

From: KBC Treasurer <elkinskbctreasurer@gmail.com>
Date: May 23, 2022 at 7:45:34 AM CDT
To: KBC Treasurer <elkinskbctreasurer@gmail.com>
Cc: "Schmidt, Brent" <Brent.Schmidt@fortbendisd.com>
Subject: KBC 2021-2022 Treasurer's Report

KBC Members –

Please find attached the following: 1) KBC's Profit & Loss statement through May 16, 2022 (presented in different views); 2) the Wells Fargo Bank statement for KBC ending May 16, 2022; 3) a list of considerations for the incoming Board of Directors.

KBC is a 501(c)(3) non-profit organization which means that it is imperative we operate within appropriate boundaries and promote transparency around financial matters to ensure that trust in our organization is maintained by the parents, the coaches, and the administration. As some of you may know, the Elkins Athletic Booster Club (ABC) was disbanded last year. I have no personal knowledge of the history of the organization, but I learned from the IRS' website that the organization had not filed their tax returns in several years which most likely resulted in them losing their non-profit status. I heard from numerous parents, who had interacted with the ABC, that there was a lack of transparency around how the funds were split between the different sports and a general suspicion/distrust of their processes.

I see the Treasurer's fiduciary responsibility as the following:

- Ensure that Federal, State, and FBISD laws/rules are followed in all transactions
- Utilize accounting "best practices" and operate with transparency
- Properly document and report the financial state of the organization to the IRS (via tax return), to the District (through the annual audit), and to the larger KBC general membership (annual financial report)

During my tenure as KBC Treasurer, I kept the fate of the ABC in mind as a cautionary tale and I worked to safeguard that KBC is operating appropriately. KBC is vital to the success of the Elkins Baseball program and I want to do I all can to support the partnership and longevity of the organization.

As a Freshman parent during the 2020-2021 year, I remember wanting to understand how the contributions made by our family and friends were utilized to the benefit of the boys. As Treasurer during the 2021-2022 year, it is my obligation to ensure that all KBC members are provided that information. Below are my selected "financial highlights" of this season:

2021-2022 Highlights:

- As of May 16, 2022 – KBC has total funds of **\$35,350.24** in the Wells Fargo bank account. (*there will be additional revenue and expenses related to the banquet that are still to be settled for the season). KBC is well positioned financially to support the 2022-2023 program. By way of comparison, KBC started the 2021-2022 year with \$31,780.
- The 2021 Form 990-EZ (non-profit) tax return has been filed and accepted by the IRS. The annual audit (required under FBISD rules) will be conducted in the upcoming weeks.
- The Hit-A-Thon netted over \$16,000 in revenue (details in the attached P&L).
- KBC provided the following support directly related to the Elkins Baseball Program:
 - Baseball Equipment (\$6,302)
 - Pitching machine (\$3,000)
 - New Tablets and data plans for each team (enabling Game Changer to be utilized) (~\$2,000)

- Replacement nets, pylo care balls (\$650)
 - Field Maintenance support (~\$1,666)
 - Tournaments (\$1,185)
 - Meals/Senior Recognitions (\$2,157)
 - Uniforms (including catchers gear sets, turf shoes, wrist coaches) (~\$5,750 after offsetting players' uniform fees)
- Two new PayPal Zettle devices were purchased for use in the concession stand and for selling merchandise at activities like HAT. These purchases were necessary to allow KBC to continue to accept credit cards, and gained KBC the ability to accept payment apps like Venmo/Paypal. In addition, when utilized to its fullest ability, the Zettle devices capture detailed information on purchases. As an example, this data can be utilized by the Concessions committee to learn what items were the best-selling or least-selling as they look to refine the inventory for next season. (~\$150)

As with every business organization, year-end is a good time to reflect on what worked well and where there are improvements that can be made. The new board will be well positioned with the financial details to review/assess how to optimize potential profit centers like Concessions and Spirit Wear programs. (details on the attached P&L)

As we conclude the end of the baseball season, the end of the school year, and for some of our Senior parents... the end of their time with KBC, I say thank you to all for your support of KBC and the Elkins Baseball program. If I can provide any further information, please don't hesitate to reach out to me. This organization is **YOUR** organization and the financial activities/health of the organization is everyone's business.

All the best,

Renee Hale, Certified Fraud Examiner

Mom to Alex – Class of 2024

Elkins KBC
knightsbaseballclub.com

KBC PROFIT & LOSS
July 1, 2021 - May 16, 2022

INCOME	AMOUNT	NOTES
Hit-A-Thon	\$ 17,735	
Amazon/Kroger/Spirit Night	\$ 480	*\$165 from 2020-2021 season; Treasurer received payment after fiscal year close
Patron Dues	\$ 940	
Rebates (BSN/Fanware)	\$ 1,032	
Sponsorships	\$ 2,550	
Concessions	\$ 5,765	
Player's Fees (offset uniforms)	\$ 4,058	
Spirit Wear	\$ 1,034	
Summer League	\$ 125	*From 2020-2021 season; Treasurer received payment after fiscal year close
TOTAL INCOME (ALL SOURCES)	\$ 33,719	

INCOME	AMOUNT	NOTES
Baseball Program	\$ (21,115)	Equipment; Field equipment/Maintenance; Tournaments/Leagues; Meals; Uniforms; Senior Night
HAT/Sponsorship	\$ (1,504)	
Spirit Wear	\$ (2,112)	
Concessions	\$ (2,730)	
Electronic Payment Fees	\$ (640)	
Administrative Fees	\$ (2,058)	
TOTAL EXPENSES (ALL SOURCES)	\$ (30,159)	

*Expense/Revenue from banquet activities not included

PROFIT & LOSS BY PROGRAM
July 1, 2021 - May 16, 2022

	Income	Expenses	Net	Notes
HIT-A-Thon Donations				
Hit-A-Thon	\$ 16,045	N/A		Donations on behalf of Players
Guest Hits	\$ 765	N/A		
Raffles	\$ 635	N/A		Botox Raffle Revenue = \$160
Photography	\$ 290	\$ (425)		
Expenses related to HAT	N/A	\$ (575)		Raffle boxes, copies for HAT folders, Beats, wooden bats, pizza charge from cancelled HAT
HAT Event Totals	\$ 17,735	\$ (1,000)	\$ 16,735	
Sponsorships/Patrons				
Sponsorships	\$ 2,550	N/A		
Patron Dues	\$ 940	N/A		
Sponsorship Expenses	N/A	\$ (504)		Banner, Bats/Team pictures for sponsors
Total	\$ 3,490	\$ (504)	\$ 2,986	

Other Programs

Concessions	\$ 5,765	\$ (2,730)	\$ 3,034	Includes HAT
Spirit Wear	\$ 1,034	\$ (2,112)	\$ (1,078)	
Elkins Baseball Program Support	\$ 4,058	\$ (21,115)	\$ (17,057)	Player's Fee Contribution (Offset Expenses) Equipment; Field equipment/Maintenance; Tournaments/Leagues; Meals; Uniforms; Senior Night

*Expense/Revenue from banquet activities not included

Initiate Business CheckingSM

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WELLS
FARGO

ELKINS BASEBALL CLUB, INC.
DBA KNIGHTS BASEBALL CLUB
6140 HIGHWAY 6 # 160
MISSOURI CITY TX 77459

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Statement period activity summary

Beginning balance on 4/16	\$15,474.69
Deposits/Credits	22,670.94
Withdrawals/Debits	- 2,805.39
Ending balance on 5/16	\$35,340.24

Account number: 7477232404

ELKINS BASEBALL CLUB, INC.
DBA KNIGHTS BASEBALL CLUB

Texas/Arkansas account terms and conditions apply

For Direct Deposit use
Routing Number (RTN): 111900659

For Wire Transfers use
Routing Number (RTN): 121000248

Overdraft Protection

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed on your statement or visit your Wells Fargo branch.

Recommendations for 2022-2023 Board of Directors

I became Treasurer in the summer of 2021 after the elected Treasurer relocated to another district. While I had some guidance on the position of Treasurer and knowledge from my roles on other non-profit organizations, the majority of my KBC knowledge has come from learning on the job. With the benefit of hindsight, as is often the case, I would have approached the role of KBC Treasurer very differently. It is in the spirit of my “lessons learned” that I offer the following recommendations for the next Board of Directors’ consideration.

KBC is a 501 (c)(3) non-profit organization, and therefore, it is imperative that KBC follow applicable Federal, State, and FBISD rules/guidelines to ensure that KBC stays in good standing. KBC is an important partner in providing needed resources for the Elkins Baseball program; we want to ensure KBC can stay around for a long time to continue that support!

The following recommendations relate to a number of areas in which I observed KBC could have more robust processes/approach. I’m not one to create a process for the sake of process and lose efficiencies, but in this case, I believe following more formalized processes could prevent intentional and/or inadvertent violations. I also believe that the KBC Directors have an obligation to the organization to ensure, to the best of their abilities, that they are following all associated rules/regulations/policies and avoid even the appearance that the organization is not in compliance.

Recommendations:

- 1) Ensure the KBC mailbox is used for KBC business (not Directors’ home addresses). This will help ensure that revenue checks are deposited and/or payments are processed timely.
- 2) Enhance discussions of budgeting expenses earlier in the season for expenditures which are typical to the program. A robust budget process will allow the Treasurer to effectively monitor KBC’s cash position and ensure that the use of “emergency” or “reserve” funds do not have to be utilized for normal expenses.
- 3) Any Director making a purchase should have documented approval for purchases **in advance** of making the purchase. (This is outside of items that have been previously budgeted/approved.) If a rare, “emergency” circumstance occurs and a non-previously approved purchase must be made, then the purchase should be communicated to the other Directors as soon as reasonably possible with a request for post-purchase approval outlining the emergency circumstance.
- 4) Any Director making purchases should make a good faith effort to utilize KBC’s tax-exempt status related to state sales tax.

- 5) When feasible/logistically reasonable, the Treasurer should make KBC purchases (not individual Directors). This helps ensure proper processes are followed (i.e. approvals are in place prior to the expenditure and proper documentation is obtained to support the purchase). Treasurer should be given ample notice/time to make purchases in advance of when the item(s) is/are needed.
- 6) Communicate any action that involves financial matters to the Treasurer. For example, if money is to be paid/collected/requested, the Treasurer should be involved to ensure proper accounting processes are put in place in advance of any monetary collection.
- 7) Individual Directors should not unilaterally collect/hold cash (i.e. lack of dual control for cash collection).
- 8) Fundraisers should be discussed with the Board of Directors in advance of committing any of KBC's resources (labor or funds). Fundraisers should follow all Texas State laws and FBISD guidelines, and receive the appropriate approvals from the school/district. The Directors (and any fundraising committees) should give extra scrutiny as to how raffles are conducted since there are very specific rules regarding what a non-profit booster club is permitted to do (i.e. cash raffles "50/50" are strictly prohibited in Texas).
- 9) Per FBISD guidelines, membership should be made aware of KBC Directors' meetings and be allowed to attend and hear the business of the organization.
- 10) Consider implementing a Conflict of Interest Policy (or revising by-laws) to place a requirement for Directors to report any personal relationships they have with vendors who are utilized by KBC. Note that KBC's by-laws don't exclude the use of the vendor because of the relationship; however, for transparency it is important those relationships be reported and the potentially conflicted Director(s) abstain from any decisions related to that vendor.
- 11) Consider implementing a requirement for all Directors to affirm in writing (at the start of their term) that they are aware of the current FBISD Booster Club Procedures/Guidelines and that they agree to abide by the rules.
- 12) Consider enhancing the by-laws to address concerns raised to and/or by Directors related to compliance with any Federal, State, FBISD rule/regulation be investigated, and the resulting findings be documented in Board Meeting Minutes.