

CLUB TIPS for TREASURERS

The job of the treasurer in the local club is one of checks and balances, record-keeping and budget preparation. Although there are many details and figures to track, the job should not require labor-intensive bookkeeping procedures or preparation of complex forms. It is important to develop a system that is suitable for the club's needs and that can be passed down as new officers take over.

THE LOCAL CLUB TREASURER

An enthusiastic and budget-minded person is needed to handle the club's finances. It is wise to keep in mind that the treasurer is the guardian of the club funds, but not the keeper. The membership controls the disbursement of club funds, and the treasurer is entrusted with the management of the funds. It is the treasurer's first and foremost duty to maintain the integrity of the club by paying bills promptly and by handling incoming funds with necessary receipts. She must also make bank deposits, reconcile monthly bank statements, and submit monthly financial statements, etc. Each club will have specific procedures for reimbursement of club-related expenses, and the treasurer is responsible for following those procedures.

The local club treasurer may be bonded, however that is usually not a requirement and is often not financially feasible for small clubs. If a club has a large sum of money in the bank, it may want the treasurer to be bonded as a precaution. At the very least, *every check issued should require two signatures*. That is a safe precaution and allows two people to assume responsibility for each transaction.

GETTING STARTED

Careful training of an incoming treasurer is critical to her success in the new position. The new treasurer should spend time with the outgoing treasurer to discuss procedures used in the past, transfer of files, and be briefed on current procedures. Each incoming treasurer will have new ideas for making the job simpler and more effective, and that is good. Old methods need not be used if there is another way to simplify the task. Even if changes are suggested, the outgoing treasurer may be a valuable advisor as the term starts.

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It is important for a club to maintain a *club checking account*. The establishment of a club checking account should be a high priority with a newly-formed club. Club business should not be transacted through an individual's checking account. Every local club affiliated with the National Organization should have a FEIN (Federal Employee Identification Number) and a State identification number for identification with their bank. (Obtaining a FEIN is discussed later under *Maintaining Nonprofit Status*). This number may assist the local club in obtaining a fee-free checking account, another way of saving a few club dollars! As new officers take over their duties, banking information should be updated to reflect the current officers. The bank may require copies of election results or bylaws to make these changes.

If there is already a two-signature check requirement, the new treasurer may wish to discuss with the board of directors the possibility of having three authorized names for checking account signatures on file with the bank. In that way, if one co-signer were away on vacation, ill, or have some other emergency situation, a third person could be called upon to sign a check without the need for bank record revision or unnecessary delays.

Account reports, deposits and payment of bills should be done on a consistent basis. Treasurers should not wait to handle everything at month-end, year-end or end of term. These records should be updated so that the club is aware of its financial position. Always remember that this is not a personal accounting system, but the entrustment of funds of an organization that needs conscientious attention!

MAINTAINING RECORDS

A careful tracking system is needed to ensure that budget limits are adhered to. While a budget is realistically a guide, the treasurer should know at a glance where the club stands in any particular category. An income ledger and an expenses ledger is a simple manual system. These items will indicate at a glance where the club stands financially and will give tremendous insight into the preparation of the following year's budget.

If a club uses a computerized accounting system, transactions must be entered on a monthly basis. Many software packages will allow expenses and income to be coded to specific budget categories. At year's end, an automated system will save much time in obtaining totals, and the figures will be invaluable in budget forecasting.

VOUCHERS AND RECEIPTS

Each authorized expenditure needs to be documented with a receipt indicating the amount and purpose for the expenditure. Many treasurers use a reimbursement form as a "cover" explanation of bills submitted for payment. This form should have information such as the current date, name of payee, amount, club program involved, and reason for the expense. Depending on the club's individual system, these forms may require the authorization of the president or vice-president prior to payment. The receipt or bill should be attached to the form. In the case of routine or recurring bills, *i.e.* monthly meeting room rents, blanket authorization may be given to make these payments without additional signature approval. (A sample reimbursement form is included at the end of this document).

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How long these items should be retained in the treasurer's files also depends on the club's internal rules or policies. Most treasurers will want to retain EVERYTHING for the duration of their term(s) as a precautionary measure. Establish a time frame for maintaining actual vouchers and bills if one doesn't already exist.

If a club member or chairperson spends in excess of what has been approved for a certain project or activity, be sure there is a process in place to deal with this situation. There should be mention in club bylaws of "limitations on expenses in excess of club budget" that can be approved by the board of directors. In a small club with a small budget, \$25 might be a good ceiling on overages. Ultimately, event chairpersons and project leaders need to be very clear on the budget for their project and on what will and will not be reimbursed.

MONTHLY FINANCIAL STATEMENTS

Just as a bank will submit a monthly statement, the treasurer will wish to submit a report to the board and/or general membership on a monthly basis for approval. Although sometimes this monthly report seems like a useless effort, remember that any membership questions or challenges brought to the surface on a monthly basis are much easier to justify or correct if handled immediately. Therefore, a monthly accounting to at least the board of directors is necessary for the treasurer's own protection. It should not be an overwhelming task. Usually a simple listing of income received and expenditures paid for the period is sufficient.

Retain a copy of each monthly financial statement for the treasurer's files, along with bills, vouchers, bank statements, and anything else pertinent to the treasurer's task. A copy of the monthly financial statement should be submitted to the club secretary for official filing with minutes. The president may also wish to have a courtesy copy for her information. When the financial report is accepted by the board and/or general membership, it becomes an official part of the club's documentation. (If the club secretary does not wish to include the treasurer's report as an attachment to approved minutes, be certain the treasury status is contained within the minutes themselves).

Some clubs rely on the treasurer to prepare a proposed working budget for the club year. Other clubs have a budget committee to handle this activity. The treasurer will wish to work closely with the budget committee or be a part of it on a consulting basis. Regardless of the procedure, a budget needs to be prepared indicating an estimate of income and expenditures. Budgets are only estimates, usually based on a previous year's experience. When completed, the budget should be presented to the board and then, depending on the club's structure, most likely presented to the membership for acceptance.

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Throughout the year it is the treasurer's duty to be aware of the budget limitations accepted by the group and advise the board when it appears that the budget will be broken for any reason. It is not the treasurer's responsibility to *enforce* budget limitations; however, it is her responsibility to advise the president and the board that there may be a pending problem. In that way, the board may take the responsibility for action. For her own protection it may be wise to withhold payment on any item that appears to be much over budget until the board advises handling authority.

If the treasurer has never prepared a budget (or if her club has never HAD a budget), she may start by listing all items of income for the designated time period. This includes dues, donations, fees collected, etc. Then list by category (*i.e.* meeting space, fees, postage, newsletter, hospitality, supplies, equipment, bank fees, etc.) what each department or committee may require to operate for the term. The total of each of these lists should balance with the other. The treasurer may need to suggest ways to increase revenue or decrease expenses to make this happen. Whatever is suggested, however, should be backed up with facts as to the "why" or "how," and not just by whim. The treasurer must be prepared to speak up with confidence for each item as it may be challenged by the membership.

Following is a sample budget that details some of the typical income and expense categories of a MOMC. Individual club expense categories and sources of income will vary considerably based on club size, dues amount, membership preferences and fundraising abilities.

Sample Club Budget

Income

Dues (50 @ \$30)	1,500.
Fundraising Projects	1,200.
Miscellaneous income	<u>200.</u>
	2,900.

Expenses

Multiples of America dues (50 @ 15.)	750.
Socials	450.
Meeting room rental (10 @ 50.)	500.
Fundraising Expense	200.
Convention Delegate Expense	250.
Membership	250.
Philanthropic	100.
Miscellaneous	100.
Installation	150.
Hospitality	<u>150.</u>
	2,900.

MAINTAINING NON-PROFIT STATUS

For the most part, local clubs try to maintain a non-profit status. In other words, they don't want to "make money" and show profits just for the sake of having a big savings account. Parents of multiples clubs are service organizations which, at times, raise funds for a specific purpose, and these funds are disbursed by the end of the year as determined by the membership.

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Any group organized for nonprofit activities is *not* automatically exempt from federal income taxes. Only the Internal Revenue Service issues classification as an exempt organization. Regulations and requirements for *State Income Tax* and *Sales Tax* vary from state to state. Clubs are encouraged to contact their State Government Offices and Franchise Tax Boards for specific requirements.

Every organization is required to have a Federal Employer Identification Number (FEIN), which can be obtained easily, free of charge, from the treasurer's district IRS office using IRS Form SS-4. This is a one-time-only procedure and not something which needs to be done on an annual basis. When assuming the duties of treasurer, be sure the files contain the IRS documentation for future reference.

Multiples of America holds a group exemption letter from IRS which has been in effect since 1982. Once the club's FEIN number is in place, the local club may apply to be included under National's "umbrella" of protection as a 501(c)(3) educational and research organization. There is specific information which must be forwarded to National's headquarters ANNUALLY in order to maintain this status. This is something which doesn't happen automatically, so be aware of filing date deadlines.

Refer to *Club Tips for Group Exemption* which is available online in the Members Only section. The National Organization encourages each club to have a copy of this group exemption instructional sheet in their treasurer's files for handy reference. The notification procedure is not a complicated one, but it must be accurately and TIMELY submitted in order for Multiples of America to prepare its input to IRS on behalf of the many clubs taking advantage of this umbrella coverage. If a local club is not working through the National Organization in this area, *the club is subject to annual independent IRS filing and audits.*

CONCLUSION

Being a club treasurer is a highly responsible, but fulfilling, job. Study the system in place now and think it through before rushing to change methods. Discuss your recommendations with the board to have their support in any trial procedural changes. Being accurate and faithful will reap rewards for both you and your local club. Good luck!

