The Financial Aspect of Leadership

Division Treasurer Manual
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Roles and Duties

The slide below defines the roles and the segregation of their duties for the division and ACA leadership:

- **Segregation of Duties**: system of internal controls (checks and balances, requires the segregation of the custodial, recordation, and authorization function at each level of management.)

- **Leadership (Authorization)**
  
  - Division’s leadership is responsible for the authorization function through the approval of the annual budget, policies and procedures, and all contracts entered into by the division. Division leadership ensures that the division is operating within the parameters of it’s Bylaws and Strategic Plan, if there is one.
  
  - Consequently, the division leadership, via the treasurer, oversees and reviews any activity in which the division is involved that could have a direct or indirect financial impact on the division. Examples include: entering into contractual obligations on behalf of the division and authorizing payments from the division’s bank account.

- **Management Company – ACA (Recordation and Custodial)**
  
  - As your management services (MSA) provider, ACA is responsible for the day-to-day activities and operations of the division. Examples include: making deposits, processing payments to vendors, producing monthly financial reports, annual audit review, and other services as detailed in the MSA agreement.
Understanding Your Organization

- Divisions are typically recognized under 501 (C)(3) of the Internal Revenue Code.

- Divisions are exempt from paying federal and state income taxes and federal unemployment tax. Divisions are not exempt from payroll related taxes, sales tax and unrelated business income taxes.

- Non dues revenues include: conference related revenues; professional learning opportunities; sales of publications; investment revenues; advertising revenues; journal subscriptions; etc.

- Division’s operating budgets will vary, depending on size. Temporary salaries, professional fees, printing, postage, travel related costs, and occupancy expenses typically represent the organization’s largest annual expenses.
Responsibilities of a Division Treasurer

- Responsibilities related to **revenue**:

  - All checks must be submitted to ACA for deposit. If there are checks that are being sent to an address other than the one provided by ACA, it is the treasurer's responsibility to ensure that they are sent over to ACA for processing.

  - Oftentimes, there are other ways that a division accept payments; e.g.: PayPal, events manager etc. Please ensure that ACA has the relevant and most current access to ensure that deposits are processed in a timely manner.
The Process  (for revenue receipts)

Cash/check deposits are made weekly.

All receipts sent to ACA must be coded appropriately:
- Coding is a numerical description of a financial transaction and are broken down into three segments.
  - **Account**—what type of revenue or expense (printing, postage, travel, dues, etc.)
  - **Department**—Governance, Programs or G&A
  - **Project**—who or on whose behalf was the expenditure made (President, Past President, Governing Council Rep, Journal Editor, etc.)

Most deposits that are received by the divisions are electronic, however there are a small number of checks that are also received. In case you receive a check, please use the instructions and forms below

![American Counseling Association Transmittal of Cash Receipts Form](image)

- ACA’s deposit slip. Used when forwarding checks to ACA to be deposited in your organization’s account (this is rare; most payments are sent directly to ACA).
  1. Entity Name: Acronym is sufficient (ACC, NECA, MWR, etc.).
  2. Entity Number: Provided by ACA.
  3. Account, department and unit number come from your organization’s chart of accounts.
  4. List checks individually.
  5. Total deposit should equal the cumulative amount being forwarded to ACA.
  6. Sign and date
Responsibilities of a Division Treasurer

- Responsibilities related to expenses:
  - Treasurer approves all payments in writing – these include pre-payments for deposits, reimbursements for any member expenses or any contractual obligations for the division.
    - If you are submitting expenses as Treasurer, your requests will need to be approved by the President of the Association in order to maintain prudent internal controls.
  - Reviews weekly check log to ensure that all submitted invoices were processed.
    - A check register is a list of the invoices, and or expense payments that were processed for the week.
    - A check log spreadsheet is a snapshot of the association’s bank account which includes deposits and/or withdrawals that occurred during the week.
The Process  (for Cash Disbursements)

Payments (EFT payments, checks) are made weekly.

Treasurers notify ACA through the completion of appropriate accounting forms:

- Forms include: Invoices/Check requests - Vendors are required to provide completed W-9 and EFT forms before payment will be made. This ensures that all IRS tax requirements are met appropriately.
- Travel and Expense Reimbursements with documentation. **Detailed receipts are required per IRS rules.**
- Forms once verified are emailed to payables@counseling.org for processing.
- Verification of Expenses: For all revenues and expenses, the IRS requires valid and sufficient documentation. ACA’s audit firm also requires this documentation as part of its review process.
  - Valid Documentation includes: detailed receipts, invoices, registrations, membership applications, etc.
  - Documentation should include important details such as: who-incurred the expense(s), what-was the expense(s), when-was the expense incurred, total cost incurred etc.
  - Using the above details, the Treasurer should verify the validity and accuracy of the invoice and if acceptable, sign, date and code.
- Coding is a numerical description of a financial transaction and are broken down into three segments.
  - **Account**: what type of revenue or expense (printing, postage, travel, dues, etc.)
  - **Department**: Governance, Programs or G&A
  - **Project**: who or on whose behalf was the expenditure made (President, Past President, Governing Council Rep, Journal Editor, etc.)
In the rare instances when an invoice is not provided by a vendor, please use the form below when submitting a payment request. Deposits, advances and prepaid postage are among the most common examples of when this form is used.

**Check Request Form**

**Organizational Information**
- **From:**
  - American Counseling Association
  - 2461 Eisenhower Ave, Ste 300
  - Alexandria, Virginia 22314-4084
- **Entity Name:**
- **Entity Number:**
- **Date Required:**

**Payable to:**

**Vendor/Payee Detail**

**Vendor Email**

**Account Allocation**
- **Account**
- **Dept**
- **Project Code**

**Account Description**

**Amount**

<table>
<thead>
<tr>
<th>Total Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ -</td>
</tr>
</tbody>
</table>

**Business Purpose**

**Authorized By:**

**Print Name**

**Print Name**

**Instructions:** Please be very clear.

**Business Purpose:** State the business purpose of the expense being authorized. (such as deposit for convention hotel).

**Signature** and date of requester and treasurer needed.

**Entity Name:** Acronym is sufficient (ACC, CSJ, MWR, etc.).

**Entity Number:** Provided by ACA.

**Date Required:** Do not use “ASAP”

**Requester Information:** Name, address, EFT form and W-9 form of individual/company seeking payment.

**Account, department and project number:** Information is located on your organization’s chart of accounts.
The Process **(for Cash Disbursements)** cntd...

- The forms below are used to process reimbursements for staff and volunteer leaders only.

### Travel and Expense Reimbursement Form

<table>
<thead>
<tr>
<th>American Counseling Association</th>
<th>Organizational Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attention: Accounts Payable</td>
<td>Entity Name:</td>
</tr>
<tr>
<td>2461 Eisenhower Ave., Ste 300</td>
<td>Entity Number:</td>
</tr>
<tr>
<td>Alexandria, Virginia 22314-4884</td>
<td>Data Required:</td>
</tr>
</tbody>
</table>

#### Requester Information

- **Name:**
- **Address:**
- **Title:**
- **Term:**

#### Business Purpose

#### Account, Department and Project Numbers

- **Numbers:**
  - 61401: 80000000  Airfare
  - 61402: 80000000  Mileage
  - 61404: 80000000  Taxi/Shuttle
  - 61405: 80000000  Lodging
  - 61410: 80000000  Meals
  - 61415: 80000000  Other Travel
  - 61415: 80000000  Tips
  - 61415: 80000000  Parking

#### Daily Total

<table>
<thead>
<tr>
<th>Day 1</th>
<th>Day 2</th>
<th>Day 3</th>
<th>Day 4</th>
<th>Day 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**I, the undersigned, hereby certify that all expenses reported above are accurate and true and were incurred within the policies and procedures of the organization to which the reimbursement is being requested. I understand I must provide receipts in order to be reimbursed for the above expenses.**

#### Travel Advance from Division

**Travel Advance from Division (enter as negative) $**

#### Reimbursement to Traveler/Refund to Division

**Reimbursement to Traveler/Refund to Division $**

**Requester's Signature**

**Date**

**Signature of Authorizing Party**

**Date**

### Notes

- **Entity Name:** Acronym is sufficient (ACC, SAIGE, MWR, etc.).
- **Entity Number:** Provided by ACA.
- **Date Required:** Do not use “ASAP”
- **Requester Information:** Name, address, and W-9 form and EFT form of individual seeking reimbursement.
- **Account, department and project number:** Information is located on your organization’s chart of accounts.

Expenses are to be listed day-by-day, use two sheets when necessary.

Forms should be reviewed for accuracy before emailing.

Signature and date of requester and treasurer needed. For treasurer reimbursements, please have President review and approve.
Addn'l Responsibilities of a Division Treasurer

- Ensuring that the division maintains its tax-exempt status
  ➢ *(see slide #12 for further information)*

- Annual Budget – Budgets are the responsibility of the division. ACA should receive the final budgets prior to the beginning of each fiscal year (July, 1) so that it may be inputted into the financial software for monitoring.
  ➢ *(see slides #13-15 for further information)*

- Reviews and disseminates monthly financial reports
  ➢ *(see slides #16-18 for further information)*
Keeping your 501(c)(3) Exemption

Certain activities can jeopardize a 501 (c)(3) exemption.

DON'T:

➢ Provide private benefit to anyone
  - Occurs when resources are used for the benefit of individuals or companies close to or related to the division, rather than for its charitable purpose.

➢ Legislative activities (lobbying) – can be limited

➢ Political Campaign Intervention
  - Can’t advocate for a particular candidate

➢ Annual reporting obligation - Form 990 series of returns, are a required informational return for 501(c)(3) entities. The Pension Protection Act of 2006 added a new law (enforced since 2011) that provides for automatic revocation of an organization’s tax-exempt status if it fails to file a required annual information return for three consecutive years.
  - ACA files on behalf of divisions with a full MSA
What is a Budget?

A financial representation of an organization's plans on spending its money.

Components:
An operating budget breaks down annual projected expenses and revenue. The projection is based on:

- Sources of funding – revenue sources
- Anticipated operating expenses – expenses incurred to achieve programmatic goals
- General overhead – expenses to run the organization
Recommended Budget Process

STEP 1: Define Goals and Gather Data

STEP 2: Form Expectations: Reconcile Goals and Data

STEP 3: Create Budget and forward to ACA to input into financial system

STEP 4: Monitor Outcomes: Analyze Variances

STEP 5: Adjust Budget, Expectations, or Goals
Budgeting for expenses & revenue

Types of Revenue
(Estimating factors)

- Membership (Quantity x Price)
- Publication Sales (Prior Year Trends)
- Conventions (Contracts)
- Royalties (Trends)
- Investments (Economic Forecast)
- Advertising
- Miscellaneous

Types of Expenses

- Salaries (temp or perm)
- Fixed Costs (management services, internet, software subscriptions)
- Variable (travel, supplies)

Trend Analysis – an important budgeting tool

Trend analysis is the method of comparing an organization's financial patterns. It utilizes financial reports to forecast future performance or pinpoint patterns using historical data and can be used as an important budgeting tool.
Understanding Financial Statements

Each month treasurers will receive a dashboard showing:

- Statement of Activities comparing the current year with the prior year
- Statement of Financial Position
- Membership Statistics

Financial Statements are produced monthly and disseminated by the 25th of each month, with the exception of year end.
The statement of financial position is another term for the balance sheet. The statement lists the assets, liabilities, and Fund Balances/Net Assets (equity) of an organization as of the report date. As such, it provides a snapshot of the financial condition of a business as of a specific date.

**Key Highlights**
- A statement of financial position or balance sheet gives a complete overview of an org’s financial health by evaluating its assets and liabilities at a particular date.
- The statement of financial position is always balanced and can be surmised by using the equation: Assets = Liabilities + Equity

**Definitions**
- **Assets** - what the org owns – can be tangible or intangible. (e.g. Cash, accounts receivable, fixed assets or prepaid expenses)
- **Liabilities** - what the org owes – can be debts or liabilities. (e.g. Accounts payable, deferred revenue)
- **Net Assets/Equity** - it shows the assets that the organization owns after all the debts have been paid off. If we rearrange the accounting equation from above to state equity = assets – liabilities, we can see that the equity of a non-profit is equal to the assets less any outstanding liabilities.
Statement of Activities (Profit and Loss Statement)

Statement of activities (SOA) is a document that reports both the revenue and expenses of a reporting period for nonprofit organizations.

The statement of activities focuses on the total organization (as opposed to focusing on specific funds within the organization) and reports the following:

- Revenues such as membership dues, publication sales, conference sponsorships, investment income
- Expenses reported in categories such as major programs, fundraising, and management and general
- The change in net assets (profit or loss) resulting from the previous two bullet points

**Performance Against Budget** - often on the SOA, users can perform an actual budget variance analysis on the financial performance of the organization.
Important dates at-a-glance

1. All financial transactions are authorized by the treasurer.
2. Monies collected by ACA are deposited to division’s bank account by the 15th of each month.
3. Electronic payments are processed weekly on Wednesdays-disbursements must be correctly received by Tuesday at noon. EFT and W-9 forms must be received by ACA before any payments are made.
4. Deposits are made weekly on Thursdays-deposits must be correctly received by Wednesday, noon to be deposited that week.
5. Financial Statements are produced monthly and disseminated by the 25th of each month, unless information has been requested, but not received in a timely manner.
ACA Staff Contacts

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