

Being Treasurer Isn't Always About the Money

by Diane DeBok, Editor & Content Manager

As we move into spring, many organizations that operate on the July 1-June 30 fiscal schedule are drafting officers for 2016-2017. Also, April is often referred to as Financial Literacy Month. Now is an especially good time to consider the role of the nonprofit treasurer.

Iowa has more than 25,000 nonprofit organizations, most of which have revenues of less than \$100,000 per year. A good share of those have revenues of less than \$25,000 a year. Many organizations depend entirely upon volunteers, and people without a background in finance may find themselves in the role of treasurer.

While the numbers, balances, and transactions make up a significant part of the job, a good share of it is also about non-accounting details.

Board members encounter many of the same stumbling blocks: no formal orientation or training for new officers, lack of clearly assigned duties, a lack of knowledge about procedures at the organization's bank, not knowing why an organization's employer identification number (EIN) is important.

While these situations create confusion and lead to time wasted as people chase down information and details, it also creates an environment where dishonesty can go unnoticed and result in financial losses for the organization.

When taking the role of treasurer and adding your name to

the organization's bank account, it's handy to know a few of the bank's requirements ahead of time. For reasons that protect both the bank and the organization, certain types of documentation are required to change names on an account. These will vary somewhat depending upon the financial institution.

One current signatory may be allowed to remove other names, but the process of adding new names has more stringent requirements. Board meeting minutes that document the election of officers may be accepted in adding signatories. Persons being added will be required to present some form of identification such as a driver's license, state-issued ID, military ID, or passport. Once the paperwork is done a few days are required to process it before signatories can access the account and make transactions, something to keep in mind if bills are immediately coming due. It's a good idea to keep a note in the files listing current signatories and the dates they were added to the account.

Having clearly assigned duties also keeps business running smoothly. Treasurer duties should be shared between two people. For example, a second person should routinely reconcile the bank account from unopened bank statements, or two signatures should be required on checks over a certain amount. This way,

irregularities are likely to be noticed sooner rather than later.

If your organization keeps jars for donations on the checkout counters of local businesses, do you have a list of the businesses and a contact person at each one? Is someone assigned to collect the money and turn it in to you on a regular schedule? Having specific procedures and expectations sets a professional tone and reduces the temptation for dishonesty.

Be sure your organization's Employer Identification Number (EIN) is on your bank account and not an individual's social security number. An EIN is needed whether your nonprofit has employees or not. It is also referred to as a TIN, or Taxpayer ID Number. When a bank account is opened for a nonprofit, the bank uses the EIN as an identifying number for the account. It is also required to obtain tax exempt status.

Speaking of the IRS, remember that all nonprofits with 501(c)(3) status, except for churches, must file some version of a Form 990. There are several forms of the 990 such as the 990-EZ, 990-PF, and 990 e-Postcard. The IRS has two good online guides to help you determine which one to use. One is the Current Form 990 Series – Forms and Instructions at www.irs.gov/uac/Current-Form-990-Series-Forms-and-Instructions For small organizations, the 990 e-Postcard might be sufficient. A helpful

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