

Ventura Yacht Club

Financial Policy Manual

[Approved 29 July 2022]

I. Purpose: To facilitate the policy of financial accountability in the affairs of the Ventura Yacht Club (Club), this manual provides procedures for the budget process, for funds management, capital projects, investment, and assistance to the Treasurer, the Club Manager (General Manager), and the Board of Directors (Board) in financial affairs of the Club.

II. Accounting Procedures:

A. Accounts are maintained on an accrual basis with the accounting year concurrent with the calendar year.

B. The Treasurer keeps a chart of accounts that identifies cost centers designated by the Finance Committee.

C. The Treasurer maintains an accounting system that displays actual expenditures and revenues for the month and year-to-date by account and compared to the budget. The income and expenses are allocated to the appropriate cost center. The Club's rent paid to Ventura Port District shall be allocated only to the General, Dock and Social cost centers in the same proportionate basis as was used in 2005 (21% General, 63% Dock and 16% Social).

D. Each calendar quarter, the Treasurer provides a summary financial report with the Restricted Funds [ref. V, A] balance. This report is made available at Regular Formal Meetings of the Membership and by request. At the January General Membership Meeting the Treasurer shall report on the financial position of the Club. This report shall include the Club's year-end financial statements and a summary of the new year's Operating Budget.

E. The General Manager administers the day-to-day fiscal operations.

F. The General Manager, or a staff member under the manager's supervision, codes and assembles information for computer entry and prepares reports as required by this manual. The financial staff of the Club shall update the monthly depreciation and amortization expense amounts based on the forecast provided by the Club's accountant.

G. The Board must approve the engaging of any outside accountants. With the assistance of the Finance Committee the Board establishes the scope of review required for bank accounts, restricted reserve accounts, accounts payable, following adopted policies and procedures of the Club.

H. All items with a purchase price of \$1,000.00 or greater and a life of over one year will be capitalized. All items with a purchase price of less than \$1,000.00 will be expensed. For book and tax purposes, straight-line depreciation will be used. Normal maintenance will be expensed. Major maintenance that has a purchase cost of \$1,000.00 or greater and extends the life of the asset for at least one year will be capitalized. The Club's accounting firm will be notified annually of all capital additions so that the assets can be added to the asset register. Depreciation will start the month following the addition to the register. A file will be maintained for the Reserve Study of all capitalized additions so they can be added to the study at review time. A transfer of funds will be made from the appropriate reserve account for all capital items.

I. An Authorization for Asset Disposal (ADF) must be processed for each asset disposal. The ADF must be authorized by the General Manager, the Commodore, and the Treasurer. The disposal of any asset will not be made prior to approval of the ADF. The gain or loss on a trade-in of an asset will be applied to the cost of the new asset. The Club's accounting firm will be notified annually of all asset disposals so that the appropriate changes to the Asset Register can be made and journal entries prepared. A copy of the ADF will be added to the Reserve Study folder so that the disposed assets can be removed at review time.

III. Fund Control and Investments:

A. Cash and checks received by the Club office are deposited in the appropriate bank account on at least a weekly basis.

B. All checks written on Club accounts must have two signatures.

1. One signature must be the signature of the General Manager, unless the General Manager is unavailable.

2. The others who may sign checks are the current commodores and the Treasurer.

3. All checks must be supported by a copy of the invoice, packing slip or other appropriate documentation.

C. The Treasurer maintains accounts in the name of the Club in a bank, or banks, insured by the FDIC, SIPC or successor agencies as the Board may designate.

D. Pursuant to the Treasurer's obligation to invest Club funds in financial institutions which are fully insured, the Treasurer, with the advice and approval of the Board, may engage the services of a professional brokerage firm to assist in the placement of Club funds in a bank, or banks, insured by the FDIC or in an account insured by the SIPC. The Board shall approve the selection of the brokerage firm retained and the compensation to be paid for those services. The Treasurer is authorized to invest funds in United States Treasury Bills, Treasury Notes, or other Federally backed instruments.

E. After approval by the Treasurer and the Finance Committee, at the January Board meeting the Board of Directors shall authorize the transfer of all excess funds remaining in the previous year's general funds to the Restricted Funds.

IV. Budgeting:

A. The General Manager prepares an annual Operating Budget with the assistance of the Treasurer and the Budget Committee.

1. The Operating Budget Committee shall be appointed by the Commodore with the advice and consent of the Board of Directors at the August Board meeting.

2. The Operating Budget Committee is composed of at least two members of the Board and two members of the Finance Committee.

3. The Operating Budget Committee meetings are open to all members of the Club.

B. At the November Board meeting, the proposed Operating Budget for the following year is presented and discussed.

C. The Operating Budget is adopted at the Board meeting in January.

D. The Board's approved Operating Budget is available to members upon request.

E. The adopted Operating Budget shall provide enough cash flow to fund the Club expenses, debt service, Restricted Funds Budgetary Allocation, and any Capital Projects not covered by the Reserve Study, i.e., new assets of the Club.

F. The Board budgets Capital Projects and must identify the type of funding required. Replacement assets may be funded from Restricted Funds. New assets may be funded from operating reserves, current cash flow or membership approved long-term debt.

G. Under the direction of the Treasurer and Finance Committee the Manager shall prepare a Capital Budget. In preparing the Capital Budget the Manager shall include input from Finance Committee, Property Management Committee, Marina Management Committee, Race Committee, and the Juniors Program Committee.

H. A Capital Budget will be developed based on funds available and will conform to the restrictions in the Financial Policy Manual. The Capital Budget will be presented to the Board of Directors at the April Board meeting. The Board of Directors will approve the Capital Budget at the May Board meeting. The Capital Budget shall be made available to members upon request.

I. The Finance Committee will submit annually an updated Five-Year Financial Plan for Board review and approval. The Five-Year Financial Plan shall take into consideration current operations, capital expenditures, and cash flow constraints.

V. Restricted Funds:

A. The following Restricted Funds are maintained:

1. Fixed Asset Fund: The funds in this account may only be used for maintaining, replacing, acquisition of fixed assets of the Club and payment of principal and interest on loans for capital improvements.
2. Junior Fund: The funds in this account may only be used for the Junior Program.

B. The Board retains a professional consultant to perform a Reserve Study of the Club's physical assets.

1. The Reserve Study is prepared to project capital expenditures for replacement assets in future years and is updated at least every 3 years.
2. The Reserve Study is an estimate and shall be used as a budgeting and a planning tool.
3. The Treasurer and the Finance Committee shall institute and maintain a system for tracking unexpended funds for items identified for replacement in the Reserve Study. The funds shall remain in reserve and the item shall be carried over to the next year's Capital Budget.
4. Restricted Funds Budgetary Contribution goals are:
 - a) *The Long-Term Goal is to maintain the Restricted Funds Percent Funded to a level of sixty percent (60%) of the fully funded amount as defined by the Reserve Study. The Reserve Study predicts that there may be years when it is appropriate for the Restricted Funds Percent Funded to fall well below the 60% level (e.g., after a major upgrade or replacement).*
 - b) *The annual Minimum Funding Level shall be the Net Cash Flow, which shall not be less than \$100,000 per year without notification and explanation to the members at the January meeting.*

C. The Board must first obtain consent from the members by a mail ballot for expenditures greater than \$25,000 for repairs, upgrades, or replacement of existing physical assets of the Club, as well as for the addition of entirely new capital assets. An exception to this is allowed in an emergency involving life, safety, or the structural integrity of the physical assets of the Club. The ballot must identify the source of funding, any recurring costs and the likely effect to the Reserve Study. The Board may not divide or segregate expenditures to circumvent the \$25,000 limit.

D. Major projects that last more than 12 months from membership approval to completion such as dock replacement and building remodel are subject to unanticipated inflation and scope change during construction. The Board of Directors upon a favorable vote by 2/3rds of the directors in attendance may authorize the increased expenditure and related debt that was approved by the membership. The Treasurer shall provide the membership notice of said increases in writing at the next General Membership Meeting.

VI. Fees and Charges:

A. The Board establishes the fees to be charged for services to members, including but not limited to product prices, utility fees and facilities rental. The exceptions are berth rates, dry storage rates and live aboard fees that are specifically covered in Section VII of this Manual.

B. All fees and charges authorized in the By-Laws or by the Board of Directors that are subject to CPI adjustments shall be based upon the annual percentage increase in the U.S. Department of Labor Consumer Price Index for the Los Angeles – Long Beach – Anaheim area for all Urban Consumers, or its successor, for the previous twelve (12) month period ending September 30th of each year and rounded to the nearest half dollar.

C. This Schedule of Fees is available in the Club office.

Pricing procedure for goods and services

1. Bar
 - a) *Drinks at stated price**
 - b) *Service Charge (Tip) @18%**
 - c) *Sales Tax to be added*
2. Food Service:
 - a) *Food at stated price**
 - b) *Service charge (Tip) @18%**
 - c) *Sales Tax to be added*

3. Clothing:
 - a) *Goods at stated price**
 - b) *Sales tax to be added*
4. *Items subject to Sales Tax
5. The service charges will be accrued to a liability account and distributed by the General Manager to the employees as tips. The sales tax will be accrued to a liability account and paid to the State Board of Equalization.

D. A member whose account is delinquent by more than sixty (60) days shall pay the Club a 1.5% late fee per month.

VII. Berth rental rates, dry storage rates and live aboard fees:

A. The rental rates and live aboard fees are established by the Board in accordance with the following method:

1. A survey of the published recreational berth rental rates, dry storage rates, and liveaboard fees in the Ventura and Channel Islands harbors is done annually, in September, by the General Manager and submitted to the Finance Committee to calculate rates to be submitted to the Board by the Treasurer.
2. The adjusted rates are effective as of January 1st of the year following the adoption of any berth rental rate, dry storage rate, or liveaboard fee at the November Board of Directors Meeting.
3. The berth rental rates are set at 75% of the average of rates in the Ventura and Channel Islands harbors as defined below.
4. Ventura Yacht Club berth categories are: 30 ft., 36/37 ft., 42 ft., 50 ft., and 63 ft.
5. Rates [in dollars and cents per foot] in marinas offering berthing in the above categories will be averaged as follows:

$$\frac{\text{sum of all rates}}{\text{number of marinas offering berths in a specific category}}$$

For calculation purposes rates for berths +/- 2 feet are considered qualifying.

B. Vessels shall be charged the rate per foot calculated above for the vessel length overall (LOA) or slip size, whichever is greater. The LOA of a vessel includes all overhangs of items permanently attached to the vessel such as pulpits, bowsprits, swim platforms, transom mounted outboards or outdrives in the "up" position for power vessels with the primary propulsion system as an outboard or outdrive only.

C. All retractable and folding appendages such as dinghy davits, bow sprits, and swim steps or ladders, shall be in the folded or retracted position.

D. Vessels on end-ties shall be charged the rate per foot equal to the rate of the closest berth size into which they would fit. In the case of a vessel that is equidistant from two berth sizes it shall be billed at the smaller berth size rate.

E. If, in the judgment of a majority of the Board, berths cannot be filled, the Board may adjust berth fees to encourage full occupancy.

F. The Liveaboard Fees shall be 75% of the average fee for all marinas permitting liveaboard status. The calculation of the average liveaboard fee shall be: sum of all liveaboard fees divided by number of marinas permitting liveaboard status. Categories of liveaboard shall be 1 person, 2 persons, 3 persons and 4 persons.

G. Dry Storage Rates shall be 75% of the average harbor dry storage rates in Ventura and Channel Islands harbors. Boats and trailers in South Yard spaces 1-4 shall be charged at the 18-foot rate. All other boats in the South Yard shall be charged at a fee set by the Board. Boats and trailers in the North storage area shall be charged at the 30-foot rate.

VIII. Finance Committee

A. The Commodore with the advice and consent of the Board of Directors shall appoint members of the Finance Committee. The Finance Committee is chaired by a member of the Board or the Treasurer and is composed of at least two Board members, the Treasurer and at least two voting Club members. For appointment of non-Board members to the Finance Committee, the Board first seeks members who are certified public accountants or have extensive financial experience in running a business.

B. The primary roles of the Finance Committee are assisting the Board in managing and planning the financial affairs of the Club including the annual Operating Budget, the Capital Budget and the Five-Year Financial Plan, and reviewing the monthly financial performance of the Club.

C. The Finance Committee meets with the General Manager at least quarterly to review the budget, financial reports and expenditures made from Restricted Funds and to make recommendations to the Board.

D. The Finance Committee shall review the Financial Manual at least every five years.

IX. Audit Committee:

- A. The Commodore with the advice and consent of the Board of Directors shall appoint members of the Audit Committee. The Audit Committee shall consist of one Board member and two voting members. The committee shall choose its own chair.
- B. Audit Committee responsibilities include the following:
 - 1. Oversee financial reporting process.
 - 2. Monitor choice of accounting policies and principles.
 - 3. Monitor system of internal controls.
 - 4. Manage external auditors as may be required.
- C. The Audit Committee has access to all books and records of the Secretary, Treasurer, and office staff at reasonable times throughout the year.
- D. The Committee shall meet at least two times per calendar year.
- E. The Audit Committee reports and makes recommendations to the Board annually or as requested by the Board.
- F. To assure that the procedures for receipt of money and payment of invoices/expenses provide adequate protection to the membership of the Club, at least every five years the Board of Directors are to engage an accounting firm or the Club Audit Committee to review the internal procedures for receiving cash and payments to the Club, recording of the information into the accounting system, reconciliation of deposits and bank statements as well as procedures for receipt of goods, payment of invoices, check verification and reconciliation. Their report and recommendations are to be reviewed by the Finance Committee and the Board of Directors.

X. Concerns:

- A. A member or employee that has a concern regarding any potential mishandling of the Club's finances (e.g.: theft, inappropriate use of funds, improper accounting) should contact the Treasurer, the Chairman of the Audit Committee, or the Commodore. The contacted party is charged with assuring that the concern raised is dealt with appropriately. Any issue involving potential misappropriation of Club assets requires that at least one other member of the Finance Committee is included in the investigation. Addressing the concern may require only a simple answer or it may require significant investigation and/or analysis. An appropriate response shall be given as quickly as possible.