

# MANAGING YOUR CHAPTER'S FINANCES

## Introduction

Thank you for taking the position as an IECA Chapter treasurer. This section of the Chapter Guidebook is designed to help you be an effective treasurer.

## Fiscal Responsibility

The Chapter treasurer is the person primarily responsible for the Chapter's money (with advice and concurrence from the president and/or Chapter Board). As such, the treasurer has a major fiscal responsibility to be certain that monies are used responsibly and according to the Chapter's budget to benefit the Chapter and its members.

## Major Activities

The major activities for a treasurer are the following - Please also refer to the Chapter's treasurer job description:

- Setting up a new checking account or signing new signature cards at the bank for all existing accounts (the Chapter president or the vice president must also sign the cards)
- Preparing a budget
- Paying bills and depositing Chapter funds promptly
- Keeping accurate records
- Preparing periodic budget reports for review by the Chapter Board

## Important to Know

Most Chapter activities should be self-sustaining; that is, each activity should pay for itself. The most common activity that does not have income to offset expenses is the Chapter newsletter, although Chapters can sell advertising to offset the costs of producing a newsletter. If you have income from advertising, please keep track of the amount as it is an unrelated business income and may be taxed by the IRS.

In the US, IECA is an IRS-recognized, tax-exempt, nonprofit organization and is exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code. Chapters from outside the United States will need to follow rules and regulations specific to that Chapter's country. Please confer with a tax authority in your country. During budget reviews, any method to save money should be considered. When the Chapter is large enough to qualify, you may want to apply for and use bulk mail and nonprofit permits to distribute your large quantity mailings.

One key money-saving technique is to obtain member/employer support where possible. Some employers may allow use of their facilities for copying, printing, mailing, meeting sites, etc. Encourage members to seek employer support for various Chapter activities. Be sure to recognize assistance where appropriate.

## Collecting Dues

IECA collects dues for Chapters and remits the Chapter portion back to each Chapter. Chapters will receive a monthly dues remittance check from IECA with relevant membership details.

As of July 2005, IECA membership includes Chapter membership. All memberships are based on the anniversary date that the member first joined IECA.

## Preparing a Chapter Budget

Every well-organized, efficient organization has a budget. Even small Chapters should prepare a budget at the beginning of each Chapter year. Committee managers and Chapter officers should submit expected income and expenses to the treasurer. If preparing a budget is unfamiliar, use last year's Chapter financial report as a base. Adjust the numbers to reflect the expected dues and make projections about the expected costs of printing and mailing the newsletter and other expense items.

In addition to making sure the Chapter's activities stay within its means, a budget also puts periodic Chapter financial reports into perspective. Please review the budget periodically.

## Paying Bills and Keeping Accurate Records

The steps to success are:

- 1. Open a checking account or sign new signature cards for all existing accounts.** New Chapters in the United States will need an IRS identification number to open the account. This IRS number is used in lieu of the treasurer's personal social security number. Two signatures, usually the treasurer's and president's, are required to withdraw funds from any account. Chapters from outside the United States will need to follow rules and regulations specific to that Chapter's country. Please confer with an authority in your country.
- 2. Open a savings account as soon as your Chapter is financially able.** Depending on the Chapter size and financial status, you may or may not wish to open an interest-bearing account that assesses nominal service charges. (In some cases, a non-interest, non-service charge account may be more cost-effective.) Investigate your options. It is important to know that nonprofit entities are allowed to have interest-bearing investments (at least in the US, this may differ in other countries). Large Chapters commonly invest in certificates of deposit, money market accounts, and other sound, low-risk financial investments.
- 3. In order to keep an audit trail of expenses, require an original receipt or invoice for each disbursement.** This practice is the single most important way to avoid the appearance of fraud or the serious consequences of missing funds. Larger Chapters should use a request for payment/reimbursement form to minimize errors and help the treasurer keep accurate records. Each person requesting reimbursement submits a form, which contains the budget category, a description of the item, amount due, name and address of payee, and a signature of the

committee manager or officer authorizing the expense. Attach original receipts or an invoice to the form.

**4. As each check is written, make a note showing, at least in the checkbook or on the check duplicate, the category of the payment - meeting expense, newsletter, etc.** You may choose to use a computer program, such as Quicken, or simply a “paper” ledger to record all deposits and expenses. A paper ledger is quick and easy to use. Add all columns monthly for a crosscheck when you balance the checkbook.

**5. Balance the checkbook monthly.** Retain all receipts and bank statements to help prepare the end-of-year report and provide documentation.

**6. Report on the finances at least once a year to the Chapter membership.** You may submit written or oral periodic financial reports to the president, the Chapter Board, or the Chapter membership as often as the Chapter officers wish, depending upon the size of the Chapter. Some Chapters publish the financial report in the Chapter newsletter.

### **U.S Taxes and the IRS**

The Internal Revenue Service has issued a group exemption letter that recognizes all US-based Chapters of the International Erosion Control Association as exempt from tax under I.R.C. section 501 (c)(3). The maintenance of this group exemption will require compliance with certain annual reporting guidelines that are outlined below.

The group exemption number that has been assigned to IECA is: **7238**

The effective date of the exemption is: **March 26, 1996.**

Each Chapter must complete and submit a **Chapter Update Form** (on next page) and a **Chapter Financial Report** to IECA on an annual basis.

**CHAPTER UPDATE FORM**

*Due February 28 on an annual basis.*

For the year ending \_\_\_\_\_

Today's date \_\_\_\_\_

Chapter Name \_\_\_\_\_

Address \_\_\_\_\_

Please describe any changes that have been made during the year in the purpose, character, or method of your operations.

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NO CHANGES

Please list any changes to your name, address, phone number, and employer identification number.

Chapter Name \_\_\_\_\_ FEIN \_\_\_\_\_

Address \_\_\_\_\_

Phone # \_\_\_\_\_

NO CHANGES

Has the Chapter received an IRS independent ruling or determination letter? \_\_\_\_ Yes \_\_\_\_ No

Please provide contact information for the Chapter's current officers:

***President***

Name: \_\_\_\_\_

Company & Address: \_\_\_\_\_

\_\_\_\_\_

Ph: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

***Vice President***

Name: \_\_\_\_\_

Company & Address: \_\_\_\_\_

\_\_\_\_\_

Ph: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

***Secretary***

Name: \_\_\_\_\_

Company & Address: \_\_\_\_\_

\_\_\_\_\_

Ph: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

***Treasurer***

Name: \_\_\_\_\_

Company & Address: \_\_\_\_\_

\_\_\_\_\_

Ph: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Please mail completed form no later than **February 28** annually to:

IECA

Attn: IECA Finance Director  
3001 South Lincoln Ave, Ste A  
Steamboat Springs, CO 80487 USA

## Completing the Chapter's Financial Report

The Chapter financial report is a summary of your Chapter's income and expenses from the beginning of the Chapter's fiscal year to the end. This form can be prepared if accurate financial records have been kept throughout the year. This form is available from the IECA office.

- Complete the Chapter Financial Report Form (on next page) and send it to the IECA Office.
- Deadline for filing: **6 months following the close of the Chapter's fiscal year.**
- The cash balance at the start of the year must be the balance reported at the end of the last fiscal year.
- Return the form to IECA's Finance Director.

The report should be completed and signed by your outgoing Chapter treasurer, the Chapter president or the incoming Chapter treasurer.

## Items to Check Carefully

When completing the Chapter Financial Report Form, be careful to consider the following:

- The cash balance at start of year must be the balance reported at the end of last fiscal year.
- The cash balance at the end of the fiscal year should match the Chapter's books. This cash balance may not match the bank's checking account balance on Dec 31 if a check was written but had not yet cleared the bank when the bank statement was processed.

## **CHAPTER FINANCIAL REPORT** (form on next page)

Please select one the following reports to complete, after determining your state filing requirements:

1. If your gross receipts are not normally greater than \$25,000 and you did NOT receive a 990 package in the mail:
  - No forms are required to be submitted to the IRS.
  - Please complete and submit the **Chapter Financial Report Form** to IECA each year.
2. If you fall into category (1) above but received a 990 package from the IRS in the mail:
  - Please attach the label provided and check the box that indicates returns are not required.
  - Please complete and submit the **Chapter Financial Report Form** to IECA each year.
3. If your gross receipts are normally greater than \$25,000 and you are filing a short form return:
  - You must file **Form 990 EZ**, the Short Form Return for Organizations Exempt from Tax with the IRS. Please enter the four-digit group exemption number in Section F (7238), if applicable.
  - Please be sure to file Schedules A & B as needed with the IRS.

- Please mail a copy of your completed form 990 EZ to IECA.
4. If your gross receipts are normally greater than \$25,000 and you are not filing a short form return:
- You must file **Form 990**, the Return for Organizations Exempt from Tax with the IRS. Please check the Yes box in Section H(d) and enter the four-digit group exemption number in Section I (7238), if applicable.
  - Please be sure to file Schedules A & B as needed with the IRS.
  - Please mail a copy of your completed form 990 to IECA.

Please mail a copy of your **Financial Report** to IECA no later than five (6) months after the close of your fiscal year.

If you have any questions or comments, please contact our office at (970) 879-3010.

**CHAPTER FINANCIAL REPORT FORM**

Chapter name: \_\_\_\_\_

When is the Chapter's fiscal year? \_\_\_\_\_ to \_\_\_\_\_

A. CASH BALANCE at BEGINNING of fiscal year \$ \_\_\_\_\_

B. INCOME:

Dues	\$ _____
Meetings	\$ _____
Newsletter advertising	\$ _____
Seminars/Workshops	\$ _____
Sponsorship	\$ _____
Interest on savings	\$ _____
Other (list major items)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Miscellaneous _____	\$ _____

C. TOTAL INCOME (total of B) \$ \_\_\_\_\_

D. EXPENSES:

Meetings	\$ _____
Newsletter	\$ _____
Seminars/Workshops	\$ _____
Awards, prizes, gifts	\$ _____
Web Site	\$ _____
Other (list major items)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Miscellaneous _____	\$ _____

E. TOTAL EXPENSES (total of D) \$ \_\_\_\_\_

F. SURPLUS or deficit (Total income less total expenses; C – E) \$ \_\_\_\_\_

G. CASH BALANCE at END of fiscal year (A + F) \$ \_\_\_\_\_

Please mail a copy of your **Financial Report** to IECA no later than 6 months after the close of your fiscal year:

IECA, Attn: IECA Finance Director, 3001 South Lincoln Ave, Ste A, Steamboat Springs, CO 80487 USA