

# Policy for AAAA Compliance with IRS Regulations concerning Chapter Financial Activities

The IRS has granted a group exemption to the chapters of AAAA eliminating the need for each one of them to file for their own tax exempt status. Accordingly the NEB has oversight responsibility over the financial activities for each chapter and it is AAAA's responsibility to ensure that each chapter properly reports its financial activities to the IRS on an annual basis.

We cannot overstate the importance of completing the attached forms as failure to do so endangers the entire AAAA Tax Exempt status. We have been advised by our accountants that **we have no choice but to inactivate any chapter that fails to file their forms with the AAAA National Office by 15 April each year.**

The IRS requires that a chapter file a Form 990 if its gross revenues (not net revenues) in any year exceed \$25,000. AAAA has contracted with a CPA Firm to file the Form 990 on behalf of the chapter and at AAAA's expense.

To facilitate the preparation of the Form 990, the AAAA has designed an annual Chapter Fiscal Report which each chapter must prepare and submit to AAAA regardless of the level of financial activity.

For those chapters whose gross revenues during the year are less than \$25,000, the chapter need only check the box indicating that gross revenues are less than \$25,000, have the report signed by the chapter President and Treasurer and submit the Form to the AAAA national office prior to April 15 of each year, the due date of the return.

Those chapters whose gross revenues exceeded \$25,000, are required to completely prepare the Report and to submit the Report to the AAAA national office by April 15, signed by the chapter President and the Treasurer accompanied by a signed Annual Chapter Compliance Certification, (attached).

For those chapters, the IRS requires that each category of Revenue must be separately disclosed. Accordingly the chapter must list the following Revenue items separately on the Form:

- Contributions under \$250 in total
- Contributions over \$250 individually
- Total for each individual Fund raising event
- Total for each individual social or other events or functions
- Receipts received from the AAAA national office
- Interest earned on bank accounts
- Any other revenue items over \$250 not listed above

The chapter must list the following disbursements/expenses on the Form

- Scholarship contributions to AAAA
- Total for individual fund raising events cost
- Total for individual social, other events or functions
- Administrative expenses
- Allocations to other than AAAA
- Any other disbursement/expenses over \$250 not listed above

In addition, the chapter must disclose the total of all their cash balances at January 1 and December 31 of that year.

**NOTE: All Chapters are required to acknowledge in writing to the donors any contributions in excess of \$250.**

The AAAA National Executive Board, (NEB), intends to select, on a random basis, chapters for audit. These audits will not be conducted on site but the selected chapter will be required to provide copies of bank statements, listings of revenues referred to above and copies of invoices or other forms of documentation to support expenditures over \$250 to the AAAA auditors. These audits will be at the discretion of the NEB and at AAAA's expense. It is NEB's intention to have each chapter audited once in a five-year period.

Thank you for your attention to all the above. We must comply with the IRS Regulations in order to maintain our Tax Exempt Status for both the chapters and the national organization.

Please call with any questions and we can hook you up directly with our accountants if necessary. 800 722-2769, ext 121 or 203 268-2450. Thanks again.

Bill Harris  
Executive Director

# Annual Chapter Compliance Certification

To insure that the chapter has good controls over funds and that the Form 990 is prepared properly, an officer of the chapter will be required to perform the following procedures each year and to indicate compliance by checking off that the procedure has been performed. All Chapters regardless of income must return this form to the AAAA National Office.

I, \_\_\_\_\_, of the \_\_\_\_\_ Chapter hereby certify that the below procedures were followed during the preceding year:

- The Chapter checking account was reconciled at least Quarterly and the balances of all checking and saving accounts agreed with the total cash on hand at December 31, as it appears on the Form attached.
- The chapter has a detailed listing of all contributions/donations the total of which is reflected on the Annual Chapter Fiscal Report.
- The Chapter acknowledged in writing to the donors any contributions in excess of \$250.
- The Chapter has a detailed listing of all funds received for fund raising, social or other events the total of which are reflected on the Annual Chapter Fiscal Report.
- All Chapter disbursements/expenses over \$250 were supported by an invoice or other forms of documentation.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Email: \_\_\_\_\_