

# 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.



Visit us online at:  
<http://extension.osu.edu/>

## 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>.



**THE OHIO STATE UNIVERSITY**

COLLEGE OF FOOD, AGRICULTURAL,  
AND ENVIRONMENTAL SCIENCES

# Volunteer Financial Risk Management Fact Sheet

## FEDERAL AND STATE GUIDELINES

### Under Umbrella

#### Pros

- Use University's FEIN
- Use University's funds for donations (OSU Funds 3xxxxx, 4xxxxx and 6xxxxx)
- 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.



#### 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.

## 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/imce/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