



Financial Policies & Procedures

USA Judo 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 to safeguard the organization's assets and provide a strong financial foundation. USA Judo will strive to reach a goal of maintaining unrestricted net assets of a minimum of 75% and a maximum of 125% of its annual operating expenditures budget.

Accounting Procedures

A. Annual Accounting Period & Basis of Accounting

USA Judo operates on a calendar annual accounting period which runs from January 1 to December 31. All financial records are maintained on an accrual basis whereby revenue and expenses are identified with specific periods of time, such as a month or year, are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash.

B. Conflicts of Interest

In executing financial procedures, there are particular risks in relation to conflicts of interest. Anyone working with the finances of USA Judo should be careful to be cognizant of the policies and guidance in the conflict of interest policy.

C. Journal Entries

To ensure transactions are recorded in the proper accounting period and account, it may be necessary for the director of finance to record journal entries in the accounting system. All journal entries will be posted by the director of finance and reviewed by the CEO on a monthly basis. The CEO will review and approve the journal entries by signing and dating the journal entry report.

D. Recordkeeping

Records will be kept in accordance with USA Judo's Document & Retention Policy as outlined in the manual. The director of finance is responsible for maintaining financial records in accordance with the policy.

E. Internal Controls

USA Judo employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded. Financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of USA Judo's assets while also considering efficiency of operations. Internal controls are included in various sections throughout this manual.

Financial Planning & Reporting

A. Creating the Chart of Accounts

The chart of accounts is a listing of all accounts used in the general ledger of an organization. The chart is used by the accounting software to group accounts together for reporting purposes, such as expense, revenue, assets and liabilities. The chart of accounts separates the most important accounts usually by department but not to the level of detail for specific tournaments or events. If reporting on specific tournaments or events is necessary, separate class codes or other identifiers can be utilized in the accounting system. The chart of accounts is created at the inception of an organization and can be modified when necessary. Once the chart of accounts is established, staff will receive a list of the accounts pertaining to their respective departments for use on expense reports. Department Directors are responsible for monitoring expenses within each of their accounts throughout the year to ensure the line items do not go over budget.

B. Annual Budget Development

1. Creating the Budget

The initial part of the budget process begins with the staff. According to the following timetable, the director of finance will request appropriate departments to prepare revenue and expense projections for the coming year, which are then reviewed with the CEO. The CEO, in coordination with the director of finance, will budget the estimated return on investments and coordinate the budgets for employee compensation, general and administrative, and the capital budget. The national office staff will work with the committee chairs to determine the financial needs for existing and on-going committee programs.

The CEO, with the assistance of the program directors, will prioritize the prospective programs within each department based on the budget policy set out by the board and contained in the USA Judo Strategic Plan. The preliminary budget will contain sufficient detail so the board of directors can determine the appropriateness and cost/benefit of the respective programs.

The preliminary budget will be prepared and presented to the audit committee for review. The audit committee and the board of directors are responsible for analyzing and reviewing the preliminary budget from a viewpoint of both tactical and strategic relationships between the budget and organizational mission. The budget is to be approved by the board of directors prior to the start of the calendar year.

The CEO will accept a prioritized list of unbudgeted items from each department so that if additional revenue becomes available, expense items can be strategically added during the year. This process would be initiated by the CEO for submission to the audit committee, with final approval granted by the full board of directors.

The Role of the Committees

Committee chairs have been assigned staff to assist in preparing their budgets. Committees are provided with budget parameters by the staff liaison. Committees work with the liaison to review the viability and performance of existing programs. Committees will review and recommend new pilot programs for the upcoming budget year and, with the help of the staff liaison, develop appropriate budget worksheets for such programs.

Committee Accounting Procedures

There shall be no separate checking accounts for projects carried out under the direction of any committee without the express authorization of the board of directors. All USA Judo funds must be received and disbursed by the Corporation.

Budget Timetable

September/October	High Performance Budget submitted to USOPC. The director of finance will work together with the CEO and department directors to prepare the proposed budget while ensuring that the annual budget is an accurate reflection of programmatic and strategic goals for the coming year.
November/December	Board is presented with a preliminary budget for the next upcoming calendar year for approval.

2. Budget Variances

The budget should be approved as a living document, one with built-in flexibility. The CEO should be charged to live within the budget. This means that he must be ever vigilant as to overrunning any specific budget category. He should be looking at the whole of the departmental budgets to determine that the intent of the board of directors is being carried out by the expenditure of funds within the department. Budget revisions during the year, internally known as the “Working Budget”, do not require board approval as long as the net income target is not affected. If the budget is revised during the year and this affects the target net income, the board of directors’ approval is required.

3. Financial Forecasting

Twice per year, a financial forecast for the remainder of the year will be prepared. Prior to the April and November board meetings, the director of finance will prepare the financial forecast with the assistance of the department directors. The forecast starts with the actual expense and the remaining budget for the year. The department directors will adjust the remaining budget

based on predicted expenses for the rest of the year. The forecast will be provided to the audit committee for their review and approval.

C. Periodic Reporting

1. Preparation of Financial Statements

USA Judo's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The presentation of the financial statements shall follow the recommendation of the Financial Accounting Standards Board (FASB) "Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities." Under GAAP, there are two classes of net assets, those with donor restrictions and those without donor restrictions. Expenses are reported by functional (program and supporting activities) and natural (salaries, rent, supplies, etc.) expense classifications.

2. Creating the Statement of Activities (aka Income Statement) by Department

The purpose of the income statement is to show the net income or loss at a given time. The income statement by department is created by taking the approved chart of accounts and breaking the income and expense accounts out into departments. All income accounts should be listed first, followed by all expense accounts by department/discipline.

3. Creating the Statement of Financial Position (aka Balance Sheet)

The purpose of the balance sheet is to show the financial position of the organization over the annual accounting period. The balance sheet shows what USA Judo owns and what USA Judo owes. The difference between what USA Judo owns and owes is the organization's net assets. The balance sheet is created by listing all of USA Judo's assets, all short-term and long-term liabilities and the net assets.

4. Monthly Closings

Monthly Close Process

All credit card charges, invoices, receivables and deposits are entered in the accounting system. Journal entries and bank and credit card reconciliations are completed and reviewed monthly. The CEO will review and sign off on journal entries and bank and credit card reconciliations monthly.

Reporting

At the end of a given month the director of finance shall prepare unaudited monthly financial statements for the CEO, audit committee and board of directors. Financial statements will contain: balance sheet, accounts payable and accounts receivable aging summaries, profit and loss monthly and year to date and budget to actual amounts and variances. Monthly reports will be emailed to the audit committee and board of directors not more than 45 days after the end of the month. The annual unaudited statements will be emailed not more than 60 days after the end of the year.

Department directors will review their profit and loss and budget to actual reports monthly with the director of finance.

5. Audits

To ensure that correct accounting and financial practices are being implemented, USA Judo will appoint an independent auditor to perform a general audit annually. This auditor will be chosen by USA Judo's Audit Committee with the approval of the board of directors on an annual basis. The purpose of the audit is to express an opinion on the financial statements and the validity of the information presented. The audit will be conducted in accordance with generally accepted auditing standards, planning and performing the audit to obtain reasonable assurance of whether the financial statements are free of material misstatements. An audit includes: examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The annual audited financial statements are presented for approval to the board of directors upon their completion (usually early fall). After approval, the audited financial statements shall be posted on the website.

USA Judo will also permit the United States Olympic & Paralympic Committee (USOPC) to conduct an audit of expenses supported by any funding provided. USA Judo will allow the USOPC to have reasonable access to all files, records and personnel necessary to make such financial audits, verifications and program evaluations as deemed appropriate during the term of the USOPC funding and for four (4) years after the expiration or termination of any USOPC funding.

6. USOPC Grant Reports

In accordance with USA Judo's Program Partnership Agreement, the USOPC requires the submission of reports throughout the year for various funding and grants, subject to the specifications and requirements in the funding or grant agreements. Funding paid to USA Judo during the course of a year must be accounted for by completing a final report on each project. The final report will provide a brief narrative and financial overview for each project.

D. Tax Compliance

1. IRS Form 990

The director of finance is responsible for working with the external accounting firm to prepare and finalize the annual IRS Form 990. The CEO will review the IRS Form 990 prior to its approval by the audit committee and board of directors. Once the IRS Form 990 is submitted to the IRS, the full public copy will be made available on USA Judo's website, as well as the prior two years. The submitted IRS Form 990 will also be provided to the USOPC's Audit Department.

2. IRS Form 1099

The director of finance is responsible for preparation and distribution of the annual IRS Form 1099s to all required individuals per the IRS instructions prior to the January 31st deadline. The 1099s and 1096 will be submitted to the IRS by the January 31st deadline annually.

Revenue and Accounts Receivable

A. Accounts Receivable

1. Invoicing

An invoice must be issued whenever money is owed to USA Judo. Invoices will be issued as expenses are incurred on behalf of a USA Judo customer with a copy of the invoice being emailed to the customer. Customers will provide payment by credit card using the link included with the emailed invoice. When a payment is received the director of finance will record the invoice as paid in the accounting system. For invoices that remain outstanding at the end of a month, a statement will be issued. If an invoice is still outstanding after 60 days, the director of finance will determine appropriate collection efforts for long outstanding invoices. The CEO will be notified of any receivables that are more than 90 days outstanding or more than \$2,000. The director of finance and/or the CEO may choose to withhold future services from customers that continue to have unpaid balances.

Unpaid balances will be periodically reviewed for uncollectable items. Uncollectable balances will be written off as bad debt at least annually. Bad debt allowance will be reviewed at least annually.

2. Receipt of Payment and Deposits

When a check or other form of payment is received, the individual checking the mail will add the payment to the tracking spreadsheet of received payments. The checks and cash can then be provided to the director of finance to record the invoice as paid in the accounting system.

Upon receipt of a check or cash payment, the director of finance will hold the funds in a deposit folder to be processed at least once weekly. Copies of checks and deposit slips will be kept on file. A receipt will be recorded in the accounting system to allocate the funds to the appropriate account. Checks greater than \$5,000 will be deposited upon receipt.

Upon receipt of a credit card payment, the transaction will be recorded in the accounting system to allocate the funds to the correct account.

For all online deposits, such as membership payments or online donations, amounts are reconciled on at least a monthly basis by the director of finance. The funds deposited will be reconciled with a report from the membership system.

3. Refunds

If a credit card refund is necessary, it will only be issued to the card on which the transaction was originally processed.

4. Late Payments

Invoices issued by USA Judo will make clear that such invoices will be subject to late fees if not paid by the due date. A two percent (2%) interest charge will be added to the balance of the invoice once it has been outstanding for thirty (30) days, and for every additional thirty (30) days thereafter if a payment plan has not been agreed to with the finance department. If amounts due are not paid within ninety days, the CEO may refer the matter to the board for review and appropriate action.

If monies owed to USA Judo remain outstanding at the time of the annual assembly, credentials for the LSC, Allied, or Affiliate Member may be withheld upon approval by the board.

B. Grants

All money grants or in-kind contributions shall be recorded as general revenues of the Corporation. Obligations contained in the grant or gift contract shall be included in the budgeted expenses of the Corporation. All grant requests will be approved by the CEO.

Expense and Accounts Payable

A. Accounts Payable

1. Receipt of Invoices

Incoming invoices will be received by the director of finance and verified for accuracy and compliance with the budget. Invoices will be posted to the accounting system to the appropriate expense account on the date they are confirmed as accurate by the department director. The invoice will be held in the payables file until payment is made.

2. Disbursement of Funds

Funds on deposit in banks or other financial institutions may be drawn upon by check, online payment or transfer. For check disbursements in excess of twenty thousand dollars (\$20,000) two authorized signer's signatures are required.

All pre-printed blank checks are to be secured in a locked cabinet.

3. Check Writing or ACH (Automated Clearing House) Payment Procedures

Checks are written or ACH payments are made as necessary, but not less than bi-weekly, and decisions for payment will be based on the aged payables report and current cash flow. The director of finance will cut the necessary checks and will give the checks, with supporting documentation attached, to the appropriate individuals for signature. The supporting documentation must also be initialed by the CEO or designee, to confirm review and approval of the disbursement. For all checks/payments issued, the check stub will be attached to the invoice and filed in the appropriate folder.

All ACH payments require two parties to process.

4. Wire Transfers

Wire transfers will be arranged on an as-needed basis. Invoices that are to be paid by wire transfer will be reviewed and approved by the department director or CEO prior to initiating the wire. All wire transfers require two parties to process. Once the wire transfer has been made the director of finance will record the payment in the accounting system.

B. Purchasing

1. Policy

USA Judo will employ sound business practices when purchasing goods and services to reduce costs and avoid conflicts of interest. Procurement of goods and services are to be made by appropriate personnel and according to company guidelines. The finance office will maintain a list of preferred vendors that should be utilized when possible. The staff is encouraged and sometimes required to utilize the finance office as a valuable tool to save staff time, avoid conflicts of interest, and save money. When the finance office staff is utilized for procuring the goods and services, they will do so according to the information and specifications provided. All staff that contact vendors are responsible for maintaining effective and professional relationships with vendors. Contacts with vendors by personnel outside the financial office are limited by these guidelines.

When purchasing goods and services it is important to consider adequate quantities, reasonable prices, correct invoicing, timely receipt, proper specifications and desired quality. It is also important to consider and avoid the disruption of operational efficiency because of improper or untimely purchases and potential losses caused by excessing purchases.

Transactions involving a conflict of interest are strictly prohibited. A conflict of interest arises in the procurement process when an employee acts on what is or could be perceived as his or her personal interest or that of a family member or friend rather than the best interests of USA Judo.

All purchases of any goods or services, including VIK, are to be processed through a check request, request for payment or expense reimbursement. This includes, but is not limited to, purchases of equipment, office supplies, apparel, and printing.

Procedure

Contact of Vendors: This section describes when it is appropriate for personnel other than the finance department to directly contact vendors, and the procedures to be followed. The standard procedure is for the finance department to make vendor contacts and obligate the organization after receiving properly completed and authorized purchase requisitions. There are instances when direct contact by staff outside of the finance department is beneficial and appropriate. All employees are authorized to make the appropriate contacts with vendors for inquiry purposes only. Director level and above staff are also authorized to bind the organization provided the transaction is otherwise approved and the properly completed purchase requisition paperwork is forwarded to the finance department immediately after the purchase. All pertinent preliminary drawings, logos, or other information, such as fees the vendors will charge for freight,

shipping/handling, set-up, screening, etc. must be part of the requisition. If a purchase order is required by a vendor, the finance department will supply it upon request. To dispel any confusion, staff without the authority to bind must communicate to vendors, with the initial inquiry, that their contact is for inquiry purposes only and that they do not have the authority to bind the organization. When staff outside of the finance department directly places an order, the requestor will be responsible for resolving vendor conflicts and the finance department will not perform follow-up or tracking services unless specifically requested. The finance department and/or CEO will be notified of any significant vendor conflicts (e.g. money, product/service and/or schedule).

Preferred Vendors/ Vendor Files: The finance department will research and investigate new vendors to be added to the preferred vendor list (before orders are initiated when possible). The finance department will maintain a permanent file on each vendor with catalogs, correspondence, contact information, pricing sheets, terms, bids solicited, etc. for ongoing reference.

Value-In Kind (VIK): When VIK is available to fill a need, it should be given the highest consideration to preserve cash and allow USA Judo to fully utilize all resources available. Utilization of licensee products is also preferable, as long as cost is competitive. All VIK and licensee purchases are initiated with a purchase requisition, just like any other purchase.

Administration and Operations Support: Every division has an administration and operational support budget for overhead (i.e., rent, insurance, phones) and other expenses that benefit the divisions' programs indirectly (i.e., office supplies, subscriptions). Overhead expenses are generally allocated and coded by the accounting department. The division directors are the program managers for these programs, but it is not practical for them to approve expenses under \$50.00 with the joint approval of the finance department who monitors all office supplies. Directors may approve items between \$50 and \$250. Items over \$250 need to be approved by the director of finance and/or CEO.

Logistical Services: When purchasing logistical services, if possible, arrangements for direct billing should be made for these purchases. When charging these services by direct billing, only purchase requisitions are needed prior to making the purchase in the following instance:

- Hotel, catering or other logistical services
- Amounts to be directly billed on the corporate credit card
- Prepayments or down payments where the final scope of work is still undetermined

Artwork: Any purchase of goods which ultimately go to the public must be approved by the CEO or marketing/communications director. If a piece has a logo on it, the CEO or marketing/communications director will need to know how it will be used and what the finished product will look like.

2. Contracts

Employees of USA Judo may need to commit USA Judo to doing things or paying money to a third party in exchanged for services or goods from that third party. In each such case, employees will need to execute a contract. A contract is an expressed agreement between parties for an

exchange of goods or services. Contracts can take many forms, but they must be clear on the terms of the exchange. Contracts must be in writing and signed by the CEO. Signature authorization for contracts (excluding loans) is granted by the board of directors to the CEO depending on amount and length of time. Signature on a contract by the CEO is to be approved by the board of directors for any contract with value of more than \$50,000.00 OR commits the organization for more than 1 year. All fully executed contracts must be given to the director of finance to be kept on file.

C. Payroll

Payroll will be paid bi-weekly, payable on the 15th of the month and the last business day of the month, unless a monthly payment is preferred by employees. Payroll advances are prohibited.

1. Timesheets

All non-exempt and part time employees must complete timesheets before the payroll date. The employee's direct supervisor, department director or CEO approves the timesheet. The director of finance is responsible for submitting the timesheet information to the 3rd party payroll provider. All paid time off balances are maintained based on the information provided on the approved timesheets.

2. Preparation and Approval

Payroll is processed through the 3rd party payroll provider. All documentation is reviewed by the director of finance and input into the payroll system. The CEO or designee will review the payroll reports.

Any changes to compensation will be approved by the CEO. Changes to the CEO's compensation will be approved by the board of directors, who will document the change with the director of finance.

The director of finance enters payroll data into the general ledger through a journal entry. The 3rd party payroll provider is responsible for preparing and distributing all the payroll tax reports and W-2s in accordance with the IRS deadlines.

3. Pay upon Termination

The director of finance will ensure that final paychecks are paid in accordance with applicable state rules and regulations. Final paychecks will include any accrued PTO in accordance with the employee handbook. The director of finance and CEO will ensure the final paycheck is accurate and distributed appropriately.

D. Expense Reporting

Individuals incurring expenses on behalf of USA Judo are required to report on expenditures through the completion of an expense report form found on the USA Judo website. Requests for reimbursable expenses are to be submitted to the national office within thirty (30) days of incurring the expense. Reimbursable expenses are to be reported on a designated expense report

form, signed, dated, and totaled by category, (lodging, airfare, meals, etc.) with all original receipts attached.

Receipts for all reimbursements must be submitted with expense report.

End of Year reimbursements: No reimbursable expense will be accepted after February 15 for expenses incurred during the previous year.

1. Employee Reimbursement

Employees are eligible to receive reimbursement for expenses incurred while on USA Judo business. Reimbursable expenses include food, mileage baggage fees, ground transportation and lodging while on company approved business travel. Mileage will be reimbursed at the current IRS rate. Employee expense for alcohol is not reimbursable.

Employee reimbursement forms must be approved by their direct supervisor and finance department. The CEO's reimbursement forms should be reviewed monthly by a designated member of the audit committee. Reimbursement forms and receipts need to be turned into the finance department within fourteen (14) days of the date of purchase or return from travel.

Staff hospitality (meaning provided by the staff), except as incurred by the CEO, must be budgeted or approved in advance by the CEO. The CEO's expenses will be supervised and subject to review and approval by a designated member of the audit committee.

2. Volunteer Reimbursement

USA Judo recognizes the sacrifices made by its volunteers in promoting the sport of judo in the United States and throughout the world. Because of the work involved in planning and coordinating events by so many volunteers, the following procedures are in place for filing planning and expense reports.

Planning

Any volunteer planning an event must complete the appropriate form and submit it to the national office for approval and recording. The requisition is to include all anticipated expenses related to the event such as travel, hotel, food, and local transportation costs. These costs are to be the best estimates at the time of planning. The vendor, if available, should be entered on the requisition. Multiple requisitions may be submitted for a single event. The purchase requisition must be submitted to the program director of the event for approval. The appropriate program director will submit the requisition to the national office where it will be coded and recorded under the appropriate budget.

Expense Reports

Should an individual find it necessary to pay event related expenses from one's personal funds, an expense report must be completed and filed with the national office within thirty (30) days of incurring the expense to receive reimbursement. All original receipts must be attached regardless of the amount to be reimbursed. The report is self-explanatory and can be found on the USA Judo website. Un-receipted items will not be reimbursed.

Completed forms are to be submitted to the national office at:

USA Judo
Attn: Accounting
One Olympic Plaza
Colorado Springs, CO 80909

3. Travel

All travel arrangements are to be made as soon as possible, (at least 21 days in advance if not earlier), checking more than one travel website for the best available rate.

Advances for travel expenses may be provided when requested. A request for payment form must be submitted and approved by the CEO before any travel advance will be completed. Travel advance receipts and refunds must be submitted within 30 days of the conclusion of the event and reported on the designated report form. No other advances will be issued until any outstanding travel report is submitted. You are responsible for all advances even if you forward the money to someone else.

4. Coach Honoraria

Under appropriate circumstances, honoraria and stipends for coaches and speakers for age group and developmental camps/events, speakers for national team camps/events and coaching development, if provided for in the budget, are permitted. Honoraria and stipends for coaches and team staff (managers, etc.) for national team camps and events (i.e., Olympic, World Championships, other international camps or competitions, and preparatory camps or events for any of the preceding) are also permitted. Honoraria for athletes and outside presenters, if provided for in the budget, are permitted for non-revenue producing events.

In each case, such funds must be allocated from available, budgeted amounts, either from USA Judo and/or the USOPC or other funders. Decisions about the assignment of staff (coaches, staff, clinicians and speakers), and the events for which stipends, honoraria or funding will be made available, are generally to be made by the director of high performance, with the approval of the high performance committee, and where appropriate in consultation with the USOPC (and the board, for events where the board's approval is mandatory [eg. Olympics, Paralympics, PanAm Games, etc.]). Such allocations are subject to the usual budgetary restrictions and oversight and shall be consistent with the strategic plan and annual high performance working plan of USA Judo.

4. Credit Card Procedures

Credit cards are issued to designated employees. Use of company issued credit cards is a privilege that the company may withdraw at any time, with or without cause. Upon an employee's termination of employment at the company, all cards must be returned to the director of finance.

USA Judo staff may not pay for company expenses from personal funds and shall not utilize personal credit cards to pay corporate bills or expenses unless prior written approval from the

director of finance or CEO has been obtained. USA Judo may not accept loans or advances of funds from employees of the organization.

The employee in possession of the company credit card is solely responsible for all purchases on the card and for ensuring that the card is not used by unauthorized personnel. Card numbers may not be distributed and should not be saved in online accounts.

Any credit card USA Judo issues to an employee must be used for business purposes only, and for purposes in conjunction with the employee's job duties. Employees with such credit cards shall not use them for any non-business purpose. Non-business purchases are considered any purchases that are not for the benefit of the company. Business related expenses, such as food, baggage fees, ground transportation and lodging while on company approved business travel, may be purchased on the company credit card if these purchases are consistent with the company's travel and expense reimbursement policy. No alcoholic beverages may be purchased with the company credit card unless approved by the CEO. Cash advances on company credit cards are prohibited.

When the credit card statement closing date occurs the director of finance will provide a download of the transactions to each cardholder. The cardholder will code and provide receipts (electronic scans are acceptable) for all charges and credits to the director of finance. If scanned receipts are submitted for certain charges, the original receipts must also be retained and must be made available to USA Judo and its auditors upon request.

Credit card expense reports shall require review and approval by the CEO. The CEO's expense reports will be subject to review and approval by a designated member of the Audit Committee.

Missing Receipts

Cardholders are responsible for the collection and submission of all receipts for all transactions occurring on their credit cards. Every effort should be made to obtain a duplicate copy of a missing receipt from the vendor. If the cardholder is unable obtain a copy, a missing receipt statement must be sent to the CEO with a complete explanation of the expense.

4. Petty Cash

USA Judo does not keep petty cash in the office. Employees can purchase items with a company credit card or personally and be reimbursed.

Petty cash will be provided in advance of events. Reports for the advance must be submitted within one week after returning to the national office.

Asset Management

A. Account Maintenance

1. Online Banking

USA Judo will seek to maintain accounts with financial institutions that provide online banking capabilities. The CEO and director of finance will have full online access to USA Judo's accounts. Other designated USA Judo staff will have limited access to USA Judo's accounts. Online access will be primarily to review account balances for accuracy and control purposes.

USA Judo may also engage in online transactions including transfers between linked USA Judo accounts and payments to certain vendors. Where possible all electronic payments require dual approvals where one individual can initiate a transaction and the other person approves the transaction. Online transfers and payments must comply with all additional procedures for payments as detailed in this document.

B. USA Judo Capital Assets

1. Purchase of Capital Assets

USA Judo carries certain durable (i.e., non-consumable) assets on its books as capital purchases if the item has a useful life greater than one year and if the invoice was \$3,000 or more. If an item purchased is equal to or exceeds the dollar threshold the item must be capitalized. A capital purchase must be approved, in writing, by the CEO and the timing of the purchase must be coordinated with the CEO and director of finance.

Incurring of any financial obligation and/or execution of any debt instrument (including, but not limited to, loans and leases), for the purpose of securing a capital asset, must be approved, in advance, by the audit committee and the board of directors. Approved debt instruments may be executed only by the CEO. USA Judo will not accept personal loans from staff or board members, nor will it provide loans to such individuals.

2. Depreciation of Capital Assets

USA Judo has established the straight-line methodology for depreciating all fixed assets. Depreciation will begin in the month the asset is placed in service. Under the straight-line depreciation method, the basis of the asset is written off evenly over the useful life of the asset. The amount of annual depreciation is determined by dividing an asset's cost reduced by the salvage value, if any, by its estimated life. Generally, the useful life is five (5) years for furniture, fixtures, equipment, leasehold improvements, and the like. When a normal life of five (5) years appears unreasonable, a more realistic life may be used.

C. Inventory

An annual inventory will be conducted, and adjustments made to the records if necessary.

D. Recordkeeping

Financial Records Backup Policy

Financial accounting records are maintained and backed up via the accounting system using multiple levels of redundancy to guard against failure. The director of finance will ensure that USA Judo's accounting system also utilizes a comprehensive disaster recovery process and offsite backup storage.

Records Retention Policy

Complete and detailed records will be maintained of all financial transactions as well as select event documentation. Records will be retained in a secured location until the period in which the

document must be maintained has expired. The guidelines in the tables below indicate the number of years a record is to be kept after the close of the calendar year in which the transaction took place.

Paper documentation for any calendar year financial transactions should be maintained and secured in office filing cabinets until both the annual and USOPC audits are complete. Once audits are complete, paper documentation should be boxed and stored in a secure location. 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.

Electronic documents should be kept on the company shared drive or alternative secured drive that is maintained and backed up until the required period has expired.

<u>Permanent Records</u>		<u>Location</u>		
<u>Item</u>		<u>Current</u>	<u>1st Year</u>	<u>Remaining</u>
Articles of Incorporation		Office	Office	Office
Audited financial statements		Office	Office	Archive
Bylaws and Minutes		Office	Office	Office
Disciplinary matters (complaints, panels, etc.)		Office	Office	Archive
Fixed assets and depreciation records		Office	Office	Archive
Important checks (tax, property, etc.)		Office	Office	Office
Insurance records, current accident reports, claims, policies, etc. (active & expired)		Office	Office	Archive
IRS exemption determination letter		Office	Office	Office
Licenses, Franchise Agreements and Deeds		Office	Office	Archive
Litigation (all documentation and communication)		Office	Office	Archive
State tax exemptions		Office	Office	Office
Tax returns		Office	Office	Archive
Trademark registrations and copyrights		Office	Office	Archive
<u>Non-Permanent Records</u>		<u>Location</u>		
<u>Item</u>	<u>Years</u>	<u>Current</u>	<u>1st Year</u>	<u>2nd + Years</u>
Accounts payable and receivable ledgers & schedules	7	Office	Office	Archive
Audit report of accountants	7	Office	Office	Archive
Bank Statements	3	Office	Office	Archive
Cancelled checks	7	Office	Office	Office
Club memberships	3	Office	Office	Archive
Contracts, mortgages, notes and leases (expired)	7	Office	Office	Archive
Correspondence	2	Office	Archive	Destroy
Deposit batch reports & duplicate slips	3	Office	Office	Archive
Donor contributions (after donor restrictions are met)	7	Office	Office	Archive
Employee records (after termination)	7	Office	Office	Office
Employment applications	3	Office	Office	Archive
End of year financial statements	7	Office	Office	Archive
General ledgers	7	Office	Office	Archive
Inventory counts & merchandise records	7	Office	Office	Archive
Invoices and expense reports (after payment)	7	Office	Office	Archive
Journals	7	Office	Office	Archive
Media records	3	Office	Office	Office
Membership applications	3	Office	Office	Archive
Membership lists	3	Office	Archive	Archive
Monthly financial reports & statements	7	Office	Office	Archive
Payroll records	7	Office	Office	Archive
Payroll tax returns (W-2 & 1099)	7	Office	Office	Office
Service contracts and agreements (after termination)	7	Office	Office	Archive

USA Judo Business Cards

Officers are to be supplied with business cards. Further, the president may authorize additional persons to be supplied with business cards when the position requires substantial external contact.

-----Revised November 18, 2021