



Managing Club Finances

The American Kennel Club's structure as a "club of clubs" is unique among not-for-profit organizations. The Club's membership currently comprises of over 635 autonomous, financially independent dog clubs and nearly 4,500 licensed and sanctioned affiliated clubs throughout the United States. In addition to the AKC's main charge to govern the sport of purebred dogs and uphold the integrity of the registry, AKC also provides valuable guidance to clubs in such areas as hosting events, enlisting new members and helping clubs set up their governance structure.

When it comes to a club's responsibility of their administrative activities, one of the most critical posts in any club is that of treasurer. Without sound, financial stewardship, clubs are not able to properly advance their missions by holding dog events or conducting public outreach. Nor can they donate money to the community in such diverse ways as scholarships or donating K-9's in areas where they are sorely needed, etc.

The typical "job description" of a treasurer includes tasks such as collecting and recording all monies due to or belonging to the club, depositing monies in accounts on a timely basis, using monies to pay the club's debts, reporting on the status of monies at meetings and compiling an annual report. These activities are very crucial to the club's fiscal health and AKC suggests they should only be conducted by those with experience in this area and not be left to chance.

Unfortunately, when things go awry with a club's financial situation it is very difficult to rectify. The AKC does not exercise jurisdiction in these matters nor is it AKC's responsibility or could AKC properly investigate cases that could require the legal authority to subpoena bank statements and other private records. It is crucial that clubs take preventative measures. Listed below are what AKC believes to be the best blueprint for success when dealing with club monies and what has been recommended by major auditing companies.

- Ensure that the club's treasurer and the Board of Directors are insured against misappropriation of funds through a Crime Policy and Director's and Officer's insurance or bondings. The club's Board of Directors should discuss the club's insurance coverage annually with its insurance broker.
- Establish a finance review committee of club members not involved in the treasurer's duties. Their role would be to quarterly or annually review the details of all cash receipts and disbursements. This would include but not be limited to ensuring proper invoices (or other documentation) adequately support any payments and verify that bank reconciliations are performed accurately and timely. Some clubs may desire to have the committee reconcile and review estimated and actual net income statements, revenues, and expenses.
- Consider investing excess funds in an interest-bearing account or certificate of deposit.
- Have the person responsible for approving invoices be different than the individual responsible for preparing and/or signing the checks. Similarly, it is desirable to have an individual reconciling the bank accounts who is different from the person preparing and /or signing the checks. Segregation of these tasks provides a more desirable level of internal control.
- Require a second authorized signer for all checks over a prescribed dollar amount, usually \$250.
- Have contracts and agreements in writing. Require that all activity-related contracts over a certain amount (e.g. greater than \$250) for club related items be in writing and not verbally understood. This may include but not be limited to facility, equipment, judging fees, and livestock usage or rental fees.

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- Publish the policies, practices, templates, and requirements to the club members and or on the club website or otherwise make them easily available.
 - How approval or disapproval of activities is documented in club records and communicated to the applicant. For example, clubs may document this in meeting minutes and email activity applicants the decisions.
 - How entry fees should be handled and to whom the fees should be payable. Generally, fees should be payable to a club, entry service or show superintendent and not to an individual.
 - Expense reimbursement requirements. The club should state when a receipt, contract, or invoice is required for reimbursement and may choose a threshold level that requires such documentation.
- Maintain records. Clubs should maintain all required activity – application, approval, revenue, expenses, and net income statements – documentation in an organized fashion and for a set time period. For example, the club may choose to retain such items for seven years in accordance with some IRS guidelines. Ideally, the club may choose to retain such items electronically and in an accessible but read-only – non-edit access - location, such as a secured file on Google Drive or another cloud service, by all current club officers.
- Document the treasurer’s duties in writing, which should include, but not be limited to:
 - Preparing a quarterly balance sheet and an income statement. This should include an itemized listing of all cash receipts and disbursements during the quarter.
 - Reconciling bank accounts formally each month on a timely basis.
 - Following up on any checks outstanding for more than 90 days.
 - Depositing all cash receipts timely into a business bank account and not into a personal account.

Clubs should protect consumer credit card data in compliance with the Payment Card Industry Data Security Standard (PCI DSS). Required controls vary based on transaction volume. Specific guidance can be found at:

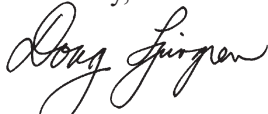
<https://www.pcisecuritystandards.org/>

The National Institute of Standards (NIST) provides a Cyber Security Framework that provides general guidance on IT security controls that all clubs should consider consulting:

<https://www.nist.gov/cyberframework>

In an ideal world, clubs wouldn’t have to worry about these matters. Yet from a practical standpoint, it is essential to make it your business to put sufficient internal controls in place within each club. By reviewing and embracing as many of these points as you choose, clubs will go a long way towards ensuring the financial stability and integrity of your treasuries and enable members to continue the important work they do for the benefit of purebred dogs.

Sincerely,



Doug Ljungren

Executive Vice-President, Sports and Events