

Chapter Treasurers Handbook



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Introduction

The purpose of the Oncology Nursing Society (ONS) Chapter Treasurers' Handbook is to provide an overview of basic nonprofit organization financial and accounting guidelines. This manual, although prepared primarily for chapter treasurers, can assist all chapter leaders to better understand important chapter administrative issues.

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Employer Identification Number (EIN)

All chapters of ONS must have an Employer Identification Number (EIN) that is assigned and registered by the Internal Revenue Service (IRS). The EIN is comparable to an individual's social security number and is used on all returns, statements, or documents filed with the IRS, including the group tax return filed by ONS for all chapters. The EIN also is used as the identifying number of the chapter's bank accounts.

Chapter Interest Program (CHIP)

If a CHIP has an existing EIN before becoming chartered, continued use of that number after the chapter has been chartered is preferred.

Chapter

Upon receipt of EIN, a copy needs to be sent to ONS for the permanent files. Neither the EIN nor any other number is a "tax-exempt number" for federal income tax purposes.

If a new chapter is chartered and it does not have an EIN, they can obtain one via fax, mail, online or by phone. See the IRS website or follow these instructions.

- A. **Apply by EIN Toll-Free Telephone Service:** Taxpayers can obtain an EIN immediately by calling the Business & Specialty Tax Line (800-829-4933). The hours of operation are 7:00 a.m. to 10:00 p.m. local time, Monday through Friday. An assistor takes the information, assigns the EIN, and provides the number to an authorized individual over the telephone.
- B. **Apply by Fax:** Taxpayers can fax the completed Form SS-4 application to their state fax number, after ensuring that the Form SS-4 contains all of the required information. If it is determined that the entity needs a new EIN, one will be assigned using the appropriate procedures for the entity type. If the taxpayer's fax number is provided, a fax will be sent back with the EIN within four (4) business days.
- C. **Apply by Mail:** The processing timeframe for an EIN application received by mail is four weeks. Ensure that the Form SS-4 contains all of the required information. If it is determined that the entity needs a new EIN, one will be assigned using the appropriate procedures for the entity type and mailed to the taxpayer.
- D. **Apply by EIN Online:** This Internet EIN (I-EIN) application is another venue for customers to apply for and obtain an employer identification number. Once all the necessary fields are completed on the online form, preliminary validation is performed and the taxpayer will be alerted to information IRS needs that may not have been included. An EIN will be issued after the successful submission of the completed Form SS-4 online (Please note that not all business entity types may use this method).

501(c)(6) Nonprofit Organization

The Internal Revenue Service provides an exemption under Section 501(c)(6) for nonprofit business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues if no part of the net earnings benefit any private shareholder.

The regulations define the broad league category as “. . . an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit . . .” In addition, the regulations state that “. . . its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.”

Based on the above, a critical determining factor is whether the organization promotes a line of business or promotes the interest of individuals. Organizations exempt from tax under IRC Section 501(c)(6) are not prohibited from engaging in lobbying or campaigning.

The unrelated business taxable income of a 501(c)(6) organization is taxed at the normal corporate tax rates.

NOTE: ONS chapters are (501)(c)(6) organizations and are not charitable organizations.

Federal Filing Requirements

The IRS determination letter states that chapters are not-for-profit organizations. This does not mean that chapters cannot make a profit. All chapters, as well as ONS, are exempt from paying federal income tax under section 501(c)(6), except on unrelated business income.

For federal tax filing purposes, ONS files a **GROUP FORM 990** for all ONS chapters. Therefore, the chapters are relieved of most federal tax filing responsibilities. The chapters still are responsible for filing IRS Forms 1096, 1099-MISC, which are related to individuals or partnership providing services to the chapter. Filing these forms will be required if a person or partnership receives at least \$600 per calendar year from the chapter for services rendered to the chapter. In order to properly complete these forms, the chapter is required to obtain a Form W-9 from any person or partnership providing services. The form will provide the chapter with the person or partnership's name, address, and federal ID number **The Form W-9 must be obtained before payment is made.** This is due to the fact that the Form W-9 will provide the chapter with information related to what the IRS calls backup withholding for the person or partnership providing the services. Call the ONS CFO if you receive a Form W-9 indicating backup withholding is required. Failure to withhold taxes from a payment when it is required could subject the chapter to IRS penalties.

The treasurer report is the vehicle to use to report the chapters' finances to ONS. ONS compiles all the chapters' statistics and submits them to the IRS. Chapter presidents must give ONS the authority to be included in the Group Form 990.

State Filing Requirements

Regarding state filing requirements, each state varies in its definition of exempt, nonprofit organizations. In addition, some states require information returns even though an organization is exempt from state tax. Some states allow partial exemptions. Therefore, because of the varying state laws and the large number of chapters, each chapter is responsible for determining and complying with its state filing requirements. Each chapter should contact its state taxing authority if information is needed in making the determination and for obtaining the appropriate forms. A copy of any returns filed should be submitted to ONS for record keeping.

Sales and Use Tax Purchases

Tax-exempt status under 501(c)(6) does not mean that the chapter is exempt from paying state sales and use tax. As a general rule, ONS, as well as its chapters, must pay sales and use tax on purchases. However, states have different sales and use tax laws, so chapters should contact the sales tax division of their state for clarification of its law.

In addition to paying sales and use tax, ONS chapters must collect sales tax on items sold (e.g., t-shirts, mugs). Chapters should contact the sales tax division of their state to obtain a registration form. By completing the registration form, the chapter will be given a sales tax number for the chapter and a certificate of resale. When the chapter purchases items, such as t-shirts that will be sold as fund-raisers, the chapter does not need to pay sales tax on the purchase of the t-shirts. (The chapter will have to provide a copy of the certificate of resale to the t-shirt vendor to avoid paying sales tax.) However, when the chapter sells t-shirts, charge sales and use tax on the t-shirt. The sales and use tax collected must be remitted to the state sales tax division.

Postal Rates

The chapter can save money by taking advantage of third class nonprofit bulk mailing rates. The special nonprofit bulk mailing rate saves even more. To use the third class nonprofit bulk mailing rates, contact a local post office to apply for a permit which costs approximately \$75.00 annually. Apply for the permit at the same post office from which the chapter will be mailing because the permit is valid only at one post office.

The strictness of postal requirements for obtaining a nonprofit permit varies among post offices. If the postmaster denies a permit, the chapter may appeal. Please see the IRS Determination Letter to use in the application process.

Both the third class bulk and nonprofit bulk rates have certain mailing requirements. In general, the mailing must weigh at least 50 pounds (approximately 200 pieces). Pieces must be the same size and weight. All items must be marked "bulk mail." The bulk rate indicia or postage meter printout marked "bulk rate" is sufficient.

The mailing must be filed with Form 3602N, sorted by zip code, bound, and labeled. The chapter must deliver it to the post office. Because of the nature of third class mail, the size of the chapter territory may deter the delivery time. Delivery may take up to three weeks.

Unrelated Business Income Tax (UBIT)

The IRS defines unrelated business taxable income as the tax exempt organization's gross income from an unrelated trade or business regularly carried on, less any deductions that directly are connected (e.g., the cost of nonsmoking pins purchased for resale). An unrelated trade or business is one that is not substantially related to the organization's performance of its exempt function for which it was created.

The IRS did not intend to tax income from a sporadic activity. An example of nontaxable business activity would be an occasional fund-raising dance given by an exempt organization to which the public is admitted for a charge. Similarly, an organization that operated a sandwich stand during the week of an annual county fair is not conducting an activity that is carried on regularly for the purpose of the unrelated business income tax.

Income from a trade or business is taxable if the activity is not related to the exercise or performance by the organization of its tax-exempt purpose. An organization's mere need for income does not justify treating business income as related to its exempt purpose. A wheat farm operated by an exempt agricultural college as part of its educational program would be considered a related business. On the other hand, the manufacture and sale of automobile tires by a college ordinarily would be considered an unrelated business.

Basic advice from ONS is to carry on fund-raising efforts as always, keeping in mind that any income from an unrelated activity may become taxable. Before engaging in any unrelated endeavor, call ONS to discuss the particular situation with a tax expert. Passive income, such as dividends and interest, is not considered unrelated business income. Income generated by volunteers or from the sale of donated property also is exempt from tax.

If a chapter has unrelated business income greater than \$1,000, it will be required to file Form 990-T and pay federal income tax. Any of the chapters expecting to fall into this category should notify ONS and also should set aside funds to pay its tax liability. In general, an organization's first \$25,000 of income will be taxed at a 15% rate. The following are examples of the tax treatment of various types of income.

Allowable Income

- Membership dues
- Admissions to seminars or roundtables relating to oncology nursing (program participation fees)
- Interest and dividends
- Exhibit fees
- Income from volunteer activities
- Sale of donated merchandise
- Sporadic fund-raising activities

Taxable Income

- Advertising revenue
- Sale of membership lists
- Recurring sales of purchased merchandise

Financial Information

Cash-Basis Accounting

ONS chapters should use the cash basis of accounting. The following defines cash-basis accounting.

- The effect of revenue transactions occurs **only** when cash is received.
- The effect of expense transactions occurs **only** when cash is disbursed.
- Excess of revenues over expenses equals profit.
- Excess of expenses over revenue equals loss.
- Cash-basis accounting does not promote comparability of accounts from period to period.

Revenues

Revenues are the inflows of resources generated from operating activities.

1. All membership dues and other revenues received by the chapter are to be deposited immediately in the chapter's bank account.
2. Complying with the IRS regulations is important to the chapters as well as ONS.
3. Accordingly, all revenues and expenses must relate directly to the purposes of ONS and its chapters. Allowable revenue sources include the following.
 - a. Dues rebates received from ONS National on a quarterly basis.
 - b. Grants
 - c. Fees from members and nonmembers attending educational meetings or similar educational programs
 - d. Fees paid by members and nonmembers to subscribe to a chapter's newsletter or educational publication
 - e. Fees from exhibitors at conferences sponsored by a chapter. ONS exhibitor policies must be observed. An exhibitor prospectus is available from ONS.
 - f. Interest on investments
 - g. Money generated from sporadic fund-raising items (e.g., t-shirts, key chains)

Before a chapter accepts funds from any source other than those set forth above, it must receive permission in writing from ONS.

4. Chapters may seek and accept grants or sponsorships from businesses, but the business must be told the grant or sponsorship funds are not charitable donations.

Expenses

Expenses are the outflows of resources resulting from the activities performed in the generation of revenues.

1. Expenses will be classified in the following categories.
 - a. Printing
 - b. Postage
 - c. Supplies — This will include disbursement for equipment costing **less** than \$500 (e.g. calculator, PC printer, etc.), as well as all disbursements for supplies. If equipment costs \$501.00 or more, it will **not** be classified as supplies. Rather, it will be classified as an asset.
 - d. Meetings/travel
 - e. Accounting/bank service charges
 - f. Rent/post office box rent
 - g. Honorariums or speakers
 - h. Grants/scholarships/awards
 - i. Fund-raising
 - j. Other
2. Any investment in stocks or bonds is not an expense but an acquisition of an asset.
3. Chapters are encouraged to develop their own policies regarding travel and other expense reimbursements. For ONS reimbursement policies, refer to ONS's Reimbursement Form.
4. Each chapter is required to follow the Chapter Treasurers Handbook. These policies were developed to assist chapters in strengthening their financial controls.

Record-Keeping

The following is recommended for ONS chapters:

1. Each ONS chapter is responsible for the control, disbursement, and record keeping of its revenue and expenses.
2. All invoices processed for payment by the treasurer first must be approved by the president of the chapter before a check is processed.
3. A ledger should be maintained in which all income and expenses are recorded. At the end of each month, a bank reconciliation must be performed. Most banks give instructions for performing reconciliations, and some banks provide space on the back of the bank statement for this.
4. On January 31 of each year, the annual treasurer report is due. This form can be found on the Chapters Virtual Community site. The annual treasurer report is for the prior fiscal year from January 1 to December 31 (the fiscal year is the same as the calendar year for ONS and its chapters). The annual report is required for the filing of the annual IRS Group Form 990 by ONS. All IRS communication received by the chapter should be directed to the chapter activities coordinator at ONS.

Maintaining the Ledger

1. The chapter can either purchase a ledger book with 13 column sheets or use an electronic record keeping format such as Excel or Quicken. Use one sheet for revenue and one sheet for expenses per quarter.
2. Make all entries in pencil only. Do not use pen.
3. Write the appropriate heading at the top left corner of each page (e.g., chapter name (please do not use acronyms, there are chapters with the same acronym) revenue–4th Quarter; 10/1/05–12/31/05).
4. Column headings must be the same as used on the treasurer report (revenues are listed as numbers 1–7, and expenses are listed as numbers 8–17).
5. Date and record each entry separately.
6. When a page is filled, save the last line for the “Total.” Add each column, and write the total in the appropriate space. Transfer these figures to the first line on the next page.
7. At the end of each year, do the following.
 - a. Total all columns in the revenue ledger.
 - b. Total all columns in the expense ledger.
 - c. Transfer figures from the ledger to the treasurer report.
8. If you have any questions about recording in the ledger or completing the treasurer report, don’t hesitate to contact the Membership and Component Relations Department.

Revenue Ledger

1. A suggestion for deposit slips is to maintain all details on the deposit slip. A copy of the deposit slip is needed for the chapter’s permanent files, so either make a copy of it or order carbonless deposit slips. The detail may be listed in the ledger in the description column. If deposit slips contain all the detail, combine the total dues amount, the total registration fees, the total exhibit fees, etc., from each deposit slip and make one entry amount for each category directly to the ledger for that particular deposit.
2. The ONS policy for nonsufficient funds checks is to redeposit the check again after it was initially returned NSF from the bank. Usually the check will clear the second time. If the check does not clear after the second deposit, it must be subtracted from cash. Therefore, under the correct column in the revenue ledger, deduct the amount of the check. Do not show the returned check as an expense item.

Expense Ledger

1. Make all payments by check to maintain legal documentation. Record all checks in the expense ledger. When listing expenses, try to give a brief explanation for that expense. Use more than one line if necessary. For example, Jill Jones is being reimbursed \$23 for postage to mail out the June newsletter. For the description, use—Jill Jones, June newsletter. The \$23 will be posted to the postage column.
2. Always document the check number with the description.
3. All expenses allocated under Honorariums/Grants/Scholarships/Awards must be accompanied by the name and address of the recipient. An honorarium, award, or grant of \$600 or more made payable to an individual must be reported on IRS Form 1099. Educational Scholarship recipients are exempt from paying income tax. Therefore, Form 1099 is not necessary. Travel Scholarships may be taxable to the recipient, if the money is provided to the recipient without any restrictions. If the amount exceeds \$600, it must be reported on Form 1099. As an alternative, consider using a travel scholarship as an expense reimbursement for the scholarship winner. Reimbursement for travel expenses on the chapter's behalf, is not taxable to the person and no Form 1099 reporting is required. Please contact ONS's CFO for clarification. All other expenses in the "Miscellaneous Other" column should be explained.

Insurance

Liability

ONS chapters are provided with the following general liability coverage's through the ONS "primary general liability" policy and "catastrophe umbrella" policy. Chapters reimburse ONS an allocated portion of the insurance through the "Charter Renewal Fee." The following are the limits of liability that we are providing under the "primary general liability" policy.

1. A \$1,000,000 maximum limit for each occurrence.
2. The total yearly maximum limit for all occurrences that would happen during the year, regardless of the number of occurrences is \$2,000,000
3. A separate total annual limit for products and completed operations coverage of \$2,000,000
4. Included within the limits mentioned in item one is a \$1,000,000 limit for personal injury (liable and slander) and advertising liability coverage.

The following limits of liability that we are providing under the "catastrophe umbrella" policy are provided over and above the primary limits mentioned above.

1. A \$2,000,000 maximum limit for each occurrence.
2. The total yearly maximum limit for all occurrences that would happen during the year regardless of the number of occurrences is \$2,000,000
3. A separate total annual limit for products and completed operations coverage of \$2,000,000

Definition of Insured

Under the policies mentioned above, the following are insured.

1. Any legally affiliated chapter of ONS during the policy period
2. Any volunteer committee member of any organization so designated but only with respect to activities performed for the affiliated chapter.

Coverage

Under these policies, we are providing coverage for everyday activities that are conducted as an affiliated chapter of ONS. The coverage basically protects the chapter in the event that it would cause bodily injury to the general public or damage the general public's property as a result of its activities as a chapter. The policy would respond and provide the limits mentioned above subject to the standard exclusions within the policies. Both the "primary policy" and the "umbrella policy" basically are providing for bodily injury and property damage that could occur to the general public for which the chapter would be held responsible for as a result of the negligent acts of a chapter.

General Exclusions

The following are some major general exclusions of which the chapter should be aware.

1. Injuries to any employee. If the chapter hires an employee, it must provide workers compensation coverage in the event that employee is injured.
2. Coverage is not provided for bodily injury or property damage as a result of the ownership, maintenance, or use of any automobile, aircraft, or watercraft that would be owned, rented, or operated by the chapter.
3. Coverage is not provided for property such as office furniture and fixtures that the chapter may own, rent, or borrow. This coverage can be purchased separately for each chapter.
4. Coverage is not provided for chapters while participating in sporting or athletic events or contests or exhibitions, whether sponsored or conducted by the chapter or any of its members.
5. Coverage is not provided for any fireworks display or musical concert conducted or sponsored in whole or in part by any chapter.
6. Coverage is not provided for any balloon rides or mechanically operated amusement devices, etc.
7. Coverage is not provided to premises that the chapter do not own or rent for activities, except premises that the chapter may hire or rent for specified days for meeting purposes such as hotel areas or convention areas.

If a chapter sponsors an event that may be excluded from the Chapters primary liability coverage, there are special event policies which can be purchased to provide coverage. Please contact the Membership and Component Relations department (412-859-6320) or Hays Companies Insurance (1-800-647-4297) for more details.

Liability for Conferences, etc.

When a chapter collects money for an event, such as a conference, theater production, sports outing, or travel tour, it assumes some responsibility for performance. Even if a cosponsoring organization is responsible for the event and the chapter is merely lending its name to promotional materials, the chapter still could be held liable. The chapter also could be held liable even if it delegates the responsibility for collecting money to the cosponsoring organization or a third party.

If the chapter wishes to be free of all liability for performance, it must waive all responsibility for performance by stating so on the promotional materials. It should state that all inquiries and correspondences should be directed to the independent contractor and that the chapter is not responsible for any rate changes or cancellations for the airfares, hotel accommodations, ticket prices, etc.

The chapter can help to protect itself by dealing with reputable organizations. For example, several chapters arrange outings to baseball games. During a recent players strike, games were canceled. The teams refunded the money paid in advance for tickets. If they hadn't, the chapters conceivably could have been held liable for the money they collected for the tickets.

When any chapter is dealing with another organization or cosponsoring organization, vendor, hotel or meeting place facility, it should, at all times, request a certificate of insurance from those entities and ask that they be named as an additional insured or, more preferably, an additional named insured and forward that on to ONS for review before proceeding with the event or signing any contracts.

When sponsoring or co-sponsoring an event, your chapter may be required to provide a certificate of insurance. Please contact Hays Companies (1-800-647-4297) to have a questionnaire submitted to the insurance carrier in order to have the certificate issued.

Personal Liability of Chapter Officers

Chapter officers may be personally liable for some chapter activities. ONS does not provide insurance protection for chapter officers. Chapters may wish to explore local agencies for coverage or contact ONS's insurance agent, Hays Companies (1-800-647-4297). Decisions made at a Board of Directors meeting with the knowledge and consent of the directors may become the personal responsibility of individual board members. Claims for personal liability are unlikely to occur, but several steps may be taken to prevent these claims.

1. Know the current ONS and chapter policies, including the articles of incorporation and the bylaws.
2. Keep accurate minutes of board meetings, including the vote counts.
3. Develop a written procedure for approving invoices. The system should guard against misuse and mismanagement of funds.

Directors and Officers Liability

At present, chapters are not insured under ONS's Directors and Officers Liability policy. ONS currently is exploring the possibility of including the chapters and their directors and officers under their professional liability policy.

Officer (Employee) Dishonesty Insurance

The Officer (Employee) Dishonesty Insurance is now a blanket amount of \$60,000 limit. This insurance is carried with Zurich American Insurance Company. The bond provides protection for each chapter in the event that an officer would commit a dishonest act and abscond with funds or merchandise belonging to the chapter. Once the act has been discovered, the chapter immediately must inform ONS of the potential claim.

The Zurich American Insurance Company has made ONS the authorized representative of this bond. All notifications from the insurance company or the chapters should be sent to the Membership and Component Relations Department. ONS will include the insurance premium in the invoice for the chapter's charter renewal fee.

For answers to insurance questions, please feel free to contact Hays Companies at 1-800-647-4297.

Budget Preparation

Prior Year's Budget

Review last year's budget. Check all the goals on the prior year's budget that have not been completed. This will be the starting point. All incomplete goals that have already had the Board of Director's approval should be the starting goals of the proposed budget.

Goals

Budgets should be driven by the chapter's goals. Start each budget with a list of the chapter's goals for the coming year. Goals could be submitted by either the committees or completely by the Finance/ Budget Committee. Regardless of who prepares the goals, the Board of Directors should approve all goals.

Expense Category

Once all the goals are complete, put a cost to each goal.

1. Current duplicating costs
2. Current "Third Class Bulk" rates, if applicable
3. Budget Guidelines for Mailings: Transfer these costs to the Proposed Budget Worksheet with the particular goal as the justification. The following items must also be included in the budget:
 - a. General duplicating
 - b. General postage
 - c. Conference calls
 - d. General telephone
 - e. Office supplies
4. Meetings
 - a. Per diem
 - b. Airfare
5. Registration
6. Miscellaneous
 - a. Use the same expense categories that are on the treasurer report.

Revenue Category

Incorporate the same revenue categories from the treasurer report.

1. Dues rebates received from ONS National on a quarterly basis
2. Program participation fees
3. Interest
4. Other support
5. Exhibit fees
6. Fund-raising
7. Miscellaneous other

Budget Review

If there is a budget from the previous year, it is very helpful to see the amount that was budgeted from that year. If that's the case, use the Prior-Year Budget column to input last year's budget figures in the correct category. For even greater detail, get the amount from each category that has been spent at this time.

Balance The Budget

After the chapter has budgeted all of goals/expenses and revenue, subtract the expenses from the revenue. If there is enough money budgeted to meet the chapter's goals, stop here. If there is not enough revenue, prioritize the chapter's goals. Start removing less important goals so that there is enough money to operate the chapter and fulfill its goals in a cost-effective manner. Start thinking about ways of increasing revenue base. If you have a surplus from prior years, you may want to consider using your surplus to offset the difference in order to avoid raising prices or cutting expenses. This should be done in conjunction with the chapters reserve fund (see Financial Planning Section). This should only be used for a year or two while alternative ideas are considered by the chapter Board.

Financial Planning

Investment Policy

Investments allow us to achieve key goals, such as special projects and scholarship funds. Given their important function, investments require effective management, which should be outlined clearly in an investment policy. The following generally are included in an investment policy.

1. Purpose of investments
2. Process and responsibility for investment decisions
3. Investment objectives
4. Investment portfolio composition
5. Arrangements for adopting and updating the investment policy.

Operating Reserve Policy

A reserve policy is the chapter's hedge against future events. Reserves aren't just "rainy day" funds. They give the funds needed to cover services should an unexpected loss of revenue take place. For example, layoffs in a community during a recession could reduce revenues from membership dues, or a key conference that has historically funded operations could fail. If extraordinary events like these take place, a sound reserve policy can help the chapter survive difficult economic times.

Basically, establishing a reserve policy is a "what if" exercise. If certain events take place, how much money will be needed to cover expenses? The chapter board of directors must decide whether such a fund should be accumulated and, if so, how much. Many have found it effective to hold an amount equal to six months of operating revenues in reserve.

In making decisions on reserves, review assumptions about the chapter, its financial health, and its future. Determine how a reserve policy would fit in with the chapter's long-range plans. Assess data. Make sure all issues have been examined. Take into account the factors that officers will find important. Finally, work toward building a consensus on the final policy before formal presentations begin.

Independent Contractor

If the volunteers of the chapter ever would need advice or services to help them with their administrative needs, a temporary service for secretarial support or bookkeeping support can be used, or the aid of an independent contractor for consulting could be requested.

Form W-9

IRS Form W-9 must be filled out by the independent contractor, before they are paid, for chapter files and for use in preparing IRS Form 1099-MISC.

Form 1099-MISC

In order to fulfill IRS requirements for people receiving compensation outside of an employment situation, the chapter must report the following earnings on Form 1099-MISC.

1. At least \$10 in royalties or broker payments in lieu of dividends or in lieu of tax-exempt interest
2. At least \$600 in rents, services (including parts and materials), prizes and awards, and other income payments, and medical and health care payments. (*Note.* 1099-MISC includes all awards, including travel over \$600. Scholarships are exempt from 1099-MISC reporting.)

Form 1099 is due to the recipient by January 31 and to the IRS by February 28. If further instruction is needed, contact ONS's Chief Financial Officer, or contact an accountant.

Record Retention

To maintain adequate financial records and ensure the satisfaction of the IRS during an audit, the following records must be kept.

Permanently

1. Capital stock and bond records, transfer registers, stubs showing issues, record of interest coupons, options, etc.
2. Revenue ledgers
3. Canceled checks or copies of canceled checks if supplied by the bank, for important payments (e.g., taxes, purchases of property, special contracts). Checks should be filed with the papers pertaining to the underlying transaction.
4. Contracts and leases still in effect
5. Correspondence (legal and important matter only)
6. Depreciation schedules
7. Minute books, including bylaws and charter
8. Membership rosters (monthly or annually)

Seven Years

1. Quarterly/annual treasurer reports with bank reconciliations attached
2. Expense ledgers with copies of all paid bills
3. Names, addresses, and amounts of all persons who made a contribution to the chapter
4. Names, addresses, and amounts of all recipients of scholarships, awards, grants, and honorariums given by the chapter
5. Checks (canceled, but with exceptions—see number 3 under Record Retention, Permanently)
6. Contracts and leases (expired)
7. Invoices from vendors

Three Years

1. Correspondence (general)
2. Duplicate deposit slips
3. Keep a complete file of all permanent records in a fireproof safe or in a storage facility. This is true for the balance of the files.

Chapter Charter Renewal and Bonding Fees

At charter renewal time, each chapter shall pay a charter renewal fee to ONS. Payment of this annual fee is a requirement in order to retain your chapter's charter. The fee is determined by the previous year's treasurer report. Five percent of the year-end figure will be invoiced to the chapter (a minimum payment of \$10 and a maximum payment of \$175). This annual amount should be included in the chapter's budget process.

In addition, all chapters with treasuries of \$5,000 or more must pay for officer (employee) dishonesty insurance. The premium per chapter is:

\$5,000–\$30,000	\$105 annually
\$30,000–\$50,000	\$121 annually
\$51,000–\$60,000	\$133 annually

The charter renewal fee is an assessment for liability insurance that ONS carries on its policy, the accounting fee for the annual IRS Group 990 Form, the officer dishonesty insurance, and ONS staff time to manage the chapter functions.

In addition to the above fees, each chapter is required to submit a \$250.00 registration fee to attend the annual Chapter Leadership Workshop (formerly Mentorship Weekend). The ONS Board of Directors requires this fee and it is mandatory for each chapter to send a chapter board member to attend the workshop each year in order to receive their annual charter renewal.

Chapter Finance Policy

1. Dual signatures are required on all checks over \$500. In addition to the treasurer's signature, the signature of one additional elected member of the Board of Directors, preferably the president is required. However, the individual must be an authorized check signer with the chapter's financial institution.
2. The chapter may make two types of expenditures.
 - a. Expenditures approved as a part of the annual budget
 - b. Expenditures not included in the annual budget process (variances)
 - c. All budgeted expenditures approved by the chapter membership are exempt from the following approval procedure.
3. All expenditures not included in an annual budget process will comply with the following approval procedures.
 - a. Expenditures of \$500.00 or less require approval by a simple majority of the chapter board of directors. A quorum of the Board of Directors as defined in the chapter's standing rules will be required for approval of expenditures.
 - b. Expenditures of \$500.01 or more require approval by a simple majority of the membership in attendance at a general membership meeting. A quorum of the membership as defined in the chapter's standing rules will be required to conduct chapter business.
4. Approval of the annual budget and all variances will be documented in the minutes of the chapter board of directors or the membership meetings and submitted to ONS with the annual treasurer report.
5. The chapter president and treasurer will review and sign the annual treasurer reports (electronic signature is permitted). Unsigned reports will be returned and considered delinquent if not returned to ONS by the due date.
6. Audits may be performed on chapter treasuries if the need is warranted by the Chief Financial Officer or his or her designee.