



Case Management Society of America

6301 Ranch Drive | Little Rock, AR 72223

T 501.225.2229 F 501.221.9068 E cmsa@cmsa.org

www.cmsa.org

Guide to Protecting and Managing Chapter Finances and Other Legal Documentation

TABLE OF CONTENTS

CMSA National Contacts	3
Chapter Board Responsibility	4
At-A-Glance Checklist for CMSA Affiliate Chapters	
Annual Responsibilities for Chapters.....	5
Actions Requiring Notification to National	6
Transition and Orientation of Information.....	7
Document Retention	8
Chapter Dues Process.....	9
Annual Required Tasks	10
Monthly Required Tasks.....	13
Other Legal and Financial Considerations	
Tax Status and Tax ID	15
Unrelated Business Income Tax (UBIT).....	15
Scholarships / Member Inurement	16
Raffles	17
Surplus Funds	17
Board Compensation	18
W9 Form	18
Automated Clearing House (ACH)	18
Annual Audit.....	18
Independent Contractor vs. Employee	19
Miscellaneous Income – 1099 Form.....	19
Payment Card Industry (PCI) Compliance	20
Lobbying and Advocacy.....	22
Chapter Insurance.....	25
Important Documents.....	26
IRS Information Responsibilities for Tax-Exempt Organizations	27
Sample Financial Reports	32

CMSA NATIONAL CONTACTS

If you have questions about the information presented, please call the National Office at 501-225-2229. We are not CPAs nor attorneys; however, we can answer some basic questions or try to refer you to someone who can help you.

Client Services Department

Nikki Jackson

Member and Chapter Services
501-673-1121
njackson@fraserimageers.com

Breonna Coleman

Chapter Services Coordinator
501-673-1144
bcoleman@fraserimageers.com

National Board Treasurer

Jose Santoro

jsantoro2020@hotmail.com

CHAPTER BOARD RESPONSIBILITY

No matter what your role is on the CMSA Chapter Board, you have a fiduciary responsibility toward managing and protecting your chapter.

The term **fiduciary** refers to a relationship in which one person has a responsibility of care for the assets or rights of another person. A fiduciary is an individual who has this responsibility. The term "fiduciary" is derived from the Latin term for "faith" or "trust."

In a corporation, the Board of directors, as a body, has a fiduciary responsibility for the decisions they make with regard to corporate assets and the rights of members.

Fiduciary Responsibility

Board members have a fiduciary responsibility to care for the finances and legal requirements of the chapter. They must act in good faith and with a reasonable degree of care, and they must not have any conflicts of interest. That is, the interests of the chapter must take precedence over personal interests of individual Board members.

The Financial Part of Fiduciary Responsibility

- From a financial standpoint, it is the Board's responsibility to safeguard the chapter's cash and other assets. The Board must make sure that all operational decisions are based on sound financial analysis.
- As the chapter matures and the committees, staff, and volunteers come into their own, the Board must temper risky options that may be presented. The Board will need to weigh proposals that may not appear to be financial in nature but could potentially affect the group's finances if mistakes are made or there is a lapse in attention.

Non-Financial Fiduciary Responsibility

- Although maintaining the organization's financial integrity is an internal part of fiduciary responsibility, fulfilling the chapter's mission, meeting goals and objectives, preserving the essence of the group for the present and the future is also critical.

AT-A-GLANCE CHECKLIST FOR CMSA AFFILIATE CHAPTERS

Fiscal Period: January – December

Annual Responsibilities for Chapters

You can find more details on most of the items listed below within this Guide.

- Annual Business Meeting:** Either elect or induct new officers after following Bylaws process for elections.
- Officer Updates:** Send any Board or officer updates using Officer Update Form
 - After elections & new Term of Office begins
 - As changes occur during Term of Office
- Registered Agent:** Pay fees to National Corporate Research (NCR) for Domestic Corporation Status in DC. \$125 each year. Due May 1.
- Two-Year Report:** File Two Year Report every two years with the Department of Consumer and Regulatory Affairs. **Due April 1, \$80.00 payable to DCRA.** Copy National Office.
(Note: 1st report due the 1st April in the year following the incorporation date.)
- Foreign Status:** Chapter maintains foreign qualification with State to do business. The main incorporation is in DC. This is your secondary status to do business. Also, maintain Registered Agent, if State requires. Copies of your status and reports can be sent to National to keep on file.
- File 990, 990EZ or 990N with IRS:** Online notifications available for chapters with gross revenues under \$50,000. Due May 15 each year. Visit www.irs.gov for more information. Copy National Office.
- Annual Audit:** Review Financial Guide to determine if your chapter should have an audit.
- Annual Financial Reports:** Reports due May 15 to National Office.
- Educational Programs:** Required to **hold a minimum of 4-6 programs** each year.
- Maintain Minutes:** Minutes are a legal document. Keep good records and store minutes from Member and Board Meetings. Record Actions and Decisions.
- Address Updates:** Keep National informed of any updates submitted by members – address, phone, email. Send to cmsa@cmsa.org.
- Accessing Chapter Reports:** Regularly access online chapter reports to ensure that all those attending your meetings as a member are active. Members cannot be at the local level only and must appear on the National Report to be considered a member. Members on Corporate and Company accounts also appear on these lists.

Actions Requiring Notification to National

- **Change Chapter Name:** Contact National after membership votes. Submit minutes with the approved status of the name change. National will assist with filing an Amendment to the Articles with the Department of Consumer and Regulatory Affairs. The chapter will be responsible for filing with local state government, IRS, banking institutions, etc.... Fees are involved in processing legal paperwork.
- **Change in Dues Amount:** Send National a copy of the minutes showing the approval, the change, and the effective date. National will update online applications. Remember that old application will still be in circulation. A transition period of two months will be granted before additional collections of fees or prorating of dues.
- **Decision to Create a Chapter Extension:** A special application is required for National, and chapter should be discussing the process with National before final decisions are made.
- **Amendments to Bylaws:** Any proposed changes should be sent to National for approval. Easiest method is to type changes in **red** font in the electronic version of Bylaws. Follow-up with an explanation for the justification of these changes. Submit minutes evidencing approval of proposed changes, subject to National approval.
- **Decision to Dissolve a Chapter:** National should be involved from the beginning of this process to make sure that the chapter has reviewed all options or courses of action. Chapter should submit minutes to show where the members/Board member discussed and voted on the decision to close the chapter. National will assist in filing paperwork to dissolve at the Department of Consumer and Regulatory Affairs. Chapter is responsible for closing all matters with the State Government, filing a final Form 990 with the IRS (if required), closing bank accounts, terminating contracts with vendors, etc... Any remaining bank balances not needed to satisfy outstanding liabilities must be sent to National to support work of other chapters. Fees are involved to process legal paperwork.

TRANSITION AND ORIENTATION OF INFORMATION

As your volunteer's transition to a new term of office, it is important that the information from previous years is transitioned, as well. During the orientation of new officers, it is a good practice to not only transition the documents, but also to provide orientation on the information, as well as to go over any policies and procedures to understand the purpose of the documents, and/or how the information is to be used. In addition, discuss any upcoming expenses or bills that the past Board is aware of but the incoming Board may not understand the decisions or process for these expenditures. This orientation period should be face-to-face with ample time to transition information and the role.

National Officer Update Form

To ensure a smooth transition, make sure your chapter's Officer Update Form has been submitted to the National Office to ensure that correspondence, including chapter dues remittance, is set up correctly. This will help ensure the lines of communication are open between the National Office and the local chapter and help increase the quality of support that can be provided. Be sure to resend each year, even if officers have not changed so that CMSA can confirm the information in the database is still active.

Accounting Policies and Procedures

The incoming Board may choose to review current accounting policies and procedures and determine whether to continue these practices, or whether process updates are due. Don't make any snap decisions; a more in-depth study of the policies will allow you to develop a better understanding of how things are currently managed. Then determine if there is a need for change in current processes. Be sure to address changes to the Board for overall approval and ensure that nothing conflicts with other policies, chapter Bylaws, or the Chapter's tax structure as a 501(c)(6).

Transition Bank Signatures and Other Contact Information

As you transition officers, contact information needs to be updated.

Bank Account: This is a very important area to keep updated. Contact your bank to update the account's signature card with new officer information. Usually, the Executive Director, President, Vice Pres/Pres-Elect, and Treasurer can sign checks. Most banks require a letter authorizing them to change the signature card. Typically, the letter should include a copy of the official minutes showing results of the current officer election. Check with your bank for requirements.

Other Communications: Perhaps your chapter has set up a Post Office account, a storage facility, special admin rights to areas like your chapter website, a conference line, a voicemail line, etc... Be sure this information is updated each year to ensure the right officers have access and understand how to use the information to ensure smooth and timely communications.

Access and Transfer Chapter Inventory

Access the inventory your chapter may own and ensure the assets are transitioned to the appropriate person, along with usage guidelines. Possible inventory may be banners, displays, LCD, laptops, software, etc... .

DOCUMENTATION RETENTION

Your chapter must have procedures in place to ensure certain documents are retained, whether in print or electronic form. Below is a sample of common documents and suggested retention guidelines from the IRS. Since most chapters do not have a physical office, it will be important to include the transition of this material into your policies and procedures, as well as periodic review and purge on those that are ready for discard. This information should be kept in a protected manner, as it may contain personal or legal information.

<u>Type of Record</u>	<u>Retention Period (years)</u>
<u>ACCOUNTING</u>	
Auditors' reports.....	Permanent (hereinafter "P")
Budgets	7
Canceled checks, generally.....	3**
Depreciation records	P
Officer, Director and employee expense reports.....	3**
Employee payroll records (W-2, W-4) annual earnings records, etc.).....	3**
Inventory lists.....	7
Invoices	7
Payroll journal.....	3**
Petty cash vouchers.....	3**
Subsidiary ledgers (accounts receivable, accounts payable, etc.)	7
Authorizations for expenditures	7
Membership names and addresses	Current
<u>CORRESPONDENCE</u>	
General, routine.....	3
Notes (Internal reports, memos, etc.).....	3
Written communications to members	3
<u>INSURANCE</u>	
Accident reports	7
Insurance policies	P
<u>LEGAL</u>	
Claims and litigation files	P*
Annual reports (2 yr reports).....	P
Bylaws	P
Affiliate Agreement with National.....	P
Articles of Incorporation.....	P
Approved Board minutes and records of all actions taken by Board with or without a face to face meeting (includes conference calls, or forum votes).....	P
Approved minutes of all members' meetings and records of all actions	P
Policies	P
Contracts, generally.....	Expiration +7
Contracts, sales (UCC).....	7

* CMSA copies of all pleadings, key briefs and motions, court orders and opinions of record on dispositive motions and hearings, any attorney-client confidential privileged communications, all original witness statements and affidavits, exhibits, and settlement agreements/contracts need to be kept permanently. Mere drafts of various and routine pleadings, motions, and briefs, as well as multiple copies of business documents, need not be retained.

** Number of years refers to a number of years AFTER the Form 990 is filed for that year.

CHAPTER DUES PROCESS

How Much Does the Local Chapter Receive? Chapter dues are set by the local chapter Board of Directors. CMSA National collects and processes the chapter dues on the chapter's behalf. If the chapter needs to update their dues structure, the Board must unanimously agree, and the results of the decision and the new fee structure submitted to National in a copy of the Board Minutes. Fees can be changed immediately for online applications, and upcoming renewals, as well as application, to print off cmsa.org. However, remember, old applications will still be circulating and for several months, applications will still come in with the old rate. It will take several months to fully transition the updates.

CMSA National does not withhold any chapter dues before submitting them to the chapter. However, if a member only pays the National dues and there is a local chapter, CMSA National will take the monies received and prorate across both National and Local. This results not only in less dues allocated to National and Local, but also a shortened membership year for the member.

So for example, if a member only paid \$155 but should have paid \$180, we divide \$155 into \$180 and see that only 86% was paid. Then, multiply 86% times \$155 to see how much to allocate to National, and 86% times \$25 to see how much to allocate to the local chapter.

Also, the full amount would have given the member 12 months, but since they only paid 86%, they only get 86% of a member year (12 mo x 86% averages to a 10 month member year.)

When are Dues Processed? Membership applications are processed daily, and members are given web access and listed on chapter reports as soon as they are processed. However, the chapter receives their membership dues once a month. Once the memberships for the month are processed, a check for the new and renewal payments for the chapter is processed. This process is normally completed by the 20th of the following month. So for example, the membership fees processed in January will be sent to the chapter by the 20th of February.

How Are Chapter Dues Remitted to the Chapter? Dues may be received by the chapter in the form of a check or a Direct Deposit. Make sure your bank information and treasurer information is up to date with the National Office. To begin Direct Deposit, contact Nikki Jackson for a Direct Deposit Request Form at njackson@cm-innovators.com, or 501-673-1121.

How Does the Chapter Access Member Reports? At any time, the chapter officers can log in to their CMSA Profile and download several chapter lists. One of these is a Dues Remittance Report. This shows you who paid dues for the month and how much. The amount should match the check. (Make sure you are pulling the appropriate month). Other reports include a full chapter roster, a new/renewing list, and an expiring list.

ANNUAL REQUIRED TASKS

Send the Chapter's Annual Reports to the CMSA National Office

CMSA National is required to report certain information to the IRS for all chapters that fall under our federal group tax exemption. In order to give the IRS accurate information about your chapter, we need certain financial forms from you. Each year we have to report to the IRS what type of information return (990N, 990EZ, or 990) each chapter should file with the IRS. In order to know which information return should be filed for your chapter; we need to know how much money your chapter receives each year.

The CMSA National Office Needs the Following Each Year

See samples of reports in the back of this Guide.

- Annual budget
- Copy of your federal IRS income tax return (Form 990, Form 990 EZ or Form 990-N)
- Copy of your state/local income tax return, if applicable
- Copy of your bank statement for beginning of fiscal year
- Copy of your bank statement for end of fiscal year
- Statement of Activities
- Statement of Financial Position
- Annual Audit, if applicable

Budgeting and Reporting

A **budget** is a list of all planned expenses and revenues. It is a plan for saving and spending. A budget is an organizational plan stated in monetary terms.

In summary, the purpose of budgeting is to:

1. Provide a forecast of revenues and expenditures, by constructing a model of how your chapter might perform financially if certain strategies, events, and plans are carried out.
2. Enable the actual financial operation of the chapter to be measured against the forecast.
3. Allow Board and Committee members to know what projected revenues from dues, meetings, sponsorship, etc.. will be, as well as allowable expenses and goals for special events, committee activities, or project.

Budgets should be conservative. Overestimate expenses, and underestimate revenues to allow some flexibility. Four qualities of an effective budget: Realistic, Consistent, Flexible, and Appropriately Descriptive.

Budgeting should be done with strategic planning. As your Board determines projects, events, campaigns, etc,... that it plans to engage in for the year, consider the resources needed and the expenses that will be incurred as you budget for these programs. Otherwise, you have just plugged in numbers that may not be consistent with your chapter's planned activities.

It is important that the Treasurer report to the Board on a regular basis, not just total bank balance, but also percent of budget used for each project or activity listed in the budget. It's important to keep others abreast of where the chapter stands on bringing in revenues and expenses incurred in relation to the budget.

Remember: "Failing to Plan, is Planning to Fail" Alan Lakein

Budget Process

Who Should Be Involved?:

The budget should be a team effort. For a small volunteer organization, the budget team can be the whole Board or a finance committee, with help of Treasurer or President-Elect. If you have an accountant, have them involved early on in the planning stage.

Steps in the Budget Process:

The budgeting process can be broken down into the following steps:

1. Determine the desired programs and activities for the next year (and future years if a multiyear budget is prepared).
2. Budget expenses.
3. Budget revenues.
4. Determine if there are adequate revenues to cover the budgeted expenses, if not – revise as needed.
5. Assemble a draft budget document.
6. Review the draft budget as a group and modify, as necessary.
7. Present the draft budget for Board approval.
8. Monitor budget versus actual throughout the year. Prepare projections for the Board’s review if a shortfall is expected.

Budgeted revenues should always equal or exceed budgeted expenses. Budgeting expenses to exceed revenues is not a good practice.

Pay Your Registered Agent Fee to NCR

CMSA chapters are incorporated under CMSA National as a Domestic Corporation at the Department of Consumer and Regulatory Affairs (DCRA) in Washington DC under a group account, as a 501(c)(6).

The D.C. government requires that if your organization is not located in D.C., it must have a registered agent located in D.C. Under incorporation policies, each organization is required to hire a registered agent who acts as a liaison between the organization and the government body.

The registered agent that the National Office has hired to serve as the registered agent for all the chapters is **National Corporate Research (NCR)**. NCR will forward your chapter important legal documents such as the “Two-Year Report”.

Each chapter is responsible for paying NCR an annual fee of \$125* NCR will invoice your chapter annually for the period May - April. It is important that you pay this fee to receive legal documents and comply with the D.C. law. If you have questions about your NCR invoice, please contact the National Office. New chapters are prorated their first year if it falls outside a full billing cycle.

Chapters do not have an option to select a different registered agent for your Domestic Corporation, or to act as your own Registered Agent. Registered Agents must reside in the state of incorporation. Your Domestic Corporation is in Washington, DC; therefore the Registered Agent must have offices or reside in DC.

***This fee is subject to change as NCR fee structures change.**

File Your Two-Year Report with the D.C. Government

All chapters are incorporated in D.C. as a Domestic Corporation. In order to remain incorporated in the District of Columbia as a nonprofit association, all chapters must file a report with the D.C. government every two years. This report is called “Two-Year Report for Non-Profit Foreign and Domestic Corporations, or BRA-25.” It is located on the D.C. government’s website at <http://dcra.dc.gov/DC/DCRA>. The filing of this report keeps your chapter in good standing as a corporation.

This report is due **April 1 every two years**. New chapters begin filing the first April after their first incorporation year. The cost to file this report is \$80.00. Even though it is the chapter’s responsibility to file this report, ***you may check with the National Office to see what year your report is due.***

When you file your report, please **make sure to send a copy to the National Office** so that the National Office can know that it has been filed and that your chapter is in good standing.

Qualifying to do Business in Your State

Each chapter is responsible for incorporating in their state as a Foreign Corporation, as well. This is typically done through your Secretary of State’s office, but some states may have a slightly different process. States will have different requirements for Annual Reports. Chapters will be responsible for knowing and complying with all state requirements, including paying any fees or filing any reports required.

After incorporating to do business in your state, check with your state on the requirements for securing a registered agent, or an individual to act as a registered agent who resides in your state.

MONTHLY REQUIRED TASKS

Revise Your Budget Constantly

As the year progresses you may need to revise your budget. Perhaps your budget needs revising because you have decided to do a new project, such as host a one-day conference. You might have to revise it because your chapter did not receive as much money in dues as expected. Or, you might have to revise it because you need more money for postage. Whatever the reason might be, remember to keep a close eye on your income and expenses throughout the year and revise your budget as things change. As you revise it, make sure the Board understand the reasons for the revisions and approves them. Budget decisions should always be documented in the minutes.

Give a Treasurer's Report at Every Board Meeting

As chapter Treasurer, you have the responsibility of keeping the Board informed about your chapter's finances. **At each Board meeting, you should give a Treasurer's report and submit a copy of it to the Secretary for the minutes.** Don't wait to only report finances at year end when you submit your annual reports to National. In your Treasurer's Report, you should tell the Board how much revenue has been received to date and how much has been spent. The Treasurer's Report is your chance to let the Board know how the chapter is doing, especially if your chapter bank account is low.

- If you have an upcoming event, such as a conference, you might give a report on the projected income and expenses for it.
- If you have revised your budget, you will also want to report on it.
- You also need to keep Board members up-to-date on the financials status of the chapter by presenting basic financial statements to include assets, liabilities, net assets, revenues, and expenses.
See an example of Financial Reports in the last section of this Guide.

Make and Record All Deposits Quickly

As soon as you receive money, deposit it as quickly as you can. The longer you wait; the chances are greater you will lose it. Before you make the deposit, record it in the check register. You will want to record the date of the deposit and the amount. By doing so, it will be easy to balance your chapter's checkbook at the end of the month. It is also a good idea to photocopy the deposits for easy reference later on who paid what.

- **Please note that CMSA is offering direct deposits for chapter checks.** Please send in a voided check and the direct deposit form.

Get It in Writing

Insist on prompt detailed reports from officers and committees on any expenses incurred or on any income. Make sure you get these reports in writing. If your chapter is a large chapter, it will help to keep a documentary week-by-week account of chapter activities as they affect finances. This way as you prepare your periodic reports and your year-end Treasurer's Report, all the information will be there, ready for your use. You will never have to guess, alibi, or apologize.

Save Receipts and Record Checks

As soon as you write a check, record it in the check register. Record to whom the check was written, the date it was written, the amount, and the check number. With each check that you write, you will need to save a copy of the receipt, invoice, or other supporting documentation. If you are reimbursing a member of your chapter, make sure the member gives you a copy of the receipt. If you record the checks as you write them, it will be easy to balance the chapter's checkbook at the end of the month.

Balance the Checkbook

Make sure that you balance the chapter's checkbook when you receive the bank statement each month. Make sure what you have written as the balance in your checkbook can be reconciled to the balance that is on the bank statement. Checks that have been written but have not cleared the bank are a common reconciling item. Make sure you reconcile the statement each month so that you can give accurate financial reports to the Board. The longer you wait to record checks and deposits, the harder it will be to balance the checkbook.

Use Good Internal Controls

Your job is to keep a very close eye on the chapter's money. Good internal controls are the way to do this. Good internal controls are such things as:

- Recording checks and deposits timely.
- Saving receipts and invoices or other documentation supporting checks written.
- Giving a Treasurer's report at every Board meeting.
- Having expenses approved by the Board or included in the budget.
- Having a person who is not involved in the accounting process open the bank statement each month. This person could be your chapter secretary. This person should review the bank statement, along with the canceled checks, to make sure no money has been misappropriated.
- Requiring any checks in excess of a certain amount signed by two officers. If your chapter has a small bank account (\$50 to \$3,000), you would probably want checks over \$250 signed by two officers. If you have a larger account (\$3,000 to \$10,000), you would want to increase that amount to \$500.
- No matter what the average balance of the chapter's account is, any check over \$2,500 should have dual signatures.

OTHER LEGAL AND FINANCIAL CONSIDERATIONS

501 (c)(6) Status: What Does That Mean?

All CMSA local chapters are covered and are exempt from federal income tax under the National chapter's group exemption number 3347.

CMSA IS NOT EXEMPT FROM STATE SALES TAX. Chapters will need to inquire directly with their state to find out if the state allows tax exemption to 501(c)(6) organizations and/ or to find out the process of applying for the state sales tax exemption. Please contact your local Secretary of State's Office.

CMSA Tax ID

Your chapter also has its own tax identification number. This will be needed for things such as the annual 990 form filing, as well as other various business transactions. It is important that your chapter keeps this on file in a place where you or members of your Board can quickly access the number in case it is needed.

Do not use CMSA National's Tax ID number for chapter activities. If someone is attending a National event or joining as a member, they can contact CMSA National to receive that information, if it is needed.

State Tax Returns. The requirements for filing a state tax return vary from state to state. You will need to check with your accountant or the state revenue office to find your state's requirements.

Taxation of Association Income: UBIT and Passive Income

- Even though associations are generally exempt from Federal Income Taxes, they must pay tax on unrelated business income at corporate rates. This is UBIT (Unrelated Business Income Tax).
- UBIT is intended to foster fair competition between not-for-profit and for-profit corporations.
- UBIT is levied on the net income from regularly carried-on trade or business activities that are not substantially related to the exempt purpose of the association.
- Activity level is key. Passive is good; active is bad.
- Common sources of UBIT for associations: advertising income, promotion of goods and services of for-profit entities (e.g., credit cards, insurance, and travel), operating an employment referral service, etc.
- An affinity program can avoid UBIT where there is a written endorsement/royalty agreement specifying that the association does not conduct the marketing of the endorsed product or service.

Hence, passive royalty income is not subject to UBIT.

What's Not Taxable?

- Related income.
- Dividends and interest on investments.
- Qualified trade show revenues.
- Qualified corporate sponsorships — so long as only a non-substantial return benefit accrues to the sponsor.
- Royalties for use of association name, logo/trademark, or mailing list.
- Rents — from debt-free property.
- Dues, special assessments, and contributions.

Scholarships / Member Inurement

There is often discussion from chapters as to whether a CMSA chapter may provide funds to its chapter members as donations for tuition, even in the case management field to attend a course or apply for a certification, or other such personal uses which do not involve payment for services provided by the members to the chapter.

The Model Bylaws of the Case Management Society Chapter of “_____,” used by most chapters, specifically state in Article II, Section 3(a), that: “No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to, its members, directors, officers, or other private persons, except ... in furtherance of the purposes set forth herein.”

Article II, Section 2, of the Model Bylaws provides that the purpose of a chapter is to: “... assist in providing the means by which persons and firms offering services or products within, or to the health care case management profession, may voluntarily coordinate their efforts to advance the professional in all respects.”

Therefore, a CMSA chapter’s own Bylaws generally prohibit the chapter from giving funds to a chapter member as a contribution or donation for tuition; or other personal uses which did not involve payment for services rendered to the chapter. **There is one possible exception which usually does not apply: The giving of chapter funds would have to be shown to be in furtherance of the purposes of the chapter, i.e., to “... assist in providing the means by which persons and firms offering services or products within or to the health care case management profession may voluntarily coordinate their efforts to advance the professional in all respects.”** Otherwise, such a use of chapter funds would potentially constitute prohibited “private inurement,” a tax term meaning for a member’s personal benefit.

Why is this? A brief look at federal tax law may help. Such restrictions on CMSA chapters, as well as CMSA itself, are imposed by federal tax law in order for the chapters to be tax-exempt organizations. This means chapters do not pay income tax as for-profit corporations must do. CMSA and its chapters are exempt from federal income taxation under Internal Revenue Code (“IRC” or “Code”) § 501(c)(6) and described as “a business league” for federal tax purposes. The more common term is a trade association or professional society.

Organizations exempt under most categories of IRC § 501 must meet two separate tests in order to be tax-exempt. The first test, called the organizational test, ensures that no one owns an exempt organization. In other words, the members are **not** shareholders who own the corporation. The second test is effectively an ongoing one. Exempt organizations of all categories must continually operate “exclusively” for their particular exempt purposes, whether charitable, educational, or to collectively promote the members’ businesses and activities.

An exempt organization should not devote itself to benefiting individual members. To describe the requirements of tax-exempt status, IRC § 501 uses the word “inures” to limit the activities of a number of categories of exempt organizations, including professional societies such as CMSA and its chapters. These subsections all require that, “no part of the net earnings inure to the benefit of any private shareholder or individual.”

The last of the six definitions of “inure” found in Webster’s Deluxe Unabridged Dictionary, second edition, is the one applied for federal tax exemption purposes: **“to serve for the use or benefit of, as a gift of land inures to the heirs of a grantee or it inures to their benefit.”** Inurement is likely to arise where the organization transfers financial resources to an individual solely by virtue of the individual’s relationship with the organization, and without regard to accomplishing the chapter’s exempt purpose; or more plainly stated, an individual member may not pocket the organization’s funds for his or her own benefit.

“Private inurement” potentially occurs whenever a person receives funds or property from a chapter in return for which he or she gives insufficient consideration – in other words, pays less for something than it is worth, or gives less than he or she receives. An organization that devotes too much of its funds to providing private inurement does not qualify for an exemption or may lose its exemption from federal income tax (and state income tax).

“Member benefit” is an especially confusing aspect of the inurement prohibition. Because § 501(c)(6) organizations are intended to benefit their members, they have wider latitude in providing services. Nevertheless, those services still must be directed toward the group objectives of the exempt organization. Under 501(c)(6), member organizations must serve their members, e.g., case management professionals, in a group sense, not on an individual level. Thus, 501(c)(6) membership organizations, like CMSA and its chapters, must carry out programs that benefit its members collectively, such as education programs or informational publications. Payments to individuals for something other than **services rendered to the chapter** may cost the chapter its exemption and constitute taxable income to the member.

Raffles

Often chapters inquire about selling raffle tickets for additional revenues. This is normally not an ideal way to bring additional revenues into the chapters. Raffles fall under state gaming laws. Not only do you have to review and understand the state’s requirements, you also need to understand the IRS requirements for 501(C)(6) tax status. In very few states could a chapter hold a raffle and not jeopardize state laws or the chapter’s tax structure. The revenues would fall outside of the exempt purpose of the organization and be subject to UBIT. In addition, the chapter would be required to ensure that the required disclosures are provided on the rules, operations, way funds will be used, notification of winner required disclaimers, etc....

Surplus Funds

Chapters do not normally require larger reserve accounts due to the lack of ongoing fixed costs. However, surplus funds may be generated during the course of business. It is not the purpose of the chapters to accumulate reserve funds, but rather use these funds to provide more educational programs for its members. Surplus funds may be placed in an interest-bearing reserve account and allowed to grow to a level of two times the annual operating budget for necessary chapter services.

Some Ideas on Use of Surplus Funds:

- Recruitment campaigns
- Enhancing your chapter’s monthly meetings
- Leadership training/enrichment

Board Compensation Issues

While it is not illegal to compensate Board members of nonprofit organizations, such compensation is highly regulated by the IRS and is therefore not recommended. Compensation may also trigger a loss of protection against liability for such compensated Board members. Note that reimbursement of reasonable and customary expenses incurred by a Board member is not considered to be compensation.

W9 Form - Request for Taxpayer Identification Number and Certification

Often, chapters receive requests from vendors, sponsors, or anyone else needing to make a payment to the chapter, etc... for a W9 Form.

The W9 Form shares information about the taxpayer (the chapter) for the vendor company to have on file. The chapter fills this form out and provides to companies that request a W9 – normally to set up chapter in their system for payment. Payments might include fees for chapter sponsorships, exhibit fees, registration fees, etc... The chapter completes the form with their tax ID and contact information.

For membership payments, they should contact National for a copy of National's W9 Form since both National and Chapter dues are paid directly to the chapter.

For a copy of the W9 Form to complete, go to: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>.

Automated Clearing Houses (ACH)

In order to reduce costs and administrative support, many more companies are moving to electronic payment systems. More and more chapters are being contacted by vendors and sponsors for their banking information to set up these transactions. Typically, they will ask an authorized representative of the chapter to sign an authorization agreement with information on the chapter's banking information. These should be set up only for transactions associated with local events, meetings, conferences, etc... and not for membership payments, as they should come directly to National. Chapters do have permission to set up these ACHs. Just be sure you have received an agreement, keep a copy on file, as well as any information on the requesting information, and a contact to follow-up on payments that may not appear in online account or bank statements.

For the chapter, this can result in faster transactions, and reduce risk of lost checks or untimely deposits.

Annual Audit

The IRS does not require an annual audit. However, CMSA recognizes that the volunteers of the chapters do not specialize in accounting and financial reporting matters specific to tax-exempt organizations. It would be in the best interest of a chapter with \$50,000 or more in revenues and expenditures, to engage the services of a Certified Public Accountant (CPA) to assist in accounting, financial reporting and tax compliance matters. The CPA can perform any of the five different types of service:

- **Audit** - Provides the highest level of assurance on amounts reported in the financial statements. Procedures are designed to independently test/verify that numbers provided by chapter are correct. This is the most expensive service.
- **Review** - Provides limited assurance; procedures are limited to inquiries.

- **Compilation** - Provides no assurance; CPA can assist the chapter in preparing financial statements from the chapter's records. This is the least expensive service, but still achieves the involvement of an outside CPA. A lot of small organizations choose this service.
 - In order for a chapter to engage the services of a CPA to perform an audit, compilations or review, the chapter must maintain accurate and complete accounting records. These services do not contemplate the CPA recording any transactions, performing account reconciliations or writing checks for the chapter.
 - If a chapter needs assistance with basic, routine accounting matters, the chapter may consider engaging a CPA to perform consulting services.
- **Consulting** - Provides no assurance. CPA can maintain the books on behalf of the chapter, reconcile bank statements, write checks, and prepare monthly financial statements.
- **Tax Compliance** - Provides no assurance. CPA prepares form 990 and 990T (if applicable) and can consult on tax compliance matters.

It is always a good practice to have more than one set of eyes on the documentation, and for that person to be an expert in the field. It is up to the chapter when they choose to provide services, but it is strongly recommended this person be an expert in non-profit accounting because the accounting and tax compliance rules applicable to non-profit organizations are unique and can be complex.

Independent Contractor (Self-Employed) or Employee?

It is critical that business owners correctly determine whether the individuals providing services are employees or independent contractors.

Generally, you must withhold income taxes, withhold and pay Social Security and Medicare taxes, and pay unemployment tax on wages paid to an employee. You do not generally have to withhold or pay any taxes on payments to independent contractors.

To determine whether your administrative staff should be treated as an employee or a contract worker, visit <http://www.irs.gov/businesses/small/article/0,,id=99921,00.html> to review IRS guidance on this matter. If you are still unclear, you may complete a Form SS-8 for the IRS to review. A CPA can help, or will.

Additionally, you will find resources you need in filing the appropriate forms and taxes, after making a final determination on the relationship of your chapter support personnel.

Miscellaneous Income - 1099 Form

If your chapter paid Miscellaneous Income to an individual that is not an incorporated entity, the chapter is required to report that income on a 1099 Miscellaneous Form if amounts paid equal or exceed \$600 or more in a calendar year.

Examples would be a paid speaker who didn't have their own business or a website developer that was contracted without their own business.

You cannot use the online forms because they must be the carbon version, but you can obtain them through your local Post Office or IRS office.

PCI Compliance

Payment Card Industry (PCI) compliance is a complex and ever evolving subject affecting millions of businesses.

What is the Payment Card Industry (PCI) Data Security Standard?

The Payment Card Industry Data Security Standard is a worldwide information security standard assembled by the Payment Card Industry Security Standards Council (PCI SSC). The standard was created to help organizations that process card payments prevent credit card fraud through increased controls around data and its exposure to compromise. The standard applies to all organizations which hold, process, or pass cardholder information from any card branded with the logo of one of the card brands.

PCI is not a law, however many States already have laws in place that support many of the components. There is currently a big push by legislators and industry trade associations to enact a federal law around data security and breach notification. PCI applies to ALL organizations or merchants, regardless of size or number of transactions that **accepts, transmits, or stores any cardholder data**. If a customer ever provides credit card information to your organization, then PCI requirements apply.

Are You PCI Compliant?

Assess All Your Technology and Processes. What are the vulnerabilities that pose risk to the security of cardholders' data that is transmitted, processed, or stored by your organization? Your liability for PCI compliance also extends to third parties involved in your process flow, so confirm they are also compliant.

Remedy the Flaws. Change workflows, software, vendors, etc., if needed. This includes the methods you collect payments, process, or deliver them, as well as your vendors such as web-hosts, shopping cart/merchants, or links from your website to other companies that might be asking for online payments.

Reporting. PCI Compliance is monitored by the banks and global payment brands that you do business with. It is up to these payment brands like Visa, MasterCard, American Express, Discover and JCB to enforce compliance. Regular reports may be required of you from these financial institutions to ensure you are compliant. For example, if your website accepts American Express, or you collected credit card information from a member and you have a breach of data through that process, you are held responsible for not being compliant through American Express. If you are using PayPal to process your payments, then they have to prove to American Express their compliance and any breach of information. Use of a third party processor does not exclude your organization from being PCI compliant, but it may reduce the risk that your organization is exposed to and reduce the effort necessary in validating your PCI compliance.

Bottom Line: Protect your member's payment information!

- Restrict who has access to their information.
- Store paper applications in secure, restricted areas.
- Track information mailed to CMSA National.
- Encourage them to join online on CMSA's secure, PCI compliant shopping cart.
- Make sure the vendors you work with who accept your member's information are PCI compliant.

Definitions:

Merchant - In terms of PCI compliance, merchant is defined as any entity that accepts payment cards bearing the logos of any of the five members of PCI SSC (American Express, Discover, JCB, MasterCard or Visa).

Service Provider - Any company that stores, processes, or transmits cardholder data on behalf of another entity is defined as a Service Provider by the PCI guidelines.

Payment Application – Any application that stores, processes or transmits card data electronically.

Website Resources:

www.pcicompliance.org

www.pcicomplianceguide.org

www.pcisecuritystandards.org

Lobbying and Advocacy

Definition of Lobbying: The process of influencing public and government policy at all levels: federal, state, and local - or the act of attempting to influence decisions made by [government](#) officials, other legislators, [constituents](#), or [advocacy groups](#). A lobbyist is a person who tries to influence legislation on behalf of a special interest or a member of a lobby. Governments often define and regulate organized group lobbying that has become influential.

Local Public Policy Efforts:

One of the less understood but important federal tax issues for associations and professional societies is the federal tax on lobbying since 1993. This tax on lobbying applies to CMSA and to its chapters engaged in lobbying activities.

The Omnibus Budget Reconciliation Act of 1993 included a provision that denies a deduction for certain amounts paid or incurred in connection with lobbying activities (both direct and grassroots) aimed at influencing legislation or high-level executive branch officials. Influencing legislation is any attempt to influence any legislation through a lobbying communication; and all activities such as research, preparation, planning, and coordination, including deciding whether to make a lobbying communication or engage in for a purpose of making or supporting a lobbying communication, even if not yet made. A lobbying communication is one that refers to a specific legislative proposal.

This law affects trade associations and their members in one of two ways. Generally, if you have any outside or in-house lobbying expenditures in excess of \$2,000, then as a trade association you are required to do one of two things, as follows:

- (1) Either pay a 35% proxy tax; or
- (2) Perform a calculation to determine a nondeductible percentage of the member dues, and notify the member of the portion of the dues that are nondeductible.

If you chose the former (i.e., proxy tax), the tax will be reported on Form 990 in the tax year in which the expenditures are incurred.

However, most trade organizations choose the latter, as it typically has a less significant impact on the members instead of the chapter. If you choose the latter, then the chapter must not only calculate the nondeductible amount but also report the portion of the dues allocated to nondeductible lobbying expenditures to its members at the time the dues are assessed. This notification to the members should be done at least annually and through written communication (i.e., newsletter). National will include on the invoices to members that they should contact their Local Chapter President or Treasurer to see whether a portion of their dues is not deductible as a business expense because of lobbying activities.

To determine the nondeductible amount, the chapter must identify its lobbying expenses. This is done by using any reasonable and consistent method of allocating costs to lobbying activities. One method is the ratio method. Additionally, information relating to lobbying activities should be reported on Form 990. Examples of the ratio method, as well as other methods, are included in the Form 990 instructions. You are encouraged to keep the necessary records in order to support your estimates as well as the calculation.

Hopefully, the above has heightened your awareness of lobbying activities, and we encourage you to monitor your expenses and activities; and take the necessary steps to follow the IRS regulations.

Ratio Method: Under the ratio method, the chapter multiplies total costs of operations (excluding third-party costs) by the following fraction:

$$\frac{\text{Lobbying Labor Hours}}{\text{Total Labor Hours}}$$

The chapter adds the result of this calculation to its third-party costs to determine its total costs related to lobbying activities.

Lobbying labor hours are the hours that the chapter's personnel spend on lobbying activities during the taxable year. The taxpayer may treat as zero the lobbying labor hours of personnel engaged in secretarial, clerical, support, and other administrative activities (as opposed to activities involving significant judgment with respect to lobbying activities, such as activities carried out by paraprofessionals and analysts).

Total labor hours are the total number of hours that the chapter's personnel spend on the chapter's business during the taxable year. The chapter must treat as zero the total labor hours of all secretarial and similar personnel engaged in those activities, if these hours were omitted when calculating lobbying labor hours. In determining total labor hours, reasonable assumption may be made. For example, it may be assumed that full-time salaried personnel work 1,800 hours per year.

The chapter's total costs of operations are the total costs of the taxpayer's trade or business for a taxable year. However, the chapter may exclude costs spent for lobbying activities conducted by third parties and amounts spent for travel (including meals and lodging while away from home) and entertainment relating to lobbying activities. Nondeductible membership dues that can be allocated to lobbying activities may be excluded. The regulations do not state this explicitly, but presumably cost of goods would be included in costs of operation. Thus, the formula for allocating costs to lobbying activities under the ratio method is:

$$\frac{\text{Lobbying Labor Hours}}{\text{Total Labor Hours}} \times \text{Total Costs of Operations} + \text{Allocable Third-Party Lobbying Costs} = \text{Costs Allocable to Lobbying Activities}$$

$$\frac{\text{Costs Allocable to Lobbying Activities}}{\text{Total Costs}} = \% \text{ of Dues that are Nondeductible}$$

National Dues Implications for Lobbying

5% of national membership dues are dedicated to pursuits of health policy issues and are not deductible as a business expense. Members are notified on their applications, renewals, confirmations, etc...

990 Implications for Lobbying

When an association speaks out on Public Policy, Free Speech is balanced against the privilege of maintaining a tax-exempt organization. The Internal Revenue Service issued final regulations and a revenue procedure that may affect your reporting requirements, depending upon the level of your lobbying activities and expenditures.

Non-Profit Lobbying Legalities:

- 501(c)(6) organizations may engage in an unlimited amount of lobbying so long as the lobbying is related to the organization's tax-exempt purpose.
- 501(c)(6) organizations can also now fund independent expenditures to support or oppose federal candidates— but cannot be coordinated with the campaign.
- Individual members of an association may only deduct that portion of dues they have paid that are not attributable to any political or lobbying expenditure by the association.
- Associations must notify members of the non-deductible portion at the time of dues assessment; or, the association may pay a proxy tax, which may also be imposed if the association underestimates the total expenditures for political and lobbying activities.
- While trade associations may legally engage in lobbying and other political education activities, federal law prohibits all corporations, including incorporated associations, from making campaign contributions to candidates for federal office.
- Association funds may be used to establish and administer Political Action Committees (PACs) that solicit political campaign contributions from members and direct the funds to candidates. The association can cover costs of organizing, operating, and soliciting contributions to PACs.
- Individual association members and employees can give \$5,000 in any one calendar year to an association's PAC.
- PAC contributions by association members and staff are always voluntary and never tax deductible.
- PAC contributions can be a voluntary check-off on a dues invoice.
- Individual association leader can certainly express personal partisan opinions — but must make it expressly clear it is a personal opinion rather than the opinion of the association.
- Take care that funds or resources of a 501(c)(3) are not transferred to a related 501(c)(6) in a way that constitutes support of partisan campaign activities.

Chapter Insurance

CMSA National currently lists the local chapters under their Insurance policy for the two types of insurance coverage below to support chapter operations. However, it is important to remember that these policies are shared between all CMSA chapters and CMSA National. Once the limits of coverage are met for that year, there is no additional coverage. Chapters may take out additional coverage for their own policies, as desired.

More Policy Details and Contact Information may be located on the Information Sheet links in the description of each policy below.

1. What is Directors and Officers Insurance (D&O)?

Directors and officers insurance coverage is for protecting associations against allegations of financial mismanagement, allegations of personal injury & publisher's liability (libel, slander, defamation of character, infringement of copyright & trademark). This policy also extends coverage for employment practices liability (including wrongful termination, sexual harassment, & discrimination).

Limits of Coverage: \$5,000,000

Deductible: \$5,000

▶ [download the Directors & Officers Insurance information sheet](#)

2. What is General Liability Insurance?

General liability insurance is intended to respond to covered perils surrounding allegations of bodily injury or property damage to a third party, such as an invited guest, or the general public; and that such injury/damage is due to the negligence of your organization. General Liability insures other people against actions by your employees, members, or volunteers who are working at your direction and on your organization's behalf.

- Remember – injuries to or property damage to items belonging to employees, volunteers, or members of your organization or chapter are not covered.
- This policy will not respond to suits brought against one member by another. This policy is not and is never intended to be an accident or medical insurance policy for your members.
- The limit of liability is shared by all chapters.
- Medical expense coverage can extend to a volunteer who is working at your direction and on behalf of your organization, but only up to \$10,000. This coverage is not intended to replace medical or accident insurance.
- Certificates of Insurance should be obtained from vendors and anyone providing services, including caterers, bus charters, contractors and professional service providers.
- Always contact Aon Association Services prior to any conference your chapter will be holding to obtain a certificate of insurance under this policy.
- No real or personal property coverage

Limits of Coverage: \$10,000,000

Per Occurrence Limit: \$1,000,000

Deductible: \$250 (personal property)

▶ [download the General Liability Insurance information sheet](#)

Important Documents

What documents are important? These are documents that are critical to the operation of your chapter that you as a chapter treasurer will want to be able to access easily. These are not documents that you should have to hunt for in old boxes and files, phone the previous members of leadership, or write to some government office in hopes to obtain a copy.

Research shows that many groups keep at least two copies of these documents in separate places, *for example*: Current president's residence, treasurer's files, or the current secretary's files.

Make plans to obtain all your chapters' important documents and store them in an organized and secure manner. A couple of ideas to share might be by creating a binder that can be transitioned between officers each year, putting electronic copies on a disk or flash drive for the new leaders, or uploading to a password protected area for leaders only to access in a website or a file sharing site.

Below is a list of suggested documents that all chapters should have with easy, organized access to all chapter leaders at any given time.

- A list of current Board members and accurate contact information (*phone, email, etc.*)
- Chapter's mission/values/vision statement (if developed)
- A schedule of events for the year
- Chapter budget
- Articles of Incorporation
- Bylaws
- Policies/job descriptions/committee charters
- Chapter Management Guide
- Guide to Protecting and Managing Chapter Finances
- 990 Forms
- Financial statements
- Banking information
- W9 (Request for Taxpayer Identification Number and Certification)
 - Chapter fills this form out and provides to Companies that request a W9 – normally to set up a chapter in their system for payment. For membership payments, they should contact National for the National W9. For payments directly to the chapter such as sponsorships, exhibit fees, registration fees, etc... , the chapter would send their information.
- Webmasters contact information
- P.O. Box information and spare key (if applicable)

IRS Information Responsibilities for Tax-Exempt Organizations

www.irs.gov

CMSA National and Chapter Fiscal Year: January 1 – December 31

Chapter's Return Due Date: May 15 (15th day of the 5th month after the end of the fiscal year.)

Filing Extension: The due date may be extended for three months, without showing cause, by filing [Form 8868](#) before the due date; an additional three-month extension may be requested on Form 8868 if the organization shows reasonable cause why the return cannot be filed by the extended due date.

Will my organization's exempt status be revoked if I filed a request to extend the due date for filing my annual information return? No. As long as you filed [Form 8868](#) by your organization's filing due date, then file as required by the extended due date, the organization's exempt status will not be automatically revoked during the extension period. Note: Form 8868 **cannot be filed** to extend the due date of a Form 990-N (e-postcard).

Who files the chapter's 990 Form return?

Even though the chapters are affiliates of CMSA, and subordinates under CMSA's Group Exemption, the chapters' information is not included through CMSA National in a group return. The chapter must file its own return.

2010 Tax Year and later (Filed in 2017 and later)	Name of Form	Form to File	Instructions
Gross receipts: normally less than or equal to \$50,000 Note: Organizations eligible to file the <i>e-Postcard</i> may choose to file a full return	Annual Electronic Notice	990-N	n/a
Gross receipts: Less than \$200,000, and Total assets: Less than \$500,000	Short Form Return of Organization Exempt from Income Tax (990-EZ)	990-EZ or 990	Instructions
Gross receipts: Greater than or equal to \$200,000, or Total assets: Greater than or equal to \$500,000	Return of Organization Exempt from Income Tax (990)	990	Instructions

Note: Prior to 2010 Tax Year, IRS threshold was less than \$25,000 for 990-N. \$25,000 or more had to file a 990 or 990 EZ.

Frequently Asked Questions about the 990-N (e-Postcard)

How do I file the e-Postcard? The e-Postcard is filed electronically by answering fewer than ten questions in an online form that can be found [here](#). When you link to the system, you leave the IRS site and file the e-Postcard with the IRS through our trusted partner, Urban Institute. If you have trouble linking to the filing system through the IRS website, the URL for the Urban Institute site is <http://epostcard.form990.org>. The form must be completed and filed electronically. There is no paper form.

How much does it cost to file the e-Postcard? Filing the e-Postcard is free.

Can I file the e-Postcard before the close of my tax year? No, you cannot file the e-Postcard until after the end of your tax year.

Can an organization file an e-Postcard for a prior year? No, you cannot file an e-Postcard for a prior year through the link on our site. You may only file for the last tax period closed.

Filing Form 990-N (e-Postcard) Late: If you do not file your e-Postcard on time, the IRS will send you a reminder notice but you will not be assessed a penalty for late filing the e-Postcard.

What information do I need to provide on the e-Postcard? The e-Postcard is easy to complete. All you need is the following information:

- Organization's legal name –
 - An organization's legal name is the organization's name as it appears in the certificate of incorporation or the organization's application for Federal tax-exempt status, unless a request was previously submitted to the IRS to have the name officially changed.
- Any other names your organization uses – If the organization is known by or uses other names to refer to the organization as a whole (and not to its programs and activities), commonly referred to as Doing-Business-As (DBA) names, they should be listed.
- Organization's mailing address – The mailing address is the current mailing address used by the organization.
- Organization's website address (if you have one).
- Organization's [employer identification number](#) (EIN) –
 - Every tax-exempt organization must have an EIN, sometimes referred to as a Taxpayer Identification Number (TIN), even if it does not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service. Your organization would have acquired an EIN by filing a Form SS-4 prior to requesting tax-exemption. The EIN is a 9-digit number and the format of the number is NN-NNNNNNN (for example: 00-1234567).
 - If you do not know your EIN, you may be able to find it on the organization's bank statement, application for Federal tax-exempt status, or prior year return. (Or contact your Parent Organization).
 - Please note that the EIN is not your *tax-exempt number*. That term generally refers to a number assigned by a state agency that identifies organizations as exempt from state sales and use taxes.
 - DO NOT use the EIN of a parent or other organization.
- Name and address of a principal officer of your organization –
 - Usually president, vice president, secretary, or treasurer – often specified in the organization's by-laws.
- Organization's annual tax year –
 - Like any taxpayer, exempt organizations must keep books and reports and file returns based on an annual accounting period called a tax year. A [tax year](#) is usually 12 consecutive months that can be either calendar year or fiscal year and is often specified in the organization's by-laws.
- Answers to the following questions:
 - Are your [gross receipts](#) still [normally \\$50,000 or less](#)
 - Has your organization terminated or gone out of business?

Will I get a confirmation that I filed the e-Postcard?

Yes, you will receive an email from the filing system indicating whether your e-Postcard was accepted or rejected by the IRS. If rejected, the email will tell you who to contact to help resolve the problem. In addition, once you submit the e-Postcard to the IRS you can view the “Check Filing Status” page where you can view and print an image of the e-Postcard for your records.

If my information changes or I make a mistake, can I amend the e-Postcard after submitting it to the IRS?

No, you cannot file an amended e-Postcard. You can make corrections or update your information when you file your next e-Postcard in a subsequent year.

I received a letter from the IRS about the e-Postcard, but I am no longer with the organization and I am unable to forward the letter; what should I do? Call Customer Account Services toll-free at 877-829-5500 and explain the situation.

When my organization attempted to file the e-Postcard, it received an error message indicating that the EIN was incorrect. What should we do? If you are certain that your EIN was entered correctly, the IRS may not have your organization listed as a tax-exempt organization. This may be because your application for tax exemption is pending or you did not apply for tax exemption. If this is the case, an officer of the organization should contact Customer Account Services at 877-829-5500 and ask that the organization be set up to allow filing of the e-Postcard.

Can I file Form 990 or Form 990-EZ instead of the e-Postcard?

Yes, but please note that if you choose to file an annual information return (Form 990 or Form 990-EZ) instead of the e-Postcard, you must file a complete return. An incomplete or partially completed Form 990 or Form 990-EZ will not satisfy the annual filing requirement. Also, you may be assessed a late filing penalty if you file Form 990 or Form 990-EZ late.

Who should I contact if I'm having trouble with the e-Postcard website?

If you experience a problem with the e-Postcard filing system, such as a problem logging on to the system, send an email describing the problem to epostcard@urban.org.

What happens if my Information Return is filed late (after due date, including any extensions)?

Form 990/Form 990-EZ: If the organization (gross receipts under \$1,000,000) doesn't provide [reasonable cause](#) for filing late, the Internal Revenue Service will impose a penalty of \$20 per day for each day the return is late. The maximum penalty is \$10,000, or 5 percent of the organization's gross receipts, whichever is less. For an organization exceeding \$1,000,000 in gross receipts, the penalty increases to \$100 per day, up to a maximum of \$50,000.

An organization that fails to file the required information return (Form 990, Form 990-EZ, or Form 990-PF) or e-Postcard (Form 990-N) for three consecutive tax years will automatically lose its tax-exempt status. The revocation of an organization's tax-exempt status will not take place until the filing due date of the third year. The IRS will not send additional notices once your tax-exempt status is automatically revoked.

What happens if my Form 990 is incomplete?

The IRS treats an incomplete return the same as a [return filed late](#) - the penalties are the same. For example, if an organization fails to attach a required schedule to its annual return - one of the most common errors in filing Forms 990, 990-EZ, and 990-PF - its return is considered incomplete and filing penalties may apply.

COMMON ERRORS FOR 990 FORM

TIPS	WHY?
Be sure you file the proper version of Form 990 for your tax period	You must use the appropriate Form 990 for the tax period for which you are filing . Penalties may be assessed for failing to file the proper version of Form 990 for the tax period of the return.
Double check your identifying information	Check the accuracy of your EIN, Tax Period and Group Exemption Number (GEN) if applicable. Make sure you indicate the correct Internal Revenue Code Subsection for your organization as indicated in your determination letter.
Complete Parts I through XII	All organizations that file Form 990 must fully complete Parts I through XI of the form.
Be sure to sign the return	Form 990 is not complete without a proper signature in Part II, Signature Block. An officer of the organization must sign the return. For a corporation or association, this officer may be the president, vice president, treasurer, assistant treasurer, chief accounting officer or tax officer. For a trust, the authorized trustee(s) must sign.
Do not include unnecessary personal identifying information	Form 990 must be made publicly available by the IRS and the filer; putting personal identifying information not required by the IRS on the return facilitates identify theft.
Determine which schedules are required	By completing Part IV, <i>Checklist of Required Schedules</i> , you can determine which schedules are required. Be sure to fully complete and attach all of the required schedules. When completing required schedules, always: <ul style="list-style-type: none"> • Carefully read the instructions for each required schedule; • Complete all applicable parts and lines; • Answer <i>yes</i> or <i>no</i> to each question (unless otherwise instructed for a particular question); • Make an entry on all <i>total</i> lines including <i>zero</i> (0) when appropriate;
Complete Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support	All section 501(c)(3) or 4947(a)(1) organizations must fully complete and file Schedule A . You must use the appropriate Schedule A for the tax period for which you are filing . Penalties may be assessed for failing to file the proper version of Schedule A for the tax period of the return.
Complete Schedule B (Form 990, 990-EZ or 990-PF), Schedule of Contributors	All organizations must complete and attach Schedule B or certify the organization is not required to attach Schedule B by answering <i>No</i> on Part IV, line 2 of Form 990 .
Complete Schedule C (Form 990 or 990-EZ), Political Campaign and Lobbying Activities	Section 501(c) and section 527 organizations use Schedule C to furnish additional information on political campaign and lobbying activities.
Complete Schedule D (Form 990), Supplemental Financial Information	Schedule D provides required reporting for donor advised funds, conservation easements, endowments, escrow and custodial accounts, reconciliation with financial statements, and certain other supplemental financial information.
Complete Schedule E (Form 990 or 990-EZ), Schools	Schedule E must be completed by an organization that is a school as described in Code section 170(b)(1)(A)(ii).
Complete Schedule J (Form 990), Compensation	Schedule J must be filed to report certain compensation information.
Complete Schedule L (Form 990 or 990-EZ)	Schedule L <i>Transactions with Interested Persons</i> , must be completed by organizations required to report excess benefit transactions, loans to or from directors, trustees, officers, key employees, or disqualified persons, grants or other assistance to interested persons, and business transactions with interested persons.
Complete Schedule R (Form 990), Related Organizations and Unrelated Partnerships	Organizations that answered <i>Yes</i> to Form 990, Part IV, lines 33, 34, 35, 36, or 37 must complete and attach Schedule R, Related Organizations , to report relationships and certain transactions with such organizations.
Complete Schedule O (Form 990), Supplemental Information for Form 990	Schedule O is an "open" schedule that must be filed by all organizations that file Form 990. It is used to provide IRS with narrative information required for responses to specific questions, and to supplement or explain the organization's responses to other questions. At a minimum, all organizations must provide explanations to their answers to Form 990, Part VI, lines 11b and 19.

COMMON ERRORS FOR 990-EZ

<i>TIPS</i>	<i>WHY?</i>
NEW – Increased filing thresholds for Form 990-EZ	For tax years 2008, 2009 and 2010, the threshold amounts for both gross receipts and assets of organizations that may file Form 990-EZ instead of Form 990 have changed. Check the instructions for Form 990 or Form 990-EZ before filing Form 990-EZ to determine if you are under both the gross receipt and asset thresholds.
Sponsoring organizations and controlling organizations	If you are a sponsoring organization of a donor advised fund, you must file Form 990 rather than Form 990-EZ. You must also file Form 990 rather than Form 990-EZ if you are a controlling organization defined in section 512(b)(13) and if there was any transfer of funds between you and any controlled entity during your tax year.
Double check your identifying information	Check the accuracy of your Employer Identification Number (EIN), Tax Period and Group Exemption Number (GEN) if applicable. Make sure you indicate the correct Internal Revenue Code subsection for your organization's tax-exempt status, as indicated in your determination letter.
Be sure to sign the return	Form 990-EZ is not complete without a proper signature in the signature block (Part VI). An officer of the organization must sign the return. For a corporation or association, this officer may be the president, vice-president, treasurer, assistant treasurer, chief accounting officer or tax officer. For a trust, the authorized trustee(s) must sign.
Complete Parts I through V	All organizations that file Form 990-EZ must complete fully Parts I through V of Form 990-EZ.
Complete Part VI	All 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must complete all of Part VI of Form 990-EZ.
Be sure all required schedules are fully completed and attached	Form 990-EZ filers may be required to file new Schedules A , B , C , E , G , L and/or N . When completing required schedules: <ul style="list-style-type: none"> • Carefully read the instructions for each of the required schedules; • Complete all applicable parts and lines; • Answer <i>yes</i> or <i>no</i> to each question (unless otherwise instructed for a particular question); • Make an entry on all total lines including <i>zero</i> (0) when appropriate;
Complete Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support	All section 501(c)(3) or 4947(a)(1) organizations that file Form 990-EZ must complete fully and file Schedule A . You must use the appropriate Schedule A for the tax period for which you are filing . Penalties may be assessed for failing to file the proper version of Schedule A for the tax period of the return.
Complete Schedule B (Form 990, 990-EZ or 990-PF), Schedule of Contributors.	All organizations must complete and attach Schedule B or certify the organization is not required to attach Schedule B by answering <i>No</i> in Item H of Form 990-EZ.
Complete Schedule C (Form 990 or 990-EZ), Political Campaign and Lobbying Activities	Schedule C is used by section 501(c) and section 527 organizations to furnish additional information on political campaign and lobbying activities.
Complete Schedule E (Form 990 or 990-EZ), Schools	Schedule E must be completed by organizations that are schools as described in section 170(b)(1)(A)(ii).
Complete Schedule L (Form 990 or 990-EZ), Transactions with Interested Persons	Schedule L must be completed by organizations required to report excess benefit transactions or loans to or from directors, trustees, officers, key employees, or disqualified persons.

SAMPLE FINANCIAL REPORTS

The following page contains some samples of reports for the Annual Financial Reports due to CMSA National by May 15 each year.

Some chapters track their expenses and revenues in Excel for easier calculations and measurement of how they are doing. Others have used purchased financial products to support them such as Quickbooks, Quicken, etc...

The CMSA National Office Needs the Following Each Year:

- Annual budget
- Copy of your Form 990, Form 990 EZ or Form 990-N
- Copy of your state/local income tax return, if applicable
- Copy of your bank statement for beginning of fiscal year
- Copy of your bank statement for end of fiscal year
- Statement of Financial Position
- Statement of Activities
- Annual audit, if applicable

2017 BUDGET

Jan 1, 2017 – Dec 31, 2017

Example 1

Case Management Chapter

Revenue

Conference	\$2,000.00
Local Dues	<u>\$500.00</u>
TOTAL	\$2,500.00

Expenses

Conference	\$1,200.00
Postage	\$200.00
Printing/Copying	\$350.00
Telephone	\$50.00
Misc. Expenses	\$150.00
Newsletter	\$70.00
Office Supplies	<u>\$35.00</u>
TOTAL	\$2,055.00

Balance	\$445.00
----------------	-----------------

*** A copy of this is needed at the National Office for your chapter's records by May 15th.**

Example 2

Treasurer's Report

Case Management Chapter

December 31, 2017

As of December 31, 2017, the Case Management Chapter has a balance of \$840 in its bank account. For 2017 fiscal year, we have received \$2,500 in income. The conference did not do as well as we had originally budgeted, but membership dues did do better than we had expected. Our expenses for 2017 were \$1,320. We had originally projected in our budget \$1,800. Even though conference expenses remained the same as budgeted, we were able to cut back in the other categories. Attached you will find the Statement of Activities as of December 31, 2017 for the Board to review.

Submitted by Nikki Jackson, Treasurer of Case Management Chapter

*** A copy of this is needed at the National Office for your chapter's records by May 15th.**

STATEMENT OF ACTIVITIES

A Statement of Activities is an income statement that lists your income and expenses for the year. If you use a CPA or bookkeeping service, they can create this statement for you. If you use Quicken or some type of accounting software, it will generate one for you. If you do not, you will need to create one and send it to our office. An example of one is on page 20. Follow the steps below to create one:

1. Categorize your income (e.g. conference revenue, dues revenue, etc...)
2. Categorize your expenses (e.g. office supplies, postage, telephone expense, conference expenses, etc.
3. Go through your checkbook and put each deposit under an income category. (Some amounts might need to be divided under several categories if your deposit included several checks.)
4. Go through your checkbook and put each check amount under an expense category. (Some amounts might need to be divided under several categories if you wrote a check for more than one thing.)
5. Total each category.
6. Total all income categories for a lump sum.
7. Total all expense categories for a lump sum.
8. Subtract your total revenue from your total expense.
9. This last step tells you your chapter's net income or loss for the year.

STATEMENT OF ACTIVITIES

Example 3

December 31, 2017

(For Jan 1, 2017– Dec 31, 2017)

Case Management Chapter

Revenue	
Conference	\$1,700.00
Dues from Members	<u>\$550.00</u>
TOTAL	\$2,250.00
Expenses)	
Conference	\$1,250.00
Postage	\$175.00
Printing/Copying	\$250.00
Newsletter	\$75.00
Telephone	\$35.00
Misc. Expenses	\$100.00
Office Supplies	<u>\$25.00</u>
TOTAL	\$1,910.00
Total increase (decrease) in net assets	\$340.00
Net assets at beginning of year (Jan 1, 2017)	<u>\$500.00</u>
Net assets at end of year (Dec 31, 2017)	<u><u>\$840.00</u></u>

*** A copy of this is needed at the National Office for your chapter's records by May 15th.**

STATEMENT OF FINANCIAL POSITION

Example 4

December 31, 2017

(for January 1, 2017– December 31, 2017)

Case Management Chapter

Assets	
Cash	\$930.00
Accounts Receivable	\$25.00
Office Equipment	\$0.00
TOTAL ASSETS	\$955.00
 Liabilities	
Accounts Payable	\$115.00
 Net Assets	
Net Assets	\$840.00
TOTAL LIABILITIES & NET ASSETS	\$955.00

Assets must equal liabilities plus net assets.

*** A copy of this is needed at the National Office for your chapter's records. By May 15th.**