

# SOCIETY FOR CREATIVE ANACHRONISM, INC

## FINANCIAL POLICY

Amended January 24, 2009

### INTRODUCTION

The Society for Creative Anachronism, Inc. (SCA) is a non-profit educational organization devoted to the study of the Middle Ages and Renaissance. This has led the SCA to create a social structure adapted from those found in Europe during the Middle Ages. This has created a diversity of groups and interests which enhance the experience we seek to create. We currently enjoy a tax-exempt status in the United States (U.S.), and maintaining that status requires that we adopt certain uniform practices and standards regarding our financial activity. We must make sure that:

- Every part of the organization engages primarily in activities that advance our U.S. tax-exempt purposes except where prohibited by law;
- A substantial part of activities conducted in our name and with our funds are in support of an exempt purpose;
- Our earnings, in whole or in part, are not used to the benefit of private individuals or organizations; and
- We serve a public, not a private, purpose.

In order to accomplish this, a system of consistent financial procedures will be followed by every branch or other entity maintaining SCA assets. The term 'branch' refers to any geographic or institutional division of the SCA, as defined in the SCA's Governing Documents. The term 'other entity' includes but is not limited to: Chartered guilds, special newsletters, and special deputies to the Society or Kingdom Chancellors of the Exchequer. The Chancellor of the Exchequer is the designated person responsible for managing SCA assets, and this position is considered an office.

This financial policy establishes basic accounting and financial management minimum requirements for every part of the organization, except where prohibited by law. Each Kingdom may establish additional requirements as they see fit, so long as they are not prohibited by law or the Governing Documents of the SCA. Branches and other entities may also establish additional requirements, so long as they are not prohibited by law, the Governing Documents of the SCA, this Financial Policy, or their Kingdom Law or Financial Policy.

### I. REPORTING POLICY

- A. For branches that are associated with affiliated organizations, there is no financial reporting requirement to the SCA.
- B. Reports must be presented no less than quarterly to the Chancellor of the Exchequer's superior office, and if appropriate, to the branch or other entity to demonstrate that the records agree with the bank statements. The person who prepares the year-end report must sign that report. Kingdoms may require additional signatures on the year-end and quarterly reports.

1. Chancellors of the Exchequer must submit reports to the Kingdom Chancellor of the Exchequer or a designated representative. Branch Chancellors of the Exchequer must also provide copies of the report to their branch Seneschal. Branches which have not submitted a balanced year-end report by March 15 will be forwarded to the Kingdom Seneschal for possible suspension.
  2. Kingdom Chancellors of the Exchequer must submit reports to the Kingdom Seneschal, the Crown, and the Society Chancellor of the Exchequer. These reports are for financial activity on the kingdom level and include a current list of variances in effect and a status report for accounts held within the kingdom. If a Kingdom fails to provide to the Society Chancellor of the Exchequer the consolidated year-end report by May 31, the Society Chancellor of the Exchequer may direct the Kingdom to pay expenses for a special deputy to complete said report.
- C. Financial statements (consisting of the Comparative Balance Statement and the Income Statement) must be made available to the public at least annually, whether published in a newsletter or distributed to the membership in some other form. A copy of this printed statement must also be sent to the Chancellor of the Exchequer's superior.
- D. Failure to file required reports within 30 days after the end of the reporting deadline may be grounds for suspension of the branch or other entity and/or replacement of the Chancellor of the Exchequer.

## II. FINANCIAL OFFICER REQUIREMENTS

- A. All Chancellors of the Exchequer must be paid members of the SCA or an affiliated organization while they are listed as warranted officers.
- B. All Chancellors of the Exchequer will submit evidence of both personal/legal identification and membership in SCA, Inc. or an affiliated organization when applying for a warrant. ID issued by a contemporary government or educational institution is an acceptable form of identification.
- C. All financial officers must have an identified emergency deputy. This emergency deputy must be able to take over all duties and function as the financial officer upon short notice.

## III. SEGREGATION OF DUTIES

- A. No one person may be responsible for all aspects of the financial management of any assets (cash and non-cash assets) held in the name of the SCA. These responsibilities may include writing checks, balancing bank statements, and deciding on disbursements of funds.
- B. No one should hold more than one office at a time. In small branches where this is not feasible, any paid member other than the Seneschal may serve as Chancellor of

the Exchequer. The offices of Chancellor of the Exchequer and Seneschal cannot operate out of the same residence.

- C. There can be no co-mingling of SCA funds with the funds of any individual or business. Disbursement controls will be implemented by the branch or other entity that are sufficient to discourage misappropriation of funds and to reveal any attempted misappropriation promptly.
- D. All offices which have the oversight of non-cash assets as the main purpose must be a deputy to the appropriate branch Exchequer and have a signed Financial Warrant executed by the Kingdom Exchequer and the Crown. For such offices at a Kingdom level, appointment, direction and removal of that officer are the responsibility of the Kingdom Exchequer.

#### IV. BANK ACCOUNT IDENTIFICATION AND STRUCTURE

- A. All funds will be maintained in an account with a recognized banking institution or credit union. Investment in stocks or financial accounts that are not insured by the federal or equivalent government is prohibited without prior written authorization from the Society Exchequer.
  - 1. For branches within the U.S., the name of the account shall be of the form 'Society for Creative Anachronism, Inc. - <name of branch or entity>' and use the SCA's federal employer ID number, which is 94-1698556.
  - 2. For branches outside the U.S. that are not part of an affiliated organization, banking procedures used must be designed to meet the requirements of the contemporary government as well as the requirements of the SCA. The Society Exchequer and the Treasurer will work with the branch and Kingdom Exchequers to create these requirements on a case-by-case basis.
- B. Entities maintaining funds insufficient to open a bank account shall either have them kept in another SCA bank account or contact the Kingdom Exchequer to make other arrangements. Incipient groups may not have independent monetary accounts (i.e., checking accounts) in their own name. Any monies are to be held as designated funds by their sponsoring group.
- C. Required controls on accounts are as follows:
  - 1. Required two signatures on all withdrawals; and
  - 2. Providing copies of the reconciled statements for review to the branch Seneschal monthly (for branches), or the Kingdom Chancellor of the Exchequer quarterly where appropriate, or the superior Chancellor of the Exchequer quarterly; and
  - 3. The bank statement can be either mailed to the exchequer, the seneschal or some other designated individual from the bank. Though it would be preferable that the unopened statement go to the Seneschal, it is not a requirement. Groups can also utilize online viewing of the bank statements if their bank only allows view only access.

- D. Approved controls on accounts are: requiring two signatures for withdrawal and providing copies of the reconciled statements for review by either the branch Seneschal monthly (for branches), or the Kingdom Chancellor of the Exchequer quarterly where appropriate, or the superior Chancellor of the Exchequer quarterly; AND/OR having the unopened bank statements sent to someone other than the Chancellor of the Exchequer who lives at a different address for initial review.
- E. Electronic Funds Transfers are not allowed without written permission of the Society Exchequer for that account specifically.

## V. SIGNATORIES

- A. All signatories on SCA accounts must be paid members of the SCA or an affiliated organization while they are listed as signatories.
- B. At least two people must be signatories on all accounts. Required signatories on all accounts (subject to financial institution limits\_ in order of priority:
  - a. The Exchequer managing the account
  - b. The emergency deputy exchequer
  - c. At least one other officer of that branch
  - d. For branches below Kingdom level, the Kingdom Chancellor of the Exchequer or a designated representative. For a kingdom account, the Society Chancellor of the Exchequer must be a signatory.
- C. No two signatories on the same account may share the same address.
- D. All signatories must be acceptable to the Kingdom Exchequer.
- E. Sovereigns, Consorts, and the heirs of Kingdoms and Principalities as defined in the SCA Governing Documents are not allowed to be signatories on any SCA account while they hold that status.

## VI. FINANCIAL RECORDS

- A. The Chancellor of the Exchequer will maintain permanent books and records of all financial activity. Detailed records must be maintained and receipts, disbursements, and contributions specifically itemized. Where a system is automated, printouts ('hard copy') of computerized records will be made as well as backup files/disks.
- B. Internal records must be reconciled to the bank statements received. In no case shall reconciliation occur less than monthly.
- C. All records must be retained for at least seven years. These books and records, as well as all assets, bank statements, other correspondence and files of an official nature are the property of the SCA. They must be turned over to the successor officer within 30 days after a person leaves office. If the materials are not turned over in a timely manner, appropriate action will be taken.
- D. Minutes of Financial Committee meetings and documentation of Financial Committee decisions are considered financial records.

## VII. FINANCIAL COMMITTEES

- A. All assets (funds and non-cash assets) held in the name of the SCA must be managed by a Financial Committee.
- B. All voting members of a Financial Committee must be paid members of the SCA.
- C. Financial Committees must have a minimum of three voting members. A simple majority is the minimum requirement for approval of all actions.
- D. Financial Committees must include as members, but are not limited to:
  - 1. A warranted Chancellor of the Exchequer;
  - 2. A warranted Seneschal.
- E. Non-geographic branch Financial Committees must also include:
  - 1. For officer accounts, the respective warranted officer;
  - 2. For guild accounts, the guild principal.
- F. Sovereigns, Consorts, and heirs as defined in the Governing Documents are limited to one composite vote. For Financial Committees with five or more voting members, heirs may have a composite vote separate from the Sovereign and Consort.

## VIII. FINANCIAL POLICIES

- A. Financial Committees must have a written financial policy. The financial policy must be approved by the Financial Committee before filing for approval from the superior financial officer. Kingdom Financial Policy may serve as the financial policy for branches within the Kingdom that do not have one specific to that branch. Financial Policy includes at a minimum:
  - 1. Composition of the Financial Committee;
  - 2. Terms of Financial Committee members;
  - 3. Timeframes and methods for meetings;
  - 4. Timeframes and methods for action approval under normal circumstances and in emergencies;
  - 5. Reporting requirements and schedule for reports to the branch administration;
  - 6. Timeframes and methods for review and revision of the financial policy;
  - 7. Methods for controlling cash receipts; and
  - 8. Any policies regarding event admission charges or complimentary passes.
- B. Kingdom Financial Policies must additionally include:
  - 1. Reporting requirements and schedule for branches within the Kingdom,
  - 2. Any additional financial policy requirements for branches within the Kingdom, and
  - 3. Any additional policies desired by the Kingdom Financial Committee.
- C. Inter-Kingdom Events are defined as any event which has a standard monetary distribution to another Kingdom's accounts based on a calculation method other

than or in addition to volunteer hours, and has the event administration either as a perpetual independent event staff or changes between Kingdoms on a standard rotation.

1. Inter-Kingdom Events must have a financial policy approved by the Board of Directors and the Society Chancellor of the Exchequer.
  2. Inter-Kingdom Event Financial Policies must additionally include the standard distribution calculation and any event-specific financial policies.
- D. The Society Chancellor of the Exchequer will review each Kingdom Financial Policy, Inter-Kingdom Event Financial Policy, and the Laurel Office Financial Policy before any changes are presented to the Board for approval, and no less often than every two years.
- E. Kingdom, Inter-Kingdom Event and the Laurel Office Financial Policies approved by the Board of Directors are addenda to this policy.
- F. Kingdom Exchequers may require financial policies for intra-kingdom events.

#### IX. EXPENSE AUTHORIZATION

- A. Financial Committees will approve in advance annual and event budgets.
- B. The Financial Committee must approve unbudgeted expenditures. Emergency situations are handled on a case-by-case basis according to the entity's Financial Policy.
- C. No officer of any level has the power to authorize payments that do not support the SCA's tax exempt purpose. [Overall guidelines for classes of expenses are delineated in the Society Chancellor of the Exchequer Officer's Handbook.] If the reasonableness of any expense is uncertain, the superior Chancellor of the Exchequer must be consulted prior to any commitment.
- D. Fully documented receipts must be provided to support all expenses. This rule applies to anyone expecting reimbursement.
- E. SCA funds may not be used to reimburse expenses for events or meetings closed to the general populace unless the events or meetings have a business agenda which requires limited attendance, such as officer staff meetings, kingdom councils, and event planning meetings. Kingdom Financial Policies may have additional requirements for reimbursement of these expenses.

Expenses solely incurred for Royalty-only and order-only meetings are specifically ineligible for reimbursement. The Society Chancellor of the Exchequer may grant variances to this policy on a case-by-case basis, based on written requests received no later than seven days prior to the event or meeting date.

#### X. SPECIAL PURPOSE AND DEDICATED FUNDS

- A. Accounting records must support segregation of funds by purpose. When setting up special purpose/dedicated funds, a primary and secondary purpose will be established by the Financial Committee. Funds raised will be used for the primary purpose first. If it is not possible to fulfill the primary purpose or if there are residual funds, the funds will be directed to the secondary purpose. The final destination for all special purpose funds will be the General Fund.
- B. Sufficient reserves must exist to fund any outstanding subscription liability for all publications. It is recommended that each branch or other entity should maintain sufficient cash reserves to continue normal operations after a total loss of advance expenses for one major event of the type it typically runs.
- C. Donations earmarked for a purpose contrary to our tax-exempt status, or found untenable or undesirable by the potential recipient shall be declined. Donations of vehicles shall not be accepted by any branch of the SCA.

#### XI. CONTROLLING DISBURSEMENTS

All disbursements will be made to an entity (individual or business) by signed checks or traceable money orders. Disbursements in advance of a purchase must be documented beforehand and will be treated as receivable items until they are reconciled by presentation of receipts and/or cash totaling the amount of the advance. Reconciliation of advances must occur within 60 days of the disbursement.

#### XII. CONTROLLING CASH RECEIPTS

Cash receipts shall include, but is not limited to: event income of all types, money collected from advertised fund raising endeavors, donations, money from the sale of goods purchased with group funds, and newsletter sales and subscription income.

- A. Cash receipts of any type totaling more than \$50 must be deposited in the appropriate account no later than 14 calendar days after the receipt by an officer of the SCA. Cash receipts of any type less than this limit must be deposited in the appropriate account no later than 30 calendar days after the receipt by an officer of the SCA. No incoming funds of any type are to be kept out of the appropriate account longer than these timeframes. Undeposited income of any type is not to be used for refunds, reimbursements or expenses.
- B. Use of online credit card acceptance services by SCA branches is prohibited, unless specifically approved by the Society Chancellor of the Exchequer. SCA branches are not to use the personal credit card acceptance account of an individual or other business under any circumstances.
- C. Minors under age 15 may not serve as Head Gatekeeper/Troll/Reservationist /etc. for an event. Such minors may assist at the gate collecting funds, making change, etc., under the oversight of an individual permitted by the SCA's Corporate Policies to serve as an officer, who will be ultimately responsible for the accounting of the funds passing through the gate. Individual Kingdoms may be more restrictive should they choose.

- D. A paid member of the SCA must be in charge of the gate functions at any event where money is collected in the name of the SCA. Site owners may additionally oversee the gate operations, but the final responsibility for the funds collected in the name of the SCA must remain with an authorized paid SCA member who does not have a financial or material interest in the ownership of the site itself.

### XIII. CONTROLLING USE OF ASSETS

#### A. TRAILERS

1. All trailers owned by the SCA are to be used for storing and transporting SCA property to and from SCA functions. Trailers owned by the SCA may not be used for strictly personal purposes by the members of the branch.
2. Anyone towing a trailer owned by the SCA or one of its branches shall be a member in good standing, and tows the trailer at their own risk.
3. Agreements to store and tow the trailer must be made in writing in advance between the member storing or towing the trailer for each trip and the branch owning the trailer. Each agreement should include specifications of timeframes and calculation for any expense reimbursement. Each trip should be considered round-trip, and the member towing the trailer is responsible for its return at the end of the trip, unless otherwise specified in the agreement.
4. Trailers must always be loaded in compliance with the trailer's maximum gross trailer weight rating, maximum tongue weight rating, and load balancing instructions. Trailers must be attached to a towing vehicle rated for that type of trailer. Trailers must be attached using all legally required attachments and restraints and working electrical connections.
5. If there is available capacity in the trailer after the branch property is loaded, and there is desire to transport additional personal property in the trailer, it is allowable that additional personal property owned by branch members is placed in the trailer. Any personal property is loaded into the trailer at the property owner's risk.

### XIV. PROHIBITED ACTIVITIES

#### A. RAFFLES

Interstate raffles are prohibited. Raffle tickets may not be sold in localities where such a sale would conflict with contemporary law.

#### B. FIREWORKS

The purchase, ownership or sale of fireworks is prohibited.

### XV) . FORMAL REVIEW OF BOOKS

The purpose of a formal review of books is to ensure that all appropriate policies and procedures are in place and followed by all parts of the SCA, Inc., and to determine, document and monitor appropriate corrective action plans when gaps are found. A formal review of books is not a performance review for any financial officer, nor is it to be used as such.

#### A. WHEN

A review of books is mandatory when the financial officer changes. All accounts must be reviewed at least once within any two-year period, regardless of financial officer turnover.

#### B. REVIEWERS

Branch reviews are performed by any warranted exchequer acceptable to the Kingdom or Society Exchequer. For Kingdom level accounts, the reviewer must be approved by the Society Exchequer. The reviewer must not be a member of, or active in, the branch being reviewed.

#### C. WITNESSES

Reviews must be witnessed by at least one other officer. The witness should be (in order of preference) the exchequer of the account, the emergency deputy exchequer of the account, or the Seneschal on the financial committee for that account. Under certain circumstances, such as the exchequer is under investigation, it may be required that a third party be selected as the witness instead of the aforementioned officers. These may include the Regional Deputy Exchequer, Kingdom Exchequer, or a representative of the Kingdom Exchequer. If none of these officers are available, the review must be rescheduled to provide for the presence of one of these officers.

#### D. REVIEW CONTENTS

The review covers all activity since the most recent of: date of last formal review, date of last financial officer change, back to January 1 three years prior so that at least two complete years of activity is included, and start of branch history.

The following topics and files, if they apply to the account being reviewed, are to be covered:

- i. Financial reports submitted
- ii. Event or other activity reports as required by kingdom policy
- iii. Warrant and membership status for the financial officer and the emergency deputy
- iv. Segregation of duties as required by Society and kingdom policy
- v. Training needs for the financial officer(s) including access to handbooks
- vi. Bank account setup and status (including signatory verification)
- vii. Ledger maintenance and bank account reconciliation
- viii. Transaction documentation, including deposits, receipts, advances and advance reconciliation
- ix. Financial committee meeting minutes and decisions, including budgets and special votes
- x. Financial policies in effect (branch and higher)
- xi. Special purpose and dedicated funds
- xii. Cash control procedures
- xiii. Asset management procedures
- xiv. Correspondence
- xv. Progress on action plans from prior reviews

#### E. RESULTS RECORD AND DISTRIBUTION

Written record of the review findings and action plans are to be entered into the Society Account Review Results form and signed by the reviewer and witness. The original of the signed form goes to the Kingdom Exchequer or Society Exchequer for Kingdom accounts. The report summary pages may be printed in the branch newsletter. Copies of the signed review findings go to:

- i. Financial Files (account),
- ii. Seneschal (account),
- iii. Reviewer,
- iv. Outgoing exchequer (if applicable)
- v. Financial Committee members

#### F. INFORMAL REVIEWS

The financial records are the property of SCA, Inc. and will be made available for examination by any member upon reasonable request at a time and place agreed upon by the Chancellor of the Exchequer and the requestor. These meetings do not substitute for formal reviews of books.

#### XVI. VARIANCES TO THIS POLICY

Variances to Sections IV.C, V.B, V.D, V.F, VI.B and XII.A may be granted in writing for limited periods of time on a case-by-case basis by the Kingdom Chancellor of the Exchequer, subject to review by the Society Chancellor of the Exchequer. Variance to other portions of this policy may be granted by the Society Chancellor of the Exchequer on a case-by-case basis subject to review and confirmation by the Board of Directors.