



# Financial Integrity

## Best practices for Lions Club Finances

Although the treasurer is the custodian of the club's funds, every Lion should have a basic, working knowledge of approved financial policies, proper practices, and financial management.

### Reporting

**Financial report** - a summary of all financial activity for any given time. Every fund should be reported. The report should be easy and clear to read and should include:

- Opening balance – equals the ending balance from the previous report
- All income – amount and source of income itemized
- All Expenditures – all payments made which were approved by the board of directors - the payment may be pre-approved by a formal resolution
- Ending balance

The best financial reports compare the year-to-date actual figures with the budget.

**Budget** - an estimate of the total money allocated for a certain purpose. It would include both income and expenditures. It is simply a guide or game-plan.

- There should be a budget for each fund
- An approved budget does not give authority to spend money

### Bank Account Management

The Board of Directors must approve all expenditures, as well as, the choice of banks, number of signers required on a check, who those individual signers can be, and all financial policies. The board must constantly monitor that Lion's policy agreement with the IRS is never violated. This agreement is:

*“Under no circumstances may the net income of the club projects or activities raised from the public be used in any manner whatsoever for administrative expenditures.”*

In order to accomplish this policy, Lions must maintain at least two separate funds:

- 1. Administrative Fund** – used for the internal running of the club. Income is from member's dues, tail-twisting, and other money raised directly from club members. Expenses are per-capita tax, printing, postage and other administrative costs.
- 2. Activity Fund** – used to fulfill the exempt purposes and goals of the club. Income is from public fund-raising projects. Expenses are direct costs of fund-raising, as well as, donations and charitable activities of the club.

## **Financial Policies**

- The club may not create any indebtedness beyond the current income of the club. Clubs should not commit to donations beyond the current fiscal year.
- The purpose of the club is to raise and expend funds for charitable causes. The club should not carry-over a substantial amount of funds from one fiscal year to another without a significant plan.
- Club Treasurer should be bonded. If cost prohibitive, Board should consider extra security steps (multiple bank statements, spot checks, etc.)
- Supporting organizations such as Leo clubs, branch clubs, or ladies auxiliary should use the same EIN as the sponsoring Lions Club and thus all financial activities of the supporting organizations are reported through the Lions Club.

## **Reviewing / Auditing**

Financial oversight includes:

- Reconciling with bank statement
- All funds audited at least annually
- Retain records at least 7 years
- Fraud versus unintentional oversight – Club dispute resolution procedure

## **Legal Compliance Filings**

Lions Clubs are required to file several governmental documents. Full instructions for each return is available on the district website.

- Annual IRS return
- Annual Ohio Attorney General return
- Annual Unclaimed Funds report
- Incorporation's statement of continuing existence (every 5 years)
- Sales tax returns (if applicable)

## Per-Capita Billing and Club Dues

Each Lions Club is billed a per-capita tax for each member of record semi-annually by both Lions Clubs International and the District Cabinet Treasurer. The latest increase is being phased in over the next three years. See the chart below. Club dues should be sufficient to pay this the yearly total plus the member's share of the club's administrative expenses. Club may charge different membership classifications (active, at-large, associate, life, family, etc) different amounts. Membership cards can be printed from Yearly MyLCl.

| <b>Billing Date</b> | <b>Based on membership as of</b> | <b>Invoiced by</b>         | <b>Amount billed each 6 months</b> | <b>Yearly Total</b> |
|---------------------|----------------------------------|----------------------------|------------------------------------|---------------------|
| July 1, 2023        | June 30                          | Lions Clubs International  | \$ 23.00                           |                     |
|                     |                                  | District Cabinet Treasurer | \$ 10.50                           |                     |
| January 1, 2024     | December 31                      | Lions Club International   | \$ 23.00                           |                     |
|                     |                                  | District Cabinet Treasurer | \$ 10.50                           |                     |
|                     |                                  |                            |                                    | <b>\$ 67.00</b>     |
| July 1, 2024        | June 30                          | Lions Clubs International  | \$ 24.00                           |                     |
|                     |                                  | District Cabinet Treasurer | \$ 10.50                           |                     |
| January 1, 2025     | December 31                      | Lions Club International   | \$ 24.00                           |                     |
|                     |                                  | District Cabinet Treasurer | \$ 10.50                           |                     |
|                     |                                  |                            |                                    | <b>\$ 69.00</b>     |
| July 1, 2025        | June 30                          | Lions Clubs International  | \$ 25.00                           |                     |
|                     |                                  | District Cabinet Treasurer | \$ 10.50                           |                     |
| January 1, 2026     | December 31                      | Lions Club International   | \$ 25.00                           |                     |
|                     |                                  | District Cabinet Treasurer | \$ 10.50                           |                     |
|                     |                                  |                            |                                    | <b>\$71.00</b>      |

### Per-capita billing discounts

- Life members – In lieu of advance payment, life members are not charged the semi-annual per-capita from Lions Club International.
- Family Members – Lions Club International only bills ½ per-capita for each family member after the first family member pays full per-capita tax. The club secretary must complete the Family Unit Certification Form.
- Student Members – (ages 18-30 and enrolled in school) - Lions Clubs International only bills ½ per-capita and the District Cabinet Treasurer does not bill any per-capita tax. The club secretary must complete the certification.
- Leo-Lion Program – Lions Club International only bills ½ per-capita for each former Leo member. The club secretary must complete the certification.

### Entrance Fee

Lions Clubs International charges an entrance fee of \$35 for all new members with the exception of Student members and Leo-Lions. Club secretary may submit the proper paperwork to have the entrance fee waived.

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