



2012

TREASURER'S GUIDE



Chapter Leader Training

NMA...THE Leadership Development
Organization
March 2012

Chapter Leader Training

TREASURER'S GUIDE



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WHERE TO BEGIN

In a typical NMA chapter, the Treasurer serves two major roles. One, as the comptroller who sets up and maintains an orderly bookkeeping procedure so chapter leaders may, at any time, obtain up-to-date information on chapter's financial status. Two, as the financial advisor to chapter leaders and the board of directors, assists in budget preparation, financial forecasts, and short and long-range budgetary planning.

You and other chapter leaders should soon be conducting a goal setting meeting, attended by all officers and major committee chairpersons. Start planning now for this event.

- Carefully study the contents of this Guide, making note of those items on which you will want more information or have a question to ask.
- Consult with the President, Vice President, and Secretary to ensure your participation in early goal-setting meetings. Recommend that budget planning be considered an integral part of early goal setting.
- Review present accounting and financial record keeping procedures, and consider what improvements can be made.
- Arrange an orderly turn over of accounts, records, and funds from your predecessor.
- Start formulating plans for a system of budgetary control, which provides guidance and allows freedom of expenditures to a certain limit, but requires special approval beyond those limits.

This Treasurer's Guide serves as an instruction manual covering various details of the treasurer's function.

There is reference to several forms in this guide, which are provided by the Internal Revenue Service. All of these forms can be downloaded from the following website. <http://www.irs.gov/formspubs/index.html>. However, we have included samples of the most commonly requested forms at the end of the manual.

If your duties also include reporting membership information, your chapter Secretary has received a Secretary's Guide which outlines membership renewal procedures in greater detail and provides various helpful suggestions for you and other chapter leaders involved in administration of chapter affairs. The membership forms may be downloaded from NMA website at: <http://nma1.org>.

YOUR ATTITUDE IS THE KEY

Going in, what should be your attitude—your concept of the position of chapter treasurer? Ask any NMA chapter treasurer for advice, and you're likely to hear something like this ... "Be a tightwad, but not a miser. The idea is NOT to save a lot of money for next year. You're supposed to spend wisely and carefully, keeping within budgets. But you spend it to give the members the best possible program this year!"

KEEP PURPOSE WELL IN MIND

Naturally, your plans will provide for contingency funds, for a minimum balance of operating capital and all other fiscal safeguards needed to keep an organization solvent. But the chapter, you soon realize, is NOT a branch of a savings association. Its primary purpose is to dispense funds, NOT build up an impressive reserve. It is the leader's responsibility to dispense the funds in a manner to help members achieve professional advancement and personal growth.

So your responsibility as treasurer is to see that NMA members get their money's worth. You should be as hard-nosed as most fiscal officers are because you are firmly in charge of finances. You keep your colleagues in budgetary line, and you keep records—solid, complete, and detailed.

BOW OUT TO APPLAUSE

Do these things and you will grow with your responsibilities. At the end of your term as treasurer you will be able to bow out with the assurance of having done your excellent best, and with having contributed effectively to the continued stability of the NMA chapter.

YOU MOVE IN

As the chapter's new treasurer, there are six first steps to take.

1. A MEETING WITH THE OUTGOING TREASURER

This is not a casual discussion over the phone or an offhand contact after another meeting. Insist, pleasantly but firmly, that you need to spend some time together convenient to you both.

Go over the books together studying procedures and asking questions about any item you don't understand. Make sure those books are audited. If this hasn't been done, make it your first order of business.

Develop goodwill. There will be many times during your term in office when the past treasurer's experience can be of immediate help to you.

2. TAKE OVER THE CHAPTER'S BANK ACCOUNT

Have the signature card changed. Find out how many checks are normally issued during the year, and order new ones if needed. If your bank has it available, consider using online bill payment. It can save a lot of money in postage.

3. STUDY THE CURRENT BOOKKEEPING PROCEDURES/PRACTICES/PROCESSES

Decide if you want to continue the current system, or whether a new or adapted system is indicated. This might be a good time to review all your processes and re-evaluate them.

You won't want to make any snap judgments on this important point, so the further in advance you can arrange to study the books, the better.

4. ARRANGE A SURETY BOND

A surety bond should be arranged for all those who handle chapter funds. Don't put this off. It's a necessary protection for the organization, and for you. (Surety Bond definition – An agreement by an insurance or bonding company to be responsible for certain possible defaults, debts or obligations contracted for by an insured party; in essence, a policy insuring one's personal and/or financial integrity.)

5. ACCEPT AND DOUBLE-CHECK THE INVENTORY

Be sure to inventory chapter property such as banners, projectors, and public address systems. They can get lost or permanently "borrowed" if you fail to follow through. They represent assets and you are the person in charge of it.

6. START MAKING YOUR PROJECT PLANS FOR THE YEAR

You'll be expected to come up with periodic financial reports to the general membership and to officers and the board.

Now's the time to collect input from various sources that will keep you on top of the job, such as past practices on meal prices, speaker fees, meeting room charges, guest fees, and officer travel, etc.

YOUR YEAR AS TREASURER

CHECK AND DOUBLE-CHECK

With preliminaries out of the way, you settle in, using the old or new bookkeeping system, writing checks to pay bills, and arranging for the collection of dues.

You'll be working with officers and committees, making sure that the budgets are both realistic and are followed.

YOU BLOW THE WHISTLE

At the end of each month you'll note the financial condition of the chapter, not only comparing it to the situation at this time in other years, but also how will the future financial condition be in view of the current plans.

GET IT IN WRITING

If you have a large chapter, it will help you to keep a documentary week-by-week account of chapter activities as they affect the finances. Insist on prompt detailed reports from officers and committees. Make sure you get these reports in writing. Leave nothing to anybody's memory, including your own.

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.

HISTORY AND LEARNING CURVES

Certainly, this practice will involve the recording of mistakes. They can be justifiable and entirely blameless, but if they're on the record, they don't have to be repeated. A written history helps everybody's learning curve. Because these problems become known, you will be able to make well-documented suggestions and recommendations.

Now what's the best way for you to make your regular reports to the membership?

THREE "BE"S" OF REPORTING

The general membership of most NMA chapters could care less about the dollar-and-cents specific situation. What they want to know: Do we have enough money to do the job?

Some treasurers have used ingenuity in making their reports as painless and as short as possible. They have emulated the successful speaker's formula: Be bright. Be brief. Be seated. One treasurer responded simply by lifting a sign at his place at the dinner table. It read: "We're O.K. See the chapter newsletter for details."

Many treasurers have found the chapter newsletter to be an excellent medium in which to present a concise, factual report. They don't take up meeting time at all. Whatever means you choose to get the message to the membership, don't ever feel that by becoming treasurer, you have been given a license to bore.

KEEP THE INTEREST RICH

Keep this also in mind as you prepare each of your reports to chapter officers and the board. They are very much interested in what you have to say, but they, too, appreciate a brisk approach.

In these special presentations, make use of graphs, pie charts and other visual aids. Be prepared to answer questions about any aspect of the report. Be sure to field the challenges with unruffled good humor. You are there to demonstrate your command of facts about the chapter's finances. Your image of effectiveness will be reinforced by your courtesy and in-depth information.

DO THIS — FOR SURE

There is one routine, but vital, report you will be making to Uncle Sam. This involves filling out the Tax Form #990, #990EZ, or 990N (e-Postcard). It's needed each year to continue the chapter's tax exempt status.

For the most up-to-date IRS forms, go to: <http://www.irs.gov/formspubs/index.html> and search for the Form you need.

DUES FROM YOU TO NMA

Another report is prepared in conjunction with the chapter secretary. You will be responsible for sending member dues to NMA headquarters. In addition, for new members who have never previously belonged to an NMA chapter, there is a one-time registration fee. If you are an annual chapter, you should consult with the secretary for details on half-year dues. (The Secretary's Guide outlines this information.)

PAYROLL DEDUCTIONS CAN HELP YOU

Chapters that collect dues through company payroll deductions are permitted to pay their members' dues to NMA on the same schedule as payments are received through the company. If your chapter does not now use the payroll deduction system, you should consider these benefits in making a change:

- Less administrative detail for chapter leaders.
- Less company time spent by boosters and others in repeated member contacts.

- Better stabilization of membership, it's simpler for the member to stay in than drop out.
- More productive annual membership drives. Can concentrate on recruiting new members.
- More stable income evenly distributed throughout the year.
- Better budget planning due to greater certainty of income.

A FEW WORDS ABOUT PAYROLL DEDUCTION AND DUES

NOTE: Companies differ with regard to payroll deduction policies. If you choose payroll deduction, see if you can include a phrase similar to the one below on the authorization form. By including this, you might not have to go through the process of having members sign a new deduction authorization form should the chapter dues change.

"I agree to the deduction of chapter dues in ____ (weekly, bi-weekly, monthly) installments equal to the appropriate fraction thereof as related to the chapter's dues as set by the chapter board of directors."

DUES AND YOUR BYLAWS

At one point or another, most chapters have to raise their dues to keep up with inflation. In years past, many chapters had to get approval of the membership in order to raise dues. Over time, chapter leaders realized the inherent difficulty of that approach... it's like asking people if they'd like more taxes. So, we encourage new chapters to include in their Bylaws and existing chapters to amend their Bylaws to include a statement similar to:

"Annual membership dues and registration fee will be as determined by the board of directors. The fiscal year shall begin the first day of (insert month)."

NMA PAYROLL DUES SCHEDULE

IF YOUR DUES ARE PAID THROUGH THE MONTH OF:	DUES ARE PAYABLE TO NMA BY THE END OF:	DUES ARE DELINQUENT IF NOT PAID BY:
June	July	September 30
July	August	October 31
August	September	November 30
September	October	December 31
October	November	January 31
November	December	February 28
December	January	March 31
January	February	April 30
February	March	May 31
March	April	June 30
April	May	July 31
May	June	August 31

NMA ANNUAL DUES SCHEDULE

IF YOUR FISCAL YEAR ENDS ON LAST DAY OF:	YOUR NEW FISCAL YEAR BEGINS 1 ST DAY OF:	DUES ARE PAYABLE TO NMA BY THE END OF:	DUES ARE DELINQUENT IF NOT PAID BY:
June	July	July	September 30
July	August	August	October 31
August	September	September	November 30
September	October	October	December 31
October	November	November	January 31
November	December	December	February 28
December	January	January	March 31
January	February	February	April 30
February	March	March	May 31
March	April	April	June 30
April	May	May	July 31
May	June	June	August 31

LEADERSHIP TRAINING

Become acquainted with the 5-step chapter leader-training program, conducted by chapter leaders during the period (usually 60 days) between election and installment. Be prepared to provide historical data on cost of meals, meeting rooms, fees, and similar information needed by officers and others in tying cost estimates to proposed objectives and goals.

TIPS TO THE TREASURER

The process of properly recording business transactions is essential to the ultimate success of the NMA chapter. Direction of business operations must be based on knowledge of facts with which to make sound decisions. It is only through an adequate budgeting and accounting system that the essential facts are made available.

The outline that follows is a typical bookkeeping procedure. It is designed primarily to aid the treasurer of the small to medium size chapter to properly maintain essential economic facts of chapter operations.

In establishing a chart of accounts, the treasurer should include all items that make up the operating budget. Additions to this list should only be made when absolutely necessary, as any great expansion will tend to confuse rather than be of any benefit.

The budget, prepared in advance of the fiscal year, is an estimate of future financial operations. The bookkeeping is a historical recording of the chapter's financial operations. Therefore, the budget and bookkeeping systems should be so structured as to be compatible.

The chart presented here provides most of the accounts required for proper keeping of the records and development of reports the treasurer will make.

ACCOUNTS SUGGESTED FOR PROPER BOOKKEEPING RECORDS FOR AN NMA CHAPTER

RECEIPTS

Membership Dues

Registration Fees

Dinner/Luncheon Ticket Sales

Company Contributions

Other Income

DISBURSEMENTS

Office Expenses

NMA dues & registration fees

Miscellaneous

Program expenses

Community and Youth Activities

Recognition

Member Relations

Professional Development

Area/National Activities

Programs

Awards

Some form of records should be maintained to record receipts and disbursements. This can be easily done with an inexpensive accounting software package such as QuickBooks. You can even download some free accounting software such as Express Accounts Accounting Software. There's also free Cloud accounting software.

You now have all the accounts you need to use to develop a budget and to prepare your financial reporting to the chapter.

BUDGET PREPARATION

A. Annual Membership Income:

This is based on estimated annual membership for the current year – Number of estimated members X annual membership dues.

B. Payroll Deduction Membership Income

Number of members @ annual dues rate or number of members @ monthly dues rates times 12 months.

C. Registration Fee Income

Project the number of new members that may join during the upcoming year times \$20 registration fee, or, if your fee differs from this @ your registration fee rate.

D. Other Income

Raffles, donations, party or dance, interest from savings accounts, etc.

E. Dinners and Luncheon Income

Estimate the number of breakfasts, lunches, dinners or the functions that will be held at the cost of each times number of attendees plus % markup of the cost.

E. NMA Sponsored Speaker Reimbursement:

Each chapter is eligible to be reimbursed for ½ the charge for a speaker up to \$200 during the fiscal year. You must submit a "Sponsored Speaker Reimbursement" form that can be downloaded from <http://nma1.org>.

F. Company Contribution Income:

Either on a monthly basis times 12 or on an annual basis -put in this figure.

G. Expenses or Disbursements:

1. Coordination of all committees within the chapter i.e.:
 - a. Community and Youth Activities
 - b. Recognition
 - c. Financial (including NMA dues & registration fees)
 - d. Member Relations
 - e. Professional Development
 - f. Area/National Activities
 - g. Programs

H. Prior to Development of Expense Budget:

Put various expenses in correct category.

1. Compare individual expenses and total expenses to income -to see where you stand and evaluate.

If expenses are too high in relation to income either individually by area or in a committee meeting, revise and cut expenses where applicable.

If income is too high in relation to expenses, repeat step "a" and evaluate where extra income could be used most effectively within the scope of the chapter purpose.

SAMPLE CHAPTER ANNUAL BUDGET

Annual Budget

For Fiscal Year Ending December XXXX

Acct ID	Description	Yearly Budget	Totals
INCOME			
41000	Membership Dues	12,000.00	
41001	Dinners and Luncheons	2,500.00	
41100	Company Contributions	6,000.00	
41200	NMA Educational Dividend	200.00	
41300	Other Income	1,000.00	
	Total Income		21,700.00
EXPENSES			
51000	Printing & Postage	200.00	
51100	Office Supplies	150.00	
51120	Misc Expense	100.00	
51130	Professional Development	2,000.00	
51140	Plaques & Awards	500.00	
51150	Program Facility Rental	1,000.00	
51151	Program Speaker	800.00	
51170	Program Meals	4,500.00	
51200	Program Entertainment	100.00	
51300	Program Tips and Gratuities	500.00	
52000	Program Expense Other	500.00	
52100	Community Services Programs	1,000.00	
52110	NMA Speech Contest	1,000.00	
52200	Registration Fees to National	150.00	
52300	Dues paid to National	3,600.00	
52400	LDC Expenses (2 ppl)	2,000.00	
52500	Annual Conference Expenses (2 ppl)	2,400.00	
	Total Expenses		20,500.00
	Net Income		1,200.00

MONTHLY REPORTING

Monthly financial statements are prepared to show how your chapter has performed financially during the previous month. A financial statement shows your beginning bank balance, your income, your expenditures, and your ending bank balance for the month. An Income and Expense statement should be prepared to show your income and any expenditures made during the month documenting how your income and expenses compare to what was budgeted for the period.

A. Monthly Income and Expense Statement

If you are a payroll chapter, list the amount of dues and registration fee income you received from the company; if you are an annual chapter, list the amount of dues and registration fee income you received from individuals for the month under income on your "Income and Expense Statement."

Under the other income accounts, list the totals received during the month being careful to allocate the income to the correct accounts, i.e., Company Contributions, Other Income, Ticket Sales, etc.) Total your income.

Collect all expense receipts and paid invoices and categorize by accounts and list under proper account code then total.

Continuously keep the year to date figures in the extreme right columns of the month and year to date financial statement. If you don't have accounting software that calculates this for you, you can put it on an Excel spreadsheet and let Excel do your calculations.

SAMPLE MONTHLY INCOME AND EXPENSE STATEMENT

XYZ Leadership Association of NMA
Income and Expenses Compared with Budget
For the Three Months Ending March 31, 2012

Acct ID	Description	Curr Month Actual	Yearly Budget	Y-T-D Variance
Income	INCOME			
		\$	\$	
41000	Membership Dues	1,000.00	12,000.00	11,000.00
41001	Dinners and Luncheons	500.00	2,500.00	2,000.00
41100	Company Contributions	500.00	6,000.00	5,500.00
41200	NMA Educational Dividend	0.00	200.00	200.00
41300	Other Income	150.00	1,000.00	850.00
	Total Income	2,150.00	21,700.00	19,550.00
	EXPENSES			
51000	Printing & Postage	5.00	200.00	195.00
51100	Office Supplies	2.00	150.00	148.00
51120	Misc Expense	2.00	100.00	98.00
51130	Professional Development	0.00	2,000.00	2,000.00
51140	Plaques & Awards	50.00	500.00	450.00
51150	Program Facility Rental	100.00	1,000.00	900.00
51151	Program Speaker	100.00	800.00	700.00
51170	Program Meals	450.00	4,500.00	4,050.00
51200	Program Entertainment	0.00	100.00	100.00
51300	Program Tips and Gratuities	50.00	500.00	450.00
52000	Program Expense Other	0.00	500.00	500.00
52100	Community Services Programs	0.00	1,000.00	1,000.00
52110	NMA Speech Contest	0.00	1,000.00	1,000.00
52200	Registration Fees to National	40.00	150.00	110.00
52300	Dues paid to National	292.00	3,600.00	3,308.00
52400	LDC Expenses (2 ppl)	600.00	2,000.00	1,400.00
52500	Annual Conference Expenses	0.00	2,400.00	2,400.00
	Total Expenses	1,691.00	20,500.00	18,809.00
	Net Income	459.00	1,200.00	741.00

B. Monthly Balance Sheet

- a. Put in the beginning bank balances.
- b. From the income statement list the income, expenses, and overall monthly net result. Add or deduct the net result from the beginning bank balances for ending financial condition.

SAMPLE BALANCE SHEET

XYZ Leadership Association of NMA

Balance Sheet

March 31, 2012

ASSETS

Current Assets

10000	Petty Cash	114.00	
10100	Cash-Checking Account	2,700.45	
10101	Cash-Savings Account	13,143.75	
11300	Accounts Receivable	<u>1,000.00</u>	
	Total Current Assets		<u>16,958.20</u>
	Total Assets		<u><u>16,958.20</u></u>

LIABILITIES AND CAPITAL

Current Liabilities

20000	Accounts Payable	<u>758.45</u>	
	Total Liabilities		<u>758.45</u>

Capital

30000	Retained Earnings	15,740.75	
	Net Income	<u>459.00</u>	
	Total Capital		16,199.75
	Total Liabilities & Capital		16,958.20

BANKING AND CHECKING ACCOUNT

Checks should be printed with the chapter's name and address and serially numbered. All checks should require signatures of two officers. Any voided or spoiled checks should be saved. It is a good idea to have three signatures on file at your bank so you will have an "alternate" check signer in the event something unforeseen arises. This will ensure that your chapter's finances do not suffer because of an emergency.

Deposits should be made at frequent intervals. Deposit slips should be saved to compare with the total cash receipts recorded.

The checking account should be balanced soon after the bank statement is received from the bank each month. It is a good idea to have the audit committee perform this function as a part of their monthly duties.

CAPITAL EQUIPMENT AND RESERVES

Many chapters may own computers or other equipment, or have a cash reserve set aside. It is a good idea to have an equipment or reserve account for these items.

TAXES AND THE NMA CHAPTER

The following information has been compiled to help affiliated chapters in planning operating budgets and to provide assistance in compliance with state and local tax issues.

The information contained in this publication is provided for guidance only and each NMA chapter is encouraged to seek more detailed information concerning specific state statutes or questions from the appropriate state agency or the Internal Revenue Service if the question concerns federal taxation issues. Additionally, each chapter is encouraged to seek legal counsel to accurately deal with specific interpretations and application of the law. A wealth of information can be found at www.irs.gov and/or your state revenue service website.

IRS TAX EXEMPTION CODE FOR NMA

The NMA was assigned the 501(c)6 tax exemption status in 1956 shortly after the name of the Association was changed from the National Association of Foremen to the present National Management Association.

IRS TAX EXEMPTION CODE FOR NMA CHAPTERS

The local chapters of the NMA cannot be granted any other form of federal tax exemption except 501(c)6 since the law directs that the Federal Tax Code designation of the parent organization automatically establishes the Federal Tax Code designation of any affiliated body.

If your chapter doesn't already have a federal tax code (also known as EIN, Employer ID Number), you must file a form SS4 with the federal government to receive one. This can be done either by downloading a hard copy from www.irs.gov or completing it online. After a group determination letter is issued (assigning a federal tax code [EIN] to an association), the parent organization acts as an agent of the IRS in determining whether each affiliate meets the requirements (under the organizational and operations tests) to be exempt. Following are the principle requirements for an organization to become affiliated under a group determination letter:

- Each subordinate organization must authorize (in writing) the parent organization to include it in the group exemption letter.
- Each subordinate organization must have an organizing document covering the nature and purpose of the organization.
- Each subordinate organization must agree to be subject to the general supervision or control by the parent organization.
- Each subordinate should be in the same fiscal year as the parent organization; not “must” but “should”. It’s only required if a chapter and “a central organization” are doing a group tax return.

Recognition by each subordinate that any prior tax exempt determination letter issued to it by the IRS is superseded by being included within the group determination letter.

ANNUAL ELECTRONIC FILING REQUIREMENT FOR SMALL EXEMPT ORGANIZATIONS — FORM 990-N (E-POSTCARD)

Small tax-exempt organizations whose annual gross receipts are normally \$25,000 or less (\$50,000 for tax years ending on or after December 31, 2010) may be required to electronically submit Form 990-N, also known as the e-Postcard, unless they choose to file a complete Form 990 or Form 990-EZ. 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. However, an organization that fails to file required e-Postcards (or information returns – Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The revocation of the organization’s tax-exempt status will not take place until the filing due date of the third year. All IRS forms can be downloaded at <http://irs.gov>.

DUE DATE OF THE E-POSTCARD

The e-Postcard is due every year by the 15th day of the 5th month after the close of your tax year. For example, if your tax year ended on December 31, the e-Postcard is due May 15 of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. You cannot file the e-Postcard until after your tax year ends.

FORM 990 REQUIREMENT OF NMA

In compliance with the regulations governing the U.S. Department's tax exemption ruling of February 28, 1945 (a copy of this letter can be obtained by emailing nma@nma1.org), NMA files an annual information return form 990 on or before April 15.

In addition, the Bureau of Internal Revenue, Service Center, Cincinnati, Ohio 45999, is furnished by NMA, names and addresses of all new affiliated chapters and those which have disaffiliated on or before February 15 (a copy of this letter can be obtained by emailing nma@nma1.org).

FORM 990 REQUIREMENT OF NMA CHAPTERS

In order to conform to the regulations governing tax exemption, each NMA chapter must annually file information form 990 with the Collector of Internal Revenue office and **MUST BE FILED** on or before the fifteenth day of the fifth month after your fiscal year date. When filing this return with the district Collector of Internal Revenue, it is advisable to attach a note stating they are a part of the blanket exemption #0792 as an affiliate of The National Management Association, Dayton, Ohio.

INFORMATION REQUIRED IN FILING FORM 990

Form 990 requires an EIN, Employer's Identification Number. If a chapter does not have a number, application to secure one should be made with the Internal Revenue Department by filing IRS Form SS-4.

Following is some helpful information you may need for completing form 990 (OR 990-EZ, OR 990-N (e-Postcard)).

- Date of exemption letter-February 28, 1945
- Exemption status is 501(C) 6

The Internal Revenue Department is very strict on their regulations governing the disposition of funds for political purposes. Answer questions accordingly bearing in mind that the NMA Constitution provides that this association shall be non-political.

If there is any difficulty in completing this accounting portion, it may be well to check with the accounting department of your company.

STATE TAX AND NMA CHAPTERS

Each state has different rules concerning both state income and sales tax treatments. Questions concerning individual state laws and policies should be directed to the state government offices. Additionally, appropriate counsel should be consulted as necessary since the tax laws, codes and procedures can be quite complex and change frequently. For illustration purposes only, consider the situation in the State of Texas concerning exemption from state sales tax. Texas has no state income tax.

The State of Texas grants exemption from state sales tax only in the case of 501(c)3 organizations. Remember that the NMA is a 501(c)6 organization and ALL AFFILIATED CHAPTERS are considered to be 501(c)6 organizations in accordance with the method applied by the IRS for affiliation as discussed earlier. Therefore in the state of Texas, an NMA chapter is NOT exempt from state sales tax.

Clearly, this situation will be different in other states. The local chapter should research the law governing exemption from state sales tax and/or state income tax. Plan accordingly to avoid being held potentially liable for all back taxes.

TAX AUDIT – NMA CHAPTER

The easiest way to handle an audit from the IRS is to comply fully with the conditions and requirements of the audit. Generally the best advice is to ensure that all pertinent records (constitution, current budget, checkbook, etc.) are available for easy access. Additionally although such audits are often conducted in an informal way, it is important to remember that the auditor will be keeping detailed records of all information which in their judgment relate to the operation and conduct of the chapter.

There have been only a few cases of NMA chapters being audited. Should your chapter be audited, information and assistance can be obtained from the NMA headquarters. Additionally, to help other chapters benefit from the preparation, outcome and lessons learned from your audit experience, all information concerning the audit should be reported to NMA headquarters.

WHAT IF I HAVE ADDITIONAL QUESTIONS?

This publication has been prepared to assist NMA affiliated chapters to better understand the subject of Federal, State, and Local taxes. Its sole purpose is to provide a service to the NMA chapters in planning operating budgets and with compliance with applicable laws and other governance.

For additional information, you can contact the Internal Revenue Service for the following publications:

- Publication 557 -Tax-exempt Status for Your Organization
- Publication 598 -Tax on Unrelated Business Income of Exempt Organizations

Visit the official website of the United States government at <http://www.us.gov> or go directly to the Internal Revenue Services website <http://www.irs.gov> or directly to the forms area <http://www.irs.gov/formspubs/index.html> and search for the Form you need.

MEMBERSHIP DUES AS A FEDERAL INCOME TAX DEDUCTION

During the year, many chapter officers call the NMA Headquarters for clarification on the question.

"May Chapter dues paid by affiliated members of NMA, be taken as a deduction on their personal return?"

As of 1994 dues are no longer deductible as a business or personal expense.

2011 FORM 990-EZ

Form 990-EZ Department of the Treasury Internal Revenue Service	Short Form Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions). All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form. ▶ The organization may have to use a copy of this return to satisfy state reporting requirements.	OMB No. 1545-1150 <div style="font-size: 2em; font-weight: bold; text-align: center;">2011</div> <div style="background-color: black; color: white; padding: 5px; text-align: center; font-weight: bold;">Open to Public Inspection</div>
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A For the 2011 calendar year, or tax year beginning _____, 2011, and ending _____, 20

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization	D Employer identification number
Number and street (or P.O. box, if mail is not delivered to street address) Room/suite	E Telephone number
City or town, state or country, and ZIP + 4	F Group Exemption Number ▶

G Accounting Method: Cash Accrual Other (specify) ▶ _____

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: ▶ _____

J Tax-exempt status (check only one) — 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization or a section 527 organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ _____

Part I		Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I.)	
		Check if the organization used Schedule O to respond to any question in this Part I <input type="checkbox"/>	
Revenue	1 Contributions, gifts, grants, and similar amounts received	1	
	2 Program service revenue including government fees and contracts	2	
	3 Membership dues and assessments	3	
	4 Investment income	4	
	5a Gross amount from sale of assets other than inventory	5a	
	b Less: cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6 Gaming and fundraising events		
	a Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
	b Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	
c Less: direct expenses from gaming and fundraising events	6c		
d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d		
7a Gross sales of inventory, less returns and allowances	7a		
b Less: cost of goods sold	7b		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8 Other revenue (describe in Schedule O)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 ▶	9		
Expenses	10 Grants and similar amounts paid (list in Schedule O)	10	
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	
	13 Professional fees and other payments to independent contractors	13	
	14 Occupancy, rent, utilities, and maintenance	14	
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe in Schedule O)	16	
17 Total expenses. Add lines 10 through 16 ▶	17		
Net Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	
	20 Other changes in net assets or fund balances (explain in Schedule O)	20	
	21 Net assets or fund balances at end of year. Combine lines 18 through 20 ▶	21	

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V.) Check if the organization used Schedule O to respond to any question in this Part V <input type="checkbox"/>		Yes	No
33	Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O	33	
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)	34	
35a	Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?	35a	
b	If "Yes," to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O	35b	
c	Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III	35c	
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N	36	
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a		
b	Did the organization file Form 1120-POL for this year?	37b	
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	38a	
b	If "Yes," complete Schedule L, Part II and enter the total amount involved	38b	
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9	39a	
b	Gross receipts, included on line 9, for public use of club facilities	39b	
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ _____; section 4912 ▶ _____; section 4955 ▶ _____		
b	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b	
c	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ _____		
d	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶ _____		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T.	40e	
41	List the states with which a copy of this return is filed. ▶ _____		
42a	The organization's books are in care of ▶ _____ Telephone no. ▶ _____ Located at ▶ _____ ZIP + 4 ▶ _____		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts .	42b	
c	At any time during the calendar year, did the organization maintain an office outside the U.S.? If "Yes," enter the name of the foreign country: ▶ _____	42c	
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43		
44a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44a	
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44b	
c	Did the organization receive any payments for indoor tanning services during the year?	44c	
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	44d	
45a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	45a	
45b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)	45b	

TREASURER'S GUIDE

Form 990-EZ (2011)

Page **4**

		Yes	No
46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	46		

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI

		Yes	No
47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	47		
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	48		
49a Did the organization make any transfers to an exempt non-charitable related organization?	49a		
b If "Yes," was the related organization a section 527 organization?	49b		

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation

f Total number of other employees paid over \$100,000 ▶ _____

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over \$100,000 ▶ _____

52 Did the organization complete Schedule A? **Note:** All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A ▶ Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date
	Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no. ▶			

May the IRS discuss this return with the preparer shown above? See instructions ▶ Yes No

SOME FREQUENTLY ASKED QUESTIONS

Naturally, as a new treasurer, you have questions. Here are answers solidly based on the experiences of hundreds of NMA chapters.

Going into the job of treasurer, what's the first thing I should know?

Get with the outgoing treasurer, in a series of as many meetings as you need, to get thoroughly acquainted with past practices. You'll want to know what actions are pending, what project isn't completed, and probably won't be by the time you take over. And above all, make sure there's an audit for the protection of both parties. Offer your assistance in handling the details. It could be the best way for you to learn the procedures, and be able to assume control smoothly.

Do I have to keep the books just the way they've always been handled?

No. You should use whatever system makes sense to you that are accurate and orderly. But if the system you inherit seems adequate, think more than twice about changing it. It will mean less work for you if you hold changes to a minimum. Consider this. You have the opportunity to make your position of treasurer much more than that of a bookkeeper.

I do sign the checks, don't I?

Yes, but you do a lot more than that. You're a member of the chapter's executive team. You are a planner. You present a budget, get it approved and follow through by making sure that everybody stays within his budget. You're the person who blows the whistle if anybody gets out of bounds. What kind of treasurer you are will depend on your appreciation of the opportunity. If you see yourself only as an after-the-fact recorder of the fiscal history, than a bookkeeper is what you'll be.

But if you sell yourself to the other officers as their No. 1 financial adviser, you can make a strong contribution to the chapter's stability and success.

What kind of situations could come up that would cause me to blow the whistle on somebody?

Let me caution you that, many times, the only people who need to HEAR your whistle are you and the person who is in trouble. Use tact, and don't grandstand. You offer to help. Don't pull the rug out from under him/her, unless he/she won't listen to reason. If it reaches that stage, it's a problem for the president to resolve.

Okay, I'll be tactful. But what sort of things should I be looking for?

Look for budgets that get spent too fast. Program people sometimes have trouble like this. They want a particular speaker and they may blow 80% of their total budget on one meeting. An inexperienced program chairman might be a frustrated Zeigfeld, and he/she can get carried away on show biz while he/she ignores the cold cash realities. That's where you come in, offering to help with money matters. If you've done your homework, you've studied the programming expenses of other years, and you can generally help your committee leaders stay in the black.

You mean, like suggesting a change in dinner menus, or restaurants? Things like that?

You should certainly examine food costs with the idea of achieving savings. But there are bigger savings to be made in the area of the chapter's guarantee to the hotel or caterer for the number of dinners you'll pay for. We know of one chapter that lost hundreds of dollars in one season, because there was not enough study made of the "no show" factor. The inexperienced program leader was given no guidance in the matter; and kept assuming that if 100 reservations came in, 100 people would show up for dinner. He/She painfully learned a classic definition of a pessimist: A person who has had an optimist for a partner. In this instance, the treasurer should have entered into the situation and helped solve it.

So I keep in touch with every chapter activity that involves money coming in or money going out?

You are correct. You have to bring realistic judgment to bear on such things as the expected income or budget for every project. If general business conditions or company shifts of policy seem likely to cause a rise or drop in membership, you should be on top of the situation. You point out possibilities, and you offer plans to meet the problems. And speaking of income, sometimes a source of funds can become unexpectedly costly. One chapter was very happy to receive the income from in-plant vending machines...until the Internal Revenue Service declared several years' income from this source was taxable. So look at each source carefully, and get good legal counsel on the least costly procedures in the acquisition of funds.

How do most NMA chapters get their money?

In many ways, but the two main sources are the members and the company—from member dues and registration fees for new members. Often there is a lump sum payment from the company, or the company pays a fixed dollar amount per member, or a fixed percentage of members' dues. Companies may also support specific items, such as: percentage of meal costs; meeting costs, including speakers' fees; cost of specified meetings (i.e., Christmas meeting, Top Management Night, etc.). Also company-supported activities can be: J.A. and scholarship contributions; professional development courses; dinners for new members or guests. Some chapters also realize income from raffles, interest on savings and sales of special items.

Is Fundraising a normal part of my job as treasurer?

Not typically. NMA suggests that a chapter be wary of expending its members' energies on money-making projects, per se. (NOTE: All such activities should be cleared, in advance, with the Company.) As a treasurer, yours is a planning, coordinating, advising and communicating function.

The stability of your chapter depends a great deal on your ability to arrange for its financial independence. We believe the most secure chapters are those whose income comes largely from its members. And here's where you have the opportunity to become your chapter's financial statesman. If you come to the informed conclusion that the future of your organization demands that dues be raised, make it happen. You'll be respected for the soundness of your point of view. Too many leaders have taken the easy way out: let next year's officers handle the problem.

Respected, but not necessarily loved. Right? Sounds like I might not win many elections.

Surprisingly enough, you just might. People admire courage. And you normally don't have the opportunity to run for a second term as treasurer, anyway. But other positions are certainly open to a forthright, lay-it-on-the-line officer who puts the good of the chapter ahead of his/her own popularity. You'll be both visible and effective -two big advantages for any office holder.

All right, you've told me about the opportunities. Now what about the pitfalls I should look for?

The greatest danger you face, as treasurer, is a lack of communication between you and the other officers and chairpersons. Learn to be a good listener—and take notes—Lots of them. After any kind of chapter business discussion directly or indirectly related to finances, fire off a memo covering the facts exchanged and the decisions agreed upon. Distribute an appropriate number of copies, because the more people who know what's going on, the less flack you'll take when the piper finally has to be paid. Keep your memos tactful and don't over-exercise your ego. The purpose of your communications is to advance chapter progress, not to show how bright you are. Nobody will doubt that, if you clearly keep operations on a steady course.

Why all this emphasis on communication? I'm treasurer not the PR Department.

Aren't you? Think about it. Doesn't your position as treasurer require you to get communication from all activities, and to give communication to all concerned about the chapter's finances because they determine the survival of the organization? To do your job well, you must discover and collect the facts, then distribute the information. Something the NMA strongly recommends to you is to keep a running score on all projects, so that at any time you are able to state the current situation and spot any developing dangers. Toward the end of your term in office, you should analyze the fiscal aspect of each chapter activity and put down your judgment of hits, runs, and errors. You might find this question-and-answer format a handy way to put your experience into human terms that can be useful to your successor and to the chapter in years to come. Congratulations, again! We cheerfully predict this will be a great year for your personal growth, your understanding, and your career.

What about the Internal Revenue Service Form 990? When do I have to get it in, to continue our chapter's non-profit status?

The rule is the fifteenth day of the fifth month after the end of your fiscal year. Check with the outgoing treasurer. Find out when it was sent last year and try to get it to the IRS district director on the same date or earlier. Mark your calendar. Also, it is helpful to insert reminders to yourself in the minutes of board meetings.

But however you do it, be sure to do it. If there's any problem about it at all, give us a call at NMA headquarters. We're here to help you

