



USBC Association Business Model

After a thorough review of the USBC Bylaws and the USBC Association Policy Manual and based on recommendations from the USBC Task Force, the USBC Board of Directors now provides this business model to assist associations with their business needs. The procedures are divided into two categories; **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. See page 9-154 of the Association Leaders Handbook for guidance on Audits.
 - * 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 verified 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 Only)
 - 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, see chart #2). Tournament Lineage, Prize Fund, 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 attachment A.
8. File all required corporate forms, tax returns and IRS forms as appropriate. Examples include: 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 created a new Form 990 that all associations will need to submit starting with the 2008-2009 Fiscal Year. The new Form 990 has 3 versions: 990-N, 990-EZ, and 990. See chart #1 to determine the correct form for your association.
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. (Pertains to 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.

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.

Chart #1

Form 990 Series - Filing Phase-In

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.

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

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

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

Form 990-EZ

Short Form Return of Organization Exempt From Income Tax

2008

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) Sponsoring organizations and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 at the end of the year may use this form.

Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2008 calendar year, or tax year beginning, 2008, and ending, 20

B Check if applicable: Address change, Name change, Initial return, Termination, Amended return, Application pending. C Name of organization, Number and street, Room/suite, City or town, state or country, and ZIP + 4. D Employer identification number, E Telephone number, F Group Exemption Number.

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ). G Accounting method: Cash, Accrual, Other (specify).

I Website: J Organization type (check only one) 501(c), 4947(a)(1) or 527. H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$1,000,000 or more, file Form 990 instead of Form 990-EZ.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 47 of the instructions.)

Table with 21 rows for revenue and expenses. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Investment income; 5a-5c Gross amount from sale of assets other than inventory; 6 Special events and activities; 7a-7c Gross sales of inventory; 8 Other revenue; 9 Total revenue; 10-17 Total expenses; 18 Excess or (deficit) for the year; 19-21 Net assets or fund balances.

Part II Balance Sheets—If Total assets on line 25, column (B) are \$2,500,000 or more, file Form 990 instead of Form 990-EZ.

(See page 51 of the instructions.)

Table with 27 rows for balance sheet items. Columns: (A) Beginning of year, (B) End of year. Rows include: 22 Cash, savings, and investments; 23 Land and buildings; 24 Other assets; 25 Total assets; 26 Total liabilities; 27 Net assets or fund balances.

Part V Other Information (Note the statement requirement in General Instruction V.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity _____		
34	Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes _____		
35	If the organization had income from business activities, such as those reported on lines 2, 6, and 7 (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
a	Did the organization have unrelated business gross income of \$1,000 or more or 6033(e) notice, reporting, and proxy tax requirements? _____		
b	If "Yes," has it filed a tax return on Form 990-T for this year? _____		
36	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," complete applicable parts of Schedule N _____		
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. 37a _____		
b	Did the organization file Form 1120-POL for this year? _____		
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were such loans made in a prior year and still unpaid at the start of the period covered by this return? _____		
b	If "Yes," complete Schedule L, Part II and enter the total amount involved 38b _____		
39	501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9 39a _____		
b	Gross receipts, included on line 9, for public use of club facilities 39b _____		
40a	501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 _____ ; section 4912 _____ ; section 4955 _____		
b	501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," complete Schedule L, Part I _____		
c	Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 _____		
d	Enter amount of tax on line 40c reimbursed by the organization _____		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? _____		
41	List the states with which a copy of this return is filed. _____		
42a	The books are in care of _____ Telephone no. (_____) _____ Located at _____ ZIP + 4 _____		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? _____ If "Yes," enter the name of the foreign country: _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1 .	Yes	No
c	At any time during the calendar year, did the organization maintain an office outside of the U.S.? _____ If "Yes," enter the name of the foreign country: _____		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year 43 _____		
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ _____	Yes	No
45	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ _____		

Part VI Section 501(c)(3) organizations only. All 501(c)(3) organizations must answer questions 46–49 and complete the tables for lines 50 and 51.

- | | | Yes | No |
|---|------------|-----|----|
| 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> _____ | 46 | | |
| 47 Did the organization engage in lobbying activities? <i>If "Yes," complete Schedule C, Part II</i> _____ | 47 | | |
| 48 Is the organization operating a school as described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> _____ | 48 | | |
| 49a Did the organization make any transfers to an exempt non-charitable related organization? _____ | 49a | | |
| b If "Yes," was the related organization(s) a section 527 organization? _____ | 49b | | |

50 Complete this table for the five highest compensated employees (other than officers, directors, trustees and key employees) who received more than \$100,000 of compensation from the organization. If there are none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Total number of other employees paid over \$100,000 _____				

51 Complete this table for the five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. If there are none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
Total number of other independent contractors receiving over \$100,000 _____		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer

Date

Type or print name and title.

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's PTIN (See Gen. Inst. X)
Firm's name (or yours if self-employed), address, and ZIP + 4	EIN	Phone no. ()	

May the IRS discuss this return with the preparer shown above? See instructions _____ **Yes** **No**

