

## Chapter Finances – Ensuring Fiscal Responsibility

Chapter finances must be among the chief concerns of chapter officers and executives. Chapter members entrust their leaders with the management and administration of the chapter dues they pay. They want to see a return on their investments in the form of chapter activity and to know that chapter funds are spent and managed wisely. Directors and managers may assume personal liability for actions taken on behalf of the Chapter – it is important that you have an understanding of the role you are undertaking regarding Chapter finances.

### Chapter Records, Financial Guidelines and Taxes

Chapter leaders must focus on accurately tracking revenues and expenses. This requires maintaining important chapter records, filing requirements, bookkeeping procedures, and compliance with tax laws.

#### CHAPTER RECORDS / FISCAL POLICIES

Records should be maintained by the chapter office. When a new treasurer is installed, here is a list of items to be reviewed with chapter staff:

- Articles of Incorporation for Chapter (File annual report with the Office of the Secretary of State in the state where your chapter is incorporated)
- Articles of Association (if any) Chapter Political Action Committee (PAC)
- Articles of Incorporation for any Chapter Foundation
- Chapter EIN (Employer Identification Number) or TIN (Taxpayer Identification Number)
- Tax filings (990 & 990T, if applicable and 1120POL, if applicable)
- Group Exemption Election Form (prior year)
- All federal and state tax and information returns (including PAC reports)
- All payroll tax returns (if chapter employs staff)
- All audit reports, if any (including both CPA reports and IRS audits) - How often (if at all) the chapter is audited.
- Bylaws (all organizations)
- Minutes from Board Meetings
- Lobbying Expenses Estimate (to be reviewed annually for the upcoming calendar year)
- Budget (what is the budget process and timeline)
- How much the chapter keeps in reserves for unexpected and expected future events
- Dues & Disbursement Form (copy of current form / plus a blank if to be changed)
- Member/Employee Reimbursement Policy (Who approves expenditures and what documentation is required?)
- Financial Statements – for last three years
- Financial Ledger Books/Records
- Financial Reports generated by ACEP
- Bank information
  - Name and Location of Bank
  - Contact Person and Phone Number at Bank
  - Account Numbers
  - Checkbook/Blank Checks / Register of Checks Used
  - Copy of Old Signature Card
  - New Signature Card to be Completed

Summary highlights from ACEP's *Fundamentals of Chapter Management – Chapter Finances*

Please review the complete document at

[www.acep.org/Membership/Chapter-Services/Fundamentals-of-Chapter-Management](http://www.acep.org/Membership/Chapter-Services/Fundamentals-of-Chapter-Management)

## Chapter Finances – Ensuring Fiscal Responsibility

- Investments
- Property Rental/Ownership Records
- Significant Contracts and Agreements, including Insurance Policies
- Directors & Officers Liability Insurance Information
  - Is there an insurance policy?
  - Is there protection in the Articles of Incorporation?

### FINANCIAL GUIDELINES

Chapter treasurers and other officers serve two roles in dealing with chapter finances: a fiduciary role and a custodial role.

- Their fiduciary responsibility assures the safekeeping of chapter assets – making sure funds are invested wisely and spent only on productive activities that support the chapter's exempt purposes.
- The leaders' custodial duties require oversight of the chapter's financial transactions. These custodial duties also include maintenance of the chapter's important records, establishing/maintaining financial policies and guidelines, communication of the chapter's financial condition and insuring all required state and federal filings are made timely.

### Cash Accountability and Check Handling Procedures

The chapter can create the proper checks and balances on the spending and accounting of chapter funds with simple procedures. For example, require two signatures on checks over a set amount from the chapter account. Although cumbersome, this safeguard will guarantee that payments are reviewed.

### Bookkeeping

- **Financial Statement** - Accurate, timely, and understandable financial statements are an important tool to safeguard the chapter's financial stability and integrity. Chapter financial statements should be presented at Board Meetings and should include a Treasurer's report that shows expenses compared to the annual budget and the Chapter Account Statement.
- **Chapter Account Statement** - The monthly chapter account statement that chapters receive from national ACEP is NOT a complete financial statement, UNLESS the chapter's fiscal year coincides with national ACEP's (currently July 1 to June 30) AND the chapter has no activity that is NOT recorded at national ACEP. Every month, leaders receive a number of reports that detail the financial activity in the chapter's account with ACEP.

### TAXES

#### *Tax Exempt Status*

ACEP is a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. ACEP chapters gain the same tax status by authorizing ACEP annually to include them in its group exemption filing. An authorization form is sent to each chapter in February / March for completion and timely return to ACEP.

**Federal Reporting Requirements:** All Chapters must file one of the Forms 990. If the chapter receives a request/notice from the IRS - ACTION IS REQUIRED BY THE CHAPTER.

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## **Compliance with Federal and State Regulations**

It is advisable to consult a local attorney or accountant who is knowledgeable in such rules and regulations. The offices of the Secretary of State, State Comptroller, and State Treasurer are also valuable sources of information. Internal Revenue Service (IRS) publications will also offer helpful guidance and are available in the Finances section of the Fundamentals of Chapter Management along with definitions of the various 990 forms.