

CANBY KIDS, INC.
FINANCIAL POLICY
Revised February 2013

Financial benefits of being a member of Canby Kids, Inc:

- Affords each sport the benefit of being held within a 501-3C charitable non-profit organization. One benefit of a 501-3C non profit status allows donations to be tax deductible.
- IRS Tax filing is facilitated by Canby Kids and completed by Cornerstone Tax Service.
- Payroll accounting for employees such as field crew and other hourly employees from each sport can be handled by the Canby Kids office. (Paid coaches and referees are considered independent contractors and do not require payroll services, just 1099 if earnings are over \$600).

There are responsibilities that are necessary to maintain our 501-3C status by the IRS. The purpose of Canby Kids' financial policy is to maximize Canby Kids' service to each sport, create a standard for the reporting financial records for tax purposes, create a standard for banking/accounting procedures and provide an oversight role of the financial records of each sport.

As each sport has their own board to manage their own program, they are also responsible for the oversight of their own financial records to prevent fraud, incompetence and misuse of funds.

Canby Kids Financial year is January 1 through December 31.

Reporting Requirements:

- Each sport is required to have a treasurer who manages the financial accounts for their sport. The treasurer cannot additionally serve as President, Vice President, or other exec board officers.
- The treasurer should use the Canby Kids chart of accounts to organize and report their income and expenses. Using the chart of accounts allows for the efficiency of Cornerstone's time.
- Each sport is required to fill out the Annual Financial Statement (Appendix A) provided by Cornerstone Accounting for each tax year. It is due by January of the following year.
- All monies must be maintained in bank accounts. All of those accounts must use Canby Kids Tax ID number.
- Canby Kids will submit the annual reports to Cornerstone for IRS tax preparation.

Banking requirements

- All accounts must have Canby Kids office as the address of record so all banking statements are sent to the Canby Kids address at: PO Box 631 Canby, OR 97013.

- Credit Card service for receiving payment is permissible (Online registration).
- Debit cards are not allowed.
- Credit cards may be used under the following criteria:
 - The sport board authorizes the use of a credit card in the minutes of an official board meeting.
 - The board will spell out the specific use(s) for that card (Ex: registration of players) and record that use in the minutes.
 - The credit card will be issued by the same bank of the sport's checking account.
 - A credit limit will be established by the sport's board for that card.
 - The board will designate who is the only person authorized to use the card and that person will provide required personal information to the bank to be an assignor on the bank accounts.
 - The credit card will show both the sport's business name and the name of the designated user on the card.
 - When the authorized user of the card exits the sport program, the credit card account will be cancelled and the sport will remove that person as a signor on the bank and credit accounts. If the sport wishes to assign a different person to a credit card, a new credit card account will be opened with the approved criteria.
 - The credit card balance will be paid in full every month; partial payments are not allowed.
 - Canby Kids and the sport will be given the authority to cancel the card.
 - The credit card must have Canby Kids office as the address of record so all banking statements are sent to the Canby Kids address at: PO Box 631 Canby, OR 97013.
- Store Credit is permissible with board-approved authorized signors.
- All checks written for over \$500 will require two signatures. Each individual sport can require all checks to have two signatures if they wish, but are not required by Canby Kids.
- All checks must show in the memo line what the payment is for (example: Referee Pay, Uniforms, Invoice #__, Game Equipment etc)
- When a check is written to the treasurer (as the payee) or other signor on the account, a signature from another board member other than the payee must be on the check.
- Blank checks for a future purchase will not be allowed. If it is necessary to provide an incomplete check, only checks with the payee and purpose of expenditure already filled out by the treasurer can be issued with the understanding that a receipt must be supplied to the treasurer within 48 hours of purchase. *Example: Field equipment is being shipped to a board member address and a check is required and the exact amount is unknown due to shipping and handling charges. The check would need to have the name of the business and the item being purchased by the treasurer, leaving*

the amount to be filled out at delivery. After payment, a call or email to the treasurer with the exact amount needs to be reported ASAP.

- All reimbursement of expenses must be submitted with a copy or original receipt.
 - Monies received during such things as signups or fundraisers are counted by two individuals separately, with the amount recorded and signed by both individuals.
 - Individual teams are allowed to fundraise for team specific activities. They need to have approval from their board. All income and expenditures will be turned over to the sport treasurer to be processed in the sport account. Individual team bank accounts are not allowed.
 - Individual sports may solicit by mail or other means businesses requesting donations for team sponsorship or for their general fund; individual teams may not. Individual teams may hold fundraising events such as car washes, pop drives, etc to raise money for their teams.
- Financial records shall be kept for 7 years. This includes bank statements, receipts, registrations, background checks, budgets etc.

Canby Kids Oversight

- The objective is for Canby Kids to have oversight capacity of accounts for such things as irregular expenditures, incomplete reporting of income and any other activities that compromise the financial stability of sport club accounts. Oversight can be accomplished in any of these processes, but not limited to:
 - Banking and credit card statements will be reviewed by the Canby Kids office before being forwarded to the individual sport designate.
 - Online access to bank accounts by use of a password
 - Tax reporting
 - Information that vendor bills are 90 days overdue.
 - Reports or concerns about financial activities that are contrary to Canby Kids financial policies.
- Upon revelation of questionable activities, Canby Kids will look into it to determine if board action is necessary
- At any time by majority vote the Executive Board may require an audit/review of the financial records of any sport organization using Canby Kids Inc. tax identification number and non-profit status.
- A process for selecting a review committee to review (1) internal controls, (2) verify receipt of monies, (3) appropriateness, substantiation, and authorization for payment of all expenses, and (4) cash balances. The Canby Kids, Inc. Executive Board may be requested to assist in forming the sport organization's review committee.
- After the review committee has completed the review, a report of their findings will be made. If it has been determined that financial policies have not been followed, recommendations will be to correct them and the sport club will be on probation for one year from the date of the recommendation report. If recommendations have not been adhered to, the review committee will forward the issues to the Executive Board for action.

Appendix A

Annual Financial Statement

Sport:

Year:

Beginning Bank Balance as of January 1:

Income:

Clinics

Concession Sales

Donations

Field Use

Fundraisers

Miscellaneous

Player Fees

Registration Fees

Sponsor Fees

Tournaments

Uniforms

Total Income

_____ -

Expenses:

Clinic Expense

Coaching Expense

Equipment & Supplies

Field & Gym Utilities

Field Maintenance

Field Supplies

Food & Supplies

Fundraiser Expense

League & Tournament Fees

Payroll Taxes

Team Insurance

Toilets

Travel Expense

Trophies

Umpire & Referee Fees

Uniforms

Wages

Total Direct Expenses

-

Ending Balance per this worksheet:

\$

-

Ending Bank Balance as of December 31:

Outstanding Checks:

Total Outstanding Checks

-

Adjusted Bank Balance as of December 31:

\$

-

Difference (locate error!):

-

(The Ending Balance per this worksheet should equal the Adjusted Bank Balance as of December 31.)