

● Treasurers' Fiduciary Responsibilities

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Treasurer's Fiduciary Responsibilities

...in simplest terms is defined...

"Act in the best interest of the organization."

- True for all board members; responsibilities of the Treasurer are extensive, regarding fiduciary and fiscal DIRECTION
- You are being entrusted with the property and/or assets of others
- Put personal interests aside - make decisions on what is best for the club
- Avoid conflicts of interest - entire seminars have been devoted to this topic
-If it feels like there is a conflict, there probably is a conflict of interest.

Selection of a Treasurer:

- Typically, someone NOT in the financial industry. This is step #1 in avoiding possible conflicts of interest
- There are plenty of members of an organization who maintain their own finances, who are qualified to maintain those of a club
- Someone who has been with the organization and who is known to many of the members
- Verify that they are a member (in good standing) of USFS

Role of a Treasurer:

-The Treasurer shall have the authority of overseeing the funds of the club and shall keep a record of all receipts and disbursements.

- Maintain financial accounts with due diligence
- Record transactions with appropriate documentation
- Provide regular written and oral reports on the financial status to the board and to the membership
- Seek expert counsel when needed
- Develop policies and procedures for managing club's finances
- Be responsible for handling tax issues of club or for finding a resource to handle these issues
- Help in the budgeting process for the club
- Attend board meetings and report monthly

Staying Legal:

Review your required registrations and filings with:

State:
Secretary of State
Attorney General's Office

Federal:
IRS

State Filings:

Note: Documents and procedures will vary from state to state – the following is based on experience in the State of Ohio.

- **Secretary of State:**
 - Initial Corporate Filing: "Articles of Incorporation" to be recognized by your state as a legal corporate entity, visit the website of your Secretary of State (Note: This does not grant the organization Non-profit status – that will be established by filing with the IRS)
 - Statement of Continued Existence: To be filed with the Secretary of State every 5 years
 - Statement of Statutory Agent: As necessary; whenever a change in the principal contact person occurs



State Filings (cont'd):

Note: Documents and procedures will vary from state to state – the following is based on experience in the State of Ohio.

- **Attorney General:**

-Charitable Registration Annual Filing (\$100 fee in Ohio):

The State of Ohio gathers information on the organization's activities, including:

- Charitable Activities
- Solicitations
- Gross Revenue/Total Expenses
- Total Assets
- Reaffirm board members and addresses

State:

Note: Documents and procedures will vary from state to state – the following is based on experience in the State of Ohio.

- **Attorney General:**

-Also provides assistance for Charity Organizations

"Guide for Charity Board Members" includes:

- A Board Member's Legal Duties
- Duty of Care
- Duty of Loyalty
- Duty of Compliance
- Duty to Manage Accounts
- Consequences for Violating Fiduciary Responsibility



Filing with the IRS:

Tax Information for Charities & Other Non-Profits

<https://www.irs.gov/charities-non-profits>

- Applying for Tax Exempt Status (Form 1023)
- Annual Reporting & Filing
- Revoked? Reinstated? Learn More
- Exempt Organization Select Check
- How to Stay Exempt
- StayExempt.IRS.gov
- Educational Resources and Guidance



Filing with the IRS (cont'd):

Tax Information for Charities & Other Non-Profits

In general, exempt organizations are required to file **annual returns**, although there are **exceptions**. If an organization does not file a required return or files **late**, the IRS may assess **penalties**. In addition, if an organization does not file as required for three consecutive years, it automatically loses its tax-exempt status.



Publication 557:

Become familiar with IRS form 557: "Tax Exempt Status for Your Organization"

<https://www.irs.gov/pub/irs-pdf/p557.pdf>

- Application Procedures
- Filing Requirements/Disclosures
- Section 501(c)(3) Organizations
- Other Section 501(c) Organizations
- Taxes
- Tax Help



Publication 4221-PC:

"Compliance Guide for 501(c)(3) Public Charities"

<https://www.irs.gov/pub/irs-pdf/p4221pc.pdf>

- What Activities may Jeopardize a Public Charity's Tax-Exempt Status?
- What Federal Information Returns, Tax Returns and Notices Must Be Filed
- Why Keep Records?
- What Records/How Long should Records be Kept?
- What Procedures and Practices Should an Organization Have in Place?
- What Disclosures are Required?



IRS Website:

“Exemption Requirements – 501(c)(3) Organizations”

<https://www.irs.gov/charities-non-profits/charitable-organizations/exemption-requirements-section-501c3-organizations>

“The organization must not be organized or operated for the benefit of private interests, and no part of a section 501(c)(3) organization’s net earnings may inure to the benefit of any private shareholder or individual. If the organization engages in an excess benefit transaction with a person having substantial influence over the organization, an excise tax may be imposed on the person and any organization managers agreeing to the transaction.”

IRS Website:

“Governance and Related Topics - 501(c)(3) Organizations ”

https://www.irs.gov/pub/irs-tege/governance_practices.pdf

- Mission
- Organizational Documents
- Governing Body
- Governance and Management Policies
- Financial Statements and Form 990 Reporting
- Transparency and Accountability

Once you've been granted non-profit status by the IRS:

Use it!

Ohio:
“Sales and Use Tax Blanket Exemption Form”



US Figure Skating:

Dues and Filings - Items to keep current with USFS:



See USFS Website: Clubs/Risk Management

- 1) Certificates of General Liability Insurance
- 2) D&O Insurance
- 3) Club Bylaws



- Certificate of Liability Insurance
- Visit:
 - www.amerspec.com/usfigureskating/club
- Certificates of insurance coverage are automatically generated each year at membership renewal time. When available, an e-mail is sent to club presidents and secretaries with instructions on how to download the certificates from the carrier’s website. Please contact Member Services if you require additional certificates.

D&O Insurance

- http://americanspecialty.com/usfigureskating_cov/index.html
- **Directors & Officers Liability Insurance**
 - ...broadly defined, covers legal costs, judgments and settlements resulting from suits and other legal proceedings brought against the entity’s Board of Directors, Officers or the insured entity itself for allegations of wrongful acts, errors, and omissions.



What your D&O Insurance won't cover:

Selected Exemptions:

- 1) Claims arising out of, based upon or attributable to such **Insured** gaining any profit, remuneration or advantage to which they were not legally entitled.
- 2) Claims arising out of, based upon or attributable to any dishonest or fraudulent act or omission or any criminal act or omission by such **Insured**.



Oversight:

- It is the entire board's responsibility to make sure that the club's records and finances are sound.
 - Stay active to avoid/prevent fraud and embezzlement
- Most acts of fraud or embezzlement begin as "borrowing" of funds – 90% of cases are cash
 -Most cases are people who never intended to commit a crime
 -Most cases escalate from a pattern of small actions to large embezzlements

These people didn't wake up one morning and say, "I think I'll steal from my club today..."



Oversight:

- Theft can...and does...happen anywhere and everywhere.
- -The Bowling League treasurer who needed to "borrow" some money – would certainly have it back in the league's account before the spring banquet.
- The PTA President who received some "cash" payments, and never accounted for them.
- The Treasurer of the cheerleading association who used the money to buy "personal items."

It happened here in Mentor, Ohio.



"Best Practices" policies:

- The board must stay active in overseeing the Treasurer's (and anyone who handles finances) records and procedures.
- 1) Insist on monthly reports at each board meeting. Verify the accuracy and ask questions.
 - 2) President should have access to all bank accounts, and check the transactions monthly online.
 - 3) Discuss a "no cash" policy. If practical, enact it. If not, keep solid paper trails of all cash.

Cash Exchange - 2017 Tri-States Synchronized Skating Competition

Amount	Received by	Position	Delivered by	Position
1,000.00	Ann Albano	DEPT	Wanda	Registration
100.00	Christina	CHIEF	Ann Albano	CHIEF
3720.00	Tony Bosc	BOARD	Michelle	STUDENT
1500.00	Tony Bosc	BOARD	Kristen Cecil	REG/DANCE
300.00	Tony Bosc	BOARD	Angela Fitch	REG/DANCE

"Best Practices" policies (cont'd):

Treasurer:

- 1) Maintain timely filings such as incorporation statements, tax filings, statutory agent filing, insurance, etc. Share these documents with the board.
- 2) Reconcile all accounts on a monthly basis, when the financial institution generates the statement. Share these reconciliations with the board.
- 3) Maintain a record of the financial position (statement balances of all accounts) on a monthly basis. Share this with the board.
- 4) Compile a physical "Treasurer's Handbook" which details all account information, including how to access the accounts (including online login/password profiles). Board has access to it at any time.
- 5) Establish an "Expense Reimbursement" policy. A paper form, requiring a signature, with receipts attached, is the only acceptable way to get reimbursed. Large expenditures require board approval. Use a club debit/credit card whenever possible.
- 6) There is a physical document (receipt, invoice, signed form) for each financial debit. There is a physical document (bank receipt, written summary) for each deposit.

Audits:

- 3 Basic Types of Audits:
- 1) **Compilation**
Lowest level ("Smell Test")
 - 2) **Review**
Analytical procedures, footnotes, comparisons of earlier numbers
 - 3) **Full Audit**
Independently verify balances – typically very expensive, and not completely reviewed.



Audits:

- INTERNAL AUDIT

Board selects several people from among the membership to meet with the Treasurer and all of the club records (suggest every 2 years). The Treasurer reviews the record-keeping procedures with the committee; they then check the documentation in the files with the financial record book (software) for accuracy. The committee provides a written report back to the board. Any irregularities must be acted on by the board.



Thank you!

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