



Treasurer's Guidebook

For Incoming Club Officers
Updated 2020

District 23-B
Connecticut

The International Association of Lions Clubs

*****Pass this Guide on next year to your successor*****

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Preface

As incoming Club Treasurer, you are responsible for the sound fiscal management of your Lions Club. With the ever-increasing demands for accurate and timely financial transactions, coupled with the close functional relationship to your Club Secretary, we in District 23-B have found it worthwhile to present you with a collection of the important, yet realistic aspects, of being a Lions Club Treasurer. This package of information is a collection of experiences of past Treasurers prepared for this purpose.

Not all the information you will need is included herein. Some of it will come from your predecessor in the form of financial records of your Club, and some of it will be given to you by your Club President or Secretary. Those items typically received by a Club Treasurer are:

- a. The Club's financial records (books from the previous year's Treasurer).
- b. The bank account passbooks and checks (need new signature cards).
- c. Cash Accounts and Records.
- d. Blank Ledger Sheets.
- e. Last Year's Audit and Recommendations.
- f. IRS Forms and Instructions.
- g. File of Paid and Unpaid Invoices.
- h. All Fund-raising records.

Other commonly available items are recommended, subject of course to personal preference, such as a pocket calculator and accountant ledger books/forms. A computer, fax, knowledge of user-friendly accounting software, and photocopying machine are also helpful if available.

Although the duties of Treasurer are broadly defined, it is highly recommended that a Treasurer coordinate his or her tasks with the Club Secretary, developing a working arrangement, convenient for both. We hope that through this course, you will be able to report with confidence that the check really is in the mail.

DUTIES AND RESPONSIBILITIES

The Treasurer is the financial officer of the Club, and his or her official duties are under the supervision of the Club President and Board of Directors. As Treasurer, you are a member of the Club's Board of Directors and normally the Chairman of the Finance Committee.

The Treasurer's specific duties are to:

1. Receive all monies from the Committee Chairmen and Members of the Club, depositing same in a bank or banks recommended by the Finance Committee and approved by the Board of Directors.
2. Pay out monies for Club obligations upon authority of the Board of Directors.
3. Sign all checks and vouchers. Observe countersigning policies as determined by the Board of Directors and your club's constitution and bylaws.
4. Reconcile the Bank Statement(s) with the Checking Account and the Club Ledger once a month.
5. Prepare and submit financial reports to the Board of Directors at least monthly and to the Membership at least quarterly.
6. The Treasurer should give bond for the faithful discharge of the office in such sum and with such surety as determined by the Board of Directors.

ACCOUNTING TECHNIQUES

The Accounts should be kept separate:

Administrative Account:

Club dues, various fees collected from members and any other money derived directly from members is placed in this account and used for club administrative costs.

Activity/Charity Account:

Money raised through fund-raising projects in which the public participates is placed in this account and used for service projects that benefit persons other than Club members. Extreme care should be taken to ensure the separation of these accounts. Nothing could be worse than having word get out that your Club is using money derived through public participation for the benefit of Club members. Money may be transferred from your Administrative Account to your Activity Account (with the approval of your Board of Directors), but **never** in the opposite direction.

If your club holds 501c3 status, then a separate bank account must be maintained for 501c3 funds under a separate EIN number.

You don't have to be a CPA to be a Treasurer. Complete and accurate reporting of income and expense is all that is required. Just make certain you keep clean and legible records. Neatness is a prime asset.

Administrative Accounts

Funds to defray the cost of Club activities should be raised within the club by means of fund-raising projects put on by your Club for your club. Tail Twister activities, (fines collected at meetings) are another source of administrative money. All such projects should be approved by the Finance Committee and Board of Directors before work is started on them. Sufficient funds should be in the Activities Fund to defray the cost of the activity before it is started. ***No portion of net income raised from the general public may be used for the Administrative Budget or transferred to the Administrative Account.*** If funds must be raised for the Administrative Fund in an emergency, fund-raising projects within the Club may be held. However, such practice should be resorted to only as a temporary measure. If the condition persists, Club dues should be raised to an amount to defray all Club administrative expenses.

CHECKING ACCOUNTS

All checks should require two signatures, preferably the Treasurer and the President. Do not make retailers/vendors wait for their money. You may be looking for their cooperation at some future date and it is best to be on their good side.

BONDING & OFFICERS INSURANCE

It is strongly recommended by LCI that you have bond insurance, and it is also suggested that the club have Director and Officers insurance, more commonly referred to as D&O insurance. The bond insurance protects the club and treasurer for any misuse or embezzlement of funds. This is something we would never expect from a Lion, but having the correct legal protection is appropriate. D&O insurance protects the board members in case the club is ever sued. D&O insurance is not expensive, and is something your club should consider if you don't already do so. You can purchase bond and D&O insurance through a local carrier or you can reach out to "DSP Insurance Services" in Illinois who is a recommended insurance carrier from LCI. The bond and D&O insurance costs are based on your yearly income and number of members in the club.

BUDGETS

One of the major responsibilities of the Treasurer and the Finance Committee and/or Board of Directors is to prepare the Club Budget. A budget is a guide to earnings and expenditures. The important administrative details of the Club and the completion of its activities depend on a carefully constructed budget. A budget also keeps the membership informed of the financial condition of their Club, which they have a right to know; provides the necessary discipline for keeping funds in their proper category; and helps to establish proof that your Club is a charitable organization.

You will be helped greatly by making a monthly analysis of the Club's receipts and disbursements, which should be presented monthly in some form to the Board of Directors.

Generally speaking, it is wise to remember that a big bank balance does not signify a good Lions Club.

Creating a budget is part of sound financial management, anticipating in advance as accurately as possible the income and expenses of the Club for the fiscal year. This budget provides a guideline for the Officers and Board of Directors to handle the financial affairs of the Club for the budgeted period.

The Administrative Budget has to do with the basic financing of the Club, the income and expenditures necessary to run the Club. The income for Club administration is derived principally from Club dues.

The Activities (Charities or Project) Budget is the financial management of the activities which the Club carries on. The income should be derived from special fund-raising projects put on by the Club in the community. A well-managed Lions Club also takes care that sufficient funds are available, for the successful conclusion of their charitable projects.

It is suggested the budget committee meet in early May, the budget is presented to the board and approved by the end of May, and then the budget is presented and approved by the club in early June. Suggested members of the budget committee are the current President and Treasurer, and the incoming President and Treasurer. This allows the current officers to give accurate opinions of what happened during the year and the incoming officer to have input on what they want to have happen in the following year. If some of the officers are repeating, then ask other club members to participate. Four to five members of the budget committee is a good number. And please keep in mind, a budget is only a plan, if things do not go according to plan then the board and club can

always change things as they go through the next year, but you should have a plan in place by July 1st for the coming year.

TYPICAL BUDGET

Administrative Account

Income - Members Only

- Membership Dues & Initiation Fees
- In-house Raffles
- Tail-Twister Fines
- Member Purchases
- Dinner Meetings
- Gifts from Lions Clubs Etc.

Expenses

- International, Multiple District & District Dues
- Awards
- Supplies-Postage/Printing Charter/Anniversary Nights
- Guest and Member Meals
- Insurance
- Conventions
- Seminars
- Public Relations/club brochures, publications
- Membership Drives
- Etc.

Activities Accounts

Income - Fund Raising Projects Auctions

- Ad Campaigns Pancake Breakfasts Carnivals
- Fairs
- Road Races
- Car Shows
- Journey for Sight
- Various types of sales
- Turkey Shoots
- Raffles
- Dinners
- Etc.

Expenses

Contributions-Donations/ Activities/Projects

Examples:

LCIF, Diabetes and Drug Awareness, CT Lions Eye Research Foundation Lions Low. Vision Center, Hearing, American School for the Deaf, FIDELCO, CRIS Radio
Community: Eyeglasses, Glaucoma Screening, Scholarships Summer Camp, Boy/Girl Scouts, Little League, Youth Exchange, Library, Hospital, Police, Fire Dept. Equipment, Ambulance Senior Citizen/Handicapped/Youth Programs Etc.

RECEIPTS AND DISBURSEMENTS

Receipts should be issued for all cash and checks received from:

- Membership Dues
- Club Supplies
- Profits from Special Fund-Raising Activities

Keeping good and accurate records is very important. One of the ways you can insure that happens is to update your records as soon as possible. When you come home from a Lions event, record your deposit and check information immediately, or the next day at the latest. If you wait four or five days to record what happened you might not remember exactly what a check or cash received was for. Using Excel or Quickbooks to track club financial records is suggested. Of course, you can keep all records in a paper ledger, but the computer records will provide for much easier reporting.

The timely recording of funds received and checks written is very important. Same holds true for deposits, money and checks received should be deposited no later than the following business days. If you keep received funds laying around the house there is no telling when something might get lost.

Having a good receipting process is also important. All money or checks received should be recorded in a receipt book. A simple two-part carbon copy receipt book you can purchase somewhere like Staples is a good idea. This way the person giving you the funds gets a receipt, and you have the book copy for your records. The receipt should have space for the date, amount received, what it is for, and somewhere for your signature and the person who is giving it to you to sign. Now, this does not mean you need to give a receipt for every individual transaction. If you make 250 sales at your annual plant sale, you will not be writing 250 receipts. But at the end of the day when the event chair turns over all of the sale money to you, you will give the chairperson a receipt for the total amount. Or at a club meeting where each lion pays a set amount to the club for a meal, each lion won't get a receipt, but when the person collecting at the

door turns over the money for the meals, you will give that person a receipt for the total amount collected.

COLLECTING MEMBER DUES

Mail or hand out statements for dues 30 days in advance of the due date.

Issue a receipt for dues paid. Keep a record of all receipts from each member of dues paid and amounts owed.

Submit the names of delinquent members to your Board of Directors for their review and action to be taken.

The Treasurer, with the advice of the Finance Committee and/or Board of Directors, should set the annual membership dues at an amount which is necessary to maintain the financial health of the Club. If the amount is insufficient to enable the Club to operate efficiently, the Finance Committee and Board of Directors should increase the dues to overcome the deficiency. Club dues should be collected in advance quarterly, semi-annually, or annually. As stated above, the statements should be issued 30 days in advance of the due date.

The club is responsible for dues for all members listed on the LCI roster on July 1st and January 1st.

BANK STATEMENTS

It is recommended that bank statements are not mailed to the treasurer, they should be mailed to the club president who can review to insure deposits and checks are happening as planned, then the statements should be turned over to the treasurer. Finally, it is recommended that all payments are done by check, or e-check, so there is a proper paper trail of all disbursements. Cash should never be used to pay for anything.

PAYMENT OF MEMBER DUES

Always pay the International, Multiple District and District Dues promptly. Your Club could lose voting rights at the State and International Conventions if you receive a notice of 90 days delinquency on the International Dues and/or have not paid the Multiple District and District Dues for your Club. Don't let it happen!

NOTE: The amount per member for District, Multiple District and International dues may vary if changes are approved at the conventions.

DISTRICT DUES

The Clubs are billed for District 23-B and Multiple District 23 dues by the Cabinet Secretary/Treasurer, currently at the rate of **\$6.50** per member for the July billing, and **\$6.50** for the January billing, (**\$13.00** annually). The dues are for the purpose of defraying the administrative costs incurred by the District and Multiple District in carrying out their official duties and other administrative expenses such as printing, postage, supplies and awards.

INTERNATIONAL CLUB BILLINGS

All International charges and credits for membership dues and ordered supplies are accumulated during the month and included in an itemized Club Account Statement sent monthly to the Lions Club Treasurer. The number of members charged for dues should be checked against the Membership Report and items charged against the Club orders processed by the Club Secretary. If everything is in order, (assuming the Board of Directors has already approved the purchase) issue the payment.

To pay your LCI dues, you simply log into the MyLCI area of the website, in the upper left section of the page there will be a tasks box, and in that box, there will be a link to pay your LCI bill if you owe anything. You can pay your invoice with an e-check directly from your bank account; you will need your bank routing number and checking account number. There are other areas where you will be able to find past invoices and membership records. You can also mail a check to LCI with your statement if you prefer.

INTERNATIONAL DUES

Each Lions Club is billed for the International Per Capita Dues at the rate of **\$21.50** per member on January 1 and July 1 of each year - **\$43.00 annually** - in line with the provisions of the International Constitution. Members are based on the Club Membership reports received as of June 30 and December 31. Dues are charged for all members in the categories of Active, Member-At-Large, Honorary, Privileged and Affiliate. Life Members are not charged International Dues. Associate Members are charged International Dues through their Home Club, not through your Club.

In addition, Lions Clubs International includes two categories of membership, Family Members and Student Members, that are billed at rates different from the standard, active member.

The International Per Capita Dues are payable in advance by January 15 and July 15 respectively, and are considered delinquent if not paid within 60 days from the date of billing.

NEW MEMBERS

The Lions Clubs International entrance fee for each new member is \$35.00. In addition to the entrance fee, the Club is billed for International Per Capita Dues on a pro-rated basis from when the member joined the club.

Pro-rated dues begin the first of the month in which the person becomes a member to the next dues billing period.

The detailed billing will include:

- ✓ Entrance fee established by the International Board of Directors.
- ✓ Pro-rated dues in accordance with months remaining in billing period.
- ✓ Names of new members.

REINSTATED/TRANSFER MEMBERS

Any former Lion who has been dropped from a Lions Club and later applies for reinstatement or transfer must be treated as a new member if the lapse covered a period of more than one year.

If there has been a lapse in membership of less than one year, the charge from LCI for reinstatement of a member will be for the full year. It is not pro-ratable. Depending upon when the member was dropped, half may be billed to the losing club and half to the gaining club.

There is no charge made by Lions Clubs International for the transfer of a member from one club to another within one year. After one year, the Lion is treated as a new member and a new entrance fee will be billed.

FAMILY MEMBERS

LCI offers special dues rates for family members. Legal family members who live in the same house can receive a 50% reduction in LCI annual dues. The head of household pays the full \$43.00 LCI dues amount. Up to four additional legal family members in the house can join Lions and pay only \$21.50 in International dues each year.

SUPPLIES

Supplies which were sent are listed on the Club Account Statement with an invoice copy attached. It includes a description of the items and cost.

Returned items or corrections in billing are listed as credits with a CR after the amount. A Credit Memo will be included with the billing.

FUND-RAISING PROJECTS

Each Fund-Raising Project Chairman must maintain a separate ledger sheet and all records of income and expense. This is absolutely necessary for the audit and the preparation of the IRS 990 form. This also facilitates a review of the projects, makes it easier to plan another similar project and to duplicate the records if necessary. It enhances the distribution of the material to others and neatly packages each project into a unit.

REPORTS TO THE CLUB

A report of income and expenditures should be made at least once a month to your Board of Directors and members. Everyone is interested in being informed of what is happening to their dues, and particularly how their project income is being spent. It is very helpful for budget comparisons and decision making when the income and/or expense is greater or lesser than that estimated.

IRS FORM 990

You must file the IRS Form 990 E-Postcard on or before November 15th of the year for the fiscal year ending June 30th of that year. However, if your club is accidentally operating on a fiscal calendar year in IRS records, instead of July 1st to June 30th, then your 990 is due by May 15th.

Every Lions Club must file one 990 E-Postcard for the club, and if you have a 501c3 business you will file two. Filing the 990 is very easy, it only takes a few minutes, the previous treasurer should have the information of what they filed, and you can google “IRS filing 990” and it will bring you to the appropriate link for the IRS website.

As long as your income is under \$50,000 you can use this easy online system to certify your income level. If your club’s receipts are more than \$50,000 then you cannot use the E-Postcard, and will be required to file a full 990 tax return. If you are required to file the full tax return you may want to contact a tax professional or someone who has done it for your club in the past.

It is very important you file your 990 every year. If your club goes three consecutive years without filing a 990 you automatically lose your non-profit status. This includes losing your 501c3 designation if you have it, and losing your 501c4 status under LCI. Your club would then be required to pay income tax on all donations and income until you reapply for both non-profit statuses.

ANNUAL AUDIT

An audit should be done every year, as soon as possible after July 1st. The audit does not need to be done by a professional, but two or three members of your club who understand finances should review the books and confirm all records for income and expenses are accurate. Good members to have on the audit committee would be former club treasurers or anyone with financial knowledge.

However, the current officers and incoming officers may **not** participate in the year end audit. No one who is a current signer on the accounts, or will immediately become signers on the accounts, can do the audit. It is also recommended that your club does an audit at the end of December, six months through the year. It is much easier to look at six months of records than try to do an entire year at once.

501(c)3 CHARITABLE DONATIONS

All Lions clubs fall under LCI’s designation as a 501c4 organization, this makes us exempt from paying income tax. Each club should have its own employer identification number, or EIN number. However, this 501c4 designation does not make us a recognized charity where donors can take a tax deduction by making a donation. In order for your donors to take a tax donation you must have a separate 501c3 designation. If you do have the 501c3 designation, you will have a separate EIN number for the club. Instead of the club having separate administrative and charity accounts owned by the club, you now have what amounts to two separate businesses.

The 501c4 club will own the administrative account, and the separate 501c3 business will own the charity account. Many large companies will not make a donation if you are not a 501c3 charity. If you currently are not a 501c3, and would like to take the steps to move in that direction, please reach out to any district officer and they can provide the information you need to get started in that direction.

CT LIONS CHARITIES INCORPORATED

One way you can take a large donation where the donor wants it to be a charitable deduction donation is to partner with CT Lions Charities Incorporated. CT Lions Charities is MD23's 501c3 corporation, it is governed by our MD Council and is there to assist any Lions Club in CT. If you are looking to solicit a large donation, you can contact CT Lions Charities, arrange for them to take the donation, they will provide the necessary charitable receipt and information to the donor, and then CT Lions Charities will disburse the money to your club, this assumes it meets one of our Lions' charitable goals. Keep in mind this is only for large donations of goods or funds, it is not for every \$10.00 donation your club accepts.

CT SALES AND USE TAX

Our 501c4 designation through LCI only exempts us from paying income tax and sales tax on a purchase of goods to use for our stated purposes, such as buying a vision screener to donate. However, it does not excuse us from collecting sales tax when we purchase goods or meals and sell them to the public.

For example, if your club buys 500 plants from a local grower, the 501c4 allows you to purchase them as a wholesaler without paying sales tax, but when you sell them to the public you are supposed to collect sales tax from the public buyer and turn it over to the State Department of Revenue Services. Same would hold true when you buy supplies for a pancake breakfast and sell tickets for the meal, you should be collecting sales tax on the cost of the ticket and submit it to the CT DRS. If you are buying and selling anything during the year, your club should be registered with the CT DRS and you should have a Sales and Use tax permit. You're required to submit monthly, quarterly, or annual sales tax returns depending on the size of your business.

This is another area where the 501c3 designation is a benefit. If you have the 501c3 designation, the State of CT allows you to have five event days during the year where you have sales and do not have to pay CT DRS sales tax. You would make these five days your most profitable days of the year. For example, if you have a golf tournament

that typically brings in \$15,000, you would make that one of your sales tax-free days. But you only get five sales tax-free days if you are recognized as a 501c3 charity. If you do not have that designation, you should be collecting sales tax on anything you sell. Most Lions clubs that follow these guidelines do not add sales tax at the end, but just include it in the price, so a \$10.00 plant sale is actually a \$9.41 sale with \$0.59 of sales tax.

If you are a club that does not currently have a sales and use tax permit, you can go online and google CT Sales tax for 501c3. Review that information, determine how it applies to your club, and decide how best for your club to proceed.

RESOURCES

Visit the district website at www.lions23b.org

Click on the “Webinars and Resources” tab on the left side for information on:

- LCI Club Treasurer E-Book
- LCI MyLion Account
- CT Sales and Use Tax
- IRS 990 E-Postcard
- DSP Insurance contact information
- CT Lions Charities contact information