

Dear Affiliate Leader,

This financial policy and information packet was designed to assist you with developing and maintaining best practices for affiliate finance management. It is important to have processes and procedures in place to protect your most important asset, your financial stability.

Please use the templates in this packet as guides to assist you with either developing or updating your affiliate’s financial controls as needed.

We hope this information is of value to you as you update or create financial policies and procedures to protect your affiliate and its members from fraud or potential legal action.

Sincerely,

The ASRT Governance and Affiliate Relations Team

[affiliaterelations@asrt.org](mailto:affiliaterelations@asrt.org)

800-444-2778

**DISCLAIMER: ASRT is providing this guidance as a member/affiliate service. This document is not intended to provide definitive legal guidance or advice, but is intended to provide affiliates with sensitivity to possible legal issues and beneficial advantages to be gained from properly using the law. As legal issues can be complex and involve varying levels of exposure to potential liabilities, affiliates should not proceed with any transaction, event or decision without weighing the legal issues/risks and, if needed, after consulting with legal counsel.**

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**Accounting Methods**

There are two different types of accounting methods. An accounting method is the way that the affiliate records revenue and expenses. Cash basis of accounting is done at the time physical cash is actually received or paid out. The other accounting method is called accrual accounting. This method measures the performance of a company or organization in a more complex way. It matches revenues to expenses, along with future expected cash in and outflows. The cash basis of accounting is the recommended method for affiliates.

**Sample Policy and Procedure Template**

**SUBJECT: ACCOUNTING METHOD**

**POLICY:** It is the policy of the \_SRT to utilize the [cash basis of accounting.](http://www.investopedia.com/terms/c/cashbasis.asp) Cash receipts are a liquid asset and strong internal controls have been created to protect this most important asset.

# PROCEDURE:

* Upon receipt, all checks will be immediately endorsed to the \_SRT and deposited within 48 hours.
* Two signers are required on checks.
* A receipt will be generated for every transaction and the ledger will be updated immediately.
* An audit of the ledger will be conducted on a yearly basis by a subcommittee selected by the board of directors or a third party auditing firm.
* A formal audit by a third party may be requested by the board at any time for just cause.

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**Related Documents: Cash Receipts Form**

**General Ledger**

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**Bank Reconciliation**

It is extremely important to control liquid assets like cash with a bank reconciliation process. A bank reconciliation is the process of matching the affiliate’s records with the bank’s records. Using a system of reconciliation will help determine if any errors or omissions have occurred. Keep in mind that some discrepancies may be due to the timing of the statement and the actual transaction and not an error or omission.

Tips :

* Establish a policy where all accounts, including savings, payroll, accounts payable, accounts receivable or miscellaneous, are reviewed regularly. Any account with activity should be matched or reconciled to the books on a monthly basis.
* Reconciliation should be performed by a neutral party and should not be the responsibility of the treasurer alone.
* Bank reconciliation is a routine internal control. Although it can be time consuming, it is an important part of protecting your affiliate assets

**Sample Policy and Procedure Template**

Policy and Procedure Sample No. 1

**SUBJECT: BANK RECONCILIATIONS**

**POLICY:** It is the policy of the \_\_SRT to have all bank statements directly forwarded to the \_\_SRT \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (ex. *Executive Treasurer*), who will review the checks cleared during the prior month.

# PROCEDURE: The \_\_\_SRT \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_( ex. *Executive Treasurer*) will be responsible for reconciling the bank statements.

The reconciled voucher/checks will be forwarded to the \_\_\_SRT (ex. *Board Chairman*), \_\_\_SRT (ex. *President*) and \_\_\_\_\_SRT (ex. *Secretary-Treasurer*) for review no less than bi-annually.

**Related Documents:**

Policy and Procedure Sample No. 2

**Process and Procedure for Bank Reconciliation:**

The \_\_\_\_\_\_\_ SRT bank statement is received by the \_\_\_\_\_\_\_ (ex. *President, VP or Chairman*) on the \_\_\_\_ day of the month. The bank statement should be opened and reviewed within \_\_\_\_\_\_\_\_\_ days. Any questions will be directed to the \_\_\_\_\_\_\_ (ex. *Treasurer or executive management company*) for reply within \_\_\_\_\_ days. Discrepancies will be noted and discussed by the board of directors. The \_\_SRT Board of Directors, at its discretion, will determine if any further action is warranted, such as a full investigation or audit.

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**Budgets**

Successfully planning your affiliate’s budget is very similar to budgeting for a business. If the board votes to spend more than -the projected income, you may be setting yourselves up for disaster. Your affiliate needs its budget to reflect fiscally sound decisions and your board’s commitment to fiduciary best practices.

Here are some tips:

* The final budget must be approved by the board and noted in the meeting minutes. The board is responsible for approving the budget and monitoring it for needed adjustments.
* A standing report of finances should be presented at every board meeting.
* A policy should be in place outlining the timing of the budget approval and review process.
* The budget policy should evolve over time and change -as the organization grows.

**Budget Policy and Procedure Samples:**

Policy and Procedure Sample No. 1

Policy: It is the policy of the \_\_\_\_\_SRT that the board shall guide the affiliate in accordance with the approved annual operating budget. The board shall review any budget changes that will have a significant impact as part of its fiduciary responsibility to the affiliate. The budget must uphold the mission, goals and vision of the \_\_SRT.

**Procedure:** The \_\_\_SRT board shall approve an annual operating budget for each fiscal year that will project income and expenses and will provide for member benefits and support services as outlined in the strategic plan for the year. The board will approve the annual budget prior to the start of the fiscal year on \_\_\_\_\_\_\_\_\_\_.

**Steps:**

1. Budget preparation
2. Discussion of budget at a board meeting
3. Approval of budget at a board meeting. Meeting minutes must reflect approval.

**Policy and Procedure Sample No. 2**

**SUBJECT: BUDGET/APPROVAL/FORUM**

**POLICY:** It is the policy of the \_\_SRT that the proposed budget for the upcoming fiscal year be approved by the \_\_SRT Board of Directors prior to \_\_\_\_\_ (insert date) of the current fiscal year. A budget informational session will be incorporated into one of the business sessions during the \_\_SRT Annual Conference.

# PROCEDURE: The budget for the upcoming fiscal year will be presented for review and approval at a board meeting held prior to the \_\_SRT Annual Conference. The prior fiscal year’s financials and upcoming fiscal year’s proposed budget will be provided for the membership at the \_\_SRT Annual Conference.

**Related Document:**

**Policy and Procedure Sample No. 3**

**SUBJECT: BUDGET/REVENUE OVER EXPENSE**

**POLICY:** It is the policy of the \_\_\_\_\_SRT to prepare a balanced budget

# PROCEDURE: The budget will be prepared by the \_\_\_\_\_\_\_\_\_\_ and presented for consideration by the \_\_\_\_\_SRT board of directors at the \_\_\_\_\_\_\_\_\_\_ meeting.

# The \_\_\_\_\_SRT Board of Directors will review and approve the budget at least one month before the start of the next fiscal year.

**Related Document:** Budget Form

**Policy and Procedure Sample No. 4**

**SUBJECT: BUDGET/EXPENDITURES**

**POLICY:**

It is the policy of the \_\_SRT that no expenditures are allowed to exceed the budget without prior approval from the board of directors.

# PROCEDURE:

If it is determined that an expenditure will exceed the budget for a particular item, it is the responsibility of the person submitting the expenditure to contact the \_\_SRT (ex. *President*) prior to committing to the expense. The request for expenditure must be forwarded to the Board of Directors and approved by majority vote of the board of directors. The vote of the board of directors will be included in the minutes of the next meeting of the board of directors. A copy of the approval will be attached to the voucher when requesting payment.

**Related Document:**

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**Checks and Financial Controls**

Providing oversight and controls over finances is a responsibility of the board of directors. The board also is responsible for ensuring that the internal controls reflect best practices by using acceptable accounting methods, making sure the organization is following compliance standards at the federal and state level, and is following ASRT’s compliance program as outlined in the ASRT Bylaws. Financial controls are put in place in order to segregate financial duties and protect against the potential loss of assets.

**Tips:**

* Policies for writing checks, handling of cash and credit card processing are vital to providing solid financial controls.
* Establish internal management controls and require that they be reviewed annually.
* Obtaining excessive loans for operating expenses or major projects is not in the interest of the affiliate and may indicate less than adequate financial controls on the part of staff and board.
* Review the organization’s financial policies and procedures regularly. This task can be delegated to the audit or finance committee.

Sample Financial Control Policies

**Policy and Procedure Sample No. 1**

**Financial Controls Policy and Procedure**

**Policy:** It is the policy of the \_\_\_SRT that authorization is necessary for signatures on contracts, checks, payments, and receipt, deposit or withdrawal of money. The board shall have oversight of any individual authorized to purchase, withdraw money or sign contracts for the \_\_\_SRT. The board shall approve any expense that exceeds the budget. Internal controls policies and procedures must be followed for consistency. The \_\_\_\_\_SRTshall place all accounts in financial institutions that are federally insured. All funds received by \_\_\_\_SRT shall be deposited within the designated timeframe.

**Procedure:** All incoming checks immediately must be sent to the \_\_\_SRT (ex. *President, Treasurer*) for processing. The checks must be deposited in the designated \_\_\_SRT account within \_\_\_\_\_\_ days. Authorization for signatures on checks, contracts, payments, and receipt, deposit and withdrawal of money shall be given to the \_\_\_SRT board for consideration. Expenditures that exceed the budget shall be approved by the board of directors at a board meeting.

**Check-Signing Authority**

* The board (ex. *Chairman, Treasurer, President*), and one board member are authorized to sign checks.
* Checks up to $\_\_ require two signatures.
* Checks for more than $\_\_ and up to $\_\_ require the signature of the (ex. *Chairman, Treasurer*), or other board member(s), as designated above.
* All checks for more than $\_\_ require two signatures, one of which represents an officer.

**Policy and Procedure Sample No. 2**

**SUBJECT: CONTROL OVER INCOMING CHECKS**

**POLICY:** It is the policy of the \_\_SRT that all checks be forwarded to the \_\_SRT (ex. *Executive Secretary*), who will endorse the checks prior to forwarding them to the \_\_SRT (ex. *Executive Treasurer*).

**PROCEDURE**: Checks received will be sent to the \_\_SRT (ex. *Executive Secretary*) for endorsement. Endorsed checks will be forwarded to the \_\_SRT (ex. *Executive Treasurer*) for posting and deposit. For the purpose of recording deposits, all deposit receipts will be attached to a check register.

**Related Document:**

**Policy and Procedure Sample No. 3**

**Policy and Procedures for Writing Checks**

* **Authority To Sign:** Withdrawals from accounts shall have the signature of at least two members as designated by the Board. The authorized check signers will review the funds disbursement request for accuracy and only upon review and approval of the transaction will a check be disbursed. This will include a review for the existence of proper supporting documentation, such as a purchase order and evidence of the receipts of the goods and services. In addition, any checks issued for more than $\_\_\_\_\_ shall require two signatures, and any checks payable to any one of the board members must be signed by someone other than the payee.

**These include:**

* Board chair
* Treasurer
* President
* Two board members, as designated by the board

**Policy and Procedure Sample No. 4**

**SUBJECT: CHECK DISBURSEMENT**

**POLICY:** It is the policy of the \_\_SRT that only the \_\_SRT (ex. *Executive Secretary*) and \_\_SRT (ex. *Executive Treasurer*) have access to unused checks.

# PROCEDURE: All check disbursements will originate from the \_\_SRT (ex. *Executive Treasurer*) or \_\_SRT (ex. *Executive Secretary*). In the event the \_\_SRT (ex. *Executive Treasurer*) is unable to distribute checks, the \_\_SRT (ex. *Executive Secretary*) will be responsible for check disbursement.

All check disbursements will require a completed voucher request with invoices and/or copies of receipts attached prior to the disbursement of a check. The checks must be signed by a person not requesting the check.

**Related Documents: \_\_SRT Voucher**

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|  | Secretary - Treasurer | | |  |  |  | Account Posted To: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | |  |  |
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|  | (Person who issues checks) | | |  |  |  |  | | Bank |  | |  |  |  |
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**Policy and Procedure Sample No. 5**

**SUBJECT: CHECK ENDORSEMENT/STAMP**

**POLICY:** It is the policy of the \_\_SRT to endorse checks with a stamp as follows:

For deposit only

\_\_\_\_\_\_\_\_\_\_ Society of Radiologic Technologists

Account Number

Bank Name

# PROCEDURE: N/A

**Related Documents:**

**Policy and Procedure Sample No. 6**

**SUBJECT: CHECK SIGNERS**

**POLICY:** It is the policy of the \_\_SRT to give check-signing authority to the following individuals:

\_\_SRT (Ex. *Executive Treasurer*)

\_\_SRT (Ex. *Executive Secretary*)

# PROCEDURE: Checks issued for payment of the \_\_SRT’s debts will require the signature of an individual not associated with the incurred debt.

**Related Documents:**

**Policy and Procedure Sample No. 7**

**Bonding Policy**

It is the policy of the \_\_\_SRT that **each** officer, board member or designated signatory with authority to withdraw funds shall be bonded. The cost associated to secure the aforementioned coverage shall be paid by the \_\_SRT. The amount of insurance coverage will be reviewed annually by the board of directors.

**Policy and Procedure Sample No. 8**

**SUBJECT: BONDING**

**POLICY:** It is the policy of the \_\_SRT to bond all individuals involved in the financial functions of the organization.

# PROCEDURE: The bond may be in the form of an employee dishonestly insurance policy or as a security bond and will cover each individual involved in financial transactions. It will be renewed annually.

**Related Documents:**

**Policy and Procedure Sample No. 9**

**SUBJECT: RECORDS RETENTION AND DESTRUCTION**

**POLICY:** It is the policy of the \_\_\_SRT to retain records as per the Record Retention Schedule on the following page.

**PROCEDURE:** The board of directors must approve the destruction of records not on the retention schedule.

**Related Documents: Record Retention Schedule**

## RECORD RETENTION SCHEDULE

**DOCUMENT Retention Period**

Vouchers for payment to vendors and members 7 years

Audit reports Permanent

Bank statements 7 years

Canceled Checks 7 years

Check registers Permanent

Deposit Slips 7 years

End of Year Financial statements Permanent

Insurance Policies Permanent

Board Meeting Minutes Permanent

IRS 990 Tax Forms Permanent

Independent Contractor Contracts 7 years

**Policy and Procedure Sample No. 10**

**SUBJECT: FINANCIAL POLICIES AND PROCEDURES**

**MANUAL- MAINTAINENCE AND REVIEW**

**POLICY:** It is the policy of the \_\_SRT to maintain a financial policy and procedures manual. The manual will be submitted to the \_\_SRT (ex. *Secretary-Treasurer*) and \_\_SRT (ex. *President*) and shall be reviewed annually during the audit.

# PROCEDURE: The manual will be maintained by the \_\_SRT (ex. *Executive Treasurer*) and \_\_SRT (ex. *Executive Secretary*) and modified and updated as needed. New policies will be maintained and incorporated into the primary manual annually. The manual, any recommended policy or change to existing policy, and the rationale for the change will be submitted to the \_\_SRT (ex. *Secretary-Treasurer*) prior to the Annual Conference. After review and approval by the board of directors, the changes will be incorporated.

**Related Documents: Financial policy documents and manual**

Policy and Procedure Sample No. 11

**SUBJECT: BAD DEBT WRITE-OFF POLICY AND PROCEDURE**

**POLICY:** It is the policy of the \_\_\_\_\_SRT to ensure that all available means of collecting bad debts have been exhausted before write-off procedures are initiated.

# PROCEDURE: If a debt is deemed uncollectible, approval by the \_\_\_SRT \_\_\_\_\_\_\_\_\_ (Ex. *Executive Treasurer*) and the \_\_\_\_SRT (ex. *President*) are required before write-off implementation. Once a write-off has been -initiated, the \_\_\_\_SRT \_\_\_\_\_\_\_\_\_( Ex. *Executive Secretary*) will be advised of the actions deemed necessary by the \_\_\_\_SRT (ex. *President*).

**Related Documents:**

**Conferences: Board Policy**

**SUBJECT: CONFERENCES- \_\_SRT SPONSORED**

**POLICY:** The following policies apply to conferences sponsored by the \_\_SRT:

**Meal Functions:**

It is the policy of the \_\_SRT to provide complimentary meals to board members and other individuals, as directed by the board, for meals that are part of the official program.

**General Registration:**

\_\_SRT (ex. board members) and other individuals, as directed by the board, will receive complimentary general registration and \_\_SRT social function tickets for the \_\_SRT Annual Conference.

# PROCEDURE: N/A

**Related Documents:**

**Unrelated Business Income Tax (UBIT)**

Affiliates establish programs and services that fit within their mission and purpose. From time to time, there may be an opportunity to bring in additional income from activities that are not substantially related to the purpose of the affiliate. This is legal as long as IRS guidelines are adhered to. If the UBIT exceeds $1,000, IRS Form 990-T must be filed and your affiliate may be required to pay income tax. The usual UBIT is the standard commercial income rate.

**Determining UBIT:**

Does it meet the following criteria?

* Regularly carried on. It is constant or frequent. An affiliate that chooses to sell T-shirts or key chains or sells advertisement space to vendors on the web or in publications meets the definition of business that is regularly carried on.
* Constitutes a recognized trade or business. Revenue generated from a trade or business that generally includes any activity that generates income from the selling of goods to the performance of services.
* Substantially unrelated to the organization’s tax-exempt purpose. Example: if your affiliate decides to sell ice cream, that would not fit under the tax exempt purpose.

Special Note: Be careful when using Unrelated Business Income. There is a risk of losing a tax exempt status if the IRS determines that the income from these activities is 20 to 25 percent of the total revenue. Consult an attorney for advice.

Sample Unrelated Business Income Policies

**Policy and Procedure Sample No. 1**

**Policy:** The \_\_\_\_\_SRT must identify and report unrelated business income on its annual tax return, and remit any tax due in compliance with federal, state, and local tax laws and regulations. The activity of the trade or business typically is carried on regularly and is unrelated to the mission and purpose of the organization.

**Procedure**: The \_\_\_\_SRT (ex. *Secretary-Treasurer*) shall report any unrelated business income to the board of directors on the IRS Form 990-T document at a board meeting. The board will review the activity and information for compliance. An attorney shall be consulted, at the discretion of the board.

**Loans:**

It may not be advisable to make loans to board or staff members because they are usually prohibited by state nonprofit corporation statutes. Also, a loan may cause “excess benefit transactions.” Tip: Create a policy that provides guidelines for those rare instances when they are allowed and appropriate.

Sample Loan Policies

**Policy and Procedure Sample No. 1**

It is the policy of the \_\_\_\_SRT that a loan may not be made to any board member, officer or employee of the organization, except in accordance with state statute or law. Any such loan may be made only by written agreement approved by the board, and reviewed and approved by legal counsel. All such loans to an employee shall be repaid through payroll withholding.

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**IRS Form 990 Tax information**

Per the [ASRT Bylaws](http://www.asrt.org/main/about-asrt/asrt-governance/asrt-bylaws), each affiliate must file taxes with the Internal Revenue Service. As part of the compliance process, evidence of IRS recognition of tax exempt status and verification that the affiliate filed the appropriate tax returns with the IRS the prior year are required.

The Internal Revenue Service made changes to the filing requirements of small, tax-exempt organizations. Small organizations are those with receipts of $50,000 or less each fiscal year. In the past, these organizations did not need to file a return with the IRS, but those days are gone. The IRS has instituted an [e-Postcard, Form 990-N](http://www.irs.gov/Charities-&-Non-Profits/Annual-Electronic-Filing-Requirement-for-Small-Exempt-Organizations-Form-990-N-(e-Postcard)) *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ*. The purpose of the filing is for the affiliate to attest to the IRS that it is an active organization.

**Form 990** – The type of 990 forms you will file depends on your affiliate’s gross receipts. Please refer to the information on the [IRS website](http://www.irs.gov/Charities-&-Non-Profits/Form-990-Series-Which-Forms-Do-Exempt-Organizations-File%3F-(Filing-Phase-In)) to determine the correct form to file.

Affiliates should receive a letter from the IRS, Annual Electronic Notice Filing Requirements, which will direct you to file the 990-N or other 990 by the 15th day of the fifth month after the close of your fiscal year. This e-Postcard can only be filed electronically. The other versions of the 990 may be filed depending on the affiliate’s gross income.

Each ASRT affiliate is recognized as a **501(c)(6)**

**IRS 501(c)(6)** Organizations include trade associations (those with companies or institutions as members) and individual membership organizations that provide benefits and services to their members and are permitted to engage in lobbying activities.

**Taxes must be filed yearly:**

**Penalties-** An affiliate that does not timely file a correct and complete Form 990 or 990-EZ is subject to a penalty of $20 per day, up to the lesser of $10,000 or 10 percent of the affiliate’s gross receipts, per return. This penalty may be abated if the delay was due to good cause and was not willful. There is no penalty for failing to timely file Form 990-N. **However, failure to file Form 990, Form 990-EZ or Form 990-N for three years in a row results in an automatic revocation of exempt status.** Due to changes in the Pension Protection Act of 2006, the IRS is required to revoke the tax-exempt status of any organization that fails to meet its annual filing requirements for three consecutive years.

**Disclosure**

Each Form 990, 990-EZ or 990-N filed by an affiliate must be available for public inspection at its principal office (this could be the president’s office), and at any other office having at least three employees, for three years after the date it is required to be filed. Any list of donors that may be part of the return need not be disclosed.

Each Form 990, 990-EZ or 990-N filed by an affiliate must be provided to anyone who requests a copy in person or by mail, for three years after the date it is filed. If the request is made in person, the copy must be provided immediately. If the request is made by mail, the copy must be provided within 30 days.

Sample IRS and Audit Policies

**Policy and Procedure Sample No. 1**

**SUBJECT: IRS FORMS: FORM 990**

**POLICY:** It is the policy of the \_\_SRT to allow public access to IRS Form 990.

# PROCEDURE: This access will be provided with prior notification to the \_\_SRT (ex. *Executive Treasurer*). The \_\_SRT (ex. *Executive Treasurer*) or other officer of the \_\_SRT will remain in the presence of the individual requesting access to this information. Requests for copies of Form 990 must be made in writing and will not be mailed without the approval of the \_\_SRT Board of Directors.

**Policy and Procedure Sample No. 2**

**SUBJECT: IRS FORMS: FORM 1099**

**POLICY:** It is the policy of the \_\_SRT to complete IRS Form 1099 for all individuals and IRS Form W-9 for all vendors receiving $600 or more during the calendar year from the \_\_SRT.

# PROCEDURE: N/A

**Policy and Procedure Sample No. 3**

**POLICY:** It is the policy of the \_\_SRT to conduct an annual audit of the financial documents.

**PROCEDURE:** Upon closure of fiscal year and the filing of IRS Form 990, the \_\_SRT (ex. *Executive Treasurer*) will provide all financial documents for the previous year to the (ex. *Secretary-Treasurer*).

The (ex. *Secretary-Treasurer*) will be responsible for appointing a committee of no fewer than three individuals and consisting of at least two \_\_SRT board members, to review the financial documents and submit a report of audit to the board of directors.

The annual audit will be completed prior to the pre-conference board of directors meeting held in conjunction with the Annual Conference.

At the request of the board of directors, a contracted CPA may conduct this audit.

**Related Documents:**

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Suggested Resources

Contact the Governance and Affiliate Relations Department:

[affiliaterelations@asrt.org](mailto:affiliaterelations@asrt.org)

800-444-2778

* Nonprofit Accounting Basics <http://www.nonprofitaccountingbasics.org/>
* “Unrelated Business Income Defined,” IRS <http://www.irs.gov/charities/article/0,,id=96104,00.html>
* Hurwit & Associates. “Taxation and Unrelated Business Income.” <http://www.hurwitassociates.com/l_unrelated_income.php>
* The [ASRT Bylaws](http://www.asrt.org/main/about-asrt/asrt-governance/asrt-bylaws)
* [The IRS website.](http://www.irs.gov/Charities-&-Non-Profits/Form-990-Series-Which-Forms-Do-Exempt-Organizations-File%3F-(Filing-Phase-In))