

## **UNIT 124 Policy - Financial Management**

Adopted December 8, 2014 by a 9-0 Vote by the Unit 124 Board of Directors  
Change approved by the Board unanimously June 20, 2017.

**Effective: December 8, 2014**

Revised: September 25, 2017

### **Leadership and Committees**

- 1) The Unit shall manage its finances consistent with the ACBL Unit Agreement and Regulations, Unit Mission, and By-Laws for the benefit of the entire Unit.
- 2) The Unit Treasurer shall manage the accounting for all Unit Funds, and make a quarterly report to the Board of Directors with interim reports at the Treasurer's discretion. The Board determines the level of detail for all reports.
- 3) The Finance Committee shall manage current account investments to maintain appropriate income and risk. (See Appendix I: SOP for Unit Investments).
- 4) Accounting shall be on an accrual basis. The Board will not capitalize any amount under \$10,000.
- 5) The Unit may hold a current account balance to cover up to 5 years operating expenses.

### **Cincinnati Bridge Center Finances**

- 6) The Unit treats the Cincinnati Bridge Center (CBC) as a Cost Center for accounting purposes. All reports to membership shall reflect the CBC Cost Center. All other revenues and costs shall accrue to Unit Activities.
- 7) The ACBL, District 11, and Unit 124 pay fair rent to the CBC Cost Center for use of the CBC facilities. The CBA or CBC Operations Committee may waive rent for growing bridge (supervised bridge, free teaching, recruiting new members, new-member-only free games) in support of the Unit's mission. Paid bridge classes pay a nominal fee set by the CBA for use of space. The Unit Board pays no rent for meeting space.
- 8) The Unit will reimburse the CBC for support materials used for tournaments not run at the CBC (e.g. the Cincinnati Regional and Sectionals) to cover replenishing convention cards, sign up slips, score reporting cards, pencils, and other routine items. Rent paid to the CBC for use of its space covers support materials.
- 9) The CBA Board shall establish an annual forecast for the CBC (this may include a CBC Coordinator and a capital replacement fund). The CBA, with input from the CBC Operations Committee, shall run the CBC business to achieve breakeven results annually.
- 10) The CBC Operations Committee may suggest the maximum entry fee for club games annually. The maximum entry fee is part of the annual lease contract between club managers and the CBC. All like-kind games run at the CBC shall have the same entry fee. Special ACBL and Unit Games may charge more than the standard entry fee by a customary amount. The maximum entry fee for a standard club game must be at least \$1 per person less than the prevailing customary entry fee for a STaC or Sectional entry in the Unit (promotional or discounted tournament entry fees are excluded).
- 11) The CBC shall not operate at a projected loss two (2) consecutive years. After a yearly operating loss, reasonable adjustment to CBC expenses or rents charges to sanction holders shall be made for the next year at the discretion of the Board of Directors.

## Appendix I: Standard Operating Procedure – Unit 124 Current Account Investments

The ACBL UNIT 124 Cincinnati Bridge Association investment program provides additional income from liquid assets. UNIT 124 will minimize market and economic risk to the principal value of UNIT assets. Investment income and losses accrue to UNIT 124 for use by the UNIT. For the purposes of this SOP, investments are defined as income producing instruments.

### **Responsibilities:**

The investment portfolio for the CBA shall be administered by the Unit Finance Committee, subject to governance by the CBA Board of Directors. The CBA Board of Directors appoints one member of the finance committee to act as Investment Director for the Unit.

- No single investment may exceed \$10,500 of total cash investment.
- Total investment value for a single corporate entity cannot exceed \$10,500.
- No investment may exceed \$15,000 in value. Unanimous consent of the finance committee or majority of the CBA Board required to override this policy.
- All investment PURCHASES must be approved by unanimous consent of the finance committee or majority of the CBA Board.
- All investment SALES must be approved by majority consent of the finance committee or majority of the CBA Board.
- Investment account setup cannot allow margin or option trading.
- The CBA board will designate a maximum of 3 board members to be authorized traders for the CBA investment account.
- Book value of investments are shown on the balance sheet using Lower of Cost or Market **or Redemption Value(LCMR)** accounting for securities held.
- Account password must be at least 10 characters in length and contain at least 1 Capitalized letter, 1 lower case letter, 1 number and 1 special character.
- Scottrade is designated as the brokerage for the CBA's investment account.

No officer or Board member or organization member shall benefit personally in any way from investments made by the Board on behalf of the CBA and ACBL Unit 124. The Unit Board of Directors shall determine the use of the earnings, consistent with the ACBL Unit Agreement.

The Investment Director shall report the status of investments held by the CBA to the Board and the membership quarterly.

### **Investment Instruments**

Investments shall be for long-term investment. No approach to “time the market” is appropriate with CBA Funds. No hedging positions, futures, calls or puts are acceptable instruments. Hedge fund investments are prohibited.

Acceptable instruments shall be:

- Preferred stocks or Bonds from companies with market capitalization of at least \$1 Billion that pay a common stock dividend that must be discontinued before preferred or bond interest is not paid.
- Non-cumulative fixed income investments in individual company securities are restricted to 25% of the portfolio.
- All investments must pay regular dividends or interest.
- Securities must trade on an exchange regulated by the United States SEC.
- CDs and Money Market Funds with appropriately low management fees
- Stock index funds that represent DJI, SP500, or similar broad market instruments.

Unacceptable instruments (prohibited for the UNIT 124 Investment Program) include:

- Commodities and commodities hedging.
- Hedge funds of any kind.
- Single stock strategies of any kind, particularly those that speculate.
- Puts or calls of any kind.
- Futures trading of any kind.
- Day trading of any kind.
- Speculation of any kind (e.g. Gold, precious metals, real estate, penny stocks, junk bonds, any high risk instruments of any kind).
- Individual common stocks.
- Investments in individual securities downgraded by Moody's or S&P in the past 2 years is prohibited.

### **Portfolio Management**

The Investment portfolio for CBA Unit 124 shall be balanced according to sound financial risk management principles among cash, liquid instruments (CD's & Money Market Funds), Stocks, and Bonds. At no time shall stocks or stock related instruments exceed 50% of our investment holdings. Holdings for investment (HFI) are defined as the Cash on hand ledger entry in our Balance sheet. Rebalancing the portfolio to meet these goals shall be done by the Investing Officers once per year (and not more).

The Unit treasurer will retain at least \$10,000 in checking accounts to cover short term operating requirements and unanticipated expenses of the Unit. The CBA shall not invest more than 50% of the HFI in stocks and stock related instruments. The CBA shall invest in Bonds in a way that avoids principal risk. Management of the portfolio shall keep administrative costs under 25% of the expected yield (preferably under 1% of the specific instruments). No churning of the portfolio is allowed as this inappropriately increases fees to the brokers. Where possible the CBA will use balanced mutual fund offerings from reputable providers (e.g. Vanguard, etc.).

### **Liability**

The Investing Officers, Board Officers, and Board members assume no personal risk for the investment of CBA Unit 124 assets as long as these guidelines are followed. UNIT 124 cannot be held responsible for market behavior and the investment companies performance. Serious violations of fiduciary responsibility are subject to Ohio Law. The Board shall appoint a lawyer to pursue its interests in case of malfeasance.