



American Nuclear Society
Local Sections Committee

Local Section Treasurer's Manual

Provided by the Local Sections Committee
Revised July 2018

Foreword

The Local Section Treasurer's Manual is one of four manuals in the Local Sections Management Guidebook that is designed to provide requirements, reference information, and other necessary guidance for the formation and operation of local sections of the American Nuclear Society. The Guidebook is provided in a format so that the local section can easily separate materials of interest to various section chairs for distribution within the section. The Guidebook consists of the following:

- Local Section Chair's Manual
- Local Section Treasurer's Manual
- Local Section Membership Manual
- Topical Meeting Manual

The Local Section Treasurer's Manual has consolidated the detailed "how to" information formerly in the Local Sections Manual related specifically to the responsibilities of the Section Treasurer. This information includes, but is not limited to Federal Tax information related to organizations such as Local Sections of Professional Societies.

Changes to the Manual can be requested through the ANS national local sections staff liaison or through the Local Sections Committee.

Table of Contents

FOREWORD	1
1.0 FINANCES	3
1.1 OPENING A BANK ACCOUNT	3
1.2 DIRECT DEPOSIT	3
1.3 BUDGETING	3
1.3.1 SHORT-TERM BUDGETING	3
1.3.2 PERFORMING A REVENUE PROJECTION	4
1.3.3 LONG-TERM BUDGETING	4
1.3.4 FINANCIAL RESERVE POLICY	6
1.4 CORPORATE SPONSORSHIP	6
1.5 OBTAINING A FEDERAL TAX ID NUMBER	7
1.5.1 SAMPLE SS-4 FORM COMPLETED FOR AN ANS SECTION	7
2.0 FINANCIAL MATTERS CONTROLLED BY THE EXECUTIVE COMMITTEE	9
3.0 FEDERAL INCOME TAX GUIDELINES	9
3.1 EXEMPTION FROM FEDERAL INCOME TAX	11
3.2 CATEGORIES OF FEDERAL INCOME TAX EXEMPTIONS - 501(C)3 OR 501(C)6 ..	11
3.3 CURRENT IRS RULINGS AND PROCEDURES	11
3.4 FORMS TO FILE	12
4.0 STATE INCOME TAX LIABILITIES	13
5.0 AUDITS	14
5.1 ANS SECTION AUDIT CHECKLIST	14
5.1.1 FINANCIAL REVIEW	15
5.1.2 VERIFY THE FOLLOWING:	15
5.1.3 IDENTIFY THE FOLLOWING:	15
5.1.4 COMPLIANCE REVIEW	15
5.1.5 OPERATIONAL REVIEW	16

1.0 FINANCES

Adequate operating funds are essential in order to sponsor various member activities and programs. To achieve this, a section needs to have a working budget of all necessary expenses, balanced against the revenue earned through local dues and fundraising. You may find that additional funds are needed to support activities, events and travel to ANS national meetings.

1.1 Opening a Bank Account

If your section does not have its own checking account or an account through ANS, it is recommended that you open one. There are many expenses, such as membership dues, event costs and office supplies that will require the section to have access to funds. When opening an account, you will have to complete the necessary paperwork. You may need to fill out a form that states that the section is a nonprofit organization, identifies the current officers and indicates who will be authorized to sign on the account. It is recommended that two signatures be required for a checking account. The signatures could be those of the treasurer and chair.

To avoid scammers, your section should establish a check writing policy to ensure the safety of your funds. It is recommended to include the following in your policy:

- The purpose of the checking account (management of the section's ongoing financial operations)
- Location of the checkbook (should be locked when not in use)
- Identity of the signators.
- Number of signatures required.(two signatures are required on all checks or over a certain amount)
- Processing of checks (do you require a check request for non-budgeted expenses)
- How are non-budgeted expenses approved?

Section treasurers may wish to utilize the [Financial Tracking template](#) provided by the Local Sections Committee. The spreadsheet is straightforward and can be modified for individual section needs.

1.2 Direct Deposit

ANS offers sections the option to sign up for direct deposit for their local dues and award/grant checks from the HQ. This option provides convenience and immediate access to the funds. It reduces paperwork and administration for HQ.

In order to participate, section must have an established bank account that doesn't change annually with the change of leadership. The account needs to be in the section's name, not an individual's name. Interested sections must complete and **ANS Electronic Payment Request form** and return it to accountspayable@ans.org or faxed to 708-579-8314. Contact governance@ans.org for the form.

1.3 Budgeting

1.3.1 Short-Term Budgeting

If your section has never organized its finances, the following section offers guidelines for calculating expenses and revenue and will provide a few short-term strategies.

Calculating Annual Expenses

The first step to calculating annual expenses is to estimate the costs for your section's planned activities, newsletters, supplies, etc. This can be accomplished in a simple spreadsheet. Here is an example:

Activity Costs	Costs	Details
Annual Kick-off BBQ	\$200	Food and Beverage
	\$40	Plates, utensils
	\$100	Location rental fee
	\$150	Games and prizes
Total:	\$490	

In this example, the total cost of the BBQ party is \$490. Break down the estimated costs for each activity throughout the year and then summarize the costs. The total will be the expenses for your section's annual budget.

1.3.2 Performing a Revenue Projection

Your next task is to determine if there is adequate funding to cover planned expenses. The revenue portion of your section's budget will be a combination of your section's current bank account balance, local dues (if applicable) and the funds you will receive from fundraising. Here is a simple formula for calculating revenue to determine your one-year fundraising goal. In this example, the section's total activity cost is \$1,000.

Fundraising Goal:	Revenue Calculation:	
\$1,000 (expenses)	Current Funds in Account	\$200
- 700 (current funds)	Expected local dues revenue	\$500
\$300 (fundraising goal)		\$700

In this example, the section needs to raise \$300 to cover planned expenses.

1.3.3 Long-term budgeting

If your section can meet annual expenses, you may be ready for advanced budgeting and planning. In addition to covering only specific, short-term expenses, you may want to set a fundraising goal that allows for a financial cushion. These funds can be invested in an interest-bearing account.

Another consideration is the section's growth. If you want to have more activities or increase the number of section leaders who attend ANS national meetings, you need to plan for these expenses and identify new sources of funding. Budgets should be formulated after annual section goals are established so that section finances are in line with section goals.

Sample 12-Month Budget

Revenue

50/50 raffle tickets	200.00
Dues Local - 200 projected members @\$10	2,000.00
Dues National - 200 projected member @\$170	34,000.00
Topical Meeting Host	5,000.00
Golf tournament	4,500.00
Dinner sponsor	1,400.00
Lunch & Learn sponsors	1,000.00
Section apparel sales	3,000.00
Meeting ticket sales	4,360.00
	<hr/>
	55,460.00

Expenses

ANS National Meeting -officer travel	3,000.00
National Dues Payment to American Nuclear Society	34,000.00
Golf Tournament / Picnic	4,150.00
Dinner Meetings - Fall & Spring	1,300.00
Lunch & Learns	750.00
Miscellaneous	600.00
Outreach	500.00
Membership Recruitment Award	100.00
Student Scholarships	1,000.00
	<hr/>
	45,400.00

Net Profit/(Loss)	<hr/> <hr/>
	10,060.00

1.3.4 Financial Reserve Policy

Reserve funds are a great safeguard for local sections against economic downturns, sudden market shifts, catastrophes and other unforeseen events. The Local Section Committee recommends that each local section develop a financial reserve policy that details approved uses of their excess funds. Issues that should be considered include liquidity needs; how surplus funds should be invested; and ways of using the excess funds to reinvest in the section, members and the Society. The following guidelines were developed to help all sections stay economically viable.

Suggested Reserve Policy

Sections should strive to maintain 50-100% (6-12 months) of annual gross revenues, taking into consideration the ability to rebuild reserve funds if reduced or depleted. Once the reserve plateau has been reached (approximately 75% of the established target amount), it is recommended that funds be used on activities that benefit the section and the Society. ANS can invest this reserve and hold it in a restricted fund for the section, or sections can choose to invest as they seem fit (CDs, MMAs, Ameritrade, etc.)

Suggested Activities to Utilize Excess Reserves

The following suggestions are meant to serve as a reference point and are not intended to limit or hinder section activities and services. Other suggestions are welcome and can be directed to the Society at governance@ans.org.

- A. Fund ANS meeting registration for two or more section members or provide some level of a subsidy (travel grant).
- B. Fund attendance at the Local Section Committee Workshop or provide some level of a subsidy (travel grant).
- C. Develop new member or Sr. member recognition programs, i.e. congratulatory gift from the section (10, 25, 50+ years or membership), discounted membership.
- D. Provide “free” or reduced rates for section members to attend section programs or social events.
- E. Establish a scholarship program to help students pursuing NE degree programs or section members pursuing PE licensing.
- F. Support the ANS Scholarship Program, NEED, Center for Nuclear Science and Technology Information, Student Program, or Congressional Fellowship Program.

1.4 Corporate Sponsorship

Most large companies and manufacturing firms set aside portions of their marketing budgets for promotional giveaways, contributions to educational causes and event support. Your section can use this opportunity to obtain items for raffles and auctions, receive donations for events, obtain grants to cover program and event costs and gain income from exhibit space fees. In return, participating companies receive name recognition, establish product loyalty and make contacts with prospective customers.

Here are a few ideas for identifying potential sponsors:

- Gather contacts at the expo held at ANS’s Winter Meeting.
- Contact ANS Organizational Members in your area and request funding to send members to ANS national and topical meetings.
- Review your membership list and solicit the organizations of members in your area.

The next step is to set a sponsorship goal and determine the number of organizations you will solicit for funding. Then, formulate a solicitation letter. Here are some points to cover:

- Introduce yourself and the organization.
- State your purpose for requesting funds/products/services.
- Ask for a specific amount or product and indicate that you are flexible about what you will accept.
- Offer to thank them publicly, such as displaying the company name in the program, on a banner or including the company logo on a T-shirt.
- Indicate when you will contact them to discuss the proposal.
- Thank them for taking the time to consider your request.

1.5 Obtaining a Federal Tax ID Number

To open a checking account, you will be required to supply a Federal Tax ID Number or Employer Identification Number (EIN). Many vendors will require your EIN on a W-9 form. Go to <https://irs-ss4-form.com/> to fill out an online SS-4 application to obtain a tax ID number. You will be given the EIN immediately. You can either receive your confirmation via mail or print it directly from the website. Be sure to keep a copy of this document for your section's records and send one to ANS HQ for file.

1.5.1 Sample SS-4 form completed for an ANS section

Application for Employer Identification Number

OMB No. 1545-0003

Department of the Treasury
Internal Revenue Service

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

EIN

▶ See separate instructions for each line. ▶ Keep a copy for your records.

Type or print clearly.	1 Legal name of entity (or individual) for whom the EIN is being requested ANS Name of Section		
	2 Trade name of business (if different from name on line 1)	3 Executor, administrator, trustee, "care of" name	
	4a Mailing address (room, apt., suite no. and street, or P.O. box) 123 Johnson Street	5a Street address (if different) (Do not enter a P.O. box.)	
	4b City, state, and ZIP code (if foreign, see instructions) Any Town, Illinois 00000	5b City, state, and ZIP code (if foreign, see instructions)	
	6 County and state where principal business is located		
	7a Name of responsible party Chapter Representative	7b SSN, ITIN, or EIN XXX-XX-XXXX	
8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8b If 8a is "Yes," enter the number of LLC members ▶	
8c If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No			
9a Type of entity (check only one box). Caution. If 8a is "Yes," see the instructions for the correct box to check.			
<input type="checkbox"/> Sole proprietor (SSN) _____ <input type="checkbox"/> Estate (SSN of decedent) _____ <input type="checkbox"/> Partnership <input type="checkbox"/> Plan administrator (TIN) _____ <input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____ <input type="checkbox"/> Trust (TIN of grantor) _____ <input type="checkbox"/> Personal service corporation <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Church or church-controlled organization <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input checked="" type="checkbox"/> Other nonprofit organization (specify) ▶ Trade Association <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises <input type="checkbox"/> Other (specify) ▶ _____ <input type="checkbox"/> Group Exemption Number (GEN) if any ▶ _____			
9b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country	
10 Reason for applying (check only one box)			
<input type="checkbox"/> Started new business (specify type) ▶ _____ <input type="checkbox"/> Banking purpose (specify purpose) ▶ _____ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Changed type of organization (specify new type) ▶ _____ <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Purchased going business <input checked="" type="checkbox"/> Other (specify) ▶ Trade Association <input type="checkbox"/> Created a trust (specify type) ▶ _____ <input type="checkbox"/> Created a pension plan (specify type) ▶ _____			
11 Date business started or acquired (month, day, year). See instructions.	12 Closing month of accounting year		
13 Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.	14 If you expect your employment tax liability to be \$1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>		
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; text-align:center;">Agricultural</td> <td style="width:33%; text-align:center;">Household</td> <td style="width:33%; text-align:center;">Other</td> </tr> </table>			Agricultural
Agricultural	Household	Other	
15 First date wages or annuities were paid (month, day, year). Note. If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶			
16 Check one box that best describes the principal activity of your business.			
<input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Health care & social assistance <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input checked="" type="checkbox"/> Other (specify) _____ <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail			
17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.			
18 Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," write previous EIN here ▶			
Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.		
	Designee's name	Designee's telephone number (include area code)	
Address and ZIP code	Designee's fax number (include area code)		
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code)	
Name and title (type or print clearly) ▶ XXXXXXXX, Chapter Representative		Applicant's fax number (include area code)	
Signature ▶	Date ▶		

2.0 FINANCIAL MATTERS CONTROLLED BY THE EXECUTIVE COMMITTEE

The Local Section Chair's Manual (Section 4.4) describes policies and good practices regarding financial operation that are of importance to the section chair and executive committee in establishing controls and overseeing the operation of the section. Detailed guidance for the financial operation of local sections of importance primarily only to the section treasurer, such as information on tax laws, tax forms, and associated instructions is provided in the remaining sections of this companion document, the Local Sections Treasurer's Manual.

3.0 FEDERAL INCOME TAX GUIDELINES

Although the national American Nuclear Society has been granted federal tax-exempt status as an Internal Revenue Code 501(c)(3) charitable organization, this status does not extend to the local sections, which are not officially recognized by the Internal Revenue Services or state taxing authorities as tax-exempt organizations. Each local section should evaluate its current federal and state tax situations and determine what course of action is mandated based on its current situation (i.e. filing for tax exempt status or paying federal and/or state income taxes).

The normal activities of a local section operating under the ANS Standard Local Section Bylaws should qualify as a tax-exempt charitable organization as defined in Internal Revenue Code 501(c)(3) as well as a "public charity" as defined by the Internal Revenue Code 509(a). Information on these topics can be found in Internal Revenue Service Publications 557, 4220, and 4221 obtainable through the Internal Revenue Service web site www.irs.gov.

A local section is subject to the provisions of Internal Revenue Code and Federal Treasury Regulations which, depending upon its normal annual gross receipts (three year average) and whether the organization has been granted federal tax-exempt status, may require:

1. no annual tax or information return filing,
2. an annual income tax return filing and potential tax payments,
3. an annual informational return as a tax-exempt organization with no tax liability, or
4. an annual informational return as a tax-exempt organization, an annual income tax return as a tax-exempt organization, and/or potential tax payments.

If a local section and has annual gross receipts normally less than \$ 5,000 and satisfies the requirements for tax-exempt as well as public charity status, such organization is not required to file a Form 1023 *Application for Recognition of Exemption* under Internal section 501 (c)(3) nor is it required to file an annual informational return with the Internal Revenue Service via Form 990 *Return of Organization Exempt from Income Tax Organizations*, which cannot satisfy both the requirements for tax-exempt and public charity status, may have federal and state tax return filing requirements (i.e. Form 1120 or Form 990PF). Every organization must maintain proper financial and activities records to validate its status as a tax-exempt organization and a public charity. Please see Internal Revenue Service Publication 4221 for a brief discussion of a tax-exempt organizations record keeping requirements. Where a tax-exempt organization engages in activities

unrelated to its tax-exempt purpose, it may have potential tax liability and filing requirements related to those activities.

If a local section's annual gross receipts are normally in excess of \$5,000 but less than \$25,000, the organization must select one of two courses of action:

1. Apply for tax-exempt status via Form 1023 (if granted the organization would not be required to file an annual information return and may be allowed to receive charitable contributions from donors) or,
2. the organization can annually file Form 1023 (the income tax return appropriate for corporations) and potentially pay tax where the operations produce a tax profit.

However, where a tax-organization engages in activities unrelated to its tax-exempt purpose, as described in Form 1023, it may have a potential tax liability and filing requirements related to those unrelated activities. Tax-exempt organizations that conduct activities unrelated to their tax-exempt status may generate a tax liability and would be required to file an income tax return (Form 990-T) in addition to its requirement to file an informational return (Form 990).

If a Local Section's annual income is in excess of \$25,000 it can either:

1. apply for tax exempt status via Form 1023 (if granted the organization would be required to file an annual information return and may be allowed to receive charitable contributions from donors) or
2. the organization can annually file Form 1120 (the income tax return appropriate for corporations) and potentially pay tax where the operations produce a tax profit.

Tax-exempt organization with annual gross receipts in excess of \$25,000 must file an annual informational return with the Internal Revenue Service via Form 990. Return of Organization Exempt from Income Tax, even though it has no tax liability. However, where a tax-exempt organization engages in activities unrelated to its tax-exempt purpose, as described in Form 1023, it may have a potential tax liability and filing requirements related to those unrelated activities.

Regardless of its annual income a local section should have a Federal Taxpayer Identification Number obtained from the internal revenue Service by filing Form SS-4 Application for Employer Identification Number.

3.1 Exemption from Federal Income Tax

For a section to be recognized by the IRS as exempt from federal income tax, whether it is incorporated or unincorporated, it must file an application (IRS Form 1023) for such exemption and obtain a determination letter to that effect from the Internal Revenue Service (IRS). If gross receipts (all payments received) of related income normally exceed \$25,000 per year, an annual information return is required to be filed with the IRS. The section should obtain a taxpayer identification number and select its tax year.

Note: a local section could qualify as a tax-exempt organization even though it has not filed a Form 1023, when it has annual gross receipts under \$5,000. However, it will not be officially recognized by the Internal Revenue Service and as such its manner of operation could be challenged by the IRS since it has never been reviewed by the IRS.

3.2 Categories of Federal Income Tax Exemptions - 501(c)3 or 501(c)6

Contributions to 501(c)3 sections are deductible as charitable contributions by the donors for federal income tax purposes. Such contributions to 501(c)6 are not deductible. Operation is very restrictive.

The Tax Reform Act of 1976 clarifies the extent to which 501(c)3 sections can engage in activities aimed at influencing legislation. The overall effect will probably be to permit such section to engage in these activities to a greater degree without jeopardizing their tax exempt status, if certain conditions are met.

3.3 Current IRS Rulings and Procedures

(Paragraph 26,222) IR-82-71. EXEMPT ORGANIZATIONS - How to obtain an keep exempt status. Exempt organizations described in Section 501(a) (other than private foundations) with gross receipts not "normally" in the excess of \$25,000 won't have to file Form 990, Return of Organization Exempt from Income Tax (Except Private Foundation) for tax years ending on or after Dec. 31, 1982; prior filing exemption was \$10,000. "Normally" refers to averaging methods defined in RevProc 80-44, 1980-2 CB 777, which will be modified to adjust for change. Ref. Paragraph 7021(g).

IR-82-71. Certain tax exempt organization are relieved of the requirements to file an annual information return beginning with calendar year 1982, the Internal Revenue Services announced (6-1-82) today.

Exempt organization described in section 501(c) of the Internal Revenue Code, other than private foundations, with gross receipts not normally in excess of \$25,000 will not have to file Form 990, Return of Organization Exempt from Income Tax (Except Private Foundation), for tax years ending on or after Dec. 31, 1982. In the past, a similar filing exception applied to these organizations whose gross receipts were not normally in excess \$10,000.

The term “normally” refers to an averaging method that is defined, in Revenue Procedure 80-44, which appeared in Internal Revenue Cumulative Bulletin No. 1980-2 on page 777. The procedure will be modified to adjust for this change.

This change was made to relieve small organizations from the filing requirements.

3.4 Forms to File

Failure to file proper returns may result in fines determined on a daily basis as well as a penalty levied on any taxes that should be paid.

Special forms to be aware of:

- IRS Form SS-4 - Request for Employer Identification Number
- IRS Form 1023 - Application for Recognition of Exemption (IRS fee required)
- IRS Form 990 - Return of Exempt Organization (15th day of the 5th month after the end of the organization’s taxable year)
 - IRS Form 990-N - Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ. If your section has \$50,000 or less in annual gross receipts for the calendar year, submit Form 990-N to the IRS. Use the [Form 990-N Electronic Filing System \(e-Postcard\)](#) page to start the process.
 - IRS Form 990EZ - If your section has more than \$50,000 in annual gross receipts for any calendar year, your section should submit Form 990-EZ.
- IRS Form 990T - Exempt Organization Unrelated Business Income Tax Return. A section that has \$1,000 or more in taxable income (on activities such as advertising in section newsletters or websites) must file Form 990-T and pay tax on its profit (income minus expenses).

You can find any of the above forms at www.irs.gov.

If sections fail to submit an annual report (Form 990-N or 990-EZ) for three consecutive years, you automatically lose your tax-exempt status so it is really important to file taxes each year. If you lose the tax-exempt status, your section will have to reapply for recognition as a tax-exempt organization.

Please note that your section should keep all of its financial records for at least seven years, in the unlikely event it is ever audited by the IRS.

4.0 STATE INCOME TAX LIABILITIES

Each state has different rules and regulations regarding the taxation and operation of a charitable organization within its borders. However, if a Local Section has been granted tax-exempt status by the Internal revenue Service it may, by a separate filing with the state, acquire state tax-exempt status, often with relative ease. It is difficult to generalize regarding requirements in all states; however, filing an Internal Revenue Service Form 1023 is facilitated by an organization incorporating in its primary state of operation. However, incorporation is not required.

5.0 AUDITS

At this time, sections are not required to do an audit, but an annual audit is an effective financial practice. ANS will notify sections well in advance of any policies that require a section audit.

The section should conduct an annual financial review or audit, to be completed within 120 days of the fiscal year's end. At any time where a change in the section leadership of the finances occurs, a review/audit should be conducted.

The Treasurer is responsible for ensuring that the financial review/audit is conducted. A report on the results of the review/audit should be sent to ANS once completed.

The purpose of conducting timely financial reviews/audits is to protect the assets of the Section, thereby limiting the liability of the Executive Committee/Board members. The greater the assets, the greater the need for professional review.

Financial reviews check for consistency in the general ledger, that bank deposits have been reconciled, and that the appropriate parties have received payments. Donors with gifts of greater than \$5000 (used for the 990) must also be maintained with correct contact information. Audits go into greater depth and breadth on assets and procedures. In lieu of CPA services, a volunteer audit committee, with financial expertise, may conduct a financial review. NOTE** The American Institute of Certified Public Accountants offers an audit committee toolkit for nonprofit organizations on its website at www.aicpa.org if you are a member.

CPA audits typically cost 4 times that of a CPA financial review. Possible scenario: The largest sections may opt for full CPA audits every year, large sections may conduct CPA financial reviews with a CPA audit occasionally, and smaller sections may opt for a CPA financial review every 3 years with volunteer audit committees in the intervening years

5.1 ANS Section Audit Checklist

The following audit checklist is prepared for a section audit rather than an outside accounting firm audit, which would be in much greater detail. This checklist should be used to review accuracy and give credibility to the financial records, compliance efforts, and procedures of a section. The audit should not be more extensive than a cursory review or random sampling of the section's financial records. If, after using this checklist, there is question as to the authenticity of the section financial records, a more thorough audit by an accounting firm should be completed. Utilize this audit checklist when performing the chapter audit every 1-2 years. This is only meant to be a reference.

The following information for the past two (2) years should be collected or reviewed prior to the audit:

- Receipts
- Check registers

- Deposit slips
- Check registers
- Invoices
- Annual financial reports
- Cancelled checks
- Annual tax filings
- Bank statements
- Budget investment policy
- Section bylaws

5.1.1 Financial Review

- Review Accounts Used.
- Are there separate income accounts?
- Are all deposits recorded as to income type?
- Are all deposits reconciled to bank statements?
- Are there separate expense accounts?
- Are all expenditures recorded as to expense type?
- Are all checks reconciled to bank statements?

5.1.2 Verify the following:

- Starting balance
- Receipts/cancelled checks for expenditures
- All individual account's starting and ending balances match the chapter's ledger
- The annual ending balance matches the chapter's ledger

5.1.3 Identify the following:

- Outstanding difference between chapter reports and bank statements (outstanding checks and deposits)
- Annual income by category
- Annual expense by category
- Amount and percentage difference from budget

5.1.4 Compliance Review

- Were annual gross receipts in excess of \$50,000?
- If so, was IRS Form 990 filed annually?
- Was there any income derived from "unrelated business activities"?
- If so, was an IRS Form 990T filed, and the appropriate tax paid?
 - Is there an investment policy statement?
 - Was the statement reviewed annually?
 - Was there any investment activity not in accordance with the policy?
 - Did any officer or board member engage in any activity that could be construed as a conflict of interest with ANS?

5.1.5 Operational Review

- Were all fees collected for topical programs or educational seminars under dual control?
- Are the Treasurer and the President the authorized signers for the bank account(s)?
- If not, is there another officer or their designee that signs the checks?
- Did the treasurer or another officer review and approve each expenditure?
- Was there a budget created for each type of expense?
- Were any expenditures outside of the budgeted amount?
- If so, was there prior approval by the Treasurer or another officer for such expenditures?