

USA Karate National Office
1631 Mesa Avenue, Suite A
Colorado Springs, CO 80906



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USA KARATE ACCOUNTING AND FINANCIAL PROCEDURES

ACCOUNTS

USA Karate maintains accounts with:

Chase Bank – www.chase.com
Checking, Savings and Chase United Mileage Plus Credit Card
DIVVY Credit Card

ACCOUNTING SOFTWARE

USA Karate utilizes the following software:

- QuickBooks Online to manage the financials. Access is limited to the CEO, Accountant and Bestow Advisors. All Board Members have read only access to the financials.
- Gusto to manage payroll. Access is limited to CEO and Bestow Accounting.
- Bill.com to manage payments and expenses. Access is limited to CEO and Bestow Accounting Advisors. Syncs with QuickBooks Online.
- Sport80 to manage the membership. Payments accepted for individual memberships, club memberships, Dan certifications.
- Tournamentinabox.com for event registrations, vendor booths for signature events. Payments through STRIPE
- STRIPE to manage onsite transactions at Signature Events. Access is limited to CEO, cash register operators and Bestow Accounting Advisors.

PAYROLL

Payroll is on the 15th and the last day of the month. If either of those days falls on a Saturday or Sunday, the direct deposit takes place on the Friday before.

Bestow Accounting Advisors will assist in processing payroll for all salaried and hourly staff through the full-service third-party provider Gusto.

USA Karate will:

- Gather, assemble, and maintain all documentation (hours worked, salary amounts, bonus, employee info, etc.) in order for payroll to be processed in an accurate and timely manner.
 - CEO will provide information on Staff
 - Chair of the Board will provide information on the CEO.



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- CEO will verify the accuracy of all payroll including, but not limited to, pay and withholding amounts, which state and local jurisdictions require tax withholding and payments, staff additions/deletions, and any future changes of payroll provider.
- CEO will review and approve payroll for Bestow Accounting Advisors to release the payroll.
- USA Karate will notify Bestow Accounting Advisors of any payroll inaccuracies within five business days after payroll has been processed

Bestow Accounting Advisors will:

- Process the payroll through a full-service third-party provider GUSTO.
 - GUSTO provides direct deposits, statements, W-2 and payroll taxes
- Release payroll after receiving approval from USA Karate.
- Post all payroll information into QuickBooks Online and make any necessary journal entries to reflect proper accounting of general ledger accounts and classes.
- Prepare 1099 Statements

PAYROLL TAXES

MONTHLY TAXES

Federal taxes (Form 941) are due by the 15th of each month. Taxes will be processed by the Gusto application.

To pay Federal:

<https://www.eftps.com/eftps/>

EIN: 91-1646543

User: USAnkf1631

QUARTERLY TAXES

Colorado Unemployment and Colorado Withholding will be due Quarterly. Taxes will be processed by the Gusto application and Keep copies of all completed forms for annual external audit.

Colorado Unemployment:

<https://myuiemployer.coworkforce.com/>

User: Usankf17

Colorado Withholding:

<https://www.colorado.gov/pacific/tax/electronic-funds-transfer>

EFT: 3711228746



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GENERAL LEDGER MANAGEMENT

Bestow Accounting Advisors will maintain the general ledger in QuickBooks Online.

USA Karate will:

- Review and approve any adjusting journal entries proposed by Bestow Accounting Advisors.

Bestow Accounting Advisors will:

- Reconcile all Client balance sheet accounts on a monthly basis, including all bank and investment accounts.
- Maintain the Client property and equipment depreciation schedule.

DOCUMENT TRANSMISSION AND STORAGE

USA Karate will transmit documents to Bestow Accounting Advisors by uploading files to a dedicated online document portal (“the Portal”). Most supporting documents will be maintained in the Portal for 10 years. Grantor letters and contracts may be maintained for a longer period of time, depending on the long-term nature of the grant or contract. All documents will be accessible by the Client at all times.

USA Karate will:

- Upload to the Portal any documentation required to support the maintenance of the General Ledger

Bestow Accounting Advisors will:

- Retrieve Client-uploaded documents from the Portal, and file documents in the appropriate Portal folder location after the document has been processed and/or reviewed.

ACCOUNTS RECEIVABLE AND DEPOSITS

Bestow Accounting Advisors will use information provided to maintain the cash balances for the bank account(s).

USA Karate will:

- Upload bank deposits and accounts/grants/pledges receivable data to the Portal on a weekly basis, or more frequently, if necessary.
- Notify Bestow Advisors of any donor-imposed restrictions or additions to board-designations or endowments.



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Bestow Advisors will:

- Enter all bank deposits and accounts/grants/pledges receivable data to the Organization's general ledger.
- Maintain records of all board designations and donor restrictions.

ACCOUNTS PAYABLE AND EXPENSES

Bestow Accounting Advisors will oversee the processing of the accounts payable. Bestow Accounting Advisors will contract with Bill.com to assist in processing accounts payable and remit vendor payments by check, ACH, virtual card payments, and/or international wire transfers (where available). While USA Karate may interact with Bill.com personnel from time to time, Bestow Accounting Advisors assume full responsibility in ensuring the accuracy and timeliness of the preparation of accounts payable.

USA Karate will:

- Assemble all documentation for the accounts payable and upload all vendor invoices to the Portal. Any vendor invoices uploaded after the 10th day of the month will generally not be accrued in the preceding month's payables. An exception to this will apply for the last month of the fiscal year, where a longer delay will be permitted to ensure an accurate year-end accounts payable balance.
- Clearly notate where within the general ledger each transaction should be coded, through the use of a Control Sheet or an alternative method that clearly indicates the account coding. The Control Sheet or alternative method will also be used to account for any release of restrictions or designations, as well as accounting for program costs and cost centers, if any.
- Review and approve, via Bill.com or the Bill.com mobile app, all accounts payable items to be processed.
 - Approval for payable under \$10,000 is by the CEO
 - Approvals in excess of \$10,000 requires a board member to also approve the invoice.

Bestow Accounting Advisors will:

- Oversee the processing of the accounts payable on a weekly basis, or more frequently if necessary.
- Sync or download all Client accounts payable information for processing into the Client general ledger.
- Enter any debit card and credit card transactions from the respective monthly statements or Bill.com expense application.



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Checks issues that have not cleared after 90 days are reported by Bill.com and attempts are made to reissue the check. Where possible we encourage vendors to accept electronic payments to avoid problems with delivery of physical checks.

EXPENSES REIMBURSEMENT

USA Karate reimburses approved expenses and travel support for funded athletes, Board Members, Coaches, Referees and Staff members and Contractors.

- Individuals submit the expense for reimbursement via Bill.com, with a cover sheet and original expenses, via email
- Multiple expenses are submitted via an expense report
- Expenses are reviewed and receipts verified Expenses are approved as follows:
 - Approval for Staff expenses is the CEO
 - Approval of CEO expenses is a member of the Board of Directors
 - Approval of Board Expenses is an Independent Director of the Board of Directors. The Board approvers expenses are approved by the Board Chair.
- Payment is made via check or ACH payment through Bill.com after financial approval by Bestow Accounting Advisors

CONTRACTS

The CEO may sign supplier and project contracts that align with the approved annual budget of the organization. Contracts that represent incremental income or expense beyond the approved annual budget require the pre-approval of the BOD.

MERCHANT ACCOUNT

Bestow Accounting works with the merchant account to post transactions to QuickBooks Online.

Payments made through STRPIE or the Chase Mobile application are only used at signature events and get recorded to the top line revenue for the event and then split to the accounts via a journal entry. The purchases are recorded in STRIPE POS at the signature event.

CHASE CREDIT CARD

Corporate Cardholders will have access to sync transactions to their Bill.com Expense Application. Receipts will be attached to each charge and the charge will be coded with an expense category that is mapped to a QuickBooks Online account. Bestow Advisors will be able to sync those transactions to QuickBooks Online.

Bill.com expenses for the synced Corporate Credit Cards are not reimbursable.



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The following approvals will be used on credit card transactions:

- Approval for Staff expenses is the CEO
- Approval of CEO expenses is a member of the Board of Directors

CHECKING/SAVINGS/CREDIT CARDS RECOMCILIATION

Bestow Accounting Advisors will reconcile all accounts against the current statement.

BUDGET

Annual budget is drafted in Q3 and approved by the Board of Directors. Once approved the budget is added to QuickBooks for use in reporting.

QUARTERLY FINANCIAL STATEMENT PREPARATION

Bestow Accounting Advisors will prepare the quarterly financial statements, which comprise the statements of financial position and the related statements of activities for the period. Interim financial statements will be accessible within QuickBooks Online after Bestow Accounting Advisors monthly soft close procedures have been performed. Primary Reports that are reviewed and provided to the Board of Directors quarterly or as requested:

- Profit and Loss
- Budget vs Actuals
- Balance Sheet

USA Karate will:

- Provide all applicable information to Bestow Advisors no later than the 10th day of each month, for the preceding month.
- Allow for a 15-day period for the preparation of the drafts of financial statements after all applicable information is provided. If all information is provided by the 10th day of the month, the drafts of the financial statements will be available on the 25th of the month.

Bestow Accounting Advisors will:

- Complete the drafts of the financial statements within 15 days of receipt of all applicable information. The exception to this will apply to final month of the fiscal year, when more time will be necessary to close out the year and prepare financial statements that are ready for audit and/or Form 990 reporting.
- Provide Quarterly Financials to USA Karate management to share with the Board of Directors.



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RESERVE FUNDS

USA Karate does not have Reserve Funds at this time but is actively working on this for 2026 and beyond.

MEMBERSHIP

USA Karate utilizes Sport80 for managing the membership. Sport80 processes the payment transactions through USA Karate's merchant STRIPE account during online signup. Membership staff reviews and processes the once the membership is complete with compliance to SafeSport and background checks (when applicable).

EVENT MANAGEMENT, EVENT SANCTION FEES

USA Karate utilizes Tournament in a Box for managing the event registrations and event sanction fees. Tournament in a Box processes the payment transactions through USA Karate's merchant STRIPE account payment gateway during online registration.

Forms sent to the national office with a check/cash payment are entered manually by Tournament in a Box staff and payment is deposited in the bank by USA Karate staff. Note: typically very few forms come in this way.

Once on-site the payment handling switches to STRIPE as our Point of Sale system. Changes that occur in Tournament in a Box that require payments are transmitted to a cashier who completes the transaction using STRIPE. For all other transactions for things like spectator tickets, protest fees and misc. items are entered into the POS.

On-Site the collection of money is limited to 3 registers and each register is opened with a starting bank. Only 1 cashier per register handles transactions and each transaction is entered into the POS system. At the close of the day the register is closed and the funds are verified. Reports are run to show what was purchased during the day so that the onsite purchase can be split in QuickBooks to the proper account through a journal entry.

Deposits are made periodically at a local bank branch to minimize the amount of cash and checks we have on hand at any given time and the final deposit of all event cash and checks is made prior to departure from the event.



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TEAM TRAVEL, CAMP REGISTRATION, EVENT VENDOR BOOTHS, EVENT SPONSORSHIP AND DAN CERTIFICATION

USA Karate utilizes Sport80 and Tournamentinabox.com to manage data entry forms and to collect payments for items we need to capture data and payments. Payment transactions go through USA Karate's STRIPE merchant account.

CASH DISBURSEMENTS

USA Karate limits the amount of disbursements that are done in cash. All cash disbursements are approved by the CEO or a board member prior to disbursement. The following types of disbursements occur:

SIGNATURE EVENTS

For Signature Events the CEO will be responsible for maintaining and tracking the revenue from the event. The CEO will control these funds. Disbursement of funds at the event will require the approval of a Board Member.

- USA Open International Referees receive a per Diem in cash since in many cases they cannot cash checks while in the USA
 - Each individual signs a receipt for the cash they receive
- USA Open prize money is awarded in cash
 - Each winner signs a receipt for the cash received
- Petty Cash when necessary is recorded against receipts so it can be accounted for
 - Only used in extreme cases
- Tips for Banquet, Convention Services and AV Staff
 - Track and record tips distributed



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TEAM TRAVEL

- Team Leaders on National Team travel trips are provided \$2000-3000 in cash to use for protests, emergencies and in country services that require cash
 - Cash is returned with receipts for all funds including transaction fees following the trips to fully account for the disbursement.
 - Record the disbursement and the repayment in QuickBooks.
 - When non employees are receiving cash we have them sign for it.

TAX RETURNS AND AUDITS

- Audit committee approves accounting firm for the year
 - USA Karate has been working with Mark Peniston, CPA LLC, Tax and Financial Services
- Accounting firm has access to QuickBooks Online
- Provide Accounting Firm with information when requested:
 - Signed engagement letter
 - Letter for the attorney on pending litigations and pro bono fees
 - Letter for the banks to provide end-of-year balances
 - Receipts for audited transactions
 - Other information as requested
- Send completed 990 and Audit Reports to the USOPC
- Post completed 990 and Audit Reports on the website