

Growing Your Connection – Chapter edition

Understanding Chapter Finances

Understanding Chapter Finances

Who should attend?

- All chapter members
- All chapter officers
- Members-at-Large who want to understand how organization finances work
- Members who may be thinking about becoming a Chapter Treasurer
- Members who may be thinking about joining an Audit Committee

Understanding Chapter Finances

What we'll cover today

- Things all members should know
- The Chapter Treasurer's position
- Setting up an Audit Committee

Understanding Chapter Finances – Everyone

Why is understanding Chapter Finances Important?

- To understand how your dues are being spent.
- To understand how to be reimbursed for expenses you incur for Chapter programs
- To understand what expenses the chapter is responsible for
- To understand what is required for EGA to maintain its 501(c)(3) not-for-profit status

Understanding Chapter Finances- Everyone

What's the big deal about being a 501(c)(3) organization?

- Section 501(c)(3) of the Internal Revenue Code exempts organizations from paying **federal income taxes** on money it makes.
- It is not the same as being tax-exempt from **state sales taxes, which exemption must be applied for separately.**
- Each chapter must follow the tax laws of the state in which it operates

Understanding Chapter Finances – Everyone

Where are the rules about finances?

- Chapter bylaws (parts are different for each chapter)
- EGA Financial Guidelines

This presentation does not attempt to cover everything in detail. Refer to these documents for more information.

Understanding Chapter Finances – Everyone

Chapter bylaws:

- Explain the budgeting process
- Describe the Chapter Treasurer's job
- Require a monthly treasurer's report at the chapter business meeting

EGA Financial Guidelines

- Explain the annual reporting process
- Are a "how-to" guide to make sure you
 - Meet the national organization's requirements
 - Track finances in a fiscally responsible way
- Provide the Treasurer with forms to help manage chapter finances

Understanding Chapter Finances – Everyone

Budgeting

Should start at a Board Meeting prior to the chapter meeting at which members will vote on it.

Sample timeline:

- If you vote on budget in December
- Provide proposed budget to the members at the November meeting
- **Board meeting needs to happen prior to the November meeting**

The budget is the members' permission for the Treasurer to pay the bills. Expenses not in the budget must be approved according to chapter bylaws.

Understanding Chapter Finances – Everyone

Creating a budget – A budget must be created and approved by members to give the Treasurer permission to pay the bills

- Look at the annual report for the last few years
- How will expenses and income change (increase in rent? Decrease in members?)
- How will things stay the same?
- Subtract expenses from income. What is the result?
- How will any potential gap be filled?

Understanding Chapter Finances - Everyone

Definitions

Revenue = money coming in; income

Expenses= money going out

Net income = more money coming in than going out

Net loss = (more money going out than coming in)

Ledger = A financial record

Account = a category or name for specific revenue and expenses

Bank account – money in the bank

Bunny Stitchers Chapter	Actual		Budget	
	2023	2024	2025	
01 Total cash on hand prior year	\$ 5,000.00	\$ 5,341.58		
Revenue				
02 Member Dues	\$ 1,375.00	\$ 448.00	\$ 375.00	25 members
04 Educational Events	\$ 4,000.00	\$ 2,900.00	\$ 1,000.00	
07 Fund Raising Events	\$ -	\$ 989.00	\$ 150.00	stash sales
11 Contributions Unrestricted	\$ -	\$ 500.00		
18 Total Revenue	\$ 5,375.00	\$ 4,837.00	\$ 1,525.00	
Expenses				
19 National Dues	\$ 975.00	\$ 55.00	\$ -	
20 Regional Dues	\$ 99.00	\$ 3.00	\$ -	
21 Educational Events	\$ 3,313.00	\$ 2,750.00	\$ 800.00	
23 Exhibit	\$ -	\$ 38.61	\$ -	
24 Fund Raising Events	\$ -	\$ -	\$ 10.00	Stash sale
26 Rent	\$ 550.00	\$ 550.00	\$ 610.00	Rent increase
28 Administration	\$ 96.42	\$ 96.42	\$ 346.42	Tech purchases
36 Total Expenses	\$ 5,033.42	\$ 3,493.03	\$ 1,766.42	
37 Total Revenue less Total Expenses	\$ 341.58	\$ 1,343.97	\$ (241.42)	How will this be made up?
38 Total Cash on Hand as of 12/31	\$ 5,341.58	\$ 6,685.55		
39 Checkbook balance as of 12/31	\$ 5,341.58	\$ 6,685.55		

Understanding Chapter Finances- Everyone

How to make up a potential net loss

- Use excess money in bank account to make up the loss
- Raise revenue and/ or decrease expenses
- Increase dues
- Have an exhibit and charge admission for it
- Have a community stash and/or book sale
- Request donations
- Have a minimum program fee (\$1-2)
- Invite non-chapter members to an educational event at a higher fee than chapter members

Chapter Secretary – Include a copy of the approved budget in your minutes

Understanding Chapter Finances – Treasurer

The Treasurer's job is described in the financial guidelines. The Treasurer:

- Acts as Custodian (keeper) of the Chapter Funds
- Keeps bank account(s) and signors current
- Prepares and manages the budget
- Deposits money received immediately
- Maintains record of what the deposit is for (including online resources like PayPal, Zelle, Venmo, Square)
- Pays bills promptly
- Maintains record and receipts for expenses (including online like PayPal, Zelle, Venmo) – and categorizes them
- Reconciles all accounts monthly

Understanding Chapter Finances – Treasurer

More duties

- Prepares a monthly Treasurer's report for meetings
- Prepares the Annual Financial Report to Headquarters by Feb 15 of each year
- Maintains contracts (bank agreements, rent, teachers)
- Prepares an IC Reporting form within 14 days for
 - Teacher fees
 - Teacher travel
 - Kits
- Prepares Forms 1099-misc for payment to contractors
- Provides a contribution receipt to people who donate money to the chapter
- Maintains financial records for the chapter

Understanding Chapter Finances – Treasurer

Deposits

- Prepare a deposit log, include account numbers
- Attach documentation (list of members names for: programs paid, classes paid, party paid in advance)
- Prepare one deposit log per deposit, including for online deposits like Zelle, Paypal, Venmo or Square
- Prepare a deposit log for due deposits made by EGA HQ. Attach a list of member names.
- Attach a copy of the deposit ticket if deposited physically

The Embroiderers' Guild of America		
Bunny Stitchers Chapter		
Deposit log		
Account #	Description	Amount
02	Member Dues	\$
04	Educational Events	\$
06	Exhibit	\$
07	Fund Raising Events	\$
08	Sales	\$
11	Contributions Unrestricted	\$
12	Contributions Restricted	\$
13	Parties/Meals	\$
14	Retreats	\$
15	Contributions/Gifts	\$
17	Other (List if over \$300)	\$ _____
	18 Total DEPOSIT	\$

Understanding Chapter Finances – Treasurer

Expenses

- Prepare a reimbursement request form or record of expenses paid (do for online payments as well)
- Attach documentation (invoices or receipts of purchases)
- Receipts must add up to the amount requested
- Include account numbers on your record
- Pays only budgeted expenses or additional expenses approved by the membership at a meeting per the bylaws

Understanding Chapter Finances – Treasurer

Bunny Stitchers Chapter Reimbursement/Payment Request

Date: _____

Requested by: _____

Pay to: _____

Purpose: _____

Receipts or invoices totaling the amount requested must be attached
For donations, include a copy of approved minutes

For approving officer only

Approved by _____

President/Treasurer (circle one)

Check # _____ Amount \$ _____ Date _____

Record in Ledger Account#

Understanding Chapter Finances – Treasurer

Reconcile bank statements monthly

- Print out bank statements – you'll need them for the audit
- Show your work – are there checks written that haven't been cashed? Deposits not credited?

Prepare a Treasurer's Report for every meeting

THE EMBROIDERERS' GUILD OF AMERICA, INC.
BUNNY STITCHERS CHAPTER /Bunny Stitchers REGION, EGA
Treasurer's Report
June 30, 2025

Check book balance	5/31/2025	\$ 5,306.15
Revenue		340.00
Expenses		<u>15.00</u>
Balance 6/30/2025		\$ 5,641.15

Increase in revenue from Membership Dues Received

Submitted by Hare-iette Bunny
Date July 15, 2025

Treasurer- add a commentary for unusual revenue or expenses

Treasurer -Keep a copy in the Treasurer's current records
Secretary – Add to the minutes

Understanding Chapter Finances – Treasurer

Keep a ledger (record) of your accounts (categories)

Samples in the Financial Guidelines

- Small chapters may keep this manually
- Medium chapters may keep excel spreadsheets
- Large chapters may keep QuickBooks

Chapters having lots of activity, no matter the size, will find it easier if records are computerized.

Understanding Chapter Finances – Treasurer

Things you shouldn't overlook:

If you pay a teacher to conduct a class, submit an IC Reporting Form to EGA HQ for teaching fees, kits and travel expenses paid to the teacher within 14 days of the payment.

If you pay an outside contractor to do work for the chapter, e.g. website design or webmaster, prepare a Form 1099-misc for payments made in the calendar year. These are tax forms to the IRS.

If someone makes a cash donation to the chapter, prepare an acknowledgement of the donation (form is in the Financial Guidelines). Property donations should not be valued by the treasurer, but should still be acknowledged.

Of course, prepare the Annual Financial Report by February 15 of each year.

Understanding Chapter Finances – The Audit

An audit must be done every year

- It verifies that revenue and expenses are categorized correctly
 - This is important for annual reporting and for budgeting purposes.
- It verifies that all bank accounts have been reconciled and outstanding items researched.
- It makes certain that procedures are being followed (important for IRS purposes)
- If done in January, it allows corrections to be made timely
- It gives Audit Committee members training to be a treasurer

Understanding Chapter Finances – The Audit

- The Audit Committee
 - Comprised of several members of the chapter
 - Includes at least one person familiar with keeping books
 - If treasurer's job is done well, this should take no more than an hour on a simple set of books
 - Should include an audit report
 - Should be a learning moment for all committee members

Understanding Chapter Finances – Records

Add necessary records to the “Permanent File”.

- Wendy likes Pendaflex folders for Permanent Files.

Understanding Chapter Finances – Records

- File all other records by year. Let's call these "current records".
- Include a destroy date on current records. Schedule is in the Financial Guidelines.