



Reference Guide for State Council Treasurers

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Introduction

This reference guide has been created by the ENA Finance Department to assist State Council Treasurers. Our goal has been to provide a range of topics with which Treasurers should be familiar. We plan to update this document as needed, based on circumstances and the feedback you provide.

Many of you have been serving as Treasurer for quite some time; others of you are new to the role. It is an important position and one that has a variety of duties, some of which may be beyond your nursing experience.

In addition to this guide, the Finance Department and State and Local Components Department staffs are available to provide you with one-on-one assistance whenever you need us. Your fellow State Treasurers are another source of knowledge and experience. We can help you hook up with them either by email, at Leadership and Annual Conferences or on the periodic group telephone conference calls for Treasurers hosted by national ENA.

As State Treasurer, you are often expected to understand banking, bookkeeping, accounting, budgeting, investments, insurance, IRS and state reporting requirements, as well as the statutes and regulations pertaining to nonprofit organizations. No wonder many states want to elect their treasurer to a life term! We trust this reference material will help you be more effective and will serve as a training guide when your successor is elected.

The following topics are addressed in this guide:

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We wish to thank all the State Treasurers, past and present, for their dedication and perseverance. We also wish to thank Paula Cozzi Goedert of Barnes & Thornburg LLC. Paula serves as ENA's legal counsel. Her presentations to state leaders throughout the years have been invaluable. They form the foundation for many of the topics presented in this guide.

What is the role of the State Treasurer?

The Board of Directors of the ENA State Council has the responsibility to control and supervise the funds and assets of the Council. In states where chapters are part of the state operation and not separately incorporated or otherwise independent, this responsibility extends to the funds and assets of the chapters as well.

Most commonly, State Councils delegate a number of the tasks associated with this responsibility to the State Treasurer. Among these tasks are:

1. Pay bills and prepare periodic reports of such disbursements to the Board of Directors.
2. Prepare monthly bank reconciliations for review by the president or others per procedures adopted by the Board of Directors.
3. Prepare monthly or quarterly financial reports on expenditures and income. If necessary, provide an accounting of items not consistent with the approved budget.
4. Prepare and submit to the Board periodic reports and analyses of the Council's finances as needed.
5. Prepare periodic reports on the investment performance of surplus funds.
6. Prepare together with the president, other officers and committee chairs, a recommended budget for the year and submit it to the Board for approval.
7. Ensure that all federal and state filing requirements with regard to tax and incorporation status are met.
8. 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.
9. Ensure that all signature cards relating to banking and investment accounts are kept current.

In some states with significant funds and activities, the Treasurer position has almost become a full-time job. We therefore recommend that State Councils consider engaging a CPA firm to assist the Treasurer in meeting the obligations summarized above. Even in states with fewer resources, there are compelling reasons to consider hiring a CPA firm. For example, compliance with federal and state reporting requirements is a continuous responsibility which is extremely important. Failure to meet the requirements can result in dissolution of the State Council, loss of tax exempt status and/or fines or interest penalties. It is for this reason alone that it is prudent to consider the services of a CPA firm.

The next section of this guide provides a more detailed discussion of the advantages and disadvantage of hiring a CPA firm. The Appendix to this guide provides actual interview questions for use when considering a CPA firm.

Why Should We Engage a CPA Firm and How Do We Choose One?

The **Role of the Treasurer** section of this guide provides a brief discussion of how important it is to consider engaging a CPA firm to ease the workload of the Treasurer. There are numerous other advantages as well. Among them are:

1. Continuity
 - a. Assures familiarity with the Council's finances in the face of turnover in the Treasurer position
 - b. Serves as a resource to the Treasurer and Board for financial and reporting issues over time
2. Professional Expertise
 - a. Has knowledge of statutory and regulatory requirements relating to nonprofits
 - b. Assures all deadlines are met
 - c. Provides accounting services such as bank reconciliations, write-up and compilation including the integration of chapter financial information into State financial statements if chapters are not independent of the State and/or are not separately incorporated.
 - d. Provides auditing services if needed and/or desired
 - e. Prepares and transmits IRS and state filings
 - f. Represents the State Council before IRS and/or state agencies
3. Fiduciary responsibility
 - a. Assists the Board in carrying out its fiduciary responsibilities by being another set of eyes to allow the Board and Treasurer to 'sleep at night'
 - b. Provides timely financial reporting

The major disadvantage to hiring a CPA firm is cost. However, the need to hire accounting/reporting expertise to guide Councils through legal, financial and regulatory minefields is significant. Depending on an overburdened and volunteer Treasurer to cover all bases is not prudent. That being said, we are not recommending that a State Council purchase every service a CPA has to offer.

It is important for the Board to speak with the firms under consideration to (1) discuss what the Council can afford; (2) to establish what reasonably can be expected of the Treasurer; and (3) to determine what services the Council most needs to meet its unique circumstances. Remember that the CPA firm is hired by the Board and is responsible to the Board even though its day-to-day operating relationship will be with the Treasurer.

The Appendix to this guide includes a document that provides interview questions a State Council might use to choose a firm. It explains why each question should be asked and how to evaluate the answer. **The most important area to explore is a firm's commitment to nonprofit practice and their experience with nonprofit issues. All CPAs are not the same. Just because a firm has tax and accounting experience does not mean that they are competent to assist you.**

The questions are designed to elicit information regarding the firms' experience interpreting specific nonprofit statutory and regulatory requirements and the nature and extent of their nonprofit practice. The questions are also designed to elicit information with regard to fees. The questions can be used as a template for getting a proposal from a firm. You might even ask for responses in writing so that they are available to the full Board.

It is important that whatever is agreed upon is formalized by the CPA firm in a "Letter of Understanding" or in an even more formal "Engagement Letter." We recommend this final step because it is important (1) to set out responsibilities and expectations for both the firm and the Council; (2) to specify the services to be provided; and (3) to provide the schedule of fees to be charged.

What Are Federal Filing Requirements?

Even though your State Council is included in ENA's 501(c)(3) Group Exemption Number (GEN) 3993 and as such, has 501(c)(3) tax exempt status, your State Council still has to meet the following federal reporting requirements:

1. 125% To retain the State Council's 501(c)(3) status

Once included in ENA's GEN, **there is no annual form or other process for the State Council to complete** in order to retain its 501(c)(3) status. National ENA completes an annual filing for the group exemption which simply lists the name, address and FEIN of the State Councils included in the exemption. The ENA filing confirms to the IRS that the State Councils are continuing to work towards the advancement of emergency nursing through education and public awareness.

2. To file annual information return – Form 990, 990EZ or 990-N

A. State Councils with gross receipts of \$25,000 or less

Prior to the Pension Protection Act of 2006 (PPA) small nonprofit organizations, which were defined as grossing \$25,000 per year or less, did not have to file anything with the IRS. However, the PPA has a new requirement for such organizations. **Beginning for the year ended December 31, 2007, organizations with gross receipts of \$25,000 or less must file with the IRS a short electronic form, called Form 990-N.** Form 990-N is also sometimes referred to as the e-Postcard.

We emphasize that the threshold for filing is **gross receipts**, that is, deposits. This is often confused with **net income** or **profit**. Since many State Councils often just break even, they sometimes believe they would qualify to file a Form 990-N when they actually are required to file a Form 990 or Form 990-EZ.

Do not make that mistake. Calculate your *total deposits* during the year, not your net profit. Costs or expenses do not enter into the calculation. We also caution you to include **all** receipts – if your chapters are not independent entities and are considered part of the State Council, you must include their receipts in your calculation. Make certain you also include TNCC/ENPC as well as injury prevention (ENCARE) funds, even if they are deposited in separate accounts.

Gross receipts are also sometimes confused with how much is in the State Council's savings, CD and/or investment accounts. The balances in these accounts are not the determining factor.

The IRS requires that the Form 990-N be filed electronically through the internet. There is no paper form. You must be able to access the internet, but no software or download is required. If you do not have a computer, you will be able to fill out Form 990-N using a computer at a public library

Form 990-N requires:

- ✓ Organization's name
- ✓ Any other names your organization uses
- ✓ Organization's mailing address
- ✓ Organization's website address (if applicable)
- ✓ Organization's employer identification number (EIN)

- ✓ Name and address of a principal officer of your organization
- ✓ Organization's annual tax period
- ✓ A statement that your organization's annual gross receipts are still normally \$25,000 or less

Form 990-N must be filed every year; you must file by the 15th day of the 5th month after your fiscal year ends. For example, if your fiscal year ends December 31, 2007, the Form must be electronically filed by May 15, 2008.

Unlike requirements for the Form 990, there will be no financial penalty for filing late or failure to file. However, **if a State Council fails to file the e-Postcard for three consecutive years, the IRS will revoke the State Council's tax-exempt status.**

File the Form 990-N at <http://epostcard.form990.org>.

B. State Councils with gross receipts in excess of \$25,000

If a State Council normally has annual **gross receipts** in excess of \$25,000, it is required to file an annual information return, **Form 990 Return of Organization Exempt from Income Tax or Form 990-EZ Short Form Return of Organization Exempt from Income Tax**, with the IRS. The form is due by the 15th day of the fifth month after the year end. In other words, if your year ends December 31, the form is due the following May 15.

As with many IRS forms, the Form 990 can be complex and difficult to complete. Even the Form 990-EZ which is a shortened version of Form 990 and is designed for use by smaller organizations can be challenging. For this reason, an increasing number of states are engaging CPA firms for this task. We heartily recommend this approach. Another advantage of having the Form 990 or Form 990-EZ professionally prepared is that the State Council will have the CPA to rely on in the event the IRS has questions with regard to the filing.

Yet a third advantage of having the Form 990/990-EZ prepared by a CPA is that the IRS has redesigned the Forms 990 and 990-EZ. The new Form 990 series returns will be effective for 2008 tax years (returns filed beginning in 2009). To allow organizations time to adjust to the new forms, the IRS is phasing in the new returns during a three-year transition period. During the transition, an organization's annual filing requirement will depend on its gross receipts and then on a combination of its gross receipts and total assets. The phase-in schedule is as follows:

2008 Tax Year (Filed in 2009 or 2010)	Form to File
Gross receipts normally ≤ \$25,000	990-N
Gross receipts > \$25,000 and < \$ 1 million, and Total assets < \$2.5 million	990-EZ or 990
Gross receipts ≥ \$1 million, and/or Total assets ≥ \$2.5 million	990

2009 Tax Year (Filed in 2010 or 2011)	Form to File
Gross receipts normally ≤ \$25,000	990-N
Gross receipts > \$25,000 and < \$500,000, and Total assets < \$1.25 million	990-EZ or 990
Gross receipts ≥ \$500,000, and/or Total assets ≥ \$1.25 million	990

2010 Tax Year and later (Filed in 2011 and later)	Form to File
Gross receipts normally ≤ \$50,000	990-N
Gross receipts > \$50,000 and < \$200,000, and Total assets < \$500,000	990-EZ or 990
Gross receipts ≥ \$200,000, and/or Total assets ≥ \$500,000	990

C. Chapter Filing Requirements

In three-tier states, if the chapters are part of the state and not separate independent corporations and their financial transactions are included in the state's Form 990 or Form 990-N, the chapters are not required to file a Form 990-N.

In three-tier states, if chapters are independent corporations, have secured a 501(c) tax exempt status, and their financial transactions are not included in the state's Form 990 or Form 990-N, the chapters are required to file their own Form 990 or Form 990-N.

3. To report unrelated business income – Form 990-T

The *Form 990T Exempt Organization Business Income Tax Return* is lesser known than the Form 990. However, you should be aware of what it is and its filing threshold.

An exempt organization that has \$1,000 or more gross income from an unrelated business is subject to unrelated business income tax (UBIT) and must file Form 990-T **whether or not it meets the threshold for filing a Form 990 or Form 990-EZ and even if it only files a 990-N.** An activity is an unrelated business (and subject to UBIT) if it meets three requirements: (1) It is a trade or business; and (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 most common sources of unrelated business income is advertising revenue such as advertising in a meeting or symposium program.

The IRS Code contains a number of modifications, exclusions, and exceptions to unrelated business income. For example, dividends, interest and certain other investment income are excluded when computing unrelated business income. The Code also allows certain related expenses to be deducted from the reported income. If the State Council has unrelated business income, you should seriously consider engaging a CPA firm to prepare your 990-T.

What Are State Filing Requirements?

State Councils have state filing requirements in addition to the federal requirements. We cannot give advice about the specific requirements of each state, but we can provide the following general information:

1. To retain the State Council's corporate status

Incorporation is a state function. There is no more important state requirement than maintaining your corporate status in good standing. Having a corporate shell is what protects state leaders from personal liability should there be a claim against the Council.

In most states, corporations must file a report in order to remain in good standing. In some states, such as Illinois, the report must be filed annually. Other states may have biennial filing requirements. In Illinois the report is one page and must be filed with the Secretary of State. There is a \$5 filing fee. In other states, the state official may have a different name, but the process is the same: the report is usually only a page or two, there is a minimal filing fee and the report must be filed periodically.

Failure to file the report timely can lead to loss of good standing status and eventual dissolution of your corporation.

2. To file annual information return

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, as we have stated, in Illinois the Secretary of State regulates corporations. However, it is the Office of the Illinois Attorney General that regulates charities.

Often the public charities office requires 501(c) (3) organizations to file a state form 990 or similar report if the organization is required to file a federal Form 990. There may be an audit requirement as well for larger organizations. Even small organizations who do not file a federal Form 990 may have state filing requirements.

As soon as national ENA confirms that you have been added to ENA's 501(c) (3) group exemption, we recommend that, you call your state government offices or review information on their Web site to determine what requirements may apply to your Council. This is another area in which a local CPA firm can be very helpful.

3. To file sales tax return

If your State Council sells items such as sweatshirts, magnets, pins, or other similar merchandise, it may be subject to state sales tax filing requirements. Again, this is an example of how a local CPA firm can be helpful in determining your liability and meeting filing deadlines.

What Insurance Coverage Do We Have?

In 2005 ENA developed an insurance program for State Councils. This means that every State Council has **Directors and Officers (D&O)** coverage. Every state, except for Alaska and Hawaii also has **General Liability and Fidelity Bond (GL) coverage**

National ENA administers the program for you. We will be happy to answer any questions about coverage and will assist you with claims, should any arise. We also encourage you to contact us if you need a certificate of coverage for meetings or events you are holding at a hotel or other facility.

What is D&O?

D&O protects the organization from a claim made against the directors/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 State 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 State Council have an individual policy?

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

For GL, there are 48 separate policies (Alaska and Hawaii will have different arrangements). However, the individual policies will be included in one master invoice administered by National ENA. The coverage is provided by the Hartford Insurance Co.

What is the total estimated annual premium cost for this plan?

The total annual premium is about \$45,000. National ENA paid the entire premium for the first year, May 2005- May 2006 and has paid for subsequent years.

What is the level of coverage provided?

For D&O:

- ✓ Combined liability limit - \$5,000,000 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.

For GL:

- ✓ Liability limit - \$1,000,000 per state with no deductible.
- ✓ Fidelity limit - \$20,000.
- ✓ Business personal property (examples are laptops, banners, booths) - \$10,000.

Is State participation required? Are chapters included?

State participation is required. We were able to get underwriting for the program based on all-inclusive participation.

Chapters which are independent of the State Council in any way are not included in this plan. Including them at this time would result in an unaffordable premium.

Why Do We Need Investments and Reserves Policies?

Some State Councils have small treasuries and do not have surplus funds to invest. However, there are a number of Councils who do have investment accounts. Generally, funds available for investment fall into two categories:

- **Short-term** – These are funds that are not needed for operations immediately, but may be needed within this year or the next 12-36 months. Appropriate vehicles for investing short-term funds may be money market funds, certificates of deposit (CDs) and/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 (generally stocks) and fixed income securities (generally bonds).

Investment Policy

A common question is how do state 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 and/or can they be accused of negligence?

The first consideration is did the State Council have an investment policy and did the state leaders follow that policy? If they did, it would be very difficult to argue that they failed to fulfill their fiduciary duty with respect to investments. We therefore recommend that every State Council with investment accounts adopt an investment policy. There are two investment policies included in the Appendix: (1) ENA's current Investment Policy; and (2) a short-form policy developed by the ENA Finance Department from a template originally provided by the Donor's Forum, a group which advises nonprofit organizations in the Chicago area.

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

1. **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 or Treasurer and/or Finance/Investment Committee] the following charges:

- A. Determine the State Council's risk tolerance and investment horizon.
- B. Establish reasonable and consistent investment objectives, policies and guidelines.
- C. Prudently and diligently select qualified an Investment Manager(s).
- D. Regularly evaluate the performance of the Investment Manager(s).
- E. Develop and enact proper control procedures.

2. **Establish investment policies, objectives and allowable investments**

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

3. **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 and/or Finance/Investment Committee of the Board. 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 a three-year period.

Reserves Policy

Long-term investments are sometimes referred to as reserves. Has your State Council ever considered for what purposes your long-term investments, or reserves, should be used? As the Council builds up its reserves, it is advisable that uses for 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.

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.

Currently, one of the most important objectives of ENA's Reserves Policy is to maintain reserves at a level so as to sustain basic operations and core member services for a minimum of six months in the event there is a meeting cancellation or a decline in a major revenue source. For 2008 ENA's budget is approximately \$16 million, thereby requiring reserves of \$8 million.

ENA's Reserves Policy also includes eight other purposes for its reserves. The complete Reserves Policy is in the Appendix to this Guide.

Why Should We Prepare An Annual Budget?

Some State Councils have very simple annual budgets. Some have sophisticated ones; some even tie each budget category to an objective of their strategic plan. There are, however, a number of States that do not prepare a budget at all.

It is our recommendation that every State Council prepare a budget. Here are our ‘top ten’ reasons:

1. A budget helps the entire Council focus on common goals.
2. A budget sets up guidelines for reaching your goals.
3. A budget provides a way to measure your progress toward achieving your goals.
4. A budget will tell you if you are living within your means.
5. A budget can help you set aside money for short-and long-term investments.
6. A budget helps you prepare for emergencies or large or unanticipated expenses that might otherwise be impossible to manage.
7. A budget reveals areas where you are spending too much money so you can refocus on your most important goals.
8. A budget helps you integrate injury prevention and TNCC/ENPC/CATN activities if they are accounted for in separate accounts.
9. A budget can help you communicate your goals to your entire membership.
10. A budget is the reference the Treasurer should have in order to disburse funds.

It is the last point which may be the most important in terms of good internal control. In many states, the Treasurer gets requests for payment and makes the payments without any immediate Board oversight. The Treasurer should be able to reference the budget should there be any question as to the appropriateness of the disbursements. The budget information could be included on the file copy of the invoice and/or reimbursement request.

ENA Finance Department will be preparing sample budgets for reference in the upcoming year.

Records Retention -What Records Should We Keep and How Long?

ENA does not have an official records retention policy for State Councils. The following is a suggested policy that can be customized depending on circumstances in each state.

Records Retention Policy of the _____ State Council

Permanent Records

The State Council will maintain certain records permanently. These include:

- Tax returns
- Annual reports
- Audit reports
- Bylaws
- Articles of Incorporation
- Meeting minutes
- Property and equipment records
- Trademark registrations and copyrights
- Printer's proofs of all publications
- Legal documents
- Tax-exempt status filings and any other documents that pertain to the establishment and permanent operation of the Association

Records Retained for Seven Years

The State Council will retain certain accounting records for seven years in order to meet statutory, tax, grant and audit requirements. These include:

- Primary accounting records such as bank statements, check registers, cancelled checks and supporting documentation
- Cash receipts records
- Brokerage and/or investment account statements
- Completed grant program documents and contracts
- Expired contracts
- Form 1099 records

This is a traditional records retention policy. In the age of electronic data, a good records retention policy also should require adequate back-up and safeguarding of computerized data. The policy should set standards/criteria for what constitutes 'adequate' back-up and protection of data. For example, duplicate copies of backed-up data might be made periodically, with each stored in an offsite location.

Additionally, the policy should address methods of records destruction. When must documents be shredded? Can some be simply discarded in the garbage? How is electronic erasure insured? There might also be some provision for destroying hard copy records if there are electronic versions.

Records should never be destroyed if an organization has knowledge of a pending government investigation or litigation.

The State Council should maintain a Destroyed Records Log on which to simply record what data was destroyed, when and by what method.

What are the Rules for Per Diem and Other Payments?

Per Diem

‘Per diem’ is 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: (1) IRS rates established for each city/region in the U.S. (which usually are very low); or (2) expenses for which the traveler has receipts. Fortunately, there is a third option which does not require receipts and avoids taxability. It is called an ‘accountable plan.’ This is the option that national ENA recently implemented.

ENA’s Accountable Plan requires all travelers, whether they are the Board, other members, faculty or staff (the “traveler”) to meet three requirements. The traveler must:

- Incur the travel expense while performing services for ENA; and
- Complete a Travel Substantiation Form to verify their daily expenses (no receipts required for expenditures less than \$75); and
- Return any *excess* per diem to ENA with the Substantiation Form.

If the traveler does not complete these requirements within 30 days after the travel, the per diem becomes taxable income. ENA’s per diem rate is \$75 per day. With the exception of Leadership and Annual Conference, ENA will pay all per diems *after* the business travel when the exact amount to be paid is shown on the Substantiation Form, to avoid travelers having to return excess per diem. There is a hardship provision in the event a traveler cannot make the trip without per diem paid in advance.

Per diem includes the following expenses paid by the traveler:

- All meals
- All transportation costs including intra-city transportation at the destination, such as taxis or shuttles. It also includes mileage (at the current IRS-approved reimbursement rate), tolls and parking fees to get to/from the airport. It does not include airfare which ENA pays directly or reimburses based on receipts.
- All incidentals including tips, snacks, laundry and other such expenses.

Per diem does not include the following expenses:

- Alcoholic beverages
- Actual mileage to/from destination in lieu of airfare. This expense is separately reimbursed. The maximum reimbursement is the equivalent economy airfare.

ENA’s Accountable Plan and Travel Substantiation Form (along with instructions) are included in the Appendix to this Guide. A PowerPoint presentation can be found on ENA’s Web site. Your State Council should have a per diem policy. They may want to consider adopting this Plan for their use.

Other Payments

The terms ‘per diem’ and ‘other payments’ such as stipends paid to TNCC/ENPC instructors or to members to facilitate their attendance at Leadership or 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 this Guide for more information.

What Are Form 1099 Requirements and Do They Apply to Us?

The IRS has rules about the forms an organization must file if they have paid for personal services and other forms of nonemployee compensation. The rules require filing variations of Form 1099. These rules are federal requirements and apply to the State 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 they paid \$600 or more during the calendar for personal services rendered. The rules require that an organization send a Form 1099-MISC to payees by January 31. The forms must also be filed with the IRS by February 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. Click on the Form W-9 on the left hand side of this IRS home page.

Payments to Course Directors and Instructors

For State Councils, the most common application of the 1099 requirement is to amounts paid to TNCC/ENPC/CATN 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 State Council paid an instructor \$200 in January, \$150 in May and \$250 in September, a Form 1099 is required because a total of \$600 was paid during the calendar year.

Some states 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 for which a CPA firm can be used.

Other Payments

Many State Councils have asked if payments to members to help defray their transportation, registration and/or hotel expenses to attend Leadership and/or Annual Conference are subject to 1099 requirements. The answer is yes; they 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. We therefore recommend that the payments be disbursed as reimbursements based on receipts.

Some State Councils have been creative in designing their reimbursement process. The following are examples:

1. At least one State Council takes its checkbook to the meeting and writes the checks on the spot based on the receipts turned in at the end of the meeting;
2. Another State Council gives each of their members a lump sum and lets the recipients know that they must turn in receipts to the Treasurer upon their return. The receipts must be equal to or greater than the lump sum payment so as not to trigger 1099 requirements.
3. Yet another State Council pays the expenses directly with the Council credit card so that no payments are made to individual members.

What Should I Know About Bank Signatory Cards and Other Issues?

Bank Signatory Cards

The most common request for assistance that national ENA receives about bank accounts is that states or chapters are denied access to their bank accounts because the authorized signers are no longer active with ENA and/or cannot be found. To avoid this common problem, the first act of the Treasurer upon taking office should be to obtain and complete new bank signature cards and to return them to the bank promptly.

Signatories should be authorized by Board action. We recommend that there be at least three authorized signers. It does not mean that you need three signatures on a check; you still may have only one or two, depending on the Council policy, but it means that there will be three people who will be able to access the account should one or more persons leave their ENA position(s).

ENCARE (Injury Prevention) Bank Accounts

Prior to the integration of ENCARE activities into State Councils, there were many separate bank accounts established, independent of state operations. Once ENCARE as a separate entity was dissolved and its activities absorbed by ENA's Injury Prevention Institute, the bank accounts should have been closed. There were two options available: (1) A new account, still kept separate could have been opened with the state's Federal Identification Number (FEIN); or (2) the funds could have been commingled with existing state accounts.

You should be aware of how the injury prevention account is set up in your state. It is particularly important that you are aware that injury prevention receipts, including Governors Highway Safety grants, must be included in the calculation to determine whether your state meets the threshold for filing a federal Form 990 or a Form 990-N (see the Federal Filing Requirements section of this guide). Regardless of which Form the State Council must file, injury prevention transactions should be included in Council financial reports.

Chapter Bank Accounts

A frequently asked question is whether chapters can have separate bank accounts if they are part of the state and not independent entities. The answer is 'yes.' Chapters may have separate bank accounts as long as the accounts use the state's FEIN and the financial activity in the accounts is included when the calculation is done to determine if your state meets the threshold for filing a federal Form 990 or Form 990-N (see the Federal Filing Requirements section of this guide). In any event, chapter transactions for chapters not independent of the state should be included in your financial reports.

Direct Deposit

All fifty states receive their membership and course assessments via direct deposit. Approximately 125 chapters also receive direct deposit of their membership 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 into which assessments are deposited or if you wish to add a chapter to ENA's direct deposit program, please complete the direct deposit form in the Appendix to this Guide. The form must be mailed to the ENA Finance Department with the signature of the state or chapter president and a voided check.

How are State and Chapter Assessments Calculated and Paid?

ENA calculates membership and course assessments quarterly. Generally, payments are made within 30 days of the end of the quarterly. Assessments are paid to state councils via direct deposit. Hard copies of the payment along with detailed backup information are mailed to the state president and to the treasurer.

The process is the same for payments to chapters except that many chapters are not yet on the direct deposit system. Hard copies of the payment along with detailed backup information are mailed to the chapter president, chapter treasurer and state president.

Course Assessments

ENA pays assessments on indirect fees collected for domestic TNCC/ENPC provider and provider reverification courses. Assessments are not paid on military or international courses which are governed by separate contractual provisions. A course is included in an assessment when ENA verifies that:

- ✓ **The course code is properly assigned.**
Courses are credited to the state in which they are held, which is not necessarily the home state of the course director.
- ✓ **The course has been held and all paperwork is complete.**
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.
- ✓ **The course financial record shows no outstanding balances or credits.**
A course is not included in an assessment until all financial transactions are complete including the disposition of any credits. If a course has a credit balance, the course director is notified and given the opportunity to apply it to another course and/or to get a refund. Once the director's choice has been processed, the financial record is zeroed out.

The current assessment paid to State Councils is \$20 per participant.

Membership Assessments

ENA pays assessments on membership dues collected. The current national assessment paid to State Councils for a one-year membership is \$5. An additional amount of \$5 is paid to chapters if they exist and are identified with the member's record. In the event a state has no chapters or no chapter has been assigned to the member, the entire \$10 goes to the state.

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

The calculation is more complex when multiyear, quarterly payments and additional categories are added to the mix. We have developed a schedule which can be found in the Appendix. It displays the exact amounts due across categories and states.

Do You Know the Difference between Lobbying and Political Activity?

Now that your State Council has achieved 501(c) (3) tax exempt status, you may have questions as to what the IRS rules are with regard to 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 governmental 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 State Councils may file a 501(h) election with an 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% of its exempt-purpose expenditures for all lobbying expenditures. A State 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 consider exempt-purpose expenditures by the IRS.

A State Council which 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 State Council’s CPA firm or you may contact Marlene Halperin, ENA Chief Financial Officer.

FAQ’s

Can an ENA State Council support or oppose a specific bill?

Yes, it is allowable *direct lobbying* 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 grass roots lobbying when the State Council urges its members to take action in regard to a specific bill?

No, do not confuse mobilizing your membership to support or oppose legislation by contacting their elected officials with grass roots 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 State Council provide its members with legislators' voting records on key issues?

State 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 noncampaign times.

A problem arises when an organization waits to disseminate voting records until a campaign is underway. If your State 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 State Council inform candidates of its positions on key issues and ask for their support?

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

Can an ENA State Council have an annual breakfast (or similar event) for state legislators?

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

Is the lobbying by ENA State Council members or volunteers considered lobbying?

When there is no expenditure by the State Council, there is no lobbying.

Does ENA require State Councils to have a policy with respect to political activity and lobbying?

There is no requirement that State Councils have a policy with respect to political intervention, but State Councils wishing to adopt a policy may want to consider the suggested policy on the next page.

POLITICAL INTERVENTION POLICY OF THE _____ STATE COUNCIL

Prohibited Expenditures

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of _____ State Council that it will not incur any expenditure for political intervention. For purposes of this policy, political intervention will be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

It is the policy of _____ State Council not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of representatives of _____ State Council, when these individuals are acting on behalf of, or are otherwise representing, _____ State Council.

Prohibited Use of State Council Assets and Resources

It is the policy of _____ State Council that no assets or human resources of the State Council will be utilized for political activities, as defined above. This prohibition extends to the use of State Council assets or human resources in support of political activities that are engaged in personally by board members or any other representatives of _____ State Council. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of _____ State Council), these individuals must at all times be aware that State Council resources cannot at any time be utilized in support of political activities.

What About Charitable Contributions, Silent Auctions and Raffles?

✓ ***Are all ENA State Councils eligible to accept tax deductible charitable contributions?***

ENA State Councils which are exempt under IRS Code Section 501(c)(3) are eligible to accept tax deductible charitable contributions. Section 501(c)(6) organizations are not eligible to accept tax deductible charitable contributions (they may receive other payments which may be deductible as business expenses if they serve a business purpose, but that is beyond the scope of this handout).

✓ ***Is there anything a State Council must do to maintain its eligibility to accept tax deductible charitable contributions?***

Generally, the IRS requires that a State Council file a Form 990 annually, if the Council meets the gross revenues test, in order 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. Even small organizations who do not file a federal Form 990 may have state filing requirements.

As soon as national ENA confirms that you have been added to ENA's 501(c)(3) group exemption, you should determine what requirements may apply to your Council. Separate handouts on federal and state filing requirements are available on ENA's Web site.

*The Pension Protection Act of 2006 includes a new requirement affecting small exempt organizations. Tax-exempt organizations not required to file Form 990 because their annual gross receipts are generally less than \$25,000 will now be required to file an "annual notice" with the IRS containing basic contact and financial information.

The notice requirement is *effective for fiscal years beginning after 2006*. This means that the earliest date on which the filing will be required will be sometime after December 31, 2007. State Councils should be aware of this new requirement, however, so that they can be prepared to report financial information to the IRS, although the IRS has not yet published a copy of the annual notice form.

✓ ***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 to the ENA State Council for its silent auction, a condominium stay for two for a week which he valued at \$850. Ms. Bidder, the successful bidder pays \$500.

Question 1:

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

Answer: Mr. Donor is responsible for determining what he can deduct, if anything. The State 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 State Council should include the following in their acknowledgement letter to Mr. Donor:

- A description (but not the value) of the noncash property contributed to the State Council by the donor; and
- A statement that the State Council did not provide any goods or services in consideration for any of the property contributed to the State Council.

(If the State 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 State 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 in excess of the \$850 is generally deductible as a charitable contribution.

In all cases where the successful bidder paid more than \$75, the State Council must inform the bidder that only the amount in excess of the value of the goods or services provided by the organization is deductible as a charitable contribution. The State 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 State 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, etc. Some states require licenses only when tickets are sold to the public, but exempt raffles conducted for members only. Some states allow a maximum number of public raffles each year, without a license.

If your State Council regularly has raffles, you should know whether the raffles are in compliance with your state's regulations. Often such information is on the Web site for your state's department of revenue or gaming commission.

Appendix to Reference Guide for State Treasurers

Suggested Interview Questions for State Councils Seeking

Professional Services from CPA Firms.....	Appendix A
ENA’s Current Investment Policy.....	Appendix B
Short Form Sample Investment Policy.....	Appendix C
ENA’s Current Reserves Policy.....	Appendix D
Direct Deposit Form.....	Appendix E
Accountable Plan, Report and Instructions (Per Diem).....	Appendix F
Calculation of Assessment Payments.....	Appendix G



**Suggested Interview Questions
For ENA State Councils Seeking Professional Services from CPA Firms**

Question	Purpose of Question
What is your experience serving not-for-profit (NFP) organizations?	NFPs have issues similar to those of other corporations; however, there are significant differences as well. Firms experienced in taxes and accounting may not be as appropriate for your needs as firms who have substantial experience serving NFPs.
How many NFP clients do you currently serve? What size are they?	The firm's current client base is as important as its prior experience. Even if the firm has a history of successfully serving NFPs, it is important to know if they are currently serving smaller NFPs such as your State Council. If they now primarily service large NFPs, you might not get the service you expect.
What is the size of your firm, i.e. how many professionals and support staff do you have?	While it is true that a very small firm may meet your needs, larger firms usually have more resources to devote to staff training. The firm's staff should have opportunities to update their knowledge related to accounting, fundraising, tax and reporting issues related to NFPs.
How many professionals in your firm are devoted to NFPs? How many support staff are devoted to NFPs?	The more professionals and staff within the firm who have NFP experience and who, further, may be entirely devoted to NFP practice is an important indicator of the continuity a firm can offer. It also is an indicator of the importance the firm places on serving NFPs.
Does your firm prepare IRS Forms 990? How many do they prepare in a year? Of the firm's partners, how many do 990 work?	If your State Council routinely has more than \$25,000 in annual gross receipts, it is required to file an IRS Form 990. It is therefore important to assess a firm's expertise in this area.
Do you offer write-up and compilation services?	You may want to engage the firm to perform bank reconciliation services, record your transactions in a general ledger and/or prepare financial statements. These services are commonly referred to as write-up and compilation. As State Council and Chapter operations grow, using these services can be a cost effective way to ease the workload of State and Chapter Treasurers. Outsourcing these services also is a way of assuring another level of internal control for your operations.
What other services do you offer?	You may need other services. For example, it is important that the State Council's corporate status be maintained. Most states have an annual NFP report that a corporation must file in order to remain in good standing. Is the firm familiar with the requirements? Would they be willing to file the reports annually for you? Many State Councils have been surprised to learn they have been legally dissolved by their states due to failure to file the required reports.
Are you willing to work with NFPs with limited budgets? What is your hourly rate?	Some firms are willing to discount their rates for NFPs and/or offer graduated fee schedules depending on the nature of the services rendered. You should know what the rates will be for the work you agree upon.

Emergency Nurses Association

Statement of Investment Policy, Objectives and Guidelines Last Revised October, 2004

Purpose

This statement of investment policy is set forth by the Board of Directors of Emergency Nurses Association (Association) in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish investment goals and objectives.
3. Offer guidance and limitations to all Investment Managers regarding the investment of assets of the Association Accounts.
4. Establish a basis for evaluating investment results.
5. Establish the relevant investment horizon for which the Association assets will be managed.

Delegation of Authority

The Board of Directors of the Association is responsible for directing and monitoring the investment management of the assets of the Association Accounts. As such, the Board is authorized to delegate certain responsibilities. These include, but are not limited to:

1. *Investment Committee of the Board.*

The Finance Committee of the Board shall serve as the Investment Committee (Committee).

The Committee will be responsible for recommending the selection of investment managers; for reviewing such managers over time; for measuring and evaluating investment performance and may from time to time recommend changes or additions in this investment policy.

The Committee will be responsible for recommending to the Board an asset allocation strategy with respect to management of the assets of the Association Accounts. Once approved by the Board, the Committee will be responsible for communicating the asset allocation strategy to the investment manager(s) and for monitoring implementation of the allocation strategy by the investment manager(s). The Committee may from time to time recommend changes in the asset allocation strategy.

The Committee shall convene at least quarterly and shall provide reports to the Board periodically, as defined by the Board.

2. *Investment Manager*

The investment manager has discretion to purchase, sell, or hold the specific securities and/or funds that will be used to meet the investment objectives of the Association Accounts. The

Board will not reserve any control over investment decisions with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

3. *Custodian*

The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Association, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased or sold as well as movement of assets into and out of the Association Accounts.

4. *Additional Specialists*

Additional experts such as attorneys, auditors, consultants and others may be employed by the Board to assist in meeting its responsibilities and obligations to administer the assets of the Association Accounts prudently. All expenses for such experts will be customary and reasonable and will be borne by the Association as deemed appropriate and necessary.

Assignment of Responsibility

1. *Responsibility of the Board of Directors of Emergency Nurses Association*

The Board has the responsibility for the management of the assets of the Association Accounts. The Board shall discharge its duties solely in the interest of the Association, with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The specific responsibilities of the Board relating to the investment management of the Association's assets include:

- A. Determining the Association's risk tolerance and investment horizon and communicating these to the appropriate parties.
- B. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Association's assets.
- C. Prudently and diligently selecting qualified investment professionals including Investment Manager(s), Investment Consultant(s) and Custodian(s).
- D. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitoring investment objective progress.
- E. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to fundamental change in investment management process or failure to comply with established guidelines.

2. *Responsibility of the Investment Manager(s)*

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- A. Discretionary investment management including decisions to buy, sell or hold individual securities and/or funds.
- B. Reporting, on a timely, basis, quarterly investment performance results.
- C. Communicating any major changes to economic outlook, investment strategy or any other factors which affect implementation of the investment process or the investment objective progress of the Association's investment management.
- D. Informing the Board regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure or investment philosophy.
- E. Voting proxies on behalf of the Association Accounts and communicating such voting records to the Board on a timely basis.

General Investment Principles

- 1. Investments in the Association Accounts shall be made for the purposes of accumulating operating reserves and for investing funds temporarily as cash flows permit.
- 2. The Accounts shall be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of an account of like character and with like aims.
- 3. Investments of the Accounts shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
- 4. The Board may employ one or more investment managers of varying styles and philosophies to attain the Association Accounts' objectives.
- 5. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity and return.

Investment Management Policy

- 1. **Preservation of Capital**
Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities or funds.
- 2. **Risk Aversion**
Understanding that risk is present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Association's objectives. However, the investment managers are to

make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

3. Adherence to Investment Discipline

Investment managers are expected to adhere to the investment styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Investment Objectives

In order to meet its needs, the investment strategy of the Association is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for Association Account assets shall be: To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of Association Account assets and to assure long-term growth of principal while avoiding excessive risk.

Investment Guidelines

1. Allowable Assets – Long-Term Investments

A. Cash equivalents

- Treasury bills
- Money market funds which contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poors and/or Moodys.
- Certificates of deposit
- Commercial paper rated A1 or better

B. Mutual funds which invest in the following:

- U.S. Government and agency securities
- Corporate notes and bonds
- Mortgage backed bonds
- Domestic and international stocks

2. Allowable Assets – Short-Term Investments

A. US Treasury

- Bills
- Notes
- Bonds

B. US Government Securities backed by full faith and credit of United States.

- Government National Mortgage Association (Ginnie Mae or GNMA)
- Export-Import Bank (EXIBANK)
- Small Business Administration (SBA)
- Farmers Home Administration (FmHA)
- General Services Administration (GSA)
- Maritime Administration

C. US Government Instrumentality Securities not backed by full faith and credit of United States.

- Federal Farm Credit System Banks (FFCB)
- Federal Home Loan Banks (FHLB)
- Federal Home Loan Mortgage Corp (Freddie Mac or FHLMC)
- Federal National Mortgage Assoc (Fannie Mae or FNMA)

➤ Tennessee Valley Authority (TVA)

D. Repurchase Agreements: Collateralization by full faith and credit US Treasury Securities
E. Commercial Paper: National credit rating must be within two highest classifications (A1, A2, P1, P2)

F. Certificates of Deposit – Limited to amounts that do not exceed insurance limitations as set forth by the Federal Deposit Insurance Corporation

G. Money Market Funds- Limited to funds which only invest in securities listed above

3. Prohibited Assets

Purchase of any assets, other than those specifically allowed above is prohibited.

4. Marketability of Assets

The Board requires that all Association Account assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Association Accounts with minimal impact on market price.

Selection of Investment Managers

The Board's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. The Board requires that each investment manager provide, in writing, acknowledgment of fiduciary responsibility to the Association.

Investment Manager Performance Review and Evaluation

Performance reports shall be compiled at least quarterly and communicated to the Board or as delegated, to the Investment Committee of the Board. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this statement. The board intends to evaluate the portfolios over at least a three-year period, but reserves the right to terminate a manager for any reasons including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters and other qualitative factors that may impact their ability to achieve the desired investment results.

Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board plans to review investment policy as least annually.

SAMPLE INVESTMENT POLICY – SHORT FORM
ADAPTED FROM A TEMPLATE ORIGINALLY PROVIDED BY THE DONOR’S FORUM
OF CHICAGO

_____ **State Council Investment Policy**

1. Statement of Purpose

The purpose of this document is to establish the investment goals and objectives and policy guidelines for managing the short- and long-term investment funds of _____ State Council. It is intended that these goals, objectives and guidelines provide meaningful guidance and expectations in the management and performance of the funds and to provide the flexibility to respond to given changing economic, business and investment conditions.

2. Investment Goals

The State Council’s funds should be invested in such a manner as to:

- A. Maximize total returns consistent with (1) acceptable levels of risk and (2) the liquidity needs of the Council; and
- B. Adhere to applicable statutes and policies related to fiduciary responsibility.

3. Short-term Funds and Long-term Funds:

- A. Short-term Funds: The goals of investing short-term funds shall be preservation of principal, liquidity timed to spending needs and reasonable current income, subject to any grant restrictions.
- B. Long-term Funds: The goals of investing long-term funds shall be to generate a reasonable rate of return at a relatively low level of risk, prescribing the real inflation-adjusted value of the fund over time.

4. Investment Objectives

The investment objective is to grow the value of the Council’s investment funds over the long term and to earn total rates of return greater than those currently received by the Council’s banking strategy, while avoiding undue risk and generating liquidity sufficient for the needs of the Council’s operations. Although short-term fluctuations will affect portfolio performance, the Council expects: (a) the short-term investments to preserve principal and the invested portion thereof to generate current income equal to a market rate of return for short-term fixed income securities; and (b) the long-term investments to provide for any emergency liquidity needs of the Council and to generate a total return net of investment expenses over a five-year moving time period that exceeds the rate of inflation plus three to five percent (3-5%) annually.

5. General Investment Policies

- A. Role of Investment Committee [OR FINANCE COMMITTEE]
The Investment Committee shall make recommendations upon the advice of the investment managers, brokers and/or bankers with respect to investments within the policies set by the Board of Directors. The Board of Directors shall vote on the Investment Committee’s recommendations.
- B. Role of Treasurer
The Board shall accept and act on investment recommendations made by the investment managers, brokers and/or bankers. The Treasurer shall advise the Board with respect to the status of investments and shall monitor the

implementation of the decisions of the Board and be the conduit between the Board and any investment managers, brokers and/or bankers.

C. **Role of Investment Managers, Brokers and/or Bankers**

The investment managers, brokers and/or bankers (managers) have the discretion to purchase, sell, or hold the specific securities and/or funds that will be used to meet the investment objectives of the Council. The Board will not reserve any control over investment decisions with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed the limitations will hamper managers, each manager should request modifications which they deem appropriate.

6. Investment Selection Standards

- A. Investments will be made and held through mutual funds or other collective investment vehicles rather than individual securities.
- B. The Council may accept donations of marketable securities, which will be reviewed immediately to determine whether or not the investments fit within the guidelines of this policy, if not, it will be sold immediately.

7. Prohibited Investments and Transactions

The following investments and transactions are prohibited: direct investment in real estate, short sales, margin transactions, non-publicly traded securities and derivatives; except that investments in mutual funds that employ such strategies on a limited basis or only for hedging purposes are permitted.

8. Investments Performance Review Evaluation and Reporting

- A. The [Finance Committee or Board] shall review and evaluate the performance results of the investments funds quarterly and at the end of each year and shall compare performance results to relevant benchmarks.
- B. The Investment manager, broker or banker shall report to the board at least annually on the composition and performance results of the funds.

9. Policy Review and Exceptions

The [Finance Committee] will review this statement on a periodic basis and make recommendations to the Board of Directors for modifications, as the Committee deems appropriate.

OR

The Board will review this statement on a periodic basis and will consider modifications as appropriate.

This Policy may be amended or any exceptions to it may be authorized by resolution of the Board of Directors at any time.

Adopted _____



ENA Reserves Policy Last Revised December, 2003

The creation and maintenance of adequate reserves is a fundamental tenet of sound financial management. The purpose of accumulating reserves of the Emergency Nurses Association (ENA) is to assure that ENA has the financial means to continue to provide essential services to its members and the general public in both the short- and long-term future.

The specific objectives of the ENA reserves are as follows:

- To sustain basic operations and core member services for a minimum of six months in the event there is a meeting cancellation or a decline in a major revenue source.
- To sustain essential member services during a transition to a long-term economic downturn.
- To cover unbudgeted and extraordinary expenditures brought about by unanticipated challenges or opportunities.
- To provide a source of capital for research and development of new products and services that have the potential to significantly benefit the emergency nursing profession.
- To provide for improvements of the headquarters building.
- To fund major capital improvements to serve members better such as new information/technology systems.
- To have sufficient funds that income from investment of these funds could be used to offer member benefits at lower cost than would otherwise be possible.
- To have sufficient funds that income from investment of these funds could be shared with state councils to further strengthen membership at state and local levels.

It shall be the responsibility of the ENA Finance Committee to recommend to the Board of Directors a target amount for the reserves in order to meet the objectives of this policy.

The objectives of this policy shall be reviewed and the target amount adjusted at intervals not to exceed three years.



\$ Attention – ENA States and Chapters \$

Receive your assessments electronically

Eliminate trips to the bank and delays in making deposits

No more lost/misplaced checks

ENA now offers direct deposit for assessments – you still have all paperwork mailed to you as usual but funds go directly to the bank.

All you have to do is complete the form below and mail it to:

ENA
Attn: Finance Department
915 Lee Street
Des Plaines, IL 60016

DIRECT DEPOSIT AUTHORIZATION AGREEMENT

ENA State Council/Chapter Name: _____

Direct Deposit to: Bank Name _____

Bank Address _____
Street

City, State and Zip

Account Number: _____ Bank Routing #: _____

Please attach a voided check to this agreement

I hereby authorize ENA to direct deposit assessment checks to the bank listed above. This includes initiating credit entries and, if necessary, debit entries and adjustments for credit entries made in error to our account. This authorization remains in effect until ENA receives written notification from the President terminating this agreement.

Print Name of President

Signature

Date

For more information, contact Jim Fetty at 800-243-8362 ext. 4026 or jfetty@ena.org

This form not accepted without a voided check attached.



ENA Accountable Travel Plan

Per Diem

Shall be paid to:

1. Board of Directors on official ENA business, including and not limited to Board meetings, Annual Conference and Leadership Conference; and
2. Committee members; and
3. Individual members representing ENA at outside meetings; and
4. Faculty, including and not limited to Annual and Leadership Conferences; and
5. Staff

Shall not be paid to:

1. Consultants and vendors.

To the extent that ENA agrees to pay consultant/vendor travel expenses, they will be incorporated as a matter of contract and paid directly to the contracted party.

The Department Head/Executive Director has the discretion to negotiate consultant/vendor contracts to include travel expenses on either the reimbursement basis, subject to maximums, or on the per diem basis.

Shall be paid at the rate of \$75 per day:

1. 'Day' shall include both the day ENA travel begins and the day ENA travel is completed, except for payments to faculty. For faculty paid days are limited strictly to actual teaching days.
2. The rate shall be reviewed and approved annually by the Board of Directors as part of the annual budget process.

Shall include the following expenses:

1. All meals (any meals provided by ENA shall not count against the per diem – for example, if lunch is provided for a Committee meeting in Des Plaines, it will not be expected that a Committee member will pay any part of their per diem for the meal).
2. All transportation costs except for airfare or actual mileage to/from destination are included in the per diem. This includes intra-city transportation at the destination, such as taxi or shuttle. It also includes mileage, tolls and parking fees to get to/from the airport.
3. All incidentals are included in the per diem. Examples include tips, snacks, laundry and other such expenses.

Shall not include the following expenses:

1. ENA will provide no reimbursements for alcoholic beverages; alcohol is not included in the per diem amount.
2. In lieu of airfare, actual mileage to/from destination will be separately reimbursed. The maximum reimbursement will be the equivalent economy airfare.

Shall be paid prior to the business travel for:

1. Annual Conference and Leadership Conference

Shall be paid after the business travel for:

All other travel - In the event a traveler is unable to attend a meeting without a per diem paid in advance, an advance request can be made and will be considered confidentially by the Executive Director.



ENA Accountable Travel Plan (Continued)

Receipts

Receipts shall not be required for any expense less than \$75.

Travel Substantiation Report

It is the responsibility of the traveler to complete the form and submit it to the ENA Finance Department within 30 days of the travel end date. See **Taxability**.

All requests for per diem reimbursement must be submitted within 30 days after the end of the fiscal year. Any reimbursement request received after this time will not be processed.

Taxability

Per diems paid under this accountable plan are not taxable to the recipient provided that the recipient completes the ENA Travel Substantiation Report and returns the excess per diem to ENA. The ENA Travel Substantiation Report must be completed, signed and returned to Finance within 30 days of the travel end date. Any per diems for which such documentation has not been provided will be taxable to the recipient.

In the event a Report is filed, but the excess is not returned to ENA within 30 days of the travel end date, the excess will be taxable to the recipient.



Business Travel Substantiation Report

Name of Traveler: _____

Address: _____

City _____ State _____ Zip _____

Purpose of Travel: _____ Destination(s) _____

Date Travel Began: _____ Date Travel Ended: _____

Section A Actual Expenses	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Grand Total
Meals								
Transportation (not including airfare or actual mileage to destination)								
Incidentals								
Total (not to exceed \$75/day)								

Use Section B only if you received per diem *prior* to your travel:

Section B Per Diem Received	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	
Excess To Be Returned to ENA								

Receipts for any expenditure less than \$75 are not required. This report must be completed, signed and returned to ENA within 30 days of the travel end date. Any reimbursement requests received more than 30 days after the end of the calendar year cannot be honored.

Traveler Signature: _____ Date: _____

For internal use of ENA Department with Budget Authority for approving this disbursement:

ENA Account Number: _____ ENA Staff Approval: _____

For internal use of Finance Department:

Date Paid: _____ Check No.: _____



Instructions for completing the Business Travel Substantiation Report

The purpose of the Business Travel Substantiation Report is to adequately account for ENA business travel expenses within the guidelines of an IRS accountable plan. These guidelines allow ENA to issue expense reimbursements (per diems) to travelers without requiring that receipts be retained and submitted to the ENA Finance department. As long as the requirements of the accountable plan are followed, the receipt of the per diem will not be taxable to the recipient.

The per diem rate is \$75 per day. Included in the per diem are meals, transportation costs and incidentals. All transportation costs except for airfare or actual mileage (at \$0.485 per mile) to/from destination are included in the per diem. This includes intra-city transportation at the destination, such as taxi or shuttle. It also includes mileage, tolls and parking fees to get to/from the airport. To complete the Report for:

Per Diem Received *After* Travel – Complete Section A only

Per Diem Received *Prior* to Travel – Complete Sections A and B

Section A Instructions

- 1) On the appropriate lines fill in the **name of traveler**, **purpose of travel** (e.g. meeting name) and **destination(s)**.
- 2) For **dates of travel** use:
Date Travel Began: Use the date you left your home. This is Travel Day 1.
Date Travel Ended: Use the date you returned home. This is your last Travel Day.
- 3) For Travel Day 1 and each succeeding Travel Day, please provide the total amount spent for each of the three allowable categories: meals, transportation and incidentals. Add the amounts together for that day and put the total in the ‘Total (not to exceed \$75/day)’ space. If the total is greater than \$75 you must limit the total amount to \$75 as that is the maximum per diem rate.
- 4) Add together all of the amounts in the ‘Total (not to exceed \$75/day)’ spaces and put this amount in that ‘Grand Total’ space. This is the per diem amount you will be paid.

Section B Instructions

If you received per diem *prior* to your travel, you must compare the total expenses per day to the per diem amount of \$75 per day. You must return daily excess per diem to ENA along with this form.

- 1) For each day subtract the Total Actual Expenses calculated in Section A from \$75 and put the excess to be returned in Section B. If you spent \$75 or more, there is no excess to return to ENA. Add together all of the excess daily amounts and put this amount in that ‘Grand Total’ space. This is the per diem amount you are required to return to ENA with this Report.

Please sign and date where indicated. The Report must be completed and returned to the ENA Department which has budget authority for your travel within 30 days of the travel end date. Send the Report to:

**Emergency Nurses Association
Attn: _____ Department
915 Lee Street
Des Plaines, IL 60016.**

Additional Information:

All Business Travel Substantiation Reports not previously submitted must be submitted within 30 days after the end of the calendar year. Any reimbursement requests received after this time will not be honored.

Emergency Nurses Association - Calculation of State Assessments

	States with Chapters except CA, FL, MA, NC, SC				States with No Chapters, except AZ			
	Member		-----Assessment-----		Member		-----Assessment-----	
	Pays	ENA	State	Chapter	Pays	ENA	State	Chapter
Payments								
1 Year	96.00	91.00	5.00	5.00	96.00	86.00	10.00	-
3 Year	240.00	225.00	15.00	15.00	240.00	210.00	30.00	-
5 Year	360.00	335.00	25.00	25.00	360.00	310.00	50.00	-
Lifetime	1,200.00	1,135.00	65.00	65.00	1,200.00	1,070.00	130.00	-
Retired	57.00	52.00	5.00	5.00	57.00	47.00	10.00	-
Qtr Bank Draft								
1st payment								
1 Year	25.00	15.00	5.00	5.00	25.00	15.00	10.00	-
3 Year	61.00	31.00	15.00	15.00	61.00	31.00	30.00	-
5 Year	91.00	41.00	25.00	25.00	91.00	41.00	50.00	-
Lifetime	301.00	171.00	65.00	65.00	301.00	171.00	130.00	-
Retired	15.25	5.25	5.00	5.00	15.25	5.25	10.00	-
2nd payment								
1 Year	25.00	25.00	-	-	25.00	25.00	-	-
3 Year	61.00	61.00	-	-	61.00	61.00	-	-
5 Year	91.00	91.00	-	-	91.00	91.00	-	-
Lifetime	301.00	301.00	-	-	301.00	301.00	-	-
Retired	15.25	15.25	-	-	15.25	15.25	-	-

	California				Arizona			
	Member		-----Assessment-----		Member		-----Assessment-----	
	Pays	ENA	State	Chapter	Pays	ENA	State	Chapter
Payments								
1 Year	121.00	86.00	30.00	5.00	101.00	86.00	15.00	-
3 Year	315.00	210.00	90.00	15.00	255.00	210.00	45.00	-
5 Year	485.00	310.00	150.00	25.00	385.00	310.00	75.00	-
Lifetime	1,525.00	1,070.00	390.00	65.00	1,265.00	1,070.00	195.00	-
Retired	82.00	47.00	30.00	5.00	62.00	47.00	15.00	-
Qtr Bank Draft								
1st payment								
1 Year	31.25	-	30.00	1.25	26.25	11.25	15.00	-
3 Year	79.75	-	79.75	-	64.75	19.75	45.00	-
5 Year	122.25	-	122.25	-	97.25	22.25	75.00	-
Lifetime	382.25	-	382.25	-	317.25	122.25	195.00	-
Retired	23.00	-	23.00	-	16.50	1.50	15.00	-
2nd payment								
1 Year	31.25	27.50	-	3.75	26.25	26.25	-	-
3 Year	79.75	54.50	10.25	15.00	64.75	64.75	-	-
5 Year	122.25	69.50	27.75	25.00	97.25	97.25	-	-
Lifetime	382.25	309.50	7.75	65.00	317.25	317.25	-	-
Retired	23.00	11.00	7.00	5.00	16.50	16.50	-	-

	FL, MA, NC, SC			
	Member		-----Assessment-----	
	Pays	ENA	State	Chapter
Payments				
1 Year	101.00	91.00	10.00	5.00
3 Year	255.00	225.00	30.00	15.00
5 Year	385.00	335.00	50.00	25.00
Lifetime	1,265.00	1,135.00	130.00	65.00
Retired	62.00	52.00	10.00	5.00
Qtr Bank Draft				
1st payment				
1 Year	26.25	11.25	10.00	5.00
3 Year	64.75	19.75	30.00	15.00
5 Year	97.25	22.25	50.00	25.00
Lifetime	317.25	122.25	130.00	65.00
Retired	16.50	1.50	10.00	5.00
2nd payment				
1 Year	26.25	26.25	-	-
3 Year	64.75	64.75	-	-
5 Year	97.25	97.25	-	-
Lifetime	317.25	317.25	-	-
Retired	16.50	16.50	-	-