

## Lions Treasurer's Training

July 16, 2016

Most important: At least 2 bank accounts:

One operating account for your Club: **Deposit** Dues, Tail Twister Fines, In-club raffles, "pass-through" funds for club events like Christmas Party, Installation banquets, Convention fees, etc.; basically Club members and family-only funds collected, but nothing from the general public or non-Lion attendees.

**Payments** from this account include Int'l dues, MD-4 and District Dues, guest speakers, student speakers club level cash prizes in accordance with Student Speaker Program guidelines (you **MAY NOT** pay these prizes from the Welfare account!), again, any pass-through expenses that you collect fees from the members (see above), Convention registrations and room/meal charges, cost of club member events or parties, club supplies, postage, newsletters, reimburse members who purchase items on this list, any expenses associated with "White Cane Days" because any collections for White Cane must be 100% attributed to vision care without any reduction for expenses, any administrative expenses similar to this list of allowable expenditures. You may also make payments to club approved individuals who do not qualify as a registered charity. This is intended to be used to operate the club from member paid funds and spent on member activities and for club approved support: it has nothing to do with our mission "We Serve"; that comes next:

Account #2: Welfare or some call it Charity or Mission Specific Account:

**Deposit** to this account all other funds received! And deposit every penny that comes from non-members, the public, grants, donations, White Cane Days collections, fund-raising events, etc. You **MAY NOT** offer or imply that any funds received from the members or the general public are tax deductible as donations.

**Payments** from this account must be for charitable purposes, expenses to run fund-raising events, donations to District and International sanctioned charities, non-political Community Organizations; you **MAY NOT** write checks to individuals (except as reimbursements), even if they are needy. Make those “support” payments to registered charities that provide services to those individuals. If the club wants to give money to an individual, you may do so from the operating account only. **Scholarship awards** must be made to the High School they are graduating from to be administered for college tuition or to the college to be administered for the student’s tuition and fees, **not paid to the student directly!**

Taxes:

Your club is exempt from income taxes under IRS Code Section 501c4; that does not make you a charity, that only designates you as a membership organization that is not organized to make a profit.

Some Clubs “go the extra mile” and form a separate Charitable Trust or Corporation. To qualify, you must have Articles of Incorporation filed with the Secretary of State of California after gaining approval from Lions Club International, apply for tax exempt status under IRS Code Section 501c3, and have a separate Board of Directors, a separate set of By-Laws and a different federal tax identification number. You then need to re-apply to the California Secretary of State to obtain state-level exemption from income taxes. Needless to say, you cannot co-mingle funds with any of your club accounts.

You will be required to file an annual tax return with both the IRS and the CA Franchise Tax Board and every 2 years, you must file an information statement with the CA Secretary of State’s office.

The advantage to a 501c3 organization is that contributions of funds and goods to be used in your mission specific programs may be a tax deduction to

the donor. They must not receive any value for their donation to be fully tax deductible; so ticket prices for meals, banquets, entertainment or “games of chance” including raffles, drawings, casino nights, etc. are never tax deductible. If the cost of a ticket to an event is over \$75, you must state on the ticket, the value of the meals, raffle tickets or entertainment received; any excess paid may be tax deductible. You must send a letter to all donors who contribute \$250 or more describing the gift and a statement that “no goods or services were received in exchange for the donation amount” and include your federal tax ID# and indicate that you are a 501c3 Organization or if they did receive something of value for less than the donation amount, that must be clearly stated in the letter. If you are not a 501C3 Organization do not send any such letter.

If your club sells anything including food at an event to raise money, you must have a CA Sales Tax License and collect and remit to the CA State Board of Equalization, the appropriate sales tax for the county in which you make the sales. If you sell prepared foods, there are other Health Department regulations that you must abide by.

If you have a regular “gig” and sell items on repeated occasions or you rent out facilities for other than Lions Club related activities, you may not be exempt from income taxes for profits relating to that income. All raffles where the general public can buy tickets, must be registered with the CA Registry of Charitable Trust in the Secretary of State’s office.

To summarize, being a treasurer is an important job, requiring knowledge, staying on top of your responsibilities, and asking for help when you need it. Getting behind in your duties is a dis-service to your club and your fellow Lions. **There is help available, ASK FOR IT!**

**Prepared On July 16, 2016 by :**

**District 4C6 Budget & Finance Committee Chair, Lion Greg Snow, CPA**