

ACCOUNTING POLICIES

This manual outlines the accounting policies and procedures to be followed by Georgia Association (“the Association”) including its Board of Directors (“the Directors”), member committees (“the Committees”), member clubs (“the Clubs”) and all individual association members (“the Members”). These procedures are considered binding on the Association and compliance with them is mandated by the Board. Any member or entity within the Association that consistently fails to comply with these procedures will be considered by the Board for disciplinary action by the Association.

The Association was formed for the purpose of facilitating track & field, cross-country, road racing and race walking events in the state of Georgia.

Accounting Policies and Procedures

1. Chart of Accounts

Purpose: To provide a method for organizing the assets, income liability and expense accounts of the Association into a format for examination and reconciliation.

Procedures: Accounts will be arranged in the same sequence in which they appear in the financial statements, that is, income accounts should be identified first, followed by expense accounts. Further, accounts will be identified so that all revenue amounts are recorded by category. Sample revenue categories are: Comm Inc- Membership, Comm Inc- Officials, Sanction Income, Interest Income.

2. Bank Reconciliations

Purpose: To outline the procedures for preparation of bank reconciliations and record keeping of any adjustments. This procedure applies to all bank accounts maintained by the Association.

Procedures:

- a. The Association’s format for at least quarterly bank reconciliations is composed of two distinct sections. One section begins with the balance as shown on the bank statement and works to a corrected balance. That is the balance the bank statement would show if all transactions were recorded by the bank (e.g. outstanding checks, deposits in transit, etc.). The second section starts with the balance shown by the Association records as maintained by Quicken, the accounting software, and also works to a corrected balance, the balance that should be shown in the Association’s records after all transactions are properly recorded (e.g. bank charges, interest, etc.).
- b. Further, any outstanding checks over six months old will be reviewed for disposition with the Treasurer.

3. Bad/Not Sufficient Funds Checks

Policy: Checks returned by the bank and designated uncollectible are to be processed in a method which attempts to avoid confronting or embarrassing the writers of the checks while ensuring that the funds will be collected.

Procedures: Whenever a bad check is received, the Treasurer shall immediate send out the Association’s standard letter via return receipt mail. Whenever a check is returned, a handling fee of \$25.00 should be charged to the issuer. In the event that the check continues to be uncollectible, the matter should be turned over to the Directors for further collection determination. Further, when more than one bad check is issued by the same party, the Directors shall be notified.

4. Unsigned or Partial Payment Checks

Policy: To save time in returning and following-up on unsigned checks or checks marked “payment in full”, these checks will be processed as follows and deposited.

Procedures:

- a. For unsigned checks, the word “over” should be typed or written on the line where the signature would normally appear. On the back, type “Lack of Signature Guaranteed” and then add the Association’s name, your name and title and sign. This indicates that the Association will take back the check as a charge against its account in the event the check isn’t honored. In the event the check is not honored, the Treasurer should immediately follow-up.

- b. For payment checks marked "payment in full", if there is no dispute as to the amount, a check tendered for less than the amount due and marked "payment in full" (or similar wording) can be cashed without prejudicing the right to recover the balance. However, if there's a bona fide dispute as to the amount owing, the Association runs the risk that payment will be deemed to have settled the disputed claim for the lesser amount. It's also very easy for a debtor, who wants to pay less than the amount billed, to create a dispute on the basis of quantitative or qualitative deficiencies in the goods or services supplied. To overcome this potential pitfall, the check should be endorsed with the following statement "Check is accepted without prejudice and with full reservation of all rights under section 1-207 of the Uniform Commercial Code". The Treasurer should then work in conjunction with whoever received the funds to resolve collection of the remaining balance due.

5. Deposits

Policy: Accurate internal control of cash receipts and deposits will be maintained at all times. Cash deposits should be made as soon as possible.

Procedures: The Treasurer will assemble receipts by income category for appropriate accounting. Checks will be endorsed with the Association's "For Deposit" stamp. No check should be withheld from the deposit unless it is legally imperfect. The funds received shall be recorded to the proper accounts. For any checks received for which there is no known reason for their receipt, a standard letter of information and/or inquiry is to be sent or faxed to the check issuer. The Treasurer will prepare a bank deposit slip and will deposit the checks in the Association's authorized Account.

6. Request for Reimbursement

Policy: To ensure efficient processing and record keeping, all requests for reimbursement will be submitted on the Association's Request Reimbursement form and be accompanied by the proper receipt, if appropriate.

Procedures: Whenever an Association Member requires reimbursement, the written request and receipt shall be submitted to the Treasurer. If any request for reimbursement is also being reimbursed from National HQ, or any other source, then the amount of that reimbursement must be deducted from the Georgia Association's reimbursement. If the request is for an unbudgeted expense, or one not approved by the Executive Committee, it must come before the Board for approval.

7. Fixed Asset Control

Policy: A control procedure will be followed for all capital asset acquisitions, transfers and dispositions in order to provide an internal inventory of capital equipment. Each committee chair and the President are responsible and accountable for furniture, equipment, machinery and any other capital assets in their committee's possession and will maintain proper control over capital assets.

Procedures:

- a. All purchase of assets greater than \$300 will be approved by the Board of Directors and reflected in the appropriate committee's budget.
- b. Any internally constructed or donated equipment will be reported to the Treasurer for inclusion in the Association's inventory if the item cost or has value of \$300.00 or more. A complete description of the property, date manufactured or received, number of items, cost or estimated value and a statement that it was internally constructed or donated will be included in the report.
- c. Capital assets may be sold or traded-in on new equipment. The asset disposition is to be approved by the Treasurer. Any assets with an original value greater than \$1,000 will also require the Directors approval. Upon approval, the asset may be advertised for sale or submitted for sale and disposition. After completion of the sale, the Treasurer will delete the item from the asset records and record any gain on the disposition as revenue.
- d. Any asset that is missing or has been stolen will be reported in writing to the President and Treasurer as soon as possible. The description, serial number, and other information about the lost item should be included in the report. The President will determine the proper course of action and will notify any outside authorities if deemed appropriate. If unrecovered, the asset will then be removed from the asset records.
- e. Intercommittee transfers of assets will be reported to the Treasurer in writing including the description, serial number and the name of the committee to receive the property. The committee chair to whom the item was originally assigned will be held accountable until the President is

- notified of the transfer. After being notified, the committee chairman acquiring the property assumes responsibility. The Treasurer will then record the committee transfer on the asset records.
- f. Records will be maintained on all capital asset acquisitions. Upon acquiring an asset, a Board member will be responsible for maintaining a detailed listing of each capital asset item and its location along with depreciation records which will include the description, date acquired, vendor, cost and assigned committee.
 - g. Each committee chair will be responsible for locating assets assigned to their committee whenever requested by the President or Treasurer.
 - h. Whenever a change in committee chair occurs, all items should be accounted for by the outgoing committee chair. The incoming committee chair will accept responsibility and accountability for the committee asset listing upon assuming the position.

8. Year End Closing

Policy: An orderly, timely and comprehensive closing of all accounts will be performed by the March meeting of the Executive Committee of the following year to assure an accurate representation of the Association's financial statements.

Procedures:

- a. Assets should be stated for reference purposes only.
- b. Investments – Prepare a list of all securities on hand at year-end by location held such as broker or bank. Use full names and show face amount or number of shares and date of acquisition. Determine cost and market values.
- c. Revenues – Prepare a schedule of all revenues by categories and compare amounts to prior year. Evaluate and comment on any significant differences.
- d. Expenses – Each expense total should be compared to the prior year and unusual variances reviewed and explained. Several expense items are directly related to asset or liability accounts and the worksheets for related accounts should be prepared at the same time and shown on one schedule.
- e. Bad Debt Expense – Prepare a list of all accounts written off during the year. Note specifically any addition to the allowance for uncollectible accounts.

9. Revenues

Policy: All revenues will be collected and recorded in an efficient and organized manner to prevent loss of funds and impairment of assets and ensure accurate management reporting.

Procedures: The following are the Association's revenue categories and the collection procedures:

- a. **Comm Inc- Membership** – Membership in the Association for both individuals and member clubs requires the payment of annual dues. The dues for the individual adult members are currently \$16 of which \$8.50 is the property of the Association and \$7.50 is the property of USA Track & Field, the parent organization for the Association. Youth members only pay \$11 of which \$3.50 is the property of the Association. Multiple year membership is also available. Membership Dues is a significant source of revenue included in the Association's annual budget. The annual dues for the clubs are currently \$60, of which \$25 is the property of USA Track & Field. An individual can pay their annual dues by mail, in person at specified events, or through the website. Regardless of the method, once the funds have been received, the member's information is entered into the USATF member database. Shortly thereafter the member will receive their one-year membership card from USATF National HQ. In addition to the membership dues, all member clubs are required to pay annual dues. A check should be made out to "USATF Georgia Association" and mailed to the designated person. These dues must be received by the Association before the club is eligible to compete. The club or member is not an authorized club or member until the dues are paid; membership ends at the end of the calendar year unless renewed.
- b. **Comm Inc- Officials** – The Officials Committee generates revenue from certification, officiating at selected meets, and selling various rule books and other USATF logo merchandise. The Chair of the Officials Committee shall turn over any funds collected to the Treasurer in a timely fashion.
- c. **Comm Inc- Youth** – The Junior Olympic meets are another significant source of revenue for the Association. Entry fees, protest fees and a percentage of vendor sales all contribute to Association income.
- d. **Comm Inc- LDR** (see I. Championships)

- e. **Comm Inc- Masters** (see I. Championships)
- f. **Comm Inc- Race Walk** (see I. Championships)
- g. **Comm Inc- Track & Field** (see I. Championships)
- h. **Interest Income**
- i. **Merchandise Income**
- j. **Reimbursement Income**
- k. **Sanction Income**
- l. **Championships and other Events** - At all Association events and committee functions for which the Association or a Committee is fiscally responsible, such as Championship meets or clinics ("Events"), all revenues generated belong to the Association and all expenses incurred are liabilities of the Association. As a result, the Association must perform a proper accounting for each event. Revenue procedures will be addressed first, then expense procedures.

Event Revenues – Falling under the category of Event revenues are:

- Entry/registration fees for the meet/event.
- Admission fees.
- Concession fees.
- Merchandise fees.
- Sponsorship fees.
- Donations (cash or in-kind).
- Committee generated fees (Clinic, etc.).
- Grants

- All revenues collected must be accounted for and remitted to the Association within five business days after the meet/event. Prior to an event, all member entities involved in the event will have an initial planning session in which responsibilities will be assigned, future meetings will be determined and in which a preliminary budget for the event will be prepared. The event budget, prepared by the Committee chair and approved by the Board of Directors, will attempt to estimate all costs that will be associated with the event and will attempt to estimate all revenues to be generated by the event. As the time for the event draws near, the budget will be reviewed by such committee for continued relevance and will be updated as considered necessary.
- **Entry/Registration fees** – An initial estimate must be made of how many individuals/competitors will attend. Once the entry/registration/late fee for each competitor is set, an initial calculation of revenues to be generated will be made.
 - a. The coming event is advertised in a manner consistent with obtaining the optimum number of attendees. Any prerequisites (qualifying performances) for the event are stated along with the entry/registration/late fee and the deadlines which may apply.
 - b. A database of event participants is prepared. If the event is a competition, the database also contains the events the athlete is entered in and the entry fees that the athlete will need to pay to compete in that event.
 - c. If the Entry/Registration/late fees are required to be paid prior to the event, then all checks will be received prior to a designated date. All checks will be made payable to "USATF Georgia Association" and will be remitted to the Treasurer. Any participant whose check has not been received by that date will not be allowed to participate in the event. A written list with the names of those who will be participating must be provided to the event coordinator at least two business days prior the event. No refunds will be provided. For a competition, no athlete will be allowed to compete in the event unless they have paid.
 - d. If Entry/Registration/late fees for a competition are not required to be paid prior to the event, then the athletes will presumably be given the option of paying prior to the event or paying the day of the event. In that case, a database must be maintained showing the athletes entered in the event and whether or not they have paid. Prior to the meet, there must be a determination of which athletes have not paid their entrance fees. At the event, these fees must be collected. All checks will be made payable to "USATF Georgia Association" and will be remitted to the Treasurer. A list of all individuals who compete must be prepared at the meet. Any individual on the list who had not paid prior to the meet must provide a check made out to the Association for the entrance fees.

- e. **The list of all competitors, along with all entry/late fees, must be remitted to the Treasurer within five business days following the meet.** The Treasurer will review the competitors' names and compare them with checks received. Any discrepancies must be investigated. If any athlete competed and did not pay, an attempt will be made to follow up and collect from the athlete the missing entry fees.
- **Concession fees** – At the initial planning session, the types of concessions to be provided will be determined and a pool of vendors will be identified. A fee range will be discussed. Based on the initial meeting, a committee member will be assigned to contact vendors from the already identified pool. The potential vendors will be notified of the fee structure and based on the response, the vendors for the event will be chosen.
 - a. Contracts will be drawn up with the vendors describing each side's rights and obligations. Concession fees will be collected by check from the selected vendors. All checks will be made payable to "USATF Georgia Association" and will be remitted to the Treasurer.
 - b. In those instances where the concession fee will consist of an initial fee and then a percentage of the vendor's gross (or net), the vendor will provide an accounting of revenues received, expenses incurred, and the percentage due the Association. A check made payable to the Association will be due to the Association office by five business days after the event. Untimely payment of the percentage due the Association will result in a penalty. Continued intransigence in paying the Association fees due it will result in eliminating the vendor from future events.
 - c. The agreements with the vendors will provide the Association with the right to review the accounting records of the vendors for the event to ensure that the percentage calculation is correct.
- **Merchandise fees** – The procedure for merchandise will be the same as the procedures for Concession as stated above. Internally generated merchandise will be handled as if it were produced by an external vendor.
- **Sponsorship fees** – Fees from potential sponsors should be collected, as agreed to with the sponsors, prior to the event. The committee putting on the event will agree on sponsors to be contacted, and rates to be charged/ requested. The committee will assign an appropriate member to contact the sponsors. All agreed upon fees from the sponsors will be paid, via check made payable to "USATF Georgia Association", in advance of the event. Sponsors will be issued "permits" for the event and no sponsors will be allowed at the event without the requisite permit. All fees paid by sponsors will be deposited in the Association's bank account in accordance with the receipt procedures.

Event Expenses – All expenses incurred in putting on an Association event are the liability of the Association.

- As stated above, prior to an event a budget for the event is prepared. Included within the budget are all anticipated expense items and their associated dollar amounts. **All event budgets must be approved by the Board.** When the event budget is approved, the committee member assigned to the event may begin incurring the approved expenses. When it appears that an expense item will exceed the approved budget, the committee must notify the Board to obtain permission to exceed the budget. **The budget may not be exceeded without the Board's approval. No expense may be incurred without the Board's approval.**
- All incoming shipments must be inspected for damage and to ensure that the right item was received and in the right quantities. Any problems noted must be documented and immediately brought to the responsible Chair's attention. The vendor must also be notified as soon as possible.

Accounting for Events – Each event must have an accurate accounting. The ultimate responsibility for this accounting lies with the responsible Committee Chair. The Chair must provide an accurate accounting to the Treasurer, in a timely fashion. This Policies and Procedures Manual tasks each committee with providing that information. If a committee puts on an event and fails to comply with the provisions of this manual, those responsible committee members will be subject to disciplinary action.

- All vendor invoices must be forwarded to the Treasurer as soon as received. All fees collected for events must be forwarded to the Treasurer in a timely manner. All invoices must be handled according to procedures established in this manual.

- The monies, along with the accompanying documentation, will be used to record the fees earned by the event. The documentation will be maintained as part of the accounting records for the year. Any actual cash received should be placed in a secure place until it can be deposited.

10. Joint Ventures/Partnerships

Policy: An appropriate accounting will be made of all joint ventures/partnerships that the Association enters into.

Procedures: Circumstances will arise where the Association will enter into agreements with other organizations to co-sponsor certain events. In those situations, the Association must ensure that a proper accounting of the event occurs in order that both the Association and the co-sponsors receive those monies that are due them.

- a. Those members who will be the Association's representatives with the co-sponsors must represent the interest of the Association.
- b. When the other organization has primary responsibility for the event, the Association should attempt to ensure that it has representation on the board that plans the event and receives and distributes the funds. If the Association is unable to gain representation on this decision making board, the Association should consider whether it is in the Association's best interests to continue in the partnership.

11. Account Collection Process

Policy: All open accounts (with committees, members, organizations etc.) with late or delinquent payment activity will be handled in a timely and effective manner to ensure maximum collections.

Procedures: In spite of the promulgation of procedures above, there will be customers (in this section the term "customer" is used for members, committees, and any others who might owe fees to the Association) that will be slow to pay or delinquent in their accounts from time to time. Once an account becomes past due, the collection process should commence no later than 60 days after date of delinquency. Studies have shown that the sooner the collection process starts, the more likely the account will be collected. Prior to commencing the collection process, the following should be reviewed:

- a. Make certain that the Association has not received the payment in question or applied it to the wrong account. Verify that credit for payment has not been granted.
- b. Review any related documentation for accuracy.
- c. Review the individual's/entity's past payment history and determine if they are chronically late and what their previous response has been to other overdue notices.
- d. Upon review of the above, the responsible Committee Chair should then proceed with the collection process.
- e. Depending on the amount and the customer situation, the Treasurer can choose to follow up with collection letters, telephone calls, or both. Any action taken (late payment notice, telephone calls, etc.) should be noted. If payment has not reached the Treasurer by the expected date, immediate follow up actions should be taken with another collection call or letter. The longer an overdue account is avoided, the longer the customer will avoid it too.
- f. Telephone communication will often speed up the collection process. A few tips or principles should be observed when speaking with a delinquent account.
- g. Identify yourself and the Association and state the reason for calling. Be direct and use a controlled, confident voice. Concentrate on listening to the customer and don't rush through the call.
- h. Get the facts – the most powerful tool is knowledge. During the phone conversation, try to gain as much insight into the situation as possible. Remember, the goals and objectives are to:
 - i. Collect the money.
 - j. Identify reasons for non-payment.
 - Settle on an agreement for clearing the liability, including special payment plans.
 - Never argue, accuse or be condescending. Verbally fighting or talking down to the customer will only serve to produce negative feelings and may hamper the collection effort. The ultimate purpose is to secure payment, and this is best accomplished without becoming defensive or irritated.

- Many people find it difficult to confront customers regarding delinquent payments. Keep in mind that it is the customer, not the caller, who should feel uncomfortable in the situation.
- When an account becomes more than sixty days past due, the immediate target of securing prompt payment should take on a greater sense of urgency. At this point, the President should discuss with the Board other collection options and possible punitive action (in the case of an individual member or club, this may involve expulsion from the Association).