



Home of the Association Community in California

AN ASSOCIATION MANAGER'S GUIDE TO NEW FORM 990/990EZ

As every association manager and leader knows, Form 990 is the main reporting/tax compliance tool. And unless you've been hiding under a large rock for years, you know that Form 990 reporting is changing. Indeed, this is the most comprehensive change in Form 990 reporting in decades.

This article lets association managers know what they need to know about the changes, provides links to authoritative resources, and provides basic forms for complying with the new rules.

OVERVIEW

The new form is a significant redesign in format and content compared to the current form. Major changes include a front-page summary that provides a snapshot of key financial and operating information, a governance section, and revised compensation and related organization reporting. In order to increase reporting compliance, the new form replaces existing "unstructured attachments" with formal schedules. Other schedules – most not related to associations – were also added. Overall, most associations should expect a significant increase in the burden of filing 990s. Reporting on the new forms begins for reporting year 2008, which will be filed in 2009 in most instances.

One very tangible change from the current 990-preparation process is that now the boards of associations that file Form 990 should review the 990 before it is filed with the IRS. This review should be entered in the minutes of the applicable Board meeting.

FORM 990

The IRS has prepared a helpful background paper on the 990 redesign, downloadable at http://www.irs.gov/pub/irs-tege/summary_form_990_redesign_process.pdf. The revised Form 990 can be downloaded at <http://www.irs.gov/pub/irs-tege/f990core.pdf>, and Form 990EZ at <http://www.irs.gov/pub/irs-tege/f990rez.pdf>. Links to all the forms, schedules and instructions are downloadable at <http://www.irs.gov/charities/article/0,,id=184445,00.html>.

FILING THRESHOLDS

Filing thresholds for all associations have changed. Significantly, beginning with the 2008 tax year, all nonprofits must file a return. Fortunately, Form 990EZ may be used if gross receipts are less than \$1 million, and assets are less than \$2.5 million. For 2009,

the thresholds are reduced to \$500K and \$1.25 million, respectively. The current \$25,000 exemption from filing Form 990 has been eliminated. Nonprofits with gross receipts averaging less than \$25K at a minimum must file Form 990N (also known as an e-postcard) electronically each year. For more information, including forms and instructions, see <http://www.irs.gov/charities/article/0,,id=169250,00.html>.

A detailed summary of filing thresholds and rules can be downloaded at <http://www.irs.gov/charities/article/0,,id=184445,00.html>. Associations should file Form 990EZ if eligible to do so, even if they filed Form 990 in the past, since the full Form 990 will be substantially more time consuming and expensive to prepare.

SAMPLE FORMS

A major new requirement of Form 990 is that filers must answer each question in Part VI under penalty of perjury. Part VI covers "Governance, Management, and Disclosure". The IRS admits that certain policies and procedures may not be required under the Internal Revenue Code, but the IRS considers them to represent improvements or best practices in nonprofit governance and improve tax compliance. It is highly recommended that the Governing Board implement the policies and procedures before the end of their year so that the answers to the questions required on Part VI can be answered positively (if your organization is not required to answer the "Governance, Management and Disclosure" questions [for example, if you file Form 990EZ], then you may decide not to adopt the policies, but having the policies in place is still recommended...). The following forms are provided at the end of this article as samples only, and should be tailored to the needs of each filer:

Conflict of Interest Policy, Short Form (Note 1)

Conflict of Interest Policy, Comprehensive Form (Note 2)

Whistleblower Policy (Note 1)

Document Retention and Destruction Policy (Note 1)

Audit Committee Charter and Policy (Note 3)

Policy on the Process for Determining Compensation (Note 1)

Joint Venture Policy (Note 1)

Expense Reimbursement Policy (Note 4)

CONCLUSION

New Form 990 filing requirements apply to all associations and nonprofits. The new Form 990 and 990EZ are significantly redesigned, and include revised reporting thresholds, as well as requirements to disclose whether key governance policies within an association are in place. It is highly recommended that associations adopt and abide in key policies relating to governance, although adoption of the policies is not legally mandated.

Given these important and sweeping changes, association managers will want to seek advice from qualified professionals concerning how those rules might apply to the association, and to prepare to meet the requirements of the new rules. Doing so will make the transition to the new forms easier, and help keep the association and its management on safe ground.

Finally. CalSAE would like to thank Mark Alcorn of Alcorn Associates for his generous contributions of time and knowledge to the 990 Guide. Mr. Alcorn can be reached at mark@alcornlaw.com or 1000 Q Street, #120, Sacramento, California 95811 Telephone 916-444-5959, Cell 916-320-6456. We would also like to acknowledge the contributions of Dave Ljung and Gilbert Associates, Inc. for their review and support of this article. They can be reached at 916-646-6464.

Note 1: ASAE partnered with its legal counsel Jerry Jacobs Esq. of Pillsbury Winthrop Shaw Pittman LLP to help its members prepare for changes to the Form 990.

Note 2: This form is suggested for use by the IRS for charitable organizations.

Note 3: This form was provided by CalSAE.

Note 4: This form was found on the Internet web site of a national association. It was selected because it is comprehensive, but it may not be suitable for use by some associations.

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Conflict of Interest Policy – Short Form

This Conflict of Interest Policy of (insert the name of the “Organization”): (1) defines conflicts of interest; (2) identifies classes of individuals within the Organization covered by this policy; (3) facilitates disclosure of information that may help identify conflicts of interest; and (4) specifies procedures to be followed in managing conflicts of interest.

1. **Definition of conflicts of interest.** A conflict of interest arises when a person in a position of authority over the Organization may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. This policy is focused upon material financial interest of, or benefit to, such persons.

2. **Individuals covered.** Persons covered by this policy are the Organization’s officers, directors, chief employed executive and chief employed finance executive.

3. **Facilitation of disclosure.** Persons covered by this policy will annually disclose or update to the Chairman of the Board of Directors on a form provided by the Organization their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members.

4. **Procedures to manage conflicts.** For each interest disclosed to the Chairman of the Board of Directors, the Chairman will determine whether to: (a) take no action; (b) assure full disclosure to the Board of Directors and other individuals covered by this policy; (c) ask the person to recuse from participation in related discussions or decisions within the Organization; or (d) ask the person to resign from his or her position in the Organization or, if the person refuses to resign, become subject to possible removal in accordance with the Organization’s removal procedures. The Organization’s chief employed executive and chief employed finance executive will monitor proposed or ongoing transactions for conflicts of interest and disclose them to the Chairman of the Board of Directors in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred.

CALIFORNIA _____ FOUNDATION

SAMPLE

Conflict of Interest Policy

Article I **Purpose**

The purpose of the conflict of interest policy is to protect the California _____ Foundation's (Organization) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II **Definitions**

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III **Procedures**

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee while the determination of a conflict of

interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, or its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the Persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V **Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement, which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent, survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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Whistleblower Policy

This Whistleblower Policy of (insert the name of the “Organization”): (1) encourages staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the Organization; (2) specifies that the Organization will protect the person from retaliation; and (3) identifies where such information can be reported.

1. **Encouragement of reporting.** The Organization encourages complaints, reports or inquiries about illegal practices or serious violations of the Organization’s policies, including illegal or improper conduct by the Organization itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies. Other subjects on which the Organization has existing complaint mechanisms should be addressed under those mechanisms, such as raising matters of alleged discrimination or harassment via the Organization’s human resources channels, unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in those other mechanisms.

2. **Protection from retaliation.** The Organization prohibits retaliation by or on behalf of the Organization against staff or volunteers for making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The Organization reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

3. **Where to report.** Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the Organization’s chief employed executive or Chairman of the Board of Directors; if both of those persons are implicated in the complaint, report or inquiry, it should be directed to ___(SUPPLY TITLE)__. The Organization will conduct a prompt, discreet, and objective review or investigation. Staff or volunteers must recognize that the Organization may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

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Document Retention and Destruction Policy

This Document Retention and Destruction Policy of (insert the name of the “Organization”) identifies the record retention responsibilities of staff, volunteers, members of the Board of Directors, and outsiders for maintaining and documenting the storage and destruction of the Organization’s documents and records.

1. **Rules.** The Organization’s staff, volunteers, members of the Board of Directors and outsiders (i.e., independent contractors via agreements with them) are required to honor these rules: (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the Human Resources, Legal or Administrative staffs/departments or their equivalents; (b) all other paper documents will be destroyed after three years; (c) all other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year; and (d) **no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.**

2. **Terms for retention.**

a. Retain permanently:

Governance records – Charter and amendments, Bylaws, other organizational documents, governing board and board committee minutes.

Tax records – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.

Intellectual property records – Copyright and trademark registrations and samples of protected works.

Financial records – Audited financial statements, attorney contingent liability letters.

b. Retain for ten years:

Pension and benefit records -- Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and supporting records.

Government relations records – State and federal lobbying and political contribution reports and supporting records.

c. Retain for three years:

Employee/employment records – Employee names, addresses, social security numbers, dates of birth, INS Form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement and discharge correspondence, documentation of basis for independent contractor status (retain for all current employees and independent contractors and for three years after departure of each individual).

Lease, insurance, and contract/license records – Software license agreements, vendor, hotel, and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement).

d. Retain for one year:

All other electronic records, documents and files – Correspondence files, past budgets, bank statements, publications, employee manuals/policies and procedures, survey information.

3. **Exceptions.** Exceptions to these rules and terms for retention may be granted only by the Organization's chief staff executive or Chairman of the Board.

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**CalSAE
Audit Committee Charter**

This document describes the composition and responsibilities of the CalSAE members serving on the Audit Committee. In addition, the document includes the responsibilities of the CalSAE officers in support of the Audit Committee.

Audit Committee

The Audit Committee shall be composed of three members. The Chair of the Board shall appoint the Chair of the Audit Committee; the Chair of the Audit Committee would appoint the other two members (one will be a board member, and one will be an at-large member); the CalSAE Treasurer will not be on the Audit Committee; one person on the committee will be considered a financial expert. The audit committee shall meet at least two times per year, either in person or by teleconference, including prior to the time the CalSAE releases its annual financial statements.

Audit Committee Charter

The Audit Committee will appoint the independent auditors to be engaged by CalSAE and establish the audit fees of the independent auditors.

The Audit Committee will be responsible for meeting with the independent auditors in executive session before the audit work has begun, and after the audit work is completed. The meetings should focus on:

- ◆ Review and approval of the scope of work for the audit, including any specific areas of review desired by the committee.
- ◆ Review the financial statements prepared by the independent auditor prior to their being finalized.
- ◆ Review the report of the independent auditor based on their work during the audit, including any significant findings or recommendations.

The Audit Committee will review with the independent auditor the audit scope and plan of the independent auditors.

The Audit Committee will review with the independent auditor and the CEO the CalSAE annual financial statements and related footnotes, the independent auditors' audit of the financial statements and their report thereon. The independent auditors judgment about the quality, not just the acceptability of the CalSAE accounting principles applied in its financial reporting, any changes required in the independent auditor's audit plan, any serious difficulties with management encountered during the audit and any matter required to be discussed by the Statement of Auditing Standards (SAS) No.61, Communication with Audit Committee, as amended, to the conduct of the audit.

CalSAE Officer's Responsibility

The CalSAE Officers have specific legal obligations to ensure that CalSAE provides full, fair, accurate, timely, and understandable financial reports and internal controls. Officers may not divulge confidential or proprietary information except as authorized by the President and Chief Executive Officer.

Any officer who knows, or has reason to believe, of violations to this or other CalSAE policies and procedures is expected to report the violation to the CEO. Reporting may be anonymous. No officer will be subject to retaliation, discrimination, or other adverse treatment for reporting known or suspected violations of this and other CalSAE policies and procedures. Each year, CalSAE Officers are required to state in writing that they have no knowledge of material violations to this and other CalSAE policies other than those that may have been previously reported, if any.

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Policy on the Process for Determining Compensation

This Policy on the Process for Determining Compensation of (insert the name of the “Organization”) applies to the compensation of the following persons employed by the Organization:

____ The Organization’s **chief employed executive**¹ (CHECK IF APPLICABLE)
____ Other **Officers**² or **Key Employees**³ of the Organization by title: _____

_____ (CHECK IF APPLICABLE; SUPPLY TITLES).

The process includes all of these elements: (1) review and approval by the board of directors or compensation committee of the Organization; (2) use of data as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

1. **Review and approval.** The compensation of the person is reviewed and approved by the board of directors or compensation committee of the Organization, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.
2. **Use of data as to comparable compensation.** The compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.
3. **Contemporaneous documentation and recordkeeping.** There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

¹ **Chief employed executive** – The CEO (i.e., Chief Executive Officer), executive director, or top management official (i.e., a person who has ultimate responsibility for implementing the decisions of the Organization’s governing body or for supervising the management, administration, or operations of the Organization).

² **Officer** – A person elected or appointed to manage the Organization’s daily operations, such as a president, vice-president, secretary or treasurer. The officers of the Organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. Include as officers the Organization’s top management official and top financial official (the person who has ultimate responsibility for managing the Organization’s finances).

³ **Key Employee** – An employee of the Organization who meets all three of the following tests: (a) \$150,000 Test: receives reportable compensation from the Organization and all related organizations in excess of \$150,000 for the year; (b) Responsibility Test: the employee: (i) has responsibility, powers, or influence over the Organization as a whole that is similar to those of officers, directors, or trustees; (ii) manages a discrete segment or activity of the Organization that represents 10% or more of the activities, assets, income, or expenses of the Organization, as compared to the Organization as a whole; or (iii) has or shares authority to control or determine 10% or more of the Organization’s capital expenditures, operating budget, or compensation for employees; and (c) Top 20 Test: is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the Organization and related organizations for the year.

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California Society of Association Executives

Joint Venture Policy

It is the policy of the California Society of Association Executives (hereinafter referred to as “CalSAE” or “Organization”) to evaluate its participation in contracts, collaborations, and other business arrangements to ensure that those contracts, collaborations and business arrangements are consistent with the state and federal tax exemptions held by the Organization. Certain such joint activities (ie: activities involving both this Organization and one or more persons or entities other than this organization), if inconsistent with the tax exemption of the Organization, could threaten its tax exemptions, or result in unanticipated taxes or other penalties.

This policy does not necessarily prohibit collaborations and other business ventures; it merely requires evaluation of those arrangements, and avoidance of those arrangements that pose unreasonable risks to the Organization. It applies to any joint ownership or contractual arrangement through which there is *an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity* as further defined in this policy.

A. Joint ventures or similar arrangements with taxable entities. For purposes of this policy, a joint venture or similar arrangement (or a “venture or arrangement”) means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether the Organization controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes.

A venture or arrangement is not subject to this policy if it meets both of the following conditions:

(a) 95% or more of the venture’s or arrangement’s income for its tax year ending within the Organization’s tax year is excluded from unrelated business income taxation [including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property]; and

(b) the primary purpose of the Organization’s contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

2. Safeguards to ensure exempt status protection. The Organization will: (a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Organization's exempt status is protected; and (b) take steps to safeguard the Organization's exempt status with respect to the venture or arrangement. Some examples of safeguards include:

(i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization;

(ii) requirement that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;

(iii) requirement that the venture or arrangement not engage in activities that would jeopardize the Organization's exemption; and

(iv) requirement that all contracts entered into by the Organization be commercially fair or more than favorable to the Organization.

3. Approval of contracts, collaborations, and other business arrangements. The Organization will seek an opinion of its tax or legal advisor if the proposed contract, collaboration, and other business arrangement is not deemed to be reasonably safe from a tax exemption standpoint by the Organization's staff. Any business arrangement submitted to the Organization's tax advisor or legal counsel that is not deemed to be reasonably safe from a tax exemption standpoint shall be submitted to the Board of Directors for review prior to entering into the arrangement.

The chief staff officer has authority and responsibility for ensuring that this policy is implemented on an ongoing basis.

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NAME OF ASSOCIATON

BOARD OF DIRECTORS TRAVEL AND EXPENSE REIMBURSEMENT POLICY

1. Purpose.

The Board of Directors of NAME OF ASSOCIATON recognizes that board members and officers of NAME OF ASSOCIATON may be required to travel or incur other expenses from time to time to conduct Association business and to further the mission of this non-profit organization. The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) a uniform and consistent approach exists for the timely reimbursement of authorized expenses incurred by Officers and Directors. It is the policy of NAME OF ASSOCIATON to reimburse only reasonable and necessary expenses actually incurred by Officers and Directors.

When incurring business expenses, NAME OF ASSOCIATON expects Officers and Directors to:

- Always seek employer support first.
Exercise discretion and good business judgment with respect to those expenses.
- Be cost conscious and spend NAME OF ASSOCIATON's money as carefully and judiciously as the individual would spend his or her own funds.
- Report expenses, supported by required documentation, as they were actually spent.

2. Reimbursable Travel

The following qualify for reimbursable travel:

- All Board meetings and related conferences.
- Leadership Summit.
- One mid-year. (Others may be attended at personal expense unless as speaker or required attendee – e.g. President).
- Budget meeting, if invited.
- All other travel undertaken at the request of the President.

3. Expense Report.

All requests for reimbursement shall be made using the standard NAME OF ASSOCIATON expense report. The Report may be downloaded from the NAME OF ASSOCIATON intranet. The Expense Report shall be submitted within two weeks of the completion of travel (if travel reimbursement is requested) and must include:

- The individual's name.
- If reimbursement for travel is requested, the date, origin, destination and purpose of the trip.
- The amount of each expense categorized under the appropriate Expense Report line item with supplemental description, if needed.

All expense reports must be signed and dated by the Officer or Director requesting the reimbursement.

4. Receipts.

Receipts are required for all expenditures in excess of \$25. No expense in excess of \$25.00 will be reimbursed to Officers or Directors unless the individual requesting reimbursement submits with the Expense Report written receipts from each vendor (not a credit card receipt or statement) showing the vendor's name, a description of the services provided (if not otherwise obvious), the date, and the total expenses, including tips (if applicable).

5. General Travel Requirements.

Personal and Spousal Travel Expenses.

Officers and Directors traveling on behalf of NAME OF ASSOCIATION may incorporate personal travel or business with their Association-related trips; however, individuals shall not arrange Association travel

at a time that is less advantageous to NAME OF ASSOCIATION or involving greater expense to NAME OF ASSOCIATION in order to accommodate personal travel plans. Any additional expenses incurred as a result of personal travel, including but not limited to extra hotel nights, additional stopovers, meals or transportation, are the sole responsibility of the individual and will not be reimbursed by NAME OF ASSOCIATION. Expenses associated with travel of an individual's spouse, family or friends will not be reimbursed by NAME OF ASSOCIATION.

6. Reimbursable Expenses.

The following expenses are considered reimbursable:

a. Airfare: The lowest available coach fare should be booked (e.g. 21 day advance purchase). Board meeting dates are published well in advance allowing for timely reservations. For events not associated with an approved conference or board meeting (e.g. chapter visits or other association conferences), advance approval of the President is required and a determination as to whether air or an alternative mode of travel will be made. Costs related to upgrades utilizing frequent flyer miles are not reimbursable. Delays (weather, mechanical) in travel beyond the control of the individual will generally be considered reimbursable, however a full justification/explanation and appropriate documentation must accompany the expense report.

b. Lodging: For official NAME OF ASSOCIATION travel to Board meetings (and attendance at related conferences), Leadership Summits, Mid Year Leadership Conferences, Budget Meetings, and other National Office organized events, NAME OF ASSOCIATION negotiates specific hotel rates (Corporate and Government). These are the only acceptable rates for reimbursement, unless the traveler has secured a lower rate through their own efforts. Reservations must be made prior to the room block cut off date if the traveler is utilizing the rates negotiated by the National Office. If the Officer or Director fails to make the reservation prior to the cut off date and incurs a higher rate, reimbursement of the delta cost is at the discretion of the President. If the Officer or Director chooses to stay at a hotel other than the approved conference hotel(s), only the amount of the negotiated rate at the approved hotel(s) will be reimbursed toward the stay at the alternative lodging. Lodging for travel requested by the National President (other than the meetings previously addressed herein) shall be booked prudently and reasonably.

c. Transportation: (i) – If by personal car the current IRS mileage rate should be used. The cost should not exceed the lowest available airfare, plus necessary ground transportation. (ii) – Reimbursement for the use of rental cars is not authorized unless they are required for NAME OF ASSOCIATION business or are less expensive than the normal mode of transportation. Advance approval by the President or Executive Director is required. Rental cars must be refueled prior to return. (iii) – Transportation to and from the airport to hotels should be by the lowest cost available – i.e. – hotel/airport shuttle, metro, taxi.

d. Parking/Tolls: Parking costs and tolls incurred when using your personal vehicle or authorized rental car are reimbursable.

e. Meals: Meal costs, including tip, up to the government per diem (for the applicable area) per day are authorized. Exceptions to this limit are occasions when the President or authorized designee hosts members of the Board, conference speakers, or honored guests. Every care should be taken to ensure that costs are kept to a reasonable level.

f. Airport Parking: Airport parking costs are reimbursable. Individuals should select the lowest cost option.

7. Non-Reimbursable Expenditures.

NAME OF ASSOCIATON maintains a strict policy that expenses in any category that could be perceived as lavish or excessive will not be reimbursed, as such expenses are inappropriate for reimbursement by a nonprofit organization. Expenses that are not reimbursable include, but are not limited to:

- (a) Personal alcohol
- (b) Fees for upgrades of air, hotel and auto costs
- (c) Entertainment
- (d) Personal travel during an NAME OF ASSOCIATON trip
- (e) Spousal expenses
- (f) Limousine travel
- (g) Business conferences which are not approved by the President or Executive Director
- (h) Laundry service – (Use is sometimes valid at longer conferences – e.g. World Congress)
- (i) Traffic citations
- (j) Auto repairs
- (k) In-room movies, costs for use of hotel gym, massage or sauna
- (l) Valet parking, unless there is no “self-park” option or self parking is an unsafe option.
- (m) In-room internet access for personal, non-business related use

8. All claims must be approved by the Executive Director prior to reimbursement.

9. Exceptions.

Exceptions to this policy must have the prior written approval of the President.