



# STUDENT ORGANIZATION LEADERSHIP DEVELOPMENT FINANCIAL ISSUES FOR STUDENT ORGANIZATIONS OCTOBER 4 & 5, 2006

---

---

## ROLE OF THE TREASURER OR FINANCIAL OFFICER

Financial health and stability are fundamental to the success of every organization because all operations are ultimately dependent upon financial resources. The treasurer is therefore one of the most important officers who will dramatically impact the stability of the organization through effective management.

Organizations have numerous activities that require the careful attention of the treasurer: housing and feeding the membership and managing social funds and dues to name a few. It is important that the treasurer view his/her role as a manager of a business. It's the treasurer's role to collect and disburse all funds and to manage them responsibly. The treasurer must be firmly in control of the organization's finances, regardless of personal and community pressures from the membership. Reliance on the executive officers for advice and support will be a key to effective management despite such pressures.

**Students assuming leadership roles need to understand that there are legal consequences to the actions they take while in office.** As treasurer, a student will sign checks and other documentation, and make decisions that bind the organization. Consequently, officers must act in the best interest of the organization, and be mindful that they are responsible should there be legal proceedings.

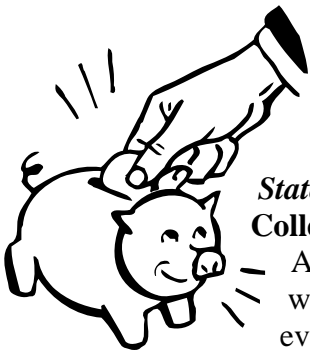
## TYPICAL DUTIES OF THE TREASURER OR FINANCIAL OFFICER

### *Day to Day*

- ✓ Analyze organization finances to assess organization financial position
- ✓ Review financial statements
- ✓ Maintain financial records and statements
- ✓ Bill members for fees and dues
  - Coordinate with Roster Manager and President to establish an accurate roster in order to accurately assess dues
- ✓ Disburse organization funds according to the budget plan
- ✓ Monitor all officers' budgets
- ✓ Report at meetings on financial condition of the organization
- ✓ Recommendation: Train an Assistant Treasurer or Assistant Financial Officer

### *Long Range Planning*

- ✓ Prepare annual budgets in coordination with the executive committee
- ✓ Prepare reports for the executive committee, membership, alumni board, and National



## BAYLOR UNIVERSITY STUDENT ORGANIZATION TAX POLICY AND TAX LAW

### *State Sales Tax*

#### **Collecting Sales Tax on Items Sold**

All student organizations are required by law to collect sales tax when selling goods and/or services (this may include tickets to an event). If an organization has a state sales tax exemption, this means that the group is exempt from **paying** sales tax. The group is still responsible for **collecting** sales tax when selling goods or services. **Remember, student organizations can be audited by the state**, so it is very important that sales tax is properly collected and remitted to the State Comptroller's Office. If you have questions on sales tax you can call the State Comptroller at 1-800-252-5555 or you can e-mail [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us). In order to properly remit sales tax:

- Download a *Sales Tax Permit Form* from [www.window.state.tx.us](http://www.window.state.tx.us)
- Fill out the form and send it in to:  
Texas Comptroller of Public Accounts  
Austin, TX 78774-0100



#### **Exceptions to sales tax law**

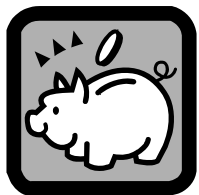
- If an organization is planning a **one-day** sale within a calendar month, it does not have to collect sales tax on any goods sold during that one-day period. An organization may only hold one tax free sale per month.
- If an organization is holding an event that is exclusively for members of the Baylor University community and they have not hired any off-campus business to provide services (such as a caterer or DJ), the organization does not have to collect sales tax for tickets to the event. **We highly recommend that organizations who are planning events on campus talk to Student Activities or Financial Affairs about sales tax.**

#### **Paying Sales Tax on Items Purchased**

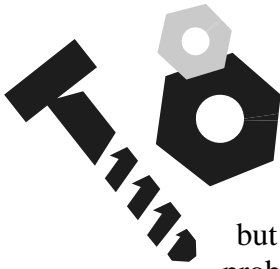
- Student organizations are NOT automatically exempt from paying state sales tax. To find out if your organization may file to become sales tax exempt, refer to Comptroller of Public Accounts, State Sales and Use Tax, Rule 3.322 (Texas Tax Code 151.309, 151.310: Texas Civil Statutes, Article 342-908). If your organization is eligible, you must first obtain 501c status from the Internal Revenue Service. It may take over eight weeks for the forms to be processed by the IRS. If 501c status is granted, the organization may apply to the state by submitting a letter, a copy of your charter/bylaws, and a copy of your 501c letter of determination from the IRS (if applicable) to the following address:

Tax Policy Division  
Exempt Organizations Section  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

- Upon a ruling by the State Comptroller's Office you will receive a letter allowing or denying exempt status. **If exempt status is granted, please inform Student Activities and provide a copy of documentation for your organization's permanent file.**
- If an organization is purchasing merchandise for resale, it has two options regarding sales tax.
  - (1) The organization may obtain a resale certificate from the State Comptroller's Office, which will allow the organization to defer payment of sales tax until time of sale. This does not mean that the organization does not pay sales tax. It means that it will collect sales tax for the item when it is resold and that sales tax will then be remitted to the state.
  - (2) The organization can pay the vendor sales tax on the items purchased. Please note, however, that if the organization is selling the merchandise at a mark-up, sales tax must be collected and paid on the mark-up.



*For a copy of today's PowerPoint presentation, please e-mail [Karin Klinger@baylor.edu](mailto:Karin_Klinger@baylor.edu) or [Leslie Poe@baylor.edu](mailto:Leslie_Poe@baylor.edu). Thank you for joining us!*



## NUTS & BOLTS OF DOING THE JOB

The role of the Treasurer or Financial Officer is important, but it also frequently boils down to daily, monthly tasks. Missing one task may not seem like a significant problem for your organization, but if you miss one task often enough, you can encounter real problems! Here are some tips to getting the job done and to reducing chances for error:



### **DO NOT USE PERSONAL INFORMATION TO SET UP BANK**

**ACCOUNTS, ETC.!** This practice, though common among smaller student organizations is not advisable! If a check is bounced, if someone misappropriates funds, or other financial discrepancies appear, it will all come back to the person who set up the account—you! Avoid getting tangled up in others' financial errors and protect yourself.



**ESTABLISH CHECKS AND BALANCES!** No one person should control all monies for your organization. If you have just one Financial Officer or Treasurer, the President or someone from the Executive Committee should be a check to the actions of the Treasurer. Or, elect an Associate or Vice Treasurer.



**DEMAND APPROVALS FOR ALL EXPENDITURES PRIOR TO SPENDING ANY FUNDS!** Providing a check and balance system that requires members and Executive Committee members to obtain approvals for expenditures prior to an event or activity will reduce occurrences of inappropriate spending.



**CREATE EVENT AND/OR ACTIVITY BUDGETS** with specific limits and boundaries...and stick to them! Your budgets should be almost sacred once they've been approved by your Executive Committee—do not deviate from them!



**UNDERESTIMATE REVENUES.** One of the most common mistakes among student organizations is overestimating revenues for an event or activity. Be very conservative in your estimates and you'll be much more likely to come out even or maybe even with a profit.



**OVERESTIMATE EXPENDITURES.** Events and activities always cost more than you think they will! Whether it's because something breaks, isn't delivered on-time, or the room is bigger than you thought and you need more decorations...whatever the reasons, you'll spend more than you think!



**PLAN AHEAD!** Proper planning prevents poor performance! Everything costs more when you are forced to order/purchase at the last minute for an event or activity. Often, with a little more notice, you can cut your expenses by up to a third or maybe more!



**GET MULTIPLE BIDS OR QUOTES.** Allow t-shirt printers and other vendors to compete for your business. Requesting quotes from multiple sources gives you the advantage of leveraging offers for the best deal.



**COUNT YOUR CASH!** If your organization hosts an event, fundraiser or activity where you are collecting funds, count your cash before the event starts, halfway through the event, and just before the event concludes. Keep written record of your cash counts.



**MAKE YOUR CASH DEPOSITS IN A TIMELY MANNER!** We strongly recommend that organizations deposit funds no more than 48-hours after collecting the funds. **NEVER** let cash sit around your car, apartment, lay in your bag, etc.



**KEEP ALL YOUR RECEIPTS!** Regardless of how small the expenditure amount may be, you need to keep record of it!



**KEEP FINANCIAL RECORDS** for your organization for a minimum of five years. It is recommended that you keep them for seven years or more, but five is the minimum.



**STUDENT**  
activities  
baylor university