



THE CENTRAL AREA

Excellence ~ Elegance ~ Ethics

Financial Presentation
2012 Summit
Lexington, Kentucky
October 26 –28, 2012

Budget

- ❖ **A budget is a “financial plan of action”**
- ❖ **A budget is approved by the chapter**
- ❖ **A budget estimates revenue over expenses anticipated to be incurred during a certain period of time**
- ❖ **Refer to Financial Handbook 2012 page 1**
- ❖ **Sample Budget, Appendix A-1 and A-2**

Audits

❖ **Chapters shall conduct an audit of the chapter's financial records biennially or as requested by the chapter. (Financial Handbook 2012, page 4)**

❖ **Chapters shall provide the following types of report based upon its annual gross receipts:**

- **\$25,000 and under shall have a financial compilation reviewed by the chapter's Internal Audit Committee**
- **\$50,000 and under shall have a Financial Review, either prepared by the Internal Audit committee or an external accountant**
- **over \$50,001 shall have a full Financial Audit by an external accountant or audit firm**

Chapter Bank Accounts

- ❖ **The Chapter Bank Account must be in the *Name of the Chapter, Only (Financial Handbook, Page 10)***
- ❖ **Federal Employer Identification Number (FEIN) is required. The Chapter is permitted *Only one FEIN***
- ❖ **Chapter Funds must always be deposited in Chapter Accounts**
- ❖ **Chapter Funds NEVER should be deposited or invested in any Personal or Business Account**
- ❖ **Two authorized Signatures required for Withdrawal of Funds (*Financial Secretary is never a signer on the bank account*)**

Chapter Contracts

- ❖ **A chapter President may execute a contract under \$5,000.00**
- ❖ **The chapter contract must be approved by the Area Director and in accordance with the chapter bylaws (Financial Handbook 2012, page 12)**
- ❖ **Processing and approval procedures are in the process of being formalized**

Chapter Fundraisers Rules

The Links, Incorporated

The Links, Inc. is a 501(c)(4) – Social Welfare Organization

- ❖ **All of the Chapters are tax-exempt from Federal Taxation**
- ❖ **All Chapters are “Not for Profit” – but DO NOT have the legal authority to grant a tax deduction.**
- ❖ **Only The Links Foundation, Inc. can grant a tax deduction to a donor (individual, group, or corporation)**
- ❖ **A Chapter can conduct a fundraiser, however, NO tax deduction is permitted by Federal Law.**
- ❖ **To retain the tax exempt status, the purpose and operation of the Chapter must be more than a social club, it must exist for more than the benefit, pleasure or recreation of its members – This why PROGRAMMING is so important.**

Chapter Fundraising Protocols

- ❖ **For charitable events chapters should utilize The Links Foundation, Inc.**
- ❖ **Ticket must include “For the benefit of The Links Foundation, Inc.”**
- ❖ **Tickets must state the tax deductible portion of the ticket price.**
- ❖ **After the event, a check for the net balance should be made payable to The Links Foundation and be sent, along with a complete report, to The Links Foundation.**
- ❖ **A \$25.00 processing fee (per transaction administrative fee) is charged.**

Chapter Fundraising Protocols

- ❖ **Profits from the fundraiser are Restricted Funds.**
- ❖ **Chapters may request their funds from their Foundation account in writing via letter or email.**
- ❖ **The Foundation's goal is to process a Chapter's request within 10 business days, after the checks have cleared the bank.**
- ❖ **RESTRICTED FUNDS**
 - **Up to 10% of net proceeds can be used "ONLY" as Seed Money or for administrative costs associated with the next fundraiser. (Financial Handbook 2012, Page 13)**