



**Guide to Financial Policies & Procedures
for
LWVMI State (Member-at-Large) Units**

State Units are financially and legally part of LWVMI (c4), so State Units use the LWVMI EIN: 38-1333742.

Sound financial policies and procedures increase the likelihood that:

- Financial information is reliable
- Assets and records are not stolen, misused or destroyed
- Policies, laws and regulations are followed

What “internal controls” on finances should a policies and procedures document address?

- Authorization and approval
- Proper documentation
- Physical and computer security

Authorization and approval:

- Segregation of duties -- the same person should NOT:
 - Deposit funds AND record deposits
 - Write checks AND receive and reconcile bank statements

Income--proper documentation:

- Open mail **promptly**.
- Record, copy and endorse checks upon receipt.
- Prepare deposit and deliver to bank **promptly**.
- Deposit all cash received (don't use cash received to pay bills or replenish petty cash).
- Reconcile income with deposits (not the same person).

Expenditures—proper documentation:

- Board authorizes check signers.
- Obtain approval for each transaction, either through the budget or through the board.
- Provide and maintain documentation for each check written.

Physical and computer security measures:

- Checks:
 - Pre-number checks.
 - Secure blank checks
 - Limit access to blank checks to authorized person(s).
- Computer records
 - Limit access and protect with passwords.
 - BACK UP records on a regular basis.
 - Store backups securely at another location/in the cloud.

Annual financial reporting:

- The State Unit submits its year-end financial report to the LWVMI Treasurer **by August 1**.
- The State Unit submits its budget for the upcoming fiscal year to the LWVMI Treasurer **by August 1**.
- The State Unit supplies a copy of current bank signature documents to the LWVMI VP Membership, updated whenever the signatories change.

DUES COLLECTION FOR STATE UNITS

Members of a State (MAL) Unit are members of the League of Women Voters of Michigan (LWVMI). All membership dues are payable to LWVMI. New or renewing members should make dues payment directly to LWVMI either at www.lwvmi.org specifying the State Unit name in the PayPal form, or by sending via US Mail the State Unit Member Dues Payment form with a check payable to LWVMI.

LWVMI is responsible for:

1. entering State Unit members into the LWVUS database
2. sending a monthly report of membership to the State Unit President
3. making annual PMP (per member payments) to LWVUS (\$32 in 2022) and LWVMI (\$23 in 2022) for State Unit members
4. providing \$10 per member per year to each State Unit, paid on July 1 for the number of members in the State Unit as of January 31 of that year

Dues amounts for State Unit members are established by the LWVMI Board of Directors. As of 2022, dues are: \$70 for an individual member, \$105 for two members in the same household, and \$0 for a student.

Dues Renewal Process

Direct contact from State Unit leadership to State Unit members is required for optimal membership development. State Units are urged to send out dues renewal notices to their members each July or at the annual meeting, keeping in mind that it often takes months to collect from all the members.

Renewal notices may be in the form of:

- a personal letter mailed to the member
- an email
- collection of dues in person at a League meeting.
- or by invoice (for ease of record keeping)

State Units should soon follow up with members who do not renew. This may involve reminder emails or postcards, newsletter articles urging payment, and/or personal phone calls. If a member has not renewed by the LWVUS deadline of January 31, the member will be dropped from the active membership roll.

Dues – New Members

New members' dues received between December 31st and June 30th will not require renewal until the July of the following year (i.e., join January 15th 2022, renewal not due until July 2023).

Dues – Renewal

All **renewals**, other than the new members outlined above, are due July 1st every year. This is the beginning of the fiscal year. If a member's dues are not renewed by the January 31st deadline for updating the database, that member is marked inactive.

**LWVMI State (Member-at-Large/MAL) Units
Finances & Membership
Frequently Asked Questions (FAQs)**

Q: What is the relationship between a State Unit and LWVMI?

A: A State Unit (aka Member-at-Large Unit or MAL) is part and parcel of LWVMI.

- That means the State Unit shares LWVMI's EIN (tax ID number) and nonprofit status (501c4), and is included in LWVMI's tax return (990) for the IRS.
- That means that LWVMI conducts an annual peer review (in lieu of a formal audit), which includes State Units. State Units do not perform peer reviews or audits.
- Members of State Units are members of LWVMI, so LWVMI receives the dues and pays the PMP (per member payment) to both LWVMI and LWVUS for the State Unit. PMP as of 2022 is \$23/member for LWVMI and \$32/member for LWVUS.
- LWVMI maintains entries in the LWVUS membership database for all State Unit members and sends a member roster to each State Unit president monthly. Each entry includes name, address, phone number, date joined and date membership expires.
- The current LWVMI budget (FY 2022-23) provides \$10 per member per year to each State Unit, paid on July 1 for the number of members in the State Unit as of the January 31 membership roster.

Q: Why does LWVMI urge State Units to consider becoming local Leagues as soon as is practical?

A: Managing the State Units requires a great deal of administrative attention by LWVMI's staff and volunteers.

As of 2022, LWVMI has 5 State Units with over 200 members.

- Processing these memberships means downloading information from PayPal, processing checks, transferring funds to the LWVMI account, making bank deposits, making Quickbooks entries for all of this, updating the LWVUS membership database, and sending a membership list once a month to the State Unit president/leader.
- If the State Unit has donations in the LWVMI Education Fund, then additional work is involved to accept and process donations, track the amount tied to the State Unit, and issue funds as requested by the State Unit. Donations to the State Unit should be made via a separate transaction.

Q: What is the best way for State Unit members to pay their dues?

A: The best way is for each member individually or as a household to pay just the dues amount using PayPal at www.lwvmi.org or by sending a check to LWVMI, 600 W. Saint Joseph Street, Suite 3G, Lansing, MI 48933-2288. If using PayPal, the member needs to specify the State Unit's name in the PayPal form. If sending a check, the member needs to complete and include the LWVMI State (MAL) Unit Member Dues Payment Form, specifying the State Unit's name and whether the membership is new or a renewal.

Q: What dues amount should a State Unit charge?

A: Use the LWVMI amounts as listed at www.lwvmi.org, which are currently (FY 2022-23) \$70 for an individual, \$105 for two members in a household, and zero for students.

Q: What if someone wishes to donate to a State Unit?

A: State Units as part of a 501c4 nonprofit (LWVMI) can and should solicit and accept donations. Invite donors to convey their donations directly to the State Unit for deposit in the State Unit's bank account for use by the State Unit as its board sees fit. These donations are not tax deductible for the donor.

Q: What if someone wants to donate to a 501c3 organization and have the donation help a State Unit?

A: The LWVMI Education Fund is a 501c3 organization. Donors may give to the LWVMI Education Fund using PayPal at www.lwvmi.org or by sending a check along with the LWVMI State (MAL) Unit Education Fund Donation Form to LWVMI EF, 600 W. Saint Joseph Street, Suite 3G, Lansing, MI 48933-2288. The donor must specify which State Unit the donation is to benefit. A volunteer at the LWVMI office will track how much is donated for each State Unit and notify State Units of donations. It is the responsibility of the State Unit to thank donors.

Note that local Leagues (not State Units) have two options for 501c3 donations. They can set up an account with the LWVUS Education Fund to accept 501c3 donations. LWVUS EF then disburses donated funds to the local League as a grant to cover expenditures for educational purposes. Or, a local League may establish a companion 501c3 organization at the local level which can accept charitable donations deductible to donors.

Q: How does a State Unit access donated funds held on its behalf by the LWVMI EF?

A: A State Unit needs to fill out and submit the LWVMI State (MAL) Unit Education Fund Withdrawal Form.

Q: What is the membership year for members of State Units?

A: It depends on whether the membership is new or a renewal:

- **New** members' dues received between December 31st and June 30th will not require renewal until the July of the following year (join January 15, 2022; renewal not due until July 2023).
- All **renewals**, other than the new members outlined above, are due July 1st every year. This is the beginning of the fiscal year.
- If one's membership is not renewed by the January 31st deadline for updating the member database, that member is marked inactive and no PMP is paid for that member.

Q: What if the renewal date listed by LWVMI for a member is incorrect according to the State Unit's records?

A: It may be that a date was assigned based on when the State Unit formed and LWVMI first received dues for the State Unit's members. From now on, the LWVMI office and State Units should use the membership year guidelines listed above and on the State Unit Guide to Financial Policies & Procedures. No matter the expiration date listed on the LWVMI report, no member is marked inactive until after the January 31st deadline for updating the member database.

Q: When State Unit members ask how LWVMI uses funds from State Unit members, what can State Unit leaders tell them?

A: State Unit leaders can share with members the most recent LWVMI Annual Report, available on the LWVMI website, www.lwvmi.org, as well as the most recent biennial budgets adopted at LWVMI's Convention.

Currently (2022-23 budget), of the \$70 received for an individual's dues, LWVMI sends \$32 to LWVUS for national PMP, retains \$23 for state PMP, and sends \$10 back to the State Unit. That leaves \$5 as compensation for the work that LWVMI does to manage dues, membership and Education Fund donations for State Units, and other mentoring and administrative services.

PMP from local Leagues and State Units is the single largest source of revenue for LWVMI. LWVMI uses its revenue for all types of expenses, except for grant funds, which are expended for grant purposes. LWVMI does not treat net revenue from State Units any differently than it treats revenue from local Leagues.