

Table of Contents

Table of Contents	1
Introduction	2
Fiscal Responsibility	2
Major Activities	2
Important Items to Know	2
Collecting Dues	3
Completing the Chapter Financial Report.....	3
Special Reporting Procedures	4
Items to Check Carefully	4
Auditing the Chapter’s Books.....	4
Preparing a Chapter Budget	4
Reviewing the Budget Periodically	5
Paying Bills and Keeping Accurate Records	5
U.S Taxes and the IRS	6
Federal Tax Status.....	6
Proving Tax-Exempt Status	6
United States State Tax Status	7
Taxes outside the United States	7
Requesting Nonprofit Postal Privileges in the U.S.	7
Requesting Nonprofit Postal Privileges outside the United States	8

Introduction

Welcome to the ranks of the elite UPA chapter treasurers. Your experience should be enjoyable and fulfilling. This section of the handbook is designed to help you be the best and most effective treasurer you can be. It moves through a transition period with the previous treasurer, completing the year-end report, and then proceeds through the year from preparing a budget to keeping accurate records, ending with other information useful for all of us.

Fiscal Responsibility

The chapter treasurer is the one person (with advice and concurrence from the president) primarily responsible for the chapter's money. As such, the treasurer has a major fiscal responsibility to be certain that monies are used responsibly and according to the Chapter's budget to benefit the chapter and its members.

Major Activities

The outgoing chapter treasurer perhaps working with the new treasurer completes the chapter financial report form as soon after Dec 31 as possible so that the dues refund can be received and begin earning interest.

The major activities for a new treasurer are:

- setting up a new checking account or signing new signature cards at the bank for all existing accounts (the chapter president or the vice president must also sign the cards)
- preparing a budget
- paying bills and depositing chapter funds promptly
- keeping accurate records
- preparing periodic budget reports for review by the chapter president and/or Chapter Council

Important Items to Know

A chapter's first source of operating income is the chapter dues. Ask your chapter sponsor to find out the current level of chapter membership dues for UPA chapters. UPA is interested in keeping the chapter dues for all chapters at the same level, but slight variations may occur between different regions and countries. Most chapter activities are self-sustaining; that is, each activity pays for itself. The most common activity that does not have income to offset expenses is the chapter newsletter.

In the US, UPA is an IRS-recognized, tax-exempt, nonprofit organization and is exempt from federal income taxes under section 501©(6) of the Internal Revenue Code. During budget reviews, any method to save money should be considered. When the chapter is large enough to qualify, you may want to apply for and use bulk mail and nonprofit permits to distribute your large quantity mailings.

One key money-saving technique is to obtain member/ employer support where possible. Some employers may allow use of their facilities for copying, printing, mailing, meeting sites, etc. Encourage members to seek employer support for various chapter activities. Be sure to recognize assistance where appropriate. Chapter loans and grants are available from the

Association for worthwhile activities. Consult “Leading a Volunteer Board” of The Chapter Handbook and the Chapter Sponsor for more information.

As the person holding the checkbook, the treasurer is in a position to help the program manager, and other officers or committee managers by offering appropriate privileges to speakers, Chapter Sponsor, and others whom have been asked to attend a chapter or regional function.

When a guest is invited to speak at a chapter dinner meeting, the chapter should pay for the guest speaker’s dinner. The cost of the dinner to members and nonmembers should include tax and gratuity, and a portion of any door prize, the speaker’s dinner, and any travel costs or honorarium, if they were negotiated.

Your chapter should determine whether you can waive registration fees or meal costs for your Chapter Sponsor, other Association leaders, or speakers at your conferences, seminars, and workshops. UPA leaders are also volunteers and are not reimbursed by the Association for such expenses. Be sure that the event’s budget is sufficient to forego collecting such fees, if you choose to waive them.

We hope your experience is fulfilling and enjoyable. We think you will become a more confident individual and a better leader as a result of serving the chapter as its treasurer.

Collecting Dues

Chapters are responsible for collecting their own dues, separate from UPA dues, and verifying that Chapter member applicants are current UPA members before approving Chapter membership applications. The UPA office can provide current membership information. The Chapter is responsible for reporting chapter affiliation of UPA members to the UPA office on a monthly basis.

UPA memberships are not based on a calendar year and instead are based on the anniversary date that the member first joined the Association. However, it's recommended that Chapter memberships run on a calendar year, due on January 1 of each year. Chapter members should be given a two-month grace period. If membership dues are not paid by March 1, the member's dues should be considered to be in arrears, making the member ineligible to serve as a Chapter officer, or to vote on chapter matters, or to participate in Chapter activities until the dues are paid in full. Dues for members who join the Chapter during the year should be prorated through December 31.

Most chapters will offer a free meeting before requiring UPA members to join the Chapter.

Completing the Chapter Financial Report

The chapter financial report is a summary of your chapter’s income and expenses from Jan 1 to Dec 31. This form can be prepared if accurate financial records have been kept throughout the year. This form is mailed to the chapter president and chapter treasurer in mid-December each year.

- Complete the financial report form, front and back and send it to the UPA Office.
- Deadline for filing: **January 5.**
- The report covers the fiscal year Jan 1 to Dec 31. The cash balance at the start of the year must be the balance reported at the end of last calendar year.

- Provide, on the back of the form, the chapter's IRS identification number (US only), the name of the chapter's bank and account numbers, and names of the new officers for the upcoming year.
- Sign the form, providing a phone number of the preparer in case of questions.
- Return the form to the Association treasurer.

The report should be completed and signed by your outgoing chapter treasurer, the chapter president, or the incoming chapter treasurer.

Items to Check Carefully

When completing the chapter financial report, be careful to consider the following:

- The cash balance at start of year must be the balance reported at the end of last fiscal year.
- Any grant or loan from the Association must be included as income in the "Other" category.
- If a loan was repaid in the same calendar year, it must also be shown under "Expenses" as a repayment to the Association.
- Add all numbers two or three times to be absolutely certain all arithmetic is correct.
- The cash balance at the end of the calendar year should match the chapter's books. This cash balance may not match the bank's checking account balance on Dec 31 if a check was written but had not yet cleared the bank when the bank statement was processed.

Auditing the Chapter's Books

One item on the back of this form asks if the chapter's books have been audited. In the past, UPA has not required its chapters to audit their books. As we all are becoming more conscious of those to whom we entrust our monies, the desire to have the books audited is becoming stronger, particularly with the larger chapters.

We strongly urge all chapter treasurers to have, at least, an informal audit prepared by a friend, coworker, or other disinterested person. Larger chapters may decide to have a formal audit by a competent accountant or by the chapter's "audit committee." Another alternative is for the treasurer to provide periodic copies of the treasury ledger (manual or computer-generated records as applicable) to the chapter president for review.

An audit is a verification of your accounts. The auditor should compare deposit slips, receipts, and checks to your ledger entries for accuracy. The auditor should verify that all expenses were appropriate for the chapter and were charged to the correct account. The auditor should also check that the books balance and correspond to the chapter's bank statements. The audit may cover all items or a reasonable sample.

After you have carefully recorded all deposits, made all payments, and completed the chapter financial report at year's end, using the suggestions in this handbook, you should have a real sense of accomplishment to know that the audited books have been declared accurate and well prepared.

Preparing a Chapter Budget

Every well-organized, efficient organization has a budget. Even small chapters should prepare a budget at the beginning of each chapter year. Committee managers and chapter officers should submit expected income and expenses to the treasurer. If preparing a budget is frightening, try using last year's chapter financial report form as a base. Change the numbers to reflect the expected dues rebate and make projections (guesses) about the expected costs of printing and mailing the newsletter and other expense items.

In addition to making sure the chapter's activities stay within its means, a budget also puts periodic chapter financial reports into perspective.

Reviewing the Budget Periodically

Reviewing receipts and expenses periodically will tell you how your estimates "stack up" to reality. For instance, if your receipts for PR Activities fees were only \$350 compared to the projected \$500, your committee managers and chapter executive council may wish to reconsider planned expenses. To solve such a problem, the estimated costs for the awards may have to be decreased, the fees for the awards banquet perhaps could be increased, or some other combination of adjustments made so that this overall activity is self-sustaining and at least a small surplus is ensured.

Paying Bills and Keeping Accurate Records

Use the chapter financial report form as a guide to make accurate record keeping easy. When you follow the process described here, your reports to the chapter and filing of the end-of-year chapter financial report form with the UPA treasurer should be easier.

The steps to success are:

1. Open a checking account or sign new signature cards for all existing accounts.

New chapters in the United States will need an IRS identification number to open the account. This IRS number is used in lieu of the treasurer's personal social security number. The UPA office automatically files for this number and forwards it to you when it is received. Call the UPA office if you have any questions.

Two signatures, usually the treasurer's and president's, are required to withdraw funds from any account.

2. Open a savings account as soon as your chapter is financially able.

Depending on the chapter size and financial status, you may or may not wish to open an interest-bearing account that assesses nominal service charges. (In some cases, a non-interest, non-service charge account may be more cost-effective.) Investigate your options.

It is important to know that nonprofit entities are allowed to have interest-bearing investments (at least in the US, this may differ in other countries). Large chapters commonly invest in certificates of deposit, money market accounts, and other sound, low-risk financial investments.

3. In order to keep an audit trail of expenses, require an original receipt or invoice for each disbursement. This practice is the single most important way to avoid the appearance of fraud or the serious consequences of missing funds.

Larger chapters should use a request for payment/ reimbursement form to minimize errors and help the treasurer keep accurate records. Each person requesting reimbursement submits a form, which contains the budget category, a description of the item, amount

due, name and address of payee, and a signature of the committee manager or officer authorizing the expense. Attach original receipts or an invoice to the form.

4. As each check is written, make a note showing, at least in the checkbook or on the check duplicate, the category of the payment meeting expense, newsletter, etc.

You may choose to use a computer program, such as Quicken, or simply a “paper” ledger to record all deposits and expenses. A paper ledger is quick and easy to use. Add all columns monthly for a crosscheck when you balance the checkbook.

5. Balance the checkbook monthly. Retain all receipts and bank statements to help prepare the end-of-year report and provide documentation for the audit.
6. Report on the finances at least once a year to the chapter membership.

You may submit written or oral periodic financial reports to the president, the chapter council, or the chapter membership as often as the chapter officers wish, depending upon the size of the chapter. Some chapters publish the financial report in the chapter newsletter.

U.S Taxes and the IRS

To be described.