



## STCA STANDARD OPERATING PROCEDURES

### Office of the Treasurer

#### **Treasurer's Charge from the STCA Constitution & By-Laws**

##### **By-Laws ARTICLE III, Section 2(e)**

The Treasurer shall collect and account for all moneys due or belonging to the Club and shall deposit the same in a bank approved by the Board, in the name of the Club. The Treasurer's books shall at all times be open to the inspection of the Board, and the Treasurer shall provide to the Board a monthly statement of the Club's finances. At the annual meeting, the Treasurer shall render a year-to-date account of all monies received and expended. This annual report shall be published in The Bagpiper Issue #4 and a final year-end report will be published in the first issue of the Bagpiper of the following year. (Amendment approved by The American Kennel Club, December 2014.) The Treasurer shall be bonded in such amount as the Board shall determine. (Amendment approved by The American Kennel Club, October 1996.)

##### **By-Laws ARTICLE IV, Section 1**

Club Year. The Club's fiscal year shall begin on the 1st day of January and end on the 31st day of December of the calendar year. (Amendment approved by The American Kennel Club, October 1996.)

##### **1. Basic Duties of the Treasurer:**

- The Treasurer is the Chief Financial Officer (CFO) of the Club.
- The Treasurer is responsible for collecting all monies due the Club and disbursing all payments owed by the Club.
- The Treasurer maintains all bank and investment accounts of the Club.
- The Treasurer maintains accurate records ("books") using standard accounting software approved by the Club.
- The Treasurer maintains a standardized Chart of Accounts.
- The Treasurer prepares and submits monthly and annual Statement of Financial Position (Balance Sheet) and Statement of Financial Activities (Profit & Loss).
- The Treasurer reports to the Board monthly, and to the members through

The Bagpiper quarterly and at the Annual Meeting.

- H. The Treasurer opens the books for inspection by duly authorized members appointed by the Board at all times, such as the Audit Committee.

- I. The Treasurer oversees the Club's related business operations, including: Incorporation, Budgets, Contracts, Insurance, and Taxes.

## **II. Transition between Treasurers:**

### **A. By-Laws ARTICLE IV, Section 1**

1. The Club's official year shall begin at the conclusion of the election at the Annual Meeting and shall continue through the election at the next Annual Meeting. The elected officers and directors shall take office immediately upon the conclusion of the election and each retiring officer shall turn over to his successor in office all properties and records relating to that office within 30 days after the election.

- B. The outgoing Treasurer is expected to report at the Annual Meeting and continue helping the incoming Treasurer until the Montgomery week's transactions are recorded and throughout the year, as needed.

- C. The new Treasurer will assume responsibility for the conduct of the office

with the beginning of the Club's official year (after the Annual Meeting).

- D. Upon election of a new Treasurer, the outgoing Treasurer will turn over all records, check book, monies, and property of the Club to the new Treasurer immediately (as soon as practical) after the Annual Meeting.

1. This includes a list of Banking & Financial contacts, account numbers, IDs/passwords for online access, etc.
2. The new Treasurer provides a confidential copy to the President and sends revisions from time-to-time as changes warrant.

- E. If unopposed for election to the office, the new Treasurer will begin working with the outgoing Treasurer at least a month prior to the new Treasurer taking over.

- F. When there is a change in Treasurers, an external audit of the books using a CPA is to be arranged by the President or Treasurer and conducted following the ending of the fiscal year. (See Audits.)

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## **III. Communications**

### **A. Post Office Box**

1. A great deal of Club correspondence comes to the Treasurer in the form of payments, invoices from suppliers, bank statements, etc. which warrant a PO Box for security and convenience.
2. An incoming Treasurer will setup a PO Box at their local post office. A Size 2 box is adequate and can be paid for annually.
3. Use the PO Box address on Treasurer return address labels and correspondence.
4. Monitor daily to weekly depending on seasonal demands.

### **B. Email Communications**

1. Treasurer business should be conducted using the Club's email address, [treasurer@stca.biz](mailto:treasurer@stca.biz). This helps separate Club from personal email and is tied to the STCA website, PayPal, and other systems you will use.
2. Monitor daily.

#### **IV. Banking**

- A. The Club will use a nationwide bank (now Bank of America) to safely and securely hold the Club's money and facilitate personnel transitions and checking account transactions. The bank is to be insured through the Federal Deposit Insurance Corporation (FDIC).
  - B. The Treasurer shall select a branch bank convenient to the Treasurer.
  - C. The Treasurer submits Certified Copy of Corporate Resolution (minutes from the Annual Meeting showing appointments) necessary for Opening and Maintaining Deposit Accounts and Services with the bank.
  - D. In addition to the Treasurer, the President's signature will be required on all bank and investment accounts.
  - E. Whenever there is a change in the Treasurer and/or President, promptly submit Business Signature Cards with Substitute Form W-9. These forms can be notarized at the local branch bank.
  - F. The Treasurer shall obtain a Business Debit Card from the bank in the name of the STCA/treasurer's name. This card will be used for ATM services and to make payments to some suppliers.
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- G. Surplus cash will be held in investment accounts approved by the Board (now a ladder of CDs in a Stifel Prestige Account) to maximize earnings while securing against loss (i.e., maintain the Club's conservative risk profile).
  - H. The Treasurer will acquire and use STCA logo checks (3-check register) and deposit slips (2 parts) for the Bank checking account (now from Deluxe).

#### **V. Bonding**

- A. The Treasurer will obtain a Fidelity Bond to cover the Club against loss of funds through malfeasance by the Treasurer and President (now State Farm Fire and Casualty Company, Crime Policy).
- B. The amount of the Fidelity Bond will be equal to the Club's current assets at risk (now ~\$350,000).
- C. The Treasurer will maintain the insurance policy for changes in personnel and coverage.

## **VI. Accounting**

### **A. Accounting Software**

1. The Treasurer will use standard accounting software approved by the Board (now QuickBooks Pro) for recording all transactions against accounts.
2. If a new Treasurer is unfamiliar with the software, he/she will be compensated for acquiring the software.
3. Backup
  - a) Acquire an external hard drive (such as Seagate FreeAgentGoFlex).
  - b) Frequently (at least monthly after reconciliation or when significant account changes are recorded) create a QuickBooks Backup Company/Create Local Backup to the external hard drive.

### **B. Chart of Accounts**

1. The Treasurer will maintain a standardized Chart of Account for recording income and expenses of the Club. This allows consistent reporting and year-to-year comparison.

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### **C. Income –Cash Receipts**

1. Income can be received by cash, check, credit card, and PayPal.
2. When receiving funds from other Officers and Committees, an Income Voucher form should be completed by the submitter and approved by the Treasurer.
3. Club Deposit Slips will be used when depositing money in the Bank checking account.
4. Each deposit should be entered in QuickBooks and individual transactions “split” recorded to applicable accounts.
5. Any checks deposited that are returned marked “Insufficient Funds” shall be assessed the fee that the bank has charged for a returned check. A letter shall be sent to the person notifying them of the returned check and requesting a money order in the amount of the check along with the return check charge. Members are not in good standing until the problem is resolved.
6. The Treasurer will maintain a Board approved PayPal account for online payments, such as orders from the STCA website.
7. The Treasurer will maintain a PayPal Here account for accepting credit card payments using a mobile phone (with or without a blue tooth triangle to swipe cards). Typically, this is used to accept payment for late Dues or for purchases at Specialty shows.
8. The PayPal account will be cleared frequently (daily, but no less than weekly) by “transferring” funds to the bank checking account and recording the deposit in QuickBooks.

- a) Login into PayPal. Print a PayPal Activity (including Balance & Fees). Mark the accounting for each transaction using PayPal Transaction Details and confirmation emails. Record the PayPal Deposit in QuickBooks using “split” records to applicable accounts.
- b) Use PayPal Transfer Money for excess over reserve (now \$100). Print the PayPal service confirmation of Transfer Request. Attach the two and file as you would an Income Voucher.

#### **D. Expense –Cash Disbursement**

1. Expenses can be paid by Club check or business debit card.
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2. The Treasurer will disburse funds to cover expenses authorized by the Board.
  3. Any check over \$500 is to be co-signed by the President.
  4. When paying bills received from other Officers and Committees, an Expense Voucher & Check Request form should be completed by the requestor and approved by the Treasurer.
  5. Invoices or Receipts are required to document all payments.
  6. Each payment should be entered in QuickBooks and individual transactions “split” recorded to the applicable accounts.
  7. Reimbursements will be sent within two weeks of the Expense Voucher. (Motion passed March 14, 2002.)
  8. If the Treasurer has significant doubts about the disbursement of any monies, he/she will consult with the President and/or full Board. Such consultation will be at the discretion of the Treasurer.
  9. Expenses not submitted for reimbursement in the fiscal year will not be reimbursed. (Motion passed October 4, 2001.)
  10. Checks not cashed within 6 months will be voided.

#### **E. Inventory**

1. The Treasurer will account for extraordinary large purchases of merchandise (over \$1,000) that is expected to remain in inventory more than one year and sold over multiple years to avoid distorting ordinary net income from the Club’s operations (Motion passed September 21, 2016.)
  - a) Record the purchase of merchandise for inventory as Current Assets on the Balance Sheet (e.g., Grooming Manuals and Videos).
  - b) Record the associated income from sales in the period the merchandise is sold.
  - c) Record the expense for Cost of Goods Sold at least on a quarterly basis.

## **F. Assets**

1. Perpetual Trophies/Awards will be held as Assets on the Balance Sheet.
2. The Treasurer will arrange to have the property appraised by a Certified Appraiser at least once every 10 years (now Barry Slosberg ASA in Philadelphia).

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3. The Fair Market Value (FMV) of the property will be used as a credible basis to assess value on the Balance Sheet.
4. The property will be securely stored (now Life Storage, previously Uncle Bob's in King of Prussia, PA). Storage payment is figured monthly but can be paid every 6 months or annually.
5. The Treasurer will obtain commercial inland marine insurance coverage for the property (now Main America underwritten by Atlantic Specialty Insurance) to augment the storage locker's Bader property insurance.

## **G. Grants**

1. Grant monies are for specified use; therefore, they are recorded on the Balance Sheet as Restricted Assets.
2. The Treasurer will have custody of the paperwork on any Grants received by the Club and arrange for their safe keeping.
3. The STCA has received two Grants:
  - a) The Statler Grant.
  - b) The JettJackson Grant.
4. The Treasurer will ensure cash disbursements from the Grants abide by their specifications.

## **VII. Reporting**

### **A. Monthly**

1. Receive and file monthly Banking Statements (usually available the 1st-4th workday of each month).
2. Reconcile the monthly banking statements for each bank account using QuickBooks "Reconcile" feature and print for file the Summary and Detailed Reconciliation Reports.
3. Produce reports from QuickBooks for the Balance Sheet (Statement of Financial Position) and Profit & Loss (Statement of Financial Activities) for the month and year to-date.
4. Treasurer reports electronically to the Board (now via the Board list) on the Club's financial results for the month as soon as reconciliations are completed.

5. Upload the reports to the STCA website. Note: A condensed/collapsed version of the P&L YTD can be used in lieu of the standard details.

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6. Treasurer reports to the Board by phone at the monthly teleconference meetings (now on the 3rdWednesday of each month), or in person, if the meetings are held face-to-face that month.

## **B. Quarterly**

1. Prepare a report for The Bagpiper magazine following the published deadlines (now 1/31, 4/15, 7/15, and 10/15). Review with the President and submit to the Editor.
  - a) The 1stQuarter is a 2-page fiscal year-end report to members including a Balance Sheet (Statement of Financial Position) and Profit & Loss condensed and sorted by \$s (Statement of Financial Activities).
  - b) The 2nd-4th Quarters are a 1-page reports to members, including a Balance Sheet (Statement of Financial Position) and noting any significant financial activities.

## **C. Annually**

1. At the Annual Meeting, the Treasurer makes a brief financial report to members in attendance (now held during Montgomery the first week of October).
  - a) The report is based on financial results year to-date.
2. After the Fiscal Year End, the Treasurer reports a complete annual financial report to the Board, including budget vs actuals.
  - a) This report feeds the 1st quarter The Bagpiper article.

## **D. On Demand Reports**

1. Run standard financial reports on QuickBooks accounts for Officers and Chairpersons, such as for:
  - a) Rotating and Montgomery National Specialty Show P&Ls
  - b) Bagpiper Ad Sales
  - c) Trophy Donations
  - d) Shoppe Boutique Sales

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# **VIII. Business Operations**

## **A. Audits**

1. Internal Audits
  - a) See SOP: Audit Committee.
  - b) An internal audit should be performed biennially.

- (1) It should be scheduled after the Fiscal Year End and before Taxes are filed (January-May 15th).
- (2) This timing also allows the Treasurer to work through the Montgomery Show and Dues Collection.
- (3) This timing allows members who are CPA/tax accountants to work around their business filings.
- c) It is intended to help the Board of Directors better provide oversight of financial activities.
- d) The President appoints 3 STCA members to the Audit Committee with the Treasurer present.
  - (1) Club members with business experience, such as bankers, accountants, and current and former STCA officers, who are not engaged in the actual transactions being reviewed, should be considered.
- e) The internal audit function of a small nonprofit organization (NPO) is to perform limited reviews of the Club's financial statements referred to as "Agreed Upon Procedures".
- f) The adequacy of internal controls should be of primary concern to the audit team.
- g) Based upon the procedures performed, the Audit Committee should be satisfied that the assets, liabilities, net assets, cash receipts and expenditures are reasonably presented in the STCA's financial reports as of December 31,
- h) The Audit Committee will present their findings to the Board.

## 2. External Audits

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### **B. Budgets**

- a) When there is a change in Treasurers, an external audit of the books using a CPA is to be arranged by the President or Treasurer.
- b) The audit will be conducted following the fiscal year end.
- c) As with the Internal Audits of a Non-Profit Organization, the scope of the Audit should be limited to Agreed Upon Procedures.
- d) External Audits are expensive ranging from \$2-3,000 for limited Agreed Upon Procedures to \$10-12,000 for a full audit (based on quotes received in 2016). The Board needs to weigh the cost versus risk to the Club before authorizing this work.



1. After the Fiscal Year End, produce a preliminary Annual Budget.
  - a) Prepare the Budget using Activity-Based Costing (ABC).
  - b) Report Budget vs Actual for the Fiscal Year just ended.
  - c) Project an Average Net P&L Budget for each activity for as many years as actuals are available (now 8 years).
2. Submit a preliminary Annual Budget to the Finance Committee and then the Board for approval.
3. Solicit recommended changes from the averages for each activity and any known non-recurring expenses planned (e.g., projects such as producing Handbooks).
4. Final the Annual Budget for changes identified by the Board and re- distribute.

### **C. Contracts**

1. The Treasurer is to receive a copy of all contracts pertaining to the Club after they have been signed by all required parties:
  - a) Show contracts such as site contracts, hotel contracts, Judges Contracts, Superintendent contracts, Food contracts, etc.
  - b) Service providers such as Attorneys, CPAs, etc.
  - c) Supplier contracts such as Bagpiper layout & design, printing, mailing, etc.; Shoppe merchandise; Grooming Manual printing; Grooming Video production; etc.
2. The STCA may accept contractual bids from a member.

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3. The Treasurer along with the responsible Officer or Chairperson will ensure Invoices match contract terms before payments are made.

### **D. Dues**

1. The Treasurer is responsible for collecting Dues for Membership Renewal each year.
2. By-Laws Article I, Section 2 describes: (a) Dues, (b) Initiation Fee, and (c) Conversion to Family Membership and guide the Treasurer's work while collecting dues.
3. Recording Secretary provides current Roster (Excel spreadsheet) for the Treasurer to send Dues Notices and track payments.
4. The Dues Notices includes these forms:
  - a) STCA Membership Renewal Form
    - (1) Collect for Membership Type, Additional Services (Bagpiper Upgrade and Hardcopy Correspondence), and Donations (HTF, RTF, AKC PAC, PAWS, and Trophies).
  - b) STCA Nominations for Awards, Judges, and Volunteers
  - c) STCA Application to Serve

5. Each payment received will be tracked in QuickBooks in the applicable account and identify the member(s) who paid.
6. The Timeline runs from October thru January:
  - a) October - Dues collection begins at Montgomery. Early renewals are rewarded with a drawing.
  - b) November 1st - the Treasurer shall "send" Dues Notices to each member. (See definition of "send" below.)
  - c) November-December- STCA News! reminders are sent to members via STCA website.
  - d) December 31st - all Dues are to be paid.
  - e) January 1st – grace period begins. Inform Board of unpaid Dues. Board will divvy up the list of delinquent members to call.
  - f) January 31st – grace period ends. Unpaid dues result in lapse of membership.
  - g) February 15th, the Treasurer reports non-renewals to the Recording Secretary.

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7. Exceptions
  - a) By-Laws ARTICLE I, Section 4(b). Membership will be considered as lapsed and automatically terminated if such member's dues remain unpaid (30) days after the 1st day of January. After which time, they must reapply through the Membership Chair.
  - b) New Members application includes an application fee and the first year's (current year's) dues. New Members voted to membership after September 15th will be considered to have paid their dues for the ensuing year.
  - c) The Board of Officers and Directors shall receive their Bagpiper by First Class mail without charge.
8. Donations collected with Dues payments will be:
  - a) Recorded as Current Liabilities in QuickBooks
  - b) Transferred to the applicable organization (i.e., HTF, RTF, AKC PAC) at the end of each month during the Dues collection period.
  - c) Send a check and report of the donors.
9. At the close of the Dues collection period (by the end of February), all forms and applications are to be distributed to the appropriate Officer or Chairperson.
  - a) Membership Renewal Forms will be filed in alphabetic order in an accordion file and forwarded to the Recording Secretary.

b) Nomination and Application to Serve Forms will be sent to the Corresponding Secretary.

10. By-Laws ARTICLE II, Section 4 defines "send". The Board of Directors may conduct its business by First Class mail, FAX, or other electronic means of communications, including email, telephone, video or audio conference call through the Recording Secretary provided it does not conflict with any other provision of these By-Laws. It will be the decision of the Board yearly to determine how the Dues Notices are to be sent --- either by mailed hard copy or by electronic means.

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#### **E. Incorporation (New Jersey)**

1. Annually by September 30th, the Treasurer will file or arrange for the Club's Attorney (now Law Office of Fran J. Garb) to file the New Jersey Division of Revenue On-Line Corporate Annual Report along with the statutory fee (now \$25).
2. The Treasurer will maintain or arrange for the Club's Attorney to maintain the Certificate of Incorporation of the Scottish Terrier Club of America with the New Jersey Division of Revenue & Enterprise Services.
  - a) Certificate of Amendments should be filed for any changes, such as when the Constitution & By-Laws are revised, along with any statutory fees (now \$75).

#### **F. Insurance**

1. The Treasurer will maintain and make timely payments for the following Insurance Policies for the Club:
  - a) General Liability Insurance for Club Events/Activities (now with Equisure – Limit \$1 million each/\$2 million aggregate).
  - b) General Liability Insurance for the Board of Directors (now with Equisure – Limit \$1 million each).
  - c) Commercial Inland Marine Insurance for Trophy/Award Assets (now with Main America underwritten by Atlantic Specialty – Limit appraised value of \$122,750).
  - d) Fidelity Bond for the President's and Treasurer's fraudulent use of Current Assets (now with State Farm – Limit \$350,000).

#### **G. Taxes**

1. The Treasurer may arrange for a CPA to prepare the Tax Returns (now member April Green CPA volunteers to do the preparation).
2. Forms 1099 must be issued to any of the Club's suppliers who received more than \$600 in compensation for their services (e.g., attorneys, CPAs, Bagpiper layout & design) by January 31st.

3. Forms 990 "Return of Organization Exempt from Income Tax" must be filed by the 15th of the 5th month after the fiscal year end (i.e., May 15th for calendar year taxpayers)

- a) Note: Exempt organizations must still pay tax on Unrelated Business Income (UBI), such as gross earnings from investments of more than \$1,000.
  - b) Payments are made online using the EFTPS (Electronic Federal Tax Payment System).
4. The Treasurer will sign and file the prepared Tax Returns on behalf of the Club.
  5. The Treasurer is required by the IRS to publicly disclose Tax Returns if requested (i.e., provide copies within 30 days).
    - a) The STCA may charge a reasonable copying fee plus actual postage (estimated at \$25 for 3 years of Tax Returns).

∞∞∞∞ **End** ∞∞∞∞