

Chapter 7

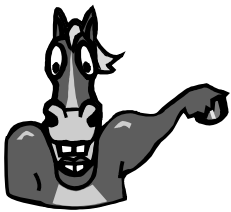
FINANCIAL MANAGEMENT – don't spend more than you have!!

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Keeping your club in good financial health isn't rocket science. But it does take commitment to details and records. Computers are a great help, and written records are essential. The staff at USPC is available to be of assistance and try to keep the required forms easy to complete.



TIP: See Appendix E for guidelines on establishing financial practices, policies and processes for your club. Contact the Financial Director for more information.

Budgets

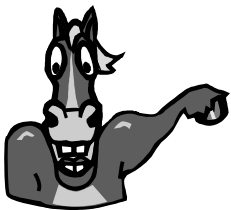


REMEMBER: The fiscal year for clubs is from January 1 to December 31. This date is established by the USPC Club Bylaws 5.3. All clubs must use these dates as their fiscal year.

Budgets, continued

All clubs should work from an annual budget. Each year, the DC should develop and present a proposed budget for the approval of the Sponsors. The budget should estimate the income it expects to receive and establish anticipated club expenses. The club Treasurer should be actively involved in this budgeting process.

To come up with the budget, the DC and Treasurer should develop and implement a plan to provide funds for expenses associated with club administration and activities. It is easiest if clubs use prior years' history and experience in planning for the year. Try to be realistic and flexible. Consider income AND expenses. In the latter category, it is sometimes easy to forget expenses needed for volunteers, educational materials that may be necessary, equipment that is in need of updating, etc. Remember to budget for the DC to attend the USPC Annual Meeting and Leaders' Camps.

Working with the Treasurer

TIP: Consider using a published program such as Quicken or Quickbooks for bookkeeping and organized reporting. Why reinvent the wheel?

ANNUAL REPORT

At the end of the fiscal year, the Treasurer prepares a financial statement called the Summary of Cash Receipts and Disbursements that discloses fully the source and utilization of all funds obtained and disbursed during the past year. As part of the Group Tax-Exempt Status, granted by the IRS, the USPC must obtain annual financial statements from all clubs and regions. ***Clubs that do not submit these records may be placed on inactive status.*** The USPC form (Summary of Cash Receipts and Disbursements Form) may be used, or a similar Balance Sheet and Income Statement from a computerized accounting program may be substituted. The DC and Treasurer should review these reports together. These must be sent to the RS and to USPC by February 15 of each year.

SPONSORS' MEETINGS

The club Treasurer prepares a financial report for EACH Sponsor's Meeting. This should detail income and expenses for the year to date by categories established in club policy.

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COOPERATION

By working with the Treasurer, the DC is able to fully oversee all financial activity in the club. A Treasurer's Report must be prepared for every Sponsors' Meeting. Sponsors and parents need to feel part of the picture – understanding the income and expenses involved in running the club.

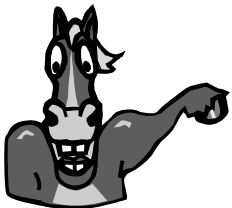
ACCOUNTABILITY



REMEMBER: Be alert to the financial practices of the club Treasurer. The buck stops with you!

Club funds and accounts should only be used for official business of the club. Clubs should use appropriate and sufficient financial practices, policies and processes to enable the club Treasurer to accurately account for all income and expenditures of the club. All disbursements should have accompanying receipts, contracts or internal “Check Requests,” “Refunds Request,” or “Reimbursement Request” forms for tracking of expenses prior to disbursement. See Appendix F for examples.

Appropriate and sufficient documentation should be retained, organized and maintained by the club Treasurer to meet internal club, USPC and IRS reporting needs. The DC should maintain oversight over all financial transactions.



TIP: Have the Treasurer prepare monthly reports that show all the activity in club accounts.

Checking Accounts



TIP: A club may wish to consider two or more checking accounts: one for ordinary club expenditures and another for a major event, such as hosting a rally or horse show.

The club Treasurer, DC and perhaps one Jt-DC (designated by the DC) should be signatories on the club's bank accounts. The club should establish threshold amounts over which both signatures are required (i.e., expenses over \$500).

- ▶ All checks should be sent directly to the Treasurer or collected by individual event organizers, compiled, documented and then sent together to the Treasurer for depositing to the appropriate accounts.
- ▶ All account deposits should be made by the club Treasurer and documented with detailed breakdowns of the sources of funds.
- ▶ Signatures of both the DC and Treasurer should be required for large individual expenditures. The amount whereby two signatures become necessary should be discussed and agreed upon by the Sponsors, subject to the approval of the DC. The RS decides in any areas of disagreement.

Refunds and Reimbursements

- ▶ It is important to establish "Refund Policies" within the club. The DC should have sole discretion on the optional payment of all refunds and may approve refunds of any portion of the requested amount.



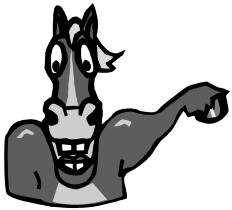
REMEMBER: USPC policy is NO refunds for national membership dues!! Plan accordingly.

- ▶ Develop a way to track expenses prior to disbursement, i.e., "Check Request," "Refund Request," or "Reimbursement Request." See Appendix F for examples. Review these methods of requesting and honoring reimbursement annually.
- ▶ No account signatory should sign a check payable to him/herself unless preceded and documented with a "Reimbursement Request" approved and signed by another club officer.

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- ▶ Clubs may want to consider reimbursing the DC and others for expenses directly related to the business of the club subject to the restrictions and limitations of USPC Policies (0700 and 0720). Club Sponsors must have determined before an expense is incurred that reimbursement is important to the club in accomplishment of its goal.

Maintaining Non-Profit Status



TIP: Visit the IRS Web site, www.irs.gov, for more information about tax-exempt 501(c)(3) organizations, or Email the Finance Director at mainoffice@ponyclub.org with any questions you may have.

Registered Clubs must maintain the non-profit corporation status of the United States Pony Clubs, Inc., as defined in Section 501(c)(3) of the IRS Code or similar provisions of any future law. Each club should obtain an Employer Identification Number (EIN) and comply with all other legal requirements imposed on IRS Code Section 501(c)(3) designated corporations. Clubs must provide a copy of their EIN assignment to the National Office within 30 days of registering.



REMEMBER: Use of tax-exempt status may only be used by the club itself. It may not be lent out to other groups to use.

The club Treasurer is responsible for compliance with the Federal and State tax requirements imposed on IRS Code Section 501(c)(3) compliant entities. The Annual Financial Statement should serve as the basis for determining if State and Federal tax returns need to be filed.

Most clubs can file form 990-EZ. They will use their own club's EIN and use the USPC's group exemption number (GEN) 3887. If gross annual income exceeds \$25,000, the club may need to file form 990 with the IRS. Some exceptions apply. Visit the IRS Web site, www.irs.gov, for the form and instructions. The Treasurer should send a copy of the club's 990 to the National Office, if one is filed with the IRS.



REMEMBER: Under the restrictions of USPC's group tax-exempt status, no gaming is permitted by any club. Specifically any form of charitable gaming including, bingo, raffle, casino nights, pull-tabs, any games of chance or participating in any state-run gaming are forbidden. Participation in such could jeopardize the tax-exempt status of the entire organization.



TIP: Instead of a raffle, try a silent or live auction as a fundraiser. This removes the element of chance from your fundraiser and keeps us in good graces with the IRS!

Donations to Clubs

Check carefully to ensure that charitable donations are handled properly. The tax-exempt status of the USPC may be endangered by unknowingly accepting inappropriate donations as tax write offs to the donor, by improper acknowledgement, or improper disposition of donations. Check out the IRS Publication 526, Charitable Contributions for more information.

To find specific information on the manner in which to handle the donation of a horse (and most other non-cash donations), refer to Appendix G.

CLUB FINANCIAL MANAGEMENT RECOMMENDATIONS

1. The DC should develop and implement a plan to provide funds for expenses associated with club administration and activities. Each year, the DC should develop and present a proposed operating budget for the approval of the Sponsors. The budget should estimate the income from the plan and establish an allocation to club expense categories. The club Treasurer should assist in the development of the proposed operating budget and in the administration of the funds in accordance with the approved operating budget and the provisions of these Bylaws.
2. The club Treasurer must prepare a financial report for each Sponsors' Meeting as well as when requested by the DC. The report should detail income, expenses and assets for the fiscal year-to-date by categories established in club policy.
3. The club Treasurer should, at the end of the fiscal year, prepare a financial statement that discloses fully, the source and utilization of all funds obtained and disbursed for expenses during the past fiscal year. Copies of the Annual Financial Statement should be sent to the National Office, the Vice President of Regional Administration (VPRA) and the Regional Supervisor by February 15.
4. The club Treasurer should be responsible for compliance with the Federal and State tax requirements imposed on IRS Code Section 501(c)(3) compliant entities. The Annual Financial Statement should serve as the basis for determining if State and Federal tax returns need to be filed.
5. Registered Clubs should maintain the non-profit corporation status of the United States Pony Clubs, Inc., as defined in Section 501(c)(3) of the IRS Code or similar provisions of any future law. Each Registered Club should obtain an Employer Identification Number (EIN) and should comply with all other legal requirements imposed on IRS Code Section 501(c)(3) designated corporations. Clubs should provide a copy of their EIN assignment to the National Office.
6. The fiscal year for clubs is from January 1 to December 31. This date is established by the USPC Bylaws of the Registered Clubs, Section 5.3. All clubs must use these dates as their fiscal year.
7. Clubs should use appropriate and sufficient financial practices, policies and processes to enable the club treasurer to accurately account for all income and expenditures of the region. Appropriate and sufficient documentation should be retained, organized and maintained by the club Treasurer to meet the internal, USPC and IRS reporting needs. The DC should maintain oversight over all financial transactions.

APPENDIX E

8. Clubs may want to consider maintaining two checking accounts. For example, the “Main Disbursement Account” would be the primary working account for the club. A “Petty Cash Account” would be a limited working account for small official expenditures of the DC. Other accounts that are useful to may be established and maintained by the club Treasurer with the written consent of the DC.
9. All account deposits should be made by the club Treasurer, and should be documented with detailed breakdowns of the sources of funds. All checks should be sent directly to the Treasurer or collected by individual event organizers, compiled, documented and then sent together to the Treasurer for depositing to the appropriate accounts.
10. Clubs must work from an annual Financial Budget, based on prior years’ history and experience and planning for the year. The budget should be presented to the Sponsors for approval and explanation each year.
11. All disbursements should have accompanying receipts, contracts or internal “Check Request,” “Refund Request,” or “Reimbursement Request” forms for tracking of expenses prior to disbursement.
12. Signatures of both the DC and Treasurer should be required for large individual expenditures. The amount whereby two signatures become necessary should be discussed and decided upon by the Sponsors, subject to the approval of the DC. The RS decides in any areas of disagreement.
13. No account signatory should sign a check payable to him/herself unless preceded and documented with a “Check Request,” “Refund Request,” or “Reimbursement Request” form approved and signed by another club officer.
14. Clubs should avoid the use of credit cards. Upon request, clubs may want to consider reimburse the DC and treasurer for one reasonable annual fee each for credit cards to be used only for business of the club. The DC and treasurer should have personal responsibility for the cards and should devise a “Reimbursement Request” form for reimbursement of acceptable expenses on behalf of the club.
15. Newly purchased check stock for the club’s accounts should be labeled to expire in 180 days.
16. The DC should only write and individually endorse checks on the “Petty Cash Account.” The maximum balance in this account should be \$1,000. Funds in this account should be replenished by the club treasurer when acceptable backup documentation has been provided by the DC. Individual payments larger than \$300 should be submitted directly to the treasurer for payment from the Main Disbursement Account. The DC should remain a signatory on all accounts but only have check stock for the Petty Cash Account.
17. Club funds, accounts and credit cards (per # 8) should only be used for official business of the club.

APPENDIX E

18. The club Treasurer, DC and one Jt-DC (designated by the DC, approved by the Sponsors) should be signatories on the club's bank accounts. The DC should only sign checks on the Petty Cash Account and those checks on the Main Disbursement Account that require a second signature. If, for some reason, the club Treasurer is not available to write necessary checks when required, checks may be written on the Main Disbursement Account and should be endorsed by both the DC and Jt-DC.
19. All refund requests for payments previously made to the club by a member or other party should be submitted to the DC using a "Refund Request" form. The DC should have sole discretion on the optional payment of all refunds and may approve refunds of any portion of the requested amount, and should signify the amount, endorse the form and present the form to the club treasurer for disbursement. Please remember that there are no refunds for national dues.
20. Clubs may want to consider reimbursing the DC for expenses directly related to the business of the club, subject to the restrictions and limitations of USPC Policies, including Policies 0700 and 0720. Specifically, the club Sponsors must have determined before an expense is incurred that reimbursement is important to the club in accomplishment of its goals.
21. For reimbursable airline tickets required for official business of the club, best attempts should be made by the purchaser to obtain the lowest cost fare possible, by flying economy class and booking at least 14 days in advance of travel.
22. Clubs may want to consider reimburse individual mobile phone and long distance call charges for calls made by club officers if submitted documentation supports that they were for official business of the club. Clubs should not reimburse the regular monthly service costs of any telephone services.
23. Reasonable and customary meal expenses of club officers should be reimbursable when an officer is traveling on official business or entertaining official guests of the club. Clubs should not reimburse costs of any guests of any officer that are not associated with official business of the club.