

# **Fiduciary Responsibility: Pull it Off, Don't Put it Off!**

Northeast Leadership Conference

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# What is a fiduciary?

- An individual, corporation or association holding assets for another party, often with the legal authority and duty to make decisions regarding financial and business matters on behalf of the other party.

# What is a trustee?

- An individual or organization that holds or manages and invests assets for the benefit of another. The trustee is legally obliged to make all Trust-related decisions with the Trust's interests in mind, and may be liable for damages in the event of not doing so.

# Fiduciary Responsibilities of the Board of Directors

- The Board of Directors manages the assets of the association for the benefit of members. The Board is legally obliged to make all decisions with the organization's interests in mind, and may be liable for damages in the event of not doing so.

# Fiduciary Responsibilities of the Board of Directors

- Accepts the trusteeship of state or school chapter assets and assumes responsibility for decisions related to those assets.

# Fiduciary Responsibilities of the Board of Directors

- Performs regulatory & administrative functions related to the assets (i.e. bank accounts, check writing, investments, annual audit, submission of IRS and state filings i.e. IRS form 990). Many of these administrative tasks are the role of the treasurer and the responsibility of the Board.

# Fiduciary Responsibilities of the Board of Directors

- Investing and financial planning—it is highly advisable to either keep funds in cash instruments (certificates of deposits, money market accounts); or to engage an investment consultant on matters of investments and financial planning.
- Boards can be held liable for investment decisions made without the advice of an expert.

## The board...

- Approves investment guidelines;
- Approves Annual Operating Budget;
- Approves fees (i.e. convention registration fees);
- Approves capital expenditures.

# Duties of a treasurer

- Act as custodian of association funds.
- Be responsible for safekeeping of all financial books and records of the association.
- Draft budget for Board Approval.

# Duties of a treasurer

- Keep current and accurate financial records.
- Prepare financial documents for annual independent Review or Audit.
- Ensure that all federal, state, and local tax returns are filed on time.
- Ensure that formal policies and procedures have been documented to facilitate the duties of the treasurer.

# Financial reporting at board meetings

- Income and expense statement (based on operating budget).
- Bank balances (checking, savings, CDs, investments).
- Investment report (if applicable).

## Prior to the end of the fiscal year...

- Prepare and present proposed operating budget for Board approval.
- Review of annual Review or Auditor's report.
- Review investment guidelines (at least annually)

## At the Annual Membership Meeting:

- Annual Independent Review or Auditors Report
- If a review or audit is not done, the end-of-the-year Income and Expense Statement is presented.
- The operating budget approved by the Board of Directors.
- Any financial highlights that the members should be informed about.

# REMEMBER:

- Your association bylaws should contain valuable information for your role as a treasurer:
  - Further definition of the role of the treasurer
  - Your investment policy
  - What must be reported at the Annual Membership Meeting
  - Other financial policies

# Finance “Do”s

- Make and keep bank accounts in the name of the organization
- Choose a bank with convenient branches in several areas of your state

## Finance “Do”s

- Have two or three authorized signers on all bank accounts. For instance, requiring two signatures and having three authorized signers helps to expedite payments. All checks must have dual signatures.
- Utilize NSNA’s wire transfers for dues payments, if you don’t already.

## Finance “Do”s

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- Be as open and honest as possible and practical.

# Finance “Don’t”s

- Get behind! Stay as current as possible on your financial practices and documentation.
- Use debit cards! Why would this be a bad idea? What are some safer alternatives?

# Finally...

- Remember that you have access to resources through NSNA's website and the packets you were given today.
- Remember that I am always available to you for help!

**Thank you!!**

I look forward to  
working with you all!

