USBC ASSOCIATION BUSINESS MODEL

After a thorough review of the USBC Bylaws and the USBC Association Policy Manual and based on the 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.
   a. Deposits: within appropriate time frame
   b. Disbursements: checks, credit cards, transfer of funds
   c. Tax forms filed to the appropriate agency and on time
   d. Dual signatures for withdrawals
   e. President verified all accounts monthly (If statements are issued quarterly, the President must verify quarterly)
   f. Have annual audit performed by an outside group or committee.
   g. Provide needed recommendations
4. Transmit memberships, tournament scores (if applicable), awards and association board data to USBC Headquarters via WinLABS as required by USBC Headquarters. Merged associations must also indicate youth committee members as part of their board data.
   a. Transmit memberships and dues, including state dues, to USBC Headquarters within 20 days of receipt. (Locals only)
   b. Apply for all USBC National Awards within seven days of receipt
   c. Transmit all board member information by August 15th of each year. Any changes to the board and/or Association Manager position must be updated within 2 business days.
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.
   a. Reserves are listed on Line 21 of the Form 990-EZ.
   b. Tournament lineage, Prize funds, state and national dues are not calculated in this dollar amount as they are flow through amounts.
   c. 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 annual meeting minutes as required by state law.
9. Follow all local, state and federal laws.

**Recommended**

1. Support and implement programs and services developed by USBC Headquarters.
2. Develop an association operations manual as guidelines for day-to-day operations of the association.
3. Prepare and operate under an annual budget.
4. Develop and maintain a membership retention and development plan.
   a. This plan should include developing a program to increase proprietor, association and membership relations.
   b. Retaining members, increasing membership and improving proprietor relations ensures not only the association’s stability, but the future of our sport.
5. Assist centers with membership promotions and membership marketing plans. I.e., In School programs, After School programs, High School and Bowling Camps.
6. Develop and implement a communication plan
   a. This should include methods of communicating information to and from USBC headquarters, your respective board members, the proprietors and members that they serve.
   b. This should also include a method for the members to provide feedback. Examples are newsletters, website, e-mail blasts, social media pages, posters, association representative programs, etc.
7. Develop an Association leadership/training program for board members to include, at a minimum:
   a. Duties of a board member
   b. Bylaws
   c. Policies and Operations manuals
   d. Committees and responsibilities
8. Develop a Business/Action plan that the association can use as a guide to meet its purpose.
9. 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 and Association, the potential financial impact on the Association coupled with legal fees to defend and 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 an 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 maintain and keep 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 and outside 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 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.