



## **Guidelines & Policies for the Financial Management of USEA Areas**

**If you have any questions regarding this manual, please contact:**

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## INTRODUCTION

Financial management of the USEA includes both the operations of the national office and the USEA Areas. **Areas are an integral part of the USEA and are not independent entities.** They were established to facilitate the sport at the grassroots level and to further support USEA's geographically diverse membership.

The USEA's tax-exempt status is established under Section 501(c)(3) of the Internal Revenue Code as a "corporation...organized and operated exclusively...for educational purposes, or to foster national or international amateur sports competitions (but only if no part of its activities involve the provision of athletic facilities or equipment)...." .

As a 501(c)(3), USEA and its Areas have three main restrictions on how funds are spent:

- Funds may not benefit an individual. This means that all funds provided to individuals must be in fair-market exchange for goods or services.
- Funds may not be provided to a for-profit entity except as a purchase transaction in fair-market exchange for goods or services.
- Funds may not be provided to nor may they benefit an individual or his/her family member who played a role in making the determination to provide the funds.

These guidelines detail the management policies and responsibilities of Area personnel with respect to financial management. Area operations must be consistent with the practices and policies of the national office. **The Fiscal Year of the USEA runs from December 1<sup>st</sup> through November 30<sup>th</sup>.**

The Areas are responsible for the following:

1. Operation within the established overall policies of the USEA.
2. Compliance with all USEA financial reporting requirements.
3. Contacting the USEA's Chief Executive Officer, Director of Administration, Vice President of Admin & Finance, Vice President of Area Affairs, and/or the USEA Treasurer if questions arise as to the propriety of an Area activity or use of funds.

### A. IRS AND AUDIT COMPLIANCE

The role of the Areas is to foster the growth of the sport at the grassroots level and, as a not-for-profit organization; the USEA must adhere to IRS guidelines and documentation requirements so as not to endanger our tax-exempt status. In addition, the USEA and each of its Areas will be audited annually by an

independent CPA firm in order to assure contributors, creditors, members, and others that the organization's funds are being used in the manner in which they were intended.

The reporting requirements outlined in this manual are necessary to ensure that the organization is in compliance with IRS and independent CPA audit requirements. Failure to adhere to the reporting requirements will result in additional expense to the USEA in terms of higher audit fees, as well as other additional administrative expenses such as salary, postage, telephone, etc. These additional expenses may be charged to the Areas as appropriate. Improper reporting by Areas can have an adverse impact on the Association's tax-exempt status.

## **B. AREA FUNDS**

USEA accounting and financial reporting provides for the use of three different "funds" to record activities of the Area. Each Area must maintain its funds through the use of one or more bank accounts. The fund designations are the following:

### **1. *Area Administrative Fund***

This fund is used to record the income and expenses related to the administrative obligations of the Area as well as overall Area activities which support the sport in accordance with the USEA's tax-exempt purpose.

### **2. *Adult Riders Program Fund***

This fund is to be used to track income and expenses associated with the Adult Riders Program.

### **3. *Young Riders Program Fund***

This fund is to be used to track income and expenses associated with the Young Riders Program.

### C. SOURCES OF AREA INCOME

The following chart lists the various acceptable sources of Area income for each of the three types of Area funds.

Description	Area Administrative Fund	Adult & Young Rider Funds
National Office Support	Yes	No
Membership Fees	No	Yes
Registration & Entry Fees	For meetings, clinics and educational programs operated by the Area. Other programs if approved by the USEA CEO and/or Director of Administration.	
Donations	Within USEA Policy (see <i>USEA Policy – Donations &amp; Sponsorship</i> )	
Sponsorship	Within USEA Policy (see <i>USEA Policy – Donations &amp; Sponsorship</i> )	
Fund Raising Activities	Within USEA Policy (see <i>USEA Policy for Area Fundraising</i> )	
Advertising		Yes
Interest on Bank Accounts		Yes

- Support funding from the national office through allotments to the Areas' Administrative Funds is provided primarily to cover administrative expenses incurred by the Area to communicate with the membership within the Area, to hold an annual Area meeting and to provide year end awards and operate championships within the Area. The amount is established and approved annually by the Board of Governors.
- Annual membership fees for participation in Area Adult and Young Rider programs are consistent for each Area as established by the respective national program committee and approved by the Board of Governors.
- Funds raised locally by the Area may come from a variety of sources and be applied to any of the three types of funds, but must be obtained in compliance with the limitations dictated by the IRS for not-for-profit associations and USEA policies.

**Areas may not levy additional fees on USEA members or organizers other than annual membership fees for Adult Rider and Young Rider programs and for those specific other activities as approved by the USEA CEO and Director of Administration.**

## D. AREA EXPENSES

Areas may generally incur expenses for the following activities: Area administration, performance of Area activities congruent with the objectives of the USEA, and to operate Adult Rider and Young Rider programs for the benefit of USEA members in the Area. Additional information about specific expense items is outlined in the table below. If an item is not listed or is not clear, please contact the USEA Director of Administration with your question.

As a 501(c)(3), USEA and its Areas have three main restrictions on how funds are spent:

- Funds may not benefit an individual. This means that all funds provided to individuals must be in fair-market exchange for goods or services.
- Funds may not be provided to a for-profit entity except as a purchase transaction in fair-market exchange for goods or services.
- Funds may not be provided to nor may they benefit an individual or his/her family member who played a role in making the determination to provide the funds.

The following table identifies expenses that may be directly incurred or reimbursed by an Area. Where possible, it also identifies expenses that may not be incurred by an Area. The omission of any particular expense or class of expenses does not mean that its reimbursement is permissible; IRS guidelines and USEA policies will continue to govern in all cases not listed here.

Description	Area Administrative Fund	Adult & Young Rider Funds
<b>Annual Meeting Travel Expenses (USEA national and Area meetings)</b>	Areas may reimburse reasonable expenses of the Area Chair and Area Treasurer for lodging, travel to/from and registration fees incurred by attending the Annual Meeting. Other expenses such as meals and entertainment are not allowed.	Areas may reimburse reasonable expenses of the Adult Rider and Young Rider Coordinator (one individual per program) for lodging, travel to/from and registration fees incurred by attending the Annual Meeting. Other expenses such as meals and entertainment are not allowed.
<b>Board of Governors Meeting Expenses</b>	Not Allowed	
<b>Area Annual Meeting</b>	Facility rental, door prizes, advertising & speaker expenses are allowed.	
<b>Awards (Year End and Area Championship)</b>	For ribbons, prizes, trophies, prize money and certificates.	
<b>Area Championships</b>	Funds may be used for promotion and championship awards (as defined above).	
<b>Educational Programs</b>	Funds may be used to operate educational clinics and seminars that relate to the core purpose of the USEA. Such	

	<p>programs must be operated by the Area or an Area program. Funds may not be used to offset the costs of an educational program or competition organized or operated by an individual or other entity outside of USEA or the Areas. Educational activities which require insurance must be registered through the USEA competition insurance program.</p>	
<b>Grants &amp; Scholarships</b>	<p>Areas and Area programs may provide up to an Area aggregate of 10 grants or scholarships per year of no more than \$250 per recipient for scholarship programs approved within the parameters of the <i>USEA Policy for National &amp; Area Scholarships</i>.</p>	
<b>Educational Certificates</b>	Not Applicable	<p>Area programs may offer certificates to members that can be redeemed as cash by organizers of recognized USEA Educational Activities. Such certificates must be equally available to all members of the program.</p>
<b>Area Team Competition Support</b>	<p>Administrative funds may not be used for Area Team expenses</p>	<p>Within budgetary parameters established by the Area Council, program funds may be used for Area Teams to compete at USEA or FEI recognized team competitions. Allowable expenses may include entry fees, stabling fees, veterinary fees, team equipment (as described below) and travel &amp; lodging expenses for team personnel and horses. Meals and entertainment expenses other than recognized team activities are not allowed. <i>Please See USEA Policy for Team Competition Expenses for more information.</i></p>
<b>Coaching for Approved Team Programs</b>	<p>Administrative funds may not be used for Area Team Coaching expenses</p>	<p>Program funds may be used for coaching fees and for travel &amp; entertainment expenses per USEA policy (including per diem expenses). <i>Please see USEA Policy for Team Competition Expenses for more information.</i></p>
<b>Advertising</b>	<p>Advertising &amp; promotion expenses are allowable to the extent that the advertising <u>promotes activities operated by the Area</u> including: Area Championships, general meetings, educational programs, and/or approved clinics.</p> <p>Each Area may expense up to \$2,000 per year for advertising &amp; promotion of Area activities. Any expense for an individual advertisement exceeding \$250, or requests to exceed the annual total of \$2,000 must be approved by the USEA CEO or Administration &amp; Finance Committee.</p>	
<b>Bank Charges</b>	Yes	
<b>Donations</b>	<p>Each Area may donate up to a total of \$500 per year to other 501(c)(3) non-profit organizations with Area Council approval, so long as such donations are consistent with the goals and purpose of the USEA. Any donation above \$200 to an</p>	

	individual 501(c)(3) non-profit organization must be approved by the USEA CEO or Administration & Finance Committee.	
<b>Equipment</b>	Administrative funds may be used to purchase equipment. Any equipment that should be capitalized under USEA policy (currently any item or group of items purchased for \$1,000 or more) and/or requires tracking as a physical asset of the corporation is allowed only with approval by the USEA CEO or the Administration & Finance Committee.	Program funds may be used for team clothing and gear such as saddle pads, coolers, helmet covers and shirts.
<b>Financial Assistance to Individuals &amp;/or Organizers</b>	Not Allowed	
<b>Fund Raising Expenses</b>	Expenses incurred to promote or operate fundraising activities are permissible. <i>Fees paid to individuals or businesses for fundraising and sponsorship generation services are not allowed.</i>	
<b>Area Communications</b>	Funds may be used for Area website expenses as well as other electronic or printed communications regarding Area business.	
<b>Office Expenses</b>	Funds may be used for reasonable office and stationary expenses to conduct Area business, including telephone, supplies and postage.	
<b>Sponsorship</b>	<p>Each Area may provide sponsorship of eventing-related activities up to a total of \$2,000 per year with Area Council approval, so long as such sponsorships are consistent with the goals and purpose of the USEA and promote the USEA and the sport of eventing. Any sponsorship of an individual activity exceeding \$250, or requests to exceed the annual total of \$2,000 must be approved by the USEA CEO or Administration &amp; Finance Committee.</p> <p>Areas must receive recognition, signage and/or other benefits as a result of sponsorship. Such benefits should be on par with other similar sponsors of the activity.</p> <p>Examples of activities which may be sponsored include: educational activities not operated by the Area, USEA-recognized competitions and local eventing affiliate activities. Sponsorship of individuals is not allowed.</p>	

### Supplemental Notes for Area Expenses

1. USEA Annual meeting expenses: In transition years, Areas are encouraged to send both the incoming and outgoing Area Chair to the annual meeting. Both individuals may have their expenses reimbursed as noted above.
2. Travel by automobile: It is the USEA's policy to reimburse reasonable automobile expenses incurred for reimbursable USEA activities at the



current rate according to IRS regulations. Please note that donated services are **not** reimbursed by USEA funds and any corresponding tax deduction allowed for charitable purposes will be at the current rate according to IRS regulations allowed for charitable purposes. See IRS Website ([www.irs.gov](http://www.irs.gov)) for this information. Documentation for mileage reimbursement submitted on a USEA Expense Report must include date, destination, purpose of the trip, and the number of miles driven.

## **E. AREA BUDGETS & THE BUDGETING PROCESS**

Areas are expected to operate within an annual budget which is established prior to the start of a new fiscal year.

The Area Chair, Area Treasurer, and Coordinator for each Area Program shall establish an annual operating budget for the Area and each of its programs. This budget should take into account both the operating history and planned activities for the upcoming year.

Budgets must be approved by the Area Council and submitted to the National Headquarters by September 1<sup>st</sup> where they will be integrated with the budget for the national office and presented for approval by the USEA Board of Governors.

## **F. SPENDING AUTHORIZATION & LIMITS**

After budget approval, the Area Chair and Coordinator for each Area Program have the authority to commit Area funds in accordance with the operating budget as approved. Except as otherwise noted above, funding for activities outside of the Area budget require additional approval as follows:

- Area Treasurers may approve non-budget expense items to a limit of \$100
- Area Chairs may approve non-budget expense items up to a limit of \$500
- Non-Budget expense items over \$500 must be approved by the Area Council
- Non-Budget expense items over \$2,000 must be approved by the CEO of the USEA

## **G. CONTRACT SIGNING AUTHORITY**

In the course of conducting the Area's business, it is likely the Area will enter into one or more contracts for services. In such cases, contracts may be implemented within the following parameters:

- Area Chairs may enter into written contracts or agreements for services which are contemplated within an approved Area budget, have terms no longer than 12 months, and are less than \$2,000 in total expense.

- Contracts with terms longer than 12 months or for financial obligations greater than \$2,000 must be approved by the CEO of the USEA.
- No other Area personnel may enter into written contracts on behalf of the USEA for any reason.
- No agreement which is contrary to these guidelines or any policy of the USEA is permissible.

## **H. EXPENSE REIMBURSEMENT & ADVANCES**

In the performance of Area activities it is quite common that individuals will incur expenses on behalf of the Area. There are two acceptable mechanisms to reimburse these funds.

### **1. Expense Reports**

Expenses incurred by individuals on behalf of an Area may be reimbursed by the Area upon receipt of an Expense Report filed by the individual. All receipts for expenses over \$10 must be attached to the Expense Report prior to payment. Payment should be made by the Area within 15 days of receipt. The *USEA Travel & Expense Reimbursement* form should be used. This form can be found in the Forms & Documents section on the USEA website at [www.useventing.com](http://www.useventing.com).

### **2. Expense Advances**

In certain circumstances an individual may not be able to purchase items and subsequently file an expense report for reimbursement. In this case it is permissible for the Area to provide a cash advance to the individual for an approved Area expense. Accounting for the advance must be managed with the submission of an expense report with proper documentation as described above until the entire amount has been properly accounted for. Please note that an individual who accepts a cash advance becomes liable to the USEA Area for the outstanding balance of that advance.

## **I. AREA TREASURERS**

The Area Treasurer is responsible for understanding the financial policies of the USEA and to perform accounting for Area business using the **accrual basis** of accounting in accordance with Generally Accepted Accounting Practices (GAAP) and accounting standards as provided in these guidelines.

Each Area may have only one Treasurer.

Area Treasurers are appointed by the Area Chair, subject to approval from the USEA Admin & Finance Committee. Area Treasurers must be a current USEA member and must live in the Area in which they serve.

## J. AREA BANK ACCOUNTS

Area Treasurers may establish Area bank account(s) as necessary in accordance with the following requirements:

- The USEA tax ID number must be used when a new account is opened.
- The Area Chair and USEA Chief Executive Officer **must** be included as additional authorized signers on **all** Area accounts.
- The principal mailing address and telephone numbers provided for each account must be the address and telephone information of the national office.

Each bank must be instructed to provide monthly bank statements for all Area accounts directly to the national office by online access or U.S. mail. The national office will verify and reconcile all accounts each month.

### 1. ***Deposits, Check Writing & Credit/Debit Card Authority***

In general, the Area Treasurer exercises sole control over all of the Area's accounts and funds. The Treasurer is responsible for all deposits and payments and the accounting and reporting for same.

The Area Chair is an authorized signer on all Area bank accounts and may disburse funds as a backup for the Treasurer when necessary, except to themselves.

Coordinators for programs may not act as Treasurers and while responsible for operating the program within budget expectations, are not allowed to deposit or disburse funds directly.

Any additional individuals who must be granted check writing or credit/debit card usage authority for conducting the Area's business and who cannot operate within the Expense Reimbursement & Advance practices described above must be approved by the USEA Administration & Finance Committee as an exception to these guidelines.

## K. MONTHLY FINANCIAL REPORTING

Each Area will maintain monthly financials using a common accounting system provided by the national office. Accounting for the prior month should be completed with the associated accounting records (original supporting documentation for receipts and disbursements as mentioned above) mailed or scanned and emailed/mailed to the USEA office no later than the 15<sup>th</sup> of the following month. **It is the policy of the USEA that documentation (receipts, travel reports, etc.) be maintained for all transactions over \$10.**

Each Area Treasurer (or the national office) will provide monthly financial reports to their Area Chair, Area Program Coordinators, and the National Treasurers Committee Chairperson on or about the 15<sup>th</sup> of each month.

#### **L. EXCEPTIONS TO THESE GUIDELINES**

An Area may request an exception to these guidelines under appropriate circumstances in order to pursue an activity that promotes and supports the sport of eventing at the grassroots level. The Area Chair or Area Treasurer must submit the request for exception in writing to the USEA Admin & Finance Committee for review and approval prior to engaging in any activity that would be an exception to these guidelines. The *Request for Exception to Area Financial Guidelines* form for this purpose can be found in the Forms & Documents section on the USEA website at [www.useventing.com](http://www.useventing.com).