



EMERGENCY NURSES
ASSOCIATION

Treasurer's Manual

State and Chapter Leader Officers Handbook

ENA State Council and Chapter Treasurer's Manual

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Introduction

Congratulations on your position as Treasurer. Thank you for taking on this important leadership role with the Emergency Nurses Association.

The content in this manual serves a resource and reference guide throughout your term as treasurer. This manual will provide a wide range of topics all treasurers should be familiar with to help keep your organization in good financial health.

This manual and the full State and Chapter Officers Handbook can be found online at <http://www.ena.org/membership/get-involved/state-and-chapter-leader-area/officer-orientation>. The ENA website also contains the latest information on the organization at www.ena.org. The manual will be updated on a regular basis to reflect the most current ENA policies, procedures, and strategic vision.

If you have questions or comments about this manual or any of the officer tools and resources, please direct them to:

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1. Responsibilities

As the Treasurer, you are responsible for the operational and administrative control of all funds and material assets of the state council or chapter. Additionally, your role as an officer is to help ensure member satisfaction and state council and chapter success.

The Treasurer should be familiar with basic accounting and management control standards. The Treasurer should also be familiar with the state council or chapter bylaws, procedures, policies, and officer position descriptions as well as the *ENA Bylaws*, *ENA Procedures (Compliance and Operational Procedures)*, *ENA Strategic Plan*, *ENA Public Policy*, and *ENA Policies*.

State Council and Chapter Treasurer Responsibilities

Your responsibilities outlined below are in accordance with ENA Procedures (Compliance and Operational Procedures):

MANAGEMENT

- Maintain accurate financial records
- Provide a mechanism for the transfer of records (general and financial) upon the installation of a new Treasurer
- Plan annual budget proposal and budget narrative in partnership with the President and President-elect
- Maintain banking accounts and disbursement thereof
- Maintain an Employer Identification Number and file this number with the ENA (state councils and separately incorporated chapters only)
- Ensure all signature cards relating to banking and investment accounts are kept current
- Maintain appropriate documents for incorporation
 - » Since procedures vary among states, contact the Secretary of State's Office in your state to be sure your state council or separately incorporated chapter is in compliance
- Complete and file the annual *Form 990, 990EZ, or 990-N* directly with the Internal Revenue Service to maintain and ensure compliance with Not-For-Profit financial status as a 501(c)(3) organization
- Complete and file the annual Form 990-T if applicable with the Internal Revenue Service
- Complete and file the annual state versions of the 990 and 990-T with the appropriate state office
- Submit an annual Financial Report for officer and member review
- Prepare Financial Reports for scheduled state council or separately incorporated chapter meetings
- Perform all duties required of treasurer as outlined in state council or chapter procedures, parliamentary procedures, and common law

FINANCIAL

- Pay bills and prepare periodic reports of such disbursements to the Board of Directors
- Prepare monthly bank reconciliations for review by the President or others per procedures adopted by the Board of Directors
- Prepare monthly or quarterly financial reports on expenditures and income. If necessary, provide an accounting of items not consistent with the approved budget
- Prepare periodic reports on the performance of investments
- Ensure that the bookkeeping and financial records required as a condition of grants received are kept in the manner specified in the grant contract or other guidelines

COMPLIANCE

- Ensure required updates, documents, and/or reports are submitted to ENA National by their designated deadlines (budgets, tax filing receipts, etc.)
- Ensure appropriate annual forms are filed with the IRS and receipt notice is sent to ENA National
- Submit the state council's budget (final/board approved) with budget narrative to ENA National Headquarters by Jan. 31 each year
- Ensure the overall welfare of the state or chapter to remain in good standing with compliance requirements

Outcomes

A Treasurer should provide assistance and plans to accomplish the following:

- Sustain and increase financial health of the organization
- Maintain good standing by meeting all finance-related compliance requirements
- Develop leaders and recruit volunteers and officers to create a strong leadership pipeline for after your term is complete

Qualifications

Treasurers must meet and maintain the following qualifications:

- Current ENA membership
- Current registered nurse licensure
- Active participation at state and/or local level

Term of Office

The Treasurer shall serve for a term of one calendar year, Jan. 1 through Dec. 31, unless otherwise stated in state council or chapter bylaws.

*TIP

Don't be afraid to ask for help! Reach out to past Treasurers to learn from their experience. Past leaders are usually more than happy to share their advice or lessons learned. You should also consider if outside services of a professional accountant may be needed.

2. Planning

Activity Planning

In addition to your financial responsibilities and goals, the *ENA Activity Plan* is designed to provide state and chapter leaders with a month-to-month planning schedule of activities to accomplish. The action items in the activity plan include compliance requirements and recommended activities to keep your state council and chapter strong and successful. The activity plan is a good baseline document for you to add activities and programs to help accomplish your strategic plan goals.

The activity plan will be a guide on what actions need to be taken during the month — deadlines, compliance submissions, etc. — as well as steps to take to plan for future events and activities. There are activities every Treasurer should coordinate with his or her officers.

***TIP**

Ensure you are informed of what your tasks entail. Build in adequate preparation time to meet the deadlines outlined in the Activity Plan.

The complete and up-to-date ENA Activity Plan can be found at <https://www.ena.org/membership/get-involved/state-and-chapter-leader-area/state-admin-and-operations>. Below is a quick reference to the key activities, compliance, and deadline dates related to the Treasurer's role for all state councils and chapters.

JANUARY

- 31 Budget and budget narrative, current bylaws, and policies due to the ENA national office (State councils/separately incorporated chapters only). Submit compliance documents through the *Compliance Submission form*.

FEBRUARY

- 1 ENA Foundation state fundraising challenge campaign begins

MAY

- 15 IRS Form 990 filing deadline for state councils and separately incorporated chapters
31 ENA Foundation state fundraising challenge campaign ends (deadline to contribute donation)

SEPTEMBER

- 15 IRS Extensions, Form 990 filing receipts and/or copies of filings must be submitted to ENA Component Relations to be in compliance. Submit compliance documents through the *Compliance Submission form*.

OCTOBER

- 31 Deadline for state council and chapter officers to be entered into the *State Council/Chapter Management Area*

DECEMBER

- 31 File change of address form with the IRS to ensure IRS correspondence is directed to the incoming (newly elected) treasurer (applies to state councils and separately incorporated chapters only)

Evaluation

Schedule a time to conduct a progress check against your budget on a quarterly basis or at your board meetings at least twice a year. Discuss with your fellow board members where the budget and actuals are not matching up or not on track. Evaluate if goals have been achieved or if any adjustments need to be made to the budget or strategic plan to reflect progress. Discuss with the members who helped implement elements of the plan which strategies were effective and which areas may need more attention or are not worth repeating — include notes on what was successful from a financial perspective (return on investment). If changes are made to the strategic plan, be sure to provide an update to your membership on the changes. History on the changes and development of the strategic plan will also be valuable information to new officers during leadership transition. Include any changes to the budget in the next year's budget narrative and be sure to include the actual expenses and revenue in budget planning as well.

***TIP**

If any changes are made to the strategic plan that affect the budget, be sure to make updates accordingly and note any changes in your budget narrative for future reference.

3. Compliance

Federal and State Filing Requirements (in accordance with ENA Procedures (Compliance and Operational Procedures))

IRS Tax Exemption Status

Every state council/separately incorporated chapter must qualify for an exemption from federal income tax under **Section 501(c)(3)** of the Internal Revenue Code as an organization organized exclusively for educational, scientific, or charitable purposes.

ENA National administers a group exemption process to assist state councils/separately incorporated chapters to achieve 501(c)(3) status without individually going through the IRS application process.

The 501(c)(3) status is for federal income tax exemption purposes only; the state councils/separately incorporated chapters retain their independent status, their own FEIN, and are responsible for meeting all applicable federal, state, and local filing requirements.

Once a state council/separately incorporated chapter has successfully met the requirements to be included in ENA's group exemption, it must continue to qualify as a 501(c)(3) organization and act in accordance with its purposes. ENA National will complete an annual filing to maintain the group tax exemption, which covers the state councils/separately incorporated chapters. The purpose of such ENA filing is to confirm to the IRS that the councils continue to meet the required criteria for their exemption — namely that their purpose and activities are focused on the advancement of emergency nursing through education and public awareness. However, each state council/separately incorporated chapter is responsible for filing its own annual Form 990 with the IRS as discussed below.

The ENA Component Relations department and ENA Finance department will assist state councils/separately incorporated chapters with questions related to the group exemption process.

IRS Filing Responsibilities

Who must file?

- State councils
- Separately incorporated chapters

These two types of organizations must file an annual information return (**Form 990, Form 990-EZ, or Form 990-N**) with the IRS for reporting financial activity.

***TIP**

Chapters not separately incorporated as a 501(c)(3) do not need to file taxes, but should be sure to provide proper documentation to the state council for inclusion in its filing.

Why don't chapters have to file?

As chapters are a part of the state council and are not separate corporations, the state council's return must include the chapter's financial information. It is the responsibility of the state council to establish policies and procedures for the reports chapters must file with the state council. Chapters are responsible for following the prescribed state policies and procedures so chapter financial transactions can be reported accurately and timely by the state council.

Incorporated chapters are not consolidated with state councils and must file their own annual information returns with the IRS.

Do I need to hire a CPA?

The Forms 990 can be complex and difficult to complete. It is strongly recommended that state councils/ separately incorporated chapters engage a knowledgeable CPA firm to prepare the filing. Another advantage of having the Forms 990 professionally prepared is the state council will have the CPA firm to rely on in the event the IRS has questions with regard to the filing.

***TIP**

Enlisting the support of an accounting professional can help keep your finances on track or return your organization to good financial standing if needed.

IRS Filing Requirements

Filing requirements are based on gross receipts. Gross receipts are the total amount the organization received from all sources during the year, without subtracting any costs or expenses.

Gross receipts include:

- ENA assessments
- TNCC/ENPC fees
- Injury prevention revenues/grants
- Fundraising revenues
- Any other revenues (even if some or all of the funds are deposited in separate council/chapter accounts)

***TIP**

Gross receipts should not be confused with net income or profit.

• Form 990-N

- » All state councils/separately incorporated chapters with annual gross receipts of \$50,000 or less must file with the IRS a short form, 990-N. The IRS requires the Form 990-N be filed electronically through the Internet. There is no paper form. It must be filed every year by the fifteenth day of the fifth month (May 15) after the fiscal year ends. For example, for the year ending Dec. 31, 2015, Form 990-N must be electronically filed by May 15, 2016.

• Form 990 or Form 990-EZ

- » All state councils/separately incorporated chapters with gross receipts of more than \$50,000 must file Form 990 or 990-EZ. Consult with your CPA firm as to which form is appropriate for your state council/ chapter. The deadline is the same as for Form 990-N.

- **Form 990-T**

- » All state councils/separately incorporated chapters that have gross income of \$1,000 or more from business unrelated to the organization's exempt purpose must file a 990-T. This is an additional requirement, regardless of what Form 990 the organization files, and is an exception to the rule that non-profit organizations do not pay federal income tax.
- » All non-profit organizations with gross unrelated business income of \$1,000 or more are liable for unrelated business income tax (UBIT). An activity is an unrelated business activity if it meets three requirements: (1) it is a trade or business, (2) it is regularly carried on, and (3) it is not substantially related to the furtherance of the exempt purpose of the organization.
- » One of the common sources of unrelated business income is advertising revenue, such as paid advertising in newsletters and meeting or symposium programs. Certain unrelated business income is specifically exempt from UBIT. In this category is interest, dividends, certain other investment income, and exhibit fees from a trade show. The IRS Code also allows certain related expenses to be deducted from the reported income. If the state council/chapter has unrelated business income, we recommend engaging a CPA firm to prepare the 990-T.

State Filing Requirements

State councils/separately incorporated chapters may have state and local filing requirements in addition to the federal requirements.

RETENTION OF CORPORATE STATUS:

Incorporation is a state function. There is no more important state requirement than ensuring your corporation remains in good standing in its state of incorporation. Having a corporation is what protects state/chapter leaders from personal liability should there be a claim against the state council (or chapter).

In most states, corporations must file an annual report to remain in good standing. In some states the report must be filed annually. Other states may have biennial filing requirements. The filing may be submitted to the Secretary of State, Department of Corporations, or similar entity of your state of incorporation. Your attorney can provide direction for the filing requirements in your state. A filing fee usually is required to be sent with the form. Failure to file the report timely can lead to a loss of good standing status and eventual dissolution of the corporation.

REQUIRED ANNUAL STATE INFORMATION RETURNS:

Many states regulate public charities such as 501(c)(3) nonprofit organizations. The public charities office is not necessarily the same office that has the corporate report filing requirement. For example, in Illinois, the Secretary of State regulates corporations. However, it is the Office of the Illinois Attorney General that regulates charities.

Often the public charities office requires 501(c)(3) organizations to file a state Form 990 or other report, regardless of the organization's size. There may also be an audit requirement for some organizations.

It is recommended that the state council/separately incorporated chapter contact its state government office or review information on their website to determine what requirements apply to your state/chapter. A local law firm is another recommended resource.

- **Determine any local requirements:**

Determine if there are any local licenses or filings that may be required by the city or town in which the state council headquarters, if any, are located.

- **Required sales tax returns:**

If your state/chapter sells items such as sweatshirts, magnets, pins, or other similar merchandise on a regular basis, it may have to charge sales tax and therefore will be subject to state sales tax filing requirements.

- **Sales Tax Exemptions:**

Some states exempt certain non-profit organizations from paying state sales tax on their purchases. Others may exempt non-profit organizations from certain state/local taxes on hotel and food and beverage. A non-profit organization must apply to the state for a determination of eligibility and a state exempt sales tax number.

Form 1099 Requirements

The IRS has rules about the forms an organization must file if they have paid for personal services and other forms of nonemployee compensation. The rules require filing variations of Form 1099. These rules are federal requirements and apply to the state council regardless of its tax-exempt status.

The most common 1099 form is **Form 1099-MISC**. An organization is required to complete this form for all individuals, sole proprietors, and partnerships to which they paid \$600 or more during the calendar year for personal services rendered. The rules require that an organization send a Form 1099-MISC to payees by Jan. 31. The forms must also be filed with the IRS by Feb. 28. It is important to have the payee's correct taxpayer identification number or social security number, name, and address. A **Form W-9** can be used for this purpose. It can be found at www.irs.gov on the left hand side of the IRS home page.

Payments to Course Directors and Instructors

- For state councils, the most common application of the 1099 requirement is to amounts paid to TNCC/ENPC/CATN instructors. It does not matter if the payments are called fees, honoraria, stipends, or something else; they still are subject to 1099 reporting requirements because they are payments for personal services. The amounts are cumulative during the year. For example, if the state council paid an instructor \$200 in January, \$150 in May, and \$250 in September, a Form 1099 is required because a total of \$600 was paid during the calendar year.
- Some states have reported difficulty in getting the payee's correct information. Our suggestion is that states establish a requirement that a Form W-9 must be on file with the Treasurer before a check can be issued to a payee. This is another area for which a CPA firm can be used.

Other Payments and Reimbursements

- Many state councils have asked if payments to members to help defray their transportation, registration, and/or hotel expenses to attend Annual Conferences are subject to 1099 requirements. The answer is yes; they are potentially subject to 1099 requirements if the lump sum payments total \$600 or more within a calendar year and are not based on actual expenses. We recommend that the payments be disbursed as reimbursements based on receipts.
- The following are examples of common reimbursement processes among the states:
 - » The Treasurer or another officer brings the checkbook to the meeting and writes the checks on the spot based on the receipts turned in at the end of the meeting.

- » A lump sum is provided to the member and the state council/chapter informs the recipient(s) that receipts must be turned in to the treasurer immediately upon their return. The receipts must be equal to or greater than the lump sum payment so as not to trigger 1099 requirements.
- » Expenses are paid directly with the state council/chapter credit card so no payments/reimbursements are made to individual members.

Lobbying and Political Activity

As 501(c)(3) organizations, there are IRS rules with regard to lobbying and political activity. The basic rules as applied to 501(c)(3) organizations are summarized below.

Political Activity – no; Lobbying – yes

- Organizations that are 501(c)(3) tax exempt are **not allowed** to conduct any political activity. Potentially, any expenditure for such a purpose can result in the loss of tax-exempt status.
 - » Political activity is an attempt to influence the selection, nomination, election, or appointment of an individual to a federal, state, or local public office or office in a political organization, or the election of a presidential or vice presidential elector.
- Organizations that are 501(c)(3) tax exempt **are allowed** to engage in *lobbying* within limits. There are two types of lobbying. Organizations that are 501(c)(3) exempt may do both.
 - » *Direct lobbying* is an attempt to influence legislation through communication with members or employees of a legislative body or with governmental officials or employees who may participate in formulating legislation.
 - » *Grassroots lobbying* is an attempt to influence legislation by affecting the opinions of the general public or any segment thereof.

Allowable Spending on Lobbying

- The IRS Code states that no “substantial part” of the activities of a 501(c)(3) organization can be devoted to lobbying. This is rather vague, so in 1990 the IRS issued regulations defining the extent to which 501(c)(3) organizations can lobby without jeopardizing their tax-exempt status.
- Under the regulations, state councils may file a 501(h) election with IRS Form 5768, which then defines the “substantiality” standard. The regulations establish spending ceilings on total lobbying expenditures and on the amount of expenses allowable for grassroots lobbying.
- In general, 501(c)(3) organizations with up to \$500,000 in exempt-purpose expenditures may spend up to \$25,000 in grassroots lobbying and a total of no more than 20% of its exempt-purpose expenditures for all lobbying expenditures. A state council’s exempt-purpose expenditures are expenditures incurred to directly promote excellence in emergency nursing and emergency care. Other expenditures, such as investment management fees, unrelated business expenses, and certain fundraising costs, are not considered exempt-purpose expenditures by the IRS.
- A state council that regularly undertakes lobbying activities should file a 501(h) election because it provides certainty of meeting the substantiality standard for lobbying expenses. If you need filing assistance, you should contact your state council’s CPA firm.

FAQs

Can an ENA state council support or oppose a specific bill?

Yes, direct lobbying is allowable when you state your position on specific legislation to legislators or other government employees who participate in the formulation of legislation, or when you urge your members to do so.

Isn't it grassroots lobbying when the state council urges its members to take action in regard to a specific bill?

No, do not confuse mobilizing your membership to contact their elected officials to support or oppose legislation with grassroots lobbying. Only when a 501(c)(3) organization reaches beyond its membership to urge action from the general public is it grassroots lobbying.

Can an ENA state council provide its members with legislators' voting records on key issues?

State councils may tell their members how legislative members voted on key issues. While councils are prohibited from engaging in campaign activities, they may present and disseminate information during political campaigns as long as the practice is performed in the same manner that it would be during non-campaign times.

A problem arises when an organization waits to disseminate voting records until a campaign is underway. If your state council has not published records regularly across the year, it may not, during the campaign, publish a recap of legislative session votes.

Can an ENA state council inform candidates of its positions on key issues and ask for their support?

A state council may inform political candidates of its positions on particular issues and urge them to pledge their support.

Can an ENA state council have an annual breakfast (or similar event) for state legislators?

A state council may have an annual breakfast or similar event for state legislators as long as the state council does not endorse candidates or allow campaign activities during the event.

Is the lobbying by individual ENA state council members or volunteers considered lobbying as relates to the organization?

When there is no expenditure by the state council, there is no lobbying. Additionally, any political or lobbying endeavors that a member may take on are their own personal positions and cannot be represented as the position of the state council.

Charitable Contributions, Silent Auctions, and Raffles

ENA state councils/separately incorporated chapters that are exempt under IRS Code Section 501(c)(3) are eligible to accept tax-deductible, charitable contributions. The following outlines frequently asked questions related to contributions, silent auctions, and raffles.

Is there anything a state council must do to maintain its eligibility to accept tax-deductible, charitable contributions?

- The IRS requires that a state council file the appropriate version of the Form 990 annually to maintain its 501(c)(3) status. In addition, many states regulate public charities such as 501(c)(3) organizations. Often states require such organizations to file a state Form 990 or similar report. There may be an audit requirement as well for larger organizations.
- As a 501(c)(3), you should determine what requirements may apply to your state council.

What is the allowable charitable deduction for silent auction items?

- **Donor**

The rule is that the donor is responsible for determining the value of the silent auction item for purposes of federal tax treatment of the contribution.

- **Successful Bidder**

The rule is that if a successful bidder pays more than fair market value for merchandise, goods, or services, the amount paid that is more than the value of the item can be a charitable contribution if the bidder paid with the intent to make a charitable contribution.

- *Example:*

Mr. Donor contributes a condominium stay for two for a week that he valued at \$850 to the ENA State Council for its silent auction. Ms. Bidder, the successful bidder, pays \$500.

Question 1:

Which amount should the state council tell Mr. Donor he can deduct — the \$850 at which he valued the stay or the \$500 it earned for the state council?

Answer: Mr. Donor is responsible for determining what he can deduct, if anything. The state council should not advise him to what extent the contribution is deductible. The rules regarding the determination of the proper amount to deduct for contributions of property are complex and their interpretation is the responsibility of the donor.

- The state council should include the following in their acknowledgement letter to Mr. Donor:
 - » A description (but not the value) of the noncash property contributed to the state council by the donor; and
 - » A statement that the state council did not provide any goods or services in consideration for any of the property contributed to the state council.
- (If the state council did provide goods or services to the donor, the council must provide a description and good-faith estimate of the value of those goods and services.)

Question 2:

Which amount should the state council tell Ms. Bidder she can deduct?

Answer: Ms. Bidder did not pay more than the fair rental value. Therefore, she has not made a deductible charitable contribution. If she had paid more than the \$850, the amount contributed in excess of the \$850 is generally deductible as a charitable contribution.

- In all cases where the successful bidder paid more than \$75, the state council must inform the bidder that only the amount in excess of the value of the goods or services provided by the organization is deductible as a charitable contribution. The state council must also include its good-faith estimate of the value of the goods or services provided to the bidder.

What is the allowable charitable deduction for the purchase of a raffle ticket?

The IRS has consistently enforced the rule that the amount paid for the chance to win a prize is equal to the market value of the chance of winning. As a result, there is no charitable contribution deduction allowed for purchase of a raffle ticket.

Does the state council need a license to conduct a silent auction or a raffle?

Generally, silent auctions are not licensed. However, states and many municipalities have licensing regulations for the conduct of raffles. They often have rules relating to the maximum price per ticket, record keeping, age of buyers and sellers, size and nature of the prize, etc. Some states require licenses only when tickets are sold to the public, but raffles conducted for members only are exempt. Some states allow a maximum number of public raffles each year without a license.

If your state council regularly has raffles, you should know whether the raffles are in compliance with your state's regulations. Refer to your state's department of revenue or gaming commission.

Can the state council solicit for charitable contributions?

As a 501(c)(3) organization, state councils may solicit charitable donations that are meant to help achieve their mission. However, the organization must not only be in good standing with the IRS to do so, but there is also most likely a registration requirement with the appropriate state agency before solicitations can be made. Please check with the appropriate state agency to determine the registration process.

4. Budget and Finance

Annual Budget

State council and separately incorporated chapter treasurers are responsible for submitting the state council's board-approved budget and budget narrative to ENA Component Relations by Jan. 31 each year. As the parent organization, it is important that ENA National ensures state councils/separately incorporated chapters are financially viable and healthy organizations.

Key reasons why budgets are required:

- Ensures organizations are in good financial standing and maintain compliance with IRS regulations
- ENA provides insurance coverage to the state councils; therefore the insurance provider requires budget information of all the entities covered in the policy

To assist the state councils and chapters in the development of budgets, ENA has developed a recommended *budget template and budget narrative template*. The budget template is a tool for ENA state councils and chapters to produce a detailed, yet concise, financial budget.

*TIP

*Access the September 2015 State and Chapter Leaders webinar, **A Guide to Successful State and Chapter Financial Management**, for more tips on budgeting and how to use the budget templates available on the ENA Brand Center.*

Budget Guidelines

- State councils and chapters are encouraged to use the budget and narrative template provided in the *ENA Brand Center*
- State councils that choose not to use the ENA-provided template must include the same information in their budget submissions:
 - » Upcoming year approved budget
 - » Current year actual or projected year end
 - » Current year budget
 - » Prior year actual
- Provide notes or comments for items on which the reader may need more explanation
- If you have an event, list in detail all revenues and expenses associated with the event (do not just insert a net gain in revenues for the event or a net loss in expenses for the event)
- For all reserves listed, provide the date on which they were being reported
- Suggested goal for reserves is 50% of operating expenses. (For example, if your budget expenses are \$75,000, it is recommended you have reserves of at least \$37,500.)

- A budget with a deficit should:
 - » Have sufficient reserves to cover the shortfall
 - » Have a reasonable explanation for the shortfall (include in budget narrative)
 - » Does the explanation answer one of the two following questions:
 1. Do reserves significantly exceed 50% of the operating budget?
 2. Is the budget deficit being incurred due to infrastructure improvements that will increase revenues going forward?
- Have a plan to have future budget(s) replace what is being removed from reserves (assuming reserves will drop below threshold)
 - » Typically not exceed 5-10% of the operating revenues (i.e., budgeted revenues of \$45,000, deficit should not exceed \$4,500)
- A budget narrative is suggested to be completed and submitted along with final budget to ENA Component Relations that explains:
 - » Major initiatives for the budget
 - » Assumptions for the budget. (Expected or presumed income and expenses. Making reasonable assumptions when creating a budget for the first time gives you starting numbers to work with for planning purposes.)
 - » Significant variances in line items from prior year
 - » Explanation of budget deficit (if applicable)

***TIP**

Deficit budgets should be avoided. Examples of an explanation of a deficit budget may include note of a capital investment or a one-time investment in a new technology, such as website redesign, that will support the activity of the group but not be a reoccurring expense.

Investments and Reserves Policies

Some state councils/chapters have small treasuries and do not have surplus funds to invest. However, a number of state councils/chapters do have investment accounts. Generally, funds available for investment fall into two categories:

- **Short-term** — These are funds that are not needed for operations immediately, but may be needed within this year or the next 12–36 months. Appropriate vehicles for investing short-term funds may be money market funds, certificates of deposit (CDs), and/or U.S. Treasuries.
- **Long-term** — These are funds that will not be needed for operations for at least the next three years. Appropriate vehicles for investing long-term funds may be a combination of money market funds, CDs, U.S. Treasuries, equities (generally stocks), and fixed-income securities (generally bonds).

Investment Policy

A common question is how do state leaders protect themselves from criticism if the investments they choose do not do well? Does it mean they have failed to carry out their fiduciary duty and/or can they be accused of negligence?

The first consideration is did the state council have an investment policy and did the state leaders follow that policy? If they did, it would be very difficult to argue that they failed to fulfill their fiduciary duty with respect to investments. Therefore ENA National recommends that every state council with investment accounts adopt an investment policy.

Regardless of the format of your investment policy, it should:

Define and assign the responsibilities of all involved parties

- An investment policy should assign specific responsibilities. For example, a policy should assign to the board, treasurer and/or finance/investment committee the following charges:
 - » Determine the state council's risk tolerance and investment horizon
 - » Establish reasonable and consistent investment objectives, policies, and guidelines
 - » Select qualified investment manager(s)
 - » Regularly evaluate the performance of the investment manager(s)
 - » Develop and enact proper control procedures

Establish investment policies, objectives, and allowable investments

- An investment policy should establish parameters, for example, relative to preservation of capital, level of acceptable risk, and the importance of adherence to investment discipline. Investment objectives should also be stated as to allowable and prohibited investments.

Establish a basis for evaluating investment results and a relevant investment horizon

- Performance reports should be compiled at least quarterly and communicated to the board, or as delegated, to the treasurer and/or the board's finance/investment committee. The investment performance of the accounts, as well as asset class components, should be measured against commonly accepted performance benchmarks. For long-term investments, the board should evaluate the accounts over at least a three-year period.

Reserves Policy

Long-term investments are sometimes referred to as reserves. As the state council or chapter builds up its reserves, it is advisable that uses for the reserves be a matter of board policy. In extreme cases, excessive reserves could draw the attention of the IRS. However, higher levels of reserves are acceptable as long as the organization is fulfilling its tax exempt purpose and has set out valid purposes for the funds.

***TIP**

A reserves policy identifying the purposes of reserves and appropriate levels provides another measure of performance and can serve as a guide in the annual budgeting process.

An important objective of a reserves policy is to outline at what level reserves need to be maintained so as to sustain basic operations and core member services for the organization for a minimum of six months in the event there is a decline in a major revenue source.

Per Diem and Other Payments

TRAVEL EXPENSE REIMBURSEMENTS/PER DIEM

Travel expense reimbursements and per diems are two terms that cover travel expenses in different manners.

- **Per diem**

- » The allowance for daily expenses paid to travelers on official business. Generally the IRS views per diem payments as taxable income unless the payments are limited to IRS rates established for each city/region in the U.S. (which usually are very low).

- **Travel expense reimbursement**

- » A program that can be more lenient in terms of the level of allowable expenses for reimbursement, but there is a greater burden on record-keeping and a need to create policies.
- » ENA National uses a travel expense reimbursement plan in which reimbursable expenses are defined by policy. ENA National's travel expense reimbursement policy includes all meals, lodging, and transportation costs while traveling on ENA business. Since the policy clearly establishes reasonable parameters for expense reimbursement, it is considered an Accountable Plan by the IRS. Reimbursements under an Accountable Plan are not seen as taxable income to the recipient.

OTHER PAYMENTS

The terms "per diem" and "other payments" such as stipends paid to TNCC/ENPC instructors or to members to facilitate their attendance at State and Chapter Leadership Orientation or Annual Conference are often used interchangeably. However, these kinds of payments are not included in the term "per diem" and are not included in an Accountable Plan. See the *Form 1099 Requirements section* of the Treasurer's Manual for more information.

Bank Signatory Cards and Direct Deposit

BANK SIGNATORY CARDS

One of the first tasks of the Treasurer upon taking office is to obtain and complete new bank signature cards and to return them to the bank promptly (in accordance with ENA Procedures (Compliance and Operational Procedures)).

It is required that there be at least three authorized signers to assure three people have the ability to access the account should one or more persons leave their ENA position before transitioning their signature.

In the event chapters maintain bank accounts separate from the state council (which is NOT recommended), it is required that the third signature be that of the state council Treasurer. However, in cases where a chapter is incorporated separately from the state council, it is not required to have the state council Treasurer as a signer on the chapter's bank account(s).

*TIP

It is important that the state council maintain financial oversight of its chapters. Chapters are not recommended to have a separate bank account because budgets and IRS filings are completed at the state level.

CHAPTER BANK ACCOUNTS

While not recommended, chapters may have separate bank accounts as long as the account uses the state's FEIN and the financial activity in the accounts is included for financial reporting and when completing the appropriate Form 990. The state council treasurer should be one of the signers on the chapter account. Transactions for chapters not independent of the state should be included in the state council's financial reports.

DIRECT DEPOSIT

Direct deposit must be established to receive membership and course assessments. Among the advantages are more timely access to the funds and the elimination of problems associated with lost checks.

If you wish to change the bank into which state or chapter assessments are deposited, or if you wish to add a chapter to ENA's direct deposit program, please complete the direct deposit form located on the ENA website: <https://www.ena.org/membership/get-involved/state-and-chapter-leader-area/state-admin-and-operations>.

State and Chapter Assessments

ENA calculates membership and course assessments quarterly. Generally, payments are made within 30 days of the end of the quarter. Assessments are paid to state councils and chapters via direct deposit. Hard copies of the payment along with detailed backup information are mailed to the state and chapter President and Treasurer.

COURSE ASSESSMENTS

ENA pays assessments on indirect fees collected for domestic TNCC/ENPC provider and provider reverification courses. Assessments are not paid on military or international courses, which are governed by separate contractual provisions. A course is included in an assessment when ENA verifies that:

- **The course code is properly assigned**
 - » Courses are credited to the state in which they are held, which is not necessarily the home state of the course director.
- **The course has been held and all paperwork is complete**
 - » A course is not included in an assessment until it has been concluded and the actual number of participants is confirmed. This is the case even though all charges for manuals, indirect fees, and special handling, if any, have been paid.
- **The course financial record shows no outstanding balances or credits**
 - » A course is not included in an assessment until all financial transactions are complete, including the disposition of any credits. If a course has a credit balance, the course director is notified and given the opportunity to apply it to another course and/or to get a refund. Once the director's choice has been processed, the financial record is zeroed out.

The course assessment paid to state councils is \$20 per participant for courses paid prior to the 2015 indirect fee increase, and \$25 per participant for courses paid at the new indirect fee rate.

MEMBERSHIP ASSESSMENTS

ENA pays assessments on membership dues collected. The current national assessment paid to state councils for a one-year membership is \$10. An additional amount of \$5 is paid to chapters if they exist and are identified with the member's record. In the event a state has no chapters or no chapter has been assigned to the member, the \$5 chapter fund goes to the state.

Several states have added an additional state dues surcharge for members within their states. In that case, they are paid the entire amount of the state dues surcharge as well.

*TIP

Remember to include course and member assessments as revenue line items in your annual budget.

5. Insurance Coverage

ENA purchases two insurance coverage policies on behalf of the state councils:

1. Directors & Officers Liability Policy (“D&O”)

D&O Liability covers the councils’ officers and boards of directors against liability claims related to their governance of the councils. D&O protects the organization from claims made against the directors/officers for a wrongful act, which can be an error, misstatement, misleading statement, act or omission, neglect, or breach of duty. This policy basically covers directors/officers who are acting in accordance with policies and procedures of the state council.

2. Business Owners Policy (“BOPS”)

BOPS includes several types of coverage, with the most important being General Liability and Property.

- The general liability coverage insures the councils against claims for personal injury; for example, should an attendee at a council meeting or conference fall and be injured, this coverage would apply.
- The property coverage insures against loss or damage to council property. There is also crime coverage, which protects the council’s cash and bank accounts. Some insurance companies refer to this type of policy as a “package” policy, because it insures many different types of risk within one package.

ENA developed an insurance program for state councils. This means that every state council has Directors and Officers (D&O) coverage. Every state, except for Alaska, Hawaii, and Louisiana, also has General Liability and Fidelity Bond (GL) coverage.

National ENA administers the program for you. You may access the annual policies and summaries of coverage on the ENA website: <https://www.ena.org/membership/get-involved/state-and-chapter-leader-area/state-admin-and-operations>.

What is D&O?

D&O protects the organization from a claim made against the directors/officers for a wrongful act, which can be an error, misstatement, misleading statement, act or omission, neglect, or breach of duty. This policy basically covers directors/officers who are acting in accordance with policies and procedures of the state council.

What is GL?

GL protects the organization from a claim related to bodily injury or property damage. The fidelity portion protects money and securities from mismanagement, fraud, forgery, theft, or disappearance.

Does each state council have an individual policy?

For D&O, there is one master policy which includes all 50 state councils. The coverage is provided by the Philadelphia Insurance Co.

For GL, there are 47 separate policies (Alaska, Hawaii, and Louisiana will have different arrangements). However, the individual policies will be included in one master invoice administered by National ENA. The coverage is provided by the Hartford Insurance Co.

What is the level of coverage provided?

For D&O:

- Combined liability limit – \$1,000,000 with a \$5,000 deductible per claim
- Sublimit for antitrust – \$150,000
- The limit of liability available to pay judgments or settlements will be reduced by amounts incurred for legal defense. Amounts incurred for legal defense will be applied against the deductible.

For GL:

- Liability limit – \$2,000,000 per state with no deductible
- Fidelity limit – \$25,000
- Business personal property (examples are laptops, banners, booths) – \$10,000

Is state council participation required? Are chapters included?

State council participation is required. ENA National was able to secure underwriting for the program based on all-inclusive participation.

Chapters independent of the state council in any way are not included in the plan at this time.

***TIP**

Reviewing the insurance coverage for your organization should be a part of officer onboarding and transition.

6. Tools and Resources

Many tools and resources are mentioned throughout the Treasurer's Manual and included in the appendix. A few specific items are outlined below that will be very helpful to you as Treasurer.

STATE SPECIFIC MATERIALS

- State or chapter bylaws
- State or chapter strategic plan
- State or chapter policies and procedures
- Officer job description (ensure all responsibilities are being met)
- Goals and objectives from the last year
- Status reports for ongoing projects
- Annual budget, including previous year(s) and actuals
- Financial records
- Bank account access
- Bank signature cards and update authorized signers
- Change of address form with the IRS to ensure IRS correspondence is directed to the incoming treasurer (includes state councils and separately incorporated chapters only)
- State Employer Identification number (EIN) letter (state councils and separately incorporated chapters only)
- Articles of Incorporation
- IRS documents to ensure proper filing
- Filings for state taxes if applicable
- State/chapter meeting dates
- Previous meeting minutes, officer reports, and annual reports

ENA NATIONAL MATERIALS

- State Council and Chapter **Activity Plan** that indicates month-to-month activities and critical dates
- State Council and Chapter section of the ENA website at <https://www.ena.org/membership/statecouncils/Pages/Default.aspx>.
- **State and Chapter Leaders Online Community** The State and Chapter Online Community within ENA CONNECT is a private online community exclusively for all state council and chapter leaders. This provides an easy way to have discussions and share best practices with your fellow leaders from around the country as well as share files, view details for upcoming conference calls, learn about key updates, and much more.
- **State Council/Chapter Management Area**
- **State and Chapter Leader Webinars** (see Activity Plan for dates)
- **ENA Brand Center**
- **Compliance Documentation Submission**

KEY CONTACTS

- ENA Component Relations, componentrelations@ena.org, 847.460.2627
- **Board Liaison**
- **Fellow state council and chapter officers**

ADDITIONAL REFERENCE MATERIALS

- IRS website for 501(c)(3) organizations: www.stayexempt.irs.gov
- Robert's Rules of Order Newly Revised (most current edition)
- The Art of Membership: How to Attract, Retain, and Cement Member Loyalty by Sheri Jacobs
- A Great Meeting Needs A Great Treasurer by A Great Meeting, Inc.
- A Great Meeting Needs a Great Member by A Great Meeting, Inc.

7. Appendix

The following materials are referenced throughout the document and serve as an appendix to the ENA Treasurer's Manual.

- **ENA Bylaws**
- **ENA Procedures (Compliance and Operational Procedures)**
- **ENA Policies**
- **ENA Strategic Plan**