

**UNITED STATES PONY CLUBS  
POLICY STATEMENT**

**SUBJECT: ESTABLISHMENT OF FUNDS AND FUND BALANCES**

**POLICY NO: 7800**

**EFFECTIVE DATE: 02/04/94**

**REVISED DATE: 01/25/15**

**I. PHILOSOPHY:**

To ensure the financial wellbeing of the Corporation and its programs, the Board of Governors endorses the establishment of Funds and appropriate fund balances for the various activities of The United States Pony Clubs, Inc. and wishes to maximize the return on these funds in a safe and prudent manner.

**II. POLICY STATEMENT:**

The policy of the Board of Governors is that each fund shall be allowed to grow to its appropriate balance in order that funds are available for the various activities for which the funds are designated.

**III. AMPLIFYING INSTRUCTIONS AND GUIDELINES:**

**A. BOARD RESTRICTED FUNDS**

1. OPERATING FUND - This fund is used to serve the daily financial transactions of USPC. It includes sub-schedules to record income and expense in each department. The Operating Fund revenues are primarily through dues, fees, fund raising, and other sources of non-dues income. Interest earned on available cash in this fund through the year is credited to this fund. The level of the fund is monitored by the Finance & Administration Director and the Finance Committee and reported to the Executive Director and the Executive Committee on a regular basis. Transfers are made to other funds such as Capital Improvement, Insurance, and Endowment, as appropriate.

2. INSURANCE FUND - This fund includes income generated from USPC's Insurance Plan required of all Participating members and interest earned on available cash in this fund through the year. The fund pays the premium on USPC's General Liability Insurance, Umbrella Coverage, and Accident (Medical) Insurance policies. This fund should maintain one year's premium in reserve (Ending Equity).

3. EQUIPMENT AND BUILDING FUNDS- These funds are maintained for capital purchases (Equipment Fund), and improvements to and capital maintenance of the USPC Headquarters office buildings (Building Fund). These accounts are funded by directed donations. However, a five-year rolling projection may be utilized to determine the amount of funds required to maintain

this account, and funds may be drawn from the Operating Fund as required to maintain that balance. Any amount deemed to be an overfunding of the endowment should be transferred to the Operating Fund.

4. ENDOWMENT FUND - This is a permanently established fund to grow through life memberships, bequests, and other means as recommended by the Finance Committee and approved by the Board. The purpose of this fund is to provide program excellence in USPC operations. The fund can contribute to operating expenses to a maximum of 5% of its principal as calculated over the last rolling 12 quarters. This percentage may be amended by the Board of Governors. Under rare circumstances, some of the principal may be utilized with a Board approved schedule for replenishing with reasonable interest to market standards.

- B. DONOR RESTRICTED FUNDS - These funds are established for and confined to certain uses and are designed to last more than one calendar year. Funds are accepted through Board approval with principals of no less than \$10,000 at the time of offering. Restrictions are defined at the time each Fund is established. The Funds grow through direct contributions and interest, which remain in the Funds until used for the purposes defined. The Finance Committee, through its guidelines on restricted funds, shall determine whether a fund shall remain active.

**IV. DELEGATION OF AUTHORITY:**

- A. The Treasurer and Executive Director, working with the Investment Advisor to maximize returns in a safe and prudent manner, shall have the responsibility for this policy.
- B. The President shall have oversight of this policy.

**V. ENACTMENT:**



Established: \_\_\_\_\_ Date: 10/28/06  
Board President

**VI. GUIDELINES TO REFER TO:**

- A. Cash management and investment procedures.
- B. Annual Budget.