

Balloon Federation of America

Board of Directors Policies and Procedures



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1. BASIC GOVERNANCE DOCUMENTS

The three basic governance documents of the Balloon Federation of America listed below are in order of precedence and authority:

- a. Articles of Incorporation (serves as BFA Constitution)
- b. Bylaws
- c. Board Policy Manual (to provide flexible operating guidelines within the structure of the Bylaws)

2. BFA OFFICIAL PUBLICATIONS

The BFA publishes a bi-monthly journal *Ballooning* which is distributed to all members.

Quick Release – a monthly email blast sent to all current and lapsed members who have provided an email address

The BFA Board shall have final approval of the QR, frequency of publication and editor

3. MEMBERSHIP CATEGORIES

The BFA Board under By-laws Article III, Section 7, establishes the following as designated membership categories with dues and privileges as indicated:

Revised December 19, 2017

Category	Dues	Privileges	Voting
Life	1000.00	Includes lifetime subscription to Ballooning Journal	Voting
Life – Digital	625.00	Includes lifetime digital subscription to Ballooning Journal	Voting
Annual Pilot Student Pilot Crew Observer	55.00 US 65.00 International.	Includes Ballooning Journal, membership card Quick Release	Voting
Family Digital	20.00 35.00	Quick Release Online Ballooning	Voting
Junior Balloonist	15.00		Non-Voting
Associate	55.00 US 65.00 Int.	Includes Ballooning Journal Quick Release	Non-voting
Corporate	250.00	Includes Ballooning Journal Quick Release Listing on BFA Web Page.	Voting
Add-On to BFA Membership			
	Legal Services Plan	40.00 annual	
	Hot Air Competition Division (HACD) Pilot/Crew Member Official Member Life Member, when available	55.00 annual 15.00 annual Digital Regular 625.00, Crew 100.00	
	Gas Division Gas Life membership	25.00 Voter annual 10.00 Affiliate annual 250.00	
	Professional Ride Operators Division (PRO)	250.00 Large Operator annual 125.00 Small Operator annual 45.00 Pilot annual 35.00 Crew annual	

4. RESPONSIBILITIES OF THE BFA PRESIDENT

The President does in fact assume two functional roles; that normally expected of a volunteer elected President and secondly the BFA President must also assume those activities which would normally be assigned to an employed executive director.

The position description is as follows:

1. Is a member of the Board.
2. Serves as the Chief Volunteer of the organization
3. Is a partner with the Office Manager in achieving the organization's mission.
4. Provides leadership to the Board of Directors, who sets policy and to whom the Office Manager is accountable.
5. Chairs meetings of the Board after developing the agenda with the Board Secretary.
6. Encourages Board's role in strategic planning
7. Appoints the chairpersons of committees, in consultation with other Board members. A Board Liaison is to be assigned.
8. Serves ex officio as a member of committees and attends their meetings when invited.
9. Ensure that all BFA activities are within the scope of the BFA Constitution, Bylaws and Board Policy Book are in compliance with I.R.S. and other legal requirements.
10. Discusses issues confronting the organization with the Office Manager and Executive Committee.
11. Helps guide and mediate Board actions with respect to organizational priorities and governance concerns.
12. Reviews with the Office Manager any issues of concern to the Board.
13. Monitors financial planning and financial reports.
14. Sign legal documents/agreements on behalf of BFA as necessary.
15. Insure that the fiduciary responsibilities of the Board and officers are properly met.
16. Plays a leading role in membership development and fundraising activities
17. Formally evaluates the performance of the Office Manager and informally evaluates the effectiveness of any independent contractors.
18. Evaluates annually the performance of the organization in achieving its mission.
19. Act as the principal spokesman for BFA both internally and externally.
20. Performs other responsibilities assigned by the Board.

5. RESPONSIBILITIES OF VICE PRESIDENT

This position is often successor to the President position. In addition to the responsibilities outlined in the Committee Member job description, this position:

1. Is a member of the Board.
2. Performs President responsibilities when the President cannot be available.
3. Works closely with the President, staff and volunteers
4. Participates closely with the President to develop and implement officer transition plans.
5. Performs other responsibilities as assigned by the Board.

6. RESPONSIBILITIES OF COMMITTEE BOARD LIASION / PROGRAM CHAIRMAN

1. Is a member of the Board.
2. Sets tone for the committee work.
3. Ensures that members have the information needed to do their jobs.
4. Oversees the logistics of committee's operations.
5. Reports to the Board's President.
6. Reports to the full Board on committee's decisions/recommendations.
7. Works closely with the Office Manager and Board Members and volunteers as agreed to by the President.
8. When acting as Program Chairman, assigns work to the committee members, sets the agenda and runs the meetings, and ensures distribution of meeting minutes.
9. Initiates and leads the committee's annual evaluation.

7. RESPONSIBILITIES OF BOARD MEMBER

An elected BFA Board member is entrusted with many responsibilities in sharing the management of the BFA. It is important that each Board member take the time to understand the legal responsibilities that accompany the status as a Board Member.

A number of laws impose obligations upon Non-Profit Organization officers and directors, including federal and state statutes regulating the affairs of non-profit organizations, common law, and the organizing documents of the organization (whether articles of incorporation, constitution, or bylaws).

The two main duties of Non-Profit corporate directors are the duties of loyalty and care. The duty of loyalty requires that the corporate director deal fairly and in good faith with his organization, avoid conflicts of interest and self-dealing.

Generally, directors are subject to “good faith” and “prudent man” standards in fulfilling their obligations as directors. This means that the director should carry out his responsibilities as a director of non-profit organization with the same good faith and prudence which an acknowledgeable businessperson would apply in managing their own affairs.

1. Regularly attends board meetings and important related meetings.
2. Be familiar with the BFA Constitution, Bylaws, and Board Policy Manual and maintain an overview of BFA's organizational structure, objectives, and activities.
3. Become as informed as possible regarding current issues facing the sport ballooning industry and proposed actions on Board meeting agendas.
4. Makes serious commitment to participate actively in committee work.
5. Volunteers for and willingly accepts assignments and completes them thoroughly and on time.
6. Stays informed about committee matters, prepares themselves well for meetings, and reviews and comments on minutes and reports.
7. Gets to know other committee members and builds a collegial working relationship that contributes to consensus.
8. Is an active participant in the committee's annual evaluation and planning efforts.
9. Participates in membership development and fund raising for the organization.

8. RESPONSIBILITIES OF BOARD SECRETARY

1. Is a member of the Board.
2. Maintains records of the board and ensures effective management of organization's records
3. Manages minutes of board meetings
4. Ensures minutes are distributed to members shortly after each meeting
5. Posts minutes to BFA web site in a timely manner
6. Is sufficiently familiar with legal documents (articles, by-laws, IRS letters, etc.) to note applicability during meetings

9. RESPONSIBILITIES OF BOARD TREASURER

1. Is a member of the Board.
2. Manages finances of the organization
3. Administrates fiscal matters of the organization
4. Provides annual budget to the board for members' approval
5. Prepares Annual Report for publication in Ballooning.
6. Ensures development and board review of financial policies and procedures
7. Periodically reviewing the BFA financial policies and procedures
8. Prepares monthly financial statements including: Comparative Balance Sheet, Comparative Profit & Loss Statement, Profit & Loss Budget Performance, Statement of Cash Flow and Profit & Loss Statement by Class.
9. Prepares Profit & Loss Statement for each of the Organization's Divisions and sends to Division Chairman and Treasurer.
10. Serves as a permanent member of the Investment Policy Committee and BFA Convention Committee and is a permanent member of this Committee with other appointments by the President as necessary.

9.1 APPOINTED TREASURER

If the elected Board of Directors does not have a member with the appropriate skills to serve as Treasurer, the President shall appoint, subject to the approval of the Board of Directors a Treasurer skilled in financial matters to serve on the Board of Directors. The appointed Treasurer shall be an ex-officio voting member of the Board and shall vote only on financial matters of the Federation.

10. BFA BOARD LIAISON

These positions represent the BFA Board in coordinating BFA interests and concerns with other organizations and government agencies. The Liaison personnel are a communications channel and will be responsible to make appropriate recommendations for Board action.

The BFA President shall appoint the Committee Chair who will be directly responsible to him. The Board Liaison person shall serve as a functional communications link between the President and the Committee Chair with the following duties specified:

1. Maintain regular contact with the committee chair and attend committee meetings as appropriate.
2. Provide the President with oversight information on the committee's activities and present committee recommendations to the President for the Board of Directors.
3. Provide information to the Committee Chair on board policies and budget information and serve as a general advisor. Advise the Committee chair promptly when actions of Board effect the Committee's activities.
4. Report to the President / Board of Directors on any specific problems which may occur. Monitor the Committee's progress in achieving objectives.

5. A written Committee report on significant activities or recommendations/request should be transmitted to the president at least one week prior to each Board meeting to permit inclusion with the Board meeting agenda
6. Provide a verbal oversight report of Committee activities at each Board meeting; introduce appropriate action items, with a rationale for such action items.
7. The Board Liaison will approve Committee expenditures/reimbursement request in compliance with Board Finance Policies

11. BOARD MEETINGS

Other than the Board meeting provided for in the By-laws, Board meetings shall be at such time and location as to accommodate the majority of required participants and to minimize the total expense of the meeting.

12. BOARD TELEPHONE / EMAIL VOTING

It is the policy of the BFA Board to consider a telephone conference call or individual polling by the president as a proper Board vote at such times a matter in the judgment of the President must be decided before the next scheduled Board meeting.

Also, when two or more Board members have a subject they feel requires the immediate attention of entire Board, a conference call discussion shall be arranged when possible.

13. EXECUTIVE SESSIONS

Executive session is an entire meeting or portion thereof in which the proceedings are secret, and the only attendees are members and invited guests. Deliberations of an executive session are secret, and all attendees are honor-bound to maintain confidentiality. The president or other presiding officer of the Board may take the Board into executive session for discussion of personnel matters, negotiation positions or other matters deemed sensitive.

14. EXECUTIVE COMMITTEE

The executive committee of the board consists of the elected officers with one other director appointed at the discretion of the president. The executive committee may act in behalf of the board between board meetings. However, any actions are subject to the approval of the full board at its next meeting.

Executive committee meetings may be in person, by conference telephone or individual polling.

15. IMMEDIATE PAST PRESIDENT POSITION

The immediate past president will normally become an ex-officio member of the board for a one-year term to assist in the administrative continuity of BFA management.

The board may extend this term under exceptional circumstances for another year with the designation as "Presidential Advisor".

16. BOARD ELECTION POLICY

See BFA By-Laws ARTICLE VI ELECTION PROCEDURES

After Election Results have been reported to the Board of Directors a vote is taken to approve the election results as tabulated and destroy the ballots.

17. BFA EMPLOYED PERSONNEL

Employment – BFA Office Manager shall be employed by the President subject to Board approval.

The BFA Office Manager shall be responsible to the BFA Board through the President who will have supervisory responsibility.

Termination – a simple majority vote of the Board upon recommendation of the President may terminate the employment of employees.

BFA Office Manager Responsibilities:

1. Process all invoices for payment and receipts for deposit in Organization accounts. Enter all financial transactions in QuickBooks software as instructed and supervised by the Board Treasurer. Reconcile all bank accounts keeping adequate record of same.
2. Be generally familiar with key BFA personnel and operations
3. Ensure that the BFA membership is provided a phone number and email address unique to BFA. The office to be used as a reference source and clearing house for services.
4. Provide notice to the membership of the office hours of business and procedures for obtaining help or service from the office.
5. Maintain the permanent legal records and files of the BFA
6. Mail/email routine notices and general correspondence to the Board and BFA membership as directed.
7. Provide administrative support to BFA Committees subject to approval by the President.
8. Administer BFA Member Services merchandise
9. Refer inquiries to the appropriate BFA Committee and provide information regarding BFA to the membership
10. Perform such special tasks as required by the Board or Officers.
11. Suggest to the President and Board ways in which the office services might make the BFA more cost effective or efficient.

18. NAA/FAI RECORDS

Official business shall be through the BFA President to the NAA for transmittal to the FAI Headquarters as necessary and subsequent forwarding.

Communication for information only may be handled for expediency between the various organizations providing the BFA President is copied in.

19. COMMUNICATIONS

The Board recognizes that the membership has a right to be assured that its board of directors is conducting business on their behalf in an honest and impartial manner. This can best be achieved by open communication with its membership regarding matters which affect them. Provided however, that matters arise from time to time where the privacy interests of individual member(s) outweigh the general memberships' right to be informed.

Likewise, the Board recognizes that it has an obligation to communicate with outside entities such as Governmental agencies, news media, social media and the like on behalf of the BFA. On those occasions, the BFA and the ballooning community in general can be best served if any such communication be made in a cogent, factual and succinct manner. The board members must be mindful that, because of their position, they may be perceived by the membership or the public at large as being a spokesperson for the entire Board of Directors. Consequently, any statements made by Board Members

regarding Board action, or the Federation in general must reflect the joint opinion of the Board and not their own opinion on the matter.

The purpose of this policy is to set forth the acceptable parameters by which Board members may communicate with the BFA Membership, Governmental agencies, news and social media and the public at large regarding the business of the Board, ballooning incidents or accidents or matters which potentially impact the sport of ballooning.”

19.1 Executive Sessions:

- 1. The Board recognizes that executive sessions by the Board or a committee must remain in confidence with the Board or committee. On occasion, it becomes necessary for the Board to conduct hearings or deliberate on matters involving activities of its members or accusations against them, which may potentially involve possible actions of Government regulatory agencies. By their nature these deliberations or hearings must be private, inasmuch as the information discussed in those deliberations or hearings could affect the licensure or liability of the subject member(s) should the discussions become public.**
- 2. Executive sessions of the board shall be called at the direction of the Board President or at the motion of an individual Board member, approved by the majority of the Board, provided that a quorum of the Board is in attendance at the time of the making of the motion for executive session. Only Board members will be permitted to be in attendance and such other members and/or persons who the President determines are necessary to provide information pertinent to the matter being discussed. In the case of hearings, any person subject to the complaint of another member, the complaining member and such other witnesses pertinent to the complaint, as determined by the Board President will be permitted to be in attendance.**
- 3. The members of the Board of Directors shall, under no circumstances, disclose any matter discussed in an executive session or hearing. All such matters are confidential and shall not be discussed in public unless and until the Board, by majority vote, shall determine that such release of information is appropriate. Any release of confidential information after Board approval shall be made by the President or his/her designee. Notwithstanding the public release of such information, the opinions of individual directors or others in attendance at the meeting will not be subject to public disclosure. Once the Board has acted on an issue, the Board speaks with one voice--even if a Board member's vote on an issue was a dissenting opinion. Differences among Board members must be respected and encouraged, but once a vote is taken those who dissented must accept the decision and support its implementation.**

19.2 Public Communications:

Use of Voice, Email, and Social Media:

- 1. The BFA Board has designated Ballooning magazine as the official publication of the organization and its editor as its principal spokesperson. This magazine and its staff are called upon from time to time to comment on various matters involving the sport of ballooning. These staff members are trained professionals who have protocols which they follow when commenting on matters of public concern. The Ballooning Editor may determine that it is necessary to confer with the Board President regarding potentially controversial matters, but this is by no means necessary. This policy is not intended to apply to that publication and its staff.**
- 2. Board members must remember that their status as elected officials of the Balloon Federation of America carries with it an obligation when dealing with the public to express themselves in a manner which is mindful of the fact that, while they are entitled to their individual opinions, their comments should be loyal to the constituents whom they represent and the mission of the Federation. Board members must recognize that their personal opinions, though not expressed in**

their official capacity as Board members, are likely to be perceived by members of the public to be the opinion of the Board as a whole.

3. From time to time the Federation is called upon to comment publicly on a matter involving the sports which we promote. Often, these occasions arise in when an accident or incident calls into question the safety of hot air or gas ballooning in general. In such circumstances, no statement may be made on behalf of the Balloon Federation Board of Directors by any individual Board member without approval of the Board President. The President retains the right to designate Board members, or in his/her discretion non-Board members to act as spokesperson for the Board should he/she deem that to be appropriate.
4. It is recognized and understood that Board members function in many different capacities in the ballooning community which may include acting as an event director, competition director or as an officer in connection with a ballooning event. Board members may also act as presenters in balloon safety seminars and comment on the happening of an accident or an incident involving a stifling air or gas balloon. This policy in no way intended to prohibit those Board members from discussing ballooning accidents or incidents in connection with those activities. Likewise, this policy does not apply to any interaction between a Board member and any regulatory agency, such as the Federal Aviation Administration or the National Transportation Safety Board, in their capacity as an event officer or as a witness or under any circumstances when called upon by a regulatory agency.

19.3 Non-Compliance:

If the Director is in violation of these rules, they would be subject to further action in accordance with the organization's By Laws.

20. STANDING COMMITTEES

The standing committees within the BFA organizational structure shall be as follows:

1. Membership
2. Communications, Public Relations and Social Media
3. Awards
4. Safety and Education
5. Continuing Education
6. Publications
7. Government Relations
8. NAA
9. Insurance

The president shall appoint chair of these committees, subject to ratification by a majority of the Board. Committees will normally be established on a calendar year basis.

21. COMMITTEE OPERATION

1. The Chair is appointed by the President subject to Board ratification
2. Chair will generally be responsible to recruit and appoint committee members.
3. Each chair is to prepare a written plan for the committees work and submit such plan through the Board Liaison to the President.
4. Chair will submit a budget request to the Board Finance Committee for approval prior to any commitment BFA resources. Each Chair is expected to maintain accountability for expenses within the finance committee's guidelines and the approved budget.
5. An appropriate report is to be made through the Board Liaison prior to each Board meeting unless otherwise specified in the By-laws or requested by the President.

22. AD HOC COMMITTEE AND TASK GROUPS

As appointed by the President shall have funding approved by the Finance Committee and shall render such reports as required by the Board.

23. BFA DIVISIONS

- Gas Division
- Hot Air Competition Division
- PRO Operators Division

The intent of the BFA Board in establishing a division is that the Division Board shall conduct its affairs with a high degree of autonomy. The Division Board shall be responsible to ensure that all actions taken are within the parameters of its charter and consistent with the BFA Bylaws and applicable policies established by the BFA Board of Directors.

24. LETTERHEAD

Board members and committees should use official BFA letterhead for all official business related to BFA business.

25. DIRECTOR AND OFFICER INSURANCE

It is Board policy to maintain such D&O Insurance as deemed adequate

26. CONTRACTS

No contracts, agreements or any documents that constitute committing the Balloon Federation of America in any form may be signed by any committee member or chair. Only the President and if applicable the Secretary may sign these documents. If you have a requirement for an agreement or contract to be signed you should contact your Board Liaison for instructions.

There may be exceptions to this, but they will be dealt with on a case by case basis. In any event all documents, contracts and agreements will contain the President's signature.

27. FINANCIAL POLICIES

27.1 Role of Treasurer

1. The Treasurer is the Chief Financial Officer for the Balloon Federation of America (BFA). The Treasurer is responsible for managing and accounting for all assets and financial resources of the BFA.
2. The Treasurer works with the Business Office Manager (Manager) to develop an annual budget, track the performance of the budget, and make recommended changes to the approved budget as necessary to maintain the financial viability of the BFA.
3. The Treasurer monitors the monthly revenues and expenses and prepares monthly reports for the Board of Directors (BOD)(Board) making recommendations to change the budget and financial strategy of the BFA as needed to maintain the financial solvency and the integrity of the BFA.
4. The Treasurer is the primary approver for all payments on behalf of the BFA except those expenses incurred by the Treasurer which shall be approved by the President.
5. If needed, the Treasurer is responsible for recommending BOD action regarding contracting with external auditors and defining the scope of financial reviews or audits on behalf of and for the BFA.
6. The Treasurer and Investment Management Committee are responsible for the management of all investment security accounts and maintains all BFA cash funds in federally insured accounts.

27.2 Budget Process

The BOD has established a policy to create a balanced budget and operate efficiently to work toward a net income each year so that a reserve fund of 120 operating days will be funded to prevent cash flow difficulties and to allow the BFA to sustain its operations in periods of declining revenues.

The BFA budget is to be prepared and accounted on for a calendar year basis. The BFA shall publish an annual operating budget that reflects a positive net balance. In accordance with BOD policy a minimum of five percent (5%) of the net annual income shall be placed in a Board designated operating reserve account for future needs. The remainder of the net revenues over expenses shall be placed in the general operating account and used as the base for the next year's revenue projections. From time to time, the BOD may approve allocating end of year net revenues as BOD restricted funds to be used for specific projects.

A master budget shall be prepared showing the estimates of revenues and expenses by major categories in sufficient detail to allow the BOD to make informed decisions about approving the budget at the December BOD meeting for the following calendar year.

No division, activity, program, or committee shall be authorized to expend any funds or create any expenses or financially obligate the BFA without prior approval of the BFA BOD. No division, activity, program, or committee shall have authority to expend funds beyond the approved budget and available during the operating year.

The Board maintains sole control and accountability for all BFA funds, assets, and resources in accordance with Federal requirements as defined under the IRS Code section 501.c.3 (not for profit organizations). The BOD may from time to time delegate authority to individuals to expend designated funds in accordance with BFA policies and in compliance with Federal regulations.

In no case shall the BOD; or any committee, division, program, or activity, allow BFA operating funds, assets, or collected revenues to be distributed to any individuals as a payment for the sole purpose of making a distribution of excess funds, in violation of the IRS Code. Distribution of competition awards or cash prizes for performance can be made from funds budgeted for such purpose. Any such funds not expended during the appropriate budget cycle must be considered general revenue and shall be part of the BFA general operating funds, in accordance with the IRS Code.

If budget adjustments are required during the operating year, the BOD must approve such adjustments following the written request by the appropriate division or committee chair or the BOD liaison and the recommendation of the BFA Treasurer.

27.3 Expenditure Authority and Accounts Payable Processing

The primary functions of Accounts Payable are to:

1. Maintain and manage vendor information and payment terms.
2. Generate and record disbursements.
3. Maintain and record liabilities of the Organization.
4. Provide useful information concerning payment inquiries

Policies and procedures for the processing and payment of invoices is as follows:

1. Invoices must be stamped with the receipt date when the mail is opened daily.
2. Invoices should be matched with supporting documentation, if appropriate.
3. The invoice must be reviewed for sales tax and the sales tax deducted when appropriate.
4. Approved invoices will be entered into QuickBooks and coded to proper expense item and class in accordance with Chart of Accounts as paid.
5. Invoices with attached check stubs are filed.

6. All proposed expenditures over \$500 not part of the annual budget process must be reviewed and approved, in advance, by the Treasurer or, in his absence, the President.
7. All capital expenditures, and asset acquisition greater than \$500.00 must have full BOD approval. Such purchases should be included as part of the budget and infrequently needed outside the approved budget.
8. Following budget approval, the program chair or the BOD liaison shall approve any expenditures incurred for budgeted items, up to \$500.
9. Transactions that do not have evidence of appropriate documented approval will not be processed.
10. In general, the acceptable payment terms are net 30 days after receipt of vendor invoices, goods and supporting documentation.
11. Check Request forms must be prepared for payments whenever an invoice will not be furnished by the vendor prior to the need for the check. The check request requires the same levels of approval as invoice payment.
12. Payments will only be processed using original invoices and not statements.

27.4 Organization Credit Card Policies & Procedures

It is BOD's desire to develop and implement a system for the Organization to maintain effective controls over the use of a corporate credit card for certain business-related expenditures. The policy will apply to certain key employees. The Treasurer controls the use of all corporate credit cards of the organization through his/her designee. Credit card limits are established by the board of directors and overseen by the Treasurer and OM.

Policies and procedures for the use of the company credit card is as follows:

1. Employees and Event Chairmen who use a corporate credit card shall give expenditure receipts to the OM. The OM shall match each receipt to the monthly invoice and reconcile each receipt and expenditure prior to payment. The OM shall assign the correct general ledger accounts to each expenditure in preparation for processing payment.
2. All credit card transactions must remain at or below approved budget line items.
3. Treasurer will review all credit card statements monthly to ensure all expenditures are approved.

27.5 Travel Reimbursement Policies and Procedures - GENERAL

NOTE: Because the BFA is a 501.c.3 organization and its revenues are to be used to accomplish the mission for which it received such designation, the BFA has established a conservative travel policy and travel reimbursement for BOD members and other BFA members invited to travel on behalf of the BFA.

BOD and volunteer member expenses incurred while conducting the business of the BFA are tax deductible beyond the amount reimbursed by the BFA. For BOD members who do not request reimbursement, the full amount of expenditures not reimbursed are tax deductible, including the IRS approved amount for mileage.

Policies and procedures for the processing and payment of travel reimbursement is as follows:

1. All travel must be approved in advance, in writing, by the Treasurer and President
2. BFA will not reimburse for alcohol, entertainment or telephone calls.
3. Airline reservations must be obtained at the best possible rate.
4. BFA will only reimburse for coach class or the equivalent.
5. BFA will not pay for fees incurred by schedule changes, delays in booking or cancellation fees that were the result of changes made by the employee or volunteer. Delays or changes caused by weather or airline delays that result in unexpected costs will be reimbursed by BFA on a case by case basis.
6. Any unused ticket must be reimbursed in full to BFA.
7. BFA does not reimburse for meals

8. BFA is a tax-exempt organization. Please travel with a tax-exempt form to present at the time of each purchase. Please see the Office Manager for a copy of this form.
9. Mileage is reimbursed at 75% of the IRS rate for volunteer travel, published annually
10. Motel is reimbursed at the rate negotiated by BFA for the meeting or event; for other motel expenses, the rate available to AAA or AARP members. Those traveling are expected to share a room (with same gender) or personally pay the cost differential for a single room.
11. Rental cars are reimbursed at economy rate, only with prior approval from the BOD Treasurer and President
12. Parking is reimbursed at actual expense as associated with airline travel or site travel.

27.6 Travel Stipend for Annual Face to Face Board of Directors Meeting

Travel expenses to be up to \$500 per board member per face to face meeting. For the October pre-Fiesta meeting, newly elected board members not currently on the Board would be eligible for up to the \$500 stipend if it is expected that these stipends will be extended to the subsequent year. Board members need to submit expenses to the BFA office for reimbursement.

27.7 Travel Stipend for Fiesta Board Meeting

1. **Reimbursement of actual travel and four nights hotel up to a maximum of \$1,200 –** those making special trip (not attending Fiesta) and attending both face-to-face and AGM
2. Partial \$200 stipend for Board members attending Fiesta and incurring **additional** hotel cost of attending face-to face and AGM
3. Board members living in Albuquerque area with no travel or housing cost would receive no stipend.

27.8 Travel Stipend for CIA Delegate, Alternate Delegate and Working Committee Chairman

1. CIA Delegate: reimburse actual expenses for airfare and room
2. CIA Alternate Delegate: reimburse actual travel and room up to a maximum of \$750
3. CIA Subcommittee or Working Committee Chairman: reimburse actual travel and room up to a maximum of \$500

Reimbursement for CIA stipends are shared 1/3 Gas Division and 2/3 HACD

27.9 Cash Receipts Policies & Procedures

The Office Manager is responsible for the timely processing of cash and checks received. All funds received by the agency will be deposited daily into bank accounts authorized by the board of directors. The primary functions of Receipts Processing are to:

1. Secure funds and deposit in a timely manner.
2. Maintain general ledger revenue accounts.
3. Balance checking account monthly.
4. Provide useful information concerning receipts.

General

1. Cash and checks received must be properly secured at all times. Checks will be stamped with restrictive endorsement immediately upon receipt.
2. Funds are to be deposited into authorized bank accounts in the name of the Organization daily. In the event that a deposit is not possible on the date the funds are received, the funds must be placed in the Organization's safe for immediate deposit on the next business day.
3. Accounting system will be maintained on a cash basis with periodic adjustments for major payables, accruals and prepaids as determined appropriate by the Treasurer.

Deposit Preparation and Control

1. Mail should be opened daily, and any checks received should be immediately stamped: "For deposit only Balloon Federation of America."
2. Checks received at events or from walk-ins should also be stamped immediately. Hand delivery of checks should be discouraged.
3. Payments by cash should be discouraged. When cash is received, a written receipt (in duplicate) shall be made; one copy to be given the payer; the other copy of the receipt and the cash is to be given to the OM for immediate deposit.
4. Deposit forms should be prepared in duplicate as soon as possible after receipt of the mail and deposits taken to the bank before close of business each day and filed appropriately. If the deposit reflects a grant/contribution award, a copy of the deposit will be placed in the grant file as well as in the appropriate deposit file.
5. The Deposit receipt with original bank encoding will be attached to the copy of the deposit ticket and a copy of each check and any related correspondence.

Credit Card Posting

1. Credit card payments are received on-line through the BFA web site. The software provides an On-Line Transaction Report by date and by credit card type, which will be run on the last business day of each month, prior to deposit posting. The report should provide data since the last report was run.
2. A bank statement will be printed from the bank's web page on the same date that the report is run.
3. The receipts per must be totaled by date, credit card type and event (called Class in QuickBooks).
4. Each total should be compared to the bank statement entries for credit card payments (broken down by date and credit card type on the bank statement).

5. Credit card payments should then be posted to the general ledger using gross amounts for program fees (by event aka class in QB) and net amount for cash. The difference should be posted to credit card fees expense.
6. The credit card report and the bank statement copy should be retained and filed with other monthly reconciliation documents.

Deposit Posting

The OM posts receipts to QuickBooks on the business day they are received, prior to processing of disbursements.

Record Filing

1. The OM will retain the deposit tickets with the supporting documentation attached. These copies will be filed by date.
2. For grants, deposit copies and supporting correspondence will also be filed with the grant application and related reports by funder.

Account Reconciliation

1. It is the responsibility of OM to reconcile the general ledger CASH accounts at the end of each month. Reconciliations can be done using statements available on the Internet and should be completed by the 10th working day of the following month.
2. The OM will reconcile the credit card transactions, Merchant Services Group, and Bank Statements monthly.
3. Bank fees and other items not posted elsewhere should be posted by the OM from the bank statement.
4. Items outstanding for more than thirty days will be investigated by the OM.

27.10 General Ledger Adjustment Policies & Procedures

The Treasurer is responsible for the timely review of the general ledger and preparation and approval of necessary adjustments. The OM posts adjustments to the general ledger with proper documentation and approval of the Treasurer.

The following policies govern the proper maintenance of general ledger accounts and any needed adjustments thereto:

1. The general ledger will be reviewed by the Treasurer monthly and adjustments, if needed, will be posted by the OM prior to presentation of the financial report to the board of directors.
2. Adjustments, though sometimes needed, should be kept to a minimum and not used in lieu of accurate posting of receipts and disbursement.
3. The Treasurer will review the detailed general ledger and financial reports as soon as practicable after month end.
4. The Treasurer will complete General Ledger Adjustment forms for any adjustments needed based on this review. This includes posting errors as well as changes in classification and may include accruals of significant items not recorded elsewhere.
5. The OM posts adjustments to QuickBooks as soon as practicable after they are received from the Treasurer.
6. An adjustment register will be completed after the adjustments are posted and the supporting documentation will be attached.
7. The OM will retain the approved adjustment entries with supporting documentation attached. These copies will be filed by date.

27.11 Operations Accountability

Staff and Independent Contractor Annual Reviews

The President of the BFA, serving as the Chief Executive Officer, is required to complete a performance review of the Business Office Manager and the independent contractor of Ballooning Magazine. Based on the Office Manager review, the President may recommend a bonus or salary increase to be included in the budget process for approval by the BOD.

BFA Divisions and Programing

All BFA Divisions must submit an annual budget to the BFA BOD liaison and Treasurer for approval by the BFA BOD. No division is permitted to commit funds beyond the approved budget without approval of the BFA BOD.

Any BFA activity, service, or program that creates revenues and expenses on behalf of or through the BFA must have an individual designated as accountable for reporting such revenues and expenses monthly to the Treasurer, the BFA BOD liaison, and the BFA Business Office Manager.

Expenses of \$500.00 or greater must be approved by the BFA Office Manager prior to committing BFA funds to assure adequate BFA cash flow and to determine the most efficient and appropriate method of payment.

Checks will not be issued for signatures without adequate funds on deposit at the time the check is written. Cash advances will not be granted without prior approval of the BFA Treasurer and concurrence by the BFA Office Manager that adequate funds are available to cover operating costs beyond the cash advance.

27.12 Payroll Tax Reporting Policies & Procedures

All payroll reports and payroll deposits are prepared and made by QuickBooks Intuit automatically each pay period. All quarterly and annual payroll tax returns are prepared by the BFA's local CPA firm.

27.13 Mail Handling Procedures

The mail will be picked up from the Post Office by the Office Manager. The mail will be opened and processed by the OM. If there are checks in the mail, the OM will process these for deposit according to the deposit handling procedures outlined in the "Cash Receipts Policies & Procedures.

27.14 Auditing

The BOD has authorized the Office Manager in cooperation with the BFA Treasurer to engage the assistance of a certified public accountant to conduct a full audit of the BFA no less than every 3 years. In the event that the BFA BOD replaces the Treasurer or the Manager at any time other than the year in which an audit is to be conducted, the BFA shall have a CPA conduct a financial review, at a minimum.

The BFA BOD shall have an independent agent prepare the yearly Federal and State tax returns (IRS 990, 990T and Iowa 1120) to be reviewed and signed by the BFA Treasurer.

The BFA Treasurer shall be responsible for all external financial reporting and shall approve and sign all documents related to such reports. In the event of a government or external audit of the BFA the BFA Treasurer shall represent the BFA in all matters related to such audits.

The BFA Treasurer may establish a financial management committee to assist in the support and oversight of the BFA assets and obligations. This committee shall be under the direction of the BFA Treasurer and shall consist of a minimum of the BFA Treasurer, the Gas Division Treasurer,

PRO Division and the Competition Division Treasurer. Other members may be added at the discretion of the BFA Treasurer.

27.15 Restricted Funds

The BFA can maintain three types of restricted accounts:

- 1. Donor Restricted**
- 2. BOD Restricted**
- 3. Endowments and Legacies**

Due to the limited size of the Donor and BOD Restricted accounts, the funds for these accounts are comingled in one investment account to maximize the safe, conservative return on investment for the BFA. The Tarter Legacy funds are maintained in a separate investment account.

Donor restricted accounts are funds that have been donated to the BFA by a donor to accomplish a specific purpose. Donor restricted funds may exist for the life of the organization or for any time limit established by the donor. Two examples of BFA donor restricted accounts are; the Domont Fund (permanently restricted), the earnings which can be used as award to recognize safety in ballooning, and the Jr Balloonist funds (temporarily restricted). Principal and earnings of the Jr Balloonist funds may be used to support that programming.

The BFA Board has the responsibility to determine whether to accept donor restricted funds and the limitations before receipt of such funds. In cases where the BFA cannot comply with the donor requirements, the BFA is obligated to refuse the funds.

In no case can the principle amount of permanently restricted funds be used for operations. Only earnings accrued from such donations may be used for the donor's restricted purpose. The Domont Fund is an example of such a restriction. The principle amount is fixed by agreement and the interest earned is to be used for any awards made under the Domont criteria. In this case, the fund acts somewhat like an endowment.

Endowment and Legacy funds may or may not be donor restricted that are used to expand a service or increase the amount of the awards as the earnings grows in the account. These funds are long term and may extend "into perpetuity." The BFA currently has one Legacy Fund – the Tarter Legacy. Those funds were provided as an unrestricted donation consequently both principal and earnings are available to support all BFA programming.

Jr Balloonist donations were contributed by donors to promote the Junior Balloonist program and enhance youth participation in general aviation.

Donations to the Jr. Balloonist program are considered as temporarily restricted in that both principal and earnings may be used. They are restricted, however, for Jr. Balloonist programming. The amount in the current scholarship fund is insufficient to create a meaningful endowment or to award an amount solely derived from the interest from the account. Current scholarship amounts are determined by the Youth Committee and funds are drawn from the restricted scholarship account.

The Youth Committee has established a broad policy for providing scholarships to BFA Junior Balloonists interested in applying for such scholarships. The Committee has approved the awarding of scholarships for traditional post-secondary academic programs in addition to pilot and pilot related programs such as the BFA endorsed balloon camps, and any approved pilot training leading to a FAA pilot certificate. Each potential recipient is required to complete and apply to the Youth Committee.

The BOD will approve an amount of scholarship money to be awarded yearly based on the recommendation of the Youth Committee Program Chair. The Youth Committee is responsible for determining the number, types, and amounts of awards to be made, based on the needs of the Youth

Program. The Youth Committee Chair will inform the BOD liaison of the amounts and numbers of awards available for distribution. The Youth is not required to distribute the total amount and will allow any unused funds will remain in the restricted reserves.

Board restricted accounts are those funds that the BOD has designated to be used for specific purposes such as; the Gas Division account and the HACD prize funds, PRO operations or equipment acquisition reserves. Board restricted funds are typically a designation of unrestricted funds. While Board restricted funds are intended to be used for specific purposes, they can be used to meet other obligations of the organization. Unlike donor restricted funds, Board restricted funds are not legally bound to the designation assigned by the BOD. These funds may be re-designated by the BOD at any time to meet the legal and financial obligations incurred by the organization. Investment earnings ~~Interest earned~~ from Board restricted funds is accounted as unrestricted revenue and may be used as general operating revenue.

27.16 General Donations - Unrestricted

The BFA is designated as an IRS 501 (c) (3) organization. It is a not-for-profit educational organization. As such it is eligible to receive funds from donors that are tax deductible for the donor and not taxed as income for the BFA. As a 501 (c) (3) organization the BFA has certain obligations to the community and to its donors as prescribed by the IRS. Failure to adhere to the requirements may result in revocation of the IRS designation or worse, monetary fines that may be levied individually, and collectively, against the BOD.

The BFA may receive and should encourage the use of unrestricted donations from members, friends, and the public who may wish to support the expansion and development of the sport of ballooning. Unrestricted donations are funds received for the general well-being of the BFA. The funds may be used for operations or may be Board restricted for specific activities of the BFA. These donated funds are generally used in the same year in which they are donated.

General donations may consist of cash and cash equivalents, stock (recognized at fair market value), items of marketable value (used balloons, art, vehicles), and other items that have a cash value. The BOD is not obligated to accept all such donations and, indeed, if it is unable to manage the donated item, should be discouraged from accepting it in such a form.

General donations shall be acknowledged in writing by a letter from the President or other officer acknowledging the donation and the fair market value of the item that is not cash or cash equivalent. A copy of the letter shall be maintained in the BFA records for a minimum period of six year after the donation has been used.

27.17 Life Membership Revenue Recognition

The Life membership was established to demonstrate member commitment to the sport of ballooning and to provide a source for long term funding to the organization. The term for life membership was not calculated at the time the life membership category was established. The current term used to recognize income from life memberships is as follows:

- All BFA general memberships including regular and digital magazine only – 25 years
- HACD and Gas Divisions – 12 years

If a life member dies with unamortized life membership dues, the unrealized income balance is recognized in total in that year.

During the BFA existence, Life memberships have been awarded to members for extraordinary acts of service to the BFA. The award was granted to the member with the cost for Life membership being underwritten through BFA operating funds.

General BFA life membership funds are not invested in a separate asset account but rather are comingled with all cash and marketable security investments. HACD and Gas life membership funds are segregated and held as part of the investment portfolio as well as labeled as Board Restricted Funds in the equity section of the Organization’s balance sheet.

These future obligations are accounted for as a long-term liability, Unearned Life Memberships, and is amortized to membership dues over the 25-year and 12-year assigned life.

The Life membership payment is to be paid in one lump sum payment. There is no refund of Life dues paid.

27.18 Investment Funds

The BFA shall maintain a portfolio of funds that includes restricted and non-restricted accounts. The funds shall be maintained in accounts that maximize return on investment with low risk of loss of initial investment. Funds shall be invested in securities, bonds, CD’s or money markets that are insured by the U.S. Government against loss.

The BFA Treasurer, along with the Investment Policy Committee, will determine the most appropriate investment policy and recommend BOD approval of the policy and changes as deemed necessary. The Treasurer shall report on the market value, rate of return, etc. of the Investment Portfolio monthly to the BOD. Such analysis shall compare current rates of return on the BFA accounts to suitable security indexes that reflect our funds risk elements.

The BOD has established a target of 120 days operating reserves for the BFA. This target shall be reevaluated by the Treasurer and approved by the BOD biannually.

The following are the general investment guidelines established by the Investment Policy Committee and supported by our Morgan Stanley Investment Advisor.

Investment Class	Low Allocation	High Allocation
US large cap mutual funds	35%	45%
US Small cap	15%	20%
International	30%	35%
Fixed income	10%	15%

27.19 Taxable Income

The BFA potentially creates taxable income from the sales of advertisement in its publications. This income and adjustments are reported on an IRS 990T. Sales commissions and defined operating costs incurred by the Manager and the BFA Editor are considered expenses to the BFA publications thereby reducing the tax due on this endeavor.

Publications are the only unrelated taxable income the BFA has at this time. Sales of items related to ballooning safety and education are considered related to the mission of the BFA and therefore not considered income taxable.

28. AWARDS AND RECOGNITION PROGRAM

The Awards Committee shall submit to the BFA Board for approval their recommendations for nominations for the following awards prior to any announcement or submission to the NAA or FAI:

- Montgolfier and other FAI awards
- NAA administered awards
- Shields-Trauger award
- Domont Award – US Nationals safety
- Hall of Fame
- Spirit of Annie – in cooperation with HACD and Northeast Ohio Balloon Pilots Association
- Kinnie Gibson – in cooperation with Gary Heavin – US Nationals

The Awards Committee and BFA Board shall be advised in a timely manner in writing of all other BFA award recipients.

The Awards Committee is to advise the BFA Board in writing and in a timely manner of all other BFA award recipients. An annual summary of awards of recipients shall be made available at the Annual General Meeting (AGM)

President's Award

1. Awarded by the BFA President for meritorious service to the BFA.
2. The announcement of the recipient of the President's Award shall be the AGM
3. The form of the award can be a plaque, framed certificate or free-standing award. The standard design of which shall be approved by the Awards Chair
4. It will be the responsibility of the President to provide the Awards Committee Chairman with the appropriate information regarding the award designee on or before the date provided by the Awards Chair.

Regional and At-Large Directors Recognition Criteria

5. May be awarded annually by each BFA Director to an individual or organization within their respective regions or at-large who have provided meritorious service to the BFA or to ballooning in general.
6. The announcement of the recipients of the award shall be the AGM but the presentation will be at the director's discretion.
7. The form of the award can be a plaque, framed certificate or free-standing award. The standard design of which shall be approved by the Awards Chair
8. It will be the responsibility of the Director to provide the Awards Committee Chairman with the appropriate information regarding the award designee on or before the date provided by the Awards Chair.

29. AVAILABILITY OF BFA MEMBER LABELS / EMAIL ADDRESSES FOR DIRECTORS

The Board of Directors and staff are authorized to use the BFA's Mass Email system as described below:

1. Official BFA business
2. Communicating BFA news to members
3. Announcing BFA Sanctioned events/rallies
4. Basic information only – include link to organizing group for more details
5. Only current BFA Board members are authorized to use the system.

Members will be offered the option to 'opt out' of receiving such email information

30. BFA GEOGRAPHIC REGIONS

The United States is divided into six geographic regions for the purpose of electing 6 of the 9 members of the Board of Directors. The Regions shall follow state boundary lines and consist as nearly as possible of equal voting member population. States making up geographic regions are as follows:

1. Northeast Region: CT, MA, ME, NH, NJ, NY, PA, RI, VT, WV
2. Southeast: AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, SC, TN, VA
3. Great Lakes Region: IN, IL, MI, OH, WI
4. North Central: CO, IA, KS, MN, MO, MT, NE, ND, SD, WY
5. Southwest Region: NM, OK, TX
6. Western Region: AK, AZ, CA, HI, ID, NV, OR, UT, WA

The President shall review, on an annual basis regional, boundaries as prescribe in Article VI, Section 1 of the by-laws and make an appropriate recommendation to the board any changes prior to the start of the Board Election Process