

SPJ pro chapter finance rules

Approved Sept. 27, 2018

Transparency about chapter operations is important for credibility among our members and the public, especially when it comes to your chapter's treasury. As a board member it is your legal responsibility to keep tight oversight on chapter funds — even if you aren't the treasurer.

Pro chapters are required to follow these rules. By doing so, you will greatly decrease your exposure to misappropriation of chapter funds and other problems.

Income and expenses

- Require authorization from at least one board member other than the treasurer when another member spends under \$100.
- Require approval of at least two officers of any expenditure of \$100 or more; a majority board vote of any expenditure over \$200 (in person or electronic).
- Income and expenditures must remain separate in your records. If you receive \$100 for a pizza party and spend \$50, you received \$100 and spent \$50, not received a net of \$50.
- Using cash is strongly discouraged and should be limited as much as possible. Some cash transactions can't be verified, such as when someone uses cash to pay to attend an event. Documentation is required for all transactions.
- Avoid chapter debit cards unless state law bans the use of credit cards by the

chapter; debit cards are too easily abused.

– If a credit card is necessary, check with your bank to see if you can restrict the card's use for large expenses only.

– If a chapter has a PayPal or similar account, have the treasurer transfer funds from that account to the chapter's general checking account after each event for which the PayPal or similar account is used. Have another board member monitor the account.

– If the board votes on a money matter directly affecting a board member (other than reimbursements), that board member should recuse himself or herself and leave the room to allow a full and frank discussion.

– When depositing funds in the chapter bank account, use a "For Deposit Only" rubber stamp or write "For Deposit Only" on the back of checks.

The treasurer's duties

Chapters must use the following financial records, which the treasurer will maintain:

– Either:

A paper check stub of each check written, or copy each check.

Or

A computer record (Excel or Quicken) of each check written, with a detailed breakdown of specific amounts for various purposes.

– Electronic and printed copy of each monthly bank statement.

– A file of receipts, each notated with the check number or other record of payment.

– Information needed for financial section of the annual chapter report to national.



– The chapter’s federal (and state, if required) tax records, including Employer Identification Number and letter verifying tax-exempt status. SPJ chapters typically are subordinate entities of the national organization and are tax-exempt nonprofits, typically under Section 501(c)(6) of the IRS code. Some chapters are 501(c)(3). Know the difference.

– In order for each chapter to have a back-up of its records, a second copy should be kept by another board member designated by the majority of the board.

The treasurer prepares and/or files these reports:

– A report is due quarterly to the regional directors/regional coordinators, detailing income and expenses and sharing bank statements. The same information also will be required for each chapter’s annual report.

– Monthly report to the chapter board, detailing income and expenses and sharing bank statements. This is required even if the board does not meet monthly.

– Financial section of annual report to national.

– Annual Form 990, EZ 990 or E-card 990 with the IRS.

– Any state or local forms required of nonprofits and tax-exempt organizations.

We recommend keeping critical records in a single three-ring binder as well as on your computer.

Training

– Each Regional Director/Regional Coordinator or chapter president will arrange for a training session for a new chapter treasurer. The training shall occur within 30 days of the president or treasurer assuming that position. National headquarters staff will provide training.

– Any other board member authorized to disburse funds may go through the training; chapter presidents are encouraged to be trained.



Account access/review

- Chapters are required to make their bank accounts transparent to their officers and RC. This can be done by providing copies of bank statements, with read-only access to bank accounts or through money management programs.
- The chapter president and treasurer must have direct access to the account. At least one other board member and the RD/RC must have read-only access.

Requirements

- Chapters must comply with financial record reporting rules within three months or they will lose the ability to apply for chapter grants.
- If chapters don't comply with financial record reporting rules within six months, they will be ineligible for national awards, will not be awarded delegates for the national convention and won't be able to receive new chapter dues. National headquarters would hold a chapter's dues until that chapter is compliant.
- If chapters don't comply with financial record reporting rules within one year, the national board may revoke the charter.

Budgeting

- Chapters are encouraged to create an annual budget. Preparing a budget can help your chapter plan for the year.
- A budget approved at the beginning of the year could eliminate the need to approve some individual expenditures throughout the year.