



***FINANCIAL  
POLICIES  
AND  
PROCEDURES***

***Revised 05/10/2011***

# **USA FENCING**

## **GENERAL PROVISIONS**

The objective of internal controls is to provide reasonable assurance that assets are protected and that reliable financial records are maintained in order to prepare accurate financial statements in a timely manner.

The United States Fencing Association (also known as USFA or USA Fencing) is dedicated to ensuring that all financial operations are conducted under the highest standards of integrity and ethics and in compliance with strict internal controls. It is the responsibility of all members of the USFA to follow established policies and procedures and to be alert to opportunities for improvements in internal controls.

The USFA intends this manual to be used as a set of guidelines for day-to-day business operations. This manual must be approved by USA Fencing's Board of Directors and will serve as the sole authority for financial policies and procedures in USA Fencing. Interpretation of the policies and procedures will be at the reasonable discretion of the Executive Director and the Director of Finance. The USFA reserves the right to modify any or all of the material contained in this manual with or without notice but only with the approval of the Board of Directors.

The USFA's fiscal year officially coincides with the USFA membership year (August 1 to July 31).

## **SECURITY AND ACCESS POLICIES**

The following security procedures should be followed at all times:

- Passwords must be kept secured and protected. Passwords, user-names, safe combinations, and access procedures for any system should not be left on desks, posted on computer monitors, or otherwise left unsecured.
- The finance department will exit from the accounting system at the end of each day. The accounting system is not to be left open when unattended.
- All sensitive information (both financial and membership) will be kept secured in locked file cabinets or offices. All keys will be kept secured.
- Anti-virus software firewalls, and other IT security will be kept updated.
- Issues not addressed in this manual should be brought to the attention of the Executive Director or Director of Finance. Regardless of whether an issue has been addressed in writing, common sense should always be followed.

## **POLICIES AND PROCEDURES**

### **1.0 Internal Control**

#### **1.1 General Policy**

The internal controls of the USFA are designed to ensure that the financial transactions of the Association are recorded in accordance with generally accepted accounting principles and represent the actions desired by the USFA's Board of Directors.

##### **1.1a Responsibility**

While the ultimate responsibility rests with the Board of Directors, the day-to-day supervision of the controls is the responsibility of the Director of Finance, reporting to the Executive Director.

##### **1.1b Auditor**

To ensure that correct accounting and financial practices are being implemented, the USFA will appoint an Auditor to perform an annual general audit. This auditor will be chosen by USA Fencing's Audit Committee with the approval of the Board of Directors on an annual basis. This is in addition to any audits conducted on the behalf of the United States Olympic Committee (USOC) or other grant provider.

#### **1.2 Records**

##### **1.2a Retention of Records**

Complete and detailed records will be maintained of all financial transactions. Boxes of records for storage are to be clearly marked as to their contents. Permanent records shall not be boxed with non-permanent records, and each box of non-permanent records is to have a destroy date indicated. The guidelines in the tables below indicate the number of years a record is to be kept after the close of the fiscal year in which the transaction took place. For example, if the number of years is 3 and the transaction took place between November 1, 2008 and October 31, 2009, the record may be destroyed November 1, 2012.

| <b>Permanent Records</b>                             | <b>Location</b> |                      |           |
|--|-----------------|----------------------|-----------|
|  | Current         | 1 <sup>st</sup> Year | Remaining |
| General Ledgers                                      | Office          | Office               | Archive   |
| Accounts Receivable                                  | Office          | Office               | Archive   |
| Fixed Assets and Depr. Records                       | Office          | Office               | Archive   |
| Articles of Incorporation                            | Office          | Office               | Office    |
| Bylaws and Minute Books                              | Office          | Office               | Office    |
| Licenses, Franchise Agreements, Deeds, and Contracts | Office          | Office               | Office    |
| Tax Returns  | Office          | Office               | Archive   |

|                                |        |        |         |
|--------------------------------|--------|--------|---------|
| Audited Financial Statements   | Office | Office | Archive |
| Magazines (quantity of 50 max) | Office | Office | Archive |
| Tournament Results             | Office | Office | Office  |

| <b>Non-Permanent Records</b>   |                                       | <b>Location</b>                                     |                            |   |
|--|---------------------------------------|---|----------------------------|---|
| <b>Item</b>  | <b>Years</b>                          | <b>Current</b>                                      | <b>1<sup>st</sup> Year</b> | <b>2<sup>nd</sup> &amp; 3<sup>rd</sup> Year</b> |
| Bank Statements  | 3                                     | Office  | Office                     | Archive   |
| Canceled Checks  | 3                                     | Office  | Office                     | Archive   |
| Deposit Batch  | 3                                     | Office  | Office                     | Archive   |
| Duplicate Slips  | 3                                     | Office  | Office                     | Archive   |
| Employee Records   | 6                                     | Office  | Office                     | Office  |
| Payroll Records  | 6                                     | Office  | Office                     | Archive   |
| Payroll Tax Returns (W2 & 1099)                                      | 6                                     | Office  | Office                     | Office  |
| Purchase Orders (Numeric Copy)                                       | 6                                     | Office (Copy w/AP Vendor Inv. 3 <sup>rd</sup> Year) |                            |   |
| Leases, Mortgages and Canceled Notes (on which USFA was the obligor) | 6                                     | Office  | Office                     | Archive   |
| Notes on which USFA is the payee                                     | 6 after paid                          | Office  | Office                     | Archive   |
| AP Vendor Invoices (with check copies)                               | 3                                     | Office  | Office                     | Archive   |
| Inventory Counts and Merchandise Records                             | 6                                     | Office  | Office                     | Office  |
| Employee Expense Reports (AP Vendor File)                            | 3                                     | Part of AP Vendor Invoices                          |                            |   |
| Tournament Entry Forms   | 1                                     | Office  | Archive                    | Destroy   |
| Tournament Results (other than Top 32)                               | 1                                     | Office  | Office                     | Destroy   |
| Membership Applications  | 3                                     | Office  | Office                     | Archive   |
| Membership Lists   | 3                                     | Office  | Archive                    | Archive   |
| Correspondence   | 1                                     | Office  | Archive                    | Destroy   |
| Club Memberships   | 3                                     | Office  | Office                     | Archive   |
| Insurance Claims   | 1 or until closure of claim if longer | Office  | Office                     | Destroy   |
| Media Records  | 3                                     | Office  | Office                     | Office  |

### 1.3 Disbursements

A purchase order or check request is required for all financial expenditures.

#### 1.3a Mail

The Finance Department opens the mail daily. Invoices for administrative services are date stamped and forwarded to the Director of Finance for approval. Non-administrative

vendor invoices are routed to the appropriate director for approval. Upon receipt of this approval, the vendor invoices are returned to the finance department for input into the accounting system.

Expense Reports and Reimbursement Requests are forwarded to the Administrative Assistant to be scanned. An email is sent to the submitter, confirming receipt of the item, with the scanned copy attached. The appropriate department director as well as the finance department will be copied on the email. Hard copies of the documentation are distributed to the appropriate department director for review and approval. The approved documents are then submitted to the finance department for entry into the accounting system. The finance department uses the email copy of the requests for tracking to ensure timely submission of approved documents by department directors or their designees.

**Requests submitted more than 21 days after the date expenses were incurred will not be paid. The Executive Director may take into consideration extenuating circumstances and extend this deadline.**

The finance department verifies that a W-9 is on file for any requests that include honorarium. If a W-9 is needed, the approving department sends notification to the submitter, along with a blank W-9. All vendors that receive a 1099 should submit a W-9 annually.

The finance department will provide the Executive Director a weekly Unpaid Bills report from the accounting system. The Executive Director or the Director of Finance approves payments and the finance department prints checks as instructed. Checks, with vendor invoices and an approved check request or purchase order attached, are presented to the Executive Director for signature. Signing of blank checks in ANY circumstance is prohibited. All documents are returned to the finance department for mailing and filing. Checks may never be made out to cash. All blank checks are to be secured in a locked cabinet. Signed but not yet disbursed checks must be secured in a safe or locked cabinet and maintained in numerical order. Checks are generally processed on a weekly basis.

### **1.3b Purchase Orders**

Purchase orders (POs) are used for purchases that will be invoiced. All purchase orders shall be submitted on the form approved by the Executive Director as it may from time to time be revised by him.

All purchase orders must be signed by the Executive Director or Director of Finance prior to purchase.

The purchase order will include a description of the item(s) ordered, cost per item, total cost including taxes and shipping. Purchase orders must also include the method of payment (check, credit card, wire transfer etc.) and the budget line to be charged.

Purchase order procedures are as follows:

- The individual in need of a product or service (the Requestor) requests a written quote from the vendor regarding the product or service. The quote sheet, if provided by the vendor, is attached to the completed purchase order.
- The requestor will prepare and forward the PO to the Executive Director or Director of Finance for approval. The Director of Finance will note on the PO the amount that has been budgeted for the expenditure. All information must be completed on the PO.
- The Requestor will place the order with the vendor. The quote sheet and a copy remain with the Requestor until the product or service is received.
- Upon receipt, the Requestor is responsible for verifying the product and quantity, if applicable. If all product(s) is acceptable and quantity and prices agree, the Requestor must initial and date the PO in the applicable column.
- For all airline ticket POs, the price stated is an estimate at the time of approval. The E-ticket or travel summary lists the ticket holder's name and actual price paid. The PO will be paid from this documentation, which must be attached to the approved PO.
- If an invoice is included with the product or service when received, the Requestor will ensure the invoice and PO agree and marks the invoice as "OK to pay." Note that it is the Requestor's responsibility to reconcile any differences between the PO and the invoice/order. Any changes to the initial PO should be shown on the PO, initialed by the Requestor and approved by the Executive Director or Director of Finance. A completed PO should not be forwarded to the finance department if the price on the PO and invoice do not agree.
- If the invoice does not arrive with the product, or is unavailable at the completion of service, the requestor must hold the PO and await the invoice.
- The invoice, along with any other pertinent documentation (packing slip, bill-of-lading, etc.), is then forwarded to the finance department.  
Note that it is NOT necessary to use both a PO and a Check Request. An approved and completed purchase order acts in the place of a Check Request.

### **1.3c Check Requests**

- Check requests are used for disbursements that will not have an invoice.
- Checks \$5,000.00 and above require two signatures.
- The requestor will complete a Check Request and forward it to the appropriate department Director for approval. Once approved, the request is submitted to the finance department.
- Check Requests should be submitted at least one week prior to the day that the check is needed.
- The finance department reviews for completeness and accuracy and enters the request into the accounting system. The check request is then input into the active A/P file.

### **1.3d Rebate of Share of Dues to Divisions/Sections**

Rebate checks will only be issued to those Divisions and Sections that have filed the required financial reports, (from the Division/Section Treasurer) and Division/Section reports indicating current officers.

Checks will be issued quarterly according to the following schedule:

- November, December, January – will be issued approximately February 15.
- February, March, April – will be issued approximately May 15
- May, June, July – will be issued approximately August 15
- August, September, October – will be issued approximately November 15

Rebates will not be paid and amounts reserved for that purpose will be returned to USFA general funds if reports are not received within three years from the end of the quarter.

#### **1.4 Receipts**

Checks are immediately endorsed “for deposit only” and currency receipts are marked “CASH” on accompanying documentation. After the finance department verifies the checks/money orders, and all documentation is date stamped, copies are made of all the checks and money orders.

Distribution is as follows: Membership applications/renewals are forwarded to the Member Services Representative. A batch report is prepared and forwarded to the finance department for entry into the accounting system.

Tournament entries are forwarded to the National Events Director. Tournament entries are processed as received. A batch report is prepared and forwarded to the finance department for entry into the accounting system.

Miscellaneous funds (contributions, accounts receivable, non-membership and non-tournament payments) are processed by the finance department. Contributions/donations are acknowledged via a standard letter, with a personal note from the Executive Director, and receipts prepared as appropriate; AR invoices are marked paid and attached to payments. All other receipts are documented. The finance department prepares the deposits, and enters them into the accounting system.

Payments made by credit card, received either via mail or fax, are forwarded to the finance department for charging through an on-line system. The credit card service company closes and deposits daily. The finance department prepares a batch report, and inputs into the accounting system. Memberships are processed by the Member Services Department. The National Events Department processes the tournament entries.

At times it may be necessary for staff members to handle cash at events. The following procedures should be used to limit the possibility of loss.

- At the point of receipt, cash is placed in a secured receptacle.
- The National Events Director or designee and a second party open the receptacle and count currency onsite. The amount counted should be recorded on the daily register report and initialed by the individuals that counted the cash.

Once cash has been counted, secure it in a location that can only be accessed by authorized individuals.

Payments made at tournaments are delivered to the office by the National Events Director or National Team Director, with an accounting sheet, funds, and documentation for processing. The finance department endorses checks for deposit and reconciles the cash receipts. The finance department confirms the accounting sheet, and uses the membership and tournament documents for processing and deposit preparation, and submits the membership applications to the Member Services Representative for processing.

The finance department prepares deposits daily. The Executive Director, Director of Finance, or other designated member of the finance department must take deposits to the bank. Deposit slips are returned to the finance department. Receipts not deposited on the day of receipt are kept in a locked fireproof file cabinet or safe. **UNDER NO CIRCUMSTANCE IS A DEPOSIT TO BE LEFT UNSECURED.** Deposits will be made whenever funds exceed \$3,000. However, deposits are to be made a minimum of once a week regardless of the amount and deposits should never be left over a weekend, or when the office will be closed longer than one full day.

### **1.5 Bank Statements**

Bank statements shall be delivered to the Executive Director unopened. He will then sign off that he has received them in that manner. The finance department should complete reconciliation within five days of receipt of the bank statement. Any adjustments resulting from the reconciliations will be entered in the accounting system immediately.

### **1.6 Fees for USFA Services**

#### **1.6a Lists & Labels**

Fees for list and label generation will be set by the National Office or, in special situations by the Board of Directors (*e.g.*, for elections).

#### **1.6b Returned Checks**

Returned checks will be charged a \$25.00 fee in addition to the amount of the returned check. Amounts are invoiced and payment expected in the form of a money order or cashier's check.

### **1.6c Wire Transfers**

In some instances, it may be necessary to wire funds. Outgoing wire transfers must be documented on the **Wire Transfer Request Form**. Wire transfers are performed online and require two parties to process. Wire transfers are initiated by the finance department and released by the Director of Finance or Executive Director. Upon completion the wire transfer is recorded in the accounting system.

### **1.6d Third Party Insurance**

Third party insurance will be offered at \$25.00 with the proper completed application (Third Party Event Request/Add an Additional Insured). Rush orders with one week or less notice will be charged an additional \$25.00.

### **1.7 Problem Files**

Occasionally membership and tournament entry forms are submitted without proper payment. These problem applications are to be dealt with on the day the problem is discovered.

#### **1.7a Memberships**

If the problem is with an individual application it must be returned with the appropriate reason checked on the return sheet or processed and any excess payment refunded.

If the problem is within a group, the group will be processed with any refund made to the individual who submitted payment for applications that cannot be processed.

If the amount paid is short within a group, or for an individual, the entire group or individual application is to be returned immediately with proper explanation. A notice will be sent to each individual in the group indicating that the application was not processed.

If the problem is a credit card that cannot be processed, the application will be returned with the appropriate item checked on the return sheet.

Copies will be made of all such applications returned and filed alphabetically in a 3-ring binder, to be maintained by Membership.

#### **1.7b Tournament Entries**

All entry forms are to be processed regardless of payment issues. Improper payment will be noted in the tournament database and included in confirmation letters sent to entrants. Tournament files are downloaded and an accounting sheet is made prior to the tournament. The Director of National Events or National Team Director will take this information to the tournament. All entrants who have not resolved their payment issues

prior to the tournament will do so before they are allowed to compete. The Director of National Events or National Team Director will forward all payments received to the finance department with a reconciliation accounting sheet upon return.

## **2.0 Cash Management**

### **2.1 Responsibility**

While the ultimate responsibility rests with the Board of Directors, the day-to-day maintenance of funds is the responsibility of the Director of Finance.

### **2.2 Bank Account**

With the approval of the Executive Director, the Director of Finance shall open and supervise such bank accounts as are needed for the transaction of business. As a matter of policy, the number of accounts shall be kept to a minimum, but no account or institution balance shall exceed the federally insured maximum. Wherever appropriate, the accounts shall be interest bearing. The finance department is responsible for reconciling the monthly statements.

### **2.3 Investments and Cash Management**

When the cash position in banks permits, the Executive Director or Director of Finance shall place such funds in reasonably liquid and safe interest-bearing money market or certificated instruments.

No loan shall be contracted by the USFA nor any of its assets pledged as collateral for any indebtedness, and no evidence of indebtedness or security instrument shall be issued, endorsed or accepted in the name of the USFA unless the same has been authorized by the Board of Directors or a committee designated by the Board of Directors to so act. Such authority may be general or confined to specific instances or amounts. The officer, officers, employee or employees upon whom such authority has been conferred may, within the scope of that authority, effect loans at any time from any bank or other entity, and for such loans may execute and deliver promissory notes and other evidences of indebtedness of the USFA; to the extent authorized, may mortgage, pledge, or otherwise encumber any real or personal property, or any interest therein, owned or held by the USFA as security for the payment of any and all USFA loans (and obligations incident thereof); and to these ends may execute and deliver such instruments as may be necessary or proper.

### **2.4 Contracts**

Contracts must be specifically reviewed and approved by the Board of Directors when the contract involves the purchase sale, lease or encumbrance of real property, or the licensure, purchase or sale of intellectual property if any of the following is also true:

- The contract, by its terms, purports to impose requirements on the individual members of the USFA;
- The total value of the contract in the present fiscal year (i.e., the potential monetary obligation incurred by the USFA under the contract exclusive of any revenues which may be generated under the contract) exceeds \$50,000.00;
- The term of the contract exceeds three (3) years, regardless as to value;
- The term of the contract exceeds one year, and either:
  - the total obligation undertaken would cause a variance to the approved budget of more than \$25,000.00; or
  - ten percent (10%) of the relevant budgetary line item; or
  - the total value of the contract in any single fiscal year is not provided for by a specific, dedicated budgetary allocation and exceeds the greater of \$50,000.00 or ten percent (10%) of the general budgetary line item to which the contract is to be charged.

Contracts for direct employment by the USFA shall be exempt from these requirements, as shall contracts for which provisions are otherwise specifically provided by resolution of the Board of Directors (including provisions of the Operations Manual, contracts related to the renting of venues and running of tournaments and existing policies for reimbursement or payment of volunteers).

In addition to the foregoing requirements, all contracts or obligations in aggregate or related financial exposure exceeding \$100,000.00 or that meets any of the following criteria must be reviewed, prior to their execution, by General Counsel (or under his direction by a member of the Legal Resources Group designated by him) or by such other legal counsel as the Board of Directors may approve in specific cases:

- any contract that has rights and or commitments extending for more than one (1) year;
- contains defense, indemnification or hold harmless provisions;
- seeks to limit the amount or types of liability of the other contracting party, its subcontractors, agents, or USFA successors; or
- establishes the choice of law, forum or dispute resolution means.

## **2.5 Proxies**

The President may from time to time appoint one or more agents or attorneys-in-fact to cast votes in the name and on behalf of the USFA as the holder of stock, or other securities in any other corporation, association or entity, and to act on behalf of the USFA in any bankruptcy or other proceeding or procedure with respect to which creditors or equity interest owners are entitled to be heard or to vote. Such agent or attorney-in-fact may execute or cause to be executed in the name and on behalf of the USFA all written proxies or other instruments necessary or proper for the purposes contemplated by this Section.

## **2.6 Credit/Debit Cards**

The Executive Director and department Directors of USFA are the only individual(s) approved to have a corporate credit card. Debit cards are issued to the international department staff. USFA credit/debit cards are for business use only. Credit/debit card charges may be incurred only for the benefit of USFA and be ordinary, necessary, and appropriate for the conduct of USFA's business.

All charges must be accompanied by receipts. Charges not approved will be reimbursed by the cardholder or card user to USFA. Purchase of alcoholic beverages on company credit/debit cards is prohibited unless it is for business purposes, entertaining VIP's, dignitaries, etc.

Cash advances should only be taken in extreme circumstances. Receipts must be provided to substantiate the cash advance expenditures.

Credit card rewards points earned on credit cards paid by USA Fencing, including airline miles and gift cards, will be transferred to USA Fencing. All hotel rewards earned will be transferred to USA Fencing.

## **2.7 Petty Cash**

USFA does not keep petty cash in the office. All funds received should be deposited per the instructions above.

## **2.8 Event Travel**

The following general rules apply to Event travel:

- Travel should be done in the most economical manner possible. If driving is more economical and efficient than air travel, then this manner of travel should be chosen. Mileage is paid at the current IRS business mileage rate.
- Every effort should be made to book travel at least 21 days in advance in order to obtain the best possible fare. All airfare must be coach class. USFA will not pay for any amount above a coach fare.
- USFA uses "middle class" hotels. Suites and rooms on "executive floors" or "concierge levels" are not authorized at USFA expense. If special discount rates are available through a corporate sponsor, these accommodations should be given preference in lodging selection.
- Travel by employed staff members must be authorized before travel begins. Authorization must be obtained from the supervising department Director to ensure budgetary accordance and to ensure travel necessity. Department Directors' travel must be authorized by the Executive Director.
- All travel policies apply to ALL individuals traveling on behalf of USFA who are being reimbursed by USFA or whose travel is being provided by USFA. All

Volunteers or Committee members are subject to the expense reporting as outlined on Expense Reports and Reimbursement Requests.

- Upon approval from the supervising department Director, the employed staff member, volunteer or committee member is authorized to book air travel, confirm hotel reservations and other reservations.
- After travel is complete, the staff member, volunteer or committee member must complete an expense report within 21 days.
- USFA reserves the right to disallow any expense deemed inappropriate; unresolved disputes shall be determined by the Board of Directors.

## **2.9 Per Diem and Meal Reimbursements**

### **2.9a National Office Staff**

Effective January 1, 2011 the USFA will no longer pay a per diem. Reimbursements will be paid up to the IRS per diem rate subject to location for meals purchased while traveling unless meals are provided (*e.g.*, catering at events). Expense reports are to be submitted with receipts attached. With the approval of the Executive Director, employees may be advanced cash in the amount of the approved IRS per diem rate before traveling. Receipts are still required upon completion of travel. Any amounts advanced in excess of receipts received must be returned to the USFA.

### **2.9b International (Referees, Coaches and Athletes)**

- Approved per diem will be paid to and from an event at \$25 per travel day
- Approved per diem will be paid at \$50 per day while attending an event

### **2.9c Domestic Volunteers**

- For officers, committee members and Board of Director members who are not supplied meals for their event or meeting will be reimbursed actual expenses not to exceed the per diem rate for the city in which the meeting takes place.
- Approved per diem for volunteers to National Events will be paid at \$20 per day including travel days

## **3.0 Inventory Control**

Inventory (t-shirts, sweats etc.) will be stored in a secure location. Keys to access the secure location(s) will be retained by the finance department. A log sheet of items removed, by whom and on what date will be maintained. An Inventory Removal form is provided to the finance department when items are removed.

## **4.0 Distribution of Financial Information**

### **4.1 General Policy**

Annual audited financial statements and annual tax returns will be posted on the USA Fencing website.

## 4.2 Financial Reporting Guidelines

Financial reports are to be prepared in accordance with generally accepted accounting principles and will be issued to the Executive Director for distribution to the Board of Directors.

| <b>Financial Reports</b>  | <b>When</b>   | <b>To Whom</b>                |
|---|---|-------------------------------|
| Budget Level  | Monthly; 15 days after the end of the month                 | Treasurer, Executive Director |
| Financial Reports at the Account Level                            | Monthly; 15 days after the end of the month                 | Department Directors          |
| Financial Reports at the Sub-Account Level (Include Transactions) | Monthly (to accompany Monthly Reports at the Account Level) | Department Directors          |
|   |   |                               |
|   |   |                               |

## 4.3 Annual Report

The audited Annual Report and IRS Form 990 will be presented upon completion to the Board of Directors and posted on the USFA website.

## 5.0 Expense Advances

### 5.1 General Policy

Due to the nature of the USFA's business, it is often necessary to furnish funds in advance of their use. Certain competitions require funds to be deposited prior to the receipt of any income in order to meet contractual arrangements. In other cases, trips to major competitions often require staff members to have funds to cover unanticipated contingencies. Where there is a need for such an advance, the Director of National Events or High Performance Director will submit a request for an advance to the Executive Director and the Director of Finance. The person receiving the advance has the responsibility of accounting fully for the use of these funds as well as to return any unused portion.

- The staff member must submit an expense report as outlined above, and account for all funds. Original receipts and adequate documentation are required for all advanced funds.
- All unspent funds must be returned to the USFA, with the original expense report.

**Failure to adhere to these procedures will result in disciplinary action. Disciplinary action may include among other things, verbal and/or written warning, suspension of employment without pay, or termination of employment. Funds not paid back to USA Fencing will be included in the staff member's income or deducted from future paychecks. Non-employee members will receive a 1099-MISC subject to federal and state taxes.**

## **6.0 Payroll Procedures**

### **6.1 General Policy**

The employees of the USFA will be paid commensurate with position duties, experience and specific skill sets as determined by the Executive Director. All employees are paid on a bi-weekly basis. Regular full-time salaried employees are paid through the end of each pay period. Hourly employees are paid one week in arrears.

On Monday prior to a Friday payday, the finance department assembles time cards, time off requests, and personal data changes and prepares a data input worksheet. The Executive Director or Director of Finance approves the worksheet. The data is then entered online to an outside payroll service for processing. The payroll reports are available on-line after processing at the outside payroll service. Most employees are paid by direct deposit; however any physical checks are delivered on Friday. All payroll information (direct deposit or checks) is available to each employee on-line. The finance department prepares a journal entry of the payroll transactions. The Director of Finance approves the journal entry. The finance department distributes the physical checks to employees on Friday.

The Executive Director and the Director of Finance are responsible for choosing a payroll processing company. Whether or not such a company is utilized, the Director of Finance will be responsible for the following activities:

- Issuing payroll checks
- Setting aside into Accounts Payable the sums withheld for such items as FICA and federal and state withholding taxes.
- Paying the Federal and State Government the amounts due as noted in the Accounts Payable dependent on the reporting requirements (weekly, monthly or quarterly.)
- Keeping payroll records for each employee showing the total earnings, amounts withheld and the amount of withholding paid to government agencies.
- In January, issuing IRS Forms W-2 for each employee to keep with the payroll files. Employees must submit any changes to withholding to the payroll processing company by entering the changes in the manner specified by that company.

Currently all of the above activities are fulfilled by TriNet. TriNet is currently the employer of record.

## **6.2 Contract Labor**

The USFA periodically hires non-employed personnel to perform work as independent contractors. These contractors will be paid in accordance with the agreement between themselves and the USFA.

All contractors must pass the 20-factor test used by the IRS to be considered for employment by the USFA as a contractor. While the vendor with the lowest bid will generally be the most desirable, other factors such as the reputation of the vendor, the financial history of the vendor, and the vendor's relationship with USFA should also be considered. All independent contractor agreements should be documented in writing and a copy of those agreements maintained by USFA in the finance department.

- All independent contractors must submit an IRS form W-9 before any payments are made. This form will be kept on file and updated annually. A W-9 will also be retained for all individuals receiving payments, other than reimbursements and per diem payments from USFA.
- Every January, a separate report will be generated for each contractor showing the amount received during the preceding year. The finance department will prepare and mail to the individual's last known address, a copy of the IRS Form 1099 to each individual who was paid \$600 or more in the calendar year. These procedures will be revised automatically to comply with any statutory or regulatory changes.

## **6.3 Reporting**

In February, copies of the IRS Forms W-2 and 1099 will be forwarded to the IRS with the appropriate summary report.

## **7.0 Budget Process**

### **7.1 Planning**

Prior to the beginning of the fiscal year the finance department, with assistance from USFA directors, will create a proposed budget.

### **7.2 Proposed Budget**

The Proposed Budget is submitted to the Budget Committee for review and then amended or forwarded to the Board of Directors for approval. Once the Budget is approved it is returned to the finance department for processing.

### **7.3 Implementation**

The finance department enters the Budget into the accounting system.

## **7.4 Control**

Every month, the finance department generates a Budget vs. Actual report. This report is forwarded to the Executive Director for distribution.

## **7.5 Variance**

If a need should arise for a budget variance, a request must be submitted to the Executive Director by the department Director, who will then present the request to the Budget Committee and to the Board of Directors for approval.

## **Miscellaneous Policy**

### **9.0 American Fencing Magazine**

#### **9.1 Responsibilities of the Editor**

American Fencing magazine and the National Newsletter are journals of record of the USFA. However, the Board of Directors has established that the magazine is at the same time an independent medium in regard to its general and editorial content.

The editor is responsible for, and has the sole authority over, the content of the magazine outside of announcements and reports required as a journal of record.

The editor may alter or reject an ad for content or graphics but may not reject an advertiser. The editor must consult with the Executive Director or his designee and the advertiser before altering or rejecting an ad and must also make every effort to arrive at an amicable agreement.

The editor is responsible for publishing and mailing four issues of the magazine annually on the dates previously promulgated.

#### **9.2 Responsibilities of the USFA National Office**

The National Office is responsible for soliciting advertising for the magazine, and may engage a marketing firm to assist, always with the proviso that the editor has final approval over ad content and graphics.

The National Office has sole authority and responsibility to bill advertisers, collect payments, pay printing and postage costs, and perform the general accounting for the magazine's operation. In the case of in-kind or sponsor ads, the Office will credit the magazine revenue account with the appropriate cost of the ad placement.

The National Office has the authority to solicit advertisers of its choosing and to promise a certain size ad. It must be sensitive, however, to the concerns of the editor regarding the

addition of extra pages or the elimination of previously planned articles. The editor on the other hand must make every effort to accommodate the Office and the advertisers regarding the ad size, content, graphics or placement.

In regard to publication dates of the magazine, the National Office is responsible for submitting reports, announcements, and other written materials to the Editor by the announced deadlines.

### **10.0 Other Payments to Employed Staff**

Payroll advances are not provided for any employee. Loans to employees and volunteers are prohibited.

All employee compensation is to be paid through payroll, with the proper taxes withheld and remitted.

### **11.0 Fixed Assets**

Unless otherwise provided by IRS regulation, all assets with a useful life greater than one year and a cost greater than \$500 shall be recorded as fixed assets. The useful life of each asset will be assigned on a case-by-case basis, but in general, the following schedule should be followed:

|                                    |           |
|------------------------------------|-----------|
| Furniture and fixtures             | 5 years   |
| Computers and electronic Equipment | 3 years   |
| All other assets                   | 5-7 years |

A straight-line method of depreciation is used.

All fixed assets will be physically inventoried annually and a depreciation schedule reconciled with the balance sheet. An annual adjustment to record depreciation expense will be made to the financial statements at year end.

### **12.0 CONFLICT OF INTEREST AND CONFIDENTIALITY POLICY**

USFA will adhere to the USOC conflict of interest policies. As such USFA will not enter into contracts or transactions with any other corporation, partnership, association or other organization in which USFA directors or employees are directors, officers, or have financial interest without prior approval by an affirmative vote of a majority of disinterested Board of Directors members. Likewise USFA will not enter into any transactions with organizations that are closely related to directors or employees.

USFA will not, under any circumstances, engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office.

At all times USFA will attempt to avoid any real or perceived conflict of interest. Any potential conflict of interest is to be disclosed to the Board of Directors.

A Board of Directors Member who also serves in another capacity, such as a referee, cannot vote in matters related to pay increases, or other decisions which will have a direct personal impact.

Due to the sensitive nature of certain information handled by staff members, all employees are required to complete and sign a confidentiality agreement.

All employees are provided with a copy of the “whistleblower” policy.

## **13.0 GRANT FUNDING**

### **13.1 USOC Grants**

The USOC provides grant funding for specific projects and purposes. It is the responsibility of the Executive Director and the Director of Finance to ensure USOC grant funds are properly accounted for and properly expended. As such, the following minimum policies are in effect:

- USOC grant funds will be accounted for as “grant revenue” and segregated in the general ledger.
- All USOC supported projects will have separate budgets and be accounted for in separate general ledger accounts.
- The Finance Department will provide the information necessary to prepare the financial segment of the grant reports. The High Performance Department is responsible for the preparation of the grant reports. The Executive Director will orchestrate the two departments and ensure the grant reports are complete, accurate and timely filed.

### **13.2 Other Grants**

Accounting for grants from sources other than the USOC shall be in accordance with the requirements of the grant provider.