

U.S. Figure Skating Club Financial Management Webinar

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Presented by:

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Alan is an active member of the North Atlantic Figure Skating Club in Falmouth, Maine. Along with a small group of individuals, he helped organize and form the skating club 14 years ago. Alan was the club Treasurer for two years and has been President of the club since 2000.

In addition, Alan has served on the Board of Directors of the Family Ice Center in Falmouth since the day it opened in 1997 and has assisted the nonprofit rink on various legal, programming and management issues. He also has been active in the NEICC (New England Interclub Council) and chaired their Nominating Committee.

Alan has served as a Board Member of various nonprofit organizations for more than 25 years and is currently the President of a California Foundation that donates money to organizations for cancer research and education.

Alan became involved in figure skating, as a “skating dad”, through his daughter Chloe, who he watched progress from a basic skills skater to the 2008 Novice Ice Dance Champion.

When he is not working on skating matters, Alan is an attorney who maintains a private practice in Maine.

“Nonprofit is a tax status,
not a business plan.”

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Duties of a Figure Skating Club Board

1. **Define mission and purpose**
2. Approve and monitor programs and services
3. **Ensure adequate resources**
4. **Ensure effective fiscal management – budget, controls**
5. Engage in strategic planning
6. Recruit and orient new board members
7. Support the coaches/ rink relationship
8. Enhance club's public image
9. Effective board operation – committees, meetings, decision making and recording process
10. Ensure sound risk management – conflict of interest, proper level of insurance coverage, minimize exposures



Review of Legal Duties and Ethical Obligations **Duty of Care, Loyalty, and Obedience**

Use your best judgment and be responsible when making decisions that impact the future of the club

- Position of trust – careful oversight
- Always act in accord with the organization's mission
- Putting aside personal and professional interests
- Be the eyes and ears of the organization
- Actively participate; ask pertinent questions
- Owes undivided allegiance when making decisions affecting the organization
- Avoiding conflicts of interest
- Board members can never use information obtained for personal gain
- Obeying all laws and regulations, both public and organizational




Fiduciary Responsibilities

- Ensure legal and ethical compliance
- Ensure fiscal accountability
- Prepare and approve your annual club operating budget
- Support and evaluate programs
- Ensure adequate controls
- Know what questions to ask
- Monitor results



POLL




Please take a moment to respond to the following question...

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Where do you get your revenue from?


- Membership dues
- Income from programs/ events
- Fundraising
- Sale of ice time
- Coaches commissions
- Sales of goods
- Sponsorship/grants
- Interest/dividends
- Unrelated business income



US FIGURE SKATING 8

Treasurer

Job description:
The treasurer shall have the authority of overseeing the funds of the club and shall keep a record of all receipts and disbursements.



Specific duties include:

- Maintain financial accounts with due diligence
- Record transactions with appropriate documentation
- Provide regular written and oral reports on the financial status to the board and membership
- Seek expert counsel when needed
- Develop policies and procedures for managing club's finances
- Be responsible for handling tax issues of club or for finding a resource to handle these issues
- Help in the budgeting process for the club
- Attend board meetings and report monthly

US FIGURE SKATING 9

Financial Management: Oversight, Policies and Procedures

Who's Responsible?

The board has overall legal responsibility for the financial health of your club. Board members need to understand key financial information and policies, it's recommended you look at the following reports at least quarterly (if not monthly):

- Fiscal year budget
- Profit/loss statement
- Balance sheet statement
- Cash flow analysis
- Required reports for local, state and federal regulators


US FIGURE SKATING 10

Financial Policies and Procedures

- **Internal Controls:**
 - Regular, rigorously applied internal controls are the key to fiscal responsibility
 - Checks and balances to avoid losses
 - **No** one person should handle all financial transactions
 - Handling incoming funds
 - D and O insurance
 - Document your spending and check-writing process
 - Two signatures on checks, purchase orders, reimbursement policy

US FIGURE SKATING 11

Budgeting



- Club's yearlong financial plan
- Everything tied to mission and goals
- Identify goals/objectives for coming year
- Review current year revenue and expenses for baseline
- Identify any revenue/expenses that will not occur
- Estimate income/expenses for coming year – what is the bottom line?
- Full board approves budget
- Communicate budget with members
- Monitor throughout year with regular financial statements

US FIGURE SKATING 12

Recordkeeping



- Must keep books and records to show compliance with tax rules and regulations in accordance to general accepted accounting principles (GAAP)
- Must be able to document sources of receipts and expenditures
- May lose tax exemption if books and records not kept accurately
- Monitor progress of programs
- Aid in preparation of financial statements and returns
- Recommend Annual Audit



Sample Profit / Loss Sheet

ITEM	CURRENT MONTH	YEAR TO DATE
CASH IN BANK 11/01/11 \$XXX		
RECEIPTS		
Dues	XXX	XXXXXX
Ice Fees	XXXX	XXXXXX
Event Results (See Schedules) *	XXXX	XXXX
Etc.	XX	XXXX
TOTAL RECEIPTS	XX,XXX	XXX,XXX
EXPENSES		
Ice Rental	X,XXX	XXXXXX
Membership dues	X,XXX	XX,XXX
Supplies	XX	XXX
Bank Charges	X	XX
Etc.	XX	XXX
TOTAL EXPENSES	XX,XXX	XXX,XXX
OPERATING RESULT (Receipts less Expenses)	XX	X,XXX
OTHER		
Receipts		
Disbursements		
NET OTHER		
CASH IN BANK 11/30/11 \$XXX		

* A separate report in this format should be attached for each event; their net total is shown here.



Reimbursements

- What is the process for reimbursements?
- What activities are covered?
- What limits apply?
- What is the authorization process?
- Must have receipts for all reimbursements

Documents:

- Travel/expense reimbursements
- Purchase orders



10 Key Financial Questions Board Members Should Ask

1. Have we achieved a profit or loss?
2. Are our key sources of income rising or falling?
3. Are our key expenses under control?
4. Do we have sufficient reserves?
5. Is our cash flow projected to be adequate?
6. Where are we compared with budget?
7. Is our financial plan consistent with our strategic plan?
8. Do we have the appropriate checks and balances to prevent errors, fraud, and abuse?
9. Are we filing all needed reporting documents on a timely basis?
10. Are we fulfilling our legal obligations?

**Credit BoardSource – www.boardsource.org



Obtaining Tax-Exempt Status

1. Charitable and Other Organizations – Section 501(c)(3); IRS Form 1023
Organized and operated exclusively for charitable and educational purposes, or to foster national or international amateur sports competitions
2. Social Welfare Organization – Section 501(c)(4); IRS Form 1024
Organized and operated only to promote social welfare
Operate primarily to the common good and general welfare of the community
3. Sports Club – Section 501(c)(7); IRS Form 1024
Activities are for pleasure, recreation and other similar nonprofit purposes
Include recreation clubs, amateur sport clubs, country clubs, garden clubs and hobby clubs



What are the advantages of being a 501(c) (3)?

- ✓ Exemption from federal income tax (except unrelated business income)
- ✓ Exemption from sales tax – in some states
- ✓ Can give donors a tax deduction

Protecting your tax-exempt status:

- ✓ Activities must be consistent with mission
- ✓ Proper filing and recordkeeping practices
- ✓ Membership dues are not contributions
- ✓ Unrelated business income cannot be a substantial part of club's income



POLL



Please take a moment to respond to the following question...

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Form 990

- Form 990 is an annual information return — an annual 'tax' form — that nonprofits file with the IRS. This public document provides information that allows the IRS to determine whether the organization continues to fill the requirements for its tax-exempt status.
- Accountability and transparency are keys to retaining public trust, and nonprofits can accomplish it by providing easy and open access to this document.
- Form 990 explains the mission and program activities of the organization. The organization's financial information details revenues, expenses, and net assets.
- The Annual Return must be filed by the 15th day of the 5th month after the club's accounting period ends.



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What's New about the New 990?

The changes cover topics that include governance, finances, fundraising, and program administration. Enhances transparency, promotes tax compliance, minimizes the burden on the filing organization.

- Asks questions about the organization's governance structure, policies, and disclosure practices
- Policies and procedures addressing conflicts of interest and whistleblowers.
- A revised section on the organization's mission statement
- Public availability of forms
- Suggest you review 990-EZ at www.irs.gov



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Employee vs. Independent Contractor?

There are rules that will help you determine how to classify the people you hire.

The IRS uses three characteristics to determine the relationship between businesses and workers:

- 1. Behavioral Control** covers facts that show whether the business has a right to direct or control how the work is done through instructions, training or other means.
 - 2. Financial Control** covers facts that show whether the business has a right to direct or control the financial and business aspects of the worker's job.
 - 3. Type of Relationship** factor relates to how the workers and the business owner perceive their relationship.
- ✓ If you have the right to control or direct not only what is to be done, but also how it is to be done, then your workers are most likely employees.
 - ✓ If you can direct or control only the result of the work done -- and not the means and methods of accomplishing the result -- then your workers are probably independent contractors.

Employers who misclassify workers as independent contractors can end up with substantial tax bills. Additionally, they can face penalties for failing to pay employment taxes and for failing to file required tax forms.

You can learn more about the critical determination of a worker's status as an Independent Contractor or Employee at www.irs.gov by selecting the Small Business link.



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When to issue a 1099?

Your club must file IRS Form 1099 for the members who had more than \$600 in benefits during the year, and the individual would be required to claim the monetary value on their taxes.



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Credit Card/Debit Card?

- Who controls them?
- Who uses them?
- Do you have rules?
- Do you have checks and balances?
- Do you have limits?
- Pretend that you are letting your teenager use your card --- What would you do?



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POLL




Please take a moment to respond to the following question...

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Club Financial and Tax Mistakes

1. Failing to pay attention to financial affairs; "Leave it to good old Charley the Treasurer, we don't have to worry about it!"
2. Failing to keep the (bureaucratic!) records of receipts and disbursements. This puts the club's money at risk and also may antagonize the IRS.
3. Failing to identify and file all the required tax returns.
4. Failing to prepare budgets annually and in advance of substantial events.
5. Requiring services from members in exchange for benefits. This can legally amount to employment and can be troublesome and expensive if the values are sufficient to interest a tax agency.
6. Failing to maintain appropriate risk protection such as liability insurance, etc.
7. Failing to understand all contracts before entering into them.
8. Failing to understand and accommodate U.S. Figure Skating rules. This is a general rather than strictly financial mistake but it can jeopardize a club's well being.
9. Failing to report the club's financial affairs to its membership.
10. Failing in any manner to remember to treat the members' money and property as you would treat yours, while keeping everyone concerned (including the IRS) fully informed.



Resource: Club Finance Guidebook



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Responsible Fundraising


When planning a fundraiser, a simple way to remain in good standing is by asking if the fundraising plan being proposed benefits the club as a whole or benefits only certain individuals. Individuals cannot directly benefit from the money they raise nor receive credit for ice or other costs in exchange.

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Fundraising Requirement



- Best practice...
- "As a condition of membership, everyone must raise \$200 in addition to paying their dues. We have four different fundraisers in which you can earn the \$200 OR you may opt out and write a check to cover your fundraising requirement. If you earn more than \$200, it goes into the club general fund. All monies will be distributed at board discretion."



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The Fundraising Process/Plan

1. Determine needs/what is missing
2. Determine fundraising goals
3. Identify potential programs
4. Seek out information about program/product
5. Select fundraiser chairperson – who's in charge?
6. Create timeline
7. Run fundraiser
8. Monitor results, send acknowledgement letter, recognize volunteers, was it worth it?

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Successful Club Fundraisers

<ul style="list-style-type: none"> • Events <ul style="list-style-type: none"> – Competitions – Test Sessions – Ice Shows – Exhibitions • Sales <ul style="list-style-type: none"> – Program ads – Butter braids – Candy bars – Skate swap - equipment – Seasonal greenery – Club merchandise 	<ul style="list-style-type: none"> • Skate-a-thon • Loyalty programs – grocery store chains • Auction/raffles** • Dinners • Golf outings • Ask – direct solicitation • Concession work • Corporate sponsorship/grants • Bingo/Poker nights**
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**check state gaming laws

See SKATING magazine article "Cashing In", October, 2011 and Club Fundraising Booklet for more detailed information



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www.usfigureskating.org


“Clubs” homepage → “Resources and Forms”

- Nonprofit Guidebook
- Sample bylaws
- ****Club Finance guidebook**
- ****Club Fundraising guidebook**
- Basic Skills Director's handbook
- Conflict Resolution guidebook
- Club Update forms

- Volunteer Recruitment Information
- Customized Commercial, Dasher Board and Banner order forms
- How to Host a Camp, Clinic, and Seminar
- Board Member Agreement form
- SWOT Analysis Form
- Sample Rink/Club Contract

“Clubs” homepage → “Risk Management”

- Waiver and Release forms
- ****D and O Insurance**
- Coach Liability Insurance
- Accident Report forms
- Certificate of Insurance



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Resources:

U.S. Figure Skating Membership Committee:

- Joe Blount, Membership chair, joseph.blount@scboston.org
- Alan Wolf, Eastern SVC, aw123@aol.com
- Patrick O'Neil, Midwest SVC, patrickhoneil@aol.com
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- Elizabeth Harty, VC, Policy and Rules, meharty@usfamily.net
- Susi Wehrli-McLaughlin, senior director- Membership, swehrli@usfigureskating.org
- Lainie DeMore, Group Coordinator Membership Development, lainie@mooseleum.com

Acknowledgments:

- BoardSource www.boardsource.org
- Independent Sector www.independentsector.org
- Ron Tank
- Tom James
- Mario Rede



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Upcoming Club Webinars

- January 12 – Hosting Parent Education
- February – Social Media/Marketing
- March – Rink/Club Relations
- April – Working with Coaches
- May – Governing Council, no webinar
- June – Membership Development



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Contact Information:



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