

Treasure for Treasurers

Form 990-N (the e-Postcard)

Every League and every separately-constituted education fund must file a Form 990-N or Form 990 each year unless the local League is included in the state League's Form 990.

Filing is an easy, four-step process:

1. Obtain a tax ID number (also known as an FEIN) for your League if it doesn't already have one. Filing costs nothing and is easy to do online on the IRS website, <https://sa2.www4.irs.gov/modiein/individual/index.jsp>.
2. Once your League has a tax ID number, call the IRS nonprofit division (1-877-829-5500, option 2, option 4) to tell them that they need to add your League to its records so that you can file Form 990-N. The IRS representative will ask the following questions:
 - a) Are you an officer of the League? (Yes)
 - b) Is your League a distinct legal entity with a governing document? (Yes)
 - c) What is your exempt purpose (mission)?
 - d) Are your League's gross receipts normally less than \$25,000? (Yes)
 - e) When does your tax year end?
 - f) Is your League covered by a group exemption? (No)
 - g) The name, title and contact information of an officer who will serve as the primary contact.

After you complete your phone call to the IRS, you will need to wait eight weeks before filing Form 990-N.

3. The next step is to register as a new user on the e-Postcard website. <http://epostcard.form990.org/>
4. The final step is to create and submit your League's e-Postcard.

Call the IRS helpline, (866) 255-0654, if you experience any problems filing the Form 990-N.

Financial Stewardship

- Making sure internal controls policies and procedures are in place.
- Recommend adoption of a detailed budget.
- Review and understand treasurer's statements.
- Make sure that bills are paid on time.
- Approve unbudgeted expenses, if appropriate.
- Provide for an annual audit or review of the League's finances.
- Consider fidelity bonding for those handling money.

Liability Insurance

Liability insurance provides protection against claims involving negligent acts or omissions that result in bodily injury or property damage. Read your policy – warranties and exclusions vary between policies.

Evaluate the risks and benefits before purchasing. Public meeting places may require Leagues to have coverage in order to use their facilities. Federal law (the Volunteer Protection Act) shields volunteers against most claims of negligence. However, federal law does not protect the League itself or third parties against claims.

If your League decides to purchase coverage, shop around. Willis HRH Insurance (800-800-2860) offers coverage for an annual premium of between \$500 and \$750, depending on location.

Internal Controls

Your League should have written financial policies and procedures to ensure that financial information is reliable; that assets and records are not lost, misused or stolen; that policies are followed and laws and regulations complied with.

To the extent reasonable, spread the responsibility for the following functions between several different members: authorizing purchases and other transactions, recording transactions, physical custody of assets; and reconciling accounts.

Controls over income: Open mail promptly; record, copy and restrictively endorse checks upon receipt; prepare and make deposits promptly; deposit all cash (don't use cash to pay bills); reconcile bank statements promptly (not the same person who deposits receipts).

Controls over expenditures: the Board should authorize check signers; require more than one signature on checks; adopt a budget and monitor expenses; require Board approval for unbudgeted expenses; require and maintain source documents for each check written.

Security measures: Use pre-numbered checks; keep blank checks under lock and key; limit access to computer records and use passwords; make frequent backups of computer records; store backups at another location.

Financial Review or Audit

A review consists of a careful reading of the financial statements and asking questions, but does not include examining the underlying source documents. An audit includes verification by tracing samples of original source documents through to the financial statements to ensure their accuracy. An audit also normally includes reviewing and testing internal controls.

Procedures may include verifying recorded receipts against bank statements; verifying bank reconciliations; accounting for the sequence of checks numbers; reconciling dues income to the membership rolls; examining source documents underlying recorded expenses; comparing income and expenses with the budget; confirming balances on deposit with the state or national Education Fund; and verifying amounts reported in a sample monthly financial statement.