

Chapter 6: Finances

Did you just get elected Treasurer of your section? Welcome to the job! As section treasurer you are expected to keep things under control. It's likely that you receive praise only once per year at the annual meeting. Your work is low profile but nevertheless requires meticulous attention to details.

Managing a section's assets and keeping its finances healthy can be a daunting task. The following are some tips from Sylvia Ewerts, a longstanding member and treasurer of the Burlington Section who has also served on the GMC Board of Directors and its finance committee.

Finance Committee or Treasurer's Office Responsibilities

Note: Your section may or may not have a standing finance committee.

- Maintain section's assets in a fiscally sound manner.
- Develop a budget. It provides a clear overview of the section finances and a great checklist of section activities associated with costs. The budget serves as a "script" for your finance report at the section annual meeting.
- Normally, the budget covers one year (or less). A sample budget is provided in Appendix G of this handbook.

Treasurer Duties

- Deposit income in a bank account. Coordinate with Membership chair to see that the section receives dues for new members.
- Pay bills as they become due. Verify that expenses are in line with the adopted budget, or as otherwise approved.
- Handle charitable contributions.

Committee Member Responsibilities/Tasks

- Review budget.
- Advise on investments of special funds.
- Audit section finances for approval of treasurer's report at annual meeting (optional).

Administrative Details

- **Receipts.** Most will be checks. If cash, verify amount with receipt.

- **Payments.** Expenses included in budget may be paid upon presentation of valid receipts. Put check number on receipts. All expenses are to be paid by treasurer.
- **Unbudgeted Expenses.** Expenses not in the budget must be approved according to rules established within the section, perhaps within the bylaws.
- **Postage for section newsletter.** (Compare Chapter 5, Communications). Under certain circumstances postage savings may be realized through a special permit. The rules are complicated and need careful study. Procedures involve an annual fee and remittance of postage to the Postmaster (local address) as newsletters are mailed.
- **Budget.** Prepare with finance committee and executive committee at end of fiscal year. Reconcile accounts and prepare annual report for approval at annual meeting. Make budget copy available on request.
- **Documentation.** Documentation of section income, purchases and expenses provides the basis for your annual budget. Obtain receipts for all purchases. Write check number on the receipt; it makes it easier to keep track. Keep a log of income and expenses, noting date and check numbers; put log “id number” on checks and receipts to provide cross references. Checks for expenses incurred by treasurer should be countersigned by the president. Be prepared for an audit at any time.
- **Change of officers.** Prior to change, request change forms from bank(s).

Laws and Regulations that affect Section Finances

Nonprofit Status and How to Use the Vermont Sales Tax Exemption

The GMC is a registered 501(c)(3) tax-exempt nonprofit organization (corporation). Sections do not have their own stand-alone tax exemptions, and must work under the umbrella of the corporation to take advantage of applicable tax exemptions.

Vermont Sales Tax

Your section is not subject to Vermont sales tax for purchases. As treasurer, you should make your section volunteers aware that they should not pay sales tax when they purchase a taxable item for GMC. In order to take advantage of this the purchaser must be able to present the merchant with a copy of the GMC “Resale and Exempt Organization Certificate of Exemption,” available on request from GMC. Answers to any questions or advice on handling club funds can be obtained from the GMC finance director.

Section Sales Activities

If your section sells merchandise that has been purchased from a manufacturer or wholesaler, the sales are subject to Vermont sales tax. Examples include note cards, maps, books, etc. (note that clothing is exempt from Vermont sales tax). On these sales, you should collect 6% sales tax and

remit it directly to the Vermont Department of Taxes, if required, or send it to the GMC finance director along with an itemization of the sales, so that GMC can meet its tax obligation. In addition, some municipalities have a local option tax, usually 1%, and this should be collected and remitted where applicable.

Charitable Contributions

If somebody wants to make a donation or contribution to the section and intends to claim it as a charitable deduction from their income taxes, the donation must be sent directly to or through the main club. Checks can be made out to a specific section or simply to “Green Mountain Club” with a note; in either case, funds earmarked for a specific section are disbursed by the GMC finance director to the section treasurer.

New Member and Renewal Dues Payments

When a new member joins the GMC, he or she is invited to join any section or to remain at-large. Dues for at-large as well as section members are paid directly to GMC headquarters. There is no extra fee for section affiliation.

Under GMC bylaws, a percentage of section members dues is remitted to the sections. As set by the Board of Directors, currently 25% of these dues are allocated to the section, and are sent to the section treasurer on a monthly basis.

Auditing

Legally, a section is considered part of the GMC, a registered 501(c)(3) tax-exempt nonprofit organization, and is included in the general audit of the main club. In other words: there is no audit requirement for an individual section. At the end of its fiscal year (April 30) GMC will request (usually by e-mail) the section treasurer to provide an official bank statement showing a section’s assets. These will be included to the GMC balance sheet and thus become subject to the general club audit. (Information source: GMC’s financial director, GMC’s auditing service.)

A section may want to conduct its own internal audit, which could be performed by its finance committee or a committee appointed by the section president. Good documentation and the existence of a section budget should be sufficient to satisfy a respective auditor review.