

TREASURER'S REPORT 1983-84

Dick Hamlet

This report consists of a two parts: a short list of suggestions for the Board, and a detailed job description that summarizes my experience.

Recommendations and Suggestions

Fraud

Most of the financial operations of the Society are straightforward and smooth. A few could use work. As the organization is now conceived, the Treasurer has immediate, direct control of all funds, and that is not a bad plan if he or she is honest and competent. Perhaps there should be some check to guard against fraud or malfeasance, but since the workload is already too large, this should not be done by adding duties to either the office itself or another office. A publicized outside audit would be an ideal mechanism, but paying for it is something else again. I recommend no changes, but perhaps the nominating committee should select only candidates without expensive habits.

Direct Control

There are some exceptions to the Treasurer's direct control. Some events have their gate directly paid as expenses, notably house concerts and the open sing. The amount of money involved is not large, but I recommend that the Special Events Chair be charged with providing an accounting to the Treasurer, so that the cash flow can be recorded. Regular Dance events are directly controlled by the Dance Chair, and in these as much money changes hands as for regular concerts, so accounting is essential. Because there are many Dance events, I don't recommend any changes, but I note that the Society's accounting is at the mercy of the Dance Chair, and there is not much pressure to do the job right, since accounting is the least of his or her worries. Charging Dance with providing an accounting is probably the best we can do.

Festival Accounting

Most of the large-scale events (Getaway, Minifestival, Dance Weekend, even the Christmas Party) have their own controlling subcommittees, but these are within the regular budget structure, and they provide good accounting information. The exception is the Washington Folk Festival. It should cease to be an exception. Its budget should be estimated just as other large activities are, and then finances reported as others report. And like the others, its committee should feel free to exceed or go under budget within reasonable limits, without any kind of formal Board approval. The current situation is unhealthy in that it encourages the Festival to hide its expenses and come to the Board with a phony hat-in-hand posture.

Draft Budget

The only suggestion I can make for easing the duties of the Treasurer is that as much work

as possible be postponed until the she or he learns the job. Thus I suggest that the outgoing treasurer prepare the rough form of the budget, so that this task falls at the end of term. This suggestion and the one about the Festival budget I have unilaterally implemented; I hope they are adopted.

Dues Increase

Finally, I favor a dues increase for the Society. It is not needed to maintain our existing program under average levels of adversity; but, the amount of money changing hands is large enough that we badly need more reserves, and are unlikely to accumulate them without more income.

Detailed Job Description

Door Sitting

The Treasurer sits on the door at concerts and programs, and is responsible for that position if he or she cannot attend. The Chair responsible for the program knows something about the crowd expected and the performer fees, and should produce a contract for the record. The usual arrangement is a guarantee of \$300-\$500, or a fraction of the gate (usually 75%), whichever is larger. The arrangement for programs is a guarantee plus half of the non-member admissions. Usually performers are paid in cash, but occasionally a check is required. Some starter cash is needed for change; for a normal event about \$20 in \$1 is enough; it is not terribly difficult to get by with no starter at all. For a normal event, it is sufficient to be at the hall 45 minutes before it begins; an hour is better if a big crowd is expected. It is always easy to obtain help for the admissions table.

Newsletter

The Society has a first-class mailing permit in the District (#3201), and funds must be deposited in this account before the Newsletter can be mailed. They can be recorded by taking cash or a check to any District post office (NOT Maryland or Virginia), or by sending a check to

Postmaster, Washington, DC
N. Capitol and Massachusetts Ave.
Washington, DC 20013
Attention: Window 14

and mentioning the account number and FSGW. Allow a week at least (so for regular Newsletters a check should be mailed before the 15th of the month); the post office will report the balance on the phone. There is no reason to keep extra money in this account, so Membership can be asked for a count and the correct amount deposited. (Presently it is just over \$500.) A good plan that I never implemented would be for the person who takes the Newsletter to the post office to always carry a check made out for one mailing, to be used if there has been a screwup.

Records

Any exchange of money should generate a unique piece of paper that is as close to a "primary record" as possible. For expenses this means the receipt from the original party; for income it means a note the Treasurer writes with the amount and identification. The records should be marked to show the date, describe the item, and give the budget line (publicity, etc.) to be charged. If a check is written it is a good idea to note the check number on the primary record. (It is also an advantage in later accounting to keep checks for separate budget categories separate. But this rule conflicts with the propensity of Chairs to turn in a bill for six small amounts all in different categories.) In many cases the primary record is a canceled Society check, since some of our expenses have no other form. The hardest records to remember to make are those in which cash was paid out. One trick is to write a check, get the recipient to endorse it back, mark it VOID, keep it for the records, and *then* pay the cash.

The primary records are required for a tax audit, and they are sufficient to prepare a complete set of books showing each transaction, its date and purpose, by budget category. Some secondary records serve as a check on these books: since all the Society funds pass through several bank accounts, the totals should match with this flow, as recorded on the bank statements.

Bank Accounts

Society funds are kept in three accounts. A long-term savings account (about \$5000 now) was chosen for high interest; funds do not flow quickly into this account except that it accumulates its own interest. Perhaps \$1000 could be added to this account now. The balance of Society funds must be in an account where they can be used on short notice. A checking account is needed, but it can be coupled to a short-term savings account if money can be easily transferred between them. Many banks now have exactly this arrangement. Getting income into the bank early (and that means making regular contact with the Membership Chair, Getaway Committee, etc., who would otherwise sit on it) can earn \$200-\$500 per year in short-term interest. When establishing accounts, make sure that the Society tax identifying number is used; these prove difficult to change, so it's inadvisable to use your own as a stopgap.

The primary virtue in a bank is that they be friendly (since FSGW will not be an "easy" account) and easy to get to. The Treasurer is often in need of cash, wanting to deposit, transfer funds, etc., on short notice. Banks will often promise that these things can be done with their 24-hour teller machines, but in fact the restrictions make this untrue, so good hours and a convenient location (particularly Friday and Saturday when concerts impend) are important. I do not recommend Equitable Trust, whose computer is very unfriendly indeed, and whose management believes the machine system to be an uncontrollable fact of nature. The primary fact of life about banks is that they do not honor checks deposited for roughly 10 days, so one cannot (for example) use the membership funds for this month to pay for this month's program--the checks may not clear.

Budget, Reports, Taxes

The Treasurer has to prepare the budget for the August Board meeting. I think this should be done on the basis of a draft submitted by the previous treasurer, in consultation with each Chair. The historical record can be adjusted for strange expenses the Chairs

expect. The only important decision influencing the budget is dues--if they are raised it dramatically alters the membership income without adding any necessary expenses. So-called "optimistic/pessimistic" budgets are in my opinion simply guesswork, and should not be used.

A report on finances should be presented in January, at the six-month point, showing the portion of budget expended by each category. A similar report for the whole year is due in June, and a final report and the books themselves sometime after the Treasurer leaves office. (It is of course advisable to keep the books as the year goes, not do them all at the end, but I think this has seldom happened.)

Taxes must be filed within a few months after the close of the fiscal year; the outgoing Treasurer files them after she or he leaves office.

Miscellaneous Duties

The Treasurer acknowledges special memberships which include a tax-deductible contribution portion, with a letter that the contributor can use for tax records. Similarly, he or she has to pay the royalty part of tape sales to the artist involved. These tasks would better be done by Membership and Special Events, who have the information directly, but they aren't.

FSGW Preliminary Financial Report, July 1, 1983 — June 30, 1984					
<i>Line Item</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Within</i>
	<i>Income</i>		<i>Expense</i>		<i>Budget?</i>
Membership	25,000	25,328	2,500	1,903	+925
Program	800	994	6,500	5,645	+1,049
Special events					
Concerts	9,500	15,859	8,500	13,840	
Getaway	9,500	7,538	9,000	7,574	
Minifestival	5,500	3,458	3,000	2,395	
Subtotal					-954
Dance					
Sunday	13,000	10,400	12,600	10,500	
Saturday	8,100	5,100	8,100	5,100	
Glen Echo		4,298		4,202	
Weekend	9,500	11,356	8,500	10,607	
Miscellaneous		3	600	430	
Subtotal					+516
Publicity			2,500	1,524	+976
Publications	100	41	11,000	12,008	-1,067
General					
Sound		100	1,500	2,020	
Archive			500	30	
Miscellaneous	600	1,298	1,150	3,639	
Subtotal					-2,241
Washington Folk Festival		1,465	1,000	2,465?	0?
Community Outreach			1,000		+1,000
20th Anniversary	800	0	700	0	-100
TOTALS	83,400	87,236	80,650	83,882	+104

Notes:

Accuracy is \pm \$500 overall.

**Folklore Society of Greater Washington
Draft Budget Fiscal 1985**

<i>Line Item</i>	<i>Income</i>	<i>Expense</i>	<i>Net</i>
Membership	27,000	2,700	+24,300
Program	1,000	6,000	-5,000
Special Events			
Concerts	15,000	14,000	+1,000
Mini-festival	5,000	3,000	+2,000
Getaway	10,000	9,000	+1,000
Houseconcerts	1,000	1,000	0
Special Events Subtotal	.	.	+4,000
Dance			
Sunday night	11,000	11,300	-300
Saturday night	5,000	5,200	-200
All-night	4,500	4,300	+200
Weekend	11,500	10,500	+1,000
Dance Subtotal	.	.	+700
Publicity	0	2,000	-2,000
Publications	100	13,000	-12,900
General			
Sound	100	500	-400
Insurance		1,500	-1,500
Legal fees		1,000	-1,000
Archive		500	-500
Interest/fees	200	1,000	+800
Miscellaneous		500	-500
General Subtotal	.	.	-3,100
Community Outreach		1,000	-1,000
Washington Folk Festival	1,500	2,500	-1,000
20th Anniversary	1,000	1,000	0
TOTALS	93,900	91,500	+2,400