

Managing Club Finances

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Updated 9/19/2022

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Maintain Bank Account(s)

- Opened under your club's name and EIN, with two+ authorized signers updated regularly: (Checking, Savings and any CD's for restricted and rainy day funds).
- Balance the checkbook!
- Utilize online tools as you are comfortable--online banking, online bill payment, PayPal for credit card/online sales

Collect the Money and Pay the Bills

- Keep detailed records of your sources of income and the purposes of payments
- Require clear expense documentation (receipts, invoices), plus approval from committee chairs when applicable

Keep the "Books"

- You must keep written records of all monetary transactions—not just a check register or bank statement
- Revenues and expenses are kept separate and organized by categories, such as: Revenues—dues, donations, plant sale, garden tour, annual luncheon
- Expenses—programs and rent, civic beautification, plant sale, Federation dues, annual luncheon
- Your list of categories is your chart of accounts.
- The difference between revenue and expense is your profit or loss.
- **Ideally use a spreadsheet program or a financial reporting package like Quicken.** (QuickBooks may be too complex for most clubs, but standard and online versions can be purchased for only \$50 from TechSoup (<https://www.techsoup.org/>).)
- Back up any records you keep electronically!

Prepare Financial Statements

The listing of your revenues and expenses is called **an income statement or your profit and loss statement (P&L)**. Use this to prepare:

- **501(c)(3)** submission to the Federation
- **Tax/information filings** for the IRS and MA Attorney General
- **Monthly reports** to your club's board of directors, who are legally responsible for the club's funds
- Tracking against your expectations/current year **budget** and to plan for next year
- Have the annual report "audited" by an appointed committee of 2+ members or a qualified outsider

Prepare a Budget

- A plan for the year ahead, created in collaboration with fellow club members and approved by the board of directors and/or your club membership, at or around your annual meeting. Check your bylaws.
- Clarifies goals, expectations, challenges
- Provides guidelines/controls for committee chairs

Obtain/Maintain Tax Exempt Status (501(c)(3) organization, Public Charity)

- Allows you to receive tax deductible donations and avoid paying state and federal taxes on your club's income.
- Qualifies you for a Sales Tax exemption (ST-2 certificate), but this must be applied for separately from the MA Department of Revenue. Go to MassTaxConnect (<https://www.mass.gov/how-to/create-your-masstaxconnect-individual-account>) and register your business. *NOTE: ST-2 will show a MA Taxpayer ID #, which is different from your Federal and Attorney General numbers.*
- One-time application to get under the GCFM 501(c)(3) umbrella—see GCFM.org About Us and select Resources. (<https://www.gcfm.org/resources>) Annual filing with the Federation to stay under its umbrella due October 15th—see GCFM.org About Us and select Resources: <https://www.gcfm.org/resources> .

File Required Tax/Information Returns

- File no later than 4 ½ months after the end of your fiscal year (November 15 for “umbrella” clubs)
- **IRS:** <https://www.irs.gov/> (not .org or .com) 990-N (e-Postcard) for clubs whose gross receipts are normally \$50,000 or less (990-EZ or 990 required if larger); 8 items of very basic information about the club; no fee to file. The individual doing the filing first must set up a login, including some security questions. *Do not skip this filing, even if late. Failure to file 3 years will result in loss of your tax-exempt status, which is complicated and expensive to restore.*
 - Go to Tax Exempt Organizations Search (TEOS) to search on your club and see past years' filings. IRS.gov is extremely helpful. Go to Charities & Non-Profits section and then Annual Reporting & Filing section. See the online User Guide for easy instructions for filing the 990-N and how to resolve any issues. Phone support also good.
- MA Attorney General's Office (Public Charities—see under Doing Business in MA) <https://www.mass.gov/orgs/the-attorney-generals-non-profit-organizationspublic-charities-division>
 - All 501(c)(3) clubs must file a **Form PC** (for public charity) with the AG's office (AGO).
 - All clubs with gross support and revenue of more than \$5,000 also must submit an IRS **Form 990-EZ** with the Form PC. Complete the 990-EZ first and include Schedule A, which includes five years of history. Also, complete Schedules A-1 and A-2 of the Form PC. You must be current in your filings with the AGO to receive your annual Certificate for Solicitation/permission to fundraise in MA.
 - Instructions are available on the AGO website. \$35 filing fee to be paid at the web-based payment portal. Fillable forms are available at IRS and AGO websites. (If they don't work for you, try a different browser.)

- Record how you mapped your financial data to the lines in these forms, so it's easy to do it the same way each year.
- Secretary of the Commonwealth—*for incorporated clubs only* Corporations must file **an annual report** by November 1 (\$15 fee) and report changes of officers and address. Fillable forms and online options are available.

Keep Required Records and Numbers

- EIN, AG and MA Taxpayer numbers, GCFM umbrella group exemption number, bank account number(s), 501(c)(3) determination letter, organizing documents, ST-2 correspondence—**keep permanently** (*recommend you scan these and keep electronic copies as back-up*).
- Keep permanently minutes, annual financial reports, and tax/information returns—Form PC and 990-EZ. Tax/info returns you submitted also are available for public viewing and download on the MA AGO website.
- Income and expense documentation, bank statements, deposit slips, and other records—generally keep for 3 years after the due date of the tax return for that year. Select reports of key club activities may be useful much longer.

Key Deadlines

- **October 15** 501(c)(3) umbrella renewal form to GCFM
- **November 1** Annual Report to Sec of State (corporations only) November 15 (or 4.5 months after end of fiscal year) 990-N (e-Postcard) to IRS and Form PC with 990-EZ to MA AGO
- **April 15** Club Insurance Payments to GCFM
- **May 1** Club Membership Dues to GCFM

See the GCFM website for forms and additional information gcfm.org