

VINCENT J. BOLLON

# 2023 Affiliate Leadership Training Summit (ALTS)

TRAINING FOR EXCELLENCE

Jan. 29 - Feb. 1, 2023 • Las Vegas, NV

# Best Practices for Secretary-Treasurers

January 31, 2023

# Today's Team

## Bill Dodd

- Former Treasurer
- Coeur d'Alene, ID L0710



# GOAL

Gain a better understanding of the role and responsibilities of the secretary, treasurer or the secretary-treasurer as a union officer.

Members will also acquire knowledge on maintaining their local's records, running a meeting, fiduciary responsibilities and common IRS filing mistakes.



# Learning Objectives

- Gain a better understanding of the primary duties and responsibilities of local union secretary, treasurer, and secretary-treasurer roles.
- Learn about fiduciary responsibilities of local union officers.
- Understand basic tax filing rules and requirements.
- Better budget for local planning purposes.



# Resources at iaaff.org

STORE DONATE FIREPAC CENTER OF EXCELLENCE SMART



INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS

HOME EVENTS NEWS EN FRANÇAIS DASHBOARD



## SECRETARY-TREASURER RESOURCES

HOME / SECRETARY-TREASURER RESOURCES

### General Information

Tax and Financial Responsibilities - U.S.

Tax and Financial Responsibilities - Canada

Affiliate Bonding Insurance

Constitution and By-Laws  
and Rules for Procedure

Executive Board Minutes

Additional Resources

Procurement

Archived Convention Information

56<sup>th</sup> Convention – 2022

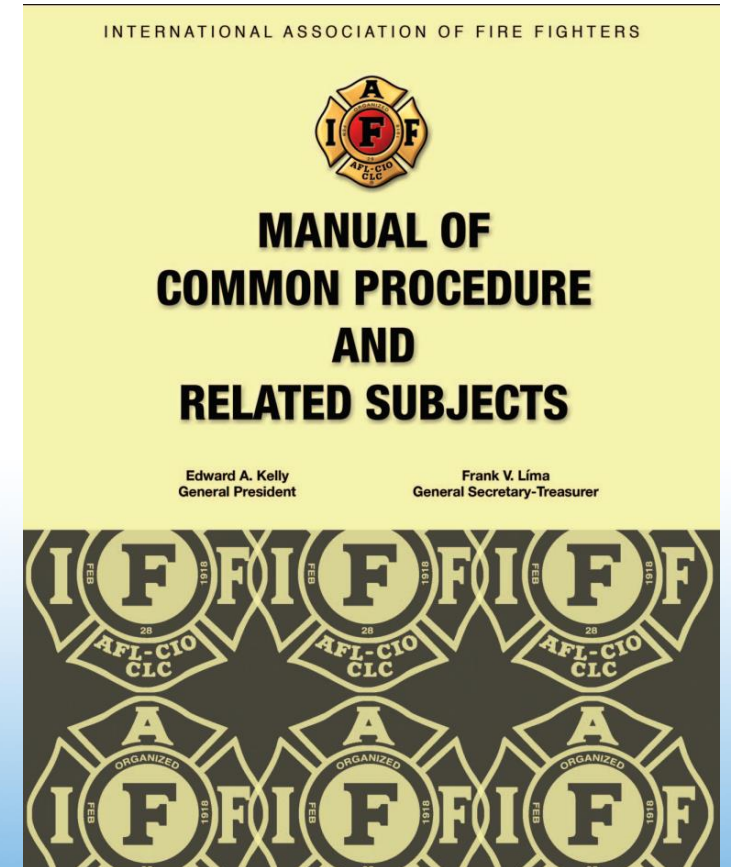
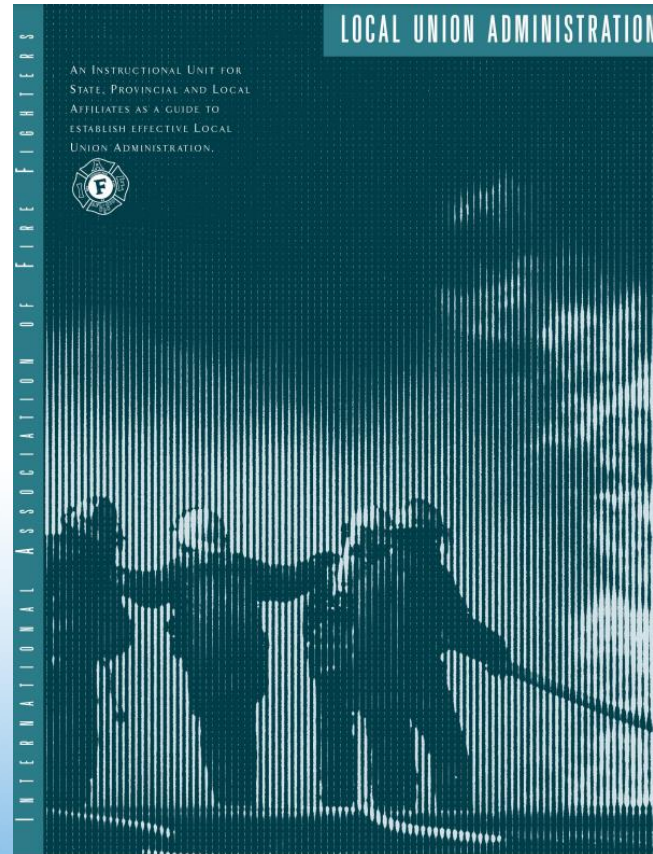
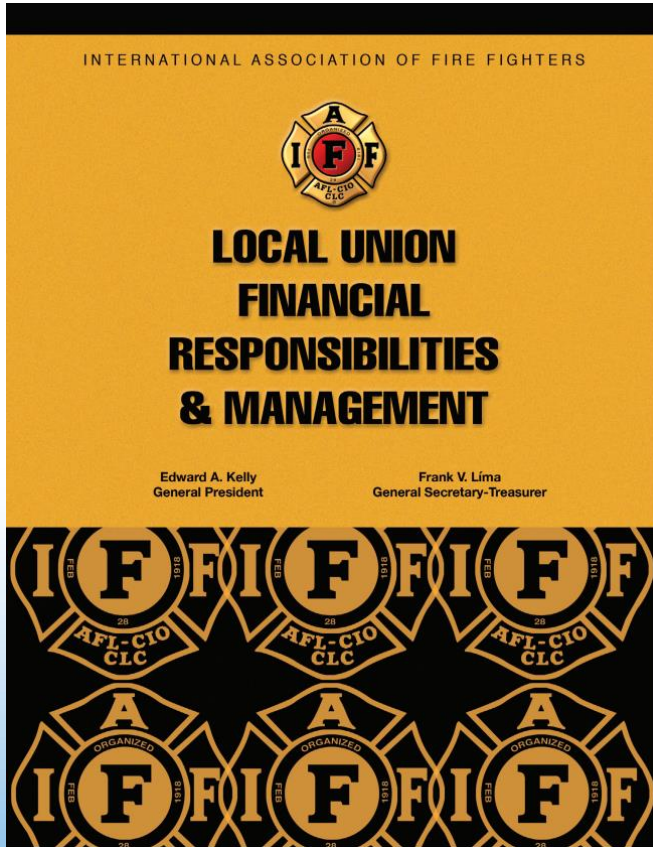


For more information, email [membership@iaff.org](mailto:membership@iaff.org). For all referenced IRS forms and publications, visit the [IRS website](#) for the most recent published materials.





# Resources at iaaff.org

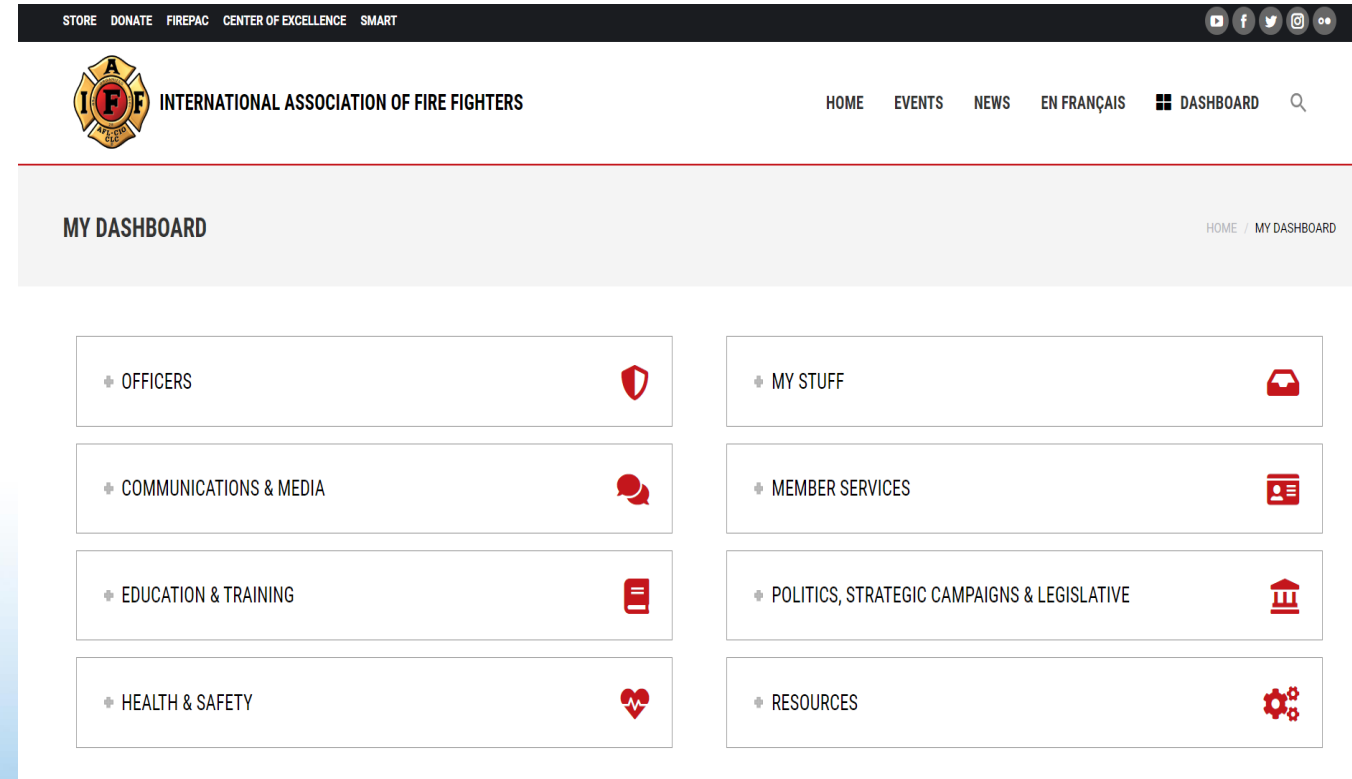


# IAFF Membership Roster

Updates to the Membership Roster are used for Per Capita Invoicing.

It is also used for member mailings such as Fire Fighter Quarterly.

Also gives members access to [iaff.org](https://iaff.org).



# Secretary vs Treasurer

- Some overlap of duties.
- Many locals have a combination role of Secretary-Treasurer.
- Your local Constitution should outline the duties of each position.





# Secretary Duties



Custody of all documents



Minutes



Seal of the local

**Secretary**



Correspondence



Maintain Official  
List of Members  
(IAFF Smart)



Maintain records



# Primary Responsibilities

The primary responsibility for communication within the local rests with the local union secretary.

The secretary performs his/her duties by recording the minutes, conducting correspondence, and by providing necessary information to fellow officers.



# Treasurer Duties

Fiduciary and Chief Financial Officer

Accounts Receivable and Accounts Payable

Day-to-day control over union funds.

Investment of union funds.

Audits and tax filings.

Work with professional accounting staff.

Reports to the membership and the board.

**Treasurer**



# Basic Financial Terms

**Accounts receivable (AR):** The amount of money owed to your local. For most IAFF affiliates this will be member dues.

**Accounts payable (AP) :** The amount of money owed by your local to creditors (suppliers, etc.) in return for goods and/or services they have delivered. Rent, office supplies, IAFF per capita, State/Provincial Association Per Capita.

**Balance sheet (BS):** A financial report that summarizes the local's assets (what it owns), liabilities (what it owes) and equity, at a given time.

**Fiduciary Responsibility:** A duty to act in a way that will benefit the local, not the individual.

**Minutes:** The written record of the business conducted and motions passed at a meeting. Not to be confused with a transcript.

**Net income (NI):** The Local's total earnings, also called net profit. Net income is calculated by subtracting total expenses from total revenues.

**Per Capita:** Amount invested in the IAFF on a per member, per month basis. (Dues)



# Per Capita Chart

## PCT Allocations

PCT Group	PCT SubGroup	Index()	PCT FY		
			Per Capita 2020	Per Capita 2021	Per Capita 2022
Cancer Research	Cancer Research	1	0.05	0.05	0.05
Convention (Minimals)	Convention (Minimals)	2	0.01	0.01	0.01
Disaster Relief Operations	DRO	3	0.07	0.07	0.07
Foundation	Foundation	4	0.15	0.15	0.15
Reserve Fund	Reserve Fund	5	0.21	0.21	0.21
General Fund	General Fund - Programs	6	0.45	0.47	0.47
	General Fund - Admin	7	11.16	11.45	11.85
Emergency Disputes Fund	EDF	8	0.41	0.42	0.43
Political Education	Political Education	9	2.33	2.37	2.44
<b>Grand Total</b>			<b>14.84</b>	<b>15.20</b>	<b>15.68</b>

COLA is applied to EDF, General Fund (including Redmond) and PAC per CBL Article VIII, Section 5. Convention (Minimals) rate is \$0.0125.

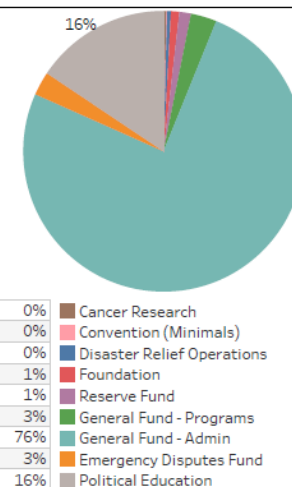
## PCT Estimated Amounts

PCT Group	PCT SubGroup	Index()	Fiscal Year		
			2020	2021	2022
Cancer Research	Cancer Research	1	181,200	181,200	175,000
Convention (Minimals)	Convention (Minimals)	2	45,300	45,300	43,750
Disaster Relief Operations	DRO	3	253,680	253,680	245,000
Foundation	Foundation	4	543,600	543,600	525,000
Reserve Fund	Reserve Fund	5	761,040	761,040	735,000
General Fund	General Fund - Programs	6	1,583,652	1,685,595	1,645,000
	General Fund - Admin	7	40,459,858	41,508,571	43,786,890
Emergency Disputes Fund	EDF	8	1,482,941	1,505,917	1,505,000
Political Education	Political Education	9	8,455,227	8,586,234	8,540,000
<b>Grand Total</b>			<b>53,766,498</b>	<b>55,071,138</b>	<b>57,200,640</b>

Estimated Amounts are based upon (a) the Budgeted number of members, and (b) the same PCT rate being in effect for the entire fiscal year. Starting with FY2022, the PCT Policy allocates a fixed \$35,000/penny to each programs/funds.

Membership Actuals [May]			
Group	SubGroup	2022	
		Count	Equivalents
Canada	Active	26,522	26,820
	Retired	1,817	909
US	Active	269,898	268,623
	Retired	29,106	14,547
<b>Grand Total</b>		<b>327,343</b>	<b>310,900</b>

Budgeted member equivalents: 302k FY21, 304k FY22.  
Equivalents factor in Retroactive Adjustments.



 **UNITE**  **FIGHT**  **ORGANIZE** 





# Words We Use Matter

**Dues = Per Capita or Investment in Union**

**THE Union = OUR Union**



# Record Keeping

What is a record?

Why keep records?

What to keep?

How long to keep it?

Where files should be kept?

**What?**

**Why?**

**What?**

**How Long?**

**Where?**

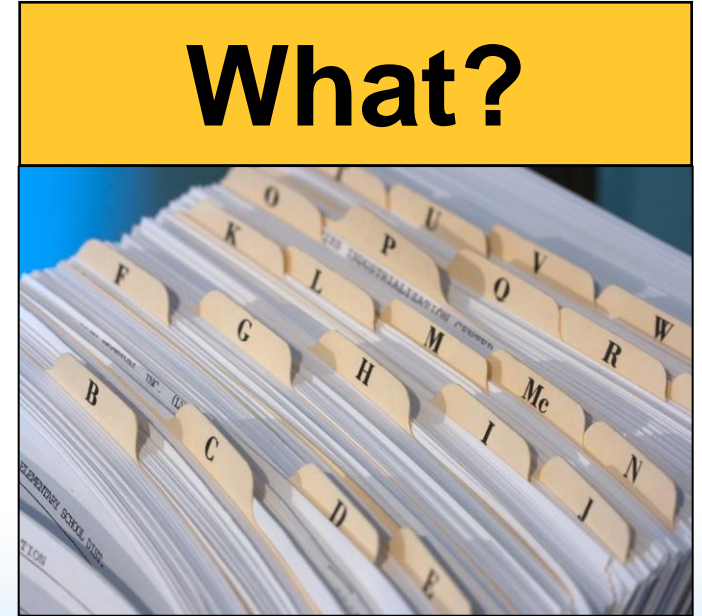


# What is a Record?

A record is any and all materials created, received or used for the official business of an organization.

Records consist of all the materials that your local generates itself, including:

- Meeting agendas and minutes
- Financial documents and reports
- Operational docs (labor – management)



# Why Keep Records?

Provides an accurate, unbiased record of the history of your local.

Accurate and appropriate records are a requirement of the IAFF, Federal laws, the Internal Revenue Service and is a good business practice.

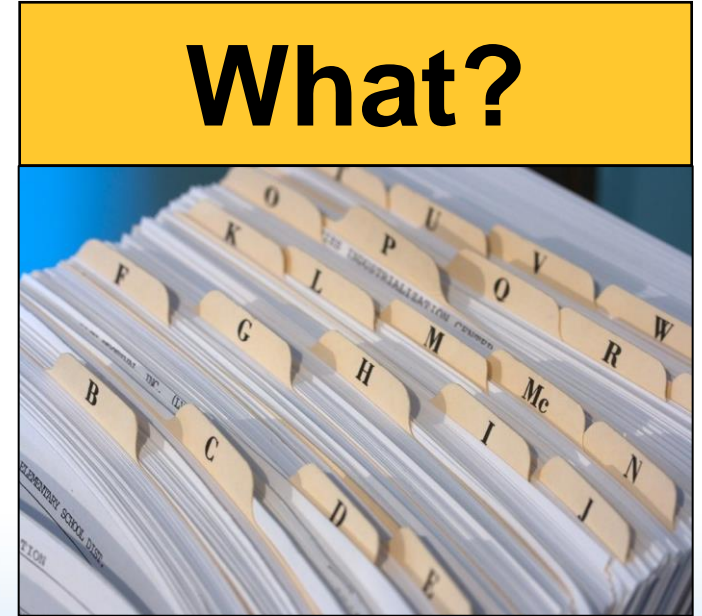
When conducting a financial inspection or audit, often an accountant or the IRS will first request the Local Minutes Book. This is because the Minutes usually reflect both the ordinary and extraordinary financial activities of the local.



# What to Keep?

Good office management, as well as governmental requirements, calls for an adequate filing system to maintain a local's records.

There are several filing methods (i.e., alphabetically, by vendor, by month received).





# How Long to Keep It?

Term	Documents
<b>Life of Organization</b>	Charter, Seal, Constitution and By-laws. Minutes of Membership Meetings, Executive Board Meetings, and all special meetings
<b>1 year</b>	Election Results
<b>3 years</b>	Internal Revenue Service statutes vary in limitation, but are generally 3 years
<b>3-5 years</b>	Most accounting records (dependent on statute of limitations)
<b>5 years</b>	LM Records

## How Long?



# Where Files Should be Kept?

All records and information should be kept in one place – a personal residence is not recommended.

A file cabinet at the union office.

Scanned and kept in secure online database.

A copy of important document can be kept offsite.

Permanently keep only those items required by law or union regulations.

In other words, keep files with administrative, legal and historical value.

## Where?



**However you do it, make it consistent and transferable!**



# Minutes & Meeting

One of the most important functions of the secretary is keeping and maintaining the minutes of local union meetings, board meeting and special meetings.

Every meeting involving your local should be planned in detail. The Union Meeting Agenda should be developed along with Local Union President. Time allocation should be given serious attention when putting together any agenda for all meetings.



# Minutes & Meeting

- Local Minutes Book
- Committee Report Book
- Local Union Constitution and By-laws (*with latest amendments*)
- IAFF Constitution and By-laws
- Robert's Rules of Order or Atwood's (*IAFF By-laws allows your local either option*)
- Manual of Common Procedures
- Notebook to take rough minutes
- Current Collective Bargaining Agreement (*for those with a collective bargaining agreement*)
- Local's policies and procedures

**What should the  
Local Secretary  
Bring to Each  
Meeting?**



# Meetings

- How often?
- Where should they be held?
- What is the best time of day?
- How long should a meeting last?
- Who constructs the agenda, the board or the president?
- What sorts of things get included on the agenda?
- How to encourage attendance at general membership meetings?
- What about virtual attendance?

## General Membership Meetings






# Meetings

- How long?
- Who attends?
- Is virtual attendance advisable?
- Agendas and quorums.
- Specifying the quorum in the constitution.
- Who votes? Do proxy votes count?
- Special meetings.
- Emergency meetings (less notice than special meetings).


## Executive Board Meetings



# Principles of Parliamentary Procedure




All meetings  
are democratic.  
All members  
have an equal  
say and vote.



Decisions are  
made by the  
majority of  
members.



Minority  
rights are  
protected.



Everyone has  
the right to  
free and fair  
debate.



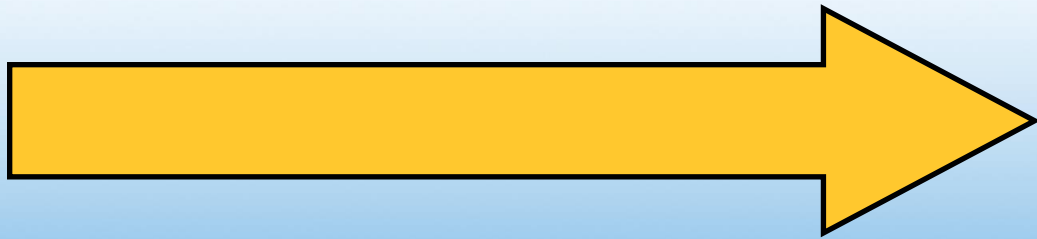
# Rules for Meetings

## Overview of Local Union Meetings

The following rules are to be used to conduct meetings: In your book.



**RULES**



# Day-to-Day Responsibilities

What are some of the day-to-day responsibilities of being in your union officer position?

The ability to effectively plan.

Know your local's constitution and by-laws.

Keeping a calendar of events for the year.

Establish a record-keeping system.

Know the important dates – e.g., filing tax documents, negotiations, grievance deadlines, convention.



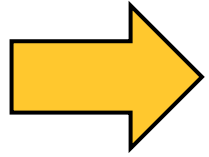
# FINANCES

## Income To The Organization

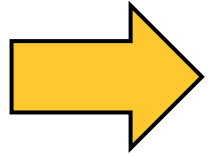




# Fiduciary Duty



The fiduciary duty is the obligation owed by board members to the organization.



Though standards vary somewhat from state to state, there are usually three elements to the fiduciary duty, and one overriding test.



# Fiduciary Duty

**Duty of Loyalty** - A Board member is required to act solely in the best interests of the organization and its members.

**Duty to Monitor** - A Board member is required to monitor the conduct of the organization as well as the conduct of other officers.

**Duty to Investigate** - If there is a fiduciary breach or something seems amiss, an officer or Executive Board member with knowledge must investigate.

**The Reasonable Person Standard** - How would a reasonable person act in a similar situation?

This is a high standard. A reasonable person always follows the proper procedures and acts on the best information available.



# Dues

**What are fair  
dues amounts?**

Percentage v. fixed dues amounts.

With fixed dues, the need for constant adjustments in dues amounts.

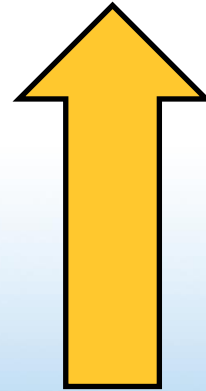
Some organizations require the annual membership approval of dues amounts.



# Dues Increases

**What could prompt  
the need for dues  
increases?**

The process for increasing dues.



# Method of Collection of Dues

Dues from retirees, disabled members, and associate members.

Payroll Deduction and Union Dues.

Deductibility of Union Dues.





# Assessments

“Special assessments may be levied by the Board of Directors upon members of the Association only when such a levy is necessary to carry out the work of the Association. If a majority of the Board deems such a levy advisable, it will adopt a resolution stating this fact, defining the purpose for and amount of such special assessment. Before this levy is collected, the resolution approving such a levy must be approved by a majority vote of the Active membership in attendance at a General membership meeting.”

- The purposes for assessments.
- How to make assessments.



# Initiation Fees

The pros and cons of initiation fees.

**What is a fair  
initiation fee?**



# Loans to Members

- Most constitutions and bylaws prohibit an association from loaning money to members.
- The basic principle is that a union should not become financially entangled with its members.
- Extending the basic principle to prohibit the hiring of or contracting with members or the spouses/relatives/significant others of members.



# Banking

- How to select a bank.
- Selecting a bank (and other service providers) for political purposes.
- Signature requirements on checks/withdrawals.
- Is there a reason to require two signatures on all checks and withdrawals? (IAFF Local Union Financial Report)
- Will banks really pay attention to the two-signature requirement?
- Will all banks even allow such a requirement?
- Why should an organization establish more than one bank account?



# The Federal Deposit Insurance Corporation (FDIC)

## FDIC insurance covers all deposit accounts, including:

- Checking accounts
- Savings accounts
- Money market deposit accounts
- Certificates of deposit
- FDIC insurance does not cover other financial products and services that banks may offer, such as stocks, bonds, mutual funds, life insurance policies, annuities or securities. or the contents of safe deposit boxes
- The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.





# Petty Cash

- What are the legitimate purposes for a petty cash account?
- How much should you have on hand?
- Safeguards on petty cash accounts.
- All deposits into and withdrawals from the petty cash box should be contemporaneously described on a **ledger**.



# Expense Reimbursement

- How do you track expenses?
  - Voucher
  - Receipts
- How often do you reimburse?
- Where is the list of what is reimbursable?
- Who authorizes expenses?
- Do you use travel per diem or reimbursements



# Non-Profits

501(c)(5) vs 501(c)(3)

WHICH ONE IS YOUR LOCAL?



# Charities Fund

“A Charities Fund shall be established for the purpose of holding and disbursing all funds raised under a charities permit. All fund raising and disbursements made to and from this account will be in accordance with applicable local and state laws.”

Setting up a **separate** 501(c)(3) entity for charitable purposes.



# Financial Reporting

## Financial Reporting to the Executive Board and General Membership Mutual Funds

- The best form for financial reports.
- Open access by the membership to financial information.
- What to watch for in expenditure patterns in a labor organization.

How often should financial reporting be made?





# Fiscal Year

## What is your Fiscal Year?

- Calendar Year
- IAFF is October 1 – September 30
- Any combination of a 12-month period is possible
- Factors to consider
  - Ease of reporting
  - IAFF & State/Provincial Increases



# Federal Filing Requirements

**All locals are required to complete a Form 990 annually and file with the IRS**

- The appropriate version of the form is as follows:

Size of Local	Form required
Gross Receipts $\leq$ \$50,000	990-N
Gross Receipts $<$ \$200,000 and Total Assets $<$ \$500,000	990-EZ or 990
Gross Receipts $\geq$ \$200,000 or Total Assets $\geq$ \$500,000	990

- **Filing deadline is the 15<sup>th</sup> day of the 5<sup>th</sup> month following the end of the fiscal year.**



# Revoked Tax Status?

- You NEED to get it reinstated!
- The IRS can come after you for corporate taxes if not.
- File for reinstatement on Form 1024, the filing fee is \$600
- Depending on how long you have been revoked you may need to file a 990-EZ or 990 for all open years. There are different rules to follow based on when you were revoked and what your revenue is. See IRS Revenue Procedure 2014-11



# Budgets

- When to develop a budget.
- Work backwards from the start of the fiscal year, ensuring at least one meeting for the presentation and consideration of the budget by the board, and another meeting for the board's adoption of the budget.
- How to construct a budget.
- Using previous years' budgets as a template, and making adjustments for anticipated changes in expenses and revenues.



# Budgets

- Anticipated changes in expenses and revenues.
- The need for flexibility in certain budget accounts to account for unexpected expenditures.
- The process of approving the budget.





# Accounting Software



Quickbooks



Simply Accounting



Microsoft Excel /  
spreadsheet



Sage Business Vision



Microsoft Office Small  
Business Accounting



Peachtree

# Expenditure Limitations?

- ➔ All expenditures in excess of \$500.00 shall be subject to the approval of the Association membership by a vote. A majority of all votes cast shall authorize the expenditure.
- ➔ Expenditures in excess of \$500.00 and less than \$1,000.00 shall be subject to approval by a majority of the Board of Directors.
- ➔ Expenditures of \$500.00 or less by the Officers of the Association may be made when necessary to carry out the business of the Association.



# Risk/Insurance Assessment

## Is the organization covered for these risks?

- A slip and fall on union property.
- A union officer getting into an accident while driving to a union meeting.
- An attendee at a union function consuming too much alcohol, and then getting into a car accident.
- The full-time union president having an on-the-job heart attack.



# Financial Security of the Organization

- Bonding of officers.
  - \$5,000 IAFF Labor Organization Bond
- The various types of insurance.
- Errors and omissions insurance.
- The need to do periodic risk-assessment and reviews of insurance



# Credit Cards

- Expenditure maximums.
- The need for monthly auditing of credit cards.
- The most commonly-occurring credit card problem – a union officer, often the treasurer, who uses the card for personal purposes and then promptly repays the organization.



Which members of the board should have union credit cards?



# Budget Workshop

**Are we doing things the best way?**



# Budget Workshop

## What is a budget?

***A plan for coordination of resources and expenditures  
- Merriam Webster***



# Budget Workshop

**Why do we need a budget?**



# Budget Workshop

**Who builds the budget?**



# Budget Workshop

**When do we make the budget?**





# Budget Workshop

**Let's get started!**



# Budget Workshop

## Income

- Dues
- Previous Year's Raffle
- Other Income



# Budget Workshop

## Expenses

- CBL Commitments
- Affiliation Dues
- Monthly Commitments (Rent, Utilities, Stipends, Etc...)



# Budget Workshop

## Priorities for the remaining

- Education
- Legislative
- Legal
- Representation



# Budget Workshop

## Zero-Balanced Budget





# Budget Workshop

**The budget is complete!**

Now what?



# Budget Workshop

## Membership Approval



# Budget Workshop

## Budgeted Spending

What does that mean?



# Budget Workshop

## Fiscal Year End

### How did we do?



# Budget Workshop

**Questions?**



# Audits, Compilations and Reviews

➔ A **compilation** is the preparation of financial statements of private entities based on information provided by the entity's management.



**Compilation**

A compiled financial statement represents the most basic level of service **CPAs** provide with respect to financial statements.



# Audits, Compilations and Reviews

➔ A **review** requires all of the procedures necessary for a compilation engagement, plus other procedures that enable the accountant to provide limited assurance on the financial statements. These additional requirements are inquiries of client management and analytical procedures.



**Review**

# Audits, Compilations and Reviews

➔ An **audit** is the third and most extensive service. It provides the highest level of assurance on the client's financial statements, because many important audit procedures are not required for compilations or reviews.



# Audits, Compilations and Reviews

➔ **Trustees vs Non-trustees**

➔ **Bank Account Transparency**



# IAFF Local Union Financial Report

Local No. \_\_\_\_\_  
City & State \_\_\_\_\_  
Year ended \_\_\_\_\_

## IAFF LOCAL UNION FINANCIAL REPORT

### GENERAL INSTRUCTIONS

This annual report should be prepared and certified by the local union trustees. The original shall be forwarded to the IAFF General Secretary-Treasurer, 1750 New York Avenue, NW, Washington, DC 20006, or emailed to [dgray@iaff.org](mailto:dgray@iaff.org) or [nrice@iaff.org](mailto:nrice@iaff.org) within 180 days after the close of the local's fiscal year. A copy shall be retained in the files of the local union in accordance with the International Constitution.

Annually, the local union shall perform an independent inspection of the local's adherence to IAFF's financial policies and procedures contained in "Local Union Financial Responsibilities & Management" and answer the following questions based on their inspection.

	YES	NO
1. All cash receipts are required to be deposited into the local's bank account.	_____	_____
2. All disbursements are required to be paid by check or electronic funds transfer.	_____	_____
3. Two signatures are required on every check and an independent individual reviews the bank statement to ensure adherence to disbursement policies.	_____	_____
4. An invoice or other supporting documentation is required for every expenditure.	_____	_____
5. Signing blank checks is prohibited.	_____	_____
6. Checks made payable to cash are prohibited.	_____	_____
7. Minutes of membership and executive meetings are required.	_____	_____
8. Was the trustees' annual Local Union Financial Report for the prior year submitted to the membership?	_____	_____
9. Are required federal and state payroll tax returns currently filed with the respective agencies?	_____	_____
10. Has the U.S. local union filed its annual Form 990, 990-EZ or 990-N with the IRS? Attach copy of Form 990, 990-EZ or receipt for filing 990-N.	_____	_____
11. Has the Canadian local union filed its annual Form T1044 with the CRA? Attach copy of Form T1044.	_____	_____

Number of members last annual report \_\_\_\_\_ Date \_\_\_\_\_

Number of members this annual report \_\_\_\_\_ Date \_\_\_\_\_

To oversee the local union's adherence to IAFF's financial policies and procedures for the year, we selected and verified a sample of transactions and either: a) encountered no departures from IAFF's financial policies and procedures contained in "Local Union Financial Responsibilities & Management", or b) addressed and corrected any departures.

Individuals submitting report (signature and title): \_\_\_\_\_

