

## Managing Club Finances

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### Maintain Bank Account(s)

- Opened under your club's name and EIN, with two+ authorized signers updated regularly: (Checking, Savings and any CD's for restricted and rainy day funds).
- Balance the checkbook!
- Utilize online tools as you are comfortable--online banking, online bill payment, PayPal for credit card/online sales

### Collect the Money and Pay the Bills

- Keep detailed records of your sources of income and the purposes of payments
- Require clear expense documentation (receipts, invoices), plus approval from committee chairs when applicable

### Keep the "Books"

- You must keep written records of all monetary transactions—not just a check register or bank statement
- Revenues and expenses are kept separate and organized by categories, such as: Revenues—dues, donations, plant sale, garden tour, annual luncheon
- Expenses—programs and rent, civic beautification, plant sale, Federation dues, annual luncheon
- Your list of categories is your chart of accounts.
- The difference between revenue and expense is your profit or loss.
- **Ideally use a spreadsheet program or a financial reporting package like Quicken.** (QuickBooks may be too complex for most clubs, but standard and online versions can be purchased for as little as \$50 from TechSoup ( <https://www.techsoup.org/> ).)
- Back up any records you keep electronically!

### Prepare Financial Statements

The listing of your revenues and expenses is called **an income statement or your profit and loss statement (P&L)**. Use this to prepare:

- **501(c)(3)** submission to the Federation
- **Tax/information filings** for the IRS and MA Attorney General
- **Monthly reports** to your club's board of directors, who are legally responsible for the club's funds
- Tracking against your expectations/current year **budget** and to plan for next year
- Have the annual report "audited" by an appointed committee of 2+ members or a qualified outsider

### Prepare a Budget

- A plan for the year ahead, created in collaboration with fellow club members and approved by the board of directors and/or your club membership, at or around your annual meeting. Check your bylaws.
- Clarifies goals, expectations, challenges
- Provides guidelines/controls for committee chairs

### Obtain/Maintain Tax Exempt Status (501(c)(3) organization, Public Charity)

- Allows you to receive tax deductible donations and avoid paying state and federal taxes on your club's income.
- Qualifies you for a Sales Tax exemption (ST-2 certificate), but this must be applied for separately from the MA Department of Revenue. Go to MassTaxConnect ( <https://www.mass.gov/how-to/create-your-masstaxconnect-individual-account> ) and register your business. *NOTE: ST-2 will show a MA Taxpayer ID #, which is different from your Federal and Attorney General numbers.*
- One-time application to get under the GCFM 501(c)(3) umbrella—see GCFM.org About Us and select Resources. ( <https://www.gcfm.org/resources> )
- Annual filing with the Federation to stay under its umbrella due October 15th—see GCFM.org About Us and select Resources: <https://www.gcfm.org/resources> .
- Please be aware of some significant changes to filing requirements for all charities filing with the Massachusetts AGO's Non-Profit Organizations/Public Charities Division: *Effective September 1, 2023, charities will need to submit all initial registrations and annual Form PC filings to the AG's Office using the online Charity Portal.* The office will no longer accept paper submissions. Instructions and a link to the Portal can be found here <https://www.mass.gov/info-details/online-charity-filing-portal>

### File Required Tax/Information Returns

- File no later than 4 ½ months after the end of your fiscal year (November 15 for “umbrella” clubs)
- **IRS:** <https://www.irs.gov/> (not .org or .com) 990-N (e-Postcard) for clubs whose gross receipts are normally \$50,000 or less (990-EZ or 990 required if larger); 8 items of very basic information about the club; no fee to file. The individual doing the filing first must set up a login, including some security questions. *Do not skip this filing, even if late. Failure to file 3 years will result in loss of your tax-exempt status, which is complicated and expensive to restore.*
  - Go to Tax Exempt Organizations Search (TEOS) to search on your club and see past years' filings. IRS.gov is extremely helpful. Go to Charities & Non-Profits section and then Annual Reporting & Filing section. See the online User Guide for easy instructions for filing the 990-N and how to resolve any issues. Phone support also good.
- MA Attorney General's Office (Public Charities—see under Doing Business in MA) <https://www.mass.gov/info-details/online-charity-filing-portal>
- Filers are encouraged to visit the website and create a free Portal account ahead of the filing mandate. Portal accounts are required in order to file, and are simple and free to set up.
- The Division will host monthly online webinars to demonstrate the use of the Charity Portal and respond live to questions from users about the filing process. These webinars are in addition to

the live hotline, in-Portal support, and instructional materials and videos already available on the AG's website. <https://www.mass.gov/info-details/online-charity-filing-portal>

- All 501(c)(3) clubs must file a **Form PC** (for public charity) with the AG's office (AGO).
  - Effective As of September 2023, the office will no longer require nonprofit organizations with gross support and revenue of \$25,000 or less to submit a Federal Form 990-EZ as part of their annual Form PC filings. The previous threshold for including a 990-EZ with the Form PC filing was \$5,000.
  - All clubs with gross support and revenue of more than \$25,000 must submit an IRS **Form 990-EZ** with the Form PC. Complete the 990-EZ first and include Schedule A, which includes five years of history. Also, complete Schedules A-1 and A-2 of the Form PC. You must be current in your filings with the AGO to receive your annual Certificate for Solicitation/permission to fundraise in MA.
  - Instructions are available on the AGO website. \$35 filing fee to be paid at the web-based payment portal. Fillable forms are available at IRS and AGO websites. (If they don't work for you, try a different browser.)
  - Record how you mapped your financial data to the lines in these forms, so it's easy to do it the same way each year.
- Secretary of the Commonwealth—**for incorporated clubs only Corporations** must file an **annual report** by November 1 (\$15 fee) and report changes of officers and address. Fillable forms and online options are available. <https://www.sec.state.ma.us/divisions/corporations/filing-by-subject/corporations/corporations-domestic.htm#2>

### Keep Required Records and Numbers

- EIN, AG and MA Taxpayer numbers, GCFM umbrella group exemption number, bank account number(s), 501(c)(3) determination letter, organizing documents, ST-2 correspondence—**keep permanently** (*recommend you scan these and keep electronic copies as back-up*).
- Keep **permanently**, minutes, annual financial reports, and tax/information returns—Form PC and 990-EZ. Tax/info returns you submitted also are available for public viewing and download on the MA AGO website. <https://masscharities.my.site.com/FilingSearch/s/>
- Income and expense documentation, bank statements, deposit slips, and other records—generally keep for 3 years after the due date of the tax return for that year. Select reports of key club activities may be useful much longer.

### Key Deadlines

- **October 15** 501(c)(3) umbrella renewal form to GCFM
- **November 1** Annual Report to Sec of State (*corporations only*) November 15 (or 4.5 months after end of fiscal year) 990-N (e-Postcard) to IRS and Form PC with 990-EZ to MA AGO
- **April 15** Club Insurance Payments to GCFM
- **May 1** Club Membership Dues to GCFM

See the GCFM website for forms and additional information [gcfm.org](http://gcfm.org)