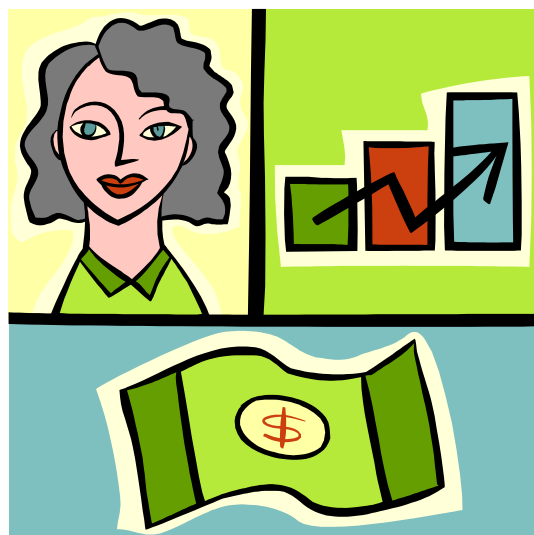


National Student Nurses' Association, Inc.

# Guidelines for Planning



## **Treasurer's Handbook**

Includes Information on  
Incorporation and Tax Exemption

**NSNA Leadership University Workbook**

**National Student Nurses' Association, Inc.**

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## DUTIES OF A TREASURER



The following is an example of the duties of a treasurer as stated in the bylaws of a Student Nurses' Association:

1. Act as custodian of all funds, deposit such funds in a bank selected by the Board of Directors, and sign all checks in conjunction with another board member as authorized by the Board of Directors. Two signatures protect you and your association.
2. Be responsible for the accuracy, currency, and safekeeping of all financial books and records of the association.
3. Serve as Chairperson of the Finance Committee.
4. Draft a budget to be presented at the first Board of Directors' meeting. This should include areas such as the convention, newsletter, and other major programs to be monitored by the Board of Directors.
5. Keep current and accurate financial records including records on; membership dues, accounts payable, accounts receivable, and ledgers. Reconciliation of bank statements should be the responsibility of someone other than the authorized signer of checks. If the services of a bookkeeper are not feasible, statements may be reconciled by the treasurer, with the Board's approval of all expenditures.
6. Ensure that all accounts are compiled, reviewed or audited by a Certified Public Accountant (CPA) at the end of each fiscal year.
7. Ensure that all federal, state, and local tax returns are filed on time.
8. Serve on other committees where significant amounts of monies are budgeted; such as the convention committee.
9. Be responsible for generating funds by means of fund-raising projects.
10. Be responsible for financial receipts and expenditures from different sources; such as advertising, exhibits, dues and fundraising.
11. School chapter treasurer: keep accurate and current records of all members and dues income.
12. Ensure that formal policies and procedures have been documented to facilitate the duties of the treasurer.

## POLICIES AND PROCEDURES



As a minimum your association should address the following areas. You may want to address the following areas. You may want to create a Policies and Procedures manual which will be given to all current and incoming board members.

1. **Who is authorized to approve expenditures?**  
Depending upon the size of your Board this duty can rest with the treasurer, finance committee or perhaps the entire Board. It is always a good idea to require two (2) signatures on a check. Remember to contact your bank after your new Board has taken office. The bank will require updated signature cards for those officers authorized to sign checks.
2. **Which board expenses will be reimbursed?**  
Typically reimbursed expenses will include; travel, postage, and business telephone calls. You should establish a time frame for submitting these claims; such as 30 or 60 days.
3. **What will your chapter/state dues amount be?**  
State and local dues are set by the individual associations. By May 1 of each year states must notify NSNA of any change in their state dues. State dues are paid together with national dues to NSNA. NSNA then sends the states their portion of the dues. Local dues, if any, should be paid directly to the school chapter.
4. **Where will the financial records of your association be kept?**  
You want to be sure that your records are safeguarded and passed on from treasurer to treasurer.
5. **Who will review your financial records?**  
You may want your records reviewed by a CPA, faculty advisor or your Board.
6. **Will your association have an annual independent audit?**  
Depending upon the size of your association and who will use your financial statements, you may want to have an audit. See page 10 for more details.
7. **Will your association establish a reserve fund?**  
See page 5 to set up a reserve fund.
8. **How will the monies of your association be invested?**  
A conservative approach toward investing your association's money is advisable. You want to be careful not to tie up your association's finances in risky or long term investments. Money market funds, certificates of deposit, and government bonds are examples of low risk investments that can be used.

# Bonding coverage for Association Officers

## What are Fidelity Bonds?

A fidelity bond is a form of protection that covers policyholders for losses that they incur as a result of fraudulent acts by specified individuals. It usually insures an organization for losses caused by the dishonest acts of its volunteers and employees. While called bonds, these obligations to protect an organization from volunteer-dishonesty losses are really insurance policies. These insurance policies protect from losses of the association's funds and other property from volunteers who have a manifest intent to cause the organization loss. There are also many other forms of crime-insurance policies (burglary, fire, general theft, computer theft, disappearance, fraud, forgery, etc.) to protect association assets.

## What type of Fidelity Bonds should an Association or Chapter purchase?

The chapter or association should purchase an Employee Dishonesty Bond. Most organizations, whether private business or not-for-profit, would be well advised to carry Employee Dishonesty on any of those individuals who have access to money or product. A Treasurer of a not-for-profit would be a classic example of where an Employee Dishonesty Bond should be used. This Bond is the type of Crime Insurance that would be used to protect an organization from theft by a Treasurer, or any other officer. If these officers are not employees of the organization, the standard Employee Dishonesty Bond would need a rider which re-defines the term employee to include the officers to be covered.

Employee Dishonesty Bonds encourages the bonded employee(s) or officer(s) to handle their association or chapter's money and property with trustworthiness. Associations can be especially hard hit because they can't afford extensive safeguards and do not have the financial capacity to absorb the losses. Dishonesty Bonds reimburse the association for losses from Officers' fraud, theft, forgery, and embezzlement of organization's cash and other assets.

## Compare Prices of Insurance Companies

It recommended that the level of coverage you may select be consistent with the total asset values of the chapter. Each chapter should contact a local insurance agent that is licensed to place bonding coverage to compare pricing. When using this approach, please make sure the deductibles and other terms of the bond are similar.

The Nonprofit Risk Management Center is an organization that spends each day dealing with risk management, board liability, and insurance issues. It has excellent publications and articles on the Web site. [www.nonprofitrisk.org](http://www.nonprofitrisk.org)

Another reference for providers of insurance for nonprofits is the Alliance of Nonprofits for Insurance. [www.ani-rrg.org](http://www.ani-rrg.org)

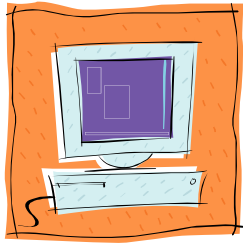
## Internal Control Recommendations for State Associations

United States business and not-for-profit organizations are not only governed by the rules of the Internal Revenue Services (IRS), they must adhere to accounting standards promulgated by the official US accounting body, the Financial Accounting Standards Board (FASB) which sets standards commonly known as Generally Accepted Accounting Principles (GAAP).\*

GAAP emphasizes the importance of proper custody and safekeeping of funds. Because of the susceptibility to errors, misappropriation, and other irregularities, the controls placed over the handling of cash play an important role in any system of internal control. To assure adequate controls over cash receipts, it is recommended that state associations:

1. Establish and maintain bank and other financial institution accounts in the name of the association (strictly prohibit establishing accounts in name of officers or other members of the association).
2. When there is a change of officers (e.g. election of a new board of directors), the new secretary of the organization shall a) file a new "Corporate Authorization Resolution" signed by the Secretary, Treasurer, and President, and b) file a new "Signature Card" with their current financial institution(s). These procedures will invalidate the previous "authorized" signatures, and make effective the current authorized ones.
3. Select a bank that has branches in major cities in your state so that only the branch, and not the bank, needs to be changed if necessary.
4. There should be at least two authorized signers on bank accounts (the President, Treasurer, and a State Consultant is recommended). Requiring two signatures and having three authorized signers helps to expedite payments. All checks disbursed must have dual signatures and all checks are signed manually promptly after the check has been written.
5. States are urged to use an "**Endorsement Stamp**" for check deposits. The stamp should be marked "For Deposit Only" with State Organization's name and bank account number.
6. Establishing debit cards should be strictly prohibited since monitoring of expenses and charges is very difficult. If credit cards are established, statements should be inspected monthly by the treasurer, the president and the secretary for unusual transactions which must be backed by receipts. Authorize the credit card company to send monthly statements to the treasurer, the secretary and the president. The more oversight – the better.
7. The board should establish policies that require and file all expense receipts and signed vouchers that approve the expense. This should be reflected as motions in minutes of the board of director's meetings.
8. Deposits are made on a timely basis. Detailed records which support deposits must be kept (deposit slips/copies of checks). These records should show source of payment, amount, check number, date deposited, invoice number and any other pertinent information. Ideally, a copy of the check should be made and retained.
9. Cash, checks, and check receipts are kept in a secure place and locked up prior to making the deposit. Funds collected at convention meetings and fund raising activities should be counted with two people present. Both individuals should sign off on the report of receipts.
10. Bank Statements should be carefully inspected monthly by the president and treasurer to ensure accuracy and that transactions were approved by the board. Request the bank to send monthly statements to both the treasurer and the president. A bank reconciliation (reconciling book balance to the bank balance) should be done monthly.
11. Attach or include in all board minutes a treasurer's report (bank balances, annual operating budget with current revenues and expenses, income statement, etc.). These minutes and attachments must be properly filed with the state association and sent to the National Student Nurses Association.

# Electronic Funds Transfer (EFT) for Dues Payment to State Associations



NSNA is pleased to offer state associations an efficient method to receive monthly state dues reimbursement funds. State associations can now have their monthly state dues reimbursement funds transferred directly into the state association's official bank account using Electronic Fund Transfer (EFT), instead of via monthly checks. **At this time, there is no fee originating from NSNA's bank for this service;** however, you may want to check with your bank regarding any EFT fees before signing up. The expense may be worth the convenience and the safety of ensuring that the dues are reaching your organization promptly.

**Electronic Funds Transfer (EFT)** is a system of transferring money from one bank account directly to another without any paper money changing hands; that is, it is done electronically. **Wire Transfers** are the most widely-used EFT programs. The benefits of EFT include improved administration of payments, increased efficiency, and greater security. The U.S. Government monitors EFT compliance through Regulation E of the Federal Reserve Board, which implements the Electronic Funds Transfer Act (EFTA).

## Benefit to States:

1. Unless bank accounts change, it will not matter if there is a change in treasurer or if the treasurer has a change of address; the funds will automatically be deposited in the state association's bank account without interruption.
2. Confidence that funds are being deposited to the organization's accounts in a timely manner.
3. Fraud prevention.
4. Prevention of loss or misplacement of checks; states are assured that they are getting their revenues.
5. Electronic fund transfer statements with amount of deposit, along with the customary paperwork (including membership list) will be sent each month.
6. Bank statement will reflect the wire transfer, and the state treasurer and board will clearly identify state dues from other deposits, facilitating bookkeeping and tracking of this revenue.
7. Timely deposits will mean that funds are earning interest quicker.
8. More time-efficient for the treasurer (does not have to go to the bank to make deposits). Currently checks may take several months to clear.

Please go to the following link on NSNA website for the EFT application:  
<http://www.nsna.org/pubs/>

## Maintaining NSNA Constituent Status

See *Getting the Pieces to Fit* for complete details ([www.nsna.org](http://www.nsna.org) under “publications”)

1. Constituency Status: NSNA constituency status is issued on an annual basis according to the requirements in the NSNA Bylaws and policies. State officers are responsible for signing and submitting the NSNA Official Application for Constituency Status for their respective states.
2. School officers are responsible for signing and submitting the NSNA Official Application for Constituency Status for their respective schools. The Application includes the following areas of conformity: purpose and functions, membership, dues, and representation.
3. **[Submit State Board and Annual Meeting Minutes](#)**  
State constituents are required to email to [nsna@nsna.org](mailto:nsna@nsna.org) attn: Cathy Ramos an electronic document of approved/accepted signed (by president and/or secretary) state board and annual state convention business meeting minutes (annual membership meeting). NSNA will accept electronic submission via email of approved signed state minutes from states in which this is acceptable by law, (check with the Secretary of State to verify) as e-mail attachments. State associations may submit one signed hard copy and email the unsigned electronic file to NSNA. State minutes are distributed to NSNA Board members and staff. A copy of all state minutes is placed in the state association’s official archives that are maintained by NSNA and must be made available upon request during the NSNA annual financial audit and IRS to validate NSNA dues collection for state associations. **[NSNA must have state approved and signed minutes for the entire previous calendar year by the first day of the NSNA Annual Convention.](#)** It is best when minutes are sent to NSNA immediately following approval.
4. NSNA must have a current copy of the State association’s bylaws on file. This is collected with the Application for Official Constituency status.
5. Please note that “A constituent association which fails to comply with the bylaws and policies of NSNA shall have its status as a constituent revoked by a 2/3 vote of the Board of Directors, provided that written notice of the proposed revocation has been given at least two months prior to the vote and the constituent association is given an opportunity to be heard.” (Pieces, 2005/2006)

### **Communication Requirements**

1. The state association is a vital link in the communication chain. Each state is responsible for communicating with NSNA, with the schools in the state, and with members.
2. All states should have regular communication with the NSNA Board of Directors and staff. It is essential that NSNA receive up-to-date contact information for all state presidents and members of state board. The NSNA Board members are assigned to state presidents to serve as a point of contact for information and assistance. If you do not hear from an NSNA Board member, please contact NSNA.
3. It is important for state associations to communicate with schools in their respective states. The state association motivates participation by school chapters and the members of the state board are excellent resources for school presidents.

# Leadership University Treasurer Certificate Program

Beginning MidYear Conference 2007, NSNA offers a 5 hour program to prepare you for your role as a treasurer.

The job of an association treasurer is important to the fiscal health of an association. By attending this workshop you'll become familiar with the intricacies of financial reporting, the budgetary process, income statement (Profit & Loss) reporting, bank reconciliation, cash control procedures, and NSNA budgeting. Secretary/Treasurer in conjunction with the NSNA staff is hosting this five (5) hour course that will lead to a "Treasurer Certificate." This certificate will be granted to participants who successfully complete an "open book" exam based on the materials covered. All Treasurers and other interested Board members are encouraged to attend.

=====

## The NSNA Leadership U

The NSNA Leadership U provides opportunities for nursing students to be recognized for the leadership and management skills they develop through participation in NSNA's programs and activities. From the school chapter level to the state and national levels, nursing students learn how to work in cooperative relationships with peers, faculty, students in other disciplines, community service organizations, and the public in a service learning environment. The Leadership U is open to all nursing programs preparing students for RN licensure that are official NSNA constituents and to those schools working toward constituency status.

### The purposes of the NSNA Leadership U are to:

1. Link service-learning activities to professional values development and socialization into the nursing profession;
2. Develop competencies that future leaders and managers need to successfully provide for the health care needs of society;
3. Validate that learning has taken place;
4. Provide formal recognition to NSNA members who demonstrate leadership and management skill development;
5. Assist students to develop a professional portfolio;
6. Create opportunities for mentor-protégé relationships and peer networks to develop and grow.

The virtual NSNA Leadership U Library offers resources to get you started on your nursing leadership journey.

Visit us at <http://nsnaleadershipu.org/>

# The Treasurer's Essential Tools and Documents

## 1. OPERATING BUDGET

An operating budget is a financial plan that covers a specific period of time. (See figure 1.) Usually it covers 12 consecutive months (a fiscal year). A fiscal year is typically from January 1 through December 31, or it may coincide with some other time frame such as your annual elections or academic year.

An operating budget is used as a guideline for allocating the income expected, against the expected expenses to cover operating expenses during the fiscal year. Strict adherence to the budget may not always be possible or appropriate. For example, in some instances you may have to spend more than you have budgeted in order to raise additional income.

Budget formulation should be a collaborative effort between the finance or executive committee using information from the past and projections for the future. There are several ways to draft a budget. One is to ask each board member to submit a budget for their office and have the Board compile the overall budget.

### STEPS FOR DRAFTING AN OPERATING BUDGET:

1. Review budget from prior two year.
2. Review actual income and expenses from prior years.
3. Collect input from all board members regarding the cost of ongoing programs with estimated costs and sources of income if any. Proposed programs should also be considered at this time.
4. List sources of income, such as: advertising, exhibits, fundraisers, dues, donations etc.
5. Plan how this income will be spent: convention, newsletter, meeting expenses, postage etc.
6. Ideally, budgeted income should equal budgeted expenses. Avoid drafting a budget where your expenses are greater than your income: instead, cut expenditures to match expected income.
7. If possible, build into the budget a provision for a reserve fund.

## 2. RESERVE FUND – 50% of Annual Operating Budget

A reserve fund is money/investments and other assets put aside over several years to provide for financial stability and unanticipated expenses in the future. Such reserves should be built up to 50% of your association's annual operating budget. This would ideally permit the organization to operate for 6 months in the event of a crisis.

It should be emphasized that the reserve fund is a planned effort by the Board of Directors, and should have a "reserve" expense line item in the budget. For example, Figure I shows a \$3,000 budget for reserves. This association should ideally build a 50% reserve in their investment bank account (\$9,000) by budgeting for the reserve in their annual operating budget (\$18,000). If they put aside \$3,000 per year, it should take three years to achieve the goal of \$9,000. If revenues over expenses exceeds the amount allocated for the reserve fund, additional funds can be added to reserve fund to build it faster.



Figure 1

SAMPLE BALANCED BUDGET		
ESTIMATED REVENUES:		
Membership Dues		\$3,000
Newsletter	800	1,000
Advertising	200	
Subscriptions		
Convention		8,000
Exhibits	4,000	
Registration	2,000	
Program Book Ads	1,000	
Program Sponsorships	1,000	
Fundraisers		3,500
Interest on Bank/investment acc'ts		1,000
Contributions		1,500
		-----
Total Estimated Income		\$18,000
ESTIMATED EXPENSES:		
Board Meetings (travel, meals, etc.)		\$1,800
Postage		1,870
Printing		1,600
Supplies		800
Newsletter Printing		2,190
Convention		3,800
Exhibits	3,800	
Registration	500	
Program Book Printing	500	
Scholarships		2,400
Fund Raising		440
Bank Charges		100
<b>Reserve Fund</b>		<b>3,000</b>
		-----
Total Estimated Expenses		\$18,000

### 3. FINANCIAL REPORTS

In order to determine if budgetary plan is working, and to produce information that is useful to the Board and your members, it is necessary to produce financial reports.

In accordance with your chapter's policies, you should draft a report that compares your actual income and expenses to your budget. (See Figure 2 for a sample end of year report). The purpose of financial reports is to document how well your association is achieving its financial plan. Many associations use their newsletters and convention reports to publish these periodic financial reports to the membership.

**Figures 2**

ACTUAL REVENUES AND EXPENSES AS OF 12/31/XX		
ACTUAL INCOME:		
Membership Dues		\$4,520
Newsletter		1,140
Advertising	900	
Subscriptions	240	
Convention		7,300
Exhibits	3,300	
Registration	1,500	
Program Book Ads.	1,500	
Program Sponsorships	1,000	
Fundraisers		3,750
Interest on Bank Accounts		950
Contributions		2,250
		-----
Total Estimated Income		\$19,910
ACTUAL EXPENSES:		
Board Travel		\$2,550
Postage		1,620
Printing		3,100
Supplies		500
Newsletter Printing		901
Convention		5,065
Exhibits	4,250	
Registration	415	
Program Book Printing	400	
Scholarships		1,450
Fund Raising		424
Bank Charges		85
Reserve Fund		3,000
		-----
Total Estimated Expenses		\$18,695
		=====
		=
Surplus (Income over Expenses)		\$1,215
		=====
		=

The treasurer must also produce a report on the cash balances of all bank accounts in the association's name. (See Figure 3.) Generate a report at least quarterly, with an annual report at the end of the fiscal year.

**Figure 3**

**SAMPLE QUARTERLY REPORT  
ON CASH BALANCES**

**December 31, 200X**

Operating Checking Account (#04-109-28) .....	\$1,077.53
Money Market Fund (#04-112-23) .....	1,442.71
Scholarship Fund (#04-815-87).....	513.99
Certificate of Deposit Reserves (#10-110-96).....	4,222.16
 Total cash on hand .....	 \$7,256.39

The important thing to remember is that your Board is legally responsible for the fiscal well-being of your association. You must consider your association's future financial liabilities and plan for them.

**4. ACCOUNTING SOFTWARE**

There are several relatively inexpensive accounting software programs that would greatly facilitate financial record keeping and generation of reports. The most popular and easy to use are Quickbooks® and Quicken®. Microsoft Excel®, the popular spreadsheet program, can also be used. You can set up a worksheet in ledger format (see below) to facilitate your bookkeeping and columns can be summed to ensure accuracy and clarity.

A ledger is a document listing a group of accounts. A ledger is used to keep track of all income and expenses of your association by account during the year. For example ' each line item in figure I is an account. You can use standard accounting paper or even a computer program to create a ledger. Figure 4 is a sample ledger.

**Figure 4**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
ASH No. A7407	NURSING STUDENTS ASSOCIATION						EXPENSE LEDGER	
	MONTH	PAID TO	CHECK#	TRAVEL	POSTAGE	PRINTING	NEWSLETTER	
1	SEP	WESTWAY	36265		26.00			
2		ARCO SUPPLY	36266				46.19	
3		KINKO'S	36267			156.12		
4								
5								

Assign headings for your ledger that are self-explanatory, reflecting clearly the name of each line item in the budget. Separately, each officer can keep a ledger for his/her office to track expenses and balances. If you prepare and use your ledger carefully, you will have no difficulty balancing your books and accounting to the Board.

## 5. EXPENSE VOUCHERS

All expenses must be documented. Expense vouchers are used to provide a standard format on which board members can record expenditures that are submitted to the treasurer for reimbursement. Each entry on the expense voucher should be supported by receipts and the receipts attached to the voucher (See Figure 5).

**Figure 5**

### **SAMPLE EXPENSE VOUCHER**

Receipts must be attached to this voucher. Keep a copy of voucher and receipts for your files.

NAME \_\_\_\_\_

STREET \_\_\_\_\_

CITY, STATE, ZIP \_\_\_\_\_

	AMOUNT	PURPOSE
Transportation		
Postage		
Printing		
Telephone		
Supplies		
Other		
Total Expenses \$	_____	
Date Submitted	_____	
Signature	_____	

#### FOR TREASURER'S USE ONLY

Check # \_\_\_\_\_

Date \_\_\_\_\_

Amount \_\_\_\_\_

## SAMPLE EXPENSE GUIDELINES

**NOTE:**

1. Travel expenses must be submitted within two (2) weeks of a trip.
2. Receipts must be attached to voucher.
3. Air travel at the association's expense must be at economy class.
4. Calculate road mileage using Mapquest, Yahoo or similar internet services.
5. Allowable reimbursement for travel mileage is determined by board policy.

### 6. CHECKBOOK

A checkbook is a very important part of the accounting system. Concise and complete information on a check stub provides you with a tool to double-check against the ledger. The following information should be listed on each stub:

1. Date of the check
2. Amount of the check
3. The check number
4. A description of what the check was used for.

<b>36265</b>	
September 1 199X	
TO Westway Promotions	
FROM	
FOR Buttons for	TOTAL \$150 00
Fundraiser	THIS CHECK
Acct #004	OTHER
TAX DEDUCTIBLE	BALANCE

The accurate recording of this information allows your Certified Public Accountant (CPA) to audit your records more easily.

## 7. BANK RECONCILIATION

**ONE OF THE MOST IMPORTANT TASKS AS A TREASURER IS TO RECONCILE BANK STATEMENTS!** This provides you with still another check of the accuracy of your records, not to mention the accuracy of those at the bank which posts your checks. Be sure to make use of the form on the back of your bank statement when reconciling your account. The safekeeping of all canceled checks and bank statements proves to your CPA that you did the arithmetic which makes it possible for him/her to audit your books.

## 8. DEPOSIT RECORDS

Just as your expenses should be properly documented, so should your receipts. You should have detailed records which support your deposits. These records should show source of payment, amount, check number, date deposited, invoice number and any other pertinent information.

## 9. AUDITS

Having an outside CPA look over your financial records annually is very beneficial. It provides an assurance that the financial assets of your association are being handled properly, as well as providing continuity so that succeeding Boards will have good financial records to begin working with.

There are primarily three reports that CPAs can issue based upon their work with your financial statements.

Audit: An audit is performed in accordance with generally accepted auditing standards and is intended to form a basis for the CPA to render an opinion on the presentation and financial position of your association. It is also intended to provide an assurance to the users of your financial statements that they conform to generally accepted accounting principals.

Review: A review consists principally of inquiries, as well as various tests of your financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards. No opinion is given on the financial statements. In some cases a review of your financial records will be sufficient.

Compilation: A compilation is limited to presenting in the form of financial statements, information that represents your association's finances. It is primarily an accounting function.

The type of report that you will need depends upon the association's bylaws and board policies. If the report will be primarily for the Board and your members, then a review should suffice. If you will be dealing with lenders, banks, or major creditors, an audit may be necessary. In addition, if your association records are ever audited by the IRS, it is best to have an annual audit to present to them. Keep in mind that an audit will cost more than a review or compilation.

## 10. INCOME TAX RETURNS

One of the duties of the treasurer is to make sure the proper tax reports are made at the appropriate time. The type of report will vary with your association's annual gross receipts; most association will file IRS form 990, 990EZ, 990N and 990T. All non-profit are required to file federal tax returns. Check with your state and local tax agency to see if state returns must also be filed. The IRS web site [http://www.irs.ustreas.gov/prod/forms\\_pubs/](http://www.irs.ustreas.gov/prod/forms_pubs/) or your CPA can help with your taxes. Remember it's your responsibility to file accurate tax returns on time.

## 11. DONATION RECORDS

If your association has made any charitable contributions, or if you receive donations during the year, be sure to record them accurately. Once again, your CPA will help you with the fine points.

## 12. MEMBERSHIP DUES/RECORDS

A current and accurate record of your membership is essential to substantiate any dues income that you may receive from NSNA. Keep reports sent to you from NSNA of past and current members with your financial records.

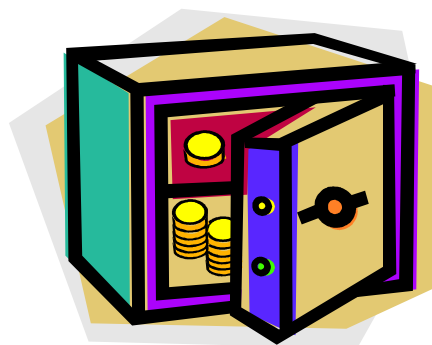
State associations will automatically receive membership printouts from the national office along with dues checks. These printouts list new members who have joined NSNA and those who have renewed their membership. School chapters should contact NSNA to obtain membership listings for their school. Both state and school associations can rent membership lists and labels from the national processing center in Wilmington, Ohio. Please check the most current *Getting the Pieces to Fit*, NSNA's publication that contains a wealth of information, including NSNA's bylaws, policies and procedures.

## 13. INVESTMENT GUIDELINES

Associations with reserve funds need investment guidelines to ensure that the funds are properly invested and that there is continuity in the association's investment philosophy. NSNA recommends that funds be placed no-risk investments (i.e. insured certificates of deposit). If other investment vehicles are considered by the board, an investment advisor must be secured. Many banks offer investment services. A written investment policy includes: mission, purpose, delegation; objectives, time horizon (i.e. long-term); level of risk; liquidity needs; asset mix (breakdown by percentage of investments such as cash and cash equivalents, fixed income securities, and equity securities); and the duties and responsibilities of the investment advisor. It is important to note that the fiduciary role of the board of directors includes responsibility for safely investing the associations funds by using a qualified third party investment advisor.

## 14. OTHER IMPORTANT DOCUMENTS

Be sure to keep files for paid bills, equipment warranties, insurance/bonding policies, contracts, and any other important documents for future reference. Also, keep permanent files for incorporation papers, determination letters from the IRS and other legal documents in a safe place. When copies of important documents are sent to NSNA, they are placed in NSNA's permanent archives and made available to the association upon request. Take advantage of this service by providing your documents to NSNA for safe-keeping.



## FINANCE COMMITTEE MEETING AGENDA

As a treasurer you may be called upon to chair the finance committee or report periodically to your Board. Below is a sample agenda which can be used to organize your finance committee meeting, or as a guideline in reporting to your Board.



### Meeting of the Finance Committee

April 1, 20XX

Chair: (Your name)

#### AGENDA

1. Call to Order
2. Roll Call
3. Approval of minutes from previous finance committee meeting
4. Financial Report
  - A. Review most recent Operating Budget.
  - B. Review most recent bank account balances
  - C. Update on any fundraising issues
5. Approval of following year's Operating Budget
6. Update Financial Policies and Procedures (if needed)
7. Other Business
8. Adjournment

Minutes should always be kept of your finance committee meetings. These minutes should be distributed at your next meeting. In addition, when reporting to your Board, you should attach a copy of the finance report, and finance committee minutes to the Board minutes.

# Financial Reports

It is the fiduciary responsibility of the Board of Directors to receive financial reports at all regular board meetings and that members receive a financial report at the annual meeting of the membership.

## **Financial Reports include:**

- Latest Revenue and Expense statement.
- Bank account balances (checking, savings, CDs, investments).
- Investment report including earnings and dividends or losses.
- Depending on the fiscal year, the treasurer prepares a proposed annual operating budget for Board approval.
- Review of annual auditor's report (reviewed once during the Boards tenure).
- Review of investment guidelines (reviewed once during the Boards tenure; note that investment guidelines may be revised by the Board of Directors).

## **Annual Membership Meeting**

(refer to your chapter's bylaws regarding financial reporting to the membership):

- Annual Auditor's Report
- If an annual auditor's report is not done, the end-of-the-year revenue and expense statement is presented.
- The operating budget approved by the Board of Directors.
- Investment report.

## **Income Tax Filing: Form 990, 990EZ and 990N**

- Annual gross receipts \$50,000 or less may be required to electronically submit 990N also known as the e-postcard.
- Due date is the 15th of the 5th month after the close of your fiscal year. For example, an organization with a fiscal year ended December 31, 2010 will have to file 990N by May 15, 2011.
- Threshold increased from \$25,000 in 2009 to \$50,000 in 2010.
- Tax exempt status will be revoked as of the filing date of the third year of the filing requirement is not met for 3 consecutive years.

# **Incorporation and Tax Exemption**

## **INCORPORATION**

If your state association is not incorporation, the decision on whether to incorporate should be made by weighing the state's own level of activities and potential exposure against the cost of such incorporation. Since corporation laws and costs vary from state to state, it is suggested that any association seeking incorporation contact a local attorney for help. Many states are incorporated. If you are unsure about the incorporation status of your state organization, you can call the IRS not for profit (exempt organization's) toll free number at 1-877-829-5500.

Here are some general points that have been prepared by NSNA's attorneys regarding the advantages of incorporation:

The unincorporated association provides the greatest flexibility with the lowest operating costs. However, the very fact that the association is not incorporated leaves it and its members without the protection of the limited liability inherent in a corporation.

Unincorporated associations and their members can be liable for: a) contracts made by officers or members on behalf of the association, b) negligent or unintentional tortuous acts committed by members in furtherance of association business, and c) debts incurred on behalf of the association.

In addition, unincorporated associations cannot hold or take property in their association's name nor receive such property by devise or bequest (as by will).

On the other hand, an association that is incorporated enjoys all the benefits of being a corporation including liability for contracts, debts, and tortuous acts which is limited solely to the corporation itself and its assets, and not to the individual board members.

The incorporation of a non-profit organization such as a state association is a relatively simple and inexpensive procedure in most states. In addition, the filing fees and other expenses for maintaining such a non-profit corporation are usually substantially less than a for profit corporation. Each state has its own rules, regulations, and filing fees regarding incorporating non-profit corporations, but it is accurate to state that the benefits of such incorporation in most cases will outweigh any cost or inconvenience incurred in so doing, especially when balanced against the potential liability faced by an unincorporated association.

## **TAX EXEMPTION**

NSNA is a 501(c)(6) tax-exempt organization as defined by the Internal Revenue Code. However, the NSNA exemption does not extend to constituent associations. They in turn must file the proper forms with the Internal Revenue Service to secure tax exempt status. Your organization can file for either the 501(c)(6) or the 501(c)(3) (explained below) designation.

## **ADVANTAGES OF BEING TAX-EXEMPT AND NON PROFIT**

NSNA and its constituents are pre-professional membership organizations supported by a nationwide membership. The purpose and functions are stated in both national and state bylaws of the association. Budgets, financial reports, and books of account should substantiate your association's support of the purposes stated in the bylaws. These items will indicate that income from membership dues is allocated to support the programs and activities of your association. The voting body, the Board of Directors, and committees have the responsibility for devising the programs and activities by which the purposes and functions are carried out.

By obtaining the non-profit status that the association is entitled to, the association will be exempt from the payment of federal income tax for those activities which are related to the

exempt purpose of Section 501(c)(6) or 501(c)(3) . You will still be required to pay sales and hotel taxes as a 501(c)(6) non-profit organization.

A status of 501 (c) (3) designates the organization as a charitable organization. An example would be organizations that serve for the advancement of education by providing scholarships. The form the IRS requires to be filled out for this status is the Form 1023 which can be downloaded from the website [www.irs.gov](http://www.irs.gov). If the organization's form and request is accepted by the IRS, the organization can claim benefits of tax exemption under 501(c) (3). **This can provide the your organization's donors a tax credit for donations to your organization based upon the IRS designation of 501 (c) (3) status.**

It is also important to remember that the IRS states in Publication 557, "even though an organization is recognized as tax exempt, it still may be liable for tax on its unrelated business income". An example is an organization that has a 501 (c) (3) status which charges for advertisement space in its official newsletter. In such cases a Form 990 T is required to be filed. The process for this status requires several hours of research of the organizations records as well as a need for exacting detail on the completion of Form 1023.

The status of 501 (c) (6) is the status that most nursing organizations will fall easily under. This status is for Business Leagues and is defined by the IRS Publication 557 as, "primarily supported by membership dues and other income from activities substantially related to its exempt purpose. A business league in general is an association of persons having some common business interest, the purpose of which is to promote that common interest and not to engage in a regular business of a kind ordinarily carried on for profit." This designation does not allow for donors to take a tax credit for donating to your organization but does however shelter your organization from federal income tax unless it has unrelated business income. More importantly, it allows for the organization to work for enactment of laws that advance the interest of the general membership. Please be aware that there are various situations, which must be strictly adhered to maintain this status as well.

## **FORMAL RECOGNITION OF EXEMPTION FROM FEDERAL INCOME TAX**

To obtain formal recognition from the Internal Revenue Service (IRS), it is necessary to:

1. Obtain three copies of Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) or Form 1024, Application for Recognition of Exemption Under Section 501(a) [which includes 501(c)(6)]. These forms, which are in PDF format, can be downloaded from the IRS website at <http://www.irs.gov/formspubs/index.htm>. Download the appropriate Instructions for these forms also (*Instructions for Form 1023*; and *Instructions for Form 1024*). You also have to attach *Form 8718, User Fee for Exempt Organization Determination Letter Request*. This form has the fee schedule for filing and the Address where you have to send the application package. You can speak to an IRS agent by calling the IRS Exempt Organizations Customer Services toll free at 1-877-829-5500.
2. Apply for either exemption under Sec 501(c)(3) (see above for advantages of the Sec 501(c)(3) designation) or Sec 501(c)(6) of the Internal Revenue Code.
3. These forms require that you have an Employer Identification Number (EIN), see section below. This form is also downloadable from the website mentioned in item 1 above. Various documents from the bank now require an EIN. If you have already obtained one, use the same one on your tax forms.
4. Please keep copies of your completed form 1023 or 1024 and related attachments in your organization's permanent records. When you receive the reply from the Internal Revenue Service attach it to the file copy for permanent safekeeping. It may be desirable to have copies of these documents in the files of various other offices and in the possession of your regular accountant. Another safeguard is to indicate on the copies where the original is kept.

5. According to the instruction on Form 1023 and 1024, "every attachment should show the name and address of the organization, the date, and identifiable heading, and that it is an attachment to Form 1024." Spell out the name of your association. Initials and abbreviations are not enough. Be sure that all material is dated.
6. These forms require the following attachments:
  - The current bylaws of the student nurses association will give the required document setting forth your "aims and purposes." Be sure the bylaws are clearly identified with the name of your association, the date of most recent amendment and the date when the association was first established by adoption of bylaws.
  - A financial report prepared, if at all possible, by a certified public accountant is needed. This will include income from dues and any other sources. Few states, if any, need be concerned about the matter of loans or a lease.
  - In addition to the formal purpose stated in the bylaws, you will have to make a brief statement paraphrasing the bylaws, for example: As a constituent of the National Student Nurses' Association, the state student nurses' association is dedicated to aiding in the development of the individual student and to urge students of nursing, as future health professionals, to be aware of and to contribute to improving the health care of all people.
  - Unless you have employed a fund-raising firm, you need not be concerned about "agreements with other parties for conduct of fundraising activity or business enterprise." Simply indicate if, as an association, you have raised money for a scholarship, expenses of delegates to attend conventions, or for some other activity related to the purposes of the association.
  - Paraphrase the functions spelled out in your bylaws. Presumably the programs and activities are designed to contribute to the personal and professional growth of the member and to serve the interest of students preparing to become registered nurses.
  - List major programs and activities of your association.
  - Itemize costs of meetings, publications, travel for officers to attend meetings, workshops, conventions, or to carry out other responsibilities in furtherance of the purposes of the organization.
  - Indicate "NOT APPLICABLE" where appropriate. Quote the qualifications for membership as provided under your bylaws (similar to Article IV in NSNA bylaws).

#### **EXEMPTION NOTICE**

In due course, you should receive a letter or notice from the Internal Revenue Service, indicating that your association is exempt from certain federal income tax. This does not mean that you are automatically exempt from state and local tax. You will also be notified that it will be necessary to file an annual Return of Organization Exempt from Income Tax on Form 990, or before the fifth month following the close of your annual accounting period (fiscal year).

It would be advisable to obtain the services of a certified public accountant, familiar with professional membership organizations, to assist you with the preparation of Form 990. The accountant can examine your books and records to ensure that you have full and accurate information.

#### **EMPLOYER IDENTIFICATION NUMBER (EIN)**

Your association must have an employer identification number (EIN), in order to open a bank account or file tax returns. Even though your association may not technically be an " employer", it will be necessary for you to obtain this number. You can obtain IRS form SS-4 by visiting your local IRS office or by calling the IRS at 1-877-829-5500 or getting the forms online from [www.irs.gov](http://www.irs.gov). You can call this number also if you are not sure if you already have an EIN number.

Once you have completed the form, it will take 4 weeks to receive your EIN by mail, or you can receive one over the phone by calling the IRS TELE-TIN unit for your state. The phone numbers are listed on the reverse side of IRS form SS-4. A sample form SS-4 is reprinted on the next page.



Visit the IRS Website: <http://www.irs.gov>

**ADDITIONAL RESOURCES ONLINE:**

IRS Publications website <http://www.irs.gov/formspubs/index.html>

For Getting the Pieces to Fit, <http://www.nсна.org/Publications/GettingthePiecestoFit.aspx>

NSNA WEBSITE for Treasurer's Guidelines:

[http://www.nсна.org/Portals/0/Skins/NSNA/pdf/pubs\\_guidelines\\_treasurershbк.pdf](http://www.nсна.org/Portals/0/Skins/NSNA/pdf/pubs_guidelines_treasurershbк.pdf)

Board Source <http://www.boardsource.org/>

Please feel free to contact NSNA  
if you have any questions or  
need assistance with your  
role as treasurer.

[nsna@nsna.org](mailto:nsna@nsna.org)

(718) 210-0705

Thank you!