



Approved by Freewheelers Board of Directors, January 10, 2016

An Ad Hoc Finance Committee made up of Freewheelers club and Board members met twice in the winter and spring of 2015 to discuss the current financial position of the club. The outcome of the committee meetings is included as the following list of recommendations and guidance, presented to the Freewheelers Board of Directors, for adoption and inclusion into the regular oversight of the club.

Recommendations

- 1. The Freewheelers Car Club shall be financially self-sufficient; determination of amount of annual membership dues should fully fund the annual operating budget.**
- 2. Club sponsored events (e.g., monthly events, West Coast Meets, benefit car shows, etc.) shall be financially self-sufficient; determination of event fees, participation fees, donations collected, etc. should fully fund club-sponsored events.**
- 3. The Club should maintain a reserve of funds equal to 12 months—with a target of 18 months—of the club's annual operating budget (or approx. 1.5 times) in the treasury.**

Rationale

Maintenance of a prudent reserve in the Freewheelers' treasury will help to ensure the club's long-term financial health. For example, if the annual operating budget for the club is \$10,000, then a reserve of \$15,000 in excess of this operating budget should be maintained.

Operationalize

- a.** An amount of \$15,000 currently held in the Freewheelers' treasury shall be earmarked as the club's prudent reserve. The club's reserve shall remain within the purview of treasurer's responsibilities, and become part of the treasurer's ongoing financial reports.

Should the amount in the reserve fall below the targeted amount (or percentage,) efforts to increase the budget reserve should be sought through advertising revenue, surplus funds derived from event fees, membership dues, or a combination of means. Consideration of maintenance of prudent reserve should occur annually, although no later than 30 days prior to the opening of the membership renewal season, should a change in membership dues be necessary to accommodate maintenance of the reserve.

- b.** The Freewheelers By-laws should be amended to include the following new language:
B. Officers' & Directors' duties
 4. ... d.) Treasurer shall:... (4) Ensure a minimum prudent reserve of 12 months—with a target of 18 months—annual operating budget (approx. 1.5 times) is maintained in the treasury.



4. The following criteria should guide decisions regarding any disbursement of treasury funds in excess of operating budget and prudent target reserve, with an eye toward the below priorities.

a. Club Administration

Funds may be used for purchase of specialty goods and/or services that facilitate and/or ease the ongoing administration of club business (e.g., purchase of computer hardware, software, consulting services, etc.)

Rationale

The club relies on a handful of members to oversee the ongoing administration of club business. Many aspects of administration are labor intensive, and often rely on the special skills and abilities of the Board members overseeing the work (e.g., Microsoft Access database programming, Website creations and maintenance, etc.) Alternative technologies may exist that would allow for a future transfer of responsibility allowing administration to be less dependent upon individuals' special skills.

Operationalize

E.g., Investigate and purchase of trial memberships of online data management systems.

b. Engagement & Leadership

Rationale

Funds may be used to increase engagement of current members in order to encourage volunteerism and leadership among club members.

Operationalize

E.g., Investigate consulting services, or examples from other social clubs, to develop best practices for developing leadership among club members.

c. Advertising and Promotion

Rationale

Funds may be used for advertising and/or promotion of the club and club activities through various forms of media, as necessary and/or appropriate (e.g., inclusion of club information in gay print and online media.)

Operationalize

E.g., Placement of advertising or promotional material in print, online, or physical venues where there is high likelihood of visibility or exposure for the club.

d. Subsidizing events for members

Rationale

In keeping with recommendation 2 above, *"Club sponsored events shall be financially self-*



sufficient... there may also be times when funds derived through event/participation fees from members exceed expenses for the event(s). These excess funds (profits) may be used to offset, or subsidize expenses of future events.

Operationalize

Excess funds realized from event/participation fees for club-sponsored events may be used to subsidize event fees (or costs) of future club-sponsored event(s). Consideration of subsidizing of event fees (or costs) may occur if the annual operating budget and reserve are fully funded. Separate accounting of excess funds from event/participation fees should be kept as part of the treasurer's report. While excess funds may be used to fund the reserve, excess funds may not be used to subsidize membership dues (and hence the operating budget,) as annual membership dues should fully-fund the club's operating budget.

e. Donations/Partnering with other organizations

Rationale

The Freewheelers Car Club is a not-for-profit social club, not a philanthropic organization; as such, in the order of its routine business, the club does not seek to raise excess funds beyond its operating budget and reserve for the purpose of providing financial support to individuals or organizations. Nevertheless, the club's treasury may at times hold funds derived from gifts, donations, or other sources in addition to and separate from funds derived from membership dues and club-sponsored events (e.g., receipt of funds, goods, or services that reduce the club's operating expenses and/or generally increases the club's treasury or holdings.) The Board may, at its discretion, determine if excess funds are available, and how much may be used in the form of donation(s) in order to partner with other organizations.

Operationalize

1) The following criteria should be considered by the Board and applied when partnering with other organizations as beneficiaries of club's excess funds and/or fund-raising events (e.g., benefit car show, benefit cruise-ins, donations, etc.)

- a. The beneficiary(ies) are sponsored and/or endorsed by an active member of the club
- b. The beneficiary(ies) should be able to demonstrate a majority of the following:
 - i. They are a recognized non-profit organization or educational institution
 - ii. They enhance or promote understanding, camaraderie, support, and/or education of or about the LGBT community
 - iii. How the club's donation will benefit their organization



- iv. How the club will be recognized for its donation
 - v. If a fund-raising event, what support the organization will provide to the club in administration of the event (e.g., benefit car show, etc.)
 - vi. How their organization will collaborate with the club to further the automotive passion, especially targeting new audiences
 - vii. They are willing to engage in a Memorandum of Understanding (a type of contract) that delineates the roles and responsibilities of parties in the agreement
- c. The Freewheelers Board should take the following into consideration:
- i. The proposed beneficiary(ies) has successfully demonstrated the majority of the criteria outlined above
 - ii. The beneficiary(ies) demonstrates understanding of the reciprocal relationship between the club and its donation, and the club is appropriately supported and recognized by the beneficiary(ies)
 - iii. The beneficiary(ies) demonstrates a preference for an ongoing relationship/partnership in producing events with the club that benefit club members

2) Endorsement/sponsorship by an active club member shall be demonstrated thus:

- a. A letter or other pertinent documentation presented by the club member to the Board as means of introduction for the potential beneficiary/partner, detailing how the organization addresses each of the 7 criteria listed above (see 4e, 1b, i-vii).
- b. If requested by the Board, the club member will arrange for a representative from the organization to make a presentation for the Board.
- c. The club member agrees to maintain the role of liaison between the Freewheelers Board and the organization for the duration of the partnership.
- d. If partnership entails production of a special event (i.e., a Car Show, cruise-in, etc.) the club member agrees to lead and/or chair the coordination of the event(s) between the partner and the Freewheelers.
- e. The club member acknowledges that determination of whether to partner, or not, with an organization/beneficiary(ies) is entirely at the discretion of the Board;



thus, full demonstration of all criteria is not a guarantee of Board approval for partnership.

3) Oversight of Requests and Responses

- a. All club member requests for partnership shall be coordinated through the Board member currently holding the responsibilities for community relations.
- b. The Board typically sets the club's event calendar for the ensuing year at the Annual Business Meeting; thus, club member requests should be submitted well in advance of the Annual Business Meeting in order to ensure adequate time for review and consideration.
- c. The Board member holding the responsibilities for community relations will work with any active club member(s) to discuss parameters of requests and guide member(s) in preparation of their request(s) submission to the Board, as appropriate.
- d. The Board member holding the responsibilities for community relations will determine if active club members' submission(s) adequately address the partnership criteria (see 4e, 1 b, i–vii) and will schedule discussion of request(s) at Board meetings, as appropriate.
- e. Once scheduled, the active club member(s) will attend the Board meeting and facilitate discussion of their request submission. If requested by the Board, the club member(s) will also ensure attendance of a representative from the potential partnering organization.
- f. Once the club member has presented their submission to the Board for discussion and consideration, the Board member holding the responsibilities for community relations will craft a motion for approval of the potential partnership for a Board vote.
- g. If the Board moves to approve the potential partnership, the Board member holding responsibilities for community relations will work closely with the club member on next steps to document and formalize the new partnership between the Freewheelers and the organization, as well as the ensuing responsibilities of the sponsoring/endorsing club member.
- h. If the Board does not move to approve the potential partnership, the Board member holding responsibilities for community relations will craft written communication to the submitting club member explaining the Board's rationale for the decision.



4) Charitable contributions at the Board's discretion

- a. The club's treasurer has the authority to provide contributions/donations to an organization, not to exceed \$250, in the course of doing business to facilitate monthly events, or ensure benefit to the club (i.e., docent tours, group attendance at events, etc.)
- b. Contributions/donations in excess of \$250 that ensure a benefit to the club should receive prior approval by the Board before disbursement (i.e., use of meeting/community space to conduct club business, securing of event reservations, etc.)