

## Best Practice #32, Keeping and Maintaining Chapter Records

Heading: Chapter Structure

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Keeping and maintaining chapter records is an essential activity to the ongoing mission of the woodturning chapter. While record maintenance may not be the most glamorous job in a chapter, and may be to many a far cry from making woodchips, record keeping is certainly one of the more important roles for the longevity of a viable organization.

The following categories of records are essential to a chapter:

**Chapter bylaws** – a properly written set of approved bylaws is normally the basis of both chapter formation and ongoing operation. The chapter bylaws should be regularly maintained and should be annually reviewed by responsible chapter officers. The current bylaws should be safeguarded as should any legal document that forms the basis of the organization (e.g. as you would the deed to your house).

**Chapter Articles of Incorporation** – These documents form the legal recognition of your chapter by your state of incorporation. In most states the articles of incorporation must be reviewed annually and updated consistent with the existing law of the state of incorporation (usually referenced as “Annual Renewal”). A file on the chapter Articles of Incorporation is usually kept with the chapter “Attorney of Record”. However, the chapter should also keep and maintain these records

**State determination of non-profit status** – these documents usually include copies of the original application for non-profit status within the state of incorporation along with any associated correspondence and the final letter of acceptance by the state. Fortunately, these materials are archival in nature and can be stored in a safe place but readily available should problems or questions arise (e.g. a change in state law). Copies of these materials are often kept with the “Attorney of Record” for the chapter. However, the chapter should also keep and maintain these records.

**Federal determination of non-profit status** – Copies of all forms and letters filed with the Federal Internal Revenue Service should be retained in a safe place and manner, especially including the “final determination” letter detailing the conditions under which non-profit status was awarded. The determination letter should be annually reviewed by a responsible chapter officer to assure the conditions of non-profit status have been met and are continuing to be met. If any reporting requirements are detailed, do not miss a filing deadline.

**Chapter employee personnel records** – should a chapter, for whatever the reason, become an employer, even a temporary employer, all personnel records including payroll, insurance, benefits, etc. must be safely maintained – forever.

**Minutes of the Board of Directors** or any other chapter governing body such as an executive committee or in the case of the full chapter being the governing body – minutes of all proceedings (meetings) must be kept for the life of the chapter. The minutes need to include the date and time of the proceedings, the location of the proceedings, the attendees at the proceedings (including any officers not in attendance), the actions taken in the proceedings, and the actions approved in the proceedings. Often the role of recording meetings is designated to the chapter secretary. In the absence of the secretary, a responsible individual should be designated to keep the minutes for the meeting.

Not only do the records of chapter proceedings form an historical record, it also serves as a source of information for the management of chapter activities.

**Chapter Membership Records** – membership records should be kept on an ongoing basis especially when there are membership related requirements for participation in chapter activities (such as special seminars or loans from the chapter library). Membership information is most often need for the management of chapter activities. The one case that is essential for membership records is to know which chapter members are also members of AAW. Chapter officers and Chapter demonstrators must be AAW members to hold an office or to be covered by AAW insurance.

Membership records are usually maintained by the secretary, working in conjunction with the treasurer and the newsletter editor. These records should reflect the following information about members – name, mailing address, phone numbers, email address, AAW membership number, and other information relevant to chapter operations.

As a general practice, membership lists represent an asset to the Chapter and should only be shared internally with members for chapter operations.

**Chapter Financial Records** – must be accurately maintained to:

1. Meet the local, state, and federal taxing requirements
2. Protect, through accounting, the financial assets of the Chapter
3. Meet the Chapter operations requirements for financial information
4. Protect, through inventory, the capital assets of the Chapter

The most simplistic manner to maintain Chapter financial records is too record each and every transaction. These records can be maintained in a simple ledger book where the date, the payee, the dollar amount, and the purpose of the transaction are recorded. The ‘ole time’ record keepers wrote in ink as a permanent record. With the advent of personal computers and the development of electronic spreadsheets, record keepers simply moved their ledger books into a spreadsheet. Either approach will work, and will suffice, to meet requirements and protect assets as any basic transaction data can be summed for reporting purposes. The obvious advantage of an electronic spreadsheet lies in the ability to quickly summarize the transaction data.

To further enhance the keeping of records, a simple accounting software package is recommended. Two software packages that Chapters have found to work well are Quicken and Quick Books. Each are easy to learn, are in widespread use, and offer the ability to automatically create a number of summarized reports useful for both taxing authorities and Chapter operations. These reports might include summaries of Receipt/Expenses, Annual reports, Monthly reports, and the basic accounting Balance Sheet.

With any electronic process, a monthly backup of the records can be readily created and stored for safekeeping – an essential process for the continuity of the Chapter.

Most software packages come with a default chart of accounts that only serves as a starting point. Some time is warranted, up front, in defining the Chapter Chart of Accounts. Take a look at your existing operations, talk with your Board of Directors and determine just what type of accounts best represent your Chapter operations. For those Chapters just starting out, check with another chapter close by and learn from their experience.

Your Chart of Accounts should include those accounting categories that might be encountered by your Chapter – For example:

- Receipts from membership
- Receipts from gifting
- Receipts from seminars
- Receipts from wood auctions or raffles

- Disbursements for banking fees
- Disbursements for expendable items
- Disbursements for facilities (including rents)
- Disbursements for equipment
- Disbursements for advertising

An account category should be defined for all of the ordinary reoccurring receipts or disbursements. You do not need to get it perfect the first time as most software packages permit the addition of new accounts relatively easy. A good way to identify the need for an account is when the Misc. account gets large (either number of entries or dollar amount).

An inventory of all assets must be maintained and audited for missing items on an annual, or more frequent basis. The inventory should include a description of the item, a serial number, a list of all the components of an item (e.g. a lathe has a base, a removable tail stock, a removable drive center, a removable live center etc. Each removable (detached) component should be recorded as a separate item.), the initial total cost of the item, the vendor, etc. It is generally best to have an individual responsible for the capital assets who works with the record keeper in maintaining the inventory. In some Chapter organizations, the 1<sup>st</sup> VP is responsible for equipment and the inventory thereof.

By understanding the information in this Best Practice, your chapter should be well on the way to establishing the vital processes of record keeping.

To facilitate keeping and maintaining chapter records, following are several operational practices that Chapters have developed for ongoing use:

*Treasury Operations* - at each meeting, the treasurer passes out business envelopes to the officers responsible for collecting money (membership, store, wood raffle, library, etc.) On the front of the envelope are preprinted blanks (performed by running the envelope through a computer printer) where the officer records the checks and cash received, much like a deposit slip. The treasurer collects the envelopes at the end of the meeting and records the amounts in the chapter's ledger. As both cash and checks may be accepted, disbursements should only be made by check or a Treasurer controlled debit card (so there is a written record of every disbursement). These procedures allow a search of the records to find errors, which will happen.

*Annual Budget* – Develop an annual budget that is approved annually for the coming year and updated as necessary. All income and disbursements are recorded against the budget (by category and month). Budget tracking forms a record of what the chapter intended to take in and spend vs. what actually occurred. Budget information answers many member questions and forms a great basis for planning future budgets and activities.

*Record of Meeting Contents* – Many Chapters keep lists of meeting activities such as demonstrators, shows, contests, contributors to wood auctions, etc. The information is helpful in planning future events/demonstrators. It is also a great aid to the secretary or treasurer in writing “Thank You” letters to contributors.

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