



Central Area

Glenda Masingale Manson
19th Area Director



"Hour of Power"

Title: Chapter finances: things that make you say “hummm”

I. 10 most frequently asked questions

1. Are Link Chapters tax exempt by the IRS?

The Links, Incorporated (and each chapter) is classified by Internal Revenue Service as IRS 501(c) (4) organizations, which means it is exempt from paying federal income taxes. However contributions to The Links, Incorporated and (each chapter) are not tax deductible by the individual donor. *(see page 12)*

2. What should be included in the monthly financial report to the Chapter?

The financial reports given by the treasurer and the financial secretary at each meeting should clearly reveal the financial status of the chapter - accounting for all income, expenditures, and balances in each bank account. *(see page 20)*

3. How many bank accounts should a chapter have?

The selection of the chapter's bank must be approved by the membership.

Every chapter should have a minimum of two bank accounts. An unrestricted funds account and a restricted funds account. *(see page 20)*

4. What is the difference between "Unrestricted Funds" and "Restricted Funds"?

Unrestricted Funds are those funds that are accumulated from the chapter dues and/or contributions not designated for the program facets.

Restricted Funds are those funds that are accumulated for the support of the five program facets. *(see page 22)*

5. What is the fiscal year for chapters?

The fiscal year of The Links, Incorporated is May 1 through April 30 of each year. The chapters and areas must always use The Links' fiscal year on all reports and financial records. *(see page 20)*

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6. Who are the check signers on chapter bank accounts?

There should be three signers on each chapter bank account, the president, the treasurer, and the vice-president. The financial secretary is not a signer on the bank accounts. All checks require at least two of the three authorized signatures for disbursement of funds. *(see pages 19 - 20)*

7. Who should sign chapter contracts for services or events?

A chapter president may execute a contract for \$5,000.00 or less without approval of the area director, but in accordance with the chapter bylaws. *(see page 21)*

8. What is the policy regarding chapter credit/debit cards?

We strongly recommend chapters do not acquire a Chapter credit card/debit cards **because it is in the best interest of the Chapter's financial accountability** to avoid inappropriate use of a credit card. *(see page 21)*

9. When are chapter assessments due?

A chapter assessment is a member's personal responsibility. The chapter assessment must have been approved and voted on by the chapter. A chapter assessment is also a personal requirement for continued membership in the chapter and the national organization. All chapter assessments and outstanding financial obligations owed to the **chapter must be paid before the chapter accepts a member's payment of national dues and assessments.** *(see page 23)*

10. May a member use a fundraiser Sponsorship from their employer or corporate sponsor to satisfy their chapter assessment? Additionally, may **the sponsor or member use this as a "tax write off"?**

Assessment is a member's personal responsibility. When voted and approved by the Chapter, it is a personal requirement for continued membership in the Chapter and the National organization. Dues and assessment are not tax deductible unless the assessment is solely for charitable purposes or a 501 (3) (c) organization and NOT for operating the chapter. Use of another organization helping a member to meet her individual assessment must be agreed to by the chapter. Without the Chapter approval, a member's personal obligation will not be satisfied. *(see page 23)*



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II. Importance of the budget

A budget is a **“financial plan of action” approved by the chapter that estimates** revenue over expenses anticipated to be incurred during a certain period of time.

All chapters must develop a realistic balanced budget.

A budget is a guide that must be approved by the chapter for activity anticipated during the fiscal year. A budget must be realistic. A budget may also cover more than one fiscal year. Budgets can be adjusted to meet the needs of the chapter.

The adjusted budget should be presented and approved by the executive council or committee and presented for a vote by the general body. If there is a change in the bottom line (\$) from the original budget, it must be presented and approved by the chapter. A budget must not be adopted if the bottom line is a deficit.

(see page 12)

III. Core qualities of a great treasurer

The role of treasurer is very important specifically because we are a non-profit corporation with federal tax exempt privileges and non-compliance with accounting standards and reporting may jeopardize our tax exempt status. The officers must inspire confidence with our members and donors. We place a very high level of importance on providing our membership with information that is relevant, reliable and accurate. It is a position that involves proficiency in the preparation of financial reports and managing the membership dues and fees. Most treasurers find that the role and responsibilities requires a significant commitment of time. It is essential for the treasurer to be accountable, accurate, and knowledgeable of standard accounting procedures.

(see pages 17-18)