

ROTARY CLUB TREASURER CONSIDERATIONS

April 29, 2021

SCOPE OF TREASURER RESPONSIBILITIES

Manage Rotary Foundation contributions from club and members (*per RI Learning Center module; this is the Club Foundation Chair's responsibility in many clubs*)

Collect dues from club members & Submit dues to RI & District (*in some clubs the Secretary does this*)

- Club dues – clubs do it many different ways – e.g annually vs. quarterly; meals included with dues or not; TRF contribution may be included with dues
- RI – invoiced in July & January based on membership as of 7/1 and 1/1
 - \$35.00/member for each half-year for 2021-2022 (goes up 50 cents each year)
 - July 1 invoice also includes Council on Legislation fee of \$1/member
 - Invoices also include fee for subscription to magazine - \$12/year (\$1/month)
 - Invoices also include insurance renewal – for budgeting purposes, increase prior year amount by 10% (rates differ by state)
- District – invoiced after September 1 based on 7/1 membership – rate is established in district budget each year and approved by club presidents-elect.
 - 2020-21 – Dues were \$43 before a rebate of \$21/member issued in Feb. 2021
 - 2021-22 – Approved budget contains dues of \$36/member
- New in 2020-21: Waiver of district dues (only district dues, not RI) for any member under 30 as of July 1. This is in effect for 2021-22 as well and expected to continue for at least another year as a 3-year experiment.
- **BEST PRACTICE!!!** – Both district and RI dues are based on membership as of July 1. So if a member tells you AFTER July 1 that they don't plan to renew, **you cannot go back and revise your July 1 membership.** So strongly consider sending renewal invoices out early (perhaps mid-May) so that you will know by the end of June whether members plan to renew or not. You can let members know that you won't deposit their check until July 1.
- Note that you can send invoices through ClubRunner.

Payment of Expenses (*with appropriate documentation!*)

- Budgeted donations – documented by budget
- Donations approved at Board meetings – documented by board meeting minutes
- Basic operating expenses – documented by receipts
- Fundraiser expenses – documented by receipts, with proper authorization

Banking – monthly bank reconciliations

Reporting

- Monthly reports for board meetings
 - A brief written summary is helpful for board members who may not be familiar with reading financial statements (contact Cindy Smith of Brunswick or Marie Williams of Kittery for examples)

- Consider displaying a column for each quarter (contact Cliff Cook of Bath Sunrise if you want an example)
- Annual (or more frequent) reports for club
- Optional informal reports for club

Budgeting – assist President-Elect

Taxes

- 501(c)(4) – this classification applies to service clubs, e.g. Rotary clubs
- 501(c)(3) – this classification applies to charitable funds established by Rotary clubs:
 - Have to apply to IRS for this status
 - Donations to a 501(c)(3) by individuals are tax-deductible (*note – businesses can most likely deduct donations to 501(c)(4) organizations also if they receive marketing benefits*)
 - Club must provide a receipt with IRS-prescribed language for donations greater than \$250 (*but a good idea to provide receipts for all donations*)
 - 501(c)(3) funds cannot be used for personal benefit – i.e. you cannot use the money from your charitable fund to pay for a club celebration (*unless the main purpose of the celebration is for a true charitable purpose – e.g. you put on a lunch for senior citizens and some of the club members eat lunch at the event also*)
- Tax Returns
 - Need to file a return for each entity that has an employer identification number (EIN)
 - Due by the 15th of the 5th month after year end – i.e. November 15. Can request 6-month extension (to May 15)
 - 990-N (“e-postcard”) – can file if gross receipts are usually less than 50k
 - See IRS Publication 5248 for answers to any questions about the 990-N
 - Link to get started: <https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard>
 - Need to report:
 - Club name & address
 - Website address if you have one
 - IRS Employer Identification Number
 - Name & address of an officer
 - Dates of your tax year (i.e July 1 – June 30)
 - Are your gross receipts normally 50k or less (yes or no)
 - 990-EZ – file if receipts are between 50k and 200k, and assets are less than 500k
 - Maine Sales Tax – “Casual” sales are not subject to sales tax. Casual sale = isolated sale of nonrecurring nature who is not engaged in the business of selling property. Yard sales are specifically identified as casual sales. Here is link to Maine Sales Tax Bulletin – note section 1G: <https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/Bull910152015.pdf>
- 1099 Reporting
 - File 1099-NEC by January 31 – to IRS and recipient
 - Required if you pay over \$600 for **services** – not required for products

- Not required for corporations (i.e. only for individuals, partnerships and LLCs)

State Annual Reports

- Required if your club is registered as a corporation with the state. Provides legal benefits – consult an attorney in your club re advisability if you are not currently registered. Reports to Secretary of State office are required in order to remain in good standing.
- Report basically lists officers and tell them you're still around
- Maine
 - Due annually by June 1
 - Fee = \$35
- New Hampshire
 - Due by 12/31 every 5 years (for nonprofits)
 - Fee = \$25

ONLINE FINANCES

(Caveat – the following information is from things that various people mentioned during the forum and what I learned from these products' websites – I don't even pretend to know much about this area so please correct any errors or please feel free to let me know about other information that would be useful.)

In general, you need one type of software to set up your event/sale and another software to process the payments. The event software packages tend to have a preferred software that they pair with to process payments. But if you already have Paypal for payment processing, in some cases you can still use it.

ClubRunner

- You can schedule events through ClubRunner (e.g. conferences) but it looks like you cannot use it for e-commerce functions (i.e. selling products online).
- You already pay for CR and I didn't see any separate service fees for using it to coordinate an event.
- CR requires that you use their own payment processing software, Paya (f/k/a Sage).
- Paya fees:
 - \$75 annual fee + \$10/month
 - Transactions = 2.49% + \$.25/transaction

EventGroove

- Appears to be more flexible than CR and Shopify – you can use it for events, fundraisers and e-commerce.
- Approved by RI
- If clubs would like to use EventGroove, they can use the district membership – contact Dick Hall. Dick would also be happy to give you a demo.
- No upfront or setup fees.
- Service fee = 2% + \$.50/ticket
- No service fee for donations

- Links with Stripe as payment processor. You can also use Paypal but rather than deducting all fees at the time of the transaction, they will send you an invoice for the service fees (so not quite as convenient).
- You cannot switch processors once sales have started for an event but you can change bank accounts.

Shopify

- Basically an e-commerce product.
- No setup fee
- Integrates with Shopify Payments – no service fee if you use Shopify Payments. But there is 2% service fee if you use PayPal
- \$29/month for Basic plan

PayPal, Stripe and Shopify Payments

- Fees for all are the same: 2.9% + \$.30/transaction

Venmo

- Used for making payments – rather than writing checks.
- No fees.

BEST PRACTICE ISSUES

Internal Control

- If finances are not very large, probably not necessary to hire an outside accountant to do a review – have a member of the club other than the treasurer periodically review the club's financial records.
- For your own protection, be sure that you are not the only person who ever sees the bank statements.

Record Storage

- Consider Clubrunner as a site to store financial records (with appropriate restrictions where applicable) – you're paying for Clubrunner anyway and all of your club members should be able to access it.
- No matter where you store your records, make sure that someone else has access to the records in case you are abducted by aliens.

Protecting Personal Data –the Rotary Learning Center course for Treasurers has a good module on personal data – the lessons are:

- Don't collect personal data (especially social security numbers) unless you really need it
- Don't share personal data
- Store personal data securely
- Use secure means of sending personal data
- Dispose of personal data when it's no longer needed.