

Chapter 6: Finances

Managing a section's assets and keeping its finances healthy can be a daunting task. Section members willingly pay their dues; sometimes they forget and need to be reminded. Unless they are involved (as section leaders or volunteers) in purchases or sales associated with section activities, they are likely to spend little thought on a section's finances and assume that all is well. Your section treasurer is expected to keep things under control. He or she receives praise usually only once per year at the annual meeting. Their work is low profile but nevertheless requires meticulous attention to details.

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 produce GMC's tax-exempt number, 13047, or present the merchant with a copy of the GMC "Resale and Exempt Organization Certificate of Exemption." A copy of the certificate can be found in Appendix C. Although this certificate may be reproduced without approval, this practice should be carefully monitored to prevent abuses.

Tax Exemption Information
GMC sections operate under the umbrella of the corporation's 501(c)(3) tax exemption.
GMC's Vermont tax exempt number is 13047.
GMC's Federal I.D. number is 030162865.

Sections may limit their purchases to certain merchants where a merchant-specific blank exemption form is kept on record. At the time of purchase the form can be filled out with the organization's name, number, etc, and signed by the authorized purchaser. Answers to any questions or advice on handling club funds can be obtained from the GMC business manager.

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 5% sales tax and remit it directly to the Vermont Department of Taxes, if required, or send it to the GMC business manager along with an itemization of the sales, so that GMC can meet its tax obligation.

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 business manager to the section treasurer.

New Member and Renewal Dues Payments

When a new member joins the main club, they are invited to join any section or to remain at-large. There is no extra fee for section affiliation. Under the GMC bylaws, the percentage of section members

dues remitted to the sections is set by the main club board of directors. Currently 25% of these dues are allocated to the section and 75% for headquarters. In most arrangements where section member dues are received by GMC headquarters:

- new section memberships and renewals are recorded as “Section Dues” income;
- 25% of these dues are sent to the section treasurer monthly;
- 100% of any section contributions received above section dues, or gifts specifically earmarked for the section, are sent to the treasurer monthly.

Some sections continue to collect dues directly from section members (for example at their annual meeting). In such cases, the section treasurer sends 75% of the dues received to GMC headquarters monthly.

Tips from a Veteran Section Treasurer

Sylvia Ewerts is a longstanding member of the Burlington Section who has served on the GMC board of directors and both club-wide and section budget and finance committees. In 1999, when Sylvia stepped down as Burlington Section Treasurer after many years of service, she jotted down detailed notes for her successor. Here are excerpts that may be helpful to other GMC section treasurers in the future.

Finance Committee or Treasurer’s Office Responsibilities

- Maintain section’s assets in fiscally sound manner.
- Develop a budget. This is usually needed before the section annual meeting. Normally, the budget covers one year (or less).

Treasurer Duties

- Deposit income in bank or securities account.
- Pay bills as they become due.
- Handle membership dues receipts as arranged with main club.
- Handle charitable contributions.
- Review conformance to current budget.
- Prepare budget for approval.

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. Expenses between \$25 and \$99 (these approval ceilings may differ from section to section) not in budget must be approved by president. Expenses not in budget and more than \$99 must be approved by the executive committee. Purchases of tools and services may be excluded from sales tax.
- **Documentation.** As treasurer, you should maintain documentation (i.e. receipts) of all purchases. Write check number on the receipt. It makes it easier to keep track. Be prepared for an audit at any time. Checks for expenses incurred by treasurer should be countersigned by the president.
- **Postage for section newsletter.** 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) on a regular basis (depending on newsletter schedule).

- **Securities.** Does your section own securities? If ratio of stocks/bonds reaches 75/25, review and consult with the GMC business manager.
- **Income and sales tax reporting.** Most likely, the section's annual income is less than \$25,000 and federal and state reports are not needed. State sales taxes must be paid for all sales unless specifically exempted (e.g. clothing). If you are required to file a report because of sales activities in prior years, do so even if sales have been zero. Consult with the GMC business manager if you need specific advice.
- **Budget.** Prepare with finance committee and executive committee at end of fiscal year. Reconcile accounts and prepare annual report for distribution and approval at annual meeting. As a courtesy, send a copy of your annual report to the GMC business manager.
- **Change of officers.** Prior to change, request change forms from bank(s).