



Society for Technical Communication

**Community Treasurer
Handbook**

Revised Edition, August 2017

Copyright 2017, Society for Technical Communication

Society for Technical Communication

9401 Lee Highway, Ste 300

Fairfax, VA 22031

+1 703.522.4114

www.stc.org

The information contained in this handbook is for the use of STC members serving in voluntary leadership roles and is intended to provide suggestions and recommendations. What is contained in these pages should not be viewed as a substitute for legal and accounting advice and counsel. You are urged to address any questions or concerns of a legal nature, or requiring the expertise of an accountant, to an appropriate professional.

Table of Contents

1.0 Introduction	5
1.1 Basic Legal Information	6
1.2 STC's Fiscal Year	7
1.3 Chapter IRS Employer Identification Number (EIN)	7
2.0 Role of Society Treasurers	8
2.1 Role and Responsibilities – Overview	8
2.1.1 Chapter Treasurer	8
2.1.2 SIG Treasurer	11
2.2 Banking and Finance Responsibility of a Chapter Treasurer	12
2.2.1 Bank Accounts and Important Items to Know	13
2.3 Financial Implications of Community Programming	14
2.3.1 Setting Prices for Community Events	14
2.3.2 Waiving Fees	15
2.3.3 Member vs. Non-member Pricing	15
2.4 Working with the STC Office	15
2.4.1 Updating Contact Information	16
2.4.2 Accessing Membership Information	16
2.4.3 Global Issues	16
2.5 Finances and Financial Reporting	16
2.5.1 Community Funding through STC	17
2.5.2 Annual STC Financial Report	17
2.5.3 Annual Review/Audit	18
3.0 Budgeting and Society Funding	19
3.1 Budget Review Process	20
3.2 Zero-based Budgeting Model	20
3.2.1 Calculating Society Funding	21
3.3 Chapter Reserves	21
3.4 SIG Reserves	22
3.5 Sample Budget	22
3.6 Reviewing the Budget Periodically	22
4.0 Accounting for Chapters – General Information	23
4.1 Revenue	23
4.1.1 Charitable Contributions – U.S. Chapters	23
4.1.2 Contributions from which the Donor Benefits – U.S. Chapters	23
4.1.3 Raffles and Lotteries	24
4.1.4 Charitable Contributions (by Chapters)	24
4.1.5 Corporate Sponsorships	25
4.1.6 Advertising and Job Postings	25

4.1.7	Selling Coupon Books	25
4.1.8	Documentation Services.....	25
4.2	Expenses	26
4.3	Independent Contractors/Vendors (IRS Forms 1096 and 1099)	26
4.4	Nonprofit Postal Privileges	27
4.5	Insurance	27
4.5.1	Directors and Officers Insurance (D&O) and Bonding	28
4.5.2	Liability Insurance.....	28
4.5.3	Property Insurance	29
4.5.4	Volunteer Protection Act.....	29
4.5.5	Insuring Non-U.S. Chapters	29
5.0	Tax Information	30
5.1	U.S. Federal Reporting Requirements.....	30
5.1.1	Proving Tax-Exempt Status	30
5.2	IRS Form 990, 990-EZ, and 990-N.....	30
5.2.1	IRS Form 990-N (less than \$50,000 income).....	31
5.2.2	IRS Form 990-EZ and Form 990-T	32
5.2.3	State Income Tax	33
5.2.4	State Sales and Use Taxes	33
6.0	Best Practices for Chapter Treasurers	34
6.1	Essential Practices	34
6.2	Electronic Banking	34
6.3	Budget-Related Practices.....	35
6.4	Job-Related Practices	35
7.0	Guidelines for Difficult Spending Decisions	36
7.1	Meeting Decisions – Chapters.....	36
7.1.1	Meeting Fees	36
7.1.2	Speaker Travel Expenses	37
7.1.3	Door Prizes	37
7.1.4	Refreshments.....	37
7.1.5	Leadership Development - Chapters	38
7.2	STC Summit – Leadership Program.....	38
7.3	Scholarships - Chapters	39
7.4	Services Provided by Members.....	39
7.5	Audio Visual or Other Equipment	40
7.6	Software Purchases	40
7.7	Recognition for Volunteers	40
8.0	Document Archiving	42

1.0 Introduction

Thank you for tackling the job of STC community treasurer!

STC's mission is to advance the theory and practice of technical communication across all user abilities and media. Communities play a vital role in fulfilling this mission by:

- Recruiting members and providing ongoing support
- Expediting communication and networking opportunities among members
- Providing educational opportunities and recognition to members
- Working with educators and employers so that they better understand our contributions.

This guide will introduce you to the typical responsibilities of a treasurer for an STC chapter or SIG. During your term in office, you can be expected to transition your duties from the previous treasurer, complete a required annual financial report, prepare a budget and submit it to the STC Community Finance Committee, and keep accurate records. For chapters, you will also be filing taxes.

This document describes the elements of the job, along with best practices and other information you will find useful.

Chapter Treasurers

As a chapter treasurer, you hold responsibility for:

- Working with your administrative council to develop a yearly budget
- Ensuring that your chapter's budget meets chapter and STC goals
- Submitting the budget to the STC office by established deadline to receive membership funding
- Managing all funds and financial operations for your chapter
- Safeguarding your chapter's assets
- Completing and submitting financial reports to your administrative council and to the STC Office by established deadlines
- Ensuring that taxes for the chapter are submitted to the IRS each year.

SIG Treasurers

As a SIG treasurer, you hold responsibility for:

- Working with your administrative council to develop a yearly budget, within allocated funds from the Society
- Ensuring that your SIG's budget meets SIG and STC goals

- Working with the STC office to track your SIG's financial operations
- Completing and submitting financial reports to your administrative council

1.1 Basic Legal Information

STC is incorporated as a nonprofit corporation in the state of New York in the United States of America. As a New York corporation, the Society and its U.S. chapters must follow all U.S. and New York laws regarding elections and governance. Additionally, U.S. chapters must follow the appropriate laws of the state and local jurisdiction in which they operate – especially if they intend to run a lottery, donate to a charity, provide donors with charitable deductions, etc.

Outside of the United States, STC chapters must be incorporated or registered in the country in which they are domiciled and must follow national laws and regulations.

Non-U.S. chapters will need to sign a special International Affiliation Agreement that clarifies their relationship with STC. Non-U.S. chapters will need to determine applicable tax regulations in their countries.

The U.S. Government Internal Revenue Service (IRS) has granted STC special tax-exempt status as a 501(c)(3) corporation. This tax exempt status was granted on the grounds that STC conducts educational and charitable activities that benefit the public by advancing the theory and practice of technical communication across all user abilities and media. U.S. chapters are covered under STC's group exemption for federal tax purposes. Each U.S. chapter has been issued an IRS tax identification number (TIN) that links the chapter to the Society. The TIN is also known as the Employer Identification Number (EIN).

Tax-exempt status requires that the Society or chapters not pay dividends to individuals, such as members of the Board of Directors or members of a chapter or SIG administrative council. Inappropriate benefits of this type are called *inurement* and would jeopardize STC's tax exempt status. The International Affiliation Agreement similarly prohibits non-U.S. chapters from activities that could be construed as inurement.

An example of inurement would be if the chapter pays the annual dues for a Board member. However, chapters and SIGs may reimburse the expenses of its members for legitimate expenses incurred on behalf of the chapter and approved by the administrative council. Chapters and SIGs may also pay members to do tasks for the chapter under these conditions:

- The member is not getting the business solely because of his/her membership in the chapter.
- The fee paid to the member cannot exceed market value.
- If the member is part of the administrative council, the member must recuse him or herself from the discussion and the vote that authorizes the payment.
- The remaining members of the administrative council must vote in favor of paying the fee to the member.

- The administrative council documents in its minutes the basis for its decision.

The STC, like all not-for-profit corporations, is not allowed to have owners, shareholders, or anyone else who profits from the corporation through dividends, selling shares, or any other kind of windfall. It can have employees, and it can pay third parties for goods and services, but nobody may get a financial benefit merely from membership. The IRS deems a subsidized membership to be that kind of benefit.

It can be all right to subsidize student memberships for *any* students, because they fall into a certain category of the public, reflecting the person's circumstances outside the STC. That is, it would be okay to waive or subsidize dues for any students, retirees, the unemployed, etc. (but of course not on the basis of things like race, gender, etc.). But if someone chooses a certain activity level *within* your chapter, such as serving on its council, then that's a choice they made as an individual, and it mustn't be exchanged for a financial benefit. Inurement questions come down to public versus individual benefit, and sometimes the degree of each.

Similarly, raffling off a membership would be allowed because all members have a chance of winning. (If you're thinking of doing this, it's important for it to be a free door prize. If you sell tickets for the prize, then it becomes a lottery. While that's not forbidden, there are legal hurdles that would need to be dealt with. See s.4.1.3.)

Model Bylaws for Chapters, Student Chapters, and International Chapters, and the standard International Affiliation Agreement are available on the STC website.

1.2 STC's Fiscal Year

STC's fiscal year runs from January 1 to December 31. For tax and reporting reasons, all chapters and SIGs should align their fiscal years to coincide with this period.

STC's membership year coincides with the fiscal year (January 1 – December 31). The Society's elections are held in March-April, and terms of office start/end at the annual business meeting held at the STC Summit (usually in May). Chapters and SIGs should hold their elections according to their established practice.

1.3 Chapter IRS Employer Identification Number (EIN)

For U.S. chapters: The employer identification number (EIN) is a unique number that identifies your organization to the United States Internal Revenue Service. Each chapter has a unique EIN associated with it, and connected to the parent organization (Society for Technical Communication).

Record your Chapter IRS EIN here for easy reference.

For non-U.S. chapters: Record the identification number issued to your chapter from the appropriate government agency in your country.

2.0 Role of Society Treasurers

2.1 Role and Responsibilities – Overview

2.1.1 Chapter Treasurer

The chapter treasurer maintains, manages, and accounts for all records related to the finances of the local STC chapter and submits financial reports in a timely manner. The chapter treasurer has a fiduciary responsibility to exercise prudent and reasonable care for the assets of the chapter. These tasks include:

Administration

- Retaining file copies of your chapter’s charter, bylaws, and federal EIN
- Establishing or maintaining banking and investment accounts
- Arranging for a regular audit
- Retaining historical files of financial information, including budgets, financial reports, checkbooks, bank statements, canceled checks, account passwords, and receipts
- Reviewing and signing all contracts with the name of your chapter, your name, and your title as treasurer, such as those with management companies, caterers, and hotels.

Accounting

- Depositing cash receipts into the chapter’s checking account and maintaining a record of the amounts and sources of each deposit
- Reviewing expense requests and vendor invoices, preparing payments as appropriate, and maintaining a record of each disbursement
- Maintaining a cash ledger to account for available funds and reconciling it to monthly bank statements
- Retain all receipts and bank statements to help prepare the end-of-year report and provide documentation for the audit. Much of this work is simplified via electronic banking.

Reporting

- Completing the annual STC Financial Report and submitting it to the STC Office (required for STC funding eligibility)
- Complete IRS 990 tax filing each year - deadline May 15 (required for STC funding eligibility)
- Keeping your finances visible to the administrative council – helping each other with decision-making that keeps the chapter on budget and ethical. Prepare a report for each council meeting showing expenses, income, and net worth, as well as any

variances from the budget. (Copies of bank statements should accompany the statements.)

- Reporting on the finances at least once a year to the chapter membership – best as part of a designated chapter meeting.

Budgeting

- Soliciting budget requests from committee managers and chapter officers
- Presenting a comprehensive budget proposal to the administrative council and leading the discussion to approve the budget as proposed or as modified by the administrative council
- Submitting the budget to the STC Office and STC Treasurer for review and funding approval (required for STC funding eligibility)
- Distributing the approved budget to chapter officers and committee managers with budgetary responsibility.

Possession of Chapter's Records

Your first task as a new chapter treasurer is to take possession of the chapter's permanent records, including its charter, bylaws, and financial files. You should also review the strategic plans, budgets, and administrative council meeting minutes for several prior years, taking particular notice of any direction or resolutions affecting the finance areas.

Financial records retention guidelines appear in 8.0 Document Archiving.

As you begin, you should set up a meeting with the previous chapter treasurer and obtain:

- Charter and bylaws
- Administrative council minutes – for at least the prior year
- Financial report (most recent) – Financial Reporting and Reconciliation form
- Budgets
- Cash receipts journals
- Cash disbursements journals
- Checkbook, bank statements, and cancelled checks. Change authorized signor with appropriate vendor (banks, brokers, etc.)
- Electronic banking/PayPal information and password
- Investment or savings statements
- Insurance information – if applicable
- Sales tax exemption – if applicable
- Chapter federal tax identification number (TIN), also called the EIN or Federal Employer's Identification Number. Banks require the TIN to open a bank account.

The U.S. Postal Service requires it to establish nonprofit mailing privileges. The IRS uses the number when it corresponds with a chapter.

A month-by-month look at the typical treasurer’s responsibilities appears in the following table:

Each Month	<ul style="list-style-type: none"> Record cash disbursements for the month. Record cash receipts for the month. Reconcile bank accounts. Prepare financial reports for the administrative council.
January	<ul style="list-style-type: none"> Start of fiscal year Notify STC office of the names and contact information for all new officers.* Transition to new treasurer – transfer documents, materials, equipment, and contracts, as well as signing authority for any accounts.* Obtain and complete new bank signature cards (always have at least two signatories.* <p><i>* Assumes officers change at the start of the calendar year – if this is not the case, complete these tasks as soon as new officers are installed.</i></p> <ul style="list-style-type: none"> If you have paid any individual contractor over \$600 (total) during the fiscal year, prepare 1099-MISC IRS tax forms and mail – due to recipient by January 31.
February	<ul style="list-style-type: none"> If you have paid any individual contractor(s) over \$600 (total) during the fiscal year, prepare 1096 IRS tax form summarizing the 1099s and submit with copies of the 1099-MISC tax forms to IRS – due to IRS by the last day of February.
April	<ul style="list-style-type: none"> Begin preparation of the annual STC Financial Report – due to STC May 15. For U.S. chapters with more than \$50,000 in receipts <i>and/or</i> more than \$1,000 in unrelated business income (UBIT): start preparing the IRS 990-EZ and 990-T tax return – it’s due to STC Office by April 15 (STC files for these chapters). For U.S. chapters with less than \$50,000 in receipts and less than \$1,000 UBIT: prepare the 990-N return (e-Postcard). While the IRS deadline is May 15, it is strongly recommended that you file by April 15 in case of any issues.
May	<ul style="list-style-type: none"> May 15 – due date for US chapters to file 990-N return (e-Postcard) with the IRS May 15 – due date for <u>all</u> chapters to submit completed STC Financial Report
September	<ul style="list-style-type: none"> Begin working with Administrative Council on next year’s budget. Collect projected income/expenses for the following year from each budget area.
October	<ul style="list-style-type: none"> Finalize your next year’s budget in preparation for submitting it to STC. Review with Administrative Council and get approval before submission.
November	<ul style="list-style-type: none"> November 1 – approximate due date to submit next year’s budget to STC Office and STC Treasurer for review and approval

2.1.2 SIG Treasurer

The SIG treasurer works with the Society office to maintain, manage, and account for all records related to the finances of the SIG and submits financial reports in a timely manner. The SIG treasurer has a fiduciary responsibility to exercise prudent and reasonable care for the assets of the SIG. These tasks include:

Administration

- Retaining historical files of financial information, including budgets
- Reviewing all contracts signed by the SIG manager (under \$1,000) or the Society office (\$1,000 and over).

Accounting

- Reviewing expense requests and forwarding requests for reimbursements to the Society office
- Tracking your expenses and income monthly. The STC will provide regular statements to help you track your expenditures and income against your budget.
- Reviewing and reconciling financial reports provided by the Society office with your own records.

Reporting

- Keeping your finances visible to the administrative council – helping each other with decision-making that keeps the SIG on budget and ethical. Prepare a report for each council meeting showing expenses and income, as well as any variances from the budget.
- Reporting on the budget at least once a year to the SIG membership – best as part of a designated SIG meeting.
- Reviewing the annual STC Financial Reporting and Reconciliation form to ensure that the SIG's financial records reconcile to the records of the Society.

Budgeting

- Soliciting budget requests from the SIG manager and committee chairs
- Presenting a comprehensive budget proposal to the administrative council and leading the discussion to approve the budget as proposed or as modified by the administrative council
- Presenting the proposed budget and submitting it to the STC Office and STC Treasurer for review and funding approval (required for STC funding eligibility)
- Distributing the approved budget to SIG manager and committee chairs with budgetary responsibility.

Possession of SIG Records

Your first task as a new SIG treasurer is to take possession of the SIG's permanent records, if any. You should also review the strategic plans, budgets, and administrative council meeting minutes for several prior years, taking particular notice of any direction or resolutions affecting the finance areas.

Financial records retention guidelines appear in 8.0 Document Archiving.

As you begin, you should set up a meeting with the previous SIG treasurer and obtain:

- Administrative council minutes – for at least the prior year
- Previous budget(s) – for at least the prior year

2.2 Banking and Finance Responsibility of a Chapter Treasurer

One of the primary differences in responsibility between a chapter treasurer and a SIG treasurer is that the chapter treasurer must manage the community's money and accounts; the SIG's finances are handled by the STC accountant. Within a chapter, the treasurer is the person (with advice and concurrence of the president and administrative council) with primary responsibility for the chapter's money. Your fiscal responsibility is to know that funds are used responsibly to further the mission of the Society.

These responsibilities include ensuring that reserve funds are placed in interest-bearing accounts or instruments, and that banking charges are minimized. Many chapters use PayPal or other payment services to collect meeting or conference payments – be sure you take advantage of reduced fees for charitable organizations. In addition, be aware that nonprofit entities are allowed to have interest-bearing investments. Chapters with healthy reserves might invest in certificates of deposit, money market accounts, or other sound, low-risk financial investments. Remember, though, that the funds generated and held by chapters are meant to be used to fund programming and events that will promote the goals of the chapter and of STC. Suggested levels of chapter reserves are discussed in 3.3 Chapter Reserves.

The steps to success are:

- Notify the STC Community Liaison with the new treasurer's contact information immediately when any transition occurs
- Sign new signature cards at the bank for all existing accounts, OR, if necessary, open a new account.
- Use two account signatures to withdraw funds from any account – usually those of the treasurer and president. Another officer may be designated at the discretion of the president. The signatories for the bank account must be STC members in good standing (that is, who have paid their dues in full and by the beginning of the new membership year – January 1). If the treasurer and president are related, it is good practice to designate someone other than the president as the second signatory.

- For online banking, make sure that obtain website and login information is transferred to the new treasurer.
- If you are part of a new chapter in the United States, contact the STC Office to arrange for an IRS identification number (called an EIN or TIN). You will need this number to open a bank account. It may take a month or two for the IRS to provide this number to STC.
- If not in the United States, check with the appropriate government agency to obtain proper documentation before opening a checking account.
- **Do not use your personal social security number for any STC chapter business or in setting up a bank account!** Call the STC Office if you have any questions.
- To keep an audit trail of expenses, require and keep an original receipt or invoice for each disbursement. This practice is the single most important way to avoid the appearance of fraud or the serious consequences of missing funds.
- For larger chapters, use a Request for Payment/Reimbursement form to minimize errors and help you keep accurate records. Make this form available on your chapter website to encourage use. Each person requesting reimbursement submits the form, which includes the budget category, a description of the item, amount due, name and address of payee, and a signature of the committee manager or officer authorizing the expense. Attach original receipts or invoices to the form.

2.2.1 Bank Accounts and Important Items to Know

You should maintain or establish a bank account in the name of your STC chapter. Request a cycle date at the end of the month because it will make it easier to create monthly reports. Most banks will do this, but only if you ask.

If you are opening a new account, your administrative council must pass a resolution authorizing the new account and stating the names and/or titles (President, Treasurer, etc.) of authorized signers.

The bank may ask you for a copy of the nonprofit corporate resolution as passed by the administrative council. The bank itself may have a format that you can use for this resolution. It will have to be signed by your chapter officers.

The name of your bank account should be "STC - chapter name." For U.S. chapters, you will need the chapter's IRS EIN (or TIN) number to establish the account. This number should be on the bank account. *NEVER use a member's Social Security Number on a chapter bank account. Never use the main Society EIN on a chapter bank account.*

Order basic business style checks if electronic banking resources are not sufficient. Consider buying a rubber stamp with "For Deposit Only" and the STC chapter's name and the account number to make deposits easier.

Some chapters cover a very large geographic area. New treasurers may find the chapter's bank account is at a bank in another city. We recommend you keep the existing bank accounts if possible. You can bank by mail or email, and you won't have to pay for new checks. Avoid sending cash through the mail.

When possible, look for banking options that charge minimal fees or offer free checking. Smaller chapters may be able to use online options such as PayPal to handle all of their banking needs. Also, be sure to ask the bank about their account programs for 501(c)(3) educational, charitable organizations. The STC Office can help with documentation, if the authorizing documents posted on the STC website are not sufficient.

For U.S. chapters: when opening bank accounts, make sure the bank is insured by the Federal Deposit Insurance Corporation (FDIC). For non-U.S. chapters: check with the appropriate governmental agency in your country.

2.3 Financial Implications of Community Programming

As the treasurer, you should help your community think through the financial implications of programs and services. When evaluating programming and setting pricing, you should help the members of your administrative council consider how any program or activity serves the goals of STC – to promote the discipline of technical communication and assist in the professional development and education of its members.

You should try to reduce operating expenses as much as possible to maximize the funds available for providing quality programs and activities to your community. Using Society-provided web hosting, fee-free banking options, and free email marketing options are all common ways communities reduce their operating expenses. The funds previously used for these areas can be better spent enriching the quality of your programs or funding new activities that might increase membership or promote community recognition.

Note that for worthwhile larger activities, loans and grants may be available from the Society.

2.3.1 Setting Prices for Community Events

As treasurer, you have a role in setting prices for community events, such as seminars, conferences, webinars, or job boards. The goal is for most community activities to be self-sustaining; that is, they generate enough income through fees, sponsorships, and discounts to pay for themselves.

You will find that some programming generates extra funds, while some programming operates at a loss. The community should strive to balance its programming across the year to operate in a sustainable, fiscally responsible way, while maintaining reasonable reserve funds. For example, a chapter might budget to generate a surplus on its regular monthly meetings. The extra funds generated might allow the chapter to then subsidize a special workshop or a volunteer appreciation banquet that operates at a net loss, but is of strong value to its membership.

The recommended practice is that communities should charge at least a nominal fee for all events and meetings. Often, charging for an event adds to the perceived value, and collecting attendance fees ahead of time ensures participation.

2.3.2 Waiving Fees

You should determine – on a case-by-case basis – whether your community can afford to waive registration fees or meal costs for Society leaders, special guests, or speakers at your conferences, seminars, and workshops. Society leaders are volunteers and are not reimbursed by the Society for such expenses. Be sure that the event budget is sufficient to forego collecting such fees if you choose to waive them.

2.3.3 Member vs. Non-member Pricing

Non-members can (and are encouraged to) attend STC functions. This provides many opportunities to show them the benefits of joining. In general, communities are encouraged to offer tiered pricing that reinforces the benefits of membership. Some communities now set three fee levels for meetings and events:

- Society and community members
- Society members who are not members of the community
- Nonmembers.

You will find that there is consistent tension – in your budget and within your administrative council – between marketing your community to others and providing benefits to the members who provide for the community's expenses. On the other hand, high prices for non-members may discourage them from attending community events. Some communities rely heavily on non-member participation to get enough registrants to attract high-level speakers. Therefore, each community needs to make its own judgment regarding pricing for members and non-members.

The U.S. government does have some regulations relating to the differential in pricing between members and non-members. Nonprofit organizations may charge significantly higher prices for non-members, but pricing may not be so high that it prevents the non-member from accessing key information needed to advance their careers. The government does not provide specific guidance on this difference. As a rule of thumb, it would be safe to say that a community could charge nonmembers approximately the amount equal to Society dues for a special seminar or event. In this way, the pricing would show the value of Society membership to current members and might encourage nonmembers to join the Society if the seminar was perceived as key to their career.

Note that nonmembers cannot vote, be elected to community office, or be in a position of responsibility for spending community funds.

2.4 Working with the STC Office

The STC Staff Directory and the direct contact information for the STC Community Liaison and the CEO are available on the STC's website (<https://www.stc.org/about-stc/staff-directory/>). Both of them are eager to work with you to make your experience as treasurer as pleasant and easy as possible. The STC team members strive to answer each email within 48 hours during the work week (or by close of business on Mondays for emails received over the weekend).

Spam filters are a persistent problem. Some member emails get caught in STC's filters, or, often, the spam filters at your workplace filter out STC reply emails. Remember to double-check the proper email address for an STC staff member because it may have changed.

You can also pick up the phone and talk directly to the appropriate staff person. Often, a telephone conversation can resolve an issue very quickly. Phone numbers also appear in the contact list.

2.4.1 Updating Contact Information

Tell the STC Office (STC Community Liaison) when your chapter officers change. The STC Office will continue sending information to former officers until otherwise notified.

Ideally, the outgoing chapter president should inform the STC Community Liaison within one week of the elections with the names of the new officers and committee chairs or managers, and the date that the new term of office begins.

Just to be sure, however, you should check to ensure that your name is recorded as the chapter treasurer.

2.4.2 Accessing Membership Information

Community presidents, treasurers, secretaries and membership chairs now have 24-hour direct access to their chapter's membership information.

If you are blocked from getting access, this is a signal that you are not listed in the STC database as the treasurer for your chapter. Make sure your president has contacted the STC Community Liaison and provided the names of your current officers.

2.4.3 Global Issues

Some non-U.S. chapters have had difficulty working in dollars, paying exchange fees, and acquiring cashier's checks due to their governments' policies or the complexities of international banking.

The STC Office is aware of these problems. Some cannot be solved, since they relate to governmental policies or international banking issues that the STC Office has no control over. Contact the STC Office to discuss particular issues related to banking in your country.

Caution: *There are special IRS rules for U.S. citizens who have signatory powers over foreign bank accounts. If a U.S. citizen's name is on a foreign bank account (even only as a signature authority), the person must inform the U.S. Internal Revenue Service (IRS). You may be held liable for taxes on the funds in the account. For details, see <http://www.irs.gov/businesses/small/article/0,,id=148849,00.html>.*

2.5 Finances and Financial Reporting

An accounting system tracks financial information and presents it in an organized format. STC chapters use a variety of tools, including Quicken, Excel, and QuickBooks. Pick a

method or application that matches your skills, your resources, and the size and complexity of your chapter's activities.

2.5.1 Community Funding through STC

A major source of your STC community's operating income is membership funding collected by the STC Office. These funds provide a foundation for your chapter's activities. As STC members join or renew, the Society collects dues on your chapter's behalf.

STC passes membership funds to chapters once a year. See 3.0 Budgeting and Society Funding for details. To be eligible to receive membership funding each year, your community must have submitted the following:

- STC Financial Report for the previous year (all chapters)
- Proof of 990 tax filing for the previous year (all US chapters)
- Budget for current year, which serves as a funding request (all chapters and SIGs).

If your community does not submit these forms by the due dates, it is not eligible for funding for that year.

2.5.2 Annual STC Financial Report

The annual STC Financial Report summarizes your chapter income (revenues) and expenses (disbursements) during the STC fiscal year. The form is easily completed if you have kept accurate financial records throughout the year.

Remember to:

- File before the May 15 deadline to ensure that your chapter continues to receive its funding.
- Fully complete the report file, including your chapter's tax identification number, bank names and account numbers, and names of officers.
- Include your phone number and e-mail address (in case of questions). Also, review the report with the president before submitting it.
- Send the completed file (electronically) with bank statement(s) for all accounts to the STC Office (copy the CEO, Community Liaison, and STC Treasurer).

When completing the annual STC Financial Report, be careful to check that:

- The cash balance at the start of the year is the balance reported at the end of last fiscal year. If, for any reason, these two amounts do not agree, contact the STC Office immediately.
- The STC funding payments exactly match the amount received.
- Any grant or loan from the Society is included as income in the "Other" category.
- If a loan was repaid in the same fiscal year, it is also shown under "Expenses" as a repayment to the Society.

- The form is protected so that you will only be able to enter data in allowable cells. The formulas cannot be changed.

The cash balance at the end of the year per books should match cash balance at end of the year per bank.

2.5.3 Annual Review/Audit

Each year, STC urges you to coordinate with your president to conduct, at least, an informal review prepared by a trusted friend, coworker, or other person unaffiliated with the chapter. Larger chapters may decide to have a formal audit by an accountant or reviewed by a designated “review committee.”

An audit is an independent, periodic examination of the chapter’s financial control procedures and of the accuracy of its financial statements, which helps ensure financial stability. Audits can only be performed by a CPA firm and tend to be very costly.

The reviewer should compare deposit slips, receipts, and checks to your ledger entries for accuracy. They should verify that all expenses appear appropriate for the chapter and have been charged to the correct account. The review should also check that the books balance and correspond to the chapter’s bank statements. The review may cover all items or a reasonable subset.

After you have carefully recorded all deposits, made all payments, and completed the annual STC Financial Report at year’s end following the suggestions in this guide, you should have a real sense of accomplishment to know that the books are accurate and well prepared.

3.0 Budgeting and Society Funding

Every well-organized, efficient organization has a budget. The budget sets out plans for the coming year and reflects an organization's values and priorities. This should be done with cooperation from all administrative council members. Committee managers and council members should discuss strategic goals for the year and then submit expected income and expenses to the treasurer as inputs to the plan.

Budgeting Steps:

1. Collect past budgets and supporting data
2. Set strategic plan for the year
 - Programs, services, and infrastructure
3. Estimate expenses
 - Meeting space, food and beverage
 - Conference participation for one or more leaders
 - Operating expenses (such as bank fees, supplies, recognition)
4. Estimate income
 - Program fees, sponsorships, donations, fundraising
5. Calculate Society funding
 - SIGs: \$4/member
 - Chapters: \$15/member
6. Determine projected surplus (reserves) or shortfall
7. Rework budget as needed based on current reserves and community goals
8. Review with administrative council for final approval
9. Compile in the budget template for the appropriate year
10. Submit via email to Society office (copy to STC CEO, STC Treasurer, STC Community Liaison), "read receipt requested," by the published deadline.

In addition to making sure the community stays within its means, a budget also puts community program planning into perspective. Is there money for a new initiative? Are current activities costing too much? Is your community financially sound and are your plans sustainable? Are you using all funding for the best benefit of your community membership?

3.1 Budget Review Process

All community budgets are reviewed by the Community Budget Committee. This committee is comprised of the STC Treasurer, the STC CEO, and at least one representative from the membership – usually a member of the Community Affairs Committee or an experienced community treasurer.

A community budget also serves as the funding request for the year. In order to be eligible for funding, a community must submit a budget and be current on their financial reporting and 990 filing (if applicable).

During the review process, the committee looks at overall expenses and income to ensure that communities are using their resources to provide value to their members. The committee:

- Reviews budgets for accuracy.
- Identifies items that seem unusual compared to other communities and provides suggestions on ways to reduce expense or increase income, where appropriate.
- Encourages communities to develop new programs in support of members.
- Determines Society funding for each community using a formula based on community membership.
- Reviews requests for additional funding for special activities or equipment/capital purchases.
- Based on available funding, provides additional support to communities in short-term need.

Note that the Community Budget Committee only comments on specific programs from a community if it has questions regarding the financial model or is presented with a special request for funding. The purpose of the committee is not to interfere with the strategic goals and programs of individual communities.

3.2 Zero-based Budgeting Model

Community budgets should be developed using the “zero-based” budgeting model. In a zero-based budgeting model all expenses and income are estimated and justified annually. This provides an opportunity to examine existing programs and practices to see if they are still serving your community. STC uses zero-based budgeting at the Society level.

Please note that a budgeting model is different than a funding model. *Zero-based budgeting does not mean zero funding.* STC uses a funding model based on community membership.

Zero-based budgeting:

- Estimates and justifies all income and expenses for the year.
- Builds from the “bottom up.”

- Builds on a base of \$0.
- Reflects your strategic plan for the year.
- Be realistic about what you can achieve.
- Reflects projected income and expenses for planned activities.
- Captures other anticipated income and expenses.
- Allows you to build/maintain reserves.

Zero-based budgeting helps ensure that:

- A consistent funding model is used across all communities.
- Annual planning occurs across the Society.
- Communities deliver planned activities that drive value.
- Budgets match the value that communities drive.
- Responsibility for financial stability is shared.
- Financial transparency across Society is increased.
- Budgeting model is separate from funding model.

3.2.1 Calculating Society Funding

Funding is based on a community's membership on 31 August of each year. Because membership enrollment for the next year begins in September, the membership count on August 31 is the highest it will be in any given year. The office will send out this information to each community. Society funding is currently calculated as follows:

- SIGs: \$4/member
- Chapters: \$15/member

Additional funding for special programs or specific capital outlays may be requested by presenting a business case for the request. The business case should outline the expense, income (if any), and rationale for the additional funding.

3.3 Chapter Reserves

Reserves are any surplus remaining, after expenses, at year-end. Depending on the size of your chapter and the level of program it is offering, the goal for reserves should be between 50-100% (6-12 months) of average annual expenses.

While it is financially prudent to maintain a healthy reserve, chapters should recognize that funds are meant to be used to further the Society's goals and benefit members. Reserves of over 100% of average annual expenses are excessive, and chapters with more than twice their yearly expenses (200%) in reserve will be encouraged to spend down their funds.

3.4 SIG Reserves

Because SIGs do not have the same operating and programming expenses as chapters, they are generally not encouraged to keep reserves, and Society funding cannot be rolled over from year to year as reserves.

In some rare circumstances, a SIG may want to save for a special program or activity, and they may build a reserve for that purpose by saving any funds generated by programming or fundraising.

3.5 Sample Budget

A sample budget from a chapter appears in the following example. It tracks the primary expense categories that are reported to the STC Office and maintains a comparison with the previous year's performance.

This budget happens to be in an Excel spreadsheet, but you may use any accounting tool you are comfortable with. What's important is that you need to be able to conveniently prepare reports that other members of the administrative council can understand.

Item	Income					Expense						
	Dues	Meet	Conf	Schol	Other	Meet	News	Conf	Edu	Award	Schol	Other
Budget	4060.50	3000.00	0.00	1000.00	1750.00	3882.00	500.00	0.00	1900.00	1221.00	1000.00	1308.00
Last Year Actual	3,747.00	3,486.60	0.00	200.00	2,133.00	4,333.86	359.05	0.00	960.82	1,426.16	1,200.00	2,338.43
This Year Totals	3998.00	1523.00	0.00	250.00	57.00	2317.00	317.00	0.00	536.00	290.00	1000.00	785.00
Spend Percent				0%	3%	60%	63%		28%	24%	100%	60%
Total Income	5828.00										Total Spend	5245.00
Received	59% of income					\$ 9,811	Planned Income		\$9,811	Planned Spend	Spent	53%
											Unspent	\$4,566

Budget Line Notes

- a) 116 Regular Members @ \$30; 43 Student Members @ \$13.50
- b) Meeting admission \$5/student members - \$8/members (and non-member students) - \$12 nonmembers; includes projected \$500 intake for holiday meeting food
- c) Earnings from Scholarship fund plus contributions.
- d) Corporate sponsors HS Writing Comp or other (\$1000); Jaffe Award (\$500), Chapter pins(50x\$5)
- e) Includes room rental (\$112), refreshments (\$100), doorprizes(\$25) x 7; (room rental (\$224), refreshments (\$500), doorprizes (\$25)) x 2
- f) Includes newsletter, postage, web expenses, meeting schedule cards, brochures + \$350 Ch.Dist. costs
- g) "Son of Trends"
- h) Includes HS Writing/Awards expenses (\$800), Awards Banquet (\$600), Postage/supplies (\$300), brochure (\$200)
- i) Includes Active Member shirts (\$550), Jaffe Award expenses (\$250), Dist.Chap(\$250+75), Plaques(\$300), Hero Awards (\$100)
- j) \$1000 to be drawn from Pellegrin fund
- k) Includes PO Box rental (\$38), Speaker honorariums (\$500), Chapter pins(\$350), Name badges (\$20); student membership incentives (\$400)

3.6 Reviewing the Budget Periodically

Reviewing receipts and expenses periodically will tell you how realistic your estimates actually were. For instance, if your receipts for meeting fees were only \$2,500 compared to a projected \$3,000, your committee managers and chapter administrative council should adjust planned expenses for the rest of the year.

Plan to reduce the costs of awards, increase the meeting charge of the awards banquet, or make some other combination of adjustments to keep your chapter self-sustaining and to protect its financial future.

4.0 Accounting for Chapters – General Information

4.1 Revenue

Sources of revenue vary from chapter to chapter, but typically include:

- Chapter Funding – sent to the chapters by the STC Office
- Event registration fees from conference or educational programs
- Donations, contributions, and grants
- Sponsorships
- Competitions
- Advertising (your mostly likely source of taxable income)
- Job Bank
- Interest or investment income
- Special projects, including scholarship funds.

4.1.1 Charitable Contributions – U.S. Chapters

The IRS rules require chapters to prepare acknowledgments of contributions of \$250 or more and mail them to donors by March 31. For details, see IRS Publication 1771, *Charitable Contributions – Substantiation and Disclosure* (<https://www.irs.gov/pub/irs-pdf/p1771.pdf>).

Acknowledgments must show the date, amount of the payment, and a description of any property other than cash contributed. It must show whether the chapter provided any goods or services in consideration for property donated. If so, a description and “good faith” estimate of the fair market value of such goods and services must be noted in the acknowledgment.

For non-U.S. chapters: please check with your appropriate governmental agency for any relevant regulations.

4.1.2 Contributions from which the Donor Benefits – U.S. Chapters

A contribution of \$75 or more made partly as a contribution and partly in return for goods or services must be reported to donor. For details, see IRS Publication 1771, *Charitable Contributions – Substantiation and Disclosure* (<https://www.irs.gov/pub/irs-pdf/p1771.pdf>).

The notice must include the following information:

- Informs the donor that the deductible amount of the contribution is limited to the net value of the donor’s gift.

- Provides the donor with a good-faith estimate of the fair market value of such goods or services provided by the chapter. For example, if you charge \$100 for a ticket to a dinner theater and the retail value of that ticket is \$35, then the amount of the deductible contribution is limited to \$65. The invoice provided to the contributor must plainly state both that \$100 was paid for the event and that \$35 was the value of the ticket.

For non-U.S. chapters: please check with your appropriate governmental agency for any relevant regulations.

4.1.3 Raffles and Lotteries

Communities may hold raffles (where tickets/chances are distributed for free), but are discouraged from holding lotteries (where tickets/chances must be bought), because of possible legal implications.

Chapters may hold raffles without registering them with their local jurisdiction if they do not charge money for the tickets. An example is a door prize awarded at random to anyone who attends a chapter meeting.

However, charging *any* amount or a ticket automatically turns a raffle into a lottery, thus making it fall under gaming rules and regulations. Most states and many local jurisdictions have their own gaming regulations, and you must register any lottery with the appropriate authorities. You should contact an attorney who specializes in gaming laws in your state and local jurisdiction to ensure that the chapter follows all appropriate laws and regulations. The chapter is liable for the legal fees involved, since it would be the only beneficiary of the lottery.

For non-U.S. chapters: please check with your appropriate governmental agency for any relevant regulations.

4.1.4 Charitable Contributions (by Chapters)

STC discourages communities from making monetary donations to other charitable concerns. Community funding should be used to benefit the members and to further the goals of the Society.

Legally, no funds should be funneled through a chapter bank account to the outside charity. Instead, they should be donated directly to the charity. Be sure that the charity is registered as a 501(c)(3) charity.

Your state may also require a charitable solicitation certificate prior to holding a fundraising event for another group. You should research local and state requirements and apply for the appropriate permits/certificates before planning the event.

Commingling funds for other charitable organizations with your account invites audits by the Internal Revenue Service and calls into question the purpose of your chapter in terms of the tax exempt purpose of STC.

4.1.5 Corporate Sponsorships

Accepting corporate sponsorships is permissible and encouraged. As part of the sponsorship, you may acknowledge participating companies by thanking them at your general membership meetings. Adding your corporate sponsors' logos and website links to your chapter website is also perfectly acceptable. Funds from corporate sponsors are not taxable.

However, it is advisable that Chapters do not combine corporate sponsorships with job postings. At the minimum, the IRS may determine that offering such postings make all such income subject to UBIT.

For non-U.S. chapters: Please check with your appropriate governmental agency.

4.1.6 Advertising and Job Postings

Your chapter may sell advertising space in its newsletter or website and earn income from online job postings. Associations typically offer advertising and job market opportunities, whether in person or online. However, these activities are not tax exempt and therefore the chapter may owe taxes for "unrelated business income tax" (UBIT). See IRS instructions for Form 990-T for details (<https://www.irs.gov/pub/irs-pdf/i990t.pdf>).

You can lower the amount of taxes you might owe on advertising and job posting income through careful accounting. You may deduct any expenses incurred in generating this income. This includes costs to market the advertising (such as phone calls to prospective advertisers), and the cost of printing the advertising in the newsletter.

For non-U.S. chapters: please check with your appropriate governmental agency.

4.1.7 Selling Coupon Books

Provided your activities are conducted almost exclusively by volunteers, your chapter may sell coupon books as a fundraiser if these are the typical coupon books that some organizations make available for charitable fundraising. You may keep the income and pay no local or state tax or federal UBIT. This activity is not considered to be a regular business, provided the sales are conducted almost exclusively by volunteers.

For non-U.S. chapters: please check with your appropriate governmental agency.

4.1.8 Documentation Services

We do not recommend that STC chapters offer documentation services to companies for a fee. Associations do not typically offer such services to businesses for a price because this is clearly in competition with businesses providing the same services.

The IRS would consider this to be consulting, and the income would therefore be considered taxable.

STC was granted 501(c)3 tax-exempt status based on its charitable, educational activities. Such activity could cause the IRS to question the chapter's tax-exempt status.

For non-U.S. chapters: please check with your appropriate governmental agency.

4.2 Expenses

Chapter expenses vary, but typically include:

- Speaker fees and travel
- Meeting expenses
- STC Summit registration/travel expenses for chapter leaders
- Event expenses
- Bank charges
- Equipment and supplies
- Scholarships
- Internet/web fees
- Printing
- Postage
- Competitions and awards.

4.3 Independent Contractors/Vendors (IRS Forms 1096 and 1099)

Some people who provide services to your chapter are not employees, but independent contractors who pay their own employment taxes. Reporting to the IRS on independent contractors is done on a calendar-year basis. You need to do this on behalf of the chapter – this is not done by the STC Office.

For non-U.S. chapters: please check with your appropriate governmental agency.

Any vendor or contractor (except nonprofit vendors) a chapter pays \$600 or more to for services or products must be issued a 1099-Misc. In order to comply with this ruling a chapter should require a W-9 be submitted before payments are made.

There are two IRS forms required to report payments to independent contractors. The first (1099) is submitted to the vendor and the IRS the second (1096) is a reconciliation of all 1099's sent.

Form 1099 MISC – This form is for annual payments over \$600 made to any U.S. entity except for nonprofits. You will need to put the chapter's TIN number where indicated including the individual's tax identification number (social security number).

For details, see <https://www.irs.gov/uac/about-form-1099misc>.

The deadline to send 1099s to recipients March 31 in the year following the one in which their services are performed and they are paid.

Form 1096 – If you file the 1099 form electronically, you do not need to prepare the Form 1096. It serves as a cover sheet when submitting the 1099 forms from your chapter if you file on paper. You need to attach copies of all corresponding 1099s to the Form 1096.

For details, see <https://www.irs.gov/uac/about-form-1096>.

The deadline to file 1099s and 1096 with the IRS is February 28.

4.4 Nonprofit Postal Privileges

In this age of timely electronic communications, and particularly for our profession as communicators, email should be your first choice for newsletter distribution. Seriously consider whether your chapter benefits from distributing information by first-class mail. If your chapter is large and needs to mail frequently, consider mailing at nonprofit postal rates.

For non-U.S. chapters: please check with your national postal service.

In the United States, to be eligible to use bulk mail and nonprofit postal privileges, you need to mail at least 200 copies on a regular basis.

There are two steps to follow in verifying your nonprofit status:

- Get Form 3624 from either your local post office or the USPS website. Complete and return it to the post office along with samples of your newsletter, the two IRS letters regarding STC's tax exemption on the STC website, the STC Articles of Incorporation and Bylaws on the STC website, and your IRS identification number. Allow at least 30 days for processing.
- Complete Forms 3620 and 3601. You can download these forms from the USPS website. These applications require an annual permit fee. You need approval of these forms to get nonprofit stamps (or permission to print the nonprofit permit number on the newsletters).

U.S. bulk mailing procedures can be complicated, and may involve printing barcode, presorting the mail, and using special postal facilities in exchange for discounted mail rates.

If your chapter is located in a country other than the United States, inquire. You may find a business-mail capability that benefits your chapter's mailing needs.

4.5 Insurance

There are three main types of insurance that chapters should consider purchasing if you are not included on the Society's policy as described below:

- Directors and Officers Insurance (including "Bonding")
- Liability and Event Coverage
- Property

4.5.1 Directors and Officers Insurance (D&O) and Bonding

Directors and Officers Insurance covers the fiduciary responsibilities of members of the Society's Board of Directors, committee chairs, and members; and chapter officers, committee chairs, and members.

STC's D&O insurance covers all chapters regardless of location. However, the insurance only pays out a claim if the claim is filed in the U.S., one of its territories, or Canada, regardless of where the issue arose.

Bonding is a type of insurance that covers a portion of financial loss caused by illegal acts of those entrusted with chapter funds. Bonding insurance covers the chapter treasurer position.

Bonding is provided to all STC chapter officers, committee chairs, and committee members acting on behalf of the chapter via the Society's Directors and Officers Liability Insurance policy. This insurance is purchased by the Society.

U.S. chapter volunteers are covered under STC's D&O policy.

4.5.2 Liability Insurance

All U.S. and Canadian chapters are covered under the Society's liability insurance for the special educational events.

Some facilities require a certificate of insurance for a specific event to be held in their location.

You must contact the STC Office at least 30 days prior to your event so that the STC Office may contact to the insurance company to apply for coverage of the event on your behalf. Have the following information available when you contact the STC Office:

- The name, address, phone number, and fax number of the facility where the event will be held
- The name of the contact at the facility who should receive the copy of the certificate of insurance
- The time and date of the event and the expected number of attendees.

The insurance company may request additional information.

The STC Office will submit the request on your behalf. The insurance company will forward the certificate directly to the facility where you are holding the event. The insurance company will NOT send the certificate of insurance directly to the chapter or to the STC Office. Once your request has been processed, the insurance company usually faxes a certificate to the facility within 24-48 hours.

U.S. law prohibits coverage outside of the U.S., its territories, Canada, Mexico, and Puerto Rico. If your chapter is outside of this area, check with an insurance broker in your country to find out what insurance is available.

4.5.3 Property Insurance

Please work with a local insurance agency to arrange property insurance coverage, if needed. Note that most chapters do not own enough property to warrant this type of insurance.

If you do purchase property insurance, the costs would need to be covered in your chapter budget.

Non-U.S. chapters (except Canada, Mexico and Puerto Rico) should check with an insurance broker in your country to find out what insurance is available.

4.5.4 Volunteer Protection Act

Signed into federal law in 1997, the Volunteer Protection Act provides certain protections from liability related to volunteers serving in not-for-profit organizations. The act may protect chapter volunteers, but it provides no protection to chapters themselves.

The Volunteer Protection Act is intended to protect volunteers from liability for negligence that occurs within the scope of their work for chapters. The act, however, has limitations:

- Volunteers are protected only to the extent that they are acting within the scope of their responsibilities to the organization at the time.
- While the act protects volunteers from liability arising from simple negligence, it does not protect against liability for intentional acts, such as willful or reckless misconduct or gross negligence.
- Only uncompensated volunteers fall within the scope of protection.
- The act provides no protection against state and federal sexual offenses or civil rights violations, including charges of discrimination.
- The act does not prohibit anyone from bringing a lawsuit against a volunteer, even if it is groundless and its cause of action falls within the protective scope of the act.
- The act does not relieve the chapter from its own liabilities and its responsibility to indemnify its volunteer and compensated personnel.

Given the limitations of the act, there is a need to provide protection for volunteers. STC provides this protection through its Directors and Officers liability insurance.

Non-U.S. chapters (except Canada, Mexico and Puerto Rico) should check with an attorney or appropriate government agency in your country to see if there is comparable legislation to the U.S. Volunteer Protection Act.

4.5.5 Insuring Non-U.S. Chapters

Non-U.S. chapters, with the exception of those in Canada, Mexico and Puerto Rico, must work with insurance representatives in their own country and bear the expenses for the cost of purchasing any liability insurance.

STC's insurance is applicable only in the United States, Canada, and Mexico.

5.0 Tax Information

Because STC is a 501(c)(3) educational, charitable organization recognized in the United States, it is governed by the tax laws of the United States. Non-U.S. chapters must check with tax authorities in their country.

5.1 U.S. Federal Reporting Requirements

STC has been in existence since 1957 and is a nonprofit corporation governed by a Board of Directors elected by its membership. STC has chartered more than 150 chapters and SIGs worldwide. Each chapter is governed by an administrative council.

5.1.1 Proving Tax-Exempt Status

Proving tax-exempt status in accordance with U.S. law requires these four items:

- STC's IRS identification number (31-4424296).
- Your chapter's IRS identification number (also known as the TIN or EIN). This is obtainable from STC Office if you do not have a record of it.
- IRS letter dated March 11, 1968 (this granted tax-exempted status to STWP [STC's former name] and all its subordinate chapters).
- IRS letter dated October 29, 1971 (this letter acknowledged the name change from STWP to STC).

For non-U.S. chapters: please check with your appropriate governmental agency.

Nonprofit status does not mean that STC and its chapters cannot make a profit on its activities or accumulate savings by controlling income and expenses. Indeed, STC can and does try to run a surplus each year to ensure it has needed resources for future years. The IRS does, however, prohibit the distribution of any surplus or profit to shareholders or members.

Therefore, when a chapter is dissolved or terminated, **the net proceeds cannot be shared among the members but must be returned to STC**. In like fashion, if STC were to be dissolved or terminated, it would be required to turn over its assets to an "organization or organizations organized and operated for similar educational, scientific, or charitable purposes..." (any 501 (c)(3) entity) under Article 4 of the STC Articles of Incorporation and Bylaws.

For more details about nonprofit tax status, see <http://irs.gov/charities/index.html>.

5.2 IRS Form 990, 990-EZ, and 990-N

As a 501(c)(3) educational, charitable organization, the STC is required to report financial information to the Internal Revenue Service annually on a Form 990 information return. The

Society's Form 990 is posted on the members-only section of STC's website in compliance with requirement that the Form 990 must be available for public viewing.

All U.S. chapters are also required to report their own financial information to the IRS.

The table below details which form each chapter must file, based on income and assets:

Form to File	Income test	Total Asset Test	Net unrelated business income
990	> \$200,000	<u>> \$500,000</u>	<u>n/a</u>
990EZ	Between \$50,000-\$200,000	<u><\$500,000</u>	<u>n/a</u>
990-N e-Postcard	< \$50,000	<u>n/a</u>	<u>< \$1,000</u>

Important! If your chapter fails to file a tax return any of the versions of Form 990 for three consecutive years, your chapter will automatically lose tax exempt status and fall out of STC's group exemption.

If you have any questions concerning federal tax matters, please contact the STC Office.

5.2.1 IRS Form 990-N (less than \$50,000 income)

Most US chapters will file IRS Form 990-N, also known as the e-Postcard. If your total chapter income for the year is less than \$50,000, and your chapter has less than \$1,000 in net unrelated business income, you should file the e-Postcard.

Follow the instructions on the IRS website (<https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard>).

You will need the following information about your organization.

- Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN).
- Tax year
- Legal name and mailing address
- Any other names the organization uses
- Name and address of a principal officer
- Web site address if the organization has one
- Confirmation that the organization's annual gross receipts are \$50,000 or less

- If applicable, a statement that the organization has terminated or is terminating (going out of business)

Chapters must use your own employer identification number (EIN). Do not use the Society's EIN.

5.2.2 IRS Form 990-EZ and Form 990-T

If your chapter income for the year is \$50,000 or more, you will need to fill out an IRS Form 990 or 990-EZ, as applicable, and send it to the STC Office. If receipts are above \$200,000 and assets are greater than \$500,000, prepare and submit a 990.

If revenue is between \$50,000 and \$200,000 and total assets at year end are less than \$500,000, then you should use Form 990-EZ.

In addition, chapters with more than \$1,000 in net unrelated business income need to file **Form 990-T**. Send copies of this form to the STC Office by the same deadline as the financial reports and reconciliation.

The STC Office will mail the form on your behalf, and it is important that the office has your form before the filing deadline. Contact the STC Office if you are concerned about making the deadline.

Instructions for Forms 990 EZ

https://www.irs.gov/pub/irs-pdf/i990ez.pdf?_ga=1.75830357.1732136956.1476146471

IRS Form 990-T

As explained previously, STC was granted 501(c)(3) tax-exempt status based on its charitable, educational activities. Certain activities are tax exempt, such as holding educational events or publishing articles of interest. Other activities are considered “unrelated” to the tax-exempt purpose, and income from these activities is subject to U.S. tax. This tax is called unrelated business income tax (UBIT). For example, income from advertising and sales of online job postings is subject to UBIT. If you have a speakers bureau, UBIT would be calculated if the purpose is to advertise speakers rather than provide a chapter educational service – the difference lies in whether the speakers stand to benefit from speaking. If you provide the ability for a third-party seller to advertise on your site, such as an Amazon click-through, any fees earned would be subject to UBIT.

Don't worry about this too much – very few chapters meet this criteria. The first \$1,000 of UBIT is exempt from taxes. If a U.S. chapter has UBIT income over \$1000, it must file Form 990-T. The STC Office will assist chapters in calculating and preparation of this form as well.

You can deduct related expenses from gross income to calculate net income. For example, your chapter collects \$1,000 for a one-page ad in a four-page newsletter. The cost of the four-page newsletter is \$400. The chapter may deduct one-fourth of the newsletter expenses (\$100) to determine net income of \$900. Because the first \$1,000 of net UBIT income is not subject to taxes, your chapter would not need to file Form 990-T. For details, see <https://www.irs.gov/charities-non-profits/unrelated-business-income-tax>.

5.2.3 State Income Tax

In most states, if an organization is exempt from federal income tax, it is also exempt from state income tax. You should check with the chapter's legal or tax advisors who practice in your state to determine if your chapter is automatically exempt from state income taxes.

5.2.4 State Sales and Use Taxes

State sales tax laws vary widely. Many US states and cities grant sales and use tax exemptions to nonprofit organizations. Some STC chapters are exempt from state sales tax; others are not. Your federal tax identification number does not establish that your chapter is exempt from state or local sales and use tax; however, some businesses will accept your chapter IRS identification number as an indication of being exempt from sales tax. Just tell the business that your chapter is a nonprofit organization and see if the chapter IRS identification number is acceptable.

If not, and you would like to request an exemption from sales taxation, contact your state department of taxation. A separate application is required, and on approval, a separate identification number is issued. Upon request, they will send you the necessary forms to file your application. If you have questions or need assistance, contact the STC Office.

6.0 Best Practices for Chapter Treasurers

STC has gathered a set of best practices to help you succeed in your role as chapter treasurer. They will help you maintain fiscal responsibility, and will help protect you from any misunderstanding.

6.1 Essential Practices

- Require two signatures (president and treasurer) on all accounts. In the rare case where a president and treasurer are related to each other (spouses, siblings significant others), the vice-president or secretary should be the second signature. This is for the protection of the individuals.
- Count proceeds from meetings and seminars together with program and event managers at the end of the event.
- Insist on receiving receipts for all requests for reimbursements.
- Never use personal credit cards to pay for large-dollar items. It is inappropriate to have members receive bonus mileage, gifts, or other rewards for payment for chapter bills that should rightfully be paid through the chapter's checkbook or electronic banking.
- Investigate interest-bearing investments for chapter's reserves; large chapters commonly invest in certificate of deposit, money market accounts, and other sound, low-risk financial investments.
- Be responsible for all contracts (phone, Internet service provider, hotels, etc.). If you are in doubt about the contract, contact the STC Office for help.
- Keep a list of physical items purchased for use by the chapter (such as fax machines, projectors, or software) – these are part of your chapter's assets.
- Require that anyone spending chapter funds be a chapter member (cover this in your policies and procedures).
- In advance, set a limit of how much a chapter member can spend without prior approval from the administrative council. The amount may depend on the needs and size of your chapter; many chapters require approval before spending \$50; others, before spending \$250.
- Contact the STC Office if you have any questions about spending guidelines.

6.2 Electronic Banking

Ensure the treasurer maintains control of electronic banking accounts, but the administrative council should oversee the transfer of usernames and passwords to future treasurers.

6.3 Budget-Related Practices

- Limit spending for working meetings, award dinners, and administrative council meetings. For example, your officers may have a long, inconvenient commute to attend the meeting, and giving up their dinner time may suggest that serving a meal is appropriate. Always view costs such as this with the eyes of a member. Costs should be modest and reasonable, but can be appropriate.
- Establish policies and procedures for how your chapter spends money ahead of time. Have these procedures approved and reviewed by the administrative council annually.
- Create a line item in your annual budget for each regular expense and stick to the limits you set.
- Bring the issue before the council if you are ever in doubt about a spending decision.
- Use funds to benefit as many members as possible. However, you can spend money on a subset of members such as a chapter's special interest group or a committee whose work benefits the chapter and STC. Funds that benefit a single member or a few members should be reviewed carefully by the administrative council to avoid inurement or the appearance of inurement issues.
- Require that all spending fall under a predefined budget line item.
- Specify in your guidelines who is authorized to spend chapter funds for each line item in the budget. Designate someone to manage each line item. For example, the president might oversee awards and recognition and the newsletter while the vice president oversees meeting expenses and workshops.
- Work with your administrative council to set an advertising policy with prices for ads placed in your newsletter or on your mailing list. In general, you may list events of interest to your membership from other nonprofit organizations without charge. If a for-profit organization or speaker wishes to publicize an event to your membership, however, you will need to determine whether the message is of value to your broader membership (such as a training opportunity). You should charge for advertising in these instances.

6.4 Job-Related Practices

- Include bank statements with the monthly treasurer's report.
- Keep a record of all transactions for the duration of your office (these records belong to the chapter archives).
- Review purchases on a monthly basis (at least have it reviewed by the officers, if not the entire council).
- Look for facilities and materials that can be donated by a company or local organization such as a university or library whenever possible to avoid paying for meeting space, etc.
- Notify all chapter leaders of the chapter's spending policy in advance.

7.0 Guidelines for Difficult Spending Decisions

In your role as treasurer, you will become the chief interpreter of STC financial policies – not an easy or enviable task! There will be a tendency to want to reward those who do the work of your community by paying for working dinner meetings, for example. While justifiable in moderation, you must always consider how this looks to your members who are not in attendance.

Don't allow practices to develop that you would not expect your membership to understand.

Keep in mind that these practices are discretionary, and you should be guided by whether your community can comfortably afford to do some of these things, and by whether the money would better benefit your membership by being spent in other ways.

The purpose of the examples is to provide guidelines for the most difficult spending decisions your community may face.

7.1 Meeting Decisions – Chapters

7.1.1 Meeting Fees

Implementation of various membership packages at the Society level has introduced a variety of approaches to how to charge STC members who are not members of a particular chapter. There is no correct answer to this, but be certain that your administrative council understands what it wants to achieve in setting meeting fees for participants:

- It is acceptable to set a higher cost to attend a chapter meeting if a person is not a member of STC.
- It is acceptable to set a higher cost to attend a chapter meeting if a person is a member of STC but is not a member of your chapter.
- Many chapters do not charge STC members who are not chapter members higher fees. It can be considered a cost of marketing to attract this person into your membership.
- Many chapters discount meeting costs for separate membership classes, such as students or the retired.
- In all cases, your goal should be to attract as many technical communicators into your chapter as possible, yet cover as much of the meeting cost as possible. Your situation may vary depending on local economy, employers, and where your chapter is located. If another chapter is convenient to your meeting, would you charge that chapter's members extra to come to your meeting or do you want to encourage them to attend?

7.1.2 Speaker Travel Expenses

Chapters should consider adopting a policy about paying the travel expenses and fees of invited meeting speakers, conference keynoters, or workshop/web seminar leaders. An acceptable policy is to never pay speaker expenses, but that is very limiting. If you do pay these fees, you should first:

- Attempt instead to provide some gift of appreciation to invited speakers if they waive their usual fees for speaking (some chapters provide gift certificates or promotional items).
- Negotiate any speaker fees or expense requirements in advance. Chapters can pay speakers for their time and travel expenses; however, these costs should be budgeted in advance of the event and figured into the price charged to the people attending the event. The chapter can choose to subsidize these costs as affordable.
- Consider some form of cost-sharing of web seminar/workshop expenses to avoid getting stuck with a large expense for a poorly attended event. Many chapters split the proceeds with the leader or speaker rather than paying a fixed fee. They will require different guarantees or splits, but generally a 50/50 split is acceptable.
- Find a company to donate facilities and/or copying services in exchange for a seat in the class. If in doubt about negotiating such arrangements, contact the STC Office for assistance.
- STC will not provide funds after the fact to cover a workshop, conference, web seminar, or other event that loses money. Plan wisely.

7.1.3 Door Prizes

If your chapter provides door prizes at your monthly meetings, then you should:

- Seek sponsors to cover the cost or donate door prizes (such as books, gift certificates, t-shirts, and other promotional items).
- Create a line item in your annual budget for this expense; do not spend more than you budget.

You should not charge for chances to win a door prize! If you do, this turns the door prize drawing from a raffle to a lottery – see 4.1.3 Raffles and Lotteries to understand the implications.

7.1.4 Refreshments

If your chapter provides refreshments or a subsidy for dinner for your meetings including monthly chapter meetings or council meetings:

- Price the non-member fee to cover the cost of the dinner. Do not subsidize non-members.
- Create a line item in your annual budget for this expense and make sure you stick to it.

- Provide complimentary dinners for speakers at chapter meetings, whether they are members or not.
- Consider providing complimentary meals (at a dinner meeting or banquet) to award winners or other recipients of special recognition – if the chapter can afford it.
- Consider whether to provide a modest meal or snacks at administrative council meetings, if these meetings occur over a mealtime hour or are essential to completing the work objective of the meeting. For example, doughnuts and coffee at a daylong planning session and pizza for dinners are fine. Dinner and wine at a fine restaurant for council members, however, has the appearance of inurement; avoid it. If your general membership would not understand why this is a chapter expense, or feel it is unfair, do not do it.
- Do not allow complimentary meals to make you spend more than what is budgeted for refreshments (or awards and recognition).
- Do not feel obligated to provide refreshments if your chapter cannot afford the expense.

7.1.5 Leadership Development - Chapters

If your chapter holds a leadership development day or planning day (or half-day) for your administrative council (both officers and committee managers), then you should consider:

- Providing a modest lunch and/or snacks.
- Providing an honorarium to a (non-council member) guest speaker(s) unless they have volunteered their time.
- Covering the cost of any workshop materials (but try to get a local company to sponsor copies and binding).

7.2 STC Summit – Leadership Program

If your community provides financial assistance to a member (or members) of your administrative council to attend Leadership Program at STC’s annual conference, then you should:

- Provide a set amount of funding to cover travel, and/or lodging and conference registration for the weekend of Leadership Program. This amount can vary annually depending on available finances. The administrative council should approve the amount, and it should be included in the budget. For example, some chapters fund Summit registration, but not travel.
- Require receipts for reimbursement.
- Select the officer(s) or volunteer(s) who will attend. Many communities send the incoming President or Vice-President as the experience gained at Leadership Program will help them in their role. Establish a policy and procedure to make these funds available to the next officer in line if the president is unavailable or has their expenses covered by their employer.

- Benefit the entire membership with this expenditure. Schedule a time to have the person who attended Leadership Program share their experience with the rest of the council. In fact, the justification for supporting someone to attend Leadership Program is that the entire chapter will benefit.
- Generally, your community should provide this expense only once to a person (repeat office-holders should not be repeatedly reimbursed for the same expense). You may find that partially funding multiple attendees is a good way to spread the benefit.
- Do not feel obligated to fund the entire conference, and do not feel your community must do this every year if finances do not permit it. Make sure your community can afford this expense in advance.

7.3 Scholarships - Chapters

Many states have strict laws concerning scholarship funds. Before you set up a new scholarship, please contact the STC Office. STC's attorney may need to review the scholarship to ensure that it meets the legal guidelines required for STC to maintain its 501(c)(3) tax-exempt status.

If your chapter establishes a scholarship for students of technical communication, then you should:

- Establish written guidelines for distributing the scholarship money and have the applications reviewed by a committee of experienced members (at least some of whom are not affiliated with a particular school).
- Contact other chapters that have developed such scholarships programs for advice and expertise.
- Provide funding for tuition, books, and even room and board.
- Do not require membership in STC, although service to the profession can be a consideration.
- The scholarship must be sent directly to the school the winner attends. *This is extremely important legally.* In other words, do give the winner a check, but deposit a check in his or her name directly with the school's financial aid office.
- Consider using the proceeds from special fundraisers, profits from competitions, or donations to support scholarships.
- Invest the money soundly to achieve an ongoing source of scholarship funding.

For non-U.S. chapters: please check with your appropriate governmental agency regarding scholarship laws.

7.4 Services Provided by Members

If your community plans to pay a member for special services, such as a graphic design or screen printing for promotional items, then you must first:

- Attempt to advertise for paid service to give everyone a chance to apply for the job.
- Award contracts to members ONLY when the individual members will provide the service at less than the prevailing cost in the community.
- Never award contracts to members and pay more than the going market rate; this is called personal *inurement*, which can threaten the tax-exempt status of STC.

For non-U.S. chapters: please check with your appropriate governmental agency regarding laws concerning payments to members for services.

7.5 Audio Visual or Other Equipment

If your community requires a projector or microphone for chapter or other meetings:

- Consider renting equipment if it is cost effective.
- Consider figuring the cost of the rental into the cost charged the members attending the meeting for which the rented equipment is needed.
- Consider purchasing equipment, if it saves money over renting it.
- Keep track of who is responsible for the hardware – these items are chapter assets.
- Do not purchase equipment if you can have it donated or loaned from a local company or organization.
- Do not purchase equipment if the chapter cannot afford the expense, or the need is infrequent.

7.6 Software Purchases

If your community purchases a software application for use by a chapter member to complete chapter business such as developing a newsletter, accounting for funds, or maintaining a website:

- Keep track of the software purchase and ensure that the software is transferred to the next volunteer responsible for the activity.
- Consider storing the original box and software after the member installs it and makes a backup copy.
- Do not require a chapter member to use illegally copied software to perform work for the chapter.

7.7 Recognition for Volunteers

If you provide recognition for deserving volunteers, including chapter or SIG leaders:

- Provide public recognition, certificates, or modest gifts as recognition.

- Do not feel you must provide plaques or other types of awards to recognize significant achievement or contribution if the chapter cannot afford them.
- Do not provide gifts as a *quid pro quo* (attempting to compensate for the value of their time spent through an hourly rate or salary).
- Never provide cash or checks to chapter leaders for their volunteer efforts.
- Do not pay for an existing member's – even a very active member's – STC membership because he or she is having financial difficulties. While the situation is unfortunate, paying a member's dues from chapter or SIG funds not only sets a potentially disastrous precedent, it is a form of personal inurement. This could lead to STC losing its tax exempt status.

8.0 Document Archiving

Technically, non-U.S. chapters need to follow the retention policies of their governments. However, as policy, STC requests that all chapters retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements.

While few of the items below pertain to SIGs, it is important that copies of any relevant documents be sent to the STC office. Since SIGs are, from a legal and tax perspective, part of the Society, such documentation must be kept in the main office files.

STC's document retention requirements are shown below.

Document Type	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank Reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with members and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation Schedules	Permanently
Duplicate deposit slips	2 years
Expense Analyses/expense distribution schedules	7 years
Year End Financial Statements	Permanently
Insurance Policies (expired)	3 years
Insurance records, current accident reports, claims, policies	Permanently
Internal audit reports	3 years
Inventories of personal property	7 years
Invoices	7 years
Minute books, bylaws and charter	Permanently
Patents and related Papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years