

# Treasurer

The USMS House of Delegates has included financial guidelines for the LMSCs in the USMS Financial Operating Guidelines (FOG). A summary of FOG financial requirements, IRS requirements, and financial recommendations is listed below. In addition, FOG in its entirety is included at the end of this section. The sections of FOG that pertain specifically to LMSCs are Part XI and portions of Part VIII.

LMSCs vary greatly in size and level of banking and other financial activities, so not all fit into the same mold. At the same time, LMSC treasurers perform an important and complex function. Good accounting practices and knowledge of USMS's financial policies for LMSCs are vital to an LMSC's financial health.

**Bonding insurance** is carried by USMS, and coverage extends to the LMSCs. However, coverage requires that each LMSC produce an annual financial statement and that annually an internal review of the LMSC's records is performed. Therefore, your LMSC must meet these requirements to ensure its coverage under the USMS bonding policy.

## LMSC Financial Requirements

1. Each LMSC shall produce an annual financial statement consisting of at least an income statement and a balance sheet, based on sound accounting principles. LMSC financial statements may be prepared more often than once per year for LMSC use. See pages 3 and 4 of this section of the handbook for sample income statements and balance sheets.
2. As required by the USMS *Code of Regulations and Rules of Conduct*, a copy of each LMSC's annual financial statement must be sent to the USMS National Office within 4 months after the end of the LMSC's fiscal year. This financial statement should include an income statement with itemized revenues and expenditures and a balance sheet.
3. The same person shall not be both treasurer and registrar.
4. All checks \$5,000 and over must have two check signers. This is a Bonding requirement.
5. The bank reconciliation must be completed by someone other than the Treasurer. This is a Bonding requirement.
6. The LMSC shall not commingle funds with any other legal entity.

## LMSC Financial Recommendations

1. Each LMSC should maintain financial statements and records, including receipts, bank statements, invoices, and other supporting documentation for a minimum of 3 years and possibly for as long as 7 years after the tax filing deadline for the year.
2. Each LMSC should use the same fiscal year as USMS, which is the calendar year.
3. Each LMSC's financial records should be reviewed occasionally by someone other than the LMSC's treasurer, such review to include:
  - A. Verification of bank balances
  - B. Sample review of revenue
  - C. Review of expense documentation
4. Common stocks, preferred stocks, option devices, obligations denominated in foreign currencies, and derivative products are not considered appropriate financial instruments for USMS or any of its LMSCs.

### **IRS Requirements for Not-for-Profit Organizations**

#### **Reporting requirements for Organization less than \$25,000 in gross receipts.**

The reporting requirements for organizations with less than \$25,000 in gross receipts changed for 2007 and future years (beginning with reports due in 2008). Effective for annual periods beginning in 2007, organizations that are excused from filing an information return by reason of normally having gross receipts under \$25,000 are required to file *new* Form 990-N, Electronic Notice (e-Postcard). The information to be included is the legal name of the organization, any name under which the organization operates or does business, the organization's mailing address and Internet web site address (if any), the organization's taxpayer identification number, the name and address of a principal officer, and evidence of the organization's continuing basis for its exemption from the generally applicable information return filing requirements.

#### **Reporting requirements for Organization greater than \$25,000 in gross receipts.**

1. Each LMSC with annual gross receipts normally in excess of \$25,000 must file a tax return (form 990 or 990-EZ) for that tax year. An organization's gross receipts are considered to be normally \$25,000 or less if the organization is:
  - A. Up to a year old and has received \$37,500 or less during its first tax year;
  - B. Between 1 and 3 years old and averaged \$30,000 or less in gross receipts during each of its first 2 tax years; or
  - C. Three years old or more and averaged \$25,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).
2. Any LMSC that makes payments of \$600 or more in any fiscal year to a person for services rendered must issue an IRS form 1099-MISC to that person by January 31 of the following year. Reimbursement for out-of-pocket expenses is not considered to be payment for services rendered.
3. All LMSCs are reminded that income unrelated to exempt activities may be taxable. Consult a tax advisor if you believe that the revenue from unrelated activities may be taxable.

### **Resources**

Four people oversee the financial operations of USMS: the USMS treasurer, Finance Committee chair and controller. Contact information for each of them is listed elsewhere in this handbook and in the USMS rule book. You may use them as a resource.

Computerized accounting packages are available at a range of prices. These packages include templates and basic examples of financial statements. You may contact the controller if you want to discuss which package would be best for you.

LMSCs vary tremendously in the nature of activities and the level of financial detail required. Pages 3 and 4 of this section contain examples of income statements and balance sheets. These statements are examples only, and may be adjusted for your own use.

## Small LMSC (Your LMSC's Name Here)

STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED 12/31/09		STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES AS OF 12/31/09	
<b>REVENUES</b>		<b>ASSETS</b>	
Individual registrations	\$5,000	Cash—Checking account	\$790
Club registrations	75	<b>TOTAL ASSETS</b>	<b>790</b>
Sanction fees	250		
Interest	30	<b>LIABILITIES</b>	
<b>TOTAL REVENUE</b>	<b>5,355</b>	Sanction deposit fees	50
<b>EXPENDITURES</b>		<b>FUND BALANCE</b>	
Registration to USMS		Fund balance at 12/31/08	805
Individual & club	3,780	Net 2009 excess (deficit)	(65)
LMSC	20	Fund balance at 12/31/09	740
Postage	100		
Copy costs	150	<b>TOTAL LIABILITIES &amp; FUND</b>	
Telephone	250	<b>BALANCE</b>	<b>\$790</b>
National convention	1,000		
Miscellaneous supplies	100		
Banking costs	20		
<b>TOTAL EXPENDITURES</b>	<b>5,420</b>		
<b>NET EXCESS (DEFICIT) OF</b>			
<b>REVENUE OVER EXPENDITURES</b>	<b>(\$65)</b>		

## Large LMSC (Your LMSC's Name Here)

STATEMENT OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED 12/31/09		STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES AS OF 12/31/09	
<b>REVENUES</b>		<b>ASSETS</b>	
Individual registrations	\$20,000	Cash—Checking account	\$13,940
Clinic fees	250	Inventory—T-shirts	400
Awards & T-shirt sales	800	Property—Computer	1,250
Club registrations	250	Accumulated depreciation	(300)
Sanction fees	250	<b>TOTAL ASSETS</b>	<b>15,290</b>
Interest	60		
<b>TOTAL REVENUE</b>	<b>21,610</b>	<b>LIABILITIES</b>	
		Sanction deposit fees	175
<b>EXPENDITURES</b>			
Registration to USMS		<b>FUND BALANCE</b>	
Individual & club	12,100	Fund balance at 12/31/08	14,975
LMSC	20	Net 2009 excess (deficit)	140
Newsletter costs	5,000	Fund balance at 12/31/09	15,115
Postage	300		
Depreciation	300	<b>TOTAL LIABILITIES &amp; FUND</b>	
Telephone	300	<b>BALANCE</b>	<b>\$15,290</b>
Copy cost	200		
National convention	1,800		
Computer support	1,200		
Miscellaneous supplies	200		
Banking costs	50		
<b>TOTAL EXPENDITURES</b>	<b>21,470</b>		
<b>NET EXCESS (DEFICIT) OF</b>			
<b>REVENUE OVER EXPENDITURES</b>	<b>\$140</b>		