

Are You in Charge of the Money?

Some quick tips for treasurers, both old and new

By: Harvey Mars, Esq.

Several months ago I was contacted by a member of the New York City Opera Orchestra and asked for advice about the best method of setting up a treasury for the deposit and remittance of membership dues to the International Conference of Opera and Orchestra Musicians.

Apparently the way dues had previously been collected and deposited by this orchestra was not optimal.

After doing some research into what other ICSOM orchestras do in this regard and discussing this issue with the president of ICSOM here is what I learned.

Probably the most efficient method of collecting ICSOM dues is through a dues check-off authorization.

This is the primary means by which union dues are collected for both this local and the AFM.

Under state and federal law, an employer is permitted to deduct dues contributions from employee's wages and submit it directly to a union or employee benefit organization.

Under Section 7 of the Labor Management Relations Act, there is an exception to the general rule that it is illegal for an employer to submit money to a labor organization that permits employers to send dues contributions directly to organizations.

To implement a check-off process for ICSOM dues, the orchestra committee treasurer needs to have contributing orchestra members sign a check-off authorization form.

Without having a signed, written authorization, an employer is not legally permitted to deduct any money from an employee's wages.

This, of course means that orchestra management must be amenable to participating in the check-off process.

In some instances there may be an additional cost to the employer to set off dues that are not part of the required statutory deductions.

Therefore, before considering a check-off, it is best for the orchestra committee to obtain an agreement with management to permit the check-off first.

Another way to collect and submit ISCOM dues is for the orchestra committee to form a Voluntary Employees' Beneficiary Association and have dues contributions paid into an account maintained by the VEBA.

A VEBA is entitled to nonprofit status under IRC 501(c)(9) and is not incredibly difficult to create, as opposed to 501(c)(3) or (c)(4) nonprofits, which are relatively complex to establish.

(It took me roughly two years to obtain 501c4 status for a musical organization that performed educational concerts for children).

The benefit to creating a VEBA for submission of ICSOM dues is the fact that the employer need not be involved in the process and contributions may be remitted for other uses besides dues.

IRS regulations should be reviewed before undertaking the task of filing for 501(c)(9) status.

If only dues are being collected, then the orchestra committee may open an account under its own tax identification number.

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Tax identification numbers may be obtained online at www.TinyURL.com/GetEIN

If the total amount deposited in the account is not going to exceed \$10,000, then no other steps need to be taken.

Of course the individual who is entrusted with the collection and remission of the dues must keep strict accounting records. There should also be two signatories on the account for all checks.

Finally, the orchestra may petition their local to pay ICSOM dues at current work dues rate.

ICSOM President Brain Rood has advised me that between 40 percent to 50 percent of ICSOM orchestras remit dues through this method.

One last issue that must be considered: the VEBA or orchestra committee may have to file reports with the Department of Labor if it remits dues contributions to ICSOM.

While this topic is well beyond the scope of this article, as a general rule of thumb no forms need be filed so long as the VEBA or committee's only fiscal responsibility is the submission of dues

Treasuring for Dummies

Recently Polyphonic.org published an article by Robert Levine entitled "Treasuring For Dummies." It contains useful information and advice for any union representative entrusted with fiscal responsibilities. I highly recommend this article.

See www.TinyURL.com/TreasuringArticle

Harvey Mars is counsel to Local 802. Legal questions from members are welcome. E-mail them to jurmars566@aol.com. Harvey Mars's previous articles in this series are archived at www.HarveyMarsAttorney.com. Nothing here or in previous articles should be construed as formal legal advice given in the context of an attorney-client relationship.