procedures by which those incurring expenditures may recover funds properly expended in the conduct of Association business.
1. **General Policy.** The Association Board of Directors, Committee Chairpersons, volunteers and employees shall be reimbursed for actual, reasonable and proper expenses incurred in the conduct of approved Association business. The Association's Board of Directors, Committee

Chairpersons, volunteers and employees should not be penalized nor should they profit by adhering to stated Association policies with respect to expense reimbursements.

- a. **Application.** These policies are applicable to all members of the Board of Directors, all Committee Chairpersons, volunteers and employees of the Association. All levels of management are responsible for informing their volunteers and employees about Association policies and procedures for expense reimbursement.

2. **Expense Reimbursement Policies – Specific Requirements.**

- a. **Expense Reimbursement Form.** An expense reimbursement form created by the State Office and approved by the Board of Directors Finance Committee must be utilized by anyone requesting reimbursement from the Association. Upon completion with the date, signature, details and attached receipts and invoices, it should be submitted to the State Office or the appropriate person responsible for approval within thirty (30) days of incurring the expense.
- b. **Documentation Required.** Expenses will be paid only as a result of documentation which includes a valid itemized receipt and a written stated purpose for the expenditure supporting the expense. Such documentation shall include the Association Expense Report with proper attachments, invoices or other billing..
- c. **Business Meetings and Conferences.** When expenses are submitted for attendance at Association business meetings, conferences, and meals with guests, the submitting individual should indicate on the expense report the nature of the meeting, the attendees, and other information necessary to support the expense.
- d. **Responsibility of Persons who Submit or Approve Expense Reimbursement.** Any person with expense reimbursement approval authority must fully realize that their signature on an expense report indicates conformity to Association policy, that legitimate and necessary expenses have been incurred, and that all items on the expense report are properly reimbursable to the submitter of the report. The submitter and the Board of Directors member or committee chairperson approving the report have equal responsibility for its correctness and to ensure all expenditures are in agreement with Association policy.

- e. **Approval.** Any person seeking reimbursement must first obtain approval from the specific Department responsible for the expenditure.
- f. **Rebates or Adjustments.** Any rebate or adjustment received by a person submitting an expense reimbursement request should be deducted from expenses claimed. Funds received after reimbursement of expenses should be returned to the Association.
- g. **Discounts.** Members are encouraged and advised to maximize discounts available to them. The fact that a private organization may be paying the bill has no bearing on their personal obligation to seek discounts. Association volunteers and employees should request any available discounts for vehicle rental, lodging, meals and air travel.
- h. **Receipts.** For reimbursement purposes, itemized receipts for expenditures exceeding \$5.00 must be attached with any request for reimbursement.
- i. **Compliance with IRS Regulations.** The policies, procedures and instructions contained herein are written to conform with current IRS and Federal Government regulations.

3. Credit Cards

- a. **General.** The Board of Directors may approve the usage of a credit card, issued in the name of the Association, for any person representing the Association or involved in the conduct of Association business. State Office personnel will maintain the credit card in a secure location and will provide vendors with the applicable credit card information.
- b. **Uses.** The credit card may be used for securing reservations for lodging, air fare, vehicle rental, and paying for on-line accounts. Any other charges must have Board of Directors approval prior to the usage. No personal charges are authorized nor may personal charges be incurred.
- c. **Responsibility of Expenses.** The annual fees for the credit card shall be paid by the State Office. The billings from the credit card company shall be mailed directly to the State Office, which in turn shall send payment to the credit card company on a timely basis to avoid any and all interest charges.
- d. **Reporting.** Any “other” charges on the Association credit card mentioned above must be accompanied by a signed and properly completed K.Y.S.A. Expense Reimbursement Form and documented with itemized receipts attached and an explanation statement of the charge. The completed forms

should be forwarded to the State Office within 30 days of the incurred expense..

- e. **Failure to Report.** For persons failing to comply with the reporting requirements, the State Office shall advise the person(s) in writing of the necessity of submitting such reports. Failure to respond within 15 days with the proper form and documentation may result in the forfeiture of the person's ability to utilize the Association's credit card.

3. Travel Expenses

- a. **General Policy.** The Association will reimburse Board members, Committee Chairpersons, volunteers and employees for reasonable and proper expenses incurred in connection with traveling and living away from home in the conduct of approved Association business. Each business trip must be properly authorized in advance. The purpose for the trip and expenses incurred must be documented and properly reported on an Association Expense Reimbursement Form.
- b. **Travel Advance.** Individuals who plan authorized travel on association business may seek a travel advance by completing the Association's travel advance form. Advances must be justified and may be for no more than the reasonable amount necessary for the travel and those daily limitations provided in these financial policies.
- c. **Mode of Transportation and Least Expensive.**

(1) Air Travel

- (a) **Arrangements.** The State Office will book the required transportation through a travel agency.
- (b) **Cost.** The mode of transportation should be dictated by the relative least expensive way to travel.
- (c) **Coach Class Required.** Air travel will be "coach" class. Reservations should be made as early as possible to take advantage of the cheapest fares available.
- (d) **Air Bonus Mileage Awards (Frequent Flyer Miles).** The bonus mileage awards accrued by travel at the Association's expense will be the personal

property of each traveler to be used as they see fit. Any accrual of bonus mileage awards attributable to a team's travel in connection with a specific program shall accrue to the program's benefit.

- (2) **Personal Automobile.** Persons may elect to drive a personal automobile between home and airport, bus or train terminals or to travel destinations.
 - a. **Reimbursement.**
 - [1] **Mileage.** The Association mileage reimbursement shall be for the actual mileage driven at the standard mileage rate as allowed by the Internal Revenue Service for the current calendar year. Such rate will be provided by the State Office. This rate includes the cost of gas, insurance, use, maintenance, and depreciation.
 - [2] **Parking and Tolls.** Parking fees and tolls are additional expenses which will be reimbursed in addition to mileage.
 - [3] **Mode of Transportation Least Expensive.** The amount reimbursed for travel by private automobile will not exceed the value of the least expensive air transportation. Actual mileage includes round trip to destination and travel between visiting event site and hotel. Exceptions to this policy may be granted by the applicable authority when it is in the best interest of the Association.
- (3) **Rental Cars.** Prior to rental of a car, consideration should be given to its required use and other transportation alternatives. Members should request economy or compact sized cars, except when three or more members are traveling together.
 - (a) **Rental Agreements.** Rental agreements provide several options to the renter. Please check with the State Office for waivers that should or should not be taken when renting a car for individual rentals.

- (b) **Accidents.** In the event of an accident, local rental and law enforcement authorities must be promptly notified.
 - (c) **Receipts Required.** An itemized rental receipt and the actual payment receipt are required to be submitted for reimbursement.
 - (4) **Other Transportation.** Often the nature or place of the trip indicates that taking taxis, airport limousines, or hotel courtesy cars is most economical, and negates the need for rental cars.
 - (a) **Taxis.** Taxis are an alternative to the use of rental cars and may be used appropriately.
 - (b) **Limousine Service.** Most airports offer this means of transportation for commuting between the airport and downtown areas or motels. This mode of transportation may be substituted for taxis or rental cars if costs are equal to or less than same.
 - (c) **Public Transportation.** Many metropolitan areas have a variety of forms of public transportation. Association volunteers and employees are encouraged to use these systems when appropriate.
- d. **Lodging.** Association volunteers, employees and travelers authorized by the Association will be reimbursed for the actual cost of reasonable accommodations for approved travel.
 - (1) **Types of Rooms and Rates.** Single room rates should be requested when reservations are placed, with lodging expenses to be itemized by the day on the expense reimbursement request. For trips where weekly or monthly rates are available and favorable, this must be clearly shown on the Expense Reimbursement Form. Members are expected to seek lodging in the proximity of the visiting location to minimize the cost of local transportation. Persons traveling on Association business may share a double room, if the same sex, however, no member can be forced to share a room.
 - (2) **Receipts Required.** An itemized hotel bill is required to be submitted.

- (3) **Additional Charges.** No charges, other than lodging, hotel meals, and one telephone call to the travelers home, per day, will be reimbursed unless approval from the Board of Directors is obtained prior to the event which the Association's authorized traveler attends. These other charges include, but are not limited to, dry cleaning, laundry, bar charges, in-room mini bar charges or in-room movies.
- e. **Telephone .** Charges for telephone calls from event site to travelers home will be reimbursed. Limit of 1 (one) telephone call per day.
 - f. **Cancellations .** As requirements and plans change, it is understood that not all schedules may be met. Only in the most unusual circumstances will the "no-show" be considered a proper expense. The traveler has the responsibility to cancel reservations.
 - g. **Meals .** Association policy provides for a "per diem" of \$40.00 per day to cover meals. Higher daily meal allowances may be approved by the Board of Directors in high cost areas. The high cost 'per diem" is \$45.00. "Per diem" amounts will be paid in advance to Board Members, State Chairs, State staff, State Employees and K.Y.S.A. representatives. Check with the State Office to determine if an area is considered high cost.
 - h. **Non-Reimbursable Travel Expenses.** The Association will not reimburse travelers for personal expenses such as: traffic citations, cost of clothing, personal medical expenses, entertainment, losses of personal property, personal grooming expenses, movies, bar expenses, in-room mini-bar expenses, in-room movie expenses, dry cleaning or any expenses which are for the purchase of alcohol or tobacco products.
 - (1) **Spouse/Friend/Family Member.** Additional costs incurred for a spouse/friend/family member accompanying a person on an authorized Association business trip are not reimbursable.
 - (2) **Personal Travel in Conjunction with Association Travel.** Expenses incurred which are not attributable to Association business are not to be included on the Expense Reimbursement Form.

- i. **Miscellaneous Reimbursable Expenses.** Other reasonable and necessary reimbursable expenses related to Association business travel activities may include: supplies, tips, passport fees, fax charges, temporary Internet connection fees, and postage or shipping.

F. Amendments. These financial policies may be amended at any regular or special meeting of the Board of Directors by a majority vote of those members present and eligible to vote.