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SPHM
HOSPITALITY

GENERAL ACCOUNTING S.O.P



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Series 1500

General Accounting

Subject: Chart of Accounts

A-1501

A. Policy. It is the policy of the club that a chart of accounts be established and be distributed to all department heads to aid in coding expenses.

B. Discussion

1. The Controller establishes and maintains the club Chart of Accounts. A standard format for establishing a Chart of Accounts is attached for use at start up operations. This standard format may be modified to meet the needs of any operation.
 - a. Account codes are classified as Asset (A), Liability (L), Capital (C), Income (I), and Expense (E).
 - b. Account codes are usually made up of two three-digit numbers separated by a dash, e.g., 310-666. The first three digits are the prefix and the second three digits are the suffix.
 - c. The attached standard chart of accounts is set up to indicate a specific account number for a particular expense across all departments, e.g., the 290 account code will indicate Interior Plants expense regardless of department.
 - d. Expense codes in the standard chart of accounts are set up in alphabetic order with each account number separated by two unused account numbers. This allows Controllers to establish a limited number of new expense account codes while maintaining the alphabetic order.
2. Using the attached or similar format, Controllers at start up operations can create a Chart of Accounts for their property.
3. A copy of the Chart of Accounts will be provided by the Controller to each department head to assist in coding departmental expenses.

Balance Sheet Accounts – Asset, Liability, and Capital

G/L #	Description	
101-100	Cash – Operating Account	A
101-110	Petty Cash	A
101-775	Restricted Cash – Club Fund	A
102-200	A/R – Member Charges	A
102-300	A/R – Initiation	A
102-950	A/R – Member Reciprocal	A
103-300	Inventory – Golf Shop	A
103-400	Inventory – Tennis Shop	A
103-450	Inventory – Food	A
103-455	Inventory – Wine	A
103-460	Inventory – Beer	A
103-465	Inventory – Liquor	A
103-470	Inventory – Cigars	A
104-050	Deposit – Miscellaneous	A
104-070	Resigned Members	A
104-599	Retired Assets	A
104-600	Prepaid Supplies/Expenses	A
105-200	Golf Course – Non-Deprec	A
105-300	Golf Course – Depreciable	A
105-305	Acc Dep – Golf Course	A
105-600	Golf Maintenance Building	A
105-605	Acc Dep – Golf Maint Bldg	A
105-650	Golf Course Equipment	A
105-655	Acc Dep – Golf Course Equip	A
106-100	Buildings – Phase 1	A
106-105	Acc Dep – Buildings Phase 1	A
106-110	Buildings – Phase 2	A
106-115	Acc Dep – Buildings Phase 2	A
106-120	Club Arch/Designer/Engineer	A
106-125	Acc Dep – Arch/Design/Engin	A
106-130	Sitework – Depreciable	A
106-135	Acc Dep – Sitework	A
106-300	Furniture, Fixtures & Equipment	A
106-305	Acc Dep – FF&E	A
106-420	Phone/Music/Security Systems	A
107-200	Amen-Pvr/Lndscp/Tns Ct/Pool	A
107-205	Acc Dep – Amenities	A
107-210	Computers & Software	A
107-215	Acc Dep – Computers/Software	A
201-300	Accounts Payable – Trade	A

G/L #	Description	
201-350	Ladies Golf Association	L
201-375	Men's Golf Association	L
201-400	Hole in One - Ladies	L
201-410	Hole in One - Mens	L
201-440	Holiday Fund for Employees	L
202-200	Accrued Accounts Payable	L
202-400	Accrued Wages	L
202-410	Garnishment Payable	L
202-425	401K/Insurance Payable	L
202-550	Prepaid Dues	L
202-560	Prepaid Dining Fee	L
202-850	Deferred Revenue	L
202-900	Golf Shop Credit Book	L
202-925	Tennis Credit Book	L
202-950	Golf Shop Gift Certificates	L
202-975	Tennis Gift Certificates	L
203-500	Sales and Use Tax Payable	L
203-610	Prop/Franchise Tax Payable	L
205-210	Golf Coupon Books	L
205-215	Due to POA	L
205-250	Reserve for Capital Improv	L

G/L #	Description	
209-290	Paid in Capital	C
209-300	Retained Earnings	C
209-400	Net Income (loss) YTD	C

Departmental Account Numbers

These numbers are to be used as the prefixes for income and expense account codes.

Department	Income Acct # Prefix	Expense Acct # Prefix
G&A	310-	410-
Golf	320-	420-
Golf Tournament	325-	425-
Food	330-	430-
Beverage	340-	440-
Tennis	350-	450-
Activities	360-	460-
Clubhouse	370-	470-
Membership	380-	480-
GC Maintenance		490-
Payroll		499-

For example:

Member Green Fees would be 320-220 (Golf Department income prefix + Member Green Fee income suffix)

Junior Golf Expense would be 420-294 (Golf Department expense prefix + Junior Golf expense suffix)

Profit & Loss Statement Accounts – Income

G/L #	Description	
100	Dues Income	I
110	Late Payment Charge	I
120	Miscellaneous Income	I
130	Interest Income	I
140	Membership Transfer Income	I
150	Discount Income	I
160	HOA Office Rental	I
170	Initiation Fees – Non Refundable	I
200	Bag Storage	I
204	Cart Fees	I
208	Cart Fees - Monday Outings	I
212	Cart Fees – Pro Am	I
216	Cart Fees – Mbr Tournaments	I
220	Green Fees – Member	I
224	Green Fees – Accomp Guest	I
228	Green Fees – Unaccomp Guest	I
232	Green Fees – Monday Outing	I
236	Golf Merchandise	I
240	Shipping Income	I
244	Misc Inc – Unred Gift Cert	I
248	Regripping	I
252	Misc Inc – Outing Dep Cxl	I
256	Range Fees	I
260	Handicap Income	I
264	Golf Cart Repair Income	I
268	Golf Club Repair	I
272	Club Rental	I
276	Golf Shoe Rental	I
280	Golf Lessons	I
284	Golf School Income	I
288	Golf Tournament Entry Fee	I
292	Olds Scramble Entry Fee	I
296	Pro Am Tournament Fees	I
300	Club Guest Fee Income	I
304	Locker Rental Income	I
308	Shoe Shine Income	I
312	Spike Fees	I
316	Tennis Court Fees	I
320	Tennis Team Entry Fees	I
324	Tennis Tournament Income	I
328	Tennis Stringing Income (Pro)	I
332	Tennis Stringing Income	I
336	Tennis Lessons	I
340	Tennis Lessons (Asst Pro)	I
344	Pool Party Fee	I
348	Swim Lessons	I
352	Swim Team	I
356	Tennis Merchandise	I
360	Ball Machine Rental	I
364	Special Events – Tennis	I
368	Demo Rental	I

Accounting Policies

G/L #	Description	
380	Birthday Parties	I
384	Birthday Parties – Beverage	I
388	Kids Corner Fees	I
392	Kids Club	I
396	Activity Fees	I
400	Sports Camp	I
404	Aerobics/Fitness Income	I
408	Kindermusik	I
412	Massage	I
416	Pool/Room Rental	I
420	Special Events - Activities	I
424	Service Charge	I
428	Pool Fees	I
436	Special Functions Set -up	I
440	Cigar/Cigarette Sales	I
444	Home Wine Sales	I
448	Wine Tasting Income	I
452	Unspent Minimum	I
456	Equipment Rental	I
460	Food – Dining Room Lunch	I
464	Food – Dining Room Dinner	I
468	Food – Fine Dining	I
472	Food – Catering	I
476	Food – Lounge	I
480	Food – Turn House	I
484	Food – Pool Cabana	I
488	Food – Beverage Cart	I
492	Beer – Turn House	I
496	Wine – Turn House	I
500	Liquor – Turn House	I
504	Beer – Pool Cabana	I
508	Wine – Pool Cabana	I
512	Liquor – Pool Cabana	I
516	Beer – Beverage Cart	I
520	Wine – Beverage Cart	I
524	Liquor – Beverage Cart	I
528	Beer – Dining Room Lunch	I
532	Beer – Dining Room Dinner	I
536	Wine – Dining Room Lunch	I
540	Wine – Dining Room Dinner	I
544	Liquor – Dining Room Lunch	I
548	Liquor – Dining Room Dinner	I
552	Beer – Fine Dining	I
556	Wine – Fine Dining	I
560	Liquor – Fine Dining	I
564	Beer – Lounge	I
568	Wine – Lounge	I
572	Liquor – Lounge	I
576	Beer – Catering	I
580	Wine - Catering	I
584	Liquor – Catering	I

Profit & Loss Statement Accounts – Expenses

G/L #	Description	
014	Advisory Board of Governors	E
018	Alarm System	E
022	AR Default	E
026	Arts & Crafts	E
030	Association Fees	E
034	Auto Expense	E
038	Bad Debt Expense	E
042	Bank Service Charges	E
046	Birthday Parties	E
050	Bunker Sand	E
054	Cart Lease Payment	E
058	Chemicals, Kitchen	E
062	Chemicals, Pool	E
066	China, Glassware, Silverware	E
070	Club Events	E
074	Computer Software	E
078	Contracted Services – Aerobics	E
082	Contracted Services – Pest Control	E
086	Contracted Services	E
090	Cost of Sales – Beer	E
094	Cost of Sales – Cigars	E
098	Cost of Sales – Clubhouse	E
102	Cost of Sales – Food	E
106	Cost of Sales – General Store	E
110	Cost of Sales – Golf	E
114	Cost of Sales – Home Wine	E
118	Cost of Sales – Liquor	E
122	Cost of Sales – Other	E
126	Cost of Sales – Tennis	E
130	Cost of Sales – Other	E
134	Court Repair	E
138	Court Resurfacing	E
142	Credit Card Charges	E
146	Data Processing	E
150	Decorations/Flowers	E
154	Depreciation Expense	E
158	Depreciation Exp – Start Up	E
162	Drainage/Catch Basins	E
166	Dues & Subscriptions	E
170	Educational	E
174	Employee Holiday Party	E
178	Employee Meals	E
182	Employee Relations	E
186	Employer 401K Match	E
190	Employment Screening	E
194	Equipment Lease – John Deere	E
198	Equipment Lease – Toro	E
202	Equip Maint Agreement	E
206	Equipment Rental/Lease	E
210	F&B Labor	E

214	Fertilizer	E
218	Flyers	E
222	Fuel/Oil/Lubricants	E

G/L #	Description	
226	Geese Patrol	E
230	Gift Cert/Credit Book	E
234	Glassware	E
238	Golf Bag Tags	E
242	Golf Clubs – Demo	E
246	Golf Clubs – Rental	E
250	Golf Course Accessories	E
254	Golf Tournament Beverage	E
258	Golf Tournament Food	E
262	Grand Opening	E
266	Group Benefits	E
270	Handicap Expense	E
274	Holiday Decorations	E
278	Incentives	E
282	Insurance – Liab & Property	E
286	Insurance – Workmens Comp	E
290	Interior Plants	E
294	Junior Golf Program	E
298	Kindermusik	E
302	Landscaping	E
306	Laundry & Linen	E
310	Lease – Boatslips	E
314	Legal/Consulting	E
318	Licenses & Permits	E
322	Lighting/Filters	E
326	Locker Plate Engraving	E
330	Maintenance – Exterior	E
334	Maintenance – Interior	E
338	Management Fee	E
342	Management Fee Reimbursable	E
346	Member Billed Freight	E
350	Member Relations	E
354	Member Sponsor Credit	E
358	Merchandise Show	E
362	Merchandise – Special Event	E
366	Miscellaneous	E
370	Misc Tournament Expense	E
374	Mobile Phones/Radios	E
378	Mulch/Pine Straw	E
382	Music System	E
386	New Member Cocktail Party	E
390	New Member Enrollment	E
394	Newsletter	E
398	Payroll Processing Fees	E
402	Payroll Taxes	E
406	Personal Property Tax	E
410	Pesticides	E

414	Photography	E
418	Pool Equipment	E
422	Postage/Delivery Charges	E
426	Pre-Opening Expense	E
430	Printing	E
434	Prizes & Awards	E

G/L #	Description	
438	Promotional – Food & Beverage	E
442	Promotional – Raters	E
446	Prop/Franchise Taxes	E
450	Prospect Entertainment	E
454	Range Expense	E
458	Recruitment Expense	E
462	R&M – Buildings	E
466	R&M – Carts	E
470	R&M – Cart Paths	E
474	R&M – Computers	E
478	R&M – Electrical	E
482	R&M – Elevator Service	E
486	R&M – Equipment	E
490	R&M – HVAC	E
494	R&M – Exercise Equip	E
498	R&M – Golf Course Bldgs	E
502	R&M – Golf Course Equip	E
506	R&M – Irrigation/Drainage	E
510	R&M – Kitchen Equipment	E
514	R&M – Plumbing	E
518	R&M – Pool	E
522	Sampling	E
526	Sand & Gravel	E
530	Scorecards	E
534	Security & Alarm	E
538	Seed/Sod/Stolons	E
542	Shelving	E
546	Small Tools & Equipment	E
550	Smallwares & Utensils	E
554	Soil Test/Consulting	E
558	Special Events – Kids Corner	E
562	Special Events – Kids Club	E
566	Special Events – Pool	E
570	Special Events – Socials	E
574	Special Events – Other	E
578	Special Function Reimbursable	E
582	Sports Camp	E
586	Start-up Costs	E
590	Supplies – Activities	E
594	Supplies – Bag Room	E
598	Supplies – Bar	E
602	Supplies – Cleaning	E
606	Supplies – Club Repair	E
610	Supplies – Food	E

614	Supplies – GC Maintenance	E
618	Supplies – Golf Shop	E
622	Supplies – Kids Corner	E
626	Supplies – Locker Room	E
630	Supplies – Maintenance	E
634	Supplies – Medical	E
638	Supplies – Paper & Disposable	E
642	Supplies – Pool	E
646	Supplies – Stringing	E
650	Supplies – Teaching	E
654	Supplies – Tennis	E

G/L #	Description	
658	Supplies – Tournament	E
662	Swim Team	E
666	Telephone	E
670	Tennis Committee	E
674	Tennis Team	E
678	Tools – Club Repair	E
682	Top Dressing	E
686	Towels, Cart Barn	E
690	Towels Locker Room	E
694	Training (Non-Payroll)	E
698	Travel & Entertainment	E
702	Tree Removal/Tree Care	E
706	Uniforms/Rags/Mats	E
710	Utilities – Cable	E
714	Utilities – Course Shelters	E
718	Utilities – Electricity	E
722	Utilities – Gas	E
726	Utilities – Irrigation Pumps	E
730	Utilities – Maint Building	E
734	Utilities – Waste Removal	E
738	Utilities – Water	E
742	Waste Water Treatment Plant	E
746	Water, Bottled	E
750	Web Site Coordinator	E
754	Web Site Service Fee	E
800	Payroll – General Manager	E
802	Payroll – Personnel Admin	E
804	Payroll – Controller	E
806	Payroll – Club Accountant	E
808	Payroll – Training	E
810	Payroll – Receptionist	E
812	Payroll – Superintendent	E
814	Payroll – Asst Superintendent	E
816	Payroll – 2 nd Assistant	E
818	Payroll – Mechanic	E
820	Payroll – Horticulturist	E
822	Payroll – Irrigation Technician	E
824	Payroll – Spray Technician	E
826	Payroll – Golf Course Tech	E

828	Payroll – Equip Operator	E
830	Payroll – Golf Professional	E
832	Payroll – Asst Golf Professionals	E
834	Payroll – Merchandise Manager	E
836	Payroll – Shop Attendant	E
838	Payroll – Cart Attendants	E
840	Payroll – Outside Svc Manager	E
842	Payroll – Rangers/Starters	E
844	Payroll – Lessons	E
846	Payroll – Regripping	E
848	Payroll – Commissions	E
850	Payroll – Clubhouse Manager	E
852	Payroll – Maintenance	E
854	Payroll – Facilities Manager	E
856	Payroll – Locker Room	E

G/L #	Description	
858	Payroll – Housekeeping/ Laundry	E
860	Payroll – Utility Porter	E
862	Payroll – Membership Director	E
864	Payroll – Membership Coord	E
866	Commissions	E
868	Payroll – Tennis Professional	E
870	Payroll – Asst Tennis Pro	E
872	Payroll – Tennis Shop	E
874	Payroll – Stringing	E
876	Payroll – Activities Director	E
878	Payroll – Asst Act/Aquatics	E
880	Payroll – Activity Leaders	E
882	Payroll – Pool Manager	E
884	Payroll – Swim Coach	E
886	Payroll – Children's Coordinator	E
888	Payroll – Swim Instructors	E
890	Payroll – Concierge	E
892	Payroll – Activity Coordinators	E
894	Payroll – Lifeguards	E
896	Payroll – Fitness Room Opening	E
898	Payroll – Dining Rm Mgr	E
900	Payroll – Asst Dining Rm Mgr	E
902	Payroll – Catering Asst	E
904	Payroll – Servers	E

G/L #	Description	
906	Payroll – Turn Stand	E
908	Payroll – Pool Cabana	E
910	Payroll – Host/Hostess	E
912	Payroll – Catering Servers	E

914	Payroll – Beverage Cart	E
916	Payroll – Server Assts	E
918	Payroll – Chef	E
920	Payroll – Sous Chef	E
922	Payroll – Pastry Chef	E
924	Payroll – Cooks	E
926	Payroll – Catering Chef	E
928	Payroll – Dishwashers	E
930	Payroll – Receiving Mgr	E
932	Payroll – Commissions	E
934	Payroll Taxes – Servers	E
936	Payroll Taxes – Kitchen	E
938	Bartender – Clubhouse	E
940	Beverage Manager	E
942	Cocktail Servers – Clubhouse	E
944	Back Bar Staff	E
946	Bartender, Catering	E
948	Bartender, Lounge	E
950	Payroll – Temporary Help	E
952	Payroll – Seasonal Help	E

Subject: Accounting Software & Point of Sale (POS) System

A-1502

A. Policy. It is the policy of the club to use industry-standard accounting software and point of sale (POS) systems to handle the club's accounting function to include: initial data capture, bookkeeping, financial reporting, member billing, and key other data collection and reporting.

B. Discussion

1. Point of sale systems are usually made up of the following components:
 - a. Point of sale devices – computerized cash registers that record revenue transactions at the “point of sale” (i.e., dining room, snack bars, retail outlets, etc.).
 - b. Accounting or property management software – accounting software that handles the General Ledger, Accounts Receivable, Accounts Payable, Member Billing, Inventory, Financial Reporting, and other financial and management functions.
 - c. Computer server – a computer with special hardware and software to allow it to interact in real time with remote computers such as point of sale devices, timekeeping systems, and management personal computers.
 - d. Network – the configuration of connected point of sale devices, the server, and personal computers. Connectivity may be by telephone line, fiber optic cables, or wireless setup.
2. Point of sale systems allow all initial entry transactions to be captured in real time at the “point of sale,” i.e., dining room, snack bars, retail outlets, etc. This data is summarized and balanced daily by the accounting software, automatically posting charges to member accounts and adjusting inventories to reflect the purchases. While the system greatly speeds the processing of accounting data, it also places the burden of correct data entry on line staff. This requires that all line employees who use the point of sale system be properly trained to enter transactions correctly and accurately.

Subject: Petty Cash Funds

A-1503

A. Policy. It is the policy of the club that petty cash funds be established for emergency, small amount purchases and that petty cash funds be maintained, safeguarded, and replenished in accordance with established procedures.

B. Discussion

1. Petty cash funds are established to allow Department Heads to make emergency, small amount purchases at times when the Accounting office is unavailable to prepare checks.
2. Petty cash funds should not be used for large or ongoing purchases.
3. No employee may borrow money from a petty cash fund.
4. Petty cash funds may not be taken off club premises for any reason.
5. Petty cash funds are issued to Department Heads as necessary and subject to the approval of the Controller and General Manager. Petty cash funds should not normally exceed \$300.
6. Petty cash funds will be issued in a metal strong box and must always be kept secured in this strong box and secured in a locked file cabinet. Access to the cash must be controlled by the Department Head to whom the fund is assigned.
7. The Controller will conduct periodic surprise audits of each petty cash fund.
8. Petty cash funds must be kept on an “imprest” basis. This means that receipts for items purchased and cash must always equal the nominal value of the fund.
 - a. For instance, a \$100 petty cash fund with \$52.47 in receipts must have \$47.53 in cash.
 - b. To ensure the full value of the fund is always accounted for, whenever cash is advanced to make a purchase, the purchaser must leave a Petty Cash Receipt, [SPHM Form 200], indicating how much cash was advanced and to whom until the purchase is made and a receipt obtained.
 - c. When an individual is reimbursed from Petty Cash, he or she should sign the receipt indicating that the cash reimbursement was received.

Subject: Check Signing Authority

A-1504

A. Policy. It is the policy of the club that only designated individuals be authorized to sign checks.

B. Discussion

1. Check signing authority is usually vested in the following individuals:

a. Club Officers:

- (1) President
- (2) Vice President
- (3) Secretary/Treasurer.

b. Operations staff:

- (1) General Manager
- (2) Controller
- (3) Clubhouse Manager

2. Approval for additional individuals to be on the list of authorized check signers must be obtained from the Board of Directors.

3. Checks for \$10,000 or more must be signed by two of the above listed individuals.

Subject: Methods of Payment

A-1505

A. Policy. It is the policy of the club to accept only one method of payment at the club – member charge. The board or club owners may decide to accept credit cards as well.

B. Discussion

1. Private clubs are for use of their members and guest only. All members in good standing have charge privileges at the facility.
2. The preferred method of payment at facilities is member charge. Each member has a member number. Members and immediate family may make charges for all products and services by signing a charge slip and noting their member number.
3. The club may also decide to allow members and their guests to pay by credit card. The club will determine which major credit cards may be used and in what areas (golf shop, dining room, etc.) they will or will not be accepted.
4. Employees should be trained to suggest a particular credit card when asked what credit cards are accepted. The recommended credit card would be based upon whichever card charges the lowest commission rate to the club. The employee, however, should accept whichever qualified card is offered.
5. Clubs only accept personal checks from members, usually in payment of their dues, minimums, and monthly charges.
6. Because of the discount charged, the club does not accept credit card payments for settling member accounts.
7. Private clubs do not usually accept cash. Should cash be accepted for payment, the club must follow all Internal Revenue Service (IRS) reporting requirements regarding large cash transactions.

Subject: Bank Reconciliation

A-1506

A. Policy. It is the policy of the club that a monthly reconciliation of checking account(s) be completed on a timely basis and be properly reviewed and approved.

B. Discussion

1. The purpose of the reconciliation is to ensure that all written checks and all deposits received are accounted for and that the checking account balance in the club's general ledger reconciles with the balance reported by the bank.
2. The Controller receives and opens the club's monthly bank statement.
3. The Controller is responsible for completing the Bank Reconciliation.
4. Completed Bank Reconciliations must be reviewed by the General Manager.

C. Procedures

1. While different clubs use different property management and accounting software programs and, therefore, the names of individual reports may vary, the following procedures still apply.
 - a. Verify deposits in transit (deposits made, but not reflected on bank statement).
 - b. Note all outstanding checks (checks written, but not cleared at the bank and reflected on bank statement).
 - c. Verify beginning balance on bank statement is same as ending balance from previous month.
 - d. Complete the Bank Account Reconciliation Sheet, SPHM Form 240 or similar form, to ensure that the bank balance reconciles to the general ledger (G/L) balance. See sample on page 3.
 - (1) In Section I, line 1 enter the bank statement date in Column A, and the G/L Previous Period Ending Date in Column B.
 - (2) Enter the bank balance from the bank statement and the G/L balance from the prior month on line 2.
 - (3) In Section II, complete the Deposits in Transit detail, ensuring that the total is correctly carried forward to the Deposits in Transit in Section I, column A, line 3. Enter the Cash Disbursements in column B on line 3.
 - (4) Enter Outstanding Checks in column A and Deposits in column B on line 4.

- (5) Enter any credit card associated charges such as equipment leases, equipment shipping, and monthly credit card charges in column B. These may be detailed or summarized on line 5.
- (6) Ensure the column A and column B totals are reconciled on line 6.
- (7) Attach the Outstanding Check Detail from the accounting software system to the Bank Reconciliation Sheet.
- e. Account for all voided checks. All voided checks must be marked through as voided by the Controller, and reviewed by the General Manager. After review and signature by the General Manager, voided checks will be returned to the Controller for filing.

2. The completed Bank Account Reconciliation Sheet and all backup (bank statement, general ledger history, etc.) will be sent to the General Manager for review.

D. Responsibilities

1. The Controller is responsible for completing the Bank Account Reconciliation Sheet, CRI Form 240 or similar form.
2. The General Manager must review the completed Bank Account Reconciliation Sheet and backup (bank statement, general ledger history, etc.).
3. The General Manager is also responsible for reviewing all voided checks.

S A M P L E

Section I

	Column A		Column B	
Line 1	Bank Statement Date	7/31/2004	Previous Pd End Date	6/30/2004
Line 2	Bank Balance	243,226.12	Beginning Ledger Balance	321,701.25
Line 3	I/T Deposits	256,564.64	Disbursements	(947,592.17)
Line 4	Outstanding Checks	(342,382.69)	Deposits	784,430.78
Line 5			C/C Equip lease	(34.55)
			AMEX charges	(286.35)
			MC/Visa Charges	(791.56)
			Discover charges	(3.33)
			Returned Checks	
			Service Charges/Fees	
			cc mach equip shipping	(16.00)
Line 6		\$ 157,408.07	Ending Balance \$	157,408.07
			Proof	0.00

Section II

In Transit Deposits:

Deposit Date	Credit Card	Deposit Date	Regular
7/26 Amex	118.50	7/26/04	80,204.41
7/26 Amex	5.62	7/29/04	74,928.58
7/27 Amex	107.80	7/31/04	60,309.63
7/27 Amex	70.46	7/31/04	1,480.56
7/28 Amex	58.21	7/31/04	35,207.31
7/29 Amex	1,311.55	7/31/04	960.00
7/29 MC/Visa	779.72		
7/30 Amex	263.48		
7/30 MC/Visa	327.72		
7/31 Amex	85.87		
7/31 MC/Visa	345.22		
I/T subtotals=	3,474.15		253,090.49
I/T Total=			256,564.64

Subject: Pricing of Products and Services

A-1507

A. Policy. It is the policy of the club that:

1. Pricing for products and services are set according to established pricing formulas at the discretion of the General Manager,
2. Prices are reviewed on a continuing basis to ensure the maintenance of operating margins.
3. Pricing for major items such as dues, golf fees, cart fees, guest fees, golf outings, etc., are reviewed during the annual budgeting cycle with any increases taking effect at the beginning of each year.

B. Discussion

1. One of the major contributors to an operation's financial success is appropriate pricing for products and services.
2. Pricing formulas:
 - a. Retail items should be "keystoned," i.e., items should be marked up 100%. For example, a shirt that costs \$25 should be sold for \$50. Keep in mind that this is a guideline, not a hard and fast rule. Department Heads should also bear in mind what the market will bear, the manufacturer's suggested retail price, and what other similar clubs are charging for an item. Some retail items may sell for more and others less than the 100% markup, which is the target for all items on average.
 - b. Food items should be priced based upon the projected food cost percentage. For instance the markup on a costed menu item for which the club wants to achieve a 40% food cost is $2\frac{1}{2}$ times ($100\%/40\% = 2\frac{1}{2}$). As with retail items, not all menu items will be priced exactly at the cost multiplier, rather all items on the menu when taken together should achieve the projected food cost percentage. Target food cost percentages for various food venues will vary from club to club but will generally fall within the following ranges:
 - (1) Dining Room – 30-40%
 - (2) Catered functions – 27-35%
 - (3) Snack bars/beverage cart – 45-50%
 - c. Alcoholic beverages are priced similarly to food items. Target beverage cost percentages for beverages are as follows:
 - (1) Mixed drinks – 22 to 24%

- (2) Domestic beer – 24 to 27%
- (3) Imported/premium beer – 28 to 30%
- (4) Wines by the glass – 31 to 33%
- (5) Wines by the bottle – 33-38%

Subject: Accounting Definitions

A-1508

A. Policy. It is the policy of the club to ensure that all managers have a common understanding of accounting terms as used by the club in the conduct of its business.

B. Definitions

1. Account	a record of specific business transactions.
2. Amortize	to spread the cost of an item over the period of its use or life by charging an amount to its account for each period during its use or life.
3. Assets	the resources of a business; those accounting categories that show the resources of a company.
4. Average	the usual or norm as determined by dividing the sum of two or more quantities by the number of quantities. For example, the average number of meals served in a week can be determined by adding up the total meals for the week and dividing by 7 days.
5. Balance sheet	a statement of a company's assets, liabilities, and capital at a given point in time, usually at month- and year-end.
6. Benchmark	a standard of measurement.
7. Benchmarking	the act of measuring operational performance.
8. Budget, Capital	a fiscal plan for capital purchases for a coming period.
9. Budget, Operating	a fiscal plan for the financial performance of an operation for a coming period, usually a year.
10. Cash register	an electrical/mechanical device for recording the amount of revenue transactions, usually with the ability to segregate different categories of sales, for example a food service cash register may have five keys allowing sales to be segregated by appetizers, entrees, desserts, specials, and beverages.
11. Chart of accounts	the categories by which all transactions are recorded and tracked by a business, including assets, liabilities, capital,

12. Cost center	revenues and expenses. a subordinate operating department within a business that does not generate revenues, but incurs expenses in support of other operating departments.
13. Cost, Fixed	a cost that a business incurs regardless of variations in business. Examples: basic phone service, insurance, equipment lease payments, etc.
14. Cost, Variable	a cost that varies from operating period to operating period in relation to variable business levels. Examples: food cost, utilities expense, consumable supplies expense, etc.
15. Count	the number obtained by adding up the amount of a given item.
16. Data	the variable values or measurements that describe an event or process.
17. Department head	subordinate manager within an operation with cost or profit center responsibility.
18. Depreciation	the spreading out of the original cost of a capital asset over its estimated useful life.
19. Expense	a cost to a business.
20. General ledger (G/L)	the chronological recording of all business transactions in accounting.
21. General ledger detail report	a report showing the chronological postings to each G/L account.
22. General manager	the senior manager of an operation with full charge, bottom line responsibility.
23. Imprest	an account or fund whose “theoretical” balance should be a fixed amount, as in a petty cash fund or payroll account.
24. Liabilities	the debts or the financial claims against a business; those accounting categories that show the debts of a company.
25. Moving average	an average that is recomputed to determine the ever-changing average of a fixed period of time. Example: a two-week moving average is recomputed daily to determine the average result of

26. Operating standard data over the most recent 14-day period. A moving average provides the most recent determination of the average of changing circumstances.

27. Operating statement the existing benchmark or “baseline” of any operation, event or process.

28. Operating statistic a statement of a business’ revenues and expenses for a given period, also call an “Income Statement” or “Profit and Loss Statement” (P&L).

29. Owners’ equity any piece of data that is an indicator of business operating performance. Examples would include meal counts, average meal check, cost of goods sold, meals served per payroll hour, etc.

30. Percentage the value of a company determined by subtracting total liabilities from total assets.

31. Personal computer (PC) a given part in every hundred. If 62 out of every 100 people answer yes to a question, then the percentage of positive responses is .62 of 62%.

32. Point of sale (POS) device a small electronic computing and data storage device used by an individual, most commonly designated as a desktop computer; laptop computers are more compact, portable models.

33. Profit center a laptop computerized cash register that records revenue transactions at the point of sale and summarizes all data captured on computer-generated reports.

34. Ratio a subordinate operating department within a business that generates revenues and has corresponding expenses.

35. Revenue a fixed relation in degree, number, etc., between two similar things. If 3 out of every 4 people answer yes to a question, then $\frac{3}{4}$ is the ratio of positive responses to the number of people questioned.

36. Revenue an income for a business.

36. Spreadsheet software a standard business program used by computers to allow the entry, storage, and manipulation of numeric values. Characteristically designed with a matrix of individual cells at the intersections of columns and rows. Microsoft Excel® is an example.

37. Standard something established for use as a rule or basis of comparison in measuring quality, quantity, etc.

38. Statistically significant sample an amount of data of sufficient size to ensure sound results when analyzed. For example, the number of meals served on one day only tells you what happened in that instance and would not be a sound predictor of future events, but the average of meals served over a period of a month represents a more statistically significant sample and is a better predictor of future meals served per day.

39. Statistics numerical data assembled and classified so as to present significant information. Also, the science of collecting, organizing, summarizing, analyzing, and drawing conclusions or making inferences from data.

40. Tick sheet a counting tool; a sheet of paper or form upon which a tick mark is made for each item counted.

41. Word processing software a standard business program used by computers to enter, format, and display text. Microsoft Word® is an example.

Subject: Expense Dictionary

A-1509

A. Policy. It is the policy of the club that the Accounting Department create and maintain an Expense Dictionary which lists where various expenses are normally charged.

B. Discussion

1. Consistent charging of expenses to General Ledger accounts helps in the month to month comparability of financial statements.
2. It is sometimes unclear where a particular purchase should be expensed. If it is not noted where these purchases are expensed, it is too easy to expense them to different accounts in different operating periods.
3. The Accounting Department will maintain a running list of where such expenses are charged. This list becomes the basis of the Expense Dictionary showing where all normal operating expenses should be charged.

Subject: Fixed Asset Useful Life

A-1510

A. Policy. It is the policy of the club that fixed assets be depreciated according to their expected useful life.

B. Discussion

1. Assets are usually depreciated over the term of their useful life. They may be depreciated on a straight line or accelerated basis.
2. Depreciation is a complex subject far beyond the scope of these policies and procedures.
3. Club depreciation schedules will be developed by the Controller based upon the latest federal tax guidelines for depreciation. The following represents samples of the useful lives of certain fixed assets:

<u>Item</u>	<u>Years</u>
Adding Machines	3
Calculators	3
Typewriters	3
Machines, Accounting	3
Data Processing Equipment	3
Office Furniture, Desks, Chairs	5
Filing Equipment	5
Office Furniture, Miscellaneous	5
Fixtures, Merchandise Displays	5
Cameras and Equipment	4
Panels, Partitions, Shelves, and Wall Units	10
Cash Registers	4
Cash Registers, EPOS	4
Boards, Bulletins, Directories and Menus	7
Equipment, Misc. Retail	7
Bar Equipment	5
Beverage Coolers	5
Dance Floor, Portable	10
Dishwashers	4
Drapes and Curtains	3
Electronic Games, Non-vending	5
Food Service Counters	10
Food and Beverage Dispensing Equipment	4
Ice Machines	4
Patio Sets	5
Sofas and Chairs	4
Food Preparation and Service Equipment	10
Sound System and Equipment	7

Special Lighting System	7
Stoves and Accessories	5
Food Service Tables, Chairs and Booths	5
Television Giant Screen	3
Televisions	3
Walk-In Freezers, Coolers	10
Microwave Ovens	3
Piano	7
Pool Tables	4
Reefers	10
Refrigerators	7
Washers and Dryers	5
Bar-B-Q Units	7
Aerobic Equipment	5
Alarm System	10
Boathouse Pilings	10
Safes	10
Docks	10
Emergency Equipment: Lights, Generators, Etc.	5
Exhibit Cases	10
Fold-N-Roll Tables	7
Golf Carts	5
Communication Equipment	10
Kitchen Units-Compact	10
Leaf Blowers	7
Warehouse Shelving	10
Arts and Crafts Equipment	10
Copiers	4
Data Processing Software	3
Personal Computers and Peripherals	3
Janitorial Equipment	10
Vending Machines, Amusements	3
Mowers	3
Vending Machines, Non-Product, Service	5
Popcorn Popper	3
Vending Machines, Music	5
Vending Machines - Video	5
Public Address Systems	5
Real Property Improvements	20
Saunas	5
Tables and Chairs (Recreation)	5
Tennis Courts	10
Tents	5
Time Clock	7
Vacuum Cleaners	5
Vending Machines, Miscellaneous	5
Heating/Cooling Equipment, Portable	7

Facility Renovations and Refurbishments	5
Facility Alterations and Improvements	10
Buildings and Structures	20
Used Property	(number of years of estimated remaining life)

Subject: Cost of Goods Sold Analysis

A-1511

- A. Policy. It is the policy of the club that out-of-line cost of goods sold be analyzed.
- B. Discussion
 1. Out-of-line cost of goods sold may be the result of a variety of problems.
 2. Analyzing out-of-line cost of goods sold is a process of elimination to pinpoint those processes or actions contributing to the problem.
- C. Cost of Goods Formula. The formula for determining the cost of goods percentage is as follows:
$$\text{Cost of Goods \%} = \frac{\text{Beginning Inventory} + \text{Purchases} - \text{Ending Inventory} (+ \text{or} -) \text{Transfers \& Adjustments}}{\text{Sales}}$$
- D. Cost of Goods Analysis Checklist
 1. Accurate Inventories (beginning and ending)
 - a. Correct physical counts.
 - b. All items counted.
 - c. Accurate extension of items times unit cost.
 - d. Consistent costing of inventory (LIFO, FIFO, Average Unit).
 2. Purchases. All invoices received and correctly coded.
 3. Receiving
 - a. All deliveries received and verified.
 - b. All received items counted or weighed.
 - c. Receiving records matched to invoices.
 - d. Shortages and back-orders noted.
 4. Transfers
 - a. All material transfers to other departments recorded on transfer forms.
 - b. All material transfers reported to Accounting.

5. Revenues. All revenues recorded.
6. Consumption
 - a. Sales mix analyzed. High levels of low margin sales will increase cost of goods sold.
 - b. Pricing of all items in accordance with target Cost of Goods Sold.
 - c. F&B costs – Standardized recipes in use and followed by preparation staff.
 - d. F&B costs – Portion sizes correct and continually monitored.
 - e. Promos/comps/adjustments accounted for at cost.
 - f. Food Costs – Employee meals accounted for at cost.
7. Security
 - a. Physical security of premises and inventories.
 - b. Petty pilferage.
 - c. Theft.
8. Food Spoilage. Properly accounted for at cost.

Subject: Amortizing Expenses

A-1512

- A. Policy. It is the policy of the club to amortize large expenses only where they may materially misstate operating results.
- B. Discussion
 - 1. Certain large purchases have a beneficial impact for a number of monthly operating periods. In these instances, it may be useful to amortize the expense over the period of beneficial impacts.
 - 2. Any Department Head who wishes to amortize a particular expense must make the request to the Controller.
 - 3. Only when one-time expensing of the charge will materially misstate operating results, will amortization be considered.
 - 4. Department Heads can avoid budget variances by careful budgeting of projected large expenses within the appropriate operating period.

Subject: Bank and Trade References

A-1513

A. Policy. It is the policy of the club that a standard list of bank and trade references be prepared by the Controller for use in establishing credit accounts with vendors.

B. Discussion

1. Most vendors when asked to open a credit account for the club will ask for bank and trade references.
2. The Controller will provide the necessary information to a potential creditor upon the request of a Department Head or the General Manager.
3. To facilitate establishing these accounts the Controller will develop a list of bank and trade references. These typically will include the reference bank or vendor name, address, phone number, contact person, and number of years' association.

Subject: Bank Accounts

A-1514

- A. Policy. It is the policy of the club to establish various bank accounts to perform the necessary banking functions.
- B. Discussion
 - 1. Bank accounts are necessary for the club to transact its business.
 - 2. The Controller will establish three checking accounts at the bank designated by the Board of Directors.
 - 3. Checking accounts should be established for the following purposes:
 - a. General account – an account to deposit payments and to pay accounts payables.
 - b. Payroll account – an account maintained on an imprest basis to pay employees. This account should have sufficient funds deposited for each pay period to cover checks written. When all payroll checks have been cashed, the account should have a zero balance until the next payroll deposit.
 - c. Initiation fee account – an account to deposit members' initiation fees.

Subject: Contract Signing Authority

A-1515

- A. Policy. It is the policy of the club that all contracts be signed by the General Manager and a designated club officer.
- B. Discussion
 - 1. Contracts obligate the club for some time into the future and could include provisions detrimental to or limiting the club's courses of action.
 - 2. All club contracts, including service contracts, must be reviewed and signed by the General Manager and a designated club officer.
 - 3. In lieu of a signature of a designated club officer on the contract, the General Manager may obtain a letter from the Board authorizing the signing of the contract on the General Manager's authority.