



Boulder Road Runners, Inc.

A Colorado Nonprofit Organization

Financial Policies and Procedures

Introduction

The Road Runners Club of America (RRCA) verified that Boulder Road Runners, with EIN 742112576, is a 501(c)3 organization as a subordinate organization through the Road Runners Club of America's group exemption status with the IRS.

Philosophy

Every Board member must understand their fiduciary obligations as part of serving on a Board. Board members are ultimately responsible for the financial well-being of an organization which includes ensuring adequate income, control over spending, safeguarding assets, and reporting financial status to appropriate internal and external audiences. Individuals who serve on the Board of the Boulder Road Runners do not need to be experts in financial management, but they do need to take a general interest in the financial status of the organization they are serving. This means paying close attention during a Treasurer's report, reviewing financial statements as provided and asking questions if information is unclear or seems in conflict with the organization's policies or budget.

The Board should ensure that there are policies in place to protect the organization from fraud or theft. These policies are often referred to as internal controls. An important aspect of internal controls is segregation of duties. As an all-volunteer run organization, financial responsibilities must be distributed so that more than one person is involved with any transaction to the extent possible.

The Role of the Treasurer

The Treasurer is an elected member of the Board, who has accepted the responsibilities of the role. As an all-volunteer run organization, the Treasurer is responsible for keeping full and accurate accounts of all income (receipts) and expenses (disbursements or checks). The Treasurer should maintain oversight of the accounting functions and provide periodic financial reports to the full Board at least quarterly.

The Treasurer should regularly remind members of the Board that they have an obligation to pay attention to the financial status of the organization. It is the diligence of oral review and discussion that can often bring financial concerns to light.

The job description of the Board Treasurer includes the following:

- Oversee the budget planning process
- Ensure adequate income available to achieve the budgeted expense

- Safeguard the organization's assets
- Draft or update financial policies for Board approval
- Anticipate and report financial problems
- Ensure the Board receives regular and accurate financial statements and that the Board members understand the information presented
- Ensure federal, state, and local reporting takes place

These duties are carried out by the Club President in collaboration with the Treasurer, but the Treasurer and the Board as a whole function as the finance committee of the Club.

Internal Controls

Internal controls are established to clearly outline division of duties, which delineates who is going to be responsible and held accountable for various aspects of the financial management process.

The financial management process in a running Club or event typically involves at least five steps:

- Receive income (dues, race fees, sponsorships, donations, etc)
- Deposit these items into a Board approved bank account
- Execute payments from the Board approved bank account
- Reconcile the statements from the Board approved bank accounts
- Report the financial status of the organization to the Board

The Treasurer is not expected to handle every aspect of the financial management process. Instead, the President and Treasurer, in agreement with the Board, may appoint one or more individuals to assist with the process. If no financial committee is appointed, the Treasurer, and the President serve as the financial committee. By engaging more than one individual in the financial process important divisions of duties are created.

The Boulder Road Runners must maintain at least a business checking account in a Board approved financial institution. Additional savings, special purpose reserve accounts or investments are allowed only if specifically authorized by the Board of directors.

Under no circumstances, members of the Board or individual members of the Club are allowed to co-mingle the Club's funds with their personal checking accounts.

Signers on the bank account are reviewed at least annually and individuals no longer allowed to sign on an account are removed immediately.

The Statement Of Authority associated with binding agreements, obligations and payments is as follows:

- Up to \$500: any Board member can approve / execute
- Above \$500 and up to \$2,500: Treasurer need to approve / execute
- Above \$2,500 and up to \$5,000: Treasurer and President need to approve / execute
- Above \$5,000: Board need to approve, Treasurer will execute

Approvals as per the Statement Of Authority should be solicited electronically by email, with a copy to the Secretary (secretary@boulderroadrunners.org). The Treasurer or the Secretary will log the approvals on the Club Board Records Google Shared Drive.

Any payment to oneself requires Treasurer and President approval.

The use of the Club debit or credit card is limited to the Club President, Vice President and Treasurer.

The Treasurer reconciles the bank statements monthly and submit a summary to the President for approval. Failure to reconcile bank accounts in a timely manner can mask serious cash flow problems.

Treasurer retains electronic documentation of income received and expenses incurred.

The full Board of Boulder Road Runners is responsible for overall financial success. Developing sound policies and procedures that safeguard the Club's assets is not only good practice, but it can also help shield the President and Treasurer from undue suspicion as these individuals carry out financial responsibilities on behalf of the Club and its members.

Required financial filings by Nonprofits

Boulder Road Runners is a 501(c)(3) organization with gross revenue of generally under \$50,000 a year. In this event, the Club is required to file the 990-n (postcard) online. A Form 990 must be filed if income was more than \$50,000 during the previous year and averaged \$50,000 during the previous three tax years (i.e. a single year of income above \$50,000 doesn't trigger by itself the requirement to file Form 990).

If Boulder Road Runners have unrelated business income from items, such as the sale of t-shirts, the Club must pay the unrelated business income tax (UBIT) and local sales tax.

State or local income or business property taxes are not paid by Boulder Road Runners because it is a nonprofit organization in the State of Colorado. Still reports required by Colorado must be filed in a timely manner.

The Club has no employees and therefore does not pay withholding taxes, social security, Medicare, or other payroll taxes.

A Form 1099 for the one (or more) independent contractor(s) earning more than \$600 per year must be submitted by the end of January for the previous year.

The RRCA does not file any tax forms (e.g. form 990), on behalf of Boulder Road Runners. Tax filings are the responsibility of the Club.

The Budget

The budget is the annual financial plan for Boulder Road Runners. As a plan, it needs to have some flexibility to respond to changing events during the year. Nevertheless, changes in the annual budget are made only by the Board of Directors.

The first step in drafting the budget is to look at the prior year's income and expenses to help establish the operating baseline. If the Club ran an unplanned deficit, we need to learn and address the issue that caused the loss during the subsequent year. For example, the Club may have been overly

ambitious when revenue planning or had an unexpected expense.

A budget is a plan for the coming year, a plan that is stated in financial terms. An incremental budget is one that looks at actual revenue and expenditures during the past year and projects forward to the coming year. This is often a satisfactory approach if Club activities remain relatively known and stable. If however, the Club is growing or changing, that approach is inadequate. Rather, the Board must refresh its annual goals and directions, outline proposed activities, and realistically estimate both the cost and sources of revenue for them. The budget should be reviewed quarterly to determine adjustments based on the current financial status of the Club and any unplanned activities needing funding.

The Boulder Road Runners also set aside an amount for reserves. The goal of the Club's reserve fund is that it should be sufficient to sustain the organization for at least six months, i.e. ½ of the annual revenue. Building this cushion can take several years.

When drafting the budget, the Club reviews its accounting system, specifically the chart of accounts. The budget categories should match the chart of accounts or accounting categories. It is also important to organize income and expenses so that the accounting system and budget match. If the two systems do not match, the Administrator and Treasurer will not be able to generate financial statements against the budget.

The budget period, called the fiscal year, for the Boulder Road Runners is January 1st to December 31st. If a financial audit is ever required, that will be the time block for attention by the auditor. Boulder Road Runners is not required by any funding source to conduct an annual audit. The Board may choose to commission an audit if there are financial concerns, or if a revenue plan made by the Board would be enhanced by such an audit. Large donors, for example, generally want to know that the Club is audited periodically.

Nonprofit does not mean no profit. A nonprofit Club or event may budget a profit, but Board members may not distribute the profit amongst themselves. This is what defines them as a nonprofit. A nonprofit may also elect to budget a loss if there are adequate cash reserves to support the loss. For example, the budget may include spending reserves for a special project that annual income may not fully support. If a Board elects to budget a loss, this fact should be clearly recorded in the organization's minutes.

Accounting for Income and Expenses

Boulder Road Runners primarily uses a cash-basis accounting system. This approach records revenue when received and expenditures when paid. This method has worked fairly well in the past since the Club has relatively few transactions.

As the Club grows and budgets increase, the Board might elect to change to an accrual accounting system, which would more accurately present the Club's financial health.

Boulder Road Runners uses a fund accounting system. This means that revenue and expenditures are accounted for according to any restrictions placed on them. The Club has (1) an operating fund (2) special purpose reserve funds

Current Chart of Accounts (2025)

Number	Account	Type
	Income Accounts	
90100	Membership Fees and Donations	Income
90200	Athletic Event Fees Received	Income
90300	Event Sponsorships	Income
90400	Special Purpose Donations In	Income
90500	USATF Team Winnings	Income
90600	Interest and Investment Income	Income
90700	Miscellaneous Income	Income

	Expense Accounts	
80100	Business Operations	Expense
80200	Athletic Event Expenses	Expense
80300	Marketing and Communication	Expense
80400	Members Social Events	Expense
80500	Special Purpose Donations Out	Expense
80600	Volunteer Appreciation	Expense
80700	Racing Team Support	Expense
80800	Running Gear	Expense
80900	Equipment	Expense
81000	Miscellaneous Expenses	Expense

Funding the Club

Beyond membership dues, the Boulder Road Runners seeks sponsors in our community and beyond.

Regardless of the type of support, there is a goal of having a written agreement about the expectations of the contributor and the commitments of the Club. Verbal agreements can be a source for misunderstanding.

Insurance

The Club shall maintain via RRCA General Liability Insurance as well as Directors and Officers Liability Insurance to a level approved by the Board

Legal Responsibilities of the Board

We often use the term “fiduciary” to describe the responsibility of the Board of directors. This means that Board members must act in ways that support the Club and not make decisions that are knowingly not in the interests of the Club. Each Board member should sign annually a conflict of interest statement to make transparent conflicting or complementary involvements.

The primary duties of the Board are encapsulated in three duties: duty of care, duty of loyalty, and duty of obedience. Duty of care means members ensure they are reasonably informed and they actively participate. Duty of loyalty means Board members serve in the best interest of the organization. Duty of obedience means Board members comply with applicable laws, adhere to the bylaws, and are guardians of the Club mission.

There are several important legal activities the Board is responsible for, should ensure oversight of and should be held accountable for. The Board has a shared responsibility in ensuring legal compliance for the organization.

The following are the legal responsibilities of nonprofit Boards outlined by Richard T. Ingram, PhD and Bruce R Hopkins, JD in their books respectively, Ten Basic Responsibilities of Nonprofit Boards and Legal Responsibilities of Nonprofit Boards.

- Adherence to local, state and federal laws pertaining to nonprofit organizations.
- Filing and making timely and accurate required reports to local, state, and federal governments
- Keeping records of lobbying activities and expenditures
- Protecting the organization’s staff from harm and ensuring compliance with OSHA standards
- Adhering to the organization’s bylaws and articles of incorporation and amending them as necessary
- Publishing an annual report to provide to members, which includes financial statements

Other legal responsibilities of the Boulder Road Runner Board are:

- Adopt recommended policies to protect the integrity of the Club
- Ensure well-written contracts with independent contractors that outline clear deliverables, clear payment terms, and clear ownership of works for hire by the Club.
- Ensure appropriate trademarks are filed and maintained to protect the brand and identity of the Club.
- Respond immediately to complaints filed by members and/or take legal threats seriously by reviewing them with the RRCA. If a lawsuit is filed, the insurance company will appoint counsel for the Club and manage the lawsuit.

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