

AMERICAN SADDLBRED HORSE AND BREEDERS ASSOCIATION, INC.
Financial Management Policies

Purpose

The purpose of financial management in the operation of all ASHBA activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including members, donors, employees, and the American Saddlebred community. In order to accomplish this, ASHBA commits to providing accurate and complete financial data for internal and external use by the Executive Director and the Board of Directors.

Authority

The Board of Directors is ultimately responsible for the financial management of all activities. The President and the Treasurer (or if both are not available, either of them individually) are authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors.

- The Executive Director is responsible for the day-to-day financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.
- The Executive Director is responsible for adherence to the Investment Policy Statement.
- The Executive Director is authorized to sign checks, approve credit card charges, wire transfer/ACH transfers, etc. for amounts less than \$10,000.00. Payment transactions for amounts of \$10,000.00 or greater shall require the documented approval of the Treasurer or President.
- Any payments to or on behalf of the Executive Director (e.g., expense reports; statement payment for a credit card issued in the Executive Director's name) shall be approved in advance by the President (or the Treasurer in the President's absence), and signed by an authorized signer other than the Executive Director.
- The Executive Director is authorized to enter into contracts for activities that have been approved by the Board of Directors as a part of annual budgets or plans. The President and Treasurer must authorize any contracts outside of these parameters and all contracts with a financial value between \$10,000.00 and \$75,000.00. The Board of Directors must approve any contracts with a duration in excess of three (3) years or a financial value greater than \$75,000.00.
- The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on variances and the reason for these variances, provided, however, variances in excess of 10% of the budgeted amount require advance approval of the Board of Directors.
- The Board of Directors must approve any use of the donor restricted funds, which approval may be achieved through the budgeting process.
- The Board of Directors must approve any use of a line of credit or other short-term lending facility.

Responsibilities

The Executive Director shall, either directly or through the Accounting Manager:

- Ensure that all financial transactions are entered in third-party accounting software using a detailed chart of accounts that includes both general ledger codes and classes to identify events or cost centers.
- Ensure that staff maintains proper books and records of the financial condition and activity of ASHBA.
- At least quarterly, review all manual journal entries with the Treasurer.
- Ensure that the organization accounts for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Report the financial results of ASHBA operations according to the schedule established by the Finance Committee, but at least quarterly.
- Pay all obligations and file required reports in a timely manner.
- Promptly collect all amounts owed to ASHBA by donors, event sponsors, advertisers.
 - See Payment and Late Fee Policy
- Make no contractual commitment for bank loans, corporate credit cards, or for real estate leases or purchases without specific approval of the Board.
- Record fixed assets with purchase prices greater than \$500 as capital assets in the accounting records, unless otherwise advised by ASHBA's independent public accounting firm.
- Establish depreciation schedules of capital assets that do not exceed five years for furniture and equipment or three years for computer and other technology equipment or software.
- Limit vendor credit accounts to prudent and necessary levels.
- Ensure there is clear documentation for all additions and changes to payroll records and amounts.
 - See Payroll Adjustment Form
- Obtain competitive bids for new items or services costing in excess of \$5,000 per unit. Selection will be based on cost, service, and other elements of the contract. ASHBA may award the contract to any provider and is not required to accept the lowest cost proposal. For existing contracts in excess of \$5,000 per unit, the Executive Director shall periodically review such contracts with the Board's Executive Leadership Committee to determine a schedule for rebid.
- Prepare financial statements and footnotes for submission to ASHBA's independent public accounting firm and cooperate in the periodic audit of ASHBA's financial statements; report to the Audit and Internal Controls Committee, and subsequently the Board of Directors, the outcome and recommendation of such audits.
- Ensure that all employees of ASHBA are familiar with this Financial Management Policies document (and the other policies and forms referenced in this document) and include such documents in the Employee Manual.

The Board of Directors shall:

- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill his or her financial oversight role.
- Provide officer or committee member support to the Executive Director to facilitate the separation of duties.

Financial Transactions with Insiders

No advances of funds to employees, officers, or directors are authorized. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed (or paid directly in the case of statement payments for credit cards issued in the name of employees of the organization) upon the presentation of a signed expense report and copies of documentary support for the expenses incurred.

See Credit Card Policy.

In no case shall ASHBA borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors.

Budget

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals, and specific strategic plan objectives, the Executive Director shall:

- Submit operating and capital budgets to the Finance Committee in time for reasonable approval by the Board prior to each fiscal year.
- Use responsible assumptions and projections as background, with the general goal of an unrestricted surplus.

Gift Acceptance

See Gift Acceptance Policy.

Asset Protection

To ensure that the assets of ASHBA are adequately protected and maintained, the Executive Director shall:

- Obtain insurance against theft and casualty losses to the organization and against liability losses to Board members, staff, and the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the organization, its board, or its staff to claims of liability.

- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.

Internal Controls

In addition to the other requirements regarding budgets, financial statements, etc., the Executive Director shall ensure that effective financial controls exist, including without limitation the following:

- **Separation of Financial Duties:** no single individual shall have control over two or more phases of a financial transaction or operation. For example, the person(s) with check signing authority should not have the ability to make or change accounting entries, and the person receiving bank statements and cancelled checks should not be responsible for reconciling the bank statement. The person who opens the mail (postal or electronic) should not be the same person responsible for making bank deposits or charging client credit cards.
- **Control Use of Credit and Debit Cards:** Statements shall be submitted monthly by the cardholder using an expense report with supporting documentation and reviewed and approved by the supervisor of the cardholder. The Executive Director's expense reports/credit card statements shall be reviewed and approved by the President (or the Treasurer in the absence of the President).
- **Control of the Disbursement Process:** The approver of payments, regardless of the means of payment, shall be someone other than the person who physically makes the payments. The approver shall verify the supporting documentation matches the payment amount and vendor, as well as ensuring that duplicate payments are not made.
- **Control Expense Reimbursements:** All reimbursable expenses shall be preauthorized by the Executive Director (and in the case of the Executive Director, by the President or Treasurer) and requests for reimbursement shall be supported by original receipts or other acceptable documentation.

Document Retention

See Records Management Policy and Procedures.

Approved by the Finance Committee on: November 28, 2023

Approved by the Board of Directors on: December 4, 2023

Revision approved by the Finance Council on: October 9, 2025

Revision (with additional changes recommended by the Audit/Internal Controls Committee) approved by the Board of Directors on: October 13, 2025