

Duties of the Treasurer of a Nonprofit Corporation

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A Treasurer is typically charged with overseeing the management and reporting of an organization's finances. Generally, as with other officer positions, the specific duties of the Treasurer are stated in an organization's bylaws.

Since an organization's financial management is directly tied to the Treasurer's responsibilities, the Treasurer's execution of her responsibilities will have a strong impact on the public's perception, trust, and assurance in the nonprofit as a whole. With this in mind, organizations should seek Treasurers with desirable skills such as financial literacy, attention to detail, timeliness in completing tasks, clear and accurate record keeping, and a willingness to ask questions.

Typically, the Treasurer's duties include the following:

Financial management and/or oversight. A Treasurer may manage or oversee the management of the financial affairs of the organization, often including such basic tasks as selecting a bank, reconciling bank statements, and managing cash flow. In some organizations, the Treasurer may also be responsible for investing funds consistent with applicable laws. The Treasurer should be knowledgeable about who has access to the organization's funds and any outstanding bills or debts owed. The Treasurer should create and maintain systems for ensuring the organization's ongoing solvency and oversee the development of the organization's financial policies. Helpful policies to consider include check signing authority, expense reimbursement, credit card usage, and petty cash policies, if applicable.

Budgets. The Treasurer may be responsible for preparing, or facilitating the preparation of an annual budget, as well as regularly monitoring and comparing the actual revenues and expenses incurred against such budget. The development of a budget that supports the organization's goals and drives decision-making is an important part of an organization's success in effectuating its mission. The budget should be reviewed and approved by the board, however, the Treasurer should be prepared to explain and justify the document.

Reports. The Treasurer should have thorough knowledge and understanding of the organization's financial reports and important financial ratios. The Treasurer should keep the board apprised of key financial events, trends, and concerns, and her assessments of the organization's fiscal health. The Treasurer is also generally responsible for completing, or ensuring the completion of, required financial reporting forms (including the IRS Form 990) in a timely manner and making these forms available for the board's review.

Financial Liaison. A skilled Treasurer should be able to translate financial concepts and information for board members who do not have financial backgrounds or substantial financial experience. The Treasurer should spend time learning the particulars of the organization's finances and the applicable laws, which may include laws related to earned income, the unrelated business income tax, appropriate expenditures, and prudent investments. The Treasurer can be most effective to the board when she is facilitating and encouraging the board's strategic thinking about the short and long term financial vitality of the organization in relation to its advancement of the organization's mission.

California nonprofits must also be cognizant of California law, which requires nonprofit organizations to have a Treasurer and/or a Chief Financial Officer (CFO). Organizations may elect to have both a Treasurer and a CFO, with, for example, a board member Treasurer operating supplementary to the staff member CFO. In such case, the board Treasurer's duties and responsibilities may be more focused on broader policies and oversight. Where an organization has a Treasurer but has not designated a CFO in its bylaws, the Treasurer will be considered the CFO by operation of law.

Ultimately, while financial management is the primary focus of the Treasurer, the entire board shares the responsibility of financial oversight and accountability.

Tips for Being an Effective Treasurer

- Develop and enforce strong internal controls and financial management policies
- Ensure accurate and complete financial reporting and proper maintenance of financial records and information/tax returns
- Regularly assess risks and whether and how such risks should be mitigated
- Keep a calendar of filing requirements and deadlines and have clear assignments (with backups) to help ensure they are all met in a timely manner
- Have the organization's financials audited whenever required or advisable

Traps to Avoid

- Neglect to wisely limit access to and control of the organization's funds
- Fail to keep and share with the board accurate and timely financial records
- Treat the Form 990 merely as a financial report and not a critical marketing communication
- Give legal or tax advice to donors about the deductibility of contributions

Source: <http://www.nonprofitlawblog.com/treasurer-duties/>