

# **Belgian Sheepdog Club of America**

## **Policy & Procedures**

### **General Financial Policies & Controls**

- SCOPE** All financial policies, points of control, cash receipts and expenditures for the Belgian Sheepdog Club of America operations.
- OBJECTIVE** The definition of procedures, controls and restrictions necessary to ensure the security of funds of the Belgian Sheepdog Club of America. Delineate the required financial reporting and review of the Club's records as well as ensure compliance with all Federal and State reporting requirements. Nothing in this policy shall supersede the Constitution and By-Laws of the Belgian Sheepdog Club of America.
- PROCESS** The on-going day-to-day operations of the Belgian Sheepdog Club of America and the support provided by the Treasurer, the Finance Committee and the Audit Committee for those activities.
- POLICY** The elected Treasurer is responsible for all monies belonging to the Club. All monies of the Club are defined as any and all liquid assets, held in accounts for general Club use, a National Specialty, or any other special accounts as may be authorized by the Board of Directors for specific purposes.
- The financial records are recorded and reported on a cash basis.
- Monthly financial reports must be provided to the Board of Directors no later than the 15<sup>th</sup> day of the following month for the previous month's activity.
- The financial records shall be open at all times for inspection by members of the Board of Directors, the Chairman of the Audit Committee and the Chairman of the Finance Committee.
- The Treasurer shall provide an annual fiscal financial report as well as the current balance of all funds as of the time of the annual membership meeting.
- The Club shall provide bond insurance for the Treasurer and all appointees that have access to Club funds, in an amount equal to the collective value of the Treasury.
- The Finance Committee shall be comprised of no more than three at large Club members in good standing, whose responsibility will be to review financial policies, ad hoc reporting/recommendations and the annual budget and 5 year strategic plan.
- The Audit Committee shall be comprised of three (3) members in good standing and shall be appointed by the Board of Directors, independent of any recommendation from the Treasurer.
- The Treasurer is responsible for securing the Bond insurance, the General Liability insurance and the Director's & Officer's insurance for the BSCA and the necessary administration of the policies as warranted by events of the Club.
- The Treasurer is responsible for the accurate and timely filing of all required Federal and State reports, licenses or other documents as required by law.
- The Club's calendar year is January through December. Each fiscal month corresponds to the calendar month.
- The Club's fiscal year corresponds to that set forth in the Constitution and By-Laws.

## **PROCEDURES**

### **I. Financial Accounts**

#### **A. Banking/Checking**

1. All funds shall be deposited in a bank account approved by the Board of Directors.
2. All bank accounts must reflect the non-profit status of the Club.
3. All bank accounts shall be maintained in the name of the Club with the IRS EIN as the federal tax ID on all accounts.
4. Credit/Debit cards are not permitted.
5. The main bank accounts of the Club shall have the Treasurer, the President and the Recording Secretary as signatories on the account.
6. The Board may at times authorize the establishment of satellite bank accounts to facilitate the administration of club functions. Examples of these are local accounts for National Specialty functions and an advance account to the newsletter editor.

7. All satellite accounts are maintained as part of the main records of the BSCA.
8. All satellite accounts shall be set up with the current approved bank of the BSCA; Accounts at other financial institutions are not allowed.
9. The Treasurer is the only person authorized to establish satellite accounts with the current bank.
10. The Treasurer shall have signatory approval on all satellite accounts established.
11. The Treasurer shall have electronic access to accounts and statements of all satellite accounts.
12. All Board members, the Chairman of the Audit Committee and the Chairman of the Finance Committee shall have on-line view only access to the main bank accounts, if on-line banking is approved for use. View only access shall be provided on a requested basis to the above mentioned group for the ancillary accounts in use at the time.

## **B. Investments**

From time to time, economic conditions may warrant the establishment of certain investment options (Certificates of Deposit, Money Market Funds) to maximize the value of the Club's Treasury. All recommendations shall be made on an ad-hoc basis by the Finance Committee to the Board of Directors. No investments shall be entered into prior to a complete review and approval by the Board of Directors.

## **C. Satellite Accounts**

1. Satellite accounts must be approved by the board of directors prior to establishment and the local administrator must also be approved and added to the financial bond of the BSCA.
2. All satellite accounts must be established as a non-profit business account in the name of the BSCA with the local administrator and the Treasurer as signatories. BSCA accounts shall never be set up in an individual person's name. All accounts will use the BSCA's EIN for IRS reporting purposes.
3. The Treasurer is responsible for reconciliation of the account(s).
4. All satellite account activity shall be reported to the Treasurer within 5 days of the end of the calendar month.
5. Once the satellite account is no longer needed, the account will be closed and any surplus funds transferred to the main BSCA account.
6. No committee shall establish a bank account without first gaining approval of the Board of Directors. All accounts must be established with coordination of the Treasurer and in accordance with the policies of the BSCA.

## **D. Reconciliations**

1. The Treasurer is responsible for the timely reconciliation of the main bank accounts as well as any and all other satellite accounts.
2. All accounts must be reconciled prior to production of financial statements for each period.
3. All reconciling items must be clearly identified in the reconciliation.
4. Any item that does not clear the bank within 6 months must be researched and a stop payment issued if warranted.
  - a. Main bank accounts should be reconciled using existing software.
  - b. Advance accounts: All advance account statements should be sent directly to the Treasurer along with all supporting documentation no later than the 5<sup>th</sup> day of each month. The Treasurer is responsible for the reconciliation of the account and any replenishment to maintain the approved balance.

# **II. Treasurer's Responsibilities & Activities**

## **A. Cash Receipts**

1. The Treasurer shall collect and deposit all funds in the appropriate accounts in a timely fashion. Exception may be satellite accounts, upon approval of the Board of Directors.
2. Checks must be deposited on a weekly basis.
3. Post dated checks are not acceptable.
4. **All checks must be submitted in U.S. Funds.**
5. In the event of a check returned NSF, the Treasurer will send a certified letter, return receipt requested, detailing the NSF check including the date, amount and check number to the presenter of the check. The Treasurer will also list the outstanding amount due, which is to

include the original amount of the check, any bank fees assessed the club and a \$10 service fee to cover the cost of the mailing.

6. A BSCA member will have 30 days to provide a money order to cover the costs of the insufficient check and all associated fees. If payment is not received, the member is no longer considered in good standing and shall be ineligible to receive the newsletter, and engage in all other activities reserved for members in good standing.
7. A non-BSCA member will have 30 days to provide a money order to cover the costs of the insufficient check and all associated fees. After this time, the Treasurer will circulate a list of people who are considered 'cash only' for all purchases, entries, etc. This list shall be made available to the Board of Directors as well as those people designated to accept funds on behalf of the BSCA.
8. All receipts shall be recorded in the Statement of Activities and all bank balances shall be reported on the Statement of Financial Position. Please refer to those sections of the policy for more details.

## **B. Payments**

**Under no circumstances shall the Treasurer of the Club sign a check of reimbursement to themselves or their immediate family members, nor pay for anything at any vendor with a check from the BSCA.**

### **a. Invoices**

1. The Club receives invoices for various expenses related to the operation of the Club. i.e. newsletter printing, insurance, etc.
2. Invoices can be received either in hard copy or electronic formats.
3. Upon receipt of an invoice, the Treasurer should determine if the goods or services have been received, and verify that the amount of the invoice is within expectation and reasonable. Example: newsletter invoices should be reviewed by the editor for accuracy, etc.
4. Payments of Club expenses are made by the Treasurer or a person designated by the Board of Directors has having authority to pay expenses on behalf of the Club. (i.e. National Specialty Treasurer, etc.)
5. Cash, credit card, debit card payments are NOT allowed.
6. All checks written to vendors must include a notation of the invoice # in the memo line, if applicable.
7. All invoices shall have the check #, the date paid, the disbursement account to which the funds are recorded to and the initials of the Treasurer affixed to them and maintained in the financial records. All electronic invoices must be maintained as part of the records of the Club.
8. The Board may, at their discretion, set tolerance limits for payments of invoices, ie. Any invoice over \$250 must have board approval prior to payment, etc.
9. Any invoice that requires a separate approval from the Board of Directors, must have a copy of the poll and resultant vote attached, reflecting the authorization of payment.

### **b. Member Reimbursements**

1. Members are encouraged to do everything possible to have a vendor send an invoice directly to the Treasurer for payment.
2. Members should request authorization from the Board of Director prior to purchase of any goods or services for the Club. This authorization may come in the form of a special request directly to the Board (i.e. judge's education travel expenses), or as part of the normal course of business and the receipt of the annual budgeted amount for the expenditure. (i.e. annual awards, etc.)
3. Members must submit a receipt noting the nature of the expenditure and the amount they are requesting reimbursement for.
4. Actual and electronic receipts are acceptable.
5. Please reference items 4-9 under invoice payments for reimbursements to members.

### **c. Non-Member Reimbursements**

1. Non-members are not authorized to purchase goods & services on behalf of the BSCA;

2. The Board of Directors may authorize a non-member to purchase on behalf of the BSCA, prior to the purchase;
3. Board authorization must include the person authorized to act on behalf of the BSCA, the nature of the expenditure, the expected amount of spending as well as a spending cap, if appropriate.
4. The Club is not obligated to reimburse non-members if Board of Director approval is not granted, prior to expenditure.
5. Please reference items 3-5 under Member Reimbursements.

### III. Financial Statement Preparation

The BSCA's official books and records are maintained using Quickbooks Simple Start software. The BSCA books are to be closed monthly and financial statements prepared and sent to the Board of Directors for approval no later than the 15<sup>th</sup> of the following month.

#### A. Statement of Activities

The Statement of Activities is produced monthly and reflects both the current month and year to date cash receipts and disbursements. Receipts are divided into the following operating categories: General Operations Receipts, Advertising Receipts, Club Events Receipts, Restricted Receipts and Other Receipts. Definitions and uses of the individual accounts within each category may be found in the Chart of Accounts Document. Definitions of **Receipts** Operating Categories are as follows:

- a. General Operations Receipts: any receipts generated from basic operations such as new member applications, annual dues renewal, remembrance gifts, BSCA Store sales, newsletter subscriptions, postage upgrades and any other general donations received to support the work of the BSCA.
- b. Advertising Receipts: any revenue generated solely from advertising in BSCA publications or on the BSCA website. Examples are the breeder's directory, frozen semen listing, newsletter advertising, National Specialty catalog advertising, directory advertising, etc.
- c. Club Events Receipts: any receipts related to an event held by the BSCA. This includes but is not limited to entry fees from events (National Specialty, performance events, etc.), trophy support, catalog sales, booth rentals, fund raising activities.
- d. Restricted Receipts: any revenue that may be designated as restricted for a specific purpose. There are currently three types of restricted receipts identified by the BSCA:
  1. Permanently Restricted: permanently restricted receipts MUST be used for the purpose indicated and any funds not used (surplus) is to be returned to the donor at the end of the designated event. Permanently restricted funds cannot be used for any purpose other than those stated by the donor. Examples of permanently restricted funds include:
    - i. Restricted funds received from the Estate of Gloria Davis Bray for the administration of the Gloria Davis Bray award;
    - ii. Any membership vote to designate a portion of dues solely for the support of health research initiatives.
    - iii. Any receipts held by the BSCA at the end of a fiscal period as agent of the BSDRT that have not been transferred to the Trust, shall be listed as restricted income. (Please reference the BSCA agency section)
  2. Temporarily Restricted: temporarily restricted funds are funds held in advance to support certain activities of the Club. Rescue funds are currently held as temporarily restricted. These are the funds that were in excess of those funds transferred to the BSDRT at the time of its inception. Membership vote at an annual meeting is required to move these funds out of a temporarily restricted status.
  3. Board Restricted: Board restricted funds are part of the general operating funds of the BSCA. The most common of these are National Specialty funds. Once the particular event is held, any Board restricted fund surpluses are released to the general fund of the BSCA.

Any funds not designated as permanently, temporarily or board restricted are considered part of the general fund of the BSCA.

- e. Other Receipts: Other receipts are monies that are earned that is not related to any activity of the Club. Currently, this relates to interest income, both restricted and non-restricted.

**Disbursements** are divided into the following operating categories: membership services; club operations; club events; charitable contributions; Other disbursements. Definitions and uses of the individual accounts within each category may be found in the Chart of Accounts Document. Definitions of Expense Operating Categories are as follows:

- a. Membership Services: disbursements related to services provided to members, i.e. membership benefits. These include disbursements related to Awards, the Newsletter and BSCA trophy support to local BSD Club events.
- b. Club Operations: disbursements related to the primary objectives and activities of the Club. These include AKC delegate disbursements, fund raising costs, insurance disbursements, Judge & General education disbursements, printing disbursements, professional services, office supplies, etc.
- c. Club Events: disbursements related to BSCA events. These include disbursements related to National Specialties, AKC event fees, judge costs, trophy costs & venue rentals.
- d. Charitable Contributions: contributions made to 501c3 organizations.
- e. Other disbursements: Other bank fees & legal fees, i.e. State of Indiana incorporation fees, bank fees, etc.

Receipts and disbursements are then netted to provide a net surplus/deficit for each of the restricted fund category amounts as well as a total surplus/deficit amount for both the month and the year to date period.

## **B. Statement of Financial Position**

The Statement of Financial Position reports total funds available to the BSCA as of a moment in time. It is divided into two section:

1. Assets: Since the BSCA books are maintained on a cash basis, all assets listed are cash balances. All Satellite accounts are listed as well as general ledger accounts maintained to recognize restricted use funds. All restricted fund categories are reported as such in the Statement of Financial Position.
2. Liabilities & Equity: Since the BSCA's books are maintained on a cash basis, there are no liabilities. The opening balance equity is the amount of cash transferred to the treasurer at the time Quickbooks was set up. Other retained earning are the net of surpluses and deficits over time. All restricted fund categories are reported as such in the Statement of Financial Position.

## **C. Supporting Financial Reports**

The Treasurer also produces financial results reports for various activities of the BSCA. The two most prominent ones are for the Newsletter and the National Specialty.

1. Newsletter: The Newsletter P & L reports all receipts and subsequent printing & postage per issue. It is maintained in a separate excel spreadsheet for ease of calculation and presentation. It is one of the reports presented to the membership at the annual meeting and is used to support dues recommendations annually. Schedule A is an example of the newsletter P & L.
2. National Specialty: The National Specialty is the biggest single event the BSCA hosts. Fund raising and expenses are incurred over multiple years and it's vital that the Treasurer work with the local host group to ensure accurate and timely reporting of the event. Schedule B is an example of a National Specialty financial report. Receipts/disbursements related to a National Specialty are recorded in the calendar year they occur and reported in the appropriate Statement of Activities. The National Specialty report is a managerial report that covers the multiple years and activities of a particular National Specialty.

## **IV. Other Reporting Requirements**

### **A. IRS Filing Requirements**

The BSCA is responsible for two types of filings with the IRS. It is the responsibility of the Treasurer to coordinate the production of the necessary reports and ensure they are filed on a timely basis.

- a. 990 Reports: The 990 is the main activity report the IRS requires all non-profit entities to file. Per current BSCA policy, the Treasurer is not permitted to complete and file the 990. An independent tax preparer is engaged to do the appropriate completion of the form and reporting

with the IRS. It is the responsibility of the Treasurer to coordinate with the independent tax preparer and to provide all required information.

- b. 1099 Filings: The BSCA is required to report income paid to individuals for services rendered in excess of \$600 per year. The \$600 limit is net of any expenses paid. The BSCA has filed 1099's for agility judges whose per dog fee has exceeded \$600. Individuals are required to provide the BSCA with a W-9 form. In the event an individual does not provide a W-9, federal tax in the amount of 28% shall be withheld from any payments due. This withholding requirement is required as part of any judge's contract. In either case, the Treasurer is responsible for filing the appropriate forms and/or monies to the IRS.

#### **B. State of Indiana Business Entity Filing**

The BSCA is incorporated in the State of Indiana. The State requires an annual business entity filing and payment of a fee to maintain the current state of incorporation. The Treasurer is responsible to complete the filing annually. This is easily done on the State of Indiana's website.

### **V. Other Treasurer Duties**

#### **A. Insurance**

The Treasurer is the point of contact for all insurance policies held by the BSCA. They include general liability insurance, director's & officers insurance and the financial bond.

1. General liability insurance protects the Club against general liability claims and accidental death and dismemberment claims. In many cases, venues where BSCA events are held will require proof of insurance. It is the responsibility of the Treasurer to work with local hosts to obtain the appropriate documentation from the insurance company as required by the venue.
2. Directors and Officers insurance protects the assets of the Club should a lawsuit be filed against the BSCA.
3. Financial Bond insurance: protects the financial assets of the Club against loss due to theft of the financial representatives.

#### **B. Dues**

The Treasurer is responsible for mailing dues notices to member annually, in compliance with the requirements listed in the Constitution. As dues are received, the Treasurer will maintain a newsletter mailing list with details of members who have paid for additional 1<sup>st</sup> class postage, and lifetime members who also wish to receive the newsletter. This list will be sent periodically to the Corresponding Secretary for verification of membership renewals. All returned dues notices are sent to the Corresponding Secretary who is responsibly for maintaining the membership lists of the BSCA.

#### **C. Annual Budget**

The Treasurer will prepare an annual budget and a five year strategic plan for financial planning purposes. Once the draft budget is prepared, it will be submitted to the Finance Committee for review. A final, proposed budget will be presented to the Board of Directors for approval, prior to the annual membership meeting. The budget is the basis for the Treasurer's dues recommendation to the membership. The membership has sole responsibility for establishing dues for the coming year.

#### **D. Ad Hoc Financial Analysis**

As the financial officer of the BSCA, the Treasurer may be asked to prepare ad hoc analysis from time to time. The Treasurer/Finance Committee should validate any analysis presented by members to the Board of Directors or preceding any presentation at the annual meeting.

### **VI. Responsibilities of National Specialty Treasurer**

**Under no circumstances shall the Treasurer of the National Specialty sign a check of reimbursement to themselves or their immediate family members, nor pay for anything at any vendor with a check from the BSCA.**

- A. Follow all financial control policies of the BSCA;
- B. Provide at a minimum, the following documentation to the BSCA Treasurer for proper account reconciliation and documentation:
  1. Copy of all supporting documentation for deposits. Checks received that pay for multiple items shall have the details recorded in an excel spreadsheet to ensure proper recording of event

receipts. Copies of actual checks are not required as they are available through on-line means. Same applies for cash receipts.

2. Detail backup of all payments are required in accordance with BSCA policy. See above.  
Deposits Prior to Week of Show:
3. The Treasurer shall collect and deposit all funds in the appropriate accounts in a timely fashion.
4. Checks must be deposited on a weekly basis, minimum.
5. Post dated checks are not acceptable.
6. All checks must be submitted in U.S. Funds.
7. In the event of a check returned NSF, the Treasurer will send a certified letter, return receipt requested, detailing the NSF check including the date, amount and check number to the presenter of the check. The Treasurer will also list the outstanding amount due, which is to include the original amount of the check, any bank fees assessed the club and a \$10 service fee to cover the cost of the mailing.
8. A BSCA member will have 30 days to provide a money order to cover the costs of the insufficient check and all associated fees. If payment is not received, the member is no longer considered in good standing and shall be ineligible to receive the newsletter, and engage in all other activities reserved for members in good standing.
9. A non-BSCA member will have 30 days to provide a money order to cover the costs of the insufficient check and all associated fees. After this time, the Treasurer will circulate a list of people who are considered 'cash only' for all purchases, entries, etc. This list shall be made available to the Board of Directors as well as those people designated to accept funds on behalf of the BSCA.

### **C. Cash Receipts during the week of the Show:**

1. The week of the show can be chaotic. Upon arrival at the host hotel, the Treasurer should obtain a safe deposit box at the front desk. The petty cash funds and all other funds collected should be maintained in the safe deposit box, never in an individuals room if at all possible. If a bank branch is accessible, efforts should be made to take deposits to the bank.

2. Collection of Cash: If people pay for items with cash, the hospitality people should record what items are purchased, by whom and for how much. Small, double copy receipt pads are available at office supply stores for a nominal amount. Any general cash donation jars should be emptied periodically throughout the day, with notes attached as to what the donation is for (if known). It is also advisable to provide those people selling items outside of hospitality with envelopes for cash collection. Do not mix items in the same envelope. i.e. have one envelope for catalog sales, another for bait sales, etc.. The Treasurer should collect excess amounts of cash periodically throughout the day. Checks received should also be noted exactly what is being paid for. This ensures proper recording in the financial statements.

3. Petty cash fund: Petty cash is maintained in the hospitality room for making of change for cash sales. It is never to be used to reimburse anyone for any reason. \$100 is a sufficient amount in the fund. At the end of every day, petty cash is to be reconciled and all excess cash prepared for deposit for that day. Every day the starting balance of the petty cash fund is \$100. Counts sheets of total funds for the day shall be tallied and maintained as part of the Club records.

4. All judges, the hotel and most other venues require payment immediately upon conclusion of the event. The Treasurer and/or the Show Chairperson should be available to receive, review and approve invoices and receipt submissions for accuracy as well as compliance with signed contracts. Copies of all contracts must be on site for each event. In the case of judging contracts, AKC requires the contracts be available at the venue.

## **VII. Responsibilities of Other Satellite Account Managers**

**Under no circumstances shall the Manager of an ancillary account sign a check of reimbursement to themselves or their immediate family members, nor pay for anything at any vendor with a check from the BSCA.**

A. Follow all financial control policies of the BSCA;

B. Provide at a minimum, the following documentation to the BSCA Treasurer for proper account reconciliation and documentation:

1. Copy of all supporting documentation for deposits. Checks received that pay for multiple items shall have the details recorded in an excel spreadsheet to ensure proper recording of receipts. Copies of actual checks are not required as they are available through on-line means. Same applies for cash receipts.
2. Detail backup of all payments are required in accordance with BSCA policy. See above.

Approved BSCA Board of Directors, May 8, 2013 Board Meeting

