

*Financial Stewardship Guide For  
Founding Forward Volunteer Chapters*



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Founding Forward

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## **INTRODUCTION**

### **The Importance of Financial Stewardship at the Chapter Level**

Founding Forward formed chapters in the 1960's as essential partners in the great mission to promote the civic education of students and teachers in our Constitution, Bill of Rights, Bill of Responsibilities, and Founding Principles of America. This is a sacred mission and is one that Founding Forward has carried out with exceptional integrity since its founding in 1949.

While the chapter partners have a major role to play in the recruitment of students and teachers, it is the National Office, which bears the primary legal responsibility for the conduct of its fiscal affairs and those of its various chapters. The National Office is required to maintain its financial business in a way that protects and reinforces its 501(c)3 tax status as a tax-exempt non-profit organization. More importantly, it is the National Office's responsibility in doing so to protect the Founding Forward brand and image with the American public. Each chapter also shares this organizational responsibility.

Every chapter is a legal entity of the National Organization. The National Organization is legally responsible for what happens at the chapter level, including the conduct of the chapter's financial affairs. A failure on the part of a chapter to conduct its financial affairs with the utmost integrity and transparency can potentially put the National Organization in jeopardy. Therefore, each chapter bears significant responsibility for ensuring that its operations reflect credit and honor upon the National Organization and all the students and teachers who participate in Founding Forward programming.

The chapters also have a role in keeping faith and honor with Founding Forward donors, sponsors, and non-chapter organizational partners. These are all "constituencies" of Founding Forward and all have an important part to play in the success of our mission.

Every chapter president, every chapter officer, and certainly our chapter treasurers have a very special responsibility to ensure that reporting deadlines are met, that money received and spent is totally transparent, and that recordkeeping is of the best quality. Many non-profit organizations have gotten in trouble, lost funds, destroyed their reputations in the community and lost donors and participants' confidence because of simple mistakes, or worse, in the handling of funds. We at Founding Forward are determined to maintain our outstanding record of integrity of operation into the future.

Your adherence to the policies and practices outlined in this Guide will help ensure that things are done properly at ALL levels, and that in doing so, we are able to focus on our main mission of conveying the value and importance of the things we believe in and are sworn to protect to future generations of American students and teachers.

## **I. ANNUAL REPORTING REQUIREMENTS**

Each year, the National Office is required to complete and submit to the U.S. Internal Revenue Service a report via Form 990, outlining our finances and activities. This document is due by May 15 of the subsequent year and therefore we require each chapter to complete its reporting to National of the chapter activities and financial matters **no later than February 1<sup>st</sup>**. National then takes its records, and with the inputs from the chapters, it files its tax form with the IRS. Because of this, each chapter has an obligation to convey to the National Office its financial report on time and in full. The template for this report is attached to the guide-please see Attachment A. The National staff stands ready to assist any chapter treasurer, and particularly new treasurers, in completing this annual report and in ensuring best practices throughout the year. Such consultations will be considered confidential and are not shared with other chapters.

If a chapter treasurer is having difficulties with report preparation in a timely way, they are urged to contact the National Office immediately, in December or January. Do not wait until February to call and indicate you need help. The earlier you contact us, the earlier we can be of assistance.

### **A. Treasurer's Annual Call with Chapter Treasurers**

The purpose of the call is to allow for a more regular exchange of ideas and best practices, and to encourage the sharing of information between chapters. This call will generally occur in November in conjunction with the start of annual reporting cycle. All chapters are encouraged to have their treasurer and president participate.

## **II. RECORDKEEPING IMPERATIVE**

In order to prepare an accurate Annual Report to the National Office by February 1st, it is important that records of the following items be very accurately kept:

- A. All donations, date of donations, contact information for each donor, the amount of each donation, and/or in-kind donations.
- B. All expenses for recruitment activities, postage, special events, student and teacher trips to Valley Forge, all local expenses incurred in the performance of chapter functions, and anything having to do with chapter operations.
- C. All reimbursements to board members or organizational partners including the amounts, payee, dates, description of the reimbursed item and date of board or officer authorization of the reimbursement.

- D. Records of restricted donations, temporarily restricted donations and unrestricted donations must be kept as accurately as possible.
- E. Event Records should show all expenses and income from special chapter events, fundraisers, award dinners and any other activity sponsored by the chapter. If event is ticketed, please keep record of tickets sold.

### **III. BEST PRACTICES**

- A. HANDLING DONATIONS, CASH AND IN-KIND.** It is recommended that the treasurer maintain detailed records of these items and report to the chapter board all details in the form of a written treasurer's report on a monthly basis.
- B. VALUE RECEIVED LETTER.** For any contribution or donation greater than \$250, it is recommended that the chapter Treasurer provide a letter to the donor detailing the nature and amount of the donation and whether or not the donor received value in return (eg. A meal or entertainment).
- C. PROMPT DEPOSIT OF DONATIONS.** "Prompt deposit" means within five business days of physical receipt.
- D. BANK ACCOUNTS.** Each chapter is required to maintain a bank account at a reputable financial institution. No officer of a Founding Forward chapter, or volunteer, should deposit ANY donation to Founding Forward or to the chapter, in any financial account other than the chapter's official bank account. A copy of the chapter's monthly bank statement should be provided to the National Office in its annual report.
- E. EXPENSE APPROVALS MUST BE FORMALIZED.** Chapters are required to have a formal policy for expenses over \$250.00. This policy must include, at minimum, approvals by the chapter board for expenses exceeding \$250.
- F. DUAL SIGNATURES ON CHAPTER EXPENDITURES.** Each chapter is required to have dual signatures on chapter expenditures of \$2,500 or more.
- G. SUBMITTING FINANCIAL PROCEDURES TO NATIONAL.** A copy of written procedures must be forwarded to the National Office within five calendar

days of formal adoption by a chapter board of directors. Exceptions to this policy must be discussed with the National Office. If financial procedures are included in chapter by-laws, that document is sufficient to meet this requirement.

**H. AVOIDING CONFLICTS OF INTEREST.** Every chapter must scrupulously avoid conflicts of interest in the acceptance of donations, in paying expenses, and in utilizing local businesses. While some boards have members with unique talents and kinds of business skills, boards are discouraged from self-dealing; that is, from conducting expenses or issuing reimbursements to current board members or those related to board members who would benefit financially from the transaction. Families of sitting board members should not benefit financially from participating in Founding Forward chapter activities or events through chapter expenditures or financial dealings. The perception of a conflict of interest can sometimes be a question of interpretation. Chapters are encouraged contact National as particular questions arise.

**I. MONTHLY REPORTS TO THE CHAPTER BOARD.** Every chapter treasurer is required to submit a written financial report to their chapter board each month. Each board is required to review this report and approve or amend it on a monthly basis. Annual financial reports from a treasurer to the chapter board shall not substitute for a regular, written monthly report but may be in addition to the monthly report.

**J. OPEN RECORDS & CONFIDENTIALITY.** All chapter financial records, receipts and expense information and reporting should be made accessible to any and all chapter board members, and to the National Office, upon verbal or written request. In addition, any official chapter member must be granted access to such records upon a verbal or written request.

If a particular donor requests confidentiality of his or her donation, such a request can be honored in public facing announcements. However, the donor's details must still be provided by the chapter to the National Office in the annual financial report.

**K. IF THERE IS A PROBLEM... Please contact us. We are here to help.**

#### **IV. NON-COMPLIANCE PROCEDURES**

The National Office has the following options in addressing a chapter problem or failure to comply with these Financial Stewardship Guidelines:

- Assistance to the chapter
- A chapter financial audit, at the chapter's expense
- A temporary suspension of the chapter until the situation is cured
- Selective removal of an offending chapter officer
- A permanent suspension of the chapter and removal of several or all officers
- Legal action, seizure of bank and financial records and accounts, and other actions
- Pursuit of civil and criminal penalties