



Treasurer's Manual

Council and Chapter Leader Officers Handbook

ENA Council and Chapter Treasurer's Manual

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Introduction

Congratulations and thank you for taking on this important leadership role with ENA.

The content in this manual provides a wide range of topics all treasurers should be familiar with to help keep your organization in good financial health.

The manual will be updated regularly to reflect the most current ENA policies, procedures and strategic vision.

If you have questions or comments about this manual or any of the officer tools and resources, please direct them to:

ENA Governance

governance@ena.org

1. Responsibilities

As the treasurer, you are responsible for the operational and administrative control of all funds and material assets of the council or chapter. Additionally, your role as an officer is to help ensure member satisfaction and council and chapter success.

The treasurer should be familiar with basic accounting and management control standards; council or chapter bylaws, procedures, policies and officer position descriptions; ENA Bylaws; ENA Policy and Procedures (Council Compliance and Operations); ENA Strategic Plan; ENA Public Policy Agenda; and ENA Governance policies.

Council and Chapter Treasurer Responsibilities

MANAGEMENT

- Maintain accurate financial records.
- Provide a mechanism for the transfer of records, general and financial, upon the installation of a new treasurer.
- Plan annual budget proposal and budget narrative in partnership with the president and president-elect.
- Maintain banking accounts and disbursement.
- Maintain an Employer Identification Number, also known as EIN, and file it with ENA Headquarters – councils and separately incorporated chapters only.
- Ensure all signature cards relating to banking and investment accounts are kept current.
- Maintain appropriate documents for incorporation.
 - » Since procedures vary among states, contact the secretary of state's office in your state to be sure your council or separately incorporated chapter is in compliance.
- Complete and file the annual Form 990, 990EZ, or 990-N directly with the Internal Revenue Service to maintain and ensure compliance with Not-For-Profit financial status as a 501(c)(3) organization.
- Complete and file the annual Form 990-T if applicable with the Internal Revenue Service.
- Complete and file the annual state versions of the 990 and 990-T with the appropriate state office.
- Submit an annual financial report for officer and member review.
- Prepare financial reports for scheduled council or separately incorporated chapter meetings.
- Access the treasurer's Microsoft 365 account to use Outlook and Teams.
- ENA provides Microsoft 365 and Outlook email accounts for each officer position – president, president-elect, secretary, treasurer and immediate past president to support effective communication with members, partners, vendors and the public. These email addresses are designed to transition from one person to the next as new leaders are elected, thereby preventing loss of data or information during leadership transitions. Council officers are required to access and utilize their officer email accounts during their term in office. ENA will process the transition of account access annually.

FINANCIAL

- Pay bills and prepare periodic reports of such disbursements to the board of directors.
- Prepare monthly bank reconciliations for review by the president or others per procedures adopted by the board of directors.
- Prepare monthly or quarterly financial reports on expenditures and income. If necessary, provide an accounting of items not consistent with the approved budget.
- Prepare periodic reports on the performance of investments.
- Ensure that the bookkeeping and financial records required as a condition of grants received are kept in the manner specified in the grant contract or other guidelines.

COMPLIANCE

- Ensure required updates, documents and reports related to budgets, tax filings and other information are submitted to ENA Headquarters by their designated deadlines.
- Ensure appropriate annual forms are filed with the IRS and receipt notice is sent to ENA Governance.
- Submit the council's final board-approved budget with budget narrative to ENA annually by Dec. 31.
- Ensure the overall welfare of the council or chapter to remain in good standing with compliance requirements.

Outcomes

A treasurer should assist and plan to accomplish the following:

- Sustain and increase the financial health of the organization.
- Maintain good standing by meeting all finance-related compliance requirements.
- Develop leaders and recruit volunteers and officers to create a strong leadership pipeline after your term is complete.

Qualifications

Treasurers must meet and maintain the following qualifications:

- Current ENA membership.
- Current registered nurse licensure.
- Active participation at state or local level.

Term of Office

The treasurer shall serve for a term of one calendar year, Jan. 1-Dec. 31, unless otherwise stated in council or chapter bylaws.

*TIP

Reach out to past treasurers to learn from their experiences. Past leaders are usually more than happy to share their advice or lessons learned. You should also determine whether outside services of a professional accountant may be needed.

2. Planning

Activity Planning

In addition to your financial responsibilities and goals, the ENA Activity Plan is designed to provide council and chapter leaders with a month-to-month planning schedule of activities to accomplish. The action items in the activity plan include compliance requirements and recommended activities to keep your council and chapter strong and successful. The activity plan is a good baseline document for you to add activities and programs to help accomplish your strategic plan goals.

The activity plan will be a guide on what actions need to be taken during each month – deadlines, compliance submissions and other required activities – as well as planning steps for future events and activities. There are activities every treasurer should coordinate with his or her officers every month.

***TIP**

Ensure you are informed of what your tasks entail. Build in adequate preparation time to meet the deadlines outlined in the ENA Activity Plan.

The complete and up-to-date ENA Activity Plan can be found in the council and chapter area on the ENA website. Below is a quick reference to the key activities, compliance, and deadline dates for all councils and chapters.

JANUARY

- 31 Annual report due to ENA Headquarters – councils and separately incorporated chapters only
- 31 Current bylaws and policies due to the ENA Headquarters – councils and separately incorporated chapters only. Submit compliance documents as directed by ENA.

MAY

- 15 IRS Form 990 filing deadline for councils and separately incorporated chapters; last day to file extension with IRS.
- 31 ENA Foundation EN Strong Challenge ends; deadline to contribute donations.

SEPTEMBER

- 15 IRS Extensions, Form 990 filing receipts and/or copies of filings must be submitted to ENA Governance to be in compliance.

OCTOBER

- 31 Deadline for incoming council and chapter officers to be entered into the Council/Chapter Portal.
- 31 Final board-approved budget for upcoming year budget, and budget narrative for councils and separately incorporated chapters, must be submitted to the council portal. Contact governance@ena.org if you need assistance.

Evaluation

Schedule a time to conduct a budget progress check on a quarterly basis or at your board meetings at least twice a year. Discuss with your fellow board members any discrepancies between the budget and actuals, as well as any areas of the budget which are not on track. Evaluate if goals have been achieved or if any adjustments need to be made to the budget or strategic plan to reflect progress. Discuss with the members who helped implement elements of the plan which strategies were effective and which areas may need more attention or are not worth repeating — include notes on what was successful from a financial perspective by achieving a return on investment. If changes are made to the strategic plan, be sure to provide an update to your membership on the changes. Documenting the history of any changes and development of the strategic plan will also be valuable information to new officers during the leadership transition. Include any changes to the budget in the next year's budget narrative and be sure to include the actual expenses and revenue in budget planning.

***TIP**

If any changes are made to the strategic plan that affect the budget, be sure to make updates accordingly and note any changes in your budget narrative for future reference.

3. Compliance

Federal and State Filing Requirements in accordance with ENA Policy and Procedures – Council Compliance and Operations

IRS Tax Exemption Status

Every council and separately incorporated chapter must qualify for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code as an organization organized exclusively for educational, scientific, or charitable purposes.

ENA administers a group exemption process to assist councils and separately incorporated chapters to achieve 501(c)(3) status without individually going through the IRS application process.

The 501(c)(3) status is for federal income tax exemption purposes only; the councils and separately incorporated chapters retain their independent status, their own FEIN and are responsible for meeting all applicable federal, state and local filing requirements.

Once a council or separately incorporated chapter has successfully met the requirements to be included in ENA's group exemption, it must continue to qualify as a 501(c)(3) organization and act in accordance with its purposes. ENA will complete an annual filing to maintain the group tax exemption, which covers councils and separately incorporated chapters. The purpose of such ENA filing is to confirm to the IRS that the councils continue to meet the required criteria for their exemption — namely their purpose and activities are focused on the advancement of emergency nursing through education and public awareness. However, each council and separately incorporated chapter is responsible for filing its own annual Form 990 with the IRS as discussed below.

Contact governance@ena.org with questions related to the group exemption process.

IRS Filing Responsibilities

Who must file?

- Councils
- Separately incorporated chapters

These two types of organizations must file an annual information return – Form 990, Form 990-EZ or Form 990-N – with the IRS for reporting financial activity.

***TIP**

Chapters not separately incorporated as a 501(c)(3) do not need to file taxes but should be sure to provide proper documentation to the council for inclusion in its filing.

Why don't chapters have to file?

As chapters are a part of the council and are not separate corporations, the council's return must include the chapter's financial information. It is the responsibility of the council to establish policies and procedures for the reports chapters must file with the council. Chapters are responsible for following the prescribed council policies and procedures so chapter financial transactions can be reported accurately and timely by the council.

Incorporated chapters are not consolidated with councils and must file their own annual information returns with the IRS.

Do I need to hire a CPA?

Forms 990 can be complex and difficult to complete. It is strongly recommended that councils and separately incorporated chapters contact a knowledgeable CPA firm to prepare the filing. Another advantage of having the Forms 990 professionally prepared is the council will have the CPA firm to rely on in the event the IRS has questions about the filing.

***TIP**

Enlisting the support of an accounting professional can help keep your finances on track or return your organization to good financial standing if needed.

IRS Filing Requirements

Filing requirements are based on gross receipts. Gross receipts are the total amount the organization received from all sources during the year, without subtracting any costs or expenses.

Gross receipts include:

- ENA assessments
- TNCC and ENPC fees
- Injury prevention revenue or grants
- Fundraising revenues
- Any other revenue, even if some or all of the funds are deposited in separate council or chapter accounts

***TIP**

Gross receipts should not be confused with net income or profit.

- **Form 990-N**

» All councils and separately incorporated chapters with annual gross receipts of \$50,000 or less must file with the IRS a short form, 990-N. The IRS requires the Form 990-N be filed online as there is no paper form. It must be filed every year by the fifteenth day of the fifth month (May 15) after the fiscal year ends. For example, for the year ending Dec. 31, 2024, Form 990-N must be electronically filed by May 15, 2025.

- **Form 990 or Form 990-EZ**

» All councils and separately incorporated chapters with gross receipts of more than \$50,000 must file Form 990 or 990-EZ. Consult with your CPA firm as to which form is appropriate for your council or chapter. The deadline is the same as for Form 990-N.

- **Form 990-T**

- » All councils and separately incorporated chapters that have gross income of \$1,000 or more from business unrelated to the organization's exempt purpose must file a 990-T. This is an additional requirement, regardless of what Form 990 the organization files and is an exception to the rule that non-profit organizations do not pay federal income tax.
- » All non-profit organizations with gross unrelated business income of \$1,000 or more are liable for unrelated business income tax, also known as UBIT. An activity is an unrelated business activity if it meets three requirements: (1) it is a trade or business, (2) it is regularly carried on, and (3) it is not substantially related to the furtherance of the exempt purpose of the organization.
- » One of the common sources of unrelated business income is advertising revenue, such as paid advertising in newsletters or meeting or symposium programs. Certain unrelated business income is specifically exempt from UBIT. In this category is interest, dividends, certain other investment income and exhibit fees from a trade show. The IRS Code also allows certain related expenses to be deducted from the reported income. If the council or chapter has unrelated business income, you are strongly encouraged to contact a CPA firm to prepare the 990-T.

State Filing Requirements

Councils and separately incorporated chapters may have state and local filing requirements in addition to the federal requirements.

RETENTION OF CORPORATE STATUS:

Incorporation is a state function. There is no more important state requirement than ensuring your corporation remains in good standing in its state of incorporation. Having a corporation is what protects council/chapter leaders from personal liability should there be a claim against the council or chapter.

In most states, corporations must file an annual report to remain in good standing. In some states the report must be filed annually. Other states may have biennial filing requirements. The filing may be submitted to the secretary of state, department of corporations or similar entity in your state of incorporation. Your attorney can provide direction for the filing requirements in your state. A filing fee usually is required to be sent with the form. Failure to file the report timely can lead to a loss of good standing status and eventual dissolution of the corporation.

REQUIRED ANNUAL STATE INFORMATION RETURNS:

Many states regulate public charities such as 501(c)(3) nonprofit organizations. The public charities office is not necessarily the same office that has the corporate report filing requirement. For example, the Illinois Secretary of State's Office regulates corporations. However, it is the Illinois Attorney General's Office that regulates charities.

Often, the public charities office requires 501(c)(3) organizations to file a state Form 990 or other report, regardless of the organization's size. There may also be an audit requirement for some organizations.

It is recommended that the council or separately incorporated chapter contact its state government office or review information on its website to determine what requirements apply to your council or chapter. A local law firm is another recommended resource.

- **Determine any local requirements:**

Determine if there are any local licenses or filings which may be required by the city or town in which the council headquarters, if any, are located.

- **Required sales tax returns:**

If your council or chapter sells items such as sweatshirts, magnets, pins, or other similar merchandise on a regular basis, it may have to charge sales tax and therefore will be subject to state sales tax filing requirements.

- **Sales Tax Exemptions:**

Some states exempt certain non-profit organizations from paying state sales tax on their purchases. Others may exempt non-profit organizations from certain state or local taxes on hotel and food and beverage. A non-profit organization must apply to the state for a determination of eligibility and a state-exempt sales tax number.

Form 1099 Requirements

The IRS has rules about the forms an organization must file if it has paid for personal services and other forms of non-employee compensation. The rules require filing variations of Form 1099. These rules are federal requirements and apply to the council regardless of its tax-exempt status.

The most common 1099 form is Form 1099-MISC. An organization is required to complete this form for all individuals, sole proprietors and partnerships to which it paid \$600 or more during the calendar year for personal services rendered. The rules require that an organization sends a Form 1099-MISC to payees by Jan.

31. The forms must also be filed with the IRS by Feb. 28. It is important to have the payee's correct taxpayer identification number or social security number, name and address. A Form W-9 can be used for this purpose. It can be found at www.irs.gov on the left-hand side of the IRS home page.

Payments to Course Directors and Instructors

- For councils, the most common application of the 1099 requirement is to amounts paid to TNCC or ENPC instructors. It does not matter if the payments are called fees, honoraria, stipends or something else; they still are subject to 1099 reporting requirements because they are payments for personal services. The amounts are cumulative during the year. For example, if the council paid an instructor \$200 in January, \$150 in May, and \$250 in September, a Form 1099 is required because a total of \$600 or more was paid during the calendar year.
- Some councils have reported difficulty in getting the payee's correct information. Our suggestion is that councils establish a requirement that a Form W-9 must be on file with the treasurer before a check can be issued to a payee. This is another area in which a CPA firm can be used.

Other Payments and Reimbursements

- Many councils have asked if payments to members to help defray their transportation, registration, hotel or other travel expenses to attend events are subject to 1099 requirements. The answer is yes. Those expenses are potentially subject to 1099 requirements if the lump sum payments total \$600 or more within a calendar year and are not based on actual expenses. ENA recommends the payments be disbursed as reimbursements based on receipts.
- The following are examples of common reimbursement processes among the councils:
 - » The treasurer or another officer brings the checkbook to the meeting and writes the checks on the spot based on the receipts turned in at the end of the meeting.

- » A lump sum is provided to the member and the council or chapter informs the recipient(s) that receipts must be turned in to the treasurer immediately upon their return. The receipts must be equal to or greater than the lump sum payment so as not to trigger 1099 requirements.
- » Expenses are paid directly using the council or chapter credit card so no payments or reimbursements are made to individual members.

Lobbying and Political Activity

As with 501(c)(3) organizations, there are IRS rules regarding lobbying and political activity. The basic rules as applied to 501(c)(3) organizations are summarized below.

Political Activity - No, Lobbying - Yes

- Organizations that are 501(c)(3) tax exempt are **not allowed** to conduct any political activity. Potentially, any expenditure for such a purpose can result in the loss of tax-exempt status.
 - » Political activity is an attempt to influence the selection, nomination, election or appointment of an individual to a federal, state or local public office or office in a political organization, or the election of a presidential or vice presidential elector.
- Organizations that are 501(c)(3) tax exempt **are allowed** to engage in lobbying within limits. There are two types of lobbying. Organizations that are 501(c)(3) exempt may do both.
 - » Direct lobbying is an attempt to influence legislation through communication with members or employees of a legislative body or with government officials or employees who may participate in formulating legislation.
 - » Grassroots lobbying is an attempt to influence legislation by affecting the opinions of the general public or any segment thereof.

Allowable Spending on Lobbying

- The IRS Code states that no “substantial part” of the activities of a 501(c)(3) organization can be devoted to lobbying. This is rather vague, so in 1990 the IRS issued regulations defining the extent to which 501(c)(3) organizations can lobby without jeopardizing their tax-exempt status.
- Under the regulations, councils may file a 501(h) election with IRS Form 5768, which then defines the “substantiality” standard. The regulations establish spending ceilings on total lobbying expenditures and on the amount of expenses allowable for grassroots lobbying.
- In general, 501(c)(3) organizations with up to \$500,000 in exempt-purpose expenditures may spend up to \$25,000 in grassroots lobbying and a total of no more than 20 percent of its exempt-purpose expenditures for all lobbying expenditures. A council’s exempt-purpose expenditures are expenditures incurred to directly promote excellence in emergency nursing and emergency care. Other expenditures, such as investment management fees, unrelated business expenses and certain fundraising costs are not considered exempt-purpose expenditures by the IRS.
- A council that regularly undertakes lobbying activities should file a 501(h) election because it provides certainty of meeting the substantiality standard for lobbying expenses. If you need filing assistance, you should contact your council’s CPA firm.

FAQs

Can an ENA council support or oppose a specific bill?

Yes, direct lobbying is allowable when you state your position on specific legislation to legislators or other government employees who participate in the formulation of legislation, or when you urge your members to do so.

Isn't it grassroots lobbying when the council urges its members to take action in regard to a specific bill?

No, do not confuse mobilizing your membership to contact their elected officials to support or oppose legislation with grassroots lobbying. Only when a 501(c)(3) organization reaches beyond its membership to urge action from the general public is it grassroots lobbying.

Can an ENA council provide its members with legislators' voting records on key issues?

Councils may tell their members how legislative members voted on key issues. While councils are prohibited from engaging in campaign activities, they may present and disseminate information during political campaigns as long as the practice is performed in the same manner that it would be during non-campaign times.

A problem arises when an organization waits to disseminate voting records until a campaign is underway. If your council has not published records regularly across the year, it may not, during the campaign, publish a recap of legislative session votes.

Can an ENA council inform candidates of its positions on key issues and ask for their support?

A council may inform political candidates of its positions on particular issues and urge them to pledge their support.

Can a council have an annual breakfast or similar event for state legislators?

A council may have an annual breakfast or similar event for state legislators as long as the council does not endorse candidates or allow campaign activities during the event.

Is lobbying by individual ENA council members or volunteers considered lobbying as it relates to the organization?

When there is no expenditure by the council, there is no lobbying. Additionally, any political or lobbying endeavors a member may participate in individually involve their own personal positions and cannot be represented as the position of the council.

Charitable Contributions, Silent Auctions, and Raffles

ENA councils or separately incorporated chapters that are exempt under IRS Code Section 501(c)(3) are eligible to accept tax-deductible charitable contributions. The following outlines frequently asked questions related to contributions, silent auctions and raffles.

Is there anything a council must do to maintain its eligibility to accept tax-deductible, charitable contributions?

- The IRS requires that a council file the appropriate version of Form 990 annually to maintain its 501(c)(3) status. In addition, many states regulate public charities such as 501(c)(3) organizations. Often states require such organizations to file a state Form 990 or similar report. There may be an audit requirement as well for larger organizations.
- As a 501(c)(3), you should determine what requirements may apply to your council.

What is the allowable charitable deduction for silent auction items?**• Donor**

The rule is that the donor is responsible for determining the value of the silent auction item for purposes of federal tax treatment of the contribution.

• Successful Bidder

The rule is that if a successful bidder pays more than fair market value for merchandise, goods or services, the amount paid that is more than the value of the item can be a charitable contribution if the bidder paid with the intent to make a charitable contribution.

• Example:

Mr. Donor contributes a condominium stay for two for a week that he valued at \$850 to the council for its silent auction. Ms. Bidder, the successful bidder, pays \$500.

Question 1:

Which amount should the council tell Mr. Donor he can deduct — the \$850 at which he valued the stay or the \$500 it earned for the council?

Answer: Mr. Donor is responsible for determining what he can deduct, if anything. The council should not advise him to what extent the contribution is deductible. The rules regarding the determination of the proper amount to deduct for contributions of property are complex and their interpretation is the responsibility of the donor.

- The council should include the following in their acknowledgment letter to Mr. Donor:
 - » A description, but not the value, of the noncash property contributed to the council by the donor; and
 - » A statement that the council did not provide any goods or services in consideration for any of the property contributed to the council.
- If the council did provide goods or services to the donor, the council must provide a description and good faith estimate of the value of those goods and services.

Question 2:

Which amount should the council tell Ms. Bidder she can deduct?

Answer: Ms. Bidder did not pay more than the fair rental value. Therefore, she has not made a deductible charitable contribution. If she had paid more than the \$850, the amount contributed more than \$850 is generally deductible as a charitable contribution.

- In all cases where the successful bidder paid more than \$75, the council must inform the bidder that only the amount greater than the value of the goods or services provided by the organization is deductible as a charitable contribution. The council must also include its good faith estimate of the value of the goods or services provided to the bidder.

What is the allowable charitable deduction for the purchase of a raffle ticket?

The IRS has consistently enforced the rule that the amount paid for the chance to win a prize is equal to the market value of the chance of winning. As a result, there is no charitable contribution deduction allowed for purchase of a raffle ticket.

Does the council need a license to conduct a silent auction or a raffle?

Generally, silent auctions are not licensed. However, states and many municipalities have licensing regulations for the conduct of raffles. They often have rules relating to the maximum price per ticket, record keeping, age of buyers and sellers, size and nature of the prize. Some states require licenses only when tickets are sold to the public, but raffles conducted for members only are exempt. Some states allow a maximum number of public raffles each year without a license.

If your council regularly has raffles, you should know whether the raffles are in compliance with your state's regulations. Refer to your state's department of revenue or gaming commission.

Can the council solicit for charitable contributions?

As a 501(c)(3) organization, councils may solicit charitable donations that are meant to help achieve their mission. However, the organization must not only be in good standing with the IRS to do so, but there is also most likely a registration requirement with the appropriate state agency before solicitations can be made. Please check with the appropriate state agency to determine the registration process.

4. Budget and Finance

Annual Budget

Council and separately incorporated chapter treasurers are responsible for submitting the council's board-approved budget and budget narrative to ENA Governance by Dec. 31 each year. As the parent organization, ENA must ensure councils and separately incorporated chapters are financially viable and healthy organizations.

Key reasons why budgets are required:

- Ensures organizations are in good financial standing and maintain compliance with IRS regulations.
- ENA provides insurance coverage to the councils, therefore the insurance provider requires budget information of all the entities covered in the policy.

To assist the councils and chapters in the development of budgets, ENA has developed a recommended budget template and budget narrative template. The budget template is a tool for ENA councils and chapters to produce a detailed, yet concise, financial budget.

Budget Guidelines

The fiscal year is Jan. 1-Dec. 31. ENA Policy and Procedures require budgets to include:

- Upcoming year's approved budget.
- Chapter Budgets.
- Current year's actual or projected year-end forecast.
- Current year budget.
- Current reserves year-to-date, including savings, CD, money market or other investment accounts, as well as any remaining balance projected in the council's checking account once all prior year liabilities have been paid.
- Reserves should be itemized by account type, and the institution or investment management firm must be disclosed.
 - Prior year actual
 - Budget narrative
 - Provide the date on which they were being reported
- The suggested goal for reserves is 50 percent of operating expenses. For example, if your budget expenses are \$75,000, it is recommended you have reserves of at least \$37,500.
- Budgets should not be submitted with a deficit – if the operating budget of the council is budgeted to be negative, a revenue line should be added and indicate a transfer from the council's reserves, bringing the net income, or loss, to zero.
- Councils and chapters are encouraged to use the budget and narrative template provided in the ENA Brand Center.
 - Councils that choose not to use the ENA-provided template must include the same information outlined above in their budget submissions.
- Provide notes or comments for items on which the reader may need more explanation.
 - If you have an event, list in detail all revenues and expenses associated with the event – do not just insert a net gain in revenues for the event or a net loss in expenses for the event.

A budget with a deficit should:

- Have sufficient reserves to cover the shortfall.
- Have a reasonable explanation for the shortfall included in budget narrative.
- The explanation should answer one of the two following questions:
 1. Do reserves significantly exceed 50 percent of the operating budget?
 2. Is the budget deficit being incurred due to infrastructure improvements that will increase revenues going forward?
- Have a plan to have future budget(s) replace what is being removed from reserves, assuming reserves will drop below the threshold.
 - » Typically do not exceed 5-10 percent of the operating revenues. For example, with budgeted revenues of \$45,000, the deficit should not exceed \$4,500).
- A budget narrative needs to be completed and submitted along with a final budget to ENA Governance that explains:
 - » Major initiatives for the budget.
 - » Assumptions for the budget. That includes expected or presumed income and expenses. Making reasonable assumptions when creating a budget for the first time gives you starting numbers to work with for planning purposes.
 - » Significant variances in line items from the prior year.
 - » Explanation of budget deficit, if applicable.

***TIP**

Deficit budgets should be avoided. Examples of an explanation of a deficit budget may include note of a capital investment or a one-time investment in a new technology that will support the activity of the group but not be a reoccurring expense.

Investments and Reserves Policies

Some councils or chapters have small treasuries and do not have surplus funds to invest. However, a number of councils and chapters do have investment accounts. Generally, funds available for investment fall into two categories:

- **Short-term** – These are funds not needed for operations immediately, but may be needed within the next one to three years. Appropriate vehicles for investing short-term funds may be money market funds, certificates of deposit, known as CDs, or U.S. Treasuries.
- **Long-term** – These are funds that will not be needed for operations for at least the next three years. Appropriate vehicles for investing long-term funds may be a combination of money market funds, CDs, U.S. Treasuries, equities such as stocks and fixed-income securities, generally bonds.

Investment Policy

A common question is how do council leaders protect themselves from criticism if the investments they choose do not do well? Does it mean they have failed to carry out their fiduciary duty or can they be accused of negligence?

The first consideration is whether the council has an investment policy and did the leaders follow that policy? If they did, it would be very difficult to argue they failed to fulfill their fiduciary duty with respect to investments. Therefore, ENA Headquarters recommends every council with investment accounts adopt an investment policy.

Regardless of the format of your investment policy, it should:

Define and assign the responsibilities of all involved parties

- An investment policy should assign specific responsibilities. For example, a policy should assign to the board, treasurer or finance or investment committee the following charges:
 - » Determine the council's risk tolerance and investment horizon.
 - » Establish reasonable and consistent investment objectives, policies and guidelines.
 - » Select a qualified investment manager.
 - » Regularly evaluate the performance of the investment manager(s).
 - » Develop and enact proper control procedures.

Establish investment policies, objectives and allowable investments

- An investment policy should establish parameters, for example, relative to the preservation of capital, level of acceptable risk and the importance of adherence to investment discipline. Investment objectives should also be stated as to allowable and prohibited investments.

Establish a basis for evaluating investment results and a relevant investment horizon

- Performance reports should be compiled at least quarterly and communicated to the board, or as delegated, to the treasurer or the board's finance or investment committee. The investment performance of the accounts, as well as asset class components, should be measured against commonly accepted performance benchmarks. For long-term investments, the board should evaluate the accounts over at least three years.

Reserves Policy

Long-term investments are sometimes referred to as reserves. As the council or chapter builds up its reserves, it is advisable that uses of the reserves be a matter of board policy. In extreme cases, excessive reserves could draw the attention of the IRS. However, higher levels of reserves are acceptable as long as the organization is fulfilling its tax-exempt purpose and has set out valid purposes for the funds.

***TIP**

A reserves policy identifying the purposes of reserves and appropriate levels provides another measure of performance and can serve as a guide in the annual budgeting process.

An important objective of a reserves policy is to outline at what level reserves need to be maintained so as to sustain basic operations and core member services for the organization for a minimum of six months in the event there is a decline in a major revenue source.

Per Diem and Other Payments

TRAVEL EXPENSE REIMBURSEMENTS/PER DIEM

Travel expense reimbursements and per diems are two terms that cover travel expenses in different manners.

- **Per diem**
 - » The allowance for daily expenses paid to travelers on official business. Generally, the IRS views per diem payments as taxable income unless the payments are limited to IRS rates established for each U.S. city region, which usually are very low.
- **Travel expense reimbursement**
 - » A program that can be more lenient in terms of the level of allowable expenses for reimbursement, but there is a greater burden on record-keeping and a need to create policies.
 - » ENA Headquarters uses a travel expense reimbursement plan in which reimbursable expenses are defined by policy. ENA Headquarters travel expense reimbursement policy includes all meals, lodging and transportation costs while traveling on ENA business. Since the policy clearly establishes reasonable parameters for expense reimbursement, it is considered an Accountable Plan by the IRS. Reimbursements under an Accountable Plan are not seen as taxable income to the recipient.

OTHER PAYMENTS

The terms “per diem” and “other payments” such as stipends paid to TNCC or ENPC instructors or to members to facilitate their attendance at ENA Leadership Conference or ENA’s annual conference are often used interchangeably. However, these kinds of payments are not included in the term “per diem” and are not included in an Accountable Plan. See the Form 1099 Requirements section of the Treasurer’s Manual for more information.

Bank Signatory Cards and Direct Deposit

BANK SIGNATORY CARDS

One of the first tasks of the treasurer upon taking office is to obtain and complete new bank signature cards and to return them to the bank promptly.

It is required that there be at least three authorized signers to ensure three people can access the account should one or more people leave their ENA position before transitioning their signature. Three-tier councils must maintain all bank accounts in the council's name and under its EIN. Three-tier councils may establish accounts for each of its chapters in one or multiple banks, or as outlined in council policy and procedures, provided all such accounts are opened and maintained in the council's name. No chapter shall maintain a bank account in its own name separate from the council. This does not apply to separately incorporated chapters.

***TIP**

It is important that the council maintain financial oversight of its chapters.

DIRECT DEPOSIT

Direct deposit must be established to receive membership and course assessments. Among the advantages are more timely access to the funds and the elimination of problems associated with lost checks.

If you wish to change the bank where council or chapter assessments are deposited, or if you wish to add a chapter to ENA's direct deposit program, please complete the direct deposit form located on the ENA website.

Council and Chapter Assessments

ENA calculates membership and course assessments quarterly. Generally, payments are made within 30 days of the end of the quarter. Assessments are paid to the councils and chapters via direct deposit. Reports with details are emailed to the council and chapter president and treasurer and uploaded to the council's Teams channel.

ENPC and TNCC COURSE ASSESSMENTS

Councils receive quarterly assessments for conducting ENPC and TNCC virtual, in-person and hybrid provider courses within their councils. The monies are paid to the council once the course has been closed and full payment of all course fees have been received by ENA.

ENA pays assessments on indirect fees collected for ENPC and TNCC in-person, virtual and hybrid provider courses held in the United States. U.S. provider courses are 2-day, renewal and challenger courses. Assessments are not paid on any instructor, councils do not receive assessments on instructor, military or international courses. Military and international courses are governed by separate contractual provisions.

Course	Assessment
In-person, virtual, hybrid provider course	\$25 to the councils where the course was held
ENA Delivered Model (EDM)	\$5 to the council where the EDM student lives

A course is included in an assessment when ENA verifies that:

- **The course code is properly assigned.**
 - » Courses are credited to the council in which they are held, which is not necessarily the home state of the course director.
- **The course has been held, completed and closed.**
 - » A course is not included in an assessment until it has been concluded and the actual number of participants is confirmed. This is the case even though all charges for manuals, indirect fees and special handling, if any, have been paid.

Course assessment structure:

- In-person-Course Director State: \$25
- Virtual student's home state: \$25
- EDM student's home state: \$5

MEMBERSHIP ASSESSMENTS

ENA pays assessments on membership dues collected. The current assessment paid to councils for a one-year membership is \$15. An additional amount of \$5 is paid to chapters if they exist and are identified with the member's record. In the event a council has no chapters, or no chapter has been assigned to the member, the \$5 chapter fund goes to the council.

Several councils have added an additional dues surcharge for members within their states. In that case, they are paid the entire amount of the dues surcharge as well.

***TIP**

Remember to include course and member assessments as revenue line items in your annual budget.

5. Insurance Coverage

ENA purchases two insurance coverage policies on behalf of the councils:

1. Directors & Officers Liability Policy (“D&O”)

D&O Liability covers the council's officers and boards of directors against liability claims related to their governance of the councils. D&O protects the organization from claims made against the directors or officers for a wrongful act, which can be an error, misstatement, misleading statement, act or omission, neglect, or breach of duty. This policy basically covers directors or officers who are acting in accordance with policies and procedures of the council.

2. Business Owners Policy (“BOPS”)

BOPS includes several types of coverage, with the most important being General Liability and Property.

- The general liability coverage insures the councils against claims for personal injury. For example, should an attendee at a council meeting or conference fall and be injured, this coverage would apply.
- The property coverage insures against loss or damage to council property. There is also crime coverage, which protects the council's cash and bank accounts. Some insurance companies refer to this type of policy as a “package” policy, because it insures many different types of risk within one package.

ENA developed an insurance program for councils. This means that every council has Directors and Officers (D&O) coverage. Every council, except for Alaska, Hawaii and Louisiana, also has General Liability and Fidelity Bond (GL) coverage.

ENA Headquarters administers the program for you. You may access the annual policies and summaries of coverage on the ENA website.

What is D&O?

D&O protects the organization from a claim made against the directors or officers for a wrongful act, which can be an error, misstatement, misleading statement, act or omission, neglect, or breach of duty. This policy basically covers directors/officers who are acting in accordance with policies and procedures of the council.

What is GL?

GL protects the organization from a claim related to bodily injury or property damage. The fidelity portion protects money and securities from mismanagement, fraud, forgery, theft, or disappearance.

Does each council have an individual policy?

For D&O, there is one master policy which includes all 50 councils. The coverage is provided by the Philadelphia Insurance Co.

For GL, there are 47 separate policies – Alaska, Hawaii and Louisiana will have different arrangements. However, the individual policies will be included in one master invoice administered by ENA. The coverage is provided by the Hartford Insurance Co.

What is the level of coverage provided?**D&O:**

- Combined liability limit — \$1,000,000 with a \$5,000 deductible per claim
- Sublimit for antitrust — \$150,000
- The limit of liability available to pay judgments or settlements will be reduced by amounts incurred for legal defense. Amounts incurred for legal defense will be applied against the deductible.

GL:

- Liability limit — \$2,000,000 per council with no deductible
- Fidelity limit — \$25,000
- Business personal property, such as laptops, banners or booths — \$10,000

Is council participation required? Are chapters included?

Council participation is required. ENA was able to secure underwriting for the program based on all-inclusive participation.

Chapters independent of the council in any way are not included in the plan at this time.

***TIP**

Reviewing the insurance coverage for your organization should be a part of officer onboarding and transition.

6. Tools and Resources

Many tools and resources are mentioned throughout the Treasurer's Manual and included in the appendix. A few specific items are outlined below that will be very helpful to you as Treasurer.

COUNCIL SPECIFIC MATERIALS

- Council or chapter bylaws
- Council or chapter strategic plan
- Council or chapter policies and procedures
- Officer job description to ensure all responsibilities are being met)
- Goals and objectives from the last year
- Status reports for ongoing projects
- Annual budget, including previous year(s) and actuals
- Financial records
- Bank account access
- Bank signature cards and update authorized signers
- Change of address form with the IRS to ensure IRS correspondence is directed to the incoming treasurer – includes councils and separately incorporated chapters only
- State Employer Identification number letter – councils and separately incorporated chapters only
- Articles of Incorporation
- IRS documents to ensure proper filing
- Filings for state taxes, if applicable
- Council or chapter meeting dates
- Previous meeting minutes, officer reports and annual reports

ENA HEADQUARTERS MATERIALS

- ENA Activity Plan
- ENA Policy and Procedures for Council Compliance and Operations
- [Council and Chapter section](#) of the ENA website
- Council and Chapter Leaders CONNECT Community
- [Leaders Learning Library found in the Council-Chapter portal includes positional webinars, free CE offered](#)
- Council and Chapter Leaders quarterly meetings – see ENA Activity Plan for dates
- ENA Brand Center
 - Budget guidelines and templates

KEY CONTACTS

- ENA Governance – governance@ena.org
- Board Liaison
- Fellow council and chapter officers

ADDITIONAL REFERENCE MATERIALS

- IRS website for 501(c)(3) organizations: www.stayexempt.irs.gov
- Current edition of *Robert's Rules of Order Newly Revised*

7. Appendix

The following materials are referenced throughout the document and serve as an appendix to the ENA Treasurer's Manual.

- ENA Bylaws
- ENA Policy and Procedures for Council Compliance and Operations)
- ENA Policies
- ENA Strategic Plan