



Society Strategies

Federation of Genealogical Societies

P.O. Box 200940 Austin TX 78720-0940

Series Set IV Number 5

August 2010

Set IV Strategies for Treasurers

Bookkeeping 101 for Genealogical Societies

by Cath Madden Trindle, CG

Supplemental Page

This paper offers useful information for society treasurers in managing financial reports, organizing the paperwork, and generally providing sound financial records and oversight for the nonprofit organization.

The information on page 4 which directs the interested person on how to obtain copies of this paper is incorrect. The FGS office no longer reprints the SSS papers, and has phased out paper copies of the SSS papers altogether.

There is no charge for any of the SSS papers and no limit to the number of copies you may download.

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Bookkeeping 101 for Genealogical Societies

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Setting up an accounting system, which meets the needs of your society and the requirements for federal reporting, need not be overwhelming. With a little organization you can whiz through the process.

It is important to keep in mind that your society is a business, and if it has been granted nonprofit status you are required to provide financial information to the public upon request. The IRS suggests that one easy way to meet this requirement is to post a copy of your completed 990 return or your year-end financial statement on your society web site.

Reporting

A society board cannot make informed decisions on future spending without having an adequate understanding of current financial status. Reports should be prepared for every board meeting and in between meetings as needed. The basic reports needed for a society to function efficiently include:

1. **Statement of Financial Position** [*Balance Sheet*]- This report shows the balances in bank accounts, the value of equipment and books, prepaid income, amounts owed in credit card charges, unpaid bills and loans as well as the equity position of the society.
2. **Statement of Financial Income & Expense** - [*Profit and Loss*] This report shows all income and expenses during the period being reported on. A

second column for year to date is helpful for seeing the entire picture.

3. **Budget vs. Actual** - This report is a useful tool in assessing your position throughout the year. Most computer programs will create additional columns for percent of budget spent and actual amount over and under budget.

4. **Ledgers** - Ledger reports provide itemization of any particular account as needed. This can be a bank account, an asset account [inventory, books] income account or an expense account. [*A seminar chair might want a list of all paid attendees, a newsletter editor a list of all payments made for newsletter production.*]

Compiling Information for Reports

While books can be kept by hand in a ledger book, in this computer age your society should seriously consider buying a good bookkeeping program.

There are many advantages including: continuity in bookkeeping method, the ability to create historic reports, the ability to set up an audit trail, and much more.

There are many user-friendly bookkeeping programs available on the market. I highly recommend that you get one that is able to prepare the types of reports mentioned above.

In selecting a program look for one that allows you to:

- Set up and monitor budgets.
- Provide a true Statement of Financial Position [Balance Sheet].
- Use “classes.” This feature makes it possible to track specific program income and expense without having duplicate accounts for each activity.

Backup your files regularly. Make sure that other society members have a copy of the file or backup. If the society has an office computer, the program should be loaded on it and the data updated on a regular basis.

If you are keeping books by hand, you should total columns at the end of each month or keep running

balances of amounts in various accounts. Be sure that you have backup records in case something happens to the originals.

Organizing Your Paperwork

Set up a system – Create a File Box with sections for receipts, deposits, bank statements, cancelled checks.

If you are unable to continue as treasurer, will the society be able to easily retrieve all records? If the society has an office, consider filing there rather than keeping the records in your house.

Creating a good filing system will make it easier to provide the records for an audit at the end of the year.

- Deposits – attach bank receipt to list of deposited checks.
- Paid bills - attach a check voucher or write check number and date paid on each. If you are reimbursing a member for out-of-pocket expenses, use an expense voucher.
- Bank Statements should be reconciled as they are received. Attach computer reconciliation or write the date reconciled on statement.
- Keep the returned checks in numerical order in a separate section.

It is acceptable to scan bills and deposit slips and discard the paperwork.

Keep the scanned files organized on your computer, back up regularly and provide a copy to at least one other society member before you discard paper.

Taxes and Other Government Reports

Do you need to file tax returns?

This depends on the status of your organization, which state you live in, the amount of money you collect in a year (not your profit) and whether you sell items.

1. Status - Are you nonprofit? Has the status been approved by the IRS and any state

Federation of Genealogical Societies Fund Activity with YTD Comparison January 1 through September 25, 2007

	Jan 1 - Sep 25, 07
Income	
Interest Income	5,021.43
Donations	
NARA	8,898.40
Friends of FGS - Donations	
Contributor - \$100-\$249	650.00
Corporate - \$25.00 +	6,000.00
Gold - \$5.00 - \$99.00	1,000.00
Patron - \$1-\$99	520.72
Total Friends of FGS - Donations	<u>8,170.72</u>
Total Donations	17,069.12
Conference Income	
Raffle	128.00
Advertising	150.00
LuLu.com Income - Recordings	4,790.09
Miscellaneous Income	750.00
Registration	
Daily Registration	6,730.00
Early Registration	
Extra Early Registration	6,882.00
Early Registration - Other	112,044.00
Total Early Registration	<u>119,826.00</u>
Full Registration	53,770.00
Total Registration	<u>180,328.00</u>
Sponsored Events	
APG Conference	15,870.00
Meal Functions	39,641.00
Total Sponsored Events	<u>55,511.00</u>
Sponsorships-General	34,656.00
Vendor Exhibits	
extras	1,169.54
Vendor Exhibits - Other	35,583.66
Total Vendor Exhibits	<u>36,753.20</u>
Total Conference Income	313,064.89
Forum Income	
Conference Subscriptions	835.00
Forum- Back Issues	36.00
Forum-Subscriptions	10,920.50
Forum -Advertising	1,410.00
Forum Income - Other	273.00
Total Forum Income	<u>13,464.70</u>
Membership Income	27,291.55
Sales	
FGS Publications	
Books - Other	950.77
Bylaws Workbook	10.00
Conference Syllabus	949.61
Guides for Org & Mgmt	33.95
Strategy Series Papers	453.28
FGS Publications - Other	421.65
Total FGS Publications	<u>2,799.64</u>
Lapel Pins	1,077.09
Shipping & Handling	33.50
Sales - Other	71.37
Total Sales	<u>3,981.60</u>

taxing board? *If your gross proceeds are less than \$5000 per year you do not need to file a 1023 with the Internal Revenue Service, but you do need to meet the criterion established by the government and be able to produce your records if they ask.* If your society does not have nonprofit status, you will need to file the appropriate forms for an organization or corporation each year regardless of the amount of money earned.

2. Federal Tax Returns – Starting in 2008 nonprofit organizations are required to file an annual informational return with the IRS. For most societies (those with an income under \$25,000) the return is in the form of an e-postcard that just verifies the organization is still in existence. Those societies with income over \$25,000 are required to file a 990 or a 990EZ.

In determining which form an organization needs to file, it is important to remember that this is gross income and all donations to the organization need to be included. For more on IRS filing requirements and to access a library of useful publications and presentation materials, visit the IRS website at www.irs.gov and click on the nonprofit link.

3. State Tax Returns. – Each state will have its own filing requirements. The state of California has an informational return which must be filed each year with a small fee (although the fee is waived for nonprofit organizations with normal receipts less than \$5000). Some states do not have any income tax but they might have a Corporate informational form even so. The IRS website provides links to state taxing boards.
4. If your society sells items in a state that collects sales tax you need to apply to the

taxing agency for a sales tax number. You will need to file a tax form periodically, with which you will submit collected taxes.

The Treasurer's Book

With volunteer jobs, we often find ourselves *rewriting* the book. Don't you wish that someone had made your job easy by creating a book that told you exactly what you needed to know?

Be that "someone" for the person who will take over the job from you. A good treasurer's book should contain the following:

- A job description specific to your organization. What is the treasurer expected to do? Include items from the bylaws, the standing rules and the policies of your organization that apply to the treasurer's job.
- A fact sheet with:
 - Federal EIN number.
 - State corporation or other identification numbers.
 - Sales Tax number.
 - List of Bank accounts with all banking information and online access codes.
 - Insurance policies.
 - Include any other pertinent numbers such as membership numbers in other organizations.
- A job calendar listing what needs to be done and when.
- Recurring bills that need to be paid.
- Specific items for current contracts or activities that are not paid immediately upon receipt.
- Dues that need to be paid to other societies.
- Publication renewals.
- Reports that need to be filed.
- Tasks that need to be performed in a timely manner. For example, sending out dues notices or paying a contribution to the NARA Stern Gift Fund.

- Sections that hold copies of your nonprofit filings, prior year Profit & Loss and tax returns, copies of your insurance policies and other records normally associated with the financial picture of a society.

The treasurer's book need not be paper. It could be on a CD or the secure section of a website.

Audit

Every society should have an audit of the books at the end of each fiscal year. The board should set an audit schedule. The audit can be internal or external. The treasurer should provide all needed reports and copies of all paperwork in a timely manner.

About the author:

Cath Madden Trindle, Certified Genealogist, spent thirty years setting up computer accounting and business systems for small businesses and nonprofits. Cath is currently Treasurer of the Federation of Genealogical Societies. She writes regular copyright and society strategy columns for the California State Genealogical Alliance newsletter and serves as Projects Chair for the Alliance and for San Mateo County GS.

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<u>Set</u>	<u>Title</u>
I:	Strategies for Societies
II:	Strategies for Presidents
III:	Strategies for Vice-Presidents
IV:	Strategies for Treasurers
V:	Strategies for Secretaries
VI:	Strategies for Program Chairpersons
VII:	Strategies for Librarians
VIII:	Strategies for Editors

The Strategies Series are available to member societies and officers.

The series may be read and downloaded at no charge from the Members Only section of the Federation of Genealogical Societies website at www.fgs.org. Paper copies may be ordered from the Federation office.