



BLUE STAR MOTHERS OF AMERICA, INC.

2025-2026 Financial Policies

Adopted by 2025 National Convention Body
Effective **07/29/2025**



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Financial Policies and Budget

Introduction

A budget's primary purpose is to act as a financial roadmap, guiding resource allocation, facilitating planning, and enabling performance evaluation, ultimately contributing to achieving organizational goals and ensuring financial stability. The Financial Policies set out the parameters within which the organization may ethically operate to ensure accountability and transparency while providing financial stability in the achievement of those goals.

The Financial Policies and Budget are tools by which the membership, represented by each Convention Body delegation, communicates their desired goals in light of the realistic resources available to them - existing, planned, and hoped for. Efficient allocation and control of resources is achieved within a managed framework by planning and prioritizing - ensuring funds are used wisely and optimally.

Accurate accounting and regular reporting will provide a contemporaneous tracking of income and expenses to provide timely evaluation of performance and trends. This, in turn, will enhance the ability to make informed decisions and take necessary actions to improve efficiency.

The budgeting process serves as a crucial tool for decision-making. It helps the organization evaluate the financial implications of different options, prioritize expenditures, and allocate resources based on strategic goals and available funds. Especially at the national level, the Convention delegation is only available for input on an annual basis. The annual budget and financial policies are necessary to direct the Finance Committee and National Executive Board in carrying out the day to day operations of the organizations and to serve as a guideline by which to decide and act upon those unanticipated financial matters that may arise throughout any given year.

The role of financial policies and budgeting goes beyond financial management. It ensures the efficient utilization of resources, supports goal achievement, facilitates decision-making, and promotes financial stability. *Please familiarize yourself with these policies. After all, as a member, this is your organization.*

Financial Policies

Purpose and Philosophy

The purpose of financial management in the operations of Blue Star Mothers of America, Inc. (BSMA) is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including members, donors, partners, and the community. BSMA strives for transparency for our membership in all of our financial dealings. In order to accomplish this, BSMA commits to providing accurate and complete financial data for internal and external use by the membership, the executive board, and the respective finance committee at all levels of the organization.

Financial policies are written to clarify the roles, authority, and responsibilities for essential financial management activities and decisions. Departments, Chapters, and Auxiliaries (D/C/A) may adopt their own additional financial policies, but those policies may not conflict with the Financial Policies or any other Governing Document adopted by the National BSMA, or the Internal Revenue Code Section 501(c)(3) governing nonprofits. Any additional adopted Standing Rules/Financial Policies at a D/C/A level must be submitted annually to the National Executive Board for review and approval. If a Standing Rule/Financial Policy is found to conflict with National BSMA Financial Policy, it must be changed.

The following policies are presented with emphasis placed at the parent/national level of BSMA, except where otherwise noted. *All subordinate levels (D/C/A) of the organization should strive to mirror these policies as closely as possible at their respective levels.*

I. Division of Responsibilities

The following is a list of officers, boards, committees, delegates, and members who have fiscal and accounting responsibilities of BSMA:

Executive Board (EB)

1. Reviews and approves the proposed budget to be presented to the annual Convention body of delegates
2. Reviews and approves the proposed changes to the financial policies to be presented to the annual Convention body of delegates
3. Reviews and approves the President's (P) selection of appointees to the Finance Committee (FC)
4. Reviews annual and periodic financial statements and information
5. Three members of the EB are appointed as authorized signers on the bank accounts as follows:
Financial Secretary (FS) and Treasurer (T) - all access privileges
1VP - emergency signing privileges only
6. Reviews all contracts over \$50,000
7. Reviews and approves all non-budgeted expenditures
 - a. This applies to national, department and auxiliaries
 - b. Chapter level, EB reviews and make suggestions to membership for approval
8. Selects and contracts with an independent CPA for the annual audit at the national level.

President (P)

1. Acknowledges having read and understood these financial policies and their responsibilities (signature required on bank verification letter)
2. Selects and presents proposed members for appointment to a Finance Committee (FC) per the current Governing Documents (in addition to the automatic inclusion of herself and the financial officers) to the EB for approval
3. Reviews and approves all contracts
4. Signs all approved contracts, engagement letters, management representation letters and tax returns
5. Selects the site for the annual convention no later than March of the respective year
6. Based on the annual Convention body approved Budget, approves payments for services, purchases, and financial commitments
7. Participates as a voting member of the FC

1st Vice President (1VP)

1. Acknowledges having read and understood these financial policies and their responsibilities (signature required on bank verification letter)
2. Serves as an authorized signer on checking accounts in conjunction with one of the other financial officers only in cases of emergency

Financial Secretary (FS)

1. Acknowledges having read and understood these financial policies and their responsibilities (signature required on bank verification letter)
2. In the absence of a finance committee, reviews all contracts for the President

3. Is a co-signer on the bank accounts
4. Along with only the T, is a holder of a debit card (limited to financial officers only)
5. Receives, deposits, records, reconciles, and keeps under adequate security all income intended for BSMA according to current Governing Documents
6. Reviews all invoices, receipts and backup documentation provided by the T to ensure proper authorization and recording of BSMA expense payments
7. Receives and opens all statements for bank, debit card and other accounts that carry a balance (ie. Venmo, PayPal, Square, ShipThrifty, etc.), reviews for irregularities, and reconciles on a monthly basis. The reconciliations will be made available to the EB and FC to view
8. Prepares the annual and periodic financial statements and makes such available to view (electronically or hard copy) by the FC, EB, and membership
9. Responds to public requests for financial reports/statements of BSMA in a prompt and timely manner
10. Based on the annual budget as a guide and in cooperation with the T, monitors the balances in the bank accounts to determine when there is a shortage or excess in the operating checking account, reviews and facilitates the management of cash flows and the need for inter-account bank transfers, with approval from the FC Chair.
11. Participates as a member of the FC

Treasurer (T)

1. Acknowledges having read and understood these financial policies and their responsibilities (signature required on bank verification letter)
2. In the absence of a finance committee, reviews all contracts for the President
3. Is a co-signer on the bank accounts
4. Along with the FS, is a holder of a debit card (limited to financial officers only)
5. Upon approval of requested expenditures, facilitates payment via check, debit card, ACH, EFT, banking BillPay, or wire transfer; and communicates such to FS for second signature/authorization - this will include providing a copy of all invoices, receipts, or backup documentation to the FS for proper review and subsequent release to payee
6. Enters all payments, disbursements, and expenditures into the BSMA accounting system
7. Maintains the BSMA online store, including its inventory control and conversion to Convention store
8. Based on the annual budget as a guide and in cooperation with the FS, monitors the balances in the bank accounts to determine when there is a shortage or excess in the operating checking account, reviews the management of cash flows and the need for inter-account bank transfers, with approval from the FC Chair.
9. Participates as a member of the FC

Finance Committee (FC)

1. Prepares a proposed annual budget to be reviewed and approved by the EB for presentation to the annual Convention body of delegates
2. Prepares proposed changes to BSMA financial policies to be reviewed and approved by the EB for presentation to the annual Convention body of delegates
3. Oversees the adherence to all internal controls
4. Reviews financial statements for clarity and completeness, including underlying details,

- as presented by the financial officers, and recommends the acceptance of the periodic/annual financial statements to the EB for approval, pending audit
- 5. Approves inter-account bank transfers at the request of the FS to maintain appropriate bank balances for prompt payment of anticipated expenses.
- 6. Any inter-account bank transfers requested by the FS and approved by the FC Chair apart from a regular FC meeting will be communicated to the EB by the FC Chair.
- 7. Provides insight and recommendations to the EB for effective and efficient methods of carrying out the financial obligations of BSMA as guided by the annual approved budget
- 8. Conducts and oversees the BSMA Chapter Grant program based on the annual approved budget
- 9. Finance Chair and/or FC will assist President in reviewing contracts

Convention Delegates

- 1. Faithfully communicate these policies to your respective membership
- 2. Accept or amend proposed financial policies and budgets by voting accordingly to the requests of the membership whom you represent
- 3. Review and approve an annual budget for the subsequent fiscal year at the annual convention
- 4. Review and approve any proposed changes to the BSMA financial policies as presented at the annual convention
- 5. Provide guidance to the FC and EB in prioritizing various programs and aspects of the BSMA mission
- 6. Select the recipient(s) of the annual Convention body approved donation

Members

- 1. Understand the mission of BSMA
- 2. Familiarize yourself with the governing documents of BSMA (Charter, Constitution, Bylaws, Code of Conduct, Affiliation Agreement) including, but not limited to, the annual budget and financial policies
- 3. Receive and review the financial statements at each level of the BSMA organization to which you belong and make appropriate inquiry for clarification, when necessary
- 4. At the chapter level, review and approve all non-budgeted expenditures

II. Accounting Practices

- A. **Accrual basis of Accounting** - All BSMA accounting records are to be kept on the accrual basis of accounting, recording revenues and expenses when they are incurred, regardless of when cash is exchanged.
- B. **Restricted and Unrestricted Funds** - Donors may legally restrict the use of their contributions to BSMA. The shape and form of the restriction are defined in the “gift instrument.” The gift instrument is the document that establishes the use of the donated funds (i.e., award letters from foundations, corporations, or individual donors.) Funds received without any donor-imposed and stated restrictions are free and available for general use, often called general operating or general support. Only the donor can restrict donated funds. Any member or volunteer that logs hours to facilitate a donation does not inherit the right to restrict the use of the funds.

- C. **General Financial Accounting** - In addition to restricted and unrestricted categories, all expenses of the organization must be reported as Program, Management or Fundraising. This requirement applies to all levels of BSMA - national, departments, chapters and any auxiliaries
1. **Program**: Funds used to promote the organization such as participation in ceremonies, brochures, newsletter, VAVS and volunteer activities.
 2. **Management**: Funds used to maintain the organization such as bookkeeping, phone, meetings, and oversight.
 3. **Fundraising**: Anything related to raising money for the organization.
- D. **Fixed Assets** - Expenditures for equipment are recorded at cost. Depreciation expenses are calculated using the straight-line method and with a useful life of 2-10 years. Maintenance and repairs, which neither materially adds to the value of the property, nor appreciably prolong its life, are charged to expenses as incurred. National BSMA capitalizes all fixed assets with a cost greater than or equal to \$1,000 and a useful life of greater than one year.
- E. **Accounting and Financial Records**
1. **Access to Accounting and Bookkeeping Information**
 - a. Administrative access is granted only to the FS and T
 - b. View only access will be provided to the EB
 2. **Back up/Secondary Access or Login** - There needs to be provision for a backup of all financial records **OR** a method of secondary online access or login made available to the D/C/A Executive Board quarterly.
 3. **Stored at Fiscal Year-End** - All financial records must be stored with the recording secretary at the end of the fiscal year.
 4. **Outgoing Officers to Surrender Records** - All financial records must be surrendered by outgoing officers to the incoming officers.
 5. **Financial Records Retention Policy**
 - a. General financial records and receipts - electronic or hard copy should be maintained for a period of seven (7) years with the exception of remote deposit checks.
 - b. Remote Deposit checks - Must be kept in a secure storage area not available to others and will be destroyed after 90 days.
- F. **Financial Reports** - Financial reports will be submitted to the general membership on not less than a quarterly basis, for all levels of the organization. These detailed reports need to clearly show the source and use of funds by category and/or budgetary line item description. See sample reports available on the Financial tab of the National website.
- G. **Auxiliary Organizations**
1. **Financial Records** - Auxiliaries of BSMA are required to maintain their financial records in accordance with the procedures of the parent organization. Failure to comply with proper procedures will result in the suspension or abandonment of the Auxiliary status. Auxiliary funds, records, reports, etc. may not be commingled with national, department or chapter funds or accounting. Any funds collected on behalf of an affiliated organization must be paid to the affiliate within 120 days.
 2. **Quarterly Review** - Auxiliaries shall submit their financial records to their respective National/Department FS on not less than a quarterly basis for review. The Gavel Club is exempt from this requirement.

3. Annual Compliance - Annual Compliance of the Auxiliary should mirror the requirements of a department or chapter as described in the “Purpose” of these Financial Policies. A report of activities and a detailed financial statement shall be presented to the members of the Auxiliary during their annual meeting.

III. **Regulatory Compliance**

- A. **Annual Audit/Analysis and Filings** - The NEB shall engage the services of an independent CPA annually, for the purpose of auditing the financial records at the national level and preparing the annual national level Form 990 for filing with the Internal Revenue Service (IRS). Departments, Chapters, and Auxiliaries are responsible for conducting an internal annual analysis/review of their financial records; and preparing and filing their respective annual Form 990 with the IRS.
- B. **Additional Subordinate Filings**
 1. Reporting - D/C/As are required to complete the annual compliance reporting to the parent/national BSMA through the D/C/A profile on the national website including uploading confirmation of Form 990 filings along with specified banking and financial reports for all accounts that carry a balance. All applicable State filings and licenses should be submitted/ forwarded to the N4VP as part of the annual compliance and are to be kept with the D/C/A profile records. All communications and reports will include Department/Auxiliary name or Chapter State and Number (CSN).
 2. Bank Verification Letter -
 - a. This letter must be submitted annually, even if there is no change; and at any time there is a change in bank account signers.
 - b. As part of compliance, all D/C/A Presidents are required to submit verification of the names of the financial officers authorized to sign checks. By signing the Bank Signers Verification Letter, the President is verifying the signatories of the bank account to be accurate in accordance with the Governing Documents of the BSMA. If found to be inaccurate, appropriate disciplinary action will be taken according to our Governing Documents, and a letter from the bank may be required.
 3. VAVS Fees - Departments and Chapters will contribute to the National BSMA VAVS fund of \$ 45 or more per fiscal year as part of their annual compliance in support of our mission.
- C. **Events involving Games of Chance require State Compliance** - When D/C/As are conducting “games of chance” they must follow the IRS and respective state regulations. (Examples are raffles, bingo, lottery type activities.) D/C/As must maintain all records and file all state required reports associated with games of chance.
- D. **PO Box Requirement** - With the exception of the Gavel Club, a D/C/A is required to obtain a post office box, Registered Resident Agent or a permanent, nonresidential address for correspondence purposes within one year of chartering. This will serve as a permanent address for IRS, State licensing, National BSMA and other legal purposes; and provide for consistency in entity correspondence from year to year regardless of changes to officers.

- E. **Notifications of Change of Address** - At any time the D/C/A address changes, the D/C/A should immediately:
1. Put in a forwarding address order with the U.S. Post Office
 2. Update the D/C/A Profile via the D/C/A Chapter Information Report
 3. Update the EIN Report on the National BSMA website
 4. Notify IRS (Form 8822-B) and the respective State and local agencies
 5. Notify all financial entities
- F. **Logo Usage Reporting** - An email is to be submitted to the National President for logo usage approval. The Financial Logo Usage Form reporting for all projects is found on the Financial Tab of the national website, Logo Permission. The 25% net proceeds from D/C/A permitted logo usage sales shall be submitted to the NFS at least annually by August 15th with a report indicating detail of gross proceeds, costs and net proceeds, along with a statement of intent to end or extend the project.
- G. **Good Standing Requirements** - D/C/A must be in good standing to receive any funds from National, such as “due to Department/Chapter/Auxiliary” for membership, chapter grant funds, or other reimbursement. One of the requirements to be in good standing is that D/C/A annual compliance must be submitted and approved.

IV. Budgeting, Planning, Fees and Assessments

A. Annual Budget

1. The Convention delegate body (or D/C/A membership) will set the annual budget to direct how funds are spent in support of the BSMA mission.
2. The FC will prepare a proposed annual budget for submission to the EB for consideration in May of each year so that approval by the EB will be completed prior to 60 days before the annual Convention. This will allow for the communication of the proposed budget to the Convention delegates prior to attendance at Convention and printing to be included in the Convention documents.
3. National BSMA is to maintain a savings account minimum balance equal to 50% of the subsequent year's Budgeted Expenses as approved by the Convention Body. Any D/C/A savings account existence, provisions, or minimum balance requirements are to be determined at the respective D/C/A level.
4. At the Chapter level (and in the absence of an FC), the proposed annual budget should be prepared by the CFS and CT and presented to the CEB for membership approval by September 1 of each year.
5. PO Box Expense - The post office box expense should become a permanent part of the annual budget.

B. Donations

1. **National Convention Body Approved** - Convention delegates may approve a donation of \$1,500 or up to 45% of the annual net income to 501(c)3 organizations supporting our Mission, (YTD 6/30 used for estimating purposes only) if the National BSMA organization is financially stable. The funds are to be allocated equally to up to three (3) different 501(c)3 projects/organizations, as chosen by Convention Body. The final donation amounts will be determined based on the year end audited financial statements.

2. National VAVS Fund Match - National BSMA may match up to 100% of the VAVS Fund donations received from departments and chapters, contingent on availability of funds.
3. Women in Military Service Association (WIMSA) - National BSMA may make a semi-annual monetary contribution to WIMSA in lieu of a wreath, contingent on available funds.

C. Fees and Assessments

1. Membership Dues - Membership dues shall be set at \$30 per member per fiscal year. If a member joins a chapter after June 1st of any given year, their payment will also be credited for the upcoming fiscal year.
2. VAVS Fee - Chapters will contribute to the National BSMA VAVS fund of \$45 or more per fiscal year as part of their annual compliance in support of our mission.
3. Department and Chapter Charter Fees - Each newly forming department or chapter will submit a chartering fee of \$25 to National with their charter application.

V. Internal Control and Cash Management

- A. **FDIC or NCUA Insured Institutions** - To minimize risk and maximize benefit, the BSMA will only utilize federally insured domestic financial institutions. An account should be established with a financial institution that ensures banking is properly conducted, regardless of the physical and/or geographical locations of the Financial Officers. Any D/C/A Savings account existence, provisions, or minimum balance requirements are to be determined at the respective D/C/A level.
- B. **Disbursements** - The Annual approved budget is the authority for the President to approve payments for services and financial commitments. Funds will be disbursed upon proper documentation and receipts. ***No check may be made out to "Cash."*** When cash is required for a fundraising event, a check may be issued to a member designated for obtaining the startup funds. A proper accounting of the startup funds is necessary by matching the disbursement to the subsequent repayment.
- C. **Treasurer Procedure** - Upon approval of requested expenditures, T will prepare a payment via check, debit card, ACH, EFT, banking Bill Pay, or wire transfer; and communicate such to FS for second signature/authorization - this will include providing a copy of all invoices, receipts, or backup documentation to the FS for proper review and subsequent release to payee. Non-financial officers are not to be involved in the disbursement or recording of payments.
- D. **Bank cards**
 1. Credit cards are not authorized or allowed at any level of the organization.
 2. Debit cards
 - a. Financial Officers only - The T and FS will be the sole "holders" of any banking debit cards at all times; and are the only authorized users of the debit cards and of the respective card numbers.
 - b. Standard Daily Limit -
 - (1) Upon approval by the FC and the respective EB, the FS will contact the Business Services of the selected financial institution to obtain a debit card for herself and the T. The EB will review the standard daily limit options available and select the appropriate limit for their D/C/A.

- (2) To facilitate convention and event planning, reservations and payments, the daily limit may be temporarily raised. Once this purpose is fulfilled, the standard daily limit should be reinstated.

c. Usage

- (1) A debit card in the possession of either financial officer may be used for approved BSMA official travel, convention related expenses, organization floral expenses for official ceremonies/events, general authorized purchases required to conduct business (e.g. postage, ink, paper, equipment) and other use opportunities including, but not limited to: Online Store purchases, yearbook deposit/payments and other approved expenses.

- (2) Rental Car Not Approved - The debit card may not be used for renting cars.

- d. Transparency - The Debit card is to meet all required transparency criteria whether used by the FS or the T, including communication for second authorization.

E. **Payment Processing**

1. **Two Signatures (Authorizations) Required** - All checks require two signatures and all other forms of payment must have two financial officer authorizations (both the Treasurer and the Financial Secretary). *Under no circumstances are checks to be pre-signed.*
2. **Chapter State and Number** - Chapter checks must contain the Chapter State and Number, handwritten or printed on the face of the check.
3. **Backup for Emergency situations** - The IVP signature will be added to the checking account signature card(s) for emergency purposes **ONLY**.
4. **Non-financial officers** are not to be involved in the disbursement or recording of payments.
5. **Repetitive and Other Forms of Payments** - Repetitive payments to the same vendors are most easily paid through the bank's ACH/EFT System. However, when using this system, the T does not create a check that is normally produced for a second signature. Since this is a beneficial application for BSMA to utilize, the following procedure is to be followed:
 - a. Once the T receives the approval to pay an item, she will enter the transaction into the bank's Bill Pay/ACH/EFT System. She will then enter the transaction into QuickBooks (QB).
 - b. T will then immediately email the FS with a request to review the QB transaction AND the bank's Bill Pay/ACH/EFT site, to ensure the proper amounts were paid.
 - c. FS will then reply to the T confirming that all entries are correct. This email will be kept on file with the approvals for payment for audit.

F. **Financial Secretary Procedure**

1. **Deposits** - All income intended for BSMA will be properly received, deposited, recorded, reconciled, and kept under adequate security, by the Financial Secretary, according to the BSMA Governing Documents.
2. **Non-financial officers** are not to be involved in the depositing or recording of monies received.
3. **Reconcilement** - All statements for banking, debit card and other accounts (including but not limited to all accounts that carry a balance, i.e. Venmo, PayPal, Square, ShipThrifty) will be obtained by the FS who will review and reconcile each statement on a monthly basis.

4. Reports - The FS must make financials available to view by providing the records to be viewed, handing out copies or sending by email to the respective level FC, EB, and/or membership. The public may request these reports/records and should receive them promptly upon request.
- G. **Refunds** - There is a 30-day refund policy on new member dues and online store purchases. Membership dues, overpayment or duplicate payments to national, department, chapter or auxiliary refund requests must be initiated in writing via email to the T/FS as soon as recognized with an explanation of request. Online store purchases that are not part of a special promotion or otherwise noted as “non-refundable”, must be returned in new, unworn condition to qualify for a refund. Return shipping is the responsibility of the purchaser.
- H. **Uncashed Checks** - Outstanding checks should not remain on the books for more than 200 days without reason. If the Payee can be contacted and confirm the check is lost, the original check is to be voided/reclaimed with a journal entry and a new check issued.
 1. 90 days outstanding: T is to use every means available to contact the Payee keeping a record of emails, phone call attempts or letters sent.
 2. 180 days outstanding: T shall make one final attempt to contact the Payee and locate the missing uncashed check. Communication must be documented.
 3. 200 days outstanding:
 - a. If Payee is a BSMA chapter, auxiliary, or member, the original check will be voided/reclaimed with a journal entry, and the funds will revert to the issuing organization with no further claim of payment.
 - b. If Payee is a Vendor
 - (1) Original check will be voided
 - (2) Notice will be given, and a check will be issued to the respective State treasurer, department of revenue or taxing agency that deals with escheat laws and unclaimed property in the state in which the Payee resides. (Reference The National Association of Unclaimed Property Administrators [NAUPA] website: <https://unclaimed.org>).
- I. **Non-Sufficient Funds (NSF)** - Any time a payment is presented to National by a member or D/C/A and is returned by the bank for any reason (e.g., Non-Sufficient Funds), all associated banking fees charged are to be reimbursed to National within 15 days of being notified. Any respective membership status will be placed on hold until all NSF fees and the original payment amount have been received, via certified funds.

VI. **Spending & Grants**

- A. **Non-Budgeted Items** - NEB/DEB/AEB approval is required to spend funds or make financial commitments to projects that have not already been incorporated into the approved budget. CEB must obtain membership approval for expenses exceeding the budget.
- B. **Time Sensitive matters** - Email voting can be initiated by the President when a financial emergency arises requiring an expenditure not to exceed \$500. Motion must be made, seconded, and must have a quorum of approval votes of those who reply. The action must take place through a “Reply All” email and needs to be ratified at the next regularly scheduled meeting.

C. **Chapter Grants** - A grant from National BSMA to assist new chartering chapters with startup costs and existing chapters with mission related costs is established. The grant program, overseen by the NFC, will only exist in any given year if an amount is in the approved National BSMA budget line item and if funds are available. Chartering and existing chapters may apply for a Chapter Grant as designated in separate Chapter Grant Program instructions provided by the NFC. These instructions can be found on the Financial Tab of the National website, Chapter Grant Program. The NFC will be responsible for developing and overseeing the application process, monitoring the grant program, assuring that the program does not go over budget and reviewing the appropriate use of funds by grant recipients as reported to the NFC in required year end grant recipient statements.

D. **Incurring and Paying National Expenses**

1. **Pre-approved Expenditures** - The following organizational expenses are pre-approved for payment by the authority of the NP if within budgetary limits:
 - a. Annual Membership Fee for the VA Veterans Day Committee
 - b. VAVS Fund payments
 - c. Restocking of approved merchandise for the online store
 - d. Video Conferencing platform subscription costs for NEB/committee meetings
 - e. Website Maintenance and support
 - f. Yearbooks (Library of Congress, Corporation and sitting NP)
 - g. Bank charges, Accounting software subscription and P O Box rental
 - h. Directors & Officers and General Liability insurance premiums
 - i. Annual business registration and filing fees for the corporation in Washington DC
2. **Business Expenses**
 - a. Approval - Corporate expenses are not to exceed the Convention body approved budgeted amounts, unless otherwise pre-approved by the FC and NEB. Invoices for direct payment, regardless of BSMA payment method used, must be approved by the NFS and will be paid by the NT.
 - b. Reasonable timeframe - If reimbursement is needed and if sufficient funds are available, the individual will submit the required reimbursement form along with the appropriate documentation, including but not limited to invoices and receipts, to the NFS. All reimbursement requests must be received within sixty (60) days of the expense to be reimbursable. All approved expense reimbursements must be in accordance with, but not to exceed, current IRS guidelines to assist with expenses associated with official BSMA duties.
3. **Expenses of Officers/NEB Members/Committee Chairs/Chaplain & Appointees** - Allowable expenditures include, but are not limited to, postage, shipping, office supplies, and are not to exceed the Convention body approved budgeted amounts, unless otherwise pre-approved by the FC and NEB.
4. **Ambassador Fund** - The NEB members or other appointed individuals shall receive reimbursement in accordance with, but not to exceed, current IRS guidelines to assist with travel and lodging expenses associated with assisting Chapters in need of help with education and other issues. Total reimbursements are not to exceed the Convention body-approved budgeted Ambassador Fund amounts.

5. Expenditures requiring NEB pre-approval, once necessary and budgeted:

- a. Salary - Executive Director and/or Executive Assistant
- b. Rental of space
- c. Furnishings and equipment

E. **Events**

1. National Convention

- a. Site - It shall be the decision of the National President to choose the site for the National Convention. Selection of the city, state and hotel shall be completed no later than March in the year of the Convention.
- b. Hotel - The NP will work with the NT to make arrangements for all hotel expenses to be paid by check or with debit card. Payment of convention expenses must be paid according to the terms of contract and within 30 days of the closing of Convention.
- c. Store - When possible, each Convention will have a “Store” providing merchandise for purchase by the attendees. The NP and the Convention Chair(s) shall have the authority to select and approve vendors and items sold. Selling or taking orders from private rooms is prohibited unless a vendor fee has been paid. If a member/chapter/auxiliary is found in violation of this rule, the applicable vendor fee plus a penalty of \$100 will be assessed. If the fine is refused and/or the member/chapter/auxiliary continues to sell the items, the delegates from that Chapter, or the individual involved, will be barred from further Convention activities (see Convention Rules.)
 - (1) Outside vendors shall pay \$50 for a table
 - (2) Chapters and/or Individual members shall pay \$25 for a table.
 - (3) The Gavel Club will be provided a Vendor table at National Convention at no charge.
 - (4) The National Big Dipper Auxiliary will be provided a Vendor table at National Convention at no charge.
 - (5) The National Treasurer may be reimbursed for fuel, parking, and tolls; along with overnight lodging, incurred in transporting the Online store inventory to and from Convention, in lieu of shipping the inventory by common carrier.
- d. Silent Auction - Net proceeds from the Convention Silent Auction are to be rolled over to the following year's Convention Budget, if available.
- e. Complimentary National Convention Registration Fees - Past National Presidents (PNPs) serving on the NEB, National Elected Officers, National Parliamentarian, National Governing Documents Committee Chair (during governing documents year), National Finance Committee Chair, National Convention and Co-Chair (if Applicable), National Nominations Chair, National Webmaster and National Chaplain will be provided with complimentary National Convention registration fees.
- f. Other Allowable Expenses - Complimentary Meals
 - (1) Guest Speakers and Invited Dignitaries - Complimentary lunch and banquet tickets shall be extended to guest speakers and invited dignitaries including one guest each. Meal tickets for additional guests are not complimentary, but may be purchased at the published Convention rate/cost.

- (2) Guests of NP - The NP is allowed up to two (2) complimentary guest lunches and banquet tickets at National Convention.
- g. Chapter Convention Delegate Expenses - Delegates are involved in official BSMA business; Chapters will vote to approve or disapprove reimbursement or payment on behalf of their Convention Delegates from Chapter Funds:
 - (1) Convention registration fees,
 - (2) Convention-offered meals,
 - (3) Related travel expenses to and from convention location,
 - (4) Lodging at Convention, not to exceed six (6) nights.
- 2. Gold Star Mother's Day/Veterans Day/Memorial Day and American Gold Star Mothers National Convention
 - a. Wreaths - The NT, upon approval from the NP, shall order wreaths (or equivalent donations) to be delivered for presentation by the NP at Arlington National Cemetery Tomb of the Unknown Soldier, and WWII Memorial. Billing to the National Organization is desired; however, if payment is made at time of purchase, receipt is to be submitted for reimbursement.
 - b. Flowers - Flowers for various other memorials may be purchased from local stores/street vendors. Purchases may not exceed the budgeted amount and reimbursement will be made for handwritten receipts if the amount is less than \$25.00.

VII. National Travel Expenses and Reimbursements - Accountable plan for reimbursable travel expenses: An officer or member traveling for the purpose of fulfilling pre-approved official BSMA responsibilities may be entitled to reimbursement. ***Reminder: All subordinate levels (D/C/A) of the organization should strive to mirror these policies as closely as possible at their respective levels.***

A. General Considerations

- 1. Upon prior EB approval and eligibility (as defined in the Finance Policy/Budgeting), BSMA members traveling on official business may request the T to make travel reservations.
- 2. Official National BSMA travel should be booked through the NT when possible. Approved official travel includes but is not limited to reasonable and necessary transportation accommodations, standard baggage fees, and other travel-related expenses.
- 3. Unused travel tickets purchased or reimbursed by BSMA funds will revert back or be refunded to the corporation.
- 4. Transportation to and from airports and train stations should be paid by the NT when possible; or reimbursed per the reimbursement policy.
- 5. All lodging is based on double occupancy for up to the pre-approved number of nights. If lodging with someone other than those listed in VII.B., National will pay the proportionate share of the room. If there is an odd number of attendees, the NEB may approve an additional room to be paid in full on a case by case basis. The NP will be provided a room for herself.
- 6. If traveling by air or other commercial transportation, reimbursement is not to exceed the amount that would be paid via a common carrier with 21 days' advance purchase,

and be considered reasonable and necessary, which may include a refundable or transferable ticket.

7. Cancellation fees may be the responsibility of the traveling member, to be determined by the EB on a case by case basis.

B. Pre-approved Travel for Officers/Committee Chairs - The chart below lists events that are pre-approved for BSMA travel, which includes transportation, travel-related fees and maximum number of nights lodging.

1. The NP may appoint a designee to represent the organization in her absence if she cannot attend. Expenditures for travel of BSMA representatives to such events must be reviewed by the FC and approved by the NEB. See Chart below.
2. For American Gold Star Mothers National Convention, the NP may select one other national officer to accompany her and that selected officer will receive travel and 3 nights lodging.

Section VII. Nat'l Travel Expenses and Reimbursements - B. Pre-Approved Travel Chart:
Approved Events by Attendee and Number of Nights Lodging

	American Gold Star Mother's Day Weekend	American Gold Star Mothers Nat'l Convention	Veterans Day in DC	Mid-Year Executive Board Meeting	Memorial Day Weekend	Department Conventions	Department Spring Meetings	Nat'l BSMA Convention	Nat'l Adv Council Volunteer Services Meetings
National President	3	3*	3	4	4	3**	2	6	
NEB PNPs				4				6	
Other NEB Members				4***				6	
Chaplain								6	
DC Rep	3		3		4				
Patriotic Instructor			3		4				
Historian			3		4				
Parliament'n				4				6	
Governing Documents Chair				4****				6****	
Finance Committee Chair								6	
Convention Chair/Co-chair								6	
Nominations Chair								6	
Webmaster								6	
VAWS Rep & Dep									4

*	Amer. Gold Star Mothers Nat'l Convention - NP and One (1) other Nat'l Officer (one double occupancy room)
**	Department Conventions - NP travel and lodging to be paid by Nat'l if not provided by the respective Dept.
***	Mid-Year, Department Presidents' Lodging covered - their travel is to be paid by their respective Departments
****	During Governing Documents years only

C. Travel Requiring Approval

1. From time to time, BSMA representation may benefit the corporation at events not listed on the preceding chart. Participation in special events and the related expenses must be reviewed by the FC and pre-approved by the NEB.
2. Upon NEB approval, additional guests may be asked to attend regular scheduled events as outlined in chart above. Participation and related expenses must be reviewed by the FC and pre-approved by the NEB not to exceed convention body approved budgeted amounts.

D. Travel by Personal Vehicle - If traveling by personal vehicle, a reimbursement may be requested by one of the following methods:

1. The current charitable mileage rate in accordance with IRS Code Section 170, or
2. Actual variable costs of operating the personal vehicle for BSMA business purposes.

Under either option, the documentation must meet the following three requirements in order to follow the IRS Accountable Plan for Vehicle Travel expense reimbursement.

- a. Charitable Business Connection Requirement. Travel by vehicle reimbursements or allowances are only authorized for expenses paid or incurred by the officer/member in connection with performing approved services for BSMA.
- b. Adequate Substantiation Requirement. Substantiation of reimbursed expenses via an expense report, diary, log, trip sheet, detailed receipt, or similar record within a reasonable period after the expenses are paid or incurred is required. Any personal mileage, as opposed to BSMA purpose mileage, should be indicated, and subtracted. The documentation should show the BSMA purpose/connection for the travel; the time and place of travel. If choosing the Actual Variable Costs of Operating a Personal Vehicle option must also include the beginning and ending odometer readings, fuel only receipts, and make/model/year of the vehicle used. (Claims cannot include general repair and maintenance expenses, nor fixed costs such as depreciation, lease or rental payments, insurance, tires, license, and registration fees.) A route map (Google maps, etc.) or the departing and end destination must also be included.
- c. Reasonable Time Requirement. The request for reimbursement of expenses incurred must happen within a 60-day time period after the expense was paid or incurred in order to be considered for reimbursement. Advances in anticipation of travel with subsequent substantiation will not be permitted. (Requirement to return excess reimbursements is not applicable.)

E. Travel Exclusions - Expenditures **not authorized for reimbursement to the NEB from National BSMA are as follows:**

1. Personal expenses
2. Travel meals
3. Internet Fees
4. Convention meal tickets unless the meals are included in the convention agenda or as part of registration
5. Entertainment/activity costs that are add-ons to Convention registration
6. Travel insurance, advance boarding, travel upgrade, or seat selection fees
7. Hotel amenities
8. Airline/Travel Club memberships
9. Rental Cars

Financial Policies

Glossary of Terms

501(c)(3): This is the Internal Revenue Code (IRC) section that establishes the requirements for an organization to exist as a nonprofit with tax-exempt status.

Accounts Payable: Money owed by an organization to its suppliers and/or vendors for goods or services purchased.

Accounts Receivable: Money owed to an organization for goods and services it has sold or that has been committed to it as a grant or donation.

Accrual accounting method: Records revenues and expenses when they are earned or incurred, regardless of when cash is exchanged (received or paid), providing a more accurate picture of financial performance. This adheres to the matching principle, which states that expenses should be matched with the revenues they helped generate in the same accounting period or fiscal year.

Accumulated Depreciation: The total amount of decline in value charged against a fixed asset since the time it was placed in service. This is an accounting term that illustrates the cumulative effect of the general wear and tear or obsolescence of a fixed asset.

Assets: Resources that can provide current or future economic benefit to the organization, or anything that you own that has value.

Audit: A financial statement as of a certain date, usually covering a twelve-month period, prepared by an independent Certified Public Accountant (CPA).

Available Net Assets: The amount of net assets without restrictions available to support operations.

Balance Sheet: Statement showing an organization's financial position (assets, liabilities, and net assets) as of a particular date.

BSMA: This acronym stands for Blue Star Mothers of America, Inc. It may be found as a prefix in reference to a member, associate, level, governing document, policy, executive board, or committee of the organization.

Board-Designated Reserves: Unrestricted net assets that have a defined use or purpose, as determined by the EB. Note that this is an internal designation and different than net assets with restrictions (from an outside donor).

Budget: A financial plan outlining projected income (revenue) and expenses over a specific period, used to guide resource allocation and ensure financial stability in achieving the organization's mission. It is a roadmap for how the nonprofit plans to spend its money and generate income. It will anticipate both revenue (where the money comes from) and expenses

(where the money goes.)

Capital Expenditure: BSMA incurs a capital expenditure (CapEx) when it purchases an asset in excess of \$1,000 with a useful life of more than one year.

Cash: Legal tender - currency, bills, coins - that can be used to exchange goods or services. It would be anything you would deposit into the bank account.

Cash Equivalents: For an investment to qualify as an equivalent, it must be readily convertible to cash and be subject to insignificant value risk. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of six months or less. This would include bank certificates of deposit (CDs).

Cash Flow: The receipt and disbursement of money in and out of an organization.

Contingency: A provision for an unseen event or circumstance.

Contribution: A gift or donation of money or its equivalent (e.g., time, material goods, services) to BSMA with no exchange of products or services.

Convention: The annual meeting during which delegates gather to conduct the necessary business of the BSMA organization and receive information and training for the good of the organization.

Credit: A contractual agreement in which a borrower receives a sum of money or something of value and repays the lender at a later date, usually with interest.

Current Grants and Pledges Receivable: Money owed to an organization within the upcoming twelve months that has been committed as a grant, donation, or pledge (preferably in writing).

Deferred Revenue: Payment received for a transaction that has not yet occurred (e.g., membership dues received for a future fiscal year).

Deficit: The excess of expenses over revenue during an accounting period.

Delegate: A member sent or authorized to represent others at a BSMA convention.

Depreciation: A non-cash expense associated with reducing a fixed asset's book value due to general wear and tear over its useful life. Accumulated depreciation can also be used as an approximation of the amount needed to replace fixed assets over time.

Detailed (in the context of financial statements): Refers to the level of comprehensiveness in the information presented, providing more than just overall figures. A detailed statement will break down these figures into their constituent parts, offering a more in-depth understanding.

Examples of Detail:

Statement of Financial Position / Balance Sheet - instead of just showing total assets, it

would list each asset type (cash, checking, savings, inventory, property, etc.) and their corresponding values.

Statement of Activity / Income Statement - instead of just showing total revenue, it would break down the revenue by source (membership dues, corporate donations, individual donations, merchandise sales, fundraising, in-kind donations, etc.) and show various expense categories (cost of goods sold; operating, advertising, fundraising, program supplies, grants/donations expenses, etc.)

Documentation: In the context of expense justification or reimbursement, proper documentation is essential to support the reasonableness and necessity of expenses and would include receipts, itineraries, and explanations of the business purpose.

Earned Revenue: Revenue received by BSMA in exchange for products or services (e.g., merchandise sales). This can often support and expand mission-related programs, but must be substantially related to the BSMA mission to not jeopardize tax-exempt status or be classified as unrelated business income and subject to unrelated business income tax (UBIT).

Engagement Letter: A written agreement that describes the relationship to be entered into between two unrelated parties (e.g., vendor, consultant, accountant, etc.). The letter details the scope of the agreement, its terms, and costs.

Executive Board (EB): Duly elected (or pro-tem appointed) officers and governing document specified past presidents of the organization for the current fiscal year. This will exist at the national (NEB), department (DEB), chapter (CEB), and auxiliary (AEB) levels.

Expenses: A regular payment an organization incurs to generate revenue (e.g., supplies, postage, travel, etc.). This term will appear on an income statement.

Fair Market Value (FMV): The price that a willing and informed buyer would pay for goods or services, with both the buyer and seller acting in their best interests. For fund-raising items, such as auction items for an event, BSMA should recognize the donated item as an in-kind donation and measure it at fair market value.

Finance Committee (FC): This committee comprised of the current year president and financial officers, along with other members appointed by the president, oversees the funding, spending, and financial reporting. This oversight helps to maintain financial transparency, safeguard assets, and support the organization's mission and long-term objectives. This committee should exist at all levels of the organization - national (NFC), department (DFC), chapter (CFC), and auxiliary (AFC).

Financial Officers: The duly elected (or pro-tem appointed) Financial Secretary (FS) and Treasurer (T) are the only authorized financial officers of the corporation at any level - national, department, chapter, or auxiliary.

Financial Statement: A report that quantitatively presents the financial health of an organization.

Fiscal: Related to financial matters

Fiscal year end (FYE): August 31st is the accounting year end for all levels of this organization - national, department, chapter, and auxiliary.

Fixed Assets: In accounting terms, the book value of physical items an organization owns (e.g., property, equipment, etc.) that cannot easily be converted to cash.

Form 990/990EZ: This is the official Internal Revenue Service form required on an annual basis to report information about the nonprofit's financials, programs, governance practices, and compliance concerns. It is required annually at all levels of the organization - national, department, chapter, and auxiliary.

Fundraising expenses: Those expenses directly related to generating donor interest and participation: direct mail, event expenses, mailing expenses, donor management software.

Generally Accepted Accounting Principles (GAAP): A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board (FASB).

Good Standing Certificate: A document issued by a government authority, usually a secretary of state, affirming that a legal entity has complied with all of the filing requirements to be authorized to do business, accept donations, or fund-raise in that state.

Governing Documents: The documents outlining the governance of and what activities BSMA may or may not engage in.

Grant: An award of money given. A gift: it does not have to be paid back.

In-Kind: Non-cash items of value, such as specialized volunteer labor, donated goods, or professional services. For every type/dollar of in-kind revenue, there is a corresponding in-kind expense. These are to be recorded at fair market value.

Income Statement: A summary of the revenue and expenses, showing the profitability of an organization over a period of time. This is also known as a statement of activities or profit and loss statement.

Investment: An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an organization purchases a good as an investment, the intent is not to consume the good but rather to hold it into the future to create wealth. An investment always concerns the outlay of some resource today – time, effort, money, or an asset – in hopes of a greater payoff in the future than what was originally put in.

Liability: Funds owed by an organization or claims against its assets

Lodging: The cost of hotel or other overnight stay accommodations at a recommended rate, not to exceed double occupancy (two persons per room per night.)

Net Assets: The difference between total assets and total liabilities, effectively an organization's net worth. Net assets are categorized as without donor restrictions, with temporary restrictions, and/or with permanent restrictions.

Net Assets with Board Designations: Net assets with donor restrictions are subject to self-imposed limits by action(s) of the EB. Board-designated net assets may be earmarked for future programs, purchase of fixed assets, or other uses.

Net Assets with Permanent Restrictions: Funds with donor-imposed stipulations that the principal not be spent (e.g., traditional endowments) - some or all of the earnings are available for specific programs and/or general operations.

Net Assets with Restrictions: The portion of a nonprofit's net assets that is subject to external donor-imposed restrictions. The restrictions can be temporarily restricted as to time and purpose, or permanently restricted for endowment.

Net Assets with Temporary Restrictions: Accumulated net assets with a donor-imposed time or purpose restriction that, once satisfied, are released from restrictions and become part of the unrestricted general funds.

Net Assets without Restrictions: The portion of net assets that is not subject to donor-imposed restrictions.

Prepaid Expenses: Future expenses paid for in advance before receipt of the future benefit and recognized typically as a current asset. Examples include insurance premiums or rent that may be paid for a twelve-month period at the beginning of the year.

QuickBooks (QB): The BSMA preferred online accounting software program.

Reasonable and Necessary: In the context of travel expenses, this means expenses that are both prudent and essential for the business purpose of the trip, and that align with established policies.

Reasonable: Expenses should be within what a prudent person would consider appropriate under similar circumstances, avoiding excessive or extravagant spending. *Example: A hotel in a safe and convenient location.*

Necessary: Expenses must directly support the business purpose of the travel and contribute to the successful completion of the trip's purpose. *Example: Transportation to and from meetings, lodging during the trip, and incidentals like parking or tolls.*

Examples of Not Reasonable or Necessary: Upgrading to a luxury suite in a hotel when a standard room is sufficient, upgrading to a higher boarding position or seat assignment on a plane or train, upgrade to a luxury taxi or UBER when a standard fare is sufficient, etc.

Revenue: Funds received for services, donations from individuals or businesses, grants from foundations, support, income from fundraising activities, and investments.

Stakeholder: Anyone with concern for or about an organization, such as board members, officers, members, associates, clients, donors (individual and business), and volunteers (former or current).

Surplus: The excess of revenue over expenses during an accounting period.

Transportation: Costs for flights, trains, buses, taxis, or personal vehicle mileage, including reasonable and necessary tips, tolls, parking, and baggage fees (maximum two bags), if incurred.

Travel: Travel reimbursement aims to cover the reasonable and necessary costs incurred when traveling on behalf of BSMA for authorized business activities. For BSMA purposes, this is limited to Transportation and Lodging (see above.)