



## **NAHU Board of Trustees Job Description**

### **Treasurer**

#### **The By-Laws' Perspective – A Pretty Quiet Office**

NAHU By-Laws spells out the tasks of the Treasurer. It reads, “The Treasurer shall submit a financial report at the Annual Meeting of the House of Delegates. The Treasurer shall oversee the preparation of the annual financial report required by ARTICLE XIV, Section 2. The Treasurer shall be responsible for other duties as they are assigned by the President, Executive Committee or Board of Trustees.”

The “annual financial report required by ARTICLE XIV, Section 2” is known as “the annual audit” and it is required that “There shall be an independent audit of the association’s books every year.”

The Finance Committee is not the “Treasurer’s Committee” because the By-Laws do not give that ownership to the Treasurer. The Finance & Audit Committee, as it is named in the By-Laws, was established as a Standing Committee and the President appoints chairpersons of such committees.

Lastly, the of submitting “a financial report at the Annual Meeting of the House of Delegates” requires merely turning in the report without oral comment if that is the will of the meeting planners.

To the degree that the By-Laws barely define the Treasurer’s job, P&Ps make up for it in over drive. The Treasurer has a most specifically described set of job tasks. P&P 95-03-EX, says in part -

“The Treasurer shall be responsible to the Board of Trustees for the oversight of all expenditures.

The Treasurer shall review with the appropriate Board member or committee chair, or the Executive Vice President and/or the Chief Financial Officer any departmental budget, which exceeds its approved allocation by 5% or more.

The Treasurer, Executive Vice President, the Chief Financial Officer, the Board liaison and committee chair shall present a plan of action to the Board of Trustees to correct any departmental budget deficit or if a department is not meeting revenue expectations.

The Treasurer shall review the monthly financials with the Chief Financial Officer.

The Treasurer shall be responsible for managing NAHU’s Finance Committee and shall serve as the committee’s chairperson. The Finance Committee members shall include the NAHU Treasurer, Vice President, (3) Regional Vice Presidents, a Member at Large, NAHU’s CFO and CEO/EVP. The Finance Committee shall meet monthly. The Finance Committee’s primary purpose is to keep a close eye on NAHU’s financials, budget and financial trends and make necessary recommendations to the Board of Trustees where appropriate. The Treasurer shall be responsible for creating a monthly Treasurer’s Report to the NAHU Board of Trustees based on the Finance Committee’s activities and oversight.

The Treasurer shall be responsible for organizing NAHU's annual budget meeting and shall work in conjunction with the finance committee, NAHU's CFO and NAHU president on all matters relative to preparation and meeting structure.

The CEO/Executive Vice President and/or the Chief Financial Officer will work with the Treasurer and the appropriate Board members and committee chairs to ensure that expected revenues are met and that expenditures do not exceed revenue for each department and the entire annual budget."

### **The Real Job – “Here Be Dragons”**

The Latin phrase “HC SVNT DRACONES” (meaning “Here be dragons”) was used by medieval map makers to describe the unknown regions on the edges of the guides they created. It is claimed that the Hunt-Lenox Globe is the only genuine, surviving copy of such a document. That is false. Such warnings are routinely printed in the white spaces of guides that are handed to an incoming Treasurer, but since Latin is a dead language, the warnings can't be read and the Treasurer can end up feeling just as dead.

Whether it is the nuances of when an Accounts Receivable value is good because it is high or bad because it is high; whether it is trying to understand the lay of the land of accrual accounting; whether it is understanding trend lines and its impact on budget projections – in each of these areas and many other areas, an unsuspecting and unprepared Treasurer could find dragons. The Treasurer must learn to spot the dragons, slay some of them, maneuver around others and have the good judgment to make the right choice of which way to deal with them.

### ***Task One – Learn the Language***

Financial reports have a language of their own.

A very successful insurance broker may have created a hugely profitable agency, but the financial nature of the business may allow it to be run on a fairly simple “cash in/cash out” type of system.

The concepts of NAHU's accrual based systems are not impossible to grasp, but can be - at first glance – very foreign to many people. It is not intuitive to grasp the relationship that “when” something is debited or credited could be as equally important as how much is debited or credited. Someone, who has never digested the individual parts of a Balance Sheet, is often lost as they see assets increasing while hearing how awful the increase has become because it is due to rising account receivables. Some educational effort needs to be invested in learning the basic grammar and syntax of the system.

Also accept that NAHU's staff recognizes that few Treasurers come into the job with a comfortable handle on finances and accounting. Take advantage NAHU's professional staff and ask them to provide a tutoring session or two.

### ***Task Two – Know and Value Your Committee***

By design, the Treasurer may be the least informed and least experienced member of the Finance Committee. The Member-at-Large has a two year term and can serve twice. The three Regional Vice Presidents typically serve each year of their time in office and that can amount to four years of experience. NAHU's Vice President is, at a minimum, in their second year on the committee. In a very real way, the Finance Committee is really more “their” committee, than the Treasurer's.

Also keep in mind that while NAHU staff does not vote on Finance issues, the Chief Executive Officer and the Chief Financial Officer reflect a host of possibly competing interests that a new Treasurer is not even aware exists. The executive staff of NAHU always has pressure and competition for budgetary support coming up to them from all of NAHU's departments; people's livelihood and career development can be affected. Pressure from volunteer committees and other members of the board of trustees is often channeled up through staff via discussions that the Treasurer never hears about.

A budget is part arithmetic, part hope, part bravado, part pessimism, part fact and part prayer. To someone schooled in trend analysis, a budget is a mathematical exercise in factual projection. To someone who has seen the smartest guys in the room blow a budget apart, those factual projections are nothing more than tealeaves, palm reading and fortune telling.

The most critical decision that must be made in the budget process is setting the target of expected membership levels. This target will account for the largest part of the projected revenue.

A Treasurer's handling of the annual budget hearing will help them or haunt them for the rest of their time on the Executive Committee. Not only does a Treasurer want to be remembered for leaving behind a financially successful balance sheet when he leaves office, but he also wants to be remembered for having run a professional, dignified, non-confrontational budget hearing.

The best budget that a Treasurer can write during his term in office is likely the one on which he placed the fewest number of fingerprints, but helped everyone else smudge up to the extreme because that budget probably got closer to what was possible and avoided what was foolish.

### ***Task Three – Trust Everyone, but Cut the Cards***

Ask questions about everything. Encourage the Finance Committee to ask questions about everything. The only way to know that proper reporting is being done is to trust that staff, outside vendors, volunteer chairpersons and anyone with a connection to the raising of revenue or the distribution of expenses are doing their honest best and will have no issue with demonstrating it via the fair and detailed scrutiny of the accounting record.

Professionally prepared financial reports submitted to the Finance Committee can have mistakes. The eyes of many committee members afford a better opportunity to find them. The mistake of items getting posted twice in two different areas can happen; line items run over budget; projected revenue earnestly believed makeable when the budget was approved, fails to meet the goal.

A Treasurer must encourage the polite, professional, but insistent asking of questions from everyone in order to improve the process over which he is the titular leader.

### ***Task Four – Get and Stay Organized***

The Finance Committee is an ongoing entity that cannot be placed on pause. Money keeps flowing in and out of NAHU each day. Delaying a review of something that could have been caught after a small loss can result in destroying an annual budget; causing budgetary cuts in other critical areas, causing withdrawals from the reserves; perhaps leading to a need for more dues and the consequences of that.

With the support of the Chief Financial Officer, an annual calendar should be developed before the first day the Treasurer takes office. Teleconferences with the committee are held monthly and the agenda for that meeting should be released a week before the teleconference call.

Historically, there has usually been a significant secondary issues such as falling membership revenue, increasing non-membership dues revenue or missed advertising sales projections – to name a few.

Finally, smaller, one time issues take third place in the agenda's division of time. These are items usually associated with P&Ps that need renewing or changing. Items such as policies on meal and travel expenses, budgetary planning for regional leadership conferences, investment patterns, alternate forms of revenue at the national convention and special requests for budget changes during the year are some that have occurred over the past few years.

The Treasurer's report consists of two items that should be posted to the Board of Trustees website as part of the BOT's monthly meeting. The financial report and the committee's minutes of the meeting should be posted. It is recommended that majority and minority positions be presented in the report.