Volunteer Financial Risk Management Fact Sheet

Use the following guidelines to assist your office and volunteers with financial decision-making

**ORGANIZATION CATEGORIES (FISCAL)**

**Under umbrella:** Completely under OSUE
- An OSU employee would be at most events and assist in organizing the program
- Use the county office checking account and university general ledger
- Do not have outside bank accounts
- Use the university’s buying procedures
- Use the OSUE county employee for transaction processing and approvals
- Use university legal and risk management
- Use university foundation for donations, use the Office of Sponsored Programs for grants

**Separate Accounts:** Bank account does not belong to OSU Extension
- Organization has its own charter, bylaws and board members
- Use organization’s bank account
- Organization members take care of paperwork
- Have own legal and financial support
- Use own insurance for most events
- Unique Federal Employer Identification Number (FEIN)
- Make decisions regarding Incorporation and/or 501(c)3 Non-Profit status

**BANK ACCOUNTS**

**Under Umbrella**

**Pros**
- Extension handles account maintenance
- Use the Extension Office mailing address
- University handles financial reporting
- University handles sales tax reporting

**Cons**
- Must follow all univ. procedures and policies
- Limited access to financial information
- Cannot have outside bank accounts
- Account doesn’t earn interest

**Separate Accounts**

**Pros**
- Faster processing of paperwork
- Unlimited access to bank account information
- Can earn interest on funds

**Cons**
- Extension cannot handle any of the money including holding for pickup or making deposits.
- Extension cannot serve as the mailing address for payments
- Sales tax reporting required by the organization for all non-food items sold.

**PURCHASING AND DEPOSITS**

**Under Umbrella**

**Pros**
- Extension handles paperwork
- Use OSU legal for signing contracts
- Bulk/group buying discounts with univ. contracts.

**Cons**
- Sometimes slow and restrictive guidelines
- Limited vendors selection
- Requires pre-planning
- Dependent on staff time availability
- Restricted to office hours

**Separate Accounts**

**Pros**
- No restrictions (vendors, timing, staff availability, purchasing/deposit rules)
- Faster processing
- Less documentation requirements

**Cons**
- Extension cannot handle any of the expenses for the group
- No contract review support
- More time spent on accounting functions
- No group/bulk buying discounts

CFAES provides research and related educational programs to clients on a nondiscriminatory basis. For more information: http://go.osu.edu/cfaesdiversity.

Visit us online at: http://extension.osu.edu/
Shared Events
There are times when OSUE and a volunteer organization conduct an educational activity together. This is considered a shared event. Prior to the event the groups needs to determine who will be responsible for: legal issues, contracts, insurance and fiscal management.

FEDERAL AND STATE GUIDELINES

Under Umbrella
Pros
• Use University’s FEIN
• Use University’s funds for donations (OSU Funds 3xxxx, 4xxxx and 6xxxx)
• University reviewed regularly for compliance for educational integrity, non-profit use and grant management
• University files tax return

Cons
• Slow, restrictive and cumbersome restrictions

Separate Accounts
Pros
• Fast, flexible and convenient

Cons
• FEIN application and maintenance
• Application for non profit status required for donations and non-profit grant applications
• Annual reporting such as a 990N must be filed by the organization and not done by the county office.
• Must follow reporting, tax and legal restrictions based on the type of organization established.

LEGAL

Under Umbrella
Pros
• Support of OSU Legal department for contract revisions and signature

Cons
• Slow process
• State restrictions do not allow some terms
• Extension will only submit contracts that meet the OSUE mission

Separate Accounts
Pros
• No restrictions on timing or terms of contracts

Cons
• Liability for contracts will fall to the organization or individual depending on how the organization is set up
• Organization may need to seek (and pay for) outside legal assistance
• Organization may choose to bond or buy insurance for board members depending on their guidelines, the amount of money handled and the cost of the policy.

INSURANCE

For both types
• Property and Liability: Covered by OSU insurance when an employee is present and found negligent but the deductible is large enough that we might as well be self-insured.

• Volunteer Liability: Volunteers are covered by volunteer insurance when they are performing under their job description

• Events: Can purchase American Income Life or similar Special Activities Coverage for Accident or Illness Insurance

Separate Accounts
A separate policy for the group could be purchased which may have a smaller deductible and/or greater benefits.

What is Volunteer Insurance?
CIMA, Inc.

• See the Fact Sheet: http://cfaesfinance.osu.edu/sites/cbo/files/imc/ie/Resources/CIMA.pdf
• Personal liability of $1,000,000 per occurrence
• Incident must arise out of the performance of registered volunteer’s duties according to the job description
• Secondary program – the coverage is in excess of any insurance the volunteer may have
• Protection for a personal injury or property damage claim
• Does not cover transportation liability
• Does not cover negligence or errors on the part of the volunteer
• Is NOT accident insurance
• Is NOT medical or health care coverage

What is Accident Insurance?
American Income Life

• See the CFAES Finance/Resources page http://cfaesfinance.osu.edu/node/84#Stu
• Covers 4-H or extension sponsored activity for youth or adults
• Includes some medical, dental and hospital benefits
• Example claims:
  Death benefit, a 4-H member participating in a county fair died after falling from a tram. Medical expense, a 4-H member was injured by a calf at the fairgrounds and was treated in the emergency room for a broken wrist, AIL covered the maximum expenses allowable. Ambulance expense, a Master Gardener Volunteer was conducting a program when a tree limb fell and hit him on the head. AIL could pay for the ambulance expenses to the emergency room.

Need help? Fiscal Brian McClain.112@osu.edu, Insurance Kirk Bloir.1@osu.edu, Legal Angie LeMaster.124@osu.edu, Master Gardener Pam Bennett.27@osu.edu, 4-H/Other Volunteers Jeff Dick.7@osu.edu