

Finance Guide 2009 – 2010

Your Unit Finance Committee is charged with the oversight of the general financial policy of your Unit. It is charged with preparing the annual budget and with the supervision of all expenditures under that budget.

Each Unit needs to have a plan indicating what programs and projects they will participate in and how they will fund that participation. When choosing they projects, make sure that they are worthwhile and not a duplication of efforts. We cannot afford to waste resources.

In addition to focusing on the current year's budget, Units need to look 3 – 5 years down the road to create a fund that will act as an operating reserve when unforeseen circumstances appear (sudden drop in membership, loss of a regular stream of income, expenses that are not covered in your budget). The recommended amount of these reserves should be 2.5 times the annual budget of your Unit. These emergencies can bring your Unit to a standstill if you are not prepared. These emergency funds can be kept in a savings account or a CD that is readily available.

In most Units, the Finance Committee also acts as the Audit Committee. All Units must conduct an audit of your financial records at least once a year. Many Units will audit twice a year to head off any potential problems (especially if they have a substantial income). Audits should also be done any time there is a change in any of the signators on a Unit bank account. The warrants (to authorize payments) written by the Secretary should be compared to the cancelled checks that were written by the Treasurer. If your Unit has a Secretary-Treasurer, the warrants should be written by the Finance Chairman or the President. All of this should be compared to the reconciled bank statements. All income (cash, donations, fund raising proceeds) need to be accounted for with receipts with one copy going to the person turning in the money and one copy to the person receiving the money. These receipts need to be compared to the bank deposits to ensure that all monies have been properly accounted for in the financial ledger. The financial integrity of your Unit depends on the accuracy of these records.

In the 2008 fiscal year the IRS began requiring small charities, many of which previously were not required to file tax returns, to submit an annual electronic notice. **THIS IS MANDATORY OF EVERY UNIT.**

The Form 990-N, entitled the Electronic Notice for Tax-Exempt Organizations Not Required to File Form 990 or 990-EX is required of charities whose annual gross receipts are \$25,000 or less. It is due no later than November 15 of each year.

If you have any questions or need clarification please feel free to contact any member of the Department Finance Committee.

Here's to hoping we all have a prosperous year for our organization.

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