Financial 400
Cash Receipts Control

Cash is brought into the State Office. If it is for Coaching or Player Development Programs Amy will process and verify entry form with money and record the receipt; all other items are handled by Cheryl using the same process. Receipt is available to the person paying with cash. Carol completes the deposit in Excel and takes the cash, along with any checks to the bank. Any cash received that is not immediately deposited with be stored in the safe until the next deposit is prepared and taken to the bank.

Cash Disbursement Controls

Initiation of Vouchers:
Any employee or volunteer with responsibility for a particular function may request a voucher for payment of expenses.

Approval of Vouchers:
Each voucher must be approved by a person responsible for the particular Cost Center.

Voucher Verification:
State Office verifies all vouchers are complete and coded to the correct Cost Center.

Check Processing (computerized checks):
Vouchers are entered in the computer by CPA and checks are printed semi-monthly. Dual signatures are required for any amount above 500.00.

Check Processing (manual checks):
Vouchers may be paid by manual check prepared by the Office Administrator. Dual signatures are required for any amount above 500.00.

Check Processing (payroll checks):
Payroll checks are prepared by CPA and sent to Treasurer or President for signature. One signature is required.

Bank Statements:
All bank statements, except Payroll account are received at PA West Soccer office. Payroll bank statement is received at CPA's office. All bank statements, except Tournament account are reconciled by CPA.
The preparation of the PA West Soccer payroll is performed at the office of the Accountant to ensure the confidentiality of salaries and wages. On the last day of the pay period, the Director of Member Services or his designee, provides the Accountant with the hours worked by each employee. The accountant, using the rates approved by the Board of Directors, prepares each employee's paycheck, less applicable taxes and other payroll deductions. A separate payroll checking account shall be established for this function and will require only one approved signature (minimizing the time required to get the check to the employee). The Accountant will mail the pay checks to the approver, who will sign them and mail them directly to the employees home or other designated location. The payroll account will be funded monthly from the general operating account. Payroll records are to be maintained by the Account in accordance with government policies or for a period of at least seven years.
Payment and Reimbursement of Expenditures

PA West Soccer Association will reimburse its board members, cost center heads and others for authorized expenditures which are directly related to the conduct of Association business. Requests for reimbursement must be documented, submitted to the Treasurer monthly and should be paid promptly.

1. Whenever practical, cost center expenses should be directly billed to PA West Soccer Association as delegated at the state office.
2. All expenses which are to be reimbursed must be submitted for payment within 45 days of occurrence. All vouchers must be submitted no later than 15 days after the end of the program year. Exceptions must be approved by the Executive Board President.
3. If individuals are to be reimbursed, they must complete a "Request for Payment Voucher" which must be approved by the cost center head and accompanied by an original receipt or invoice for the actual expenditure. If a cost center head is requesting payment for personal expenses it must be approved by the Executive Board President. Funds paid to individuals that are not supported by third party receipts or invoices, such as instructional fees, meals and mileage, are subject to 1099MISC reporting.
4. Capital expenditures (computers, software, fax and answering machines, telephones, file cabinets, etc.) may only be purchased for the state office. These are not reimbursable items for other cost centers or chairpersons without the approval of the Executive Board.
5. All expenses of the association shall be paid by bank check.
6. Checks shall be signed by two designator signers if the check is 500.00 or more. If the payee is also a designated signor, it must have a second signature regardless of the amount.

Travel and lodging should be booked through the Executive Board approved travel agent to allow travel expenses to be billed directly to PA West Soccer. Utilization of this service will also provide support for last minute changes and cancellations without additional costs.

Travel Expenses Outside of PA West Soccer

1. The Executive Board shall formally pre-approve those who are authorized to represent the PA West Soccer Association at regional or national meetings. Only those authorized will be reimbursed for their travel expenditures. Note: Referees, State Office, State Coaching, Adults, and Youth have travel expenses built into their budgets and do not require approval from Executive Board.

2. Transportation
   a) Airline tickets should be purchased in advance to take advantage of special airfare rates. Whenever possible, travelers should also consider booking over a Saturday if the transportation savings offset additional costs of lodging and meals.
   b) PA West Soccer will only reimburse for "coach" airfares. Upgrades are at the traveler's expense.
   c) Airline tickets should be billed directly to PA West Soccer whenever possible.
   d) Any personal travel is at the traveler's expense.
   e) Travelers may elect to drive to national or regional meetings. However, PA West Soccer will only reimburse mileage at the current Executive Board approved. Any mileage submitted exceeding the most expensive airfare submitted will be capped at the cost of said airfare.

3. Lodging
   a) If travel arrangements to regional or national meeting include convention rate lodging, this rate should be used. Otherwise, the best possible rate should be obtained.
   b) Lodging shall consist of room, tax and tip (if applicable). Mini-bar charges, in room movies, health club and room service are not reimbursable expenses.
   c) If spouses travel, their incremental cost is not reimbursable.
   d) On occasion, members of PA West Soccer will be asked to share a room to permit more people to attend.

4. Meals
a) The daily limit for meals and food is $50 per day. This rate is subject to change depending on the venue. This is not a per diem rate but a reimbursement of actual expenses incurred. Detailed receipts should be provided.
b) Alcoholic beverage expenditures are not reimbursable whether drinks are consumed at a meal or separately.
c) If you incur a meal expense (lunch/dinner) when a meal has been provided by the event (as part of the registration fee), there will be no reimbursement of the expense.

5. Entertainment
   a) Personal entertainment is not reimbursable.
   b) At the President's discretion, PA West Soccer may elect to entertain in an official capacity or return meals bought by other associations. All expenses must be documented and the circumstances noted.

Travel Expenses Within PA West Soccer
1. In general, intra-state travel (i.e., within PA West Soccer) expenses are reimbursed on the same basis as travel outside of PA West except that they do not need to be pre-approved by the Board of Directors. Cost centers have the right and responsibility to budget for such expenses. As with all reimbursements, a "Request of Payment Voucher" must be completed and approved prior to payment.
2. Mileage costs incurred by members will be reimbursed at the Executive Board approved rate per mile. Mileage costs incurred by employees of PA West Soccer will be reimbursed at the Executive Board approved rate per mile on all miles. Vouchers should indicate the number of miles driven, the destination and the purpose of the trip. In certain cases, PA West Soccer may elect to reimburse members for actual fuel purchases rather than a mileage rate.
3. Lodging and meals follow same guidelines as travel outside of PA West Soccer.

Completion of Request for Payment Voucher
1. All requests for reimbursements of expenditures must be accompanied by a completed, documented and approved Request for Payment Voucher.
2. The budget code may be obtained from the Chart of Accounts. (Verify with the PA West Soccer state office if in doubt.)
3. All requests for payment should be made within 45 days of the expense and within the budget year. Payment beyond this period may require Executive Board of Directors approval.
4. The payment voucher is to be submitted to the state office. A faxed copy of the voucher and receipts are acceptable in instances where it is not practical to submit them in person or have them delivered by mail providing that the original copies are forwarded as soon as possible.
5. Checks are normally processed and mailed the second and last week of each month.
6. All questions should be directed to the PA West Soccer Executive Director for resolution.
PA West Soccer Association
Request for Reimbursement

Pay to the order of: ____________________________
Address: ______________________________________
______________________________________________
Telephone: _____________________________________

Complete and attach all original receipts and invoices. Payment from copies must be approved by the President or Treasurer to assure that there is no duplication of payment.

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<th>Budget Code</th>
<th>Description</th>
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Additional instructions: ____________________________________________________________

Title: ________________________________

Requested by: __________________________

Check number: _______________
Billing Procedures

Sale of Goods and Advertising
The sale of goods and advertising shall be billed using a 30-day cycle. At the onset of the billing cycle an invoice should be generated and forwarded to the individual/company making the purchase. If payment has not been received by the due date a new invoice must be generated and forward to the customer for payment within 20 days. If unpaid after the additional 20 days, a final notice invoice shall be generated and mailed to the customer for payment within 10 days; the invoice should also serve notice that if not paid by the deadline steps would be taken to file the appropriate paperwork with the Magistrate. The third notice shall be mailed via certified mail.

This section could/would also apply to any and all fines initiated from any division of PA West Soccer.

Registration
All registration fees shall be submitted at the time of rostering for travel teams or at the time of registration for individuals. Rosters and player passes, as well as certifications, shall be held until the appropriate payment is made.

All registration fees for in-house teams shall be due by the second week of the season. Reminders that registration submission is past due shall be forwarded to all clubs not meeting the deadline. The reminder shall give them an additional 14 days to submit/report their in-house registration.

Once the in-house rosters have been received an invoice shall be sent to the club registrar for payment. At the time payment is received the data shall be added to the database.

Clubs will be afforded three 30-day payment notices before the Youth Board will be asked to withdraw privileges pending payment.

NSF Checks
All individuals, including but not limited to players, coaches and referees, providing an NSF check shall be notified via certified letter with an invoice requiring complete payment of the outstanding amount of the check plus any fees for reprocessing the check. The individual shall be provided 30 days to make the required payment. At the conclusion of the 30 days a second 30-day notice/invoice will be forwarded to the individual. At the 60-day mark, a third and final notice/invoice shall be issued providing 14 days for resolution of the outstanding amount; the notice shall also provide notice of the intent to seek resolution using the Magistrate. The third notice shall be mailed via certified mail.

When the bank returns an NSF check to PA West, the cost center which received the initial credit for the revenue will be charged for the NSF check and the reprocessing. When these funds have been received, the cost center will be credited for the charges.
Other Fixed Assets

Overview
Fixed assets shall be purchased for the State Office. All such purchases over $500 must be approved by the Board of Directors. These assets must be retained at the State Office unless otherwise approved by the Board of Directors or its designee. The Director of Member Services or his designee must record those assets removed from the premises. Fixed assets which have not been returned to the State Office within 60 days, must be identified to the President for further disposition.

Depreciation for fixed asset with calculated by the Accountant in accordance with applicable Internal Revenue guidelines.

Disposal of fixed asset must be approved by the Board and must be in compliance of 501(c)(3) regulations.

The Director of Member Services or his designee must physically inventory all fixed assets prior to the end of the fiscal year and provide this inventory to the auditors. The inventory should list the asset, manufacturer, model, serial number, PA West identification number and date purchased (or leased).
Checking Accounts and Reconciliations

Policy

1. The Treasurer shall be responsible for the PA West Soccer general fund checking account.
2. Subsidiary checking accounts (e.g., tournaments, payroll and referees) must be approved by the Board of Directors.
3. Those who issue checks shall perform a monthly checking account reconciliation and provide a copy to the Treasurer.
4. The Treasurer shall review the reconciliations and investigate any abnormalities.
Annual Budget Process

Policy

The purpose of an annual budget is to plan the revenue and expenditures of the Association to achieve the mission and goals of the Association and its individual cost centers. The budget shall run from September 1 through August 31 and shall be approved by the State Council at the Annual General Meeting (AGM).

1. The Budget Committee shall be headed by the Treasurer and shall be comprised of the Finance Committee chairperson, and representatives from the Youth and Adult Boards. Additional members may be appointed as necessary.

2. Each cost center head is responsible for developing and submitting a budget for their cost center.

3. The Executive Board shall set the date that budget requests are due for the forthcoming fiscal year.

4. The Budget Committee shall set its meeting schedule and may request cost center heads to attend these meetings as needed. The Committee shall submit a working budget at least three months and a final budget two months prior to the AGM.

5. The budget is used as a means of allocation of funding during the fiscal year. Items that are out of line, as determined by the Treasurer, may be presented to the Executive Board for final payment approval.

6. A cost center has the right to request a revision to its budget during the current fiscal year.

7. The Executive Board reserves the right to change all budget requests.
Off-Site Cash Receipts and Disbursement Controls

State Cup-Receipts

Cash is received at the site and recorded daily. At the conclusion of the tournament, the Tournament Treasurer prepares and records the total receipts and cash is delivered to the State Office.

State Cup-Disbursement

There is currently no formalized procedure. Cash is procured from the T-shirt money if needed to cover incidental costs (referee food, field maintenance items, etc.). The fund is reimbursed after the tournament using the receipts for items purchased through the PA West voucher system.

State Cup-Inventory

The committee currently tracks pre-sales to teams and site sales. Site sales currently tracks sales vs. income and balances at the conclusion of the tournament.

Open-Receipts

The cash is received by committee deposited into volunteer's personal checking account at each weekend's conclusion and a personal check is forwarded to the State Office in the amount of the cash receipt, along with any checks received. Whether there's an accounting of daily receipts to correspond with the deposit is unknown.

Open-Disbursement

Some cash disbursement are paid through the Open checking account. Other are handled t-shirt money using the same procedure as the State Cup.

Open-Inventory

There are no current inventory controls.
PA West Soccer Association
Policy Manual Policy #
Cash Flow

PA West Soccer Association
State Office Policy and Procedure
Receiving, Recording and Depositing Funds

Policy

The accurate recording of soccer funds is as important as the correct utilization of expense account codes. This proper classification of revenues and expenses is vital for each cost center head to manage their respective programs. The timely deposit of those funds maximizes the earning potential of those funds until they are used.

Procedure

1. Open mail each day and endorse checks with "For Deposit Only" stamp.
2. District, Classic and Adult registrars act as the collection agents for player fees. Tournament entry fees and Olympic Development Program fees should be mailed directly to the State Office. The State Referee Administrator shall be responsible for collecting and forwarding referee certification, recertification, referee camp and other instructional fees.
3. Designated State Office employees may collect for purchases of PA West merchandise, video tape deposits, travel permit fees, reimbursement for NSF (non-sufficient funds) checks and other miscellaneous fees.
4. All fees are to be paid by check made payable to "PA West Soccer Association."
5. All checks are to transmitted to the State Office on a timely basis, normally within 15 days of receipt, along with a transmittal form detailing the source and amount of the funds.
6. A designated State Office employee should verify the submittal of checks with the accompanying transmittal form. If in agreement, the transmittal form should be signed. If not in agreement, exceptions should be noted and a copy of the revised transmittal form returned to the sender. The original transmittal form should be filed.
7. A deposit report should be compiled listing each check by source of funds.
8. Verified transmittal forms should be filed and retained for three years.
9. A report of the funds received and deposited should be provided to the accountant, a copy should be filed and retained for three years and a copy should be forwarded to the Treasurer.
10. Deposits should be made weekly or whenever the deposit exceeds $250.
PA West Soccer Association
Policy Manual Policy #
Subject: Cash Flow

PA West Soccer Association
State Office Policy and Procedure
Reporting and Collection of NSF Checks

Policy

All PA West fees are to be paid by check or money order. If a check is returned by the bank for non-sufficient funds (NSF), the originator will be formally notified they must PA West for the original funds but any fees incurred by the State Office. These fees include but are not limited to bank handling fees, interest and State Office processing fees. Failure to reimburse the Association these fees due, will put the player or club in bad standing. Repeated offenses will be referred to the Board of Directors for further action as required.

Procedure

1. All NSF check are recorded on the NSF Collection Status Report and filed with the PA West Treasurer
2. A letter shall be sent to the originator of the NSF check informing them of the returned check and the amount owed, including all additional fees
3. In the event that the originator does not respond within 30 days, a second letter shall be sent to the originator indicating that they are in bad standing and they may not participate in PA West activities until this status has been reviewed by the Board of Directors.
4. Dates of the above correspondence and the date of the replacement check shall be posted to the NSF Collection Status Report and files with the PA West Treasurer
PA West Soccer Association
Reporting and Collection of NSF Checks
Date _________________

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<tr>
<th>Originator</th>
<th>Check Number</th>
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<th>Comments</th>
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Transmitting Funds

Policy

The accurate recording of soccer funds is as important as the correct utilization of expense account codes. This proper classification of revenues and expenses is vital for each cost center head to manage their respective programs.

Procedure

1. All funds transmitted to the state office should be in the form of a check or money order. Because of its liquidity, cash should never be sent.
2. All checks should be made payable to "PA West Soccer Association" and not to "Cash" or an individual.
3. Checks should indicate the purpose of the funds (e.g., affiliation fee, player registration, travel permit, Open Tournament registration, Boys ODP registration, etc.) on the memo line at the bottom of check.
4. List check numbers, originators and amount on transmittal form.
5. Total checks and indicate year (program) to date totals.
6. Send checks, transmittal form and self-addressed stamped envelope to
   PA West Soccer Association
   111 Whitehead Lane, Suite 200
   Monroeville, PA 15146-3332
7. A separate transmittal form should be used for each different revenue account.
8. Registrars need to also indicate the number of players they are registering and the number registered to date. This information is needed to calculate the amount of US Youth Soccer registration fees payable and the cost of player insurance payable. Classic Division Registrar also need to indicate the number of teams registered and the number registered to date.
9. Funds should be submitted weekly as a minimum or when the total transmittal is $250 or greater.
PA West Soccer Association  
Club Registration  
Check Transmittal and Registration Reconciliation  

Date ____________________

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<tr>
<th>Item</th>
<th>Team/Age Group</th>
<th>Players Registered</th>
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Total

Prior Transmittal

Transmittals to Date
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PA West Soccer Association
ODP Registration
Check Transmittal and Registration Reconciliation

Boys/Girls (Circle One)
Type of Revenue (Registration, Camp, Housing, etc.)

<table>
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<tr>
<th>Item</th>
<th>Player or Check Originator</th>
<th>Check Number</th>
<th>Amount</th>
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Purpose of the Investment Policy Statement

This policy establishes investment objectives, policies, guidelines and eligible securities related to all assets held by the Pennsylvania West State Soccer Association (“the Organization”) primarily for investment purposes (“institutional funds”). In doing so, the policy:

- Clarifies the delegation of duties and responsibilities concerning the management of institutional funds.
- Identifies the criteria against which the investment performance of the Organization’s investments will be measured.
- Communicates the objectives to the Executive Board, staff, investment managers, brokers, donors and funding sources that may be involved.
- Confirms policies and procedures relative to the expenditure of institutional funds.
- Serves as a review document to guide the ongoing oversight of the management of the Organization’s investments.

Investment Objective

The overall investment objective of the Organization is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

Delegation of Responsibilities

The Executive Board has a direct oversight role regarding all decisions that impact the Organization’s institutional funds. The Executive Board delegates the supervisory responsibility for the management of the Organization’s institutional funds to the Investment Committee. Specific responsibilities of the various bodies and individuals responsible for the management of our institutional funds are set forth below.

Responsibilities of the Executive Board

The Executive Board shall ensure that its fiduciary responsibilities concerning the proper management of the Organization’s institutional funds are fulfilled through appropriate investment structure, internal and external management, and portfolio performance consistent with all policies and procedures. Based on the advice and recommendations of the Investment Committee the Executive Board shall:

- Select, appoint and remove members of the Committee.
- Approve investment policies and objectives that reflect the long-term investment-risk orientation of the endowment.
- Approve the retention and/or dismissal of investment consultants and/or other outside professionals.

Responsibilities of the Investment Committee

Members of the Investment Committee are not held accountable for less than desirable outcomes, rather for adherence to procedural prudence, or the process by which decisions are made in respect to endowment
assets. In consideration of the foregoing, the Investment Committee is responsible for the development, recommendation, implementation and maintenance of all policies relative to the Organization’s institutional funds and shall:

- Develop and/or propose policy recommendations to the Executive Board with regard to the management of all institutional funds.
- Recommend long-term and short-term investment policies and objectives for our institutional funds, including the study and selection of asset classes, determining asset allocation ranges, and setting performance objectives.
- Determine that institutional funds are prudently and effectively managed with the assistance of the Executive Director and by the review of the Executive Board any necessary investment consultants and/or other outside professionals, if any.
- Monitor and evaluate the performance of all those responsible for the management of institutional funds.
- Recommend the retention and/or dismissal of investment consultants and/or other outside professionals.
- Receive and review reports from the Executive Director, investment consultants and/or other outside professionals, if any.
- Periodically meet with the Executive Director, investment consultants and/or other outside professional managers, investment consultants and/or other outside professionals.
- Convene at a minimum, quarterly to evaluate whether this policy, investment activities, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of institutional funds.

Responsibilities of Executive Director

The Executive Director shall be responsible for the day-to-day administration and implementation of policies established by the Executive Board and/or the Investment Committee concerning the management of institutional funds. The Executive Director shall also be the primary liaison between any investment consultants and/or other outside professionals that may be retained to assist in the management of such funds. Specifically, the Executive Director shall:

- Oversee the day-to-day operational investment activities of all institutional funds subject to policies established by the Executive Board and/or the Investment Committee.
- Contract with any necessary outside service providers, such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals.
- Ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of the Organization and performance monitoring systems are sufficient to provide the Investment Committee with timely, accurate and useful information.
- Regularly meet with any outside service providers to evaluate and assess compliance with investment guidelines, performance, outlook and investment strategies; monitor asset allocation and rebalance assets, as directed by the Investment Committee and in accordance with approved asset allocation policies, among asset classes and investment styles; and, tend to all other matters deemed to be consistent with due diligence with respect to prudent management of institutional funds.
- Prepare and issue periodic status reports to the Executive Board and the Investment Committee.
Investment Considerations

In accordance with the Organization’s understanding of Pennsylvania Uniform Principal and Income Act (Title 20 Chapter 81, § 8101 through § 8112), the Investment Committee must consider the purposes of both the Organization and the assets in managing and investing institutional funds. All individuals responsible for managing and investing the Organization’s institutional funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the expenditure of institutional funds, each of the following factors must be considered, and properly documented, in the minutes or other records of the applicable decision-making body:

- General economic conditions
- Possible effect of inflation or deflation
- Expected tax consequences, if any, of investment decisions or strategies
- The role that each investment course of action plays within the overall investment portfolio of the fund
- Expected total return from the income and appreciation of the investments
- Other resources of the Organization
- The needs of the Organization and the fund to make distributions and preserve capital
- An asset’s special relationship or special value, if any, to the Organization’s purpose

Investing Goal

The investment goal of the total return fund is to achieve a total return (income and appreciation) of 5% after inflation, over a full market cycle (3-5 years). The following guidelines apply to the three main investment asset classes 1) Money Market Funds, 2) Equities and 3) Fixed Income.

Guidelines for Investing

Money Market Funds: Allowable range – Minimum 5%; Maximum 45% of total assets

A quality money market fund will be utilized for the liquidity needs of the portfolio whose objective is to seek as high a current income as is consistent with liquidity and stability of principal. The fund will invest in “money market” instruments with remaining maturates of one year or less, that have been rated by at least one nationally recognized rating agency in the highest category for short-term debt securities.

Equities: Allowable Range – Minimum 25%; Maximum 60% of total assets

The equity component of the portfolio will consist of high-quality equity securities traded on the New York, NASDAQ or American Stock exchanges.

At the time of purchase, no more than 5% of the equity portion of the account will be invested in any one issuer. Also, not more than 20% of the equity portion of the account will be invested in stocks contained within the same industry.
It is acceptable to invest in an equity mutual fund(s) adhering to the investment characteristics identified above, as long as it is a no-load fund, without 12b-1 charges, which maintains an expense ratio consistent with those other funds of similar investment styles as measured by the Lipper and/or Morningstar rating services.

Prohibited equity investments shall include, but are not limited to, initial public offerings, restricted securities, private placements, derivatives, options, futures and margined transactions. Understanding that market offerings will continue to evolve over time the list of prohibited securities can be amended per approval by the Executive Board.

Exceptions to the prohibited investment policy may be made only when assets are invested in a Mutual Fund(s) that periodically utilizes prohibited strategies to mitigate risk and enhance return.

**Fixed Income: Allowable Range – Minimum 35%; Maximum 75% of total assets**

Bond investments will consist solely of taxable, fixed income securities that have an investment-grade rating (A or higher by Standard & Poor's and / or by Moody's) that possess a liquid secondary market. If the average credit quality rating differs among the two rating agencies, then the lower rating shall be used as the guideline. If non-rated, the securities must be clearly shown to be of comparable quality through due diligence of the acting investment managers, brokers, etc. and approved by the Executive Board.

At the time of purchase, no more that 5% of the fixed income portfolio will be invested in corporate bonds of the same issuer. Also, not more than 20% of the fixed income portfolio will be invested in bonds of issuers in the same industry.

The maximum average maturity of the fixed income portfolio will be 10 years, with not more than 25% of the bond portfolio maturing in more than 10 years.

Prohibited securities shall include, but are not limited to, private placements, derivatives (other than floating-rate coupon bonds), margined transactions and foreign denominated bonds. Understanding that market offerings will continue to evolve over time the list of prohibited securities can be amended per approval by the Executive Board.

Exceptions to the prohibited investment policy may be made only when assets are invested in a Mutual Fund(s) that periodically utilizes prohibited strategies to mitigate risk and enhance return.

Due to active rebalancing the investment manager is permitted to a plus (+) or minus (-) 5% variance from the target asset allocation at the time of purchase. It is possible that, depending on market conditions, the upper limit of the equity allocation could vary above 60% and that the lower limit of the fixed income could vary below 35%, however it is important stay within the allocation limit guidelines as often as possible.

**Performance Measurements Standards**

The benchmarks to be used in evaluating the performance of the two main asset classes will be:

- **Equities: S&P 500 Index** – Goal: Meet or exceed the average annual return of the index over a full market cycle (3-5 years).
Fixed Income: Barclays Capital U.S. Corporate Bond Index – Goal: Meet or exceed the average annual return of the index over a full market cycle (3-5 years).

It will be the responsibility of the Investment Committee of the Executive Board to regularly review the performance of the investment account and investment policy guidelines, and report to the Executive Board at least quarterly with updates and recommendations as needed.

Expenditure Considerations

The Executive Board and the Investment Committee are responsible for the establishment of a balanced reserve fund spending policy, and in doing so:

- Will endeavor to generate, over the medium-to-long term, sufficient investment return shall be retained to preserve and grow its economic value as a first priority.
- Will endeavor to provide funds for the annual operating budget in an amount which is not subject to large fluctuations from year-to-year to the greatest extent possible.

Expenditure of Institutional Funds

All decisions relative to the expenditure of institutional funds must assess the uses, benefits, purposes and duration for which the institutional fund was established, and, if relevant, consider the following factors:

- The duration and preservation of the institutional fund
- Purposes of the Organization and the fund
- General economic conditions
- Possible effect of inflation or deflation
- Expected total return from income and appreciation of investments
- Other organizational resources
- All applicable investment policies
- Where appropriate, alternatives to spending from the institutional fund and the possible effects of those alternatives.

For each decision to appropriate institutional funds for expenditure, an appropriate contemporaneous record shall be kept and maintained describing the nature and extent of the consideration that the appropriate body gave to each of the stipulated factors.

Donor Restrictions

In all instances, donor intent shall be respected, to the extent it is possible or practical when decisions are rendered concerning the investment or expenditure of donor restricted funds. If a donor, in the gift instrument, has directed that appreciation not be spent, the Organization shall comply with that directive and consider it when making decisions regarding the management and investment of the fund. Any attempt to lift restrictions on any fund shall be conducted in full compliance with the law.

Reserve Fund Expenditures
Each year, the Organization is authorized to withdraw **up to 5%** of the total market value of the investment account (market value to be determined as of the last business day of the preceding year) for the organization’s operating purposes. That spending percentage is applied to the three-year average of the December market value. Using a three-year market value average will help to even out any fluctuations that may occur in the value of the account. The dollar amount and timing of any distribution(s) from the investment account will be left up to the discretion of the Executive Board and the Treasurer.