



FINANCIAL BASICS FOR AFFILIATES

OVERVIEW

- Treasurer's Role
- 501 (c)(3) Group Exemption
- Banking
- Budgeting
- Dues Increases
- Document Retention
- Succession Planning

TREASURER'S ROLE



GENERAL RESPONSIBILITIES

- Provide financial management for the association
- Develop and monitor annual budget
- Provide regular reports
- File appropriate forms with the state and IRS
- Partner with chairs and other leaders to ensure proper budget management for programs

**Fiscal responsibility is a duty of
all Board members not just the Treasurer!**

501 (C)(3) GROUP EXEMPTION



501 (C)(3) GROUP EXEMPTION

- Group exemption vs. applying independently with IRS
- Reasons to pursue 501(c)(3) status
- Required annual tax return filing (990-N for most orgs)
- Automatic revocation for not filing for 3 years
- Reinstatement process after automatic revocation
- IRS Tax Exempt Customer Account Services 877-829-5500

BANKING



BANKING

- Accounts should be registered under an EIN not an individual's social security number
 - EIN must be specifically for that state or local
 - EIN's can be obtained on the IRS website (you don't have to be a 501 (c)(3) to get one)
- Multiple signers should be on each account and have access to statements

BANKING

- “Balance” the checkbook regularly and verify with monthly statements
 - Keep deposit slips and verify with monthly statements
 - Keep track of outstanding checks

BUDGETING



BUDGETING

- A nonprofit budget is a planning document used to predict expenses and allocate resources for your affiliate. It details both the costs that your association will incur as well as the revenue you expect to receive over a set period of time.
- It's a dynamic document and will change
- Don't make it complicated!

BUDGETING

- Take a look at your revenue streams from the past and itemize them (e.g. dues, competition and festival entry fees) and the approximate amounts you have historically brought in past.
- Take a look at your expenses from the past and itemize (e.g. judges fees, guest speaker honoraria)

BUDGETING

- Put all of this, as well as your best guesses for next year into an Excel sheet (see sample in chat or find a template online)
- Create columns for last year, year to date, year end projections and next year and track throughout the year
- Use this as the basis for your financial reports to members and for developing next year's budget
- Make sure your Board approves your budget **before the budget year starts**

NONPROFIT MYTH

You can't make a profit as a nonprofit....right?

WRONG!

MAXIMIZE YOUR SAVINGS

- Make your reserves work for you!
 - High interest money market accounts (most liquid and lowest risk)
 - Certificates of Deposit (less liquid, but low risk)
 - Investments (least liquid, higher risk, higher return over time)
 - Develop an investment spending policy

HOW MUCH IS TOO MUCH?

- General recommendation of at least 3 to 6 months of operating cash for nonprofits
- For organizations like MTNA and its affiliates, the recommendation is having up to 12 months of operating cash on-hand

WHAT SHOULD YOU DO WITH EXCESS FUNDS?

- Develop a strategy to reinvest in member support
 - Ongoing programs (if revenues regularly exceed expenses)
 - One-time investments into programs and services
 - Technology
 - Strategic Planning
 - Scholarship Funds
 - Young Professional Opportunities

TRANSPARENCY

- Provide regular financial reports to the Board and membership
- Have multiple signers on your accounts
- Establish an audit procedure

AUDITS

- Bylaws might include audit procedures (MTNA's do)
- Audit options
 - Outside full audit (most expensive, but offers the most assurance regarding controls and financial reporting)
 - Outside review (less expensive, but offers reasonable assurance regarding controls and financial reporting)
 - Audit committee from the membership (not done by professionals, but provides transparency and extra “eyes” on the finances)

DUES INCREASES



DUES INCREASES

- Annually or only every few years?
- Annually helps you keep up with cost increases and usually only ends up being a dollar or two each year
- MTNA's policy: active member dues automatically adjusted to an amount based on the annual change in the Consumer Price Index (CPI) for the previous calendar year rounded up to the nearest dollar.
- Ultimately your Board's decision

DOCUMENT RETENTION



DOCUMENT RETENTION

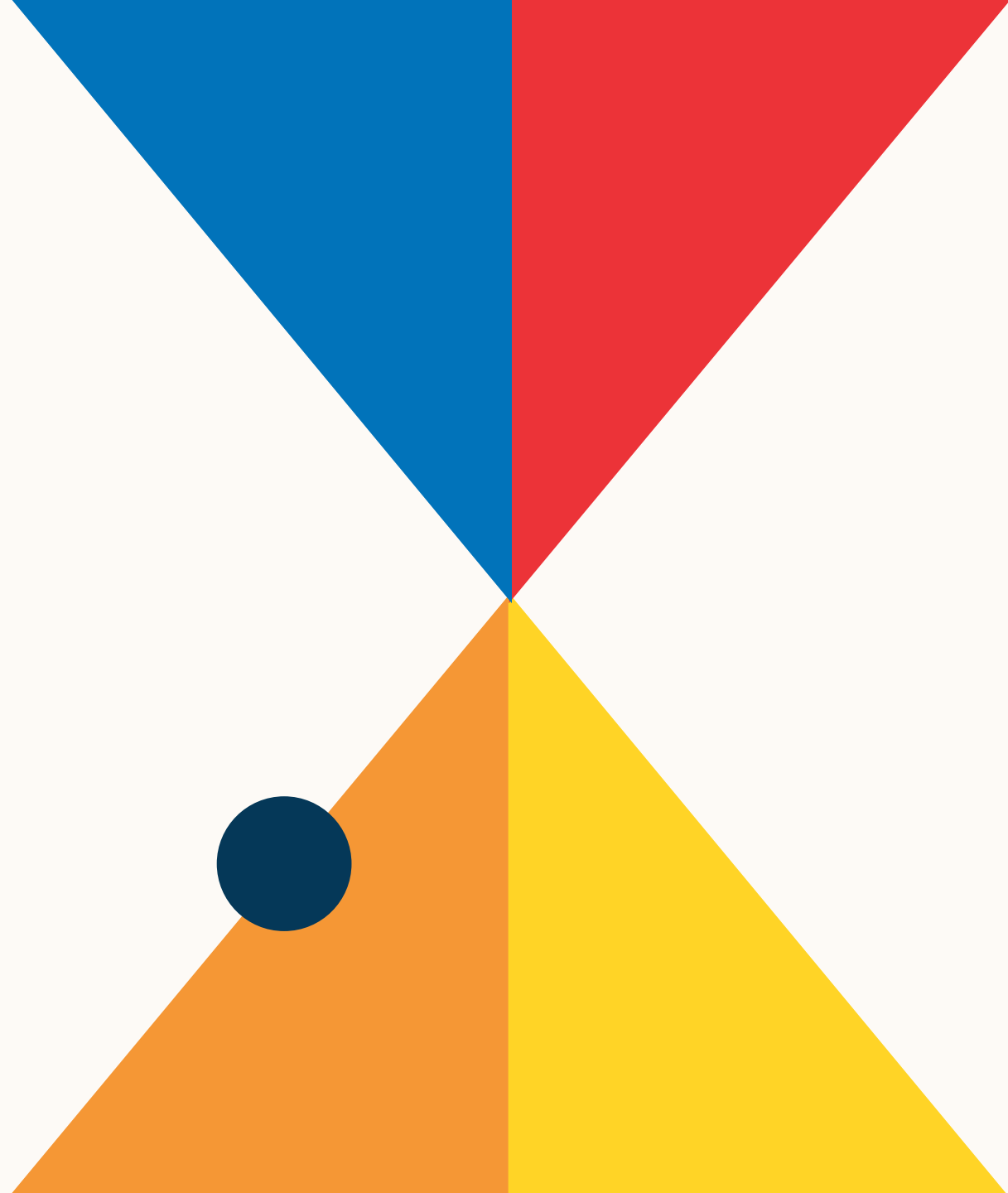
(SEE MTNA'S POLICY IN CHAT)

- Articles of Incorporation
- Bylaws
- 990s
- IRS Determination Letter
- Financial Records
- Board Minutes
- Banking Records (7 years except year end reports)

DOCUMENT AND ARCHIVES RETENTION

- Documents/Minutes/Financial Records
 - Google Drive/Dropbox
 - Secure Server
 - Website
 - Online Communities
- Historic Photos and Archives
 - Local Historical Society or University Library

SUCCESSION PLANNING



SUCCESSION PLANNING

- Ensure multiple Board members have access to bank accounts and financial records
- Have incoming Treasurer shadow current Treasurer for a year
- Develop a procedures manual and have available in a shared space
- Make sure to keep filing your 990 or you could lose your tax status!

BREAKOUT DISCUSSIONS

