We would like to thank you for joining us for our Webinar called “Affiliate Subordinate Compliance - The Basics.” We will be introducing you to the new compliance process for affiliate subordinates (also known as districts or chapters of a main affiliate). We will give you the basics of the program and provide you with resources to assist you in this process. I am Liana Watson vice president of governance and member services and joining me is Dana Aragon, director of governance and affiliate relations at the ASRT. We are both happy you were able to join us today. We have a PowerPoint presentation with information on the process and at the end there will be an opportunity for you to ask questions.
This webinar was previously presented December 9 and December 11, 2009. We are providing you with this slide show with the script for educational purposes. The recorded live version is available on the ASRT Web site.

You may have questions concerning the affiliate subordinate compliance process. Many of your questions may be answered during our presentation. Let’s begin.
First, let’s start by telling you about some changes in language that you may have already noticed. The ASRT is changing the terminology for reference to districts and chapters of affiliates. The term for an affiliate’s districts and chapters is now affiliate subordinates. Why? The subordinate reference clarifies the relationship that exists between the main affiliate and the subdivision of the main affiliate. The ASRT uses the term chapter to recognize the portion of our membership that belongs to the specific chapter in which they practice, like the mammography or sonography chapter. To avoid confusion in these terms, the ASRT now refers to districts and chapters of affiliates as affiliate subordinates. For the rest of the presentation and in communication to leaders of these groups, the ASRT will refer to them as affiliate subordinates.
To help you understand the relationship the ASRT has with its affiliates and how the subordinate organizations fit in, this hierarchical chart demonstrates the relationships. As you can see, the ASRT has a direct relationship with the chartered ASRT affiliates. There are 54 affiliates in total with 49 of them listed as active. Under the 54 affiliates are the districts and chapters of the main affiliate or subordinates. In our estimation, there are approximately 117 different districts and chapters associated with some of our 49 active affiliates. The 117 districts and chapters have a relationship only with the main affiliates at this time.
During this presentation we will go over the reasons that the ASRT is implementing the compliance process at this time. Specifically, we will go over information that will explain how compliance defines relationships, protects your board and your members, and is legally more desirable. The ASRT is providing this guidance, support and education as assistance for our affiliates and subordinate organizations. Many affiliate leaders have contacted the ASRT over the past year to discuss options for their subordinate organizations. This new policy will provide leaders with the assistance and guidance they have requested.
How will these changes assist the affiliates and subordinates?

These changes will address two issues. First, the ASRT supports development of a network under ASRT’s umbrella that links the ASRT as a national organization to the state affiliate and the state affiliate to local affiliates. Developing this structure requires all entities to incorporate processes that are good business practices to ensure all entities are functioning in accordance with state and federal regulations, good business practices to manage the organization, limiting the liability of leaders within affiliate subordinates, affiliates and ASRT. Second, in an effort to assist our affiliates in complying with changes in the Internal Revenue Service tax filing requirements for tax-exempt organizations and reporting, the changes are being implemented to protect the tax-exempt status of the affiliates and the ASRT. All tax-exempt organizations are now required to file a Form 990 informational return with the IRS on a yearly basis. The risk is after three years of non-filing, the IRS will no longer recognize organizations that fail to file. Penalties and back taxes may be assessed by the IRS for failure to file.
Beginning in 2008, the IRS implemented new filing requirements for tax-exempt organizations. One of these was the requirement that each tax-exempt organization must file a tax return in order to maintain their tax-exempt status. Failure to file a return puts the tax-exempt organization at risk for penalties, removal of tax exempt status or assessment of back taxes. The form that is required filing for tax-exempt organizations is called Form 990.
What is IRS Form 990?
- Annual report based on fiscal year.
- Called “Return of Organization Exempt From Income Tax” form.
- Provides the IRS and the public with financial information about the organization.

What is a Form 990?
Even though tax-exempt organizations do not pay federal taxes on income related to their mission, they are required to file an annual information return with the IRS. Form 990, titled Return of Organization Exempt From Income Tax provides the IRS and the public with annual financial information about the nonprofit organization.
Let’s go over the 990-N. It is for tax-exempt organizations with gross receipts of $25,000 or less. It asks for some basic demographic information like address and contact information. You must have a valid Employee Identification Number to file and it is available as an electronic version only. The good news is that filing a Form 990 is an easy task for organizations that have gross receipts of $25,000 or less.

In past years, the IRS did not require a filing for all tax-exempt organizations particularly small tax-exempt organizations. One of the biggest changes in the tax requirements is that all nonchurch, tax-exempt organizations must file one of the 990 forms. For those affiliates and districts and chapters of affiliates that had not filed in past, this should be a relatively easy process to file a 990-N or e-Postcard. Remember, an organization must be recognized as tax exempt by the IRS to file the form online.
How does ASRT compliance relate to the IRS 990 filing?

- The affiliate subordinate must be either recognized by the IRS as tax exempt individually or be included in the ASRT’s group exemption to file.
- The ASRT requires compliance in order to be included in the ASRT’s group exemption.

How does the IRS filing requirement relate to the ASRT compliance process? The IRS will only allow those organizations that are recognized as tax exempt to file a 990 informational return. There are two ways to be recognized as tax exempt. One is to go through the process of filing with the IRS for an individual tax exemption. The other is to go through the ASRT compliance process to qualify to be included in the ASRT group exemption. The ASRT will include fully compliant affiliate subordinates in the group exemption once the requirements have been met.
Next, we will discuss the documentation required during this initial phase of subordinate compliance. By now, you probably have some questions. Please remember to hold your questions until the end since we may go over the information in the following slides.
What reporting is required for subordinates to become compliant?

- Report to the IRS.
- Report to the state.
- Reports to the ASRT.

The yearly compliance process consists of submitting several documents to the state, the IRS and to the ASRT. By providing the election report, financial report, the IRS 990 informational return and the state incorporation yearly reports, you are confirming that your organization is operating in a legal manner and is cooperating with all local and federal law requirements. The compliance process for affiliate subordinates has been customized to reflect the compliance requirements for all ASRT affiliates, which are found in the ASRT Bylaws.
The affiliate subordinate will be asked to file for incorporation in its state or provide proof of active incorporation. Additionally, the affiliate subordinate must complete the following steps.

- Apply for a separate Tax Identification Number or Employer Identification Number from the Internal Revenue Service.
- File a Form 990 with the IRS or provide proof of recent filing.
- Submit copies of current bylaws and articles of incorporation to the ASRT.
What are articles of incorporation?
A legal document filed with state government setting forth the purpose and regulations of the organization. At the time of founding, most exempt organizations register as a not-for-profit corporation. States have varied regulations and costs. Many states post the articles or supporting information on their official government Web site. Annual filing is usually required.
Incorporation is psychologically desirable because individuals and firms are accustomed to dealing with corporations and they tend to regard an incorporated nonprofit as more formally structured, more stable and more businesslike than an unincorporated one. If the organization is unincorporated, the officers, directors or members may be personally liable for any damages and other liabilities associated with chapter activities. This means that the exposed individual assets of the officers, directors and members could be seized to pay for damages associated with the organization’s activities, as well as to satisfy debts and other contractual obligations of the chapter (which are generally held to be the joint obligations of the members). Unincorporated affiliate subordinates pose a risk to members, officers, and directors of the affiliate subordinate, the affiliate, and ASRT.
Incorporation protects a nonprofit organization’s officers, directors and members from personal liability for corporate obligations and from liability if corporate officers, directors or staff violates the law in working on behalf of the group. The maximum liability of an incorporated nonprofit for damage claims will generally be limited to the amount of the assets of the corporation. Consequently, the individual’s personal assets will not be in jeopardy.
What are the benefits of incorporation?

- Incorporated nonprofit has an existence of its own, independent of the terms of office or employment of members, directors or officers.
- A corporation is perpetual, although it can be dissolved.
- An unincorporated nonprofit lives and dies with its current members and technically is "reborn" under the law whenever there is turnover on the governing body.

ASRT requires each affiliate to be incorporated under the nonprofit corporation law of the state where it is located. The corporate form (instead of being an unincorporated association) generally insulates the directors, officers and members from personal liability for debts of the chapter.

Incorporation is accomplished by filing articles of incorporation with the appropriate state authority, usually the secretary of state. These articles should include only the information required by state law, and certain “boilerplate” provisions necessary to qualify the chapter for tax exemption under Section 501(c)(6) of the Internal Revenue Code.

Most states have developed user-friendly Web sites where fill-in-the-blank forms can be downloaded, completed and submitted. It can be done quickly, easily and inexpensively. We recommend you take advantage of this as soon as possible.
When a corporation formally dissolves, except in unusual circumstances, all liabilities of the corporation are released and there shouldn’t be concerns about whether closure has occurred. By contrast, when an unincorporated association dissolves, there is no such formal legal closure, and certain liabilities may be asserted against former officers, directors and/or members of the association years later.
Here is an example of a certificate of good standing from a secretary of state office. Each affiliate is incorporated in the state it represents, so filing or reaffirming for incorporation in your state will usually happen through your state’s secretary of state office. The purpose of this documentation is to provide the ASRT with proof that your affiliate is still incorporated and is in good standing with the state it is incorporated in. Maintaining your incorporation status is a requirement of compliance, it protects your affiliate and you from possible adverse risks since an incorporated organization can be sued as an entity. This is a measure of risk management for the affiliate leadership.
What are bylaws for?
The rules adopted to govern and regulate internal affairs. Bylaws generally include, for instance, procedures for meetings, committees, elections, amendments, board duties and membership categories. Most organizations require amendments to be ratified by the membership. The bylaws should remain broad in scope with more detailed information adopted as policies. A sample of an affiliate bylaws are located on the ASRT Web site.
Compliance also requires that the affiliate subordinate provide specific information by reporting yearly meeting dates and annual budget information to the ASRT. Provide the ASRT with the officer contact information and confirm that the officers are members of the main affiliate and ASRT. This information can be reported on the ASRT’s election report form. More information about forms, templates and additional information will be provided at the end of this presentation.
When are the compliance documents due in the ASRT office. The initial round of compliance due dates will be due on or before June 30, 2010. We would encourage you to send in the documents as soon as they become available and complete this work well before the deadline.
The best plan of action for an affiliate subordinate wishing to become compliant is to apply for an EIN from the IRS. You can do this on the IRS Web site. You do not have to be incorporated or tax exempt to obtain an EIN. The EIN is like a Social Security number for your organization. If you already obtained an EIN in the past, please do not apply for another number. You should ask to reactivate the original EIN.
Apply for Incorporation

- Begin paperwork for incorporation in your state.
  - Alabama Secretary of State [http://www.sos.state.al.us/](http://www.sos.state.al.us/)
  - Arkansas Secretary of State [http://www.sosweb.state.ar.us/](http://www.sosweb.state.ar.us/)
  - California Secretary of State [http://www.sos.ca.gov/](http://www.sos.ca.gov/)
  - Colorado Secretary of State [http://www.sos.state.co.us/](http://www.sos.state.co.us/)

Your secretary of state Web site link can be found on your state government’s Web site. Usually, there is a link or easy navigation to your secretary of state site. You can see some examples of secretary of state Web site addresses on this slide. Once you access the link, you can find assistance in the incorporation process. Sometimes a fee is required to incorporate. Please check with your individual state for information on the process and fees involved.
You may submit a current copy of your bylaws to the ASRT office and to the main affiliate. If you have questions concerning bylaws or need to develop bylaws, please contact the ASRT for assistance. A template of affiliate bylaws is located on the ASRT Web site as an example.

Names of officers, term dates and verification that they are ASRT and affiliate members can be reported as soon as possible. If your officers are not members of the ASRT and the main affiliate, please apply for membership as soon as possible.

Meeting dates should be submitted to the ASRT office as soon as possible. If dates are not set, please set dates as soon as possible.
Let’s summarize the process of compliance documentation submission. You can see from this flowchart that there are many steps in the compliance process. Some of the steps are combined within the election report process. We encourage you not to wait until the deadline is approaching. The best plan of action is to send in the documentation as soon as possible. The good news is that we are here to assist you. Our department will assist you in any way to help you achieve and maintain compliance. You can contact us for a status update on your compliance documentation. Call us any time for help!
During this next section, we will go over some frequently asked questions to better explain the process.
Why is the due date different than the one for affiliates of the ASRT?

**Answer:** In an effort to deploy this new program as soon as possible, the due date reflects a timeline consistent with the end of the 2010 sessions of the ASRT House of Delegates.
What is the role of the affiliate in the affiliate subordinate compliance process?

Answer: The affiliate’s role will be to help facilitate the process for education, document collection and act as a liaison between the ASRT and the affiliate subordinate during this initial process.
What happens if an affiliate subordinate does not want to go through the compliance process?

- Main affiliate should consult its bylaws and policies and procedures for direction.
- An affiliate board may choose to dissolve the relationship with the subordinate on the basis of noncompliance.
- To minimize ASRT’s risk and liability, after June 30, 2010, the ASRT will not recognize noncompliant affiliate subordinates.

What happens if an affiliate subordinate does not want to go through the compliance process? How does the main affiliate handle this?

If an affiliate subordinate does not wish to complete the compliance process and chooses to disband instead, the main affiliate should consult its bylaws and policies and procedures for information on how to handle the proceedings for disbanding a subordinate. Alternately, an affiliate board may choose to dissolve the relationship with the subordinate on the basis of noncompliance and proceed as directed by its bylaws. Noncompliance is primarily an issue between the affiliate and its subordinates. An affiliate can choose to continue its relationship with its districts and chapters without enforcing compliance with the ASRT policies. However, the ASRT highly discourages this approach because of the risk to the main affiliate’s incorporation status and tax-exemption status, and increased liability to the affiliate organization and board members. In addition, in order to minimize ASRT’s risk and liability, after June 30, 2010, the ASRT will not recognize noncompliant affiliate subordinates as affiliated in any way with the ASRT and will not provide any services to affiliate subordinates that do not comply with ASRT affiliate subordinate policies and procedures.
What can happen if we can’t meet the compliance due date?

- Failure to meet the compliance requirements by **June 30, 2010**, will result in the affiliate subordinate losing its complimentary CE review and also will lose the ability to advertise that it is affiliated with the ASRT.

What can happen if your affiliate subordinate tries, but can’t meet the compliance due date? Failure to meet the compliance requirements by June 30, 2010, will result in the affiliate subordinate losing its complimentary CE review and also will lose the ability to advertise that it is affiliated with the ASRT. The ASRT Governance and Affiliate Relations Department staff will work with you to assist you with the process. Please call us with any questions.
A question you also may have is what are the benefits of becoming compliant? Affiliate subordinates that become compliant keep their complimentary CE review benefit, qualify to be included in the ASRT’s group exemption with the IRS and will establish a relationship with the ASRT. The ASRT will offer support to the affiliate subordinates, send information about ASRT’s affiliate initiatives and offer additional assistance. They also will secure the comfort of knowing that they have met the requirements of local, state and federal laws in operating a legitimate tax-exempt nonprofit association for the benefit of their members and the protection of their board of directors.
We would like to tell you about some resources that we have available to assist you. Since this webinar is being recorded and will be available to listen to again, this webinar is also a resource to assist you. We will send you information about how to access the recording once it is available.
Who can we contact at the ASRT about the compliance process?

ASRT is here to help your affiliate subordinate with compliance.

- Governance and Affiliate Relations Department staff:
  - Call 800-444-2778
    - Dana Aragon, Ext. 1271
    - Liana Watson, Ext. 1222
    - E-mail affiliaterelations@asrt.org

Who can we contact at the ASRT about the compliance process?
You can contact the ASRT Affiliate Relations Department at affiliaterelations@asrt.org or call 800-444-2778, Ext. 1271 during business hours to speak with Dana, and Ext. 1222 for. You can leave us a message and we will return your call as soon as possible.
Where can I find more information on the required documents?

- You can find examples, templates and information about compliance on the ASRT Web site under the Affiliates & Governance tab located on the home page.
- Choose the Affiliate Society Landing Page tab and then the Affiliate Links tab to access the guidance documents section.

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The sample documents on the ASRT Web site include the election report, the financial report template, the bylaws sample, the articles of incorporation sample and the link to the IRS Web site for exempt organizations.
What type of education is available for affiliate subordinates that would like to go through this process?

- Upcoming Webinars.
- Articles in the Affiliate Connection newsletter and on the ASRT Web site.
- More e-mail communications.
- This Webinar is being recorded and will be available for playback.
- Contact the Affiliate Relations office for more information at affiliaterelations@asrt.org.

The ASRT will host Webinars and send out information to affiliates and their subordinates in the coming months. Please look for information concerning this process in the Affiliate Connection newsletter and on the ASRT Web site.
The IRS also has a tax-exempt division that can respond to questions on your EIN or employee identification number. They also can assist you with obtaining information about your filing status. If you call the IRS, plan to remain on the line for a while, do not call between patients! It is much easier to find the information online if possible.
What if an affiliate subordinate does not have officers but only has a contact person and an executive secretary?

- The contact person for the affiliate that is identified in the bylaws should be the person who is required to be an ASRT and affiliate member.
- Make sure you are following your bylaws in structure for leadership. All officers should be ASRT and affiliate members.
Even though our main affiliate already has articles of incorporation, does the affiliate subordinate still have to get their own?

- Yes, in order to become a separate legal entity and to limit liability of the directors, members and the main affiliate, each subordinate should be incorporated on its own.
Do the proceeds from any meeting a subordinate holds go to the main affiliate?

- If a fully compliant affiliate subordinate chooses to hold a seminar, the proceeds will remain with them.
- If a noncompliant affiliate subordinate holds a meeting, in order for it to qualify as an affiliate activity, the main affiliate must take full responsibility for the funds, CE documentation and liability of the seminar.

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If a noncompliant affiliate subordinate holds a meeting, in order for it to qualify as an affiliate activity the main affiliate must take full responsibility for the funds, CE documentation and liability of the seminar.
If a district hosts the main affiliate's annual meeting will this count as the district’s meeting or the affiliate’s?

- No, the sponsor of record (the submitter of the request for approval) determines who is hosting the meeting.
- The meeting must be fully sponsored, planned and an official activity of the main affiliate.

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No, the sponsor of record (the submitter of the request for approval) determines who is hosting the meeting.
The meeting must be fully sponsored, planned and an official activity of the main affiliate.
Do all officers of the subordinate need to be ASRT members?

Yes, the officers listed in your bylaws will need to become ASRT members and keep their membership valid for their entire term.

Officers are usually the president, president-elect, vice president, secretary, treasurer or board chairman.

Next we will tell you about our 2010 upcoming webinar schedule.
We would like to tell you about two Webinars we have coming up in January. On Jan. 15 Mark Ryerson, ASRT director of marketing, will present information on marketing your affiliate. The same Webinar will be repeated on Jan. 20 and also will be available as a recorded version after Jan. 20.

Also, we are pleased to announce ASRT’s first ever Open Forum for our national elections. Please join us on Saturday, Jan. 16 to hear from the officer candidates from the ASRT Board of Directors. They will be introducing themselves and responding to questions submitted by ASRT members.

Contact the ASRT for more information and look for registration information on the ASRT Web site and in upcoming communications.
This concludes our presentation. We would like to thank each of you for your volunteer time and dedication to our profession. We look forward to hearing from you and answering any questions you may have.
Have a wonderful day!