

# Association Policies

## Chapter Two: National Supplement-Charter Requirements

USBC is the representative, legislative and executive body with complete and final jurisdiction over chartered associations, its members, leagues and tournaments. The purpose of an association is found in the bylaws. USBC has jurisdiction over the name and jurisdictional boundaries for associations. USBC has the authority to remove/revoke the charter of an association for failure to comply with the Charter Requirements. USBC has the authority to suspend, expel, or otherwise discipline for cause, officers and directors of any chartered association.

### Section A. Charter Requirements

To obtain/maintain a charter, an association must:

1. Adopt and adhere to the bylaws provided by USBC and not enact any bylaws or rules inconsistent with *USBC Bylaws, National Supplement, USBC Association Policy Manual*, or the USBC Board of Directors.
2. Comply with the 501(c)(3) status and adhere to federal, state and local laws as well as the filing of required tax forms. Every USBC association will be under the national group exemption and classified as tax exempt under Section 501(c)(3) of the Internal Revenue Code and must comply with IRS requirements.
3. Obtain and comply with their state's corporate statutes.
4. Provide the appropriate championship tournament(s).
5. Conduct an annual meeting.
6. Conduct an annual audit with an outside provider.
7. Transmit membership/dues, tournament scores (if applicable), awards and association board date to USBC via WinLABS and/or as required by USBC. Merged associations must indicate youth committee members. (Locals)
  - a. Transmit membership and dues, including state dues, to USBC within 20 days of receipt. (Local)
  - b. Apply for all USBC awards within seven days of receipt.
  - c. Transmit (Local) or forward (State) all board information within 20 days of election and maintain the accuracy of the information.
8. Establish and comply with sound financial policies including, but not limited to, verification by the president monthly, of all association accounts and two signatures for withdrawals. The association is to conduct an examination of the association's finances annually. (It is recommended the financial examinations be done on a quarterly basis.)
9. Membership and Awards processing. At the local level this includes the distribution of awards and supplies to the leagues, as well as, the education of league secretaries.
10. All use of USBC, and any USBC logo (the "USBC trademarks"), by the association shall be pursuant to a non-exclusive royalty free license from USBC granted pursuant to the Bylaws. All use of the USBC trademarks shall insure to the benefit of USBC, and USBC shall have the right to inspect and approve all such use of the USBC trademarks by the association.

**Revocation.** USBC shall have the power to revoke the charter of any state or local association at any time USBC determines the association is not meeting the requirements of chartering or for violating USBC rules. The revocation may be appealed to the USBC Legal and Legislative Committee.

### **Section B. Business Guidelines**

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The Business Model is to assist the board in managing the association in a business-like manner. The procedures are stated as **Required** and **Recommended**.

#### **Required:**

1. Support the purpose of the Organization as stated in Article III of the USBC Bylaws.
2. Conduct association championship tournament(s). These tournaments should be self-sufficient.
3. Examination of financial documents/procedures. Additional information in regard to guidance on an audit may be found on the Association page of BOWL.com under Forms and Manuals.
  - Deposits: within time frame.
  - Disbursements: checks, credit cards, transfer of funds.
  - Tax forms filed to appropriate agency and on time.
  - Dual signatures for withdrawals.
  - President verifies all accounts monthly. If statements are issued quarterly the president must verify quarterly.
  - Provide needed recommendations.
4. Transmit membership, tournament scores (if applicable), awards and association board data to USBC Headquarters via WinLABS and/or as required by USBC Headquarters. Merged associations also must indicate Youth Committee members.
  - a. Transmit membership and dues, including state dues, to USBC Headquarters within 20 days of receipt. (Local)
  - b. Apply for all USBC awards within seven days of receipt.
  - c. Transmit all board member information within 20 days of election and maintain the accuracy of the information.
5. Provide full financial disclosure to membership annually. (Income, disbursement, salaries, assets, reserves, etc.)
6. Maintain industry standard recommended reserves of 6-9 months, not to exceed 2 years of fixed costs. (Reserves are listed on line 21 of the Form 990-EZ.) Tournament lineage, prize fund and state and national dues are not calculated in this dollar amount because they are flow through amounts. Utilizing excess reserves through planned, structured programs can increase member services, proprietor satisfaction, industry awareness, and more.
7. Protect the tax exempt status of its association and USBC National as described by Michael Best & Friedrich, LLP, USBC's legal counsel, see the Protect Tax Exempt Status document at the end of this section
8. File all required corporate forms, tax returns and IRS forms as appropriate. Examples include, but are not limited to: IRS Forms (990, Schedule A and Schedule B if applicable), Payroll Taxes, State Corporate Statutes and State Workers Compensation. This would also include recording and filing meeting minutes as required by state law. The IRS has a Form 990 that all associations will need to submit. Form 990 has 3

versions: 990-N, 990-EZ, and 990. See page 16 to determine the correct form for your association and see IRS.gov for the forms.

9. Follow all local, state, and federal laws.

**Recommended:**

1. Support and implement programs and services developed by USBC Headquarters.  
Supports the USBC Vision and Mission to grow the sport.
2. Develop an association operations manual.  
Provides guidelines for day-to-day operations of the local association.
3. Prepare and operate under an annual budget.  
Aids the board in financial proficiency and is a recognized sound business practice.
4. Develop and maintain a membership retention and development plan. This plan should include: developing a program to increase proprietor, association and membership relations. (Locals; however States could help Locals)  
Retaining current members, increasing membership and improving proprietor relations ensures not only the association's stability but the future of the sport.
5. Assist centers with membership promotions and membership marketing plans, i.e. In School programs, After School, High School and Bowling Camps.
6. Develop and implement a communication plan. The plan should include methods of communicating information to and from USBC Headquarters, the respective board, the proprietors and the members they serve. The plan should also include a method for the members to provide feedback. Examples of types of communication are newsletters, website, e-mail blasts, posters, association representative program, etc.
7. Support the Bowling Foundation at the local and state level.  
Promotes national recognition for charitable work by the bowling family.  
Still give locally, but report nationally.
8. Develop an Association leadership/training program/new board member training program to include, at a minimum:
  - a. Duties.
  - b. Bylaws.
  - c. Policies and Operations Manual.
  - d. Committee responsibilities.
9. Develop a Business/Action plan that the association can use as a guide to meet its purpose.
10. Perform Evaluations for all paid employees on an annual basis.

**Additional information may be found on the Association page of BOWL.com under Forms and Manuals:**

- USBC Business Template
- Financial documents/procedures

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## USBC Business Template Attachment A

Michael Best & Friedrich, LLP, USBC's legal counsel, stated:

- Recently the IRS stated that it will "...re-energize a little used line of legal precedent known as the "commensurate test" to create and enforce a standard that ensures exempt organizations are spending in line with their resources". Simply put, this means that the IRS is going to ensure that Associations are not hoarding their funds, but are spending the funds to support the purposes for which they received their exemption from taxation.
- If USBC or an association violates IRS requirements it may have its exemption from taxation cancelled.
- If the IRS were to challenge the exempt status of an Association, the potential financial impact on the Association coupled with legal fees to defend an IRS proceeding, could jeopardize its continued viability.
- USBC HQ and Associations will be expected to create and maintain board minutes, policies, documents related to governance and fundraising, and reports related to administrative activities. The IRS expects that actions taken by Associations in Board and Committee meetings to be documented.
- USBC HQ and Associations will be expected to maintain information concerning the results of their activities and the measurement of their performance of their exempt purposes.
- The Board of Directors of the USBC and Associations will be expected to oversee and evaluate staffing needs and to measure the performance of their chief executive.
- Boards will be expected to meet on a regular basis at pre-announced times with a known agenda and to keep minutes of meetings.
- Boards of the USBC and Associations will be expected to evaluate their effectiveness and performance every three years.
- There will be increased scrutiny concerning the obligation of the Associations to keep and maintain complete, current and accurate financial records. Associations will be expected to implement safeguards to protect member funds, to audit the records of those entrusted with the funds and to conduct an annual review of the Association's financial activities by a qualified, independent expert.
- The IRS has recommended that an Association have an audit committee and employ an outside audit expert whenever it possesses significant funds.
- The IRS expects the local and state associations chartered by USBC to have procedures and policies in place to ensure that the activities and operations of the associations are consistent with those of the parent organization. The IRS will use Form 990 Report to monitor this requirement.
- Prudence suggests that action be taken before criticism is leveled, claims of breach of duty are made or an action is taken to revoke tax exempt status.



## Form 990 Series - Filing Phase-In

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The new Form 990 series returns will be effective for 2008 tax year (8/1/2008-7/31/2009) and must be filed by 12/15/2009. To allow organizations time to adjust to the new forms, the IRS is phasing in the new returns during a three-year transition period. During the transition, an organization's annual filing requirement will depend on its financial activity. The charts below indicate annual exempt organization filing requirements during the transition period.

<b>Year End 7/31/2009 File by 12/15/2009</b>	<b>Form to File</b>
Gross receipts normally $\leq$ \$25,000	990-N
Gross receipts $>$ \$25,000 and $<$ \$ 1 million, and Total assets $<$ \$2.5 million	990-EZ or 990
Gross receipts $\geq$ \$1 million, and/or Total assets $\geq$ \$2.5 million	990

<b>Year End 7/31/2010 File by 12/15/2010</b>	<b>Form to File</b>
Gross receipts normally $\leq$ \$25,000	990-N
Gross receipts $>$ \$25,000 and $<$ \$500,000, and Total assets $<$ \$1.25 million	990-EZ or 990
Gross receipts $\geq$ \$500,000, and/or Total assets $\geq$ \$1.25 million	990

<b>Year End 7/31/2011 File by 12/15/2011</b>	<b>Form to File</b>
Gross receipts normally $\leq$ \$50,000	990-N
Gross receipts $>$ \$50,000 and $<$ \$200,000, and Total assets $<$ \$500,000	990-EZ or 990
Gross receipts $\geq$ \$200,000, and/or Total assets $\geq$ \$500,000	990