

# UNITED STATES EVENTING ASSOCIATION



## **Guidelines for Financial Management of USEA Areas**

**If you have any questions regarding this manual, please contact**

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## I. INTRODUCTION & OVERVIEW

The U.S. Eventing Association encompasses the activities of the national office as well as the activities of the ten individual Areas for the **Fiscal Year which runs from October 1<sup>st</sup> through September 30<sup>th</sup>**.

The Areas, along with the Area officers, were established to facilitate service and coordinate the activities for our geographically diverse membership. Your assistance in our endeavor is greatly appreciated by the USEA and our members.

While each Area has its own budget and administers its own programs, the national office is accountable to the Internal Revenue Service (IRS) for ensuring that Area activities are within the USEA tax exempt purpose. The USEA is a 501(C) 3 not-for-profit educational association.

The USEA's tax-exempt status is established under Section 501(c) (3) of the Internal Revenue Code as a "corporation...organized and operated exclusively...for educational purposes, or to foster national or international amateur sports competitions (but only if no part of its activities involve the provision of athletic facilities or equipment)...." While the restrictions on providing athletic facilities or equipment were intended to prevent private clubs from qualifying for tax-exempt status, the wording is open to interpretation.

Donations and contributions made to the USEA are tax-exempt to the extent provided by federal law. A donation may be deducted as a charitable contribution, subject to IRS guidelines, or if the donor is a business or commercial entity as an advertising or public relations expense. Under our tax-exempt umbrella, **DONATIONS MAY NOT BE ACCEPTED BY AREAS FOR THE SOLE PURPOSE OF SUPPORTING A SPECIFIC EVENT, HORSE TRIALS, OR COMBINED TEST.** If you have any questions as to whether or not a donation qualifies as a charitable contribution, you should contact the national office for advice.

There is only one Treasurer per Area. Adult Rider and Young Rider coordinators may not act as treasurers and will not be responsible for maintaining the Adult Rider or Young Rider accounts, nor may these programs have a treasurer separate from the Area Treasurer. The Area Treasurer must exercise control over all the Areas funds (AR, YR, General, etc.) and is responsible for accounting and reporting for same.

Area Treasurers will perform accounting for area business using the accrual basis of accounting in accordance with Generally Accepted Accounting Practices (GAAP) and accounting standards as provided in these guidelines.

These guidelines detail the national organizations accounting requirements and describe the duties and responsibilities of Area Chairmen and Treasurers. In general it is the Area's responsibility to:

1. Operate within the established overall policies of the USEA.
2. Comply with all USEA financial reporting requirements.
3. Contact the Chief Executive Officer, Director of Administration, Vice President of Area Affairs, or the USEA Treasurer if you have any questions as to the propriety of an Area activity or use of funds.

## **II. REPORTING CALENDAR**

### **October 1**

- Fiscal year begins.

### **October 15**

All Area financial reporting must be entered into QuickBooks for the previous fiscal year, October 1 to September 30.

- A list of any Accounts Payable or Receivable as of September 30.
- A list of the Area Adult Rider and Young Rider members including dues paid and period of membership.
- A list of Inventory.
- A list of Capital Assets.
- The signed Audit Questionnaire (will be sent from Headquarters).

### **January (after the Annual Convention)**

- The national office will mail the first half of the Allotment to the Areas.

### **January 15**

- 1099's for professional services paid for from January 1 through December 31 of the previous calendar year are due at the national office.

### **March 31**

- The national office will mail the second half of the Allotment to the Areas.

### **July 1**

- Following years budget due at the national office.

### **September 30**

- End of fiscal year.

### **15<sup>th</sup> of Each Month**

- Accounting complete for prior month in QuickBooks
- Area financial reports sent to Area Chair, Adult Rider and Young Rider Coordinators.

### **III. AREA BANK ACCOUNTS**

Area Chairmen or Treasurers should handle the establishment of the Area bank account(s). The USEA tax ID number must be used when you open a new account. The USEA Chief Executive Officer **must** be included as an authorized signer on **all** Area accounts. When opening a new account, or if the Chief Executive Officer is not currently listed on an account signature card, please obtain the necessary forms from the bank and forward them to the national office for signature. In addition to the Chief Executive Officer, it is recommended that the Area Chairman and Area Treasurer also be signers on all Area bank accounts.

Internal Control procedures require that the original bank statements be mailed directly to the USEA in Leesburg (address below) where they will be reconciled on a monthly basis. Staff will fax or email copies to the Area Treasurer upon receipt, unless the Area Treasurer has online access to the account's statements.

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#### **IV. MONTHLY FINANCIAL REPORTING**

1. Each Area will maintain their monthly financials using a QuickBooks accounting package established by headquarters. A universal Chart of Accounts (Appendix J) has been set up for each Area. Additional accounts may be setup only by the QuickBooks administrator in Leesburg. All transactions will also be coded using a "Class" which is the program (Adult, Young Riders, Admin, etc).
2. On a monthly basis, the Treasurer must collect all the accounting records:
  - Income - Deposit slips, photocopies of all checks and in the case of cash, all supporting information as to source, name, amount, purpose, etc.
  - Disbursements - Check number/date must be noted on all bills, invoices, expense reports, etc. These records must be alphabetized by payee.
3. The accounting records (original supporting documentation for receipts and disbursements as mentioned above) must be mailed to the USEA office and postmarked no later than the 15<sup>th</sup> of the following month.
4. When mailing the Area's monthly accounting package, a brief narrative of significant (more than \$10,000) changes in revenues or expenses should be be emailed to the national office. For example if monthly receipts average \$2,000 per month and in July increase to \$25,000 because of fundraising for the NAYRC, then that occurrence should be noted.
5. At the end of each month the Area Treasurer will provide the Area Chair a monthly report of the Area's financial status together with financial reports for each of the area's programs.
6. The Area Treasurer will provide the Area Young Rider Coordinator and the Area Adult Rider Coordinator with monthly financial reports for their respective groups.

## V. AREA FUNDING

Areas operate in a financially independent manner. Area activities, promotions, clinics, etc., are to be coordinated by the Area Coordinators and, where appropriate, with the national committees or the national office. Funding for Area activities comes from two major sources (A) USEA Allotments and (B) funds raised by the Area and its Programs.

### A. USEA Allotments GL Code 4700

Each year the USEA national office distributes funds to the Areas derived from the starter levies imposed at USEA recognized events.

The purpose of these allotments is to provide the Areas with funds necessary to conduct business and help support the sport in accordance with our tax-exempt purpose. The allotments provided by the USEA are meant to cover Area administrative expenses, underwrite educational programs, encourage participation at Area competitions through an awards program, and help develop an overall awareness of the sport. USEA allotments are not intended to subsidize expenses related to team competitions or the Adult or Young Riders program. Support for these activities should come from local Area funds. A list of allowable expenses is included in Appendix B.

The USEA allotments are a combination of the Basic and Secondary allotments and will be distributed in two equal payments. One half of the payment will be sent automatically to each Area in January after the Annual Convention and the other half will be disbursed at the end of the six month accounting period (or March 31<sup>st</sup>).

Below is a description of how the Basic and Secondary numbers are calculated.

#### USEA Basic Allotment

The Basic Allotment is equal for all Areas and is based on the total number of starters during the previous year. The total amount available to each Area is determined by multiplying the total number of starters on a national basis for the previous competition year by \$.10. For example, in 2006 the Basic Allotment was \$4,023 per Area based on 40231 starters in 2005 competition year.

#### USEA Secondary Allotment

The Secondary Allotment is based on the number of starters per area multiplied by \$1.25 per starter.

## B. AREA GENERATED INCOME

While USEA Allotments are provided to cover certain administrative expenses and those programs that benefit the membership in general, Areas may want to raise funds to support Area programs or other Area functions. Since the national office is required to include all Area income and expenses in its reporting to the IRS, any programs supported by an Area must be approved by the USEA national office. Examples of currently approved programs include Young Riders, Adult Riders, and other educational programs including team coaching. If you wish to support a new program, please contact the USEA Chief Executive Officer for approval.

Funds raised by the Areas can come from a variety of sources for any number of different purposes. The national office is accountable for the financial activities of the Areas, which include making sure that the Areas operate within the limitations dictated by the IRS for not-for-profit associations. Therefore, for reporting purposes, it will be important to account for all funds received as well as properly classify them according to USEA guidelines.

### A. APPROVED INCOME

Approved income to be used by Areas for reporting purposes include:

| Adult Rider and Young Rider Program Fees [GL CODE 4101 & 4102](#)

Includes fees charged to members that wish to participate in various Awards and educational programs within each Area.

| Registration Fees [GL CODE 4500 \(by Class\)](#)

Includes fees charged to members and non-members to Area sponsored activities such as meetings, clinics, and other educational programs. Registration fees should cover all anticipated costs of the activity as well as provide a surplus to be used toward new programs.

| [Clinic/Schooling Income GL CODE 4510](#)

| Donations/Contributions [GL CODE 4651 & 4642 \(by Class\)](#)

Areas may accept donations on behalf of itself or the USEA to fund approved activities. Donations made to an Area may be deducted by the donor as a charitable contribution subject to IRS guidelines. A written acknowledgement is required for all donations exceeding \$250. See Appendix J for a sample acknowledgement letter.

| Sponsorships [GL Code 4601 & 4602 for In-Kind Product](#)

Sponsorship is a business relationship with a corporation or individual and is NOT to be confused with charitable giving. Sponsorships are sold typically in return for company/product exposure at an event, educational activity or in Area publications and on websites. (See Resource Material – Sponsorships.)

| Fundraising Activities [GL CODE 4653](#)

Areas may undertake fund raising activities as long as the specific activity does not become an on-going profit-oriented business or conflict with any fundraising efforts of the USEA national office. It is recommended that fund raising activities have a specific planned use for the proceeds such as support for Area Adult Riders or the Young Riders' Program.

| Advertising [GL CODE 4420](#)

Space sold in Area newsletters or program books can be used to defray printing costs. Profit made on advertising can be considered by the IRS to be "unrelated business income, therefore it is important to keep track of all income and expenses related to this item. Purchasing an ad in a newsletter is not considered a tax deductible donation.

| Bank Interest [GL CODE 4910](#)

Any interest paid by a bank on an Area bank account should be reported under "interest income". It will be necessary to make sure all interest income is posted to Area accounts as of the end of the fiscal year.

| Other Income [GL CODE 4999](#)

This category is to be used when income does not fall within any other category. Any amounts reported under this category will require a complete description as to the nature of the item. Any questions regarding the classification of miscellaneous income items should be directed to the Director of Administration.

## **B. PROHIBITED INCOME**

Areas and their programs are not allowed to generate funds that may be described by any of the following methods:

### Area Starter Levies

It is a USEA Board approved policy that Areas are not to establish local starter levies. Starter levies are only to be set by the USEA on a national level.

### Area Membership Surcharges

Areas are not permitted to charge members a membership surcharge in addition to the membership dues set by the USEA Board of Governors.

This is not to be confused with the Adult and Young Rider program fees explained above under Approved Income.

### Newsletter Subscriptions

The cost of newsletter publication should be covered by the Area allotments or by advertising, donations, and/or fund raising. Areas are not permitted to charge subscription fees for the Area newsletter in an attempt to cover production costs.

### Other Unrelated Business Income

This would include any income received from activities unrelated to the USEA's tax-exempt purpose. An example would be if an Area would sponsor some type of insurance program in return for a commission.

## VI. AREA EXPENSES

The IRS requires that documentation be maintained for every expenditure of \$75 or more. However, it is the policy of the USEA that documentation (receipts, travel reports, etc.) be maintained for all transactions of \$10 or more. You are encouraged to maintain receipts for all expenses or expense reimbursements regardless of the amount.

### Miscellaneous Expenses

It is recognized that it may not be practical to have a receipt for every expense. However, every cash disbursement must be supported by some type of documentation indicating what the expense was for, the date, and the amount. The documentation should be signed by the person receiving the reimbursement.

### Travel Expenses

Travel expenses include transportation fares, automobile mileage, lodging, and other miscellaneous charges (such as telephone, gratuities, etc.), while an Area representative is away from home on USEA business. All travel expense reimbursements must be supported by a travel expense report providing the following information:

- The time and place of travel including dates of departure and return.
- The amount of each separate expenditure.
- The business purpose to the trip.
- Receipts for expenditures in excess of \$10. Acceptable receipts include original hotel bills, airline tickets, rental car statements, credit card receipts, etc. Copies of credit card statements are not considered adequate documentation.

### Automobile Expenses

It is the USEA's policy to reimburse automobile expenses incurred for USEA business at the current rate according to IRS regulations. Please note that if you are donating your services and are **not** being reimbursed by USEA funds, your tax deduction would be at the current rate according to IRS regulations allowed for charitable purposes.

Documentation for mileage reimbursement should include date, destination, purpose of the trip and the number of miles driven. Mileage claims should be made on the Area Travel Expense Report form located in Appendix D.

## **VII. ORGANIZATION OF AREA FUNDS**

USEA financial reporting provides for the use of four different “funds” to account for the activities of the Area. It is recommended, but not required, that the four funds be maintained through a single checking account. Some Areas may want to open checking accounts for each individual fund.

The types of activities to be reflected in each fund are as follows:

- Administrative Fund
- Local Fund
- Young Riders Fund
- Adult Riders Fund

### **A. ADMINISTRATIVE FUND**

This fund is used to record the income and expenses related to the administrative obligations of the Area as well as helping to support the sport in accordance with the USEA’s tax-exempt purpose.

The primary source of income for the Administrative Fund will be USEA allotments. Additional sources of income may include advertising income, registration fees, and unrestricted donations/contributions to the Area not identified for a particular Area program.

Allowable expenses for the Administrative Fund include:

- Travel and office expenses incurred by the Area Chairman
- Expenses associated with the Area Annual Meeting
- Area awards
- Educational programs
- The cost of Area newsletters, websites and other forms of communication with area members.

### **B. LOCAL FUND**

The Local Fund is to be used to account for income and expenses associated with Area programs that may benefit or involve a limited number of members such as participation in clinics, team competitions, etc.

Income for these activities may come from donations/contributions, fundraising, sponsorship, grants, advertising and registration fees.

Allowable expenses for the Local Fund include:

- Coaching expenses for teams
- Fund raising costs
- Team expenses
- Support to event organizers (must be available to all organizers without discrimination)
- Other program expenses not permitted for under the Administrative Fund

### **C. YOUNG RIDERS FUND**

This fund records all income and expenses associated with the Area's Young Riders' Program. Check requests for disbursement of funds should be requested to the Treasurer. All income must be deposited and recorded by the Treasurer.

Income may come from program fees, sponsorship, grants, (all grant regulations must be adhered to-call national office) donations/contributions, registration fees, fundraising activities, and advertising.

Allowable expenses for the Young Riders' Fund include:

- Coaching expenses for the team(s)
- Rider's camp expenses
- Fund raising expenses
- Competition expenses such as transportation, entry fees, stabling, etc.
- Program awards

### **D. ADULT RIDERS FUND**

This fund is to be used to track income and expenses associated with the Area's Adult Riders Program. Check requests for disbursement of funds should be requested to the Treasurer. All income must be deposited and recorded by the Treasurer.

Income may come from program fees, donations/contributions, sponsorship, grants, registration fees, fund raising activities, and advertising.

The Laura Poston Fund is an example of a grant established in 1996 by Chris and Joyce Brown in memory of their friend and stable manager who died of cancer at the age of thirty-four. The Endowment Trust has allocated a total of \$10,000 per year while the funds last from the Poston Fund for adult amateur education programs that are USEA Area activities. Areas may apply for a grant of up to \$1,000 per year to support such an activity. See Appendix L for form.

Allowable expenses for the Adult Riders Fund include:

- Coaching expenses for the team(s)
- Rider's camp expenses
- Fund raising expenses
- Competition expenses such as transportation, entry fees, stabling, etc.
- Program awards

## **VIII. AREA BUDGET**

The Area Chair, Assistant Chair (if applicable) Area Treasurer and Coordinator for each Area Program will establish an annual operating budget to the Area and each of its programs. This budget should take into account both the operating history and planned activities for the upcoming year.

The budget should be prepared and presented to the Area Council for approval by July 1st of each year – 60 days following the close of the previous fiscal year.

Upon approval of the budget a copy will be sent the National Headquarters where it will be entered into the Area's QuickBooks account for measuring Area's performance.

After budget approval the Area Chair and Coordinator for each Area Program are authorized to commit Area funds in accordance with the operating budget as approved. Funding for activities outside of the area budget require additional approval as follows:

- The Area Chair may approve non-budget expense items up to a limit of \$500
- The Area Treasurer may approve non-budget expense items to a limit of \$25
- Non-Budget expense items over \$500 must be approved by the Area Council
- All expense items over \$10,000 require the approval of the CEO of the USEA.

## **IX. CAPITAL EXPENSE ITEMS**

It is the policy of the USEA to capitalize any expense in excess of \$1000 for any items which have a useful life of greater than 1 year. Areas may procure capital items in accordance with approved budgets and the following guidelines:

- The Area Council may approve non-budget expense items up to a limit of \$2,500
- The Area Council may approve budgeted capital items up to a limit of \$5,000
- All capital expense items over \$5,000 require the approval of the CEO of the USEA.

## **X. IRS AND AUDIT COMPLIANCE**

As a not-for-profit organization, the USEA must adhere to IRS guidelines and documentation requirements so as not to endanger our tax-exempt status. In addition, the USEA and each of its Areas will be audited annually by an independent CPA firm in order to assure contributors, creditors, members and others that the organization's funds are being used in the manner in which they were intended. The cost for the Area's portion of the audit will be deducted from the Area's allotments.

The reporting requirements outlined in this manual are necessary to insure that the organization is in compliance with IRS and independent CPA audit requirements. Failure to adhere to the reporting requirements will result in additional expense to the USEA in terms of higher audit fees, as well as other additional administrative expenses such as salary, postage, telephone, etc. In the worst case scenario, improper reporting by Areas can have an adverse impact on our tax-exempt status.

In addition there are several specific forms that must be addressed each year to meet IRS requirements:

- a. Form W-9: Appendix G
- b. Form 1099: Completed at the National Office
- c. Donation Acknowledgement Letters

## QUICKBOOKS ACCOUNTING PROCEDURES

### Instructions for Recording Deposits in QuickBooks using Customer Module:

- Go to Customer Menu at the top of the screen and scroll down to “Receive Payments”.
- Enter customer name in “Received from” field. Then enter date, amount, payment method, and check number.
- In next section, place a checkmark next to the invoice to be paid. (Note: If there is more than one invoice listed, sometimes QuickBooks will automatically select one for you. If this happens, click on the checkmark to unselect the invoice and then place a checkmark next to the correct invoice to be paid.)
- After all information is entered on this screen, select “save and close” if there are no other customer payments to be entered. Select “save and new” if there are more customer payments to be entered.

### Instructions for Recording Deposits not using the Customer module:

- Go to Banking Menu at the top of the screen and select “Make Deposits”.
- Be sure the correct account appears in the “Deposit to” field at top. If correct account is not shown, place mouse over blue down arrow and click to select correct account.
- Enter the date of deposit and then enter customer name in “Received from” field. (Note: the deposit date is the date the deposit was made at the bank).
- Enter the income account in “From Account” field.
- Enter check number and payment method and then select a class.
- Complete these steps for every customer to be listed on the deposit. When finished, hit “save and close”.

### Instructions for Entering and Paying Bills using the Vendor module:

- Select Vendor Menu at top of screen and select “Enter Bills”.
- Enter vendor name. If this is a new vendor, enter vendor name and then hit tab key. From the dialog box, select “set up” if you wish to enter vendor address information. Choose “quick add” if you wish to bypass the set up function.
- Enter bill date and type the invoice number in the “Ref. no” field. Also enter the invoice number on the “memo line”.
- On the Expenses tab enter the expense account in the “Account” field. After the amount is entered, type in the class, then hit “save and close”.

## QUICKBOOKS ACCOUNTING PROCEDURES continued

- To pay bills, select Vendor menu at top of screen and scroll down to “Pay Bills”. Select radio button next to “show all bills”.
- Place a checkmark next to the bill that is to be paid. If more than one bill for the same vendor is being paid, place a checkmark next to each bill being paid.
- At the bottom of the screen, choose “to be printed” if a check will be printed out of QuickBooks. If not, choose “assign check no.” and enter number. Enter payment date and then hit “save and close”.

### **Instructions for Paying Bills not using the Vendor module:**

- Go to Banking Menu and select “write checks”. Make sure the correct account is chosen in the “bank account” field.
- Enter date and then enter vendor name in “pay to the order of” field.
- In the middle of the screen, uncheck “to be printed” box if not printing the check out of QuickBooks. Enter the check number in the “No.” field.
- Enter expense account in the “Account” field and class. Then hit “save and close”.

If not using QuickBooks checks, write a manual check from checkbook.

## APPENDIX A

### *ALLOWABLE AREA INCOME BY TYPE*

Income	Admin Fund	Local Fund	Young Rider Adult Team Fund
USEA Basic Allotment	Yes	No	No
USEA Secondary Allotment	Yes	No	No
Registration Fees <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Clinics</li> <li>• Educational Seminars</li> <li>• Other approved programs</li> </ul>	Yes Yes Yes Yes	Yes Yes Yes Yes	Yes Yes Yes Yes
Donations	Yes	Yes	Yes
Fund Raising	Yes	Yes	Yes
Advertising	Yes	Yes	Yes
Bank Interest	Yes	Yes	Yes
Other Investment Income	Yes	Yes	Yes
Area Starter Levies	No	No	No
Area Membership Fees	No	No	No
Newsletter Subscriptions	No	No	No
Unrelated Business Income	No	Possibly	Possibly

## APPENDIX B

### ALLOWABLE AREA EXPENSE BY TYPE

Income	Admin Fund	Local Fund	Young Rider Adult Team Fund
Advertising	Yes	Yes	Yes
USEA Annual Meeting			
• Lodging	Yes	Yes	Yes
• Registration Fee	Yes	Yes	Yes
• Awards Luncheon	No	No	No
• Travel To/From	Yes	Yes	Yes
• Food	No	No	No
Area Annual Meeting			
• Awards Dinner	Yes	Yes	No
• Awards	Yes	Yes	Yes
• Facility Rental	Yes	Yes	No
• Lodging for AC	Yes	Yes	No
• Printing/Mailing Notice	Yes	Yes	No
• Planning	Yes	Yes	No
• Travel To/From AC	Yes	Yes	No
• Speaker Expenses	Yes	Yes	Yes
Assistance to Organizers	No	Yes	No
Area Awards			
• Championships	Yes	Yes	Yes
• Trophies	Yes	Yes	Yes
• Certificates	Yes	Yes	Yes
• Pins	Yes	Yes	Yes
Area Team Support			
• Stabling	No	Yes	Yes
• Grooms	No	Yes	Yes
• Food	No	Yes	Yes
• Travel/Lodging	No	Yes	Yes
Bank Charges	Yes	Yes	Yes
Coaching/Selection Trial Programs			
• Food	No	Yes	Yes
• Lodging	No	Yes	Yes
• Instructor's Fee	No	Yes	Yes
• Transportation	No	Yes	Yes
• Course Fees			

## APPENDIX B continued

Coaching/Approved Team Programs	No	Yes	Yes
• Food	No	Yes	Yes
• Lodging	No	Yes	Yes
• Instructor's Fee	No	Yes	Yes
• Transportation	No	Yes	Yes
• Course Fees	No	Yes	Yes
Board of Governors Meetings	No	No	No
• Food	No	Yes	Yes
• Lodging	No	Yes	Yes
• Travel	No	Yes	Yes
Donations	No	No	No
Equipment/Approved Programs			
• Area owned equipment to support our sport	Yes	Yes	Yes
• Team items (coolers/helmet covers/shirts/etc)	No	Yes	Yes
• Individual's items	No	No	No
Education/Approved Programs			
• Clinics	Yes	Yes	Yes
• Seminars	Yes	Yes	Yes
• Other approved programs	Yes	Yes	Yes
Fund Raising Expenses			
• Posters	No	Yes	Yes
• T-shirt Design/Inventory	No	Yes	Yes
• Organizing/Mailing	No	Yes	Yes
Grants	No	No	No
Servicing Area Events (AC)			
• Food	No	No	No
• Travel	Yes	Yes	No
• Lodging	Yes	Yes	No
• Entry Fees	No	No	No
Newsletters/Communications			
• Printing	Yes	Yes	Yes
• Mailing Services	Yes	Yes	Yes
• Postage	Yes	Yes	Yes
• Website Expenses	Yes	Yes	Yes
Office Expenses			
• Stationary/Envelopes	Yes	Yes	Yes
• Postage	Yes	Yes	Yes
• Supplies	Yes	Yes	Yes
• Telephone	Yes	Yes	Yes
• Accounting Supplies	Yes	Yes	Yes

## **APPENDIX C**

### **DESCRIPTION OF ALLOWABLE EXPENSES**

#### **Advertising**

- Allowable to the extent that the advertising promotes general meetings, educational programs, and/or approved clinics.
- Not intended to promote specific Area events, horse trials, or combined tests.

#### **USEA Annual Meeting**

- Expenses associated with Area Chair and Area Treasurer attending the USEA Annual Meeting are allowable.
- While airfare is an allowable expense, all efforts should be made to make reservations well in advance to take advantage of lowest possible airfares.
- Cost of meals, including the Awards Luncheon, is the responsibility of the Area Chair.

#### **Area Annual Meeting**

- Use of USEA allotments are permitted to pay for expenses associated with this activity.
- Meal expenses of the Area Chairman and other attendees (except guest speakers) are not allowable.

#### **Assistance to Organizers**

- Direct assistance to organizers with USEA allotments is not allowable.
- Funds raised through tax deductible donations may only be used to assist other not-for-profit organizations.
- Assistance to organizers from the Local Fund with monies raised from Area Activities for which a tax-deductible donation letter has not been supplied is allowable as long as such assistance is available to all organizers.

#### **Area Awards**

- This is an allowable expense using any of the four funds.
- Includes ribbons and trophies for Area Championships at Novice, Training, and Preliminary levels as well as year-end high-point awards.

#### **Area Team Support**

- Since this benefits only a select group of participants, this activity is not an allowable use of Administrative Funds.
- Area teams are to be supported through Area fund raising activities.

#### **Bank Charges**

- Checking account service charges are allowable.

## APPENDIX C continued

### DESCRIPTION OF ALLOWABLE EXPENSES

#### Coaching/Selection Trial Program

- Coaching expenses are an allowable use of the Local Fund to the extent selection trials are open to all Area members.
- Selection trial programs must be approved in advance.
- Lodging and meal expenses should be reasonable in nature.
- Payments to individuals for housing coaches in private residences is not an allowable expense.

#### Coaching/Approved Team Programs

- Coaching expenses related to Area teams is considered an Area expense and should be covered by funds raised locally.
- Lodging and meal expenses should be reasonable in nature.
- Payments to individuals for housing coaches in private residences are not an allowable expense.

#### Board of Governors Meeting

- Area Chairmen's and Area Treasurer's attendance at USEA Board of Governors meetings is not covered by Administrative Funds unless specifically requested and approved by the Board.
- To the extent that the Area budget permits, lodging and travel for the Area Chair and Treasurer or other Area representatives may be covered by Local Funds.
- Travel and lodging expenses are not approved if the individual is competing, coaching, hauling horses, etc. to the Board meeting location.
- The cost of meals is not allowable under any circumstances.

#### Donations

- Area funds are not to be used for making donations to any other organization or individual.

#### Equipment/Approved Programs

- Area funds may be used to purchase equipment such as two-way radios, measuring wheels, etc., which support our sport. The equipment is to be the property of the Area and must be available for use at all Area activities. An inventory of Area equipment must be maintained by the Area Chair or Area Treasurer. (See VIII. Capital Assets Policy )
- Team items such as coolers, helmet covers, shirts, etc., used at team competitions are a permitted use of the Local Fund, Young Riders Fund, and/or Adult Team Fund.
- Equipment for the benefit of a single individual is not a permitted use of Area funds.

## APPENDIX C continued

### DESCRIPTION OF ALLOWABLE EXPENSES

#### Education/Approved Programs

- Costs associated with approved educational programs are a permitted use of Area funds.

#### Fund Raising Expenses

These expenses should be netted against the proceeds from Area fund raising efforts.

#### Grants

- Grants to individuals are generally not a permitted expense. The exception is described in the Cindy Burge Memorial ICP Grant administered by the Area Adult Riders.

#### Servicing Area Events (Area Chair)

- Travel and lodging are approved expenses to the extent the Area Chair is attending the event solely in his/her capacity of a USEA representative.
- Travel and lodging are not approved if the Area Chair is competing, coaching, hauling horses to the competition, etc.
- Hotel expenses should be reasonable in nature.
- Food is not an approved expense.

#### Newsletters

- Costs associated with publishing an Area newsletter and/or other newsletters are a permitted use of Area funds.

#### Office Expenses

- Reimbursement for office expenses necessary to carry out Area, Young Riders, and Adult Team business is permitted from the appropriate fund.
- In the case of the Administrative Fund, these expenses are a primary purpose of the USEA allotments.



**APPENDIX E**

**AREA \_\_\_\_\_ BUDGET**

**OCTOBER 1, \_\_\_\_\_ TO SEPTEMBER 30, \_\_\_\_\_**

	<b>Admin Funds</b>	<b>Area Funds</b>	<b>Young Rider Funds</b>	<b>Adult Team Funds</b>	<b>Total Funds</b>
<b>Beginning Balance</b>					

***Projected Annual Income***

	<b>Admin Funds</b>	<b>Area Funds</b>	<b>Young Rider Funds</b>	<b>Adult Team Funds</b>	<b>Total Funds</b>
USEA Basic Allotment					
USEA Secondary Allotment					
Donations					
Other Fund Raising					
Registrations					
Interest					
Other Income					
<b>Total Projected Income</b>					

**APPENDIX E continued**

***Projected Annual Expenses***

	<b>Admin Funds</b>	<b>Area Funds</b>	<b>Young Rider Funds</b>	<b>Adult Team Funds</b>	<b>Total Funds</b>
Area Chairperson Expenses -Office Expense -Area Chair Travel					
Area Meeting					
Area Awards					
Assist. To Organizers					
Educational Programs					
Fund Raising Expense					
Newsletters					
Team Comp/Support					
Area Equipment					
Bank Charges					
USEA Annual Mtg Exp					
Other (Itemize)					
<b>Total Projected Expenses</b>					

<b>Total Projected Expenses</b>	
<b>Net Income</b>	
<b>Estimated Ending Fund Balance</b>	

## APPENDIX F

### Recommended Procedure, IRS Form W-9

In an effort to comply with IRS regulations, we need the Area's help in gathering information to complete Form 1099 for individuals who have received payments for services using any USEA Area fund.

The USEA operates on a fiscal year from October 1 through September 30. Form 1099 must be submitted to the IRS based on the **calendar** year of January 1 through December 31. These forms will be completed by the national office, however, completed Form W-9's must be received from each Area by January 15 in order to meet the IRS deadline for Form 1099. A copy of the Form 1099 will be sent to each individual who has received \$600 or more in payment for services. Substantial penalties may be imposed by the IRS for late filing or incorrect information.

A copy of Form W-9 is attached to this appendix. Appendix I has a sample cover letter to be sent with Form W-9 to any individual or company, which is not incorporated, who will receive payment for services. Only the fee paid must be reported. Do not include any reimbursement for travel expenses.

The recommended procedure for completing Form W-9 is as follows:

- Before paying anyone for professional services, such as coaching, have them fill out a Form W-9. This should be done even if the payment will be below the \$600 threshold as other Areas and/or the national office may also be making payments to the person during the year, which may then total \$600 or more.
- Make a copy of the form for your records before sending it on to the national office.
- Mail all Form W-9's to the national office by January 15.

Form W-9's must be received from all Areas before the Form 1099's can be completed. The national office will complete a Form 1099 for anyone who has received a **total** of \$600 or more during the year.

## APPENDIX G

### Sample W-9 Cover Letter (W-9 Form See Section Five)

Dear \_\_\_\_\_:

Internal Revenue Service regulations require that we supply a Form 1099 for every individual to whom the USEA has made payments to for services during the calendar year. Reimbursement for travel and other expenses are not included in the reportable amount. We are also required to obtain certification that the payee's tax identification number (TIN) is correct and the payee is not subject to backup withholding or can claim an exemption from backup withholding.

There are significant penalties for failure by the USEA to supply Form 1099, as well as penalties that could be imposed on payees for failure to provide their correct TIN or make the appropriate certifications that will prevent payments from being subject to backup withholding.

In order to allow us to comply with the IRS regulations, we ask that you complete the enclosed Form W-9 before payment can be made to you. Please provide the following:

- Name and address
- Type of entity
- Taxpayer Identification Number
- Whether or not you are exempt from backup withholding (Part II)
- Signature and date

When completed, please return the Form W-9 in the enclosed envelope. Thank you for your cooperation in this matter.

Sincerely,

## APPENDIX H CHART OF ACCOUNTS

Acct. #	Type	Description	Admin	Local	Adult	Young
1000-10	Bank	Operating Account				
1000-21	Bank	Savings Account				
	Accounts					
1200	Receivable	Accounts Receivable				
1300	Other Current Asset	Inventory				
1410	Other Current Asset	Prepaid Expenses				
1600	Fixed Asset	Property & Equipment				
1610	Fixed Asset	Office Equipment				
1620	Fixed Asset	Computer Equipment				
		Less Accumulated				
1690	Fixed Asset	Depreciation				
2000	Accounts Payable	Accounts Payable				
	Other Current					
2200	Liability	Accrued Expenses				
	Other Current					
2600	Liability	Other Deferred Income				
3100	Equity	Unrestricted Net Assets				
3101	Equity	Temporarily Restricted				
3102	Equity	Permanently Restricted				
4100	Income	Membership Dues				
4101	Income	Adult				
4102	Income	Young Riders				
4310	Income	Merchandise Sales				
4420	Income	Advertising Revenue				
4500	Income	Educational Fees				
4600	Income	Sponsorship				
4601	Income	Sponsorship Income				
4602	Income	Sponsorship In-Kind Income				
4650	Income	Contributions & Donations				
4651	Income	Unrestricted Contributions				
4652	Income	Restricted Contributions				
4700	Income	National Allotments				
4800	Income	Meeting				
4810	Income	Meeting Registration				
5010	Expense	Printing				
5020	Expense	Postage & Shipping				
5030	Expense	Mailing Service				
5100	Expense	Travel & Meetings				
5101	Expense	Hotel Charges/ Meeting Room				
5102	Expense	Food & Beverage				
5103	Expense	Instructor Charges				
5104	Expense	Audio/Visual				
5106	Expense	Travel & Lodging- Staff				
5107	Expense	Travel & Lodging- Other				

## APPENDIX H continued

5210	Expense	Advertising & Promotion
5220	Expense	Awards, Trophies, Certificates
5221	Expense	Awards, Trophies, & Certificates
5222	Expense	Prizes & Awards In-Kind
5230	Expense	Outside Services
5231	Expense	Consulting Fees
5232	Expense	Authors & Photos
5233	Expense	Contracted Services
5620	Expense	Supplies
5810	Expense	Scholarships/Contributions
5900	Expense	Merchandise
6000	Expense	General & Administrative
6040	Expense	Communications
6041	Expense	Telephone Exec. Comm. Conference Calls
6042	Expense	Committee Conference Calls
6043	Expense	Committee Conference Calls
6140	Expense	Bank Fees & Charges
6141	Expense	Bank Service Charges
6142	Expense	Credit Card Processing Fees
6150	Expense	Board Expenses
6510	Expense	Board Meetings
6690	Expense	Miscellaneous Expenses
6800	Expense	Depreciation

## APPENDIX I

### Sample Letter – Charitable Contributions (less than \$250)

(Attached)

(Date)

(Name  
address  
City, State, Zip)

Dear (Name):

We have received your gift in the amount of \$250.00. Thank you! Without these tangible demonstrations of support, (the USEA/Area) would be unable to survive or continue its efforts to promote our sport.

The donation was received in the form of (\_\_\_\_\_), dated (\_\_\_\_\_). The USEA is most grateful both for your contribution and your thoughts on our behalf.

Cordially,

APPENDIX J continued

**GIFT ACKNOWLEDGEMENT (\$250 or more)**

from the

**United States Eventing Association**

525 Old Waterford Road N.W.

Leesburg, VA 20176

From the

(name of Area and address)

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The Omnibus Budget Reconciliation Act of 1993, as amended, effective December 31, 1993, requires that all gifts of \$250.00 or more made to a charitable or non-profit organization be substantiated by a written acknowledgement from the donor organization. The United States Eventing Association, Inc. (USEA) is a non-profit association incorporated in the Commonwealth of Massachusetts, doing business in the Commonwealth of Virginia. The USEA is and remains in good standing pursuant to Section 501(c) (3) of the Internal Revenue Code. In accordance with the requirements of the laws of the United States, USEA (Area \_\_\_\_ ) is pleased to acknowledge its receipt of a gift or gifts during 200\_ and to substantiate the following information:

A donation in the amount of \$(amount) was made to the USEA on (date). *If a gift is made "in-kind" (i.e. merchandise), the gift must be described and the donated by the XYZ company, Inc. for the purposes of building jumps to be used by the Area \_\_\_\_ in its educational activities.)*

USEA provided no goods and services in consideration, in whole or in part, for the contribution. *(If advertisement or sponsorship is allowed, this must be stated and its value set out; for example, Area \_\_\_\_ acknowledged the gift of XYZ co. by placing a ¼ page ad in its quarterly newsletter. Such ads sell for \$xx).*

On behalf of USEA, I hereby confirm that during the calendar year 200\_ USEA Area \_\_\_\_ received the contribution to the Area and the USEA as described above. The purpose of the donation was (gift to the United States Eventing Association).

Dated (current date)

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Name of Area Chair

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