This guide is intended for AAF leaders who are primarily responsible for their club’s financial management. It is essential reading for all club treasurers, club presidents and club executive directors. Other club leaders or members may also find this guide helpful.

The guidelines, ideas and information presented here are compiled from financial management practices of nonprofit groups and associations, which we have tailored especially for AAF clubs. We believe this booklet can serve as a sound basis from which to conduct your club’s financial affairs.
Table of Contents

TREASURER’S DUTIES AND RESPONSIBILITIES
Taking Office .................................................................................. 4
Duties ....................................................................................... 4
Bonding...................................................................................... 4
Contracts ..................................................................................... 5
Files and Records .............................................................................. 5
Leaving Office ................................................................................. 6
FINANCIAL REPORTS ........................................................................... 6
BUDGET
Develop Your Budget ............................................................................ 6
Approving Your Budget .......................................................................... 7
Amending Your Budget .......................................................................... 7
CASH MANAGEMENT
Cash Flow Planning ............................................................................. 7
Maximizing Interest Income From Cash and Short-Term Securities ................................................... 7
Accounts Receivable Collection Policy and Procedures................................................... 8
Accounts Payable Policy and Procedures ............................................................. 8
Bank Reconciliations ............................................................................ 9
INCORPORATION AND IRS FORMS
Incorporation .................................................................................. 9
Bylaws and Articles of Incorporation ................................................................ 10
Exemption 501(C)(6) ........................................................................... 10
IRS Form 1024, Application for Recognition of Exemption ................................................... 10
IRS Form SS-4, Application for Employer ID Number ................................................... 10
IRS Form 990, Return of Organization Exempt From Income Tax ................................................... 10
Other IRS Reports ............................................................................. 11
State Reporting Requirements .................................................................... 11
BIBLIOGRAPHY ............................................................................... 12
APPENDIX
A. Financial Report Formats .......................................................... 13-16
B. Model Bylaws ........................................................................... 17-20
C. Model Articles of Incorporation .................................................. 21
D. Record Retention Guide ............................................................. 22
Treasurer’s Duties and Responsibilities

Taking Office
Accepting the job of club treasurer is a big responsibility. It is probably the most important job because the club assets are your responsibility. As authorized custodian, either elected by the members or appointed, you should immediately do several things.

First and foremost, do not accept the books and records of your club until the books have been audited either by an outside independent auditing firm or by an appointed club budget committee. Second, check the files and records received from the outgoing treasurer. You should immediately ask about any missing items. Any confusion regarding what you have now received should be cleared up. Do not wait or you may have to accept responsibility for something that is not your fault. Third, see that new bank signature cards are filed with the bank for the club’s account. Never file a bank signature card that requires only one signature. Sound internal control procedures require two signatures on each check. Fourth, check with the club’s insurance carrier or agent about changing the fidelity bond (more about bonding later). Finally, become familiar with your duties as outlined in the club bylaws.

Duties
Now that you are in—what happens next? The duties of the treasurer include but are not limited to the following:

- Deposit all checks and cash received promptly in the authorized bank account.
- Maintain a cash receipts journal in a neat and orderly manner.
- Maintain a cash disbursements journal in a neat and orderly manner.
- Maintain and balance a general ledger using the double-entry system.
- Maintain a checkbook in an orderly manner and reconcile each month’s bank statement to the checkbook and to the general ledger.
- Submit a financial report at each regular meeting of the club.
- Pay all club bills exclusively by check so you leave a paper trail for all transactions. Only pay bills that are approved (initialed) by the president or authorized board member of the club. Check signers should review the invoices as they are signing checks to ensure only approved invoices are paid. These procedures should be spelled out and understood by the treasurer.
- Cooperate with the membership chairman and the secretary on maintaining an accurate roster of the active members, periodically submitting rosters to the AAF.
- Preserve all financial records such as paid invoices, bank statements and canceled checks, journals, ledgers and receipts for at least seven years.
- Deliver to your successor, unless the club has otherwise ordered, all records correspondence, journals, ledgers, files and audit reports, etc.

Bonding
It is in the best interest of the organization to have the treasurer and all other persons authorized to handle funds of the club covered by a fidelity bond in an amount determined by the board of directors. Therefore, a nonprofit institutional fidelity bond policy or a board D&O policy should be secured from a reliable insurance company at the same time the officers sign the bank account signature cards. The amount of coverage, as a general rule, should be equal to the highest monthly cash
balance you anticipate. In determining the premium for this type of policy, your insurance company will need to know about your club's internal control over cash receipts and disbursements. One basic internal control mechanism is to have an independent person reconcile the bank statements each month (see the Bank Reconciliations section). This is also true if the club has a credit card as well. The holder of the card should not be the same person who reconciles the statement.

Contracts
Frequently, clubs must enter into contracts to conduct their business. For instance, the ADDYs and other fundraisers may require contracts with productions groups and hotels. Remember, even if your club's activity is financially unsuccessful, the club still has the responsibility to fulfill its contractual obligations. Therefore, BEFORE entering into a contract for goods or services, the following points should be remembered:

• Has the membership and/or board of directors authorized the contract?
• Does the person negotiating the contract have the authority to do so?
• Are all of the terms and conditions, including the fine print, understood by and agreeable to the club?
• Can your club comply with all the terms and conditions of the contract?
• Look for provisions such as minimum amounts you have to spend on food, rooms etc.
• Your club should have written procedures for dealing with the proposal, approval, execution and compliance of its contractual obligations.

Files and Records
The treasurer's "shoe box" should contain at least the following files and records:

• A copy of the club's bylaws.
• A copy of AAF national bylaws.
• A copy of the budget adopted by the club.
• Cash disbursements journal.
• Cash receipts journal.
• General ledger.
• Checkbook and deposit tickets.
• Paid invoices.
• Copy of the club's IRS nonprofit “Determination Letter."
• Copy of (EIN) Employer Identification Number.
• Payroll records and timesheets, if any.
• An up-to-date roster of the club members.
• Historical files of audit reports, budgets, financial reports, bank statements with canceled checks, paid invoices and general correspondence.
• Copies of all IRS Form 990, Return of Organizations Exempt From Income Tax.
• Copies of IRS Form 990T, if the club has taxable unrelated business income.
• Copies of any forms that must be file with your secretary of state’s office.

See Appendix D for a guide to the legal requirements for record retention by nonprofit associations.
Leaving Office

Once you have completed your term as treasurer, you will understand the importance of having the club books and records in proper order before turning them over to the next treasurer. First, be sure that all AAF national dues have been paid.

Second, make sure your bank reconciliations are current and that the checkbook agrees with the general ledger and the bank statement. Third, balance the general ledger and subsidiary journals, and then prepare a final financial report for your term of office. Fourth, obtain signature cards from the bank so that the new treasurer may draw on funds without delay. Fifth, arrange the transfer of all records to the new treasurer. Sixth, have the insurance company change the bonding, if necessary. Finally, make sure the audit report for the end of the last fiscal year is complete and turned over to the new treasurer.

Financial Reports

Your club’s financial reports should follow standard accounting practices and include a Statement of Financial Position (the balance sheet) and a Statement of Activities (revenues and expenses). Samples of financial reports are in Appendix A-1 and A-2.

We recommend that a three-column statement of activities be standard for your club. (A fourth column showing actual totals for the prior fiscal year-end can also be useful.) The first column will list the current month’s actual revenue and expenses.

The second column will list the year-to-date actual totals. The third column will compare the YTD actual with the total budget for the fiscal year. Separate subsidiary statements should also be prepared showing revenues and expenses, actual versus the budget, for each major program activity—ADDYs®, Conferences, Student Competition, etc. This format is easy for the reader to compare current and year-to-date results with budget.

As an alternative to a total statement of activities with subsidiary statements for each major program, financial results can be reported in a spreadsheet format, listing each type of revenue and expense for each program. (See Appendix A-3.)

Budget

Developing Your Budget

Proper development of your club’s budget is one of the most important functions performed during any club year. The annual budget should be presented for approval by the membership’s governing body. The budget can play a key role in improved planning and financial control. All club activities for the next fiscal year must be translated into monetary terms and evaluated with the existing financial resources.

Budget development starts by planning the future programs and activities of the club. The operational and financial responsibilities for each program should be clearly designated. A budget is not very useful unless the designated individuals accept their responsibility for managing programs within the approved budget. Once the programs and activities for the next year have been formulated each program manager should receive prior financial reports for that program to use as a basis for developing a budget. Managers should also use current pricing information (for example, calling supply vendors) when developing their budgets. The individual program budgets should be submitted to the treasurer for review and compilation into a total club budget. With the proper amount of time and participation by all parties, a very reliable budget will be prepared.

Obviously, the final responsibility for budget preparation rests with the treasurer. But the treasurer’s role is limited to administration and coordination. Once the budget has been approved by the board, monthly or quarterly financial reports should be prepared showing actual versus budget for revenues and expenses. Each person with program responsibility should receive these reports so they know how their program is doing.
Approving the Budget
After the budget has been drafted, its approval should follow procedures outlined in the club’s bylaws or other established rules. Ideally, the budget proposal should be presented by the treasurer and president to the budget committee of the board. The budget should be presented line by line to allow for discussion by anyone present. Once approved by the budget committee, presentation to the full board of directors and/or presentation to the full membership would be next. This should all be done before any events are held or contracts signed.

Once approved by the board and members, the budget is adopted and operations based on those guidelines and estimates can begin. Congratulations!

Amending the Budget
Because the budget is an estimate of future financial transactions, it may be necessary to recommend that the board amend a previously approved budget. We do not recommend that minor deviations from the budget be submitted for amendment. As a general rule a budget variance of 10 percent or more should be considered for amendment.

Cash Management

Cash Flow Planning
Projecting and monitoring cash flow are important parts of prudent cash management. Cash flow projections facilitate planning for a short-term cash needs and also for the effective investment of available excess funds. Cash flow projections should be integrated into the club’s budget process.

When making a cash flow chart, all available tools should be used, including historical data in the form of past bank statements, budget plans and financial reports. The key to successful cash flow forecasts is the careful integration of historical patterns with the changing external environment of the club’s management plan. We recommend that a monthly cash flow projection for the next year be incorporated into the budget process and that cash flow projections be reviewed quarterly. A historical listing of cash receipts and disbursements by month for the prior year or two will help determine periods when cash outlays exceed deposits and vice versa.

Maximizing Interest Income From Cash and Short-Term Securities
The final responsibility for controlling your club’s “working capital”—cash and short-term securities—typically rests with the treasurer and president. While they are involved in making the day-to-day operating decisions, every club should consider having board-approved guidelines for cash management. These guidelines would authorize or prohibit specific types of investments for the club’s surplus funds and recommend levels of liquidity and security for various investments. A written cash management policy protects the club leaders as well as the club’s assets. Security, particularly FDIC-insured bank accounts, should be an important consideration in selecting investments.

There are several relatively low-risk investment alternatives for earning a return on your club’s excess cash. For example, a checking account could be tied directly to a money market fund with transfers made on a weekly basis to cover checks as they are written. Clubs should also consider using NOW accounts that are available to nonprofit organizations.

Concentration accounts for payroll or the ADDYs® income are zero-balanced accounts that are funded by automatic transfers from another account as checks are presented for payment. Certificates of Deposit are very popular and are available for varying time periods. Treasury bills are also good investments for short-term cash.
Financial reports should distinguish between cash that is immediately available to meet the club's bills versus cash invested in securities, which is not immediately available. Financial reports should also disclose which funds are earning interest and the interest rate.

**Accounts Receivable Collection Policy and Procedures**
The main question here is how to stimulate the timely collection of club dues and other receivables through an appropriate policy. Make no mistake about it, if the club policy on collections is weak or nonexistent, more damage will be done than just an increasingly large number of slow-pay or no-pay members. Your members' awareness of a lax policy on collections not only can hurt cash flow, but also can have a negative public relations effect. When they hear that members don't have to pay their dues on time because the club will eventually forget about collecting past-due amounts, the club loses credibility with its members. Dues adjustments when necessary become much more difficult, and other vital pricing decisions are difficult to implement.

The following methods are used by many nonprofit organizations to stimulate cash receipts:

- Require payment in advance.
- Accept credit cards.
- Prepare multiple copies of invoices in advance and automatically resend the invoice every 30 days should it remain unpaid.
- Furnish preaddressed or postage-paid business reply envelopes with invoices.
- Allow discounts for early payment.
- Provide tangible incentive for early payment (e.g., gift, drawing, etc.).
- Publish a list of paid members.
- Publish a list of unpaid members.
- Give advance notice of renewal with payment/invoice option.
- Provide discount for multiyear renewals.
- Provide a guaranteed listing in an industry or professional directory.
- Send list of unpaid members to the board of directors for their personal follow-up with the members.

In conclusion, clubs should ensure that their accounts receivable policy safeguards the assets of the club at all times. The policy must be understood and followed precisely. It is imperative that such a policy, which could include some of the above methods, deal with control of invoices, following up and writing off past-due invoices. If material accounts are considered not collectable, they should be written off regularly, otherwise the club’s balance sheet is misleading.

**Accounts Payable Policy And Procedures**
The two main questions concerning accounts payable are 1) how to minimize the impact of cash disbursements on interest bearing accounts and 2) what type of check writing schedule should your club set up?

Some suggestions for minimizing the impact of cash disbursements and maximizing interest income:

- Utilize interest-bearing accounts.
- Maintain a zero balance in the checking account, transferring funds only to cover checks as they are written.
- Utilize zero balance account in connection with an interest-bearing account so that the bank will automatically transfer funds when checks clear.
• Negotiate with your bank to waive service charges and minimum balance requirements.
• Comparison shop among banks and savings and loans for the lowest service charges and highest interest rates.

We recommend your club determine a schedule for check writing. Writing checks each day or every several days on a random basis is time-consuming. We suggest a policy of writing checks weekly or semi-monthly. If your general ledger is maintained on a cash basis instead of an accrual basis, you should also write checks at the end of the month so that monthly financial statements are more accurate.

Bank Reconciliations
Bank reconciliation should be performed every month as soon as the bank statement arrives. Ideally, a person who is not a check signer and who does not have access to the check stock or financial records should receive the bank statement unopened. Having an independent person perform the reconciliation is good internal control against embezzlement. The check book, general ledger and bank statement should all be reconciled. It is best to prepare financial reports after the bank statements are reconciled, but do not delay financial reporting just for this. A suggested form for bank reconciliations is located in Appendix A-4.

Credit card statements should be reconciled and contain all receipts for items purchased.

Incorporation and IRS Forms

Incorporation
We strongly recommend that all AAF clubs incorporate. The advantages of the corporate form are so great that they more than justify the modest initial legal costs and the slight burden of complying with state reporting requirements to keep the corporation in good standing.

The greatest advantage of incorporating is the protection from lawsuits and the limited liability that it affords to officers and members. An unincorporated group cannot sue or be sued in its own name; as a result, legal proceedings must be brought by or against individuals, usually the officers. When such persons are made defendants, they could become personally liable to pay any judgment rendered against them.

When you incorporate, the picture changes. In almost all instances, the corporate officers are not liable for the acts of the incorporated club. The corporation itself is considered to be a person in the eyes of the law, and it alone is liable. On the other hand, an unincorporated club would be considered very much like a partnership and its members and officers can be held jointly or separately responsible for the acts and debts of the group.

Incorporation has other advantages. First, a corporation has continuous and perpetual life. Its officers and members may change, but the corporation continues to be viable. Additionally, management is simplified by having a corporate board of directors whose members serve for staggered terms so that an entirely new board does not come into office each year. Bank accounts can be opened in the corporate name. Real property can be purchased and held by a corporation, and insurance policies, protecting the corporate officers, can be obtained without any need to annually name the individuals protected.

All in all, the law and other business organizations know how to deal with corporations. On the other hand, there is a great deal of uncertainty when a group is unincorporated. In view of the horrendous judgments for actual and punitive damages, which juries are awarding these days, a small investment of time and money to achieve corporate status is a necessity.
A local attorney can probably incorporate a club for less than $500. The place of incorporation must be chosen. The individuals who will act as incorporators must be identified. The governing documents—articles of incorporation and bylaws—must be drafted and adopted by the membership.

**Bylaws and Articles of Incorporation**

Bylaws and rules are adopted and maintained by an association to define and maintain its internal structure and management. Bylaws are subordinate and complementary to an association's articles of incorporation. Articles are the primary law of the association. They are used to establish the general organization and governance of the association needed to achieve corporate existence. Bylaws are the secondary law of the association. They detail how the association is formed and how it is run. Bylaws describe the relationship, rights and obligations of members, directors, officers and staff. In Appendices B and C you will find a model “Articles of Incorporation” and a model “Bylaws” for a typical club. These are merely guides, that should be tailored to your local needs.

**Exemption 501(C) (6)**

For federal income tax purposes, a properly organized and operating AAF club will qualify as a tax-exempt nonprofit organization under section 501(C) (6) of the Internal Revenue Code of 1954. Under this statute a club is considered to be a “business league,” and it does not pay taxes on money it receives from membership dues and fundraisers. Members can deduct dues payments to the club as a necessary business expense, subject to the limit on lobbying expenses.

A business league is an association of persons having a common business interest, but which does not itself engage in business for a profit. Similarly, a federation is an association whose members are other associations (like the AAF whose members are ad club associations and college chapters). An association may engage in lobbying or making its position known to legislators, but a percentage of each member’s dues will be nondeductible as a business expense based upon the relationship of the total dues income of the organization to total lobbying expenditures. If an association sells advertising in its publications, the income from such advertising will be taxed by the IRS as “unrelated business income.”

All nonprofit organizations must file Internal Revenue Service forms by certain dates.

**IRS Form 1024**

In order to apply for this 501(c) (6) income tax exemption your club must submit to the IRS Form 1024m Application for Recognition of Exemption. Form 1024 is relatively simple and straightforward. A number of attachments must accompany the form, including current financial statements, articles of incorporation and bylaws, and it must be signed by an elected officer or director.

**IRS Form SS-4**

Every AAF club should apply for an EIN number whether incorporated or not and whether tax exempt or not. You file Form SS-4 to obtain your Employer Identification Number. This officially registers the club with the IRS for tax form mailings, etc. Your club must have an EIN to open a checking account because all banks require an EIN number or a social security number. Some of our clubs have been using their president's social security number to transact business of the club. This is not acceptable because any interest earned on the account will be charged to the current president's social security number and reported to the IRS as taxable income to the president.

**IRS Form 990**

Form 990 is the annual Return of Organization Exempt Form Income Tax. Once the club has obtained its tax-exempt status from the IRS, which the IRS transmits in the form of a “Determination Letter,” the club has the responsibility to file annual returns if its annual gross receipts more than $25,000. If gross receipts are less than $100,000 and total assets are less than $250,000, you may file Form 990EZ. Form 990 is an information return only and requires no tax payments unless your club
has unrelated business income. Unrelated business income, such as advertising income from publications, is taxable and must be reported on Form 990T.

**Other IRS Reports**
If a club has employees, it must file quarterly 941s (Employer’s Quarterly Federal Tax Return) and annual Forms W-2 and W-3, Wage and Tax Statements, and Transmittal of Income and Tax Statements, and an annual Form 940 (Employer’s Annual Unemployment (FUTA) Tax Return). Additional forms include Form 1099, for payments to consultants and speakers and certain other income payments. Form 941 is used to report social security and income tax withheld by an employer. If your club has a pension plan, it may need to file Form 5500 or 5500C/R.

**State Reporting Requirements**
You need to check with your state and local governments concerning their reporting requirements. Some states require payroll reports, personal property tax returns, income tax returns and business licenses.
Bibliography


The Law of Associations, by George D. Webster, Member of the Bar, District of Columbia, Partner, Webster, Chamberlain and Bean, published by Matthew Bender and Co., Inc., 1982.

Appendix A-1

Your City Ad Club
Statement of Financial Position
(Balance Sheet)
December 31, 20XX

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>XXX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, checking</td>
<td></td>
</tr>
<tr>
<td>Cash, savings</td>
<td></td>
</tr>
<tr>
<td>Cash, money market</td>
<td></td>
</tr>
<tr>
<td>Cash, CDs short-term</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>XXX</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fixed Assets</th>
<th>XXX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td></td>
</tr>
<tr>
<td>Less: Allowance for Depreciation</td>
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</tr>
<tr>
<td>Total Fixed Assets</td>
<td>XXX</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Assets</th>
<th>XXX</th>
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</thead>
<tbody>
<tr>
<td>Deposits</td>
<td></td>
</tr>
<tr>
<td>Investments, long-term</td>
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</tr>
<tr>
<td>Total Other Assets</td>
<td>XXX</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$X,XXX</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>XXX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td></td>
</tr>
<tr>
<td>Deferred Income</td>
<td></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>XXX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balance, January 1, 20XX</td>
<td></td>
</tr>
<tr>
<td>Excess (deficit) of revenue over</td>
<td></td>
</tr>
<tr>
<td>Expenses for current period</td>
<td>XXX</td>
</tr>
<tr>
<td>Fund balance, December 31, 20XX</td>
<td>XXX</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND NET ASSETS</td>
<td>$X,XXX</td>
</tr>
</tbody>
</table>
Appendix A-2

Your City Ad Club
Statement of Activities
(Revenues and Expenses)
for the period January 1 – December 31, 20XX

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Current Actual</th>
<th>YTD Actual</th>
<th>Annual Budget</th>
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</thead>
<tbody>
<tr>
<td>Dues</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Luncheon Fees</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Conference Registrations</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>ADDY Fees</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Sponsorships/Contributions</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Ad Revenue</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Other</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Current Actual</th>
<th>YTD Actual</th>
<th>Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printing and Publications</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Travel and Entertainment</td>
<td>XX</td>
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</tr>
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<td>Insurance</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Legal and Audit</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Equipment Rental and Maintenance</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Telephone</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Office Supplies and Expenses</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>Other</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
</tr>
<tr>
<td><strong>Excess of Revenue Over Expenses</strong></td>
<td>$XXX</td>
<td>$XXX</td>
<td>$XXX</td>
</tr>
</tbody>
</table>
## Appendix A-3

### Your City Ad Club

**Statement of Activities**

(Revenues and Expenses Statement)

for the period January 1 – December 31, 20XX

<table>
<thead>
<tr>
<th>Revenues</th>
<th>YTD Total</th>
<th>General Office</th>
<th>Monthly Luncheons</th>
<th>ADDYs</th>
<th>Annual Conference</th>
<th>Club Newsletter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues</td>
<td>XXX</td>
<td>XXX</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registrations</td>
<td>XXX</td>
<td></td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>Award Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sponsors/Contributions</td>
<td>XXX</td>
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<td></td>
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<tr>
<td>Advertising Revenue</td>
<td>XXX</td>
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<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
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<table>
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<tr>
<th>Expenses</th>
<th>YTD Total</th>
<th>General Office</th>
<th>Monthly Luncheons</th>
<th>ADDYs</th>
<th>Annual Conference</th>
<th>Club Newsletter</th>
</tr>
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<tbody>
<tr>
<td>Printing</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>Travel</td>
<td>XXX</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Speakers/Consultants</td>
<td>XXX</td>
<td></td>
<td></td>
<td>XXX</td>
<td></td>
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</tr>
<tr>
<td>Insurance</td>
<td>XXX</td>
<td></td>
<td></td>
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<td>Legal and Audit</td>
<td>XXX</td>
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<td></td>
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<tr>
<td>Equipment</td>
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<tr>
<td>Rental/Maintenance</td>
<td>XXX</td>
<td>XXX</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Telephone</td>
<td>XXX</td>
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<td></td>
</tr>
<tr>
<td>Supplies and Expenses</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
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<tr>
<td>Other</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
<td><strong>$X,XXX</strong></td>
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<tr>
<td><strong>Excess/(Deficit)</strong></td>
<td><strong>$XXX</strong></td>
<td><strong>$XXX</strong></td>
<td><strong>$XXX</strong></td>
<td><strong>$XXX</strong></td>
<td><strong>$XXX</strong></td>
<td><strong>$XXX</strong></td>
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## Appendix A-4

Your City Ad Club

**First National Bank Account #1293747**

Reconciliation for June 20XX

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<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<td>$ XX,XXX.XX</td>
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<tr>
<td>Add Deposits in Transit:</td>
<td></td>
</tr>
<tr>
<td>6/29/XX</td>
<td>$ XXX.XX</td>
</tr>
<tr>
<td>6/30/XX</td>
<td>XX.XX</td>
</tr>
<tr>
<td>Less Outstanding Checks</td>
<td>$ XXX.XX</td>
</tr>
<tr>
<td>6/15/XX #1234</td>
<td>XX.XX</td>
</tr>
<tr>
<td>6/25/XX #1585</td>
<td></td>
</tr>
<tr>
<td>Adjusted Bank Balance:</td>
<td>$ XX,XXX.XX*</td>
</tr>
<tr>
<td>General Ledger Balance</td>
<td>$ XX,XXX.XX</td>
</tr>
<tr>
<td>Less Service Charge</td>
<td>X.XX</td>
</tr>
<tr>
<td>Less Returned Check</td>
<td>XX.XX</td>
</tr>
<tr>
<td>Adjusted General Ledger Balance:</td>
<td>$XX,XXX.XX*</td>
</tr>
<tr>
<td>Checkbook Balance</td>
<td>$ XX,XXX.XX</td>
</tr>
<tr>
<td>Less Service Charge</td>
<td>X.XX</td>
</tr>
<tr>
<td>Less Returned Check</td>
<td>XX.XX</td>
</tr>
<tr>
<td>Adjusted Checkbook Balance</td>
<td>$ XX,XXX.XX*</td>
</tr>
</tbody>
</table>

*Note: These adjusted balances should be the same.*
Appendix B:
AAF Model Bylaws of Your City Advertising Club Inc.

Article I
Name
This organization shall be known as Your City Advertising Club Inc. And shall be affiliated with the AMERICAN ADVERTISING FEDERATION and the (Insert District Number) District, AAF.

Article II
Purposes
The purpose of this organization shall be to provide and promote a better understanding of the functions of advertising and of its value; to apply the skills, creativity and energy of the advertising industry whenever it is needed to help solve social problems; to advance the standards of advertising through a voluntary program of self-regulation; and to promote good fellowship and a free exchange of ideas.

Article III
Membership
There shall be three classes of membership: active, nonresident and honorary.

Section 1. Active persons of good standing in the community who are engaged in buying, selling or creating advertising, publicity or public relations or who are connected with a business closely related to advertising.

Section 2. Nonresident persons with the same qualifications as are required for active membership, whose business is located outside (specified limits). Nonresident members shall have all the privileges of active members except the right to hold office and to vote. New members in the active and nonresident classifications shall be elected by the board of directors. Each application for membership must be endorsed by one or more members of the club in good standing.

Section 3. Honorary persons who, in the opinion of the club, have given distinguished service in the field of advertising. Honorary members shall not be eligible to hold office or to vote. Honorary members may be elected upon recommendation of the board of directors by a two-thirds vote of the members at any regular meeting of the club.

Article IV
Initiation Fees and Dues
Section 1. Initiation fees for both active and nonresident members shall be $_________ ($10 or more).

Section 2. Dues for active members shall be $ a year (no less than $55.00) payable annually, semiannually or quarterly, which shall include the affiliation fee per year in the American Advertising Federation, and the affiliation fee in the (Insert District Number) District, AAF.

Section 3. Dues for nonresident members shall be $ a year (customary amount is one-half that for active members).

Section 4. Honorary members shall not be required to pay initiation fees or dues.

Section 5. The dues for newly elected members shall begin on the quarter nearest their election to membership.

Section 6. Transferees from other AAF clubs shall not be required to pay initiation fee. Their status for annual dues should be determined and transferees billed for the remainder of year.

Section 7. Any member of the club whose dues have been in arrears for 30 days shall be notified by the treasurer, citing the provisions of this section. If such arrears are not paid within 30 days after such notification, the delinquent member shall be notified again and granted 30 days’ grace. At the end of this period, with board approval, his/her membership may be forfeited. Only members whose dues are paid shall be entitled to vote in club elections.

Article V
Office and Board of Directors
Section 1. The management of the affairs of this club shall be vested in the board of directors.

Section 2. The board of directors shall consist of from 13 to 16 members, including the directors elected by the active members at annual elections, and such officers as are elected under the provisions of Section 3 of this Article and are not serving terms as directors at the time of their election.
to office, and who shall automatically be members of the board during the terms of their respective offices.

Section 3. The elected officers shall consist of a president, vice president, second vice president, corresponding secretary, recording secretary and a treasurer. Any active member, in good standing, shall be eligible for election as an officer. These officers shall be elected for a term of one year and shall serve until their successors are elected or appointed.

Section 4. Four (or five) directors shall be elected annually for a term of two years or until their respective successors are appointed or elected.

Section 5. In the event of the death or resignation of any officer or director, the board of directors shall elect a successor who shall take office immediately and serve until the next annual election.

Section 6. The immediate past president shall be a member ex-officio of the board of directors.

Section 7. The board of directors may, at its discretion, employ a paid executive director and/or executive secretary, whose duties and compensations shall be as defined by the board of directors. The board of directors shall be empowered to employ such additional staff as may be required.

Section 8. A schedule of regular meetings of the board of directors shall be set up by the board within 30 days after the annual election. Special meetings may be called by the president by notice in writing, mailed or e-mailed to each of the members of the board at least five days before the called meeting. Special meetings may also be called by the secretary upon written notice to him/her, signed by at least four members, expressed in writing, or by attendance at the called meeting.

Section 9. Three consecutive absences without sufficient reason by an individual member from the regularly scheduled meeting of the board of directors shall be cause for dismissal by board action.

Article VI
Duties of Officers and Directors
Section 1. The president shall be the chief executive officer of the club and of the board of directors. The president shall preside over all meetings of the club and of the board of directors, and he shall be an ex-officio member of all committees except the nominating committee, such appointments to be subject to the approval of the board of directors. The president and the treasurer shall sign all written contracts and obligations of the club, which must have prior approval of the board of directors to be legal and binding.

Section 2. The first vice president shall be vested with all the powers and shall perform all the duties of the president in the absence or disability of the latter.

Section 3. The second vice president shall be vested with all the powers and shall perform all the duties of the president in the absence or disability of the latter.

Section 4. The recording secretary shall keep a true and accurate record of all proceedings of the club and board of directors’ meetings, which shall be property of the club.

Section 5. The corresponding secretary shall conduct the correspondence of the club under the direction of the board of directors and/or president, send out all notices and notify members of their election to membership and chairmen of committees of their appointment. Under the direction of the president, he/she shall have charge of the clerical work of the club.

Section 6. The treasurer shall prepare and monitor an annual budget approved by the board; receive and deposit in the name of the club, in a bank or trust company selected by the board of directors, all club money, issue receipts, make all authorized disbursements, and at each annual meeting, render an itemized statement, certified to by an auditing committee of three appointed by the president, of the financial condition and the receipts and disbursements of the club for the current fiscal year. The treasurer shall be bonded for an amount to be determined by the board of directors.

Section 7. The board of directors shall have charge of the general management of the club, pass upon the eligibility of applicants for membership, hear all grievances, authorize and audit all expenditures and approve all appointments.

Section 8. The president shall represent this club at the National Conference of the American Advertising Federation and the (Insert District Number) District, AAF, conferences. Expenses these conventions, if that person so
requests. In the event of the inability of the president to
attend these conventions, his/her alternate shall be elected
by the board of directors.

Article VII
Committees
Section 1. The president shall, with the approval of the board
doctors, appoint the chairman of each standing
committee. All committee chairs shall serve for one year or
until their successors are appointed. Briefly, their
responsibilities are: Membership – To secure additional
members, process membership applications and present
new members to the club.
Finance—To supervise, under the control of the board of
directors, the finances of the club and to prepare all budgets.
Program—To arrange programs for all club meetings;
including location and collection of tickets; to be responsible
for members’ reservations; to promote attendance at club
meetings.
Publicity—To secure desirable publicity and otherwise to
promote the prestige and standing of the club in the community.
Education—To plan and execute educational projects for the
club and to act as speakers’ bureau.
Legislative—To maintain vigilance on legislative activity
whereby the committee may study and report to the board of
Directors any pending or proposed city, state or national
legislation affecting advertising in any of its forms and to
recommend a line of action by the club, if deemed necessary.
Public Service – To plan and execute services in an advisory
capacity and/or actively aid in the field of advertising and
publicity such civic, charitable and public organizations as
are approved by the board of directors.
Social—To supervise and promote social activities of the
club.
Publications—To be responsible for all such publications as
the club shall authorize.
Advertising Standards—To work toward higher standards of
ethics and good taste in advertising and develop a close
working relationship between the club and the local Better
Business Bureau.

Section 2. The president, with the approval of the board of
directors, shall also appoint such special committees as may
be needed to carry on the work of the club and shall name
the chair of each.

Section 3. No committee shall have the authority to commit
the club on matters of policy or to create financial obligations.
All committee plans and actions shall be subject to the
approval of the board of directors.

Article VIII
Meetings
Section 1. The annual meeting of the club shall be held in of
registration fee, hotel and round-trip transportation shall
of each year. Written notice of same shall be sent by be paid
by the club to the president, or his/her alternate, for mail or
e-mail weeks prior to each member, giving the date, hour
and place of meeting, as determined by the board of
directors.
Section 2. The regular meetings of the club shall be held at
such times and places as the board of directors may
determine.
Section 3. Special meetings may be called by the president,
by the board of directors or by written request from any five
members in good standing, provided all members are
notified in writing of the time, place and purpose of meeting.
Section 4. Separate notice of the annual meeting and of each
special meeting shall be sent by the secretary to every active
member of the club at least two weeks prior to the date of
such meeting.

Article IX
Quorum
Section 1. Twenty-five percent of the active members shall
constitute quorum for the transaction of business at any
meeting of the club.
Section 2. One-third of the board of directors shall constitute
quorum.

Article X
Elections
Section 1. Elections shall be held at the annual meeting and
shall be by secret ballot. Only active members in good
standing may be nominated for office or be allowed to vote.
Section 2. The board of directors shall appoint, at least 45 days before the annual meeting a nominating committee of five members in good standing, a majority of which must not be members of the board of directors.

Section 3. The nominating committee shall prepare a slate of nominees. No candidate shall be proposed for office unless his/her consent to serve has been secured. The committee shall report these nominations by mail to all members at least 30 days prior to the elections.

Section 4. Additional nominations may be made by written petition signed by at least 10 active members, provided all such additions shall be in the hands of the nominating committee at least fifteen days prior to the annual meeting.

Section 5. Not later than 10 days before the elections, the nominating committee shall issue the final slate in writing to all voting members, incorporating any additional candidates who have been properly endorsed.

Section 6. On the date set for the elections, the chair of the nominating committee shall preside at the elections, and he or she shall be assisted by two tellers, appointed by the board of directors. The tellers may not be candidates for election. The chair shall open the outside envelopes in the presence of the tellers. The ballot envelopes shall be opened by the tellers and the votes tallied. A written report shall be given immediately to the president, who shall announce the results of the election and declare the officers and directors elected.

Section 7. A majority vote is required to elect officers. A plurality vote is required to elect directors. In the case of a tie vote for the board of directors, the election shall be decided by lot.

Article XI
Section 1. These bylaws shall become effective upon their adoption by a two-thirds majority vote of the members present, if a quorum, at any regular or special meeting, providing members have been given written notice at least two weeks in advance.

Article XII
Parliamentary Authority
Section 1. Roberts’ Rules of Order, Revised, shall be the authority of this club in all matters not covered by these bylaws.

Article XIII
Amendments
Section 1. The bylaws may be amended by a two-thirds vote of the active members present at any business meeting. A quorum must be present.

Section 2. Amendments must be proposed in writing, signed by at least five members in good standing, and a copy thereof must be presented to the board of directors at least two weeks before the meeting at which it is moved for adoption.

Section 3. Notice of any proposed amendment shall be mailed or e-mailed to each member of the club no more than one week after it has been presented to the board. This may also be done through the club’s publication.
Appendix C

AAF Model Articles of Incorporation Your City Advertising Club Inc.

We, the undersigned natural persons of the age of 21 years or more, acting as incorporators of a corporation adopt the following Articles of Incorporation for such corporation pursuant to the (name of state) Nonprofit Corporation Act.

First: The name of the corporation is YOUR CITY ADVERTISING CLUB INC.

Second: The period of duration is perpetual.

Third: The purpose or purposes for which the corporation is organized are as follows:

1. To strive for the betterment of advertising and its service to the public by promoting and encouraging high standards of business ethics and by recognizing and awarding, through competition or otherwise, those who achieve excellence in advertising.

2. To provide and promote a better understanding of advertising among the public, in schools and universities and in the halls of government.

3. To present and actively advocate the advertising community’s views on legislation or regulations affecting the business of advertising.

4. To engage in public service by offering and affording advertising expertise, materials and facilities to charitable and other organizations or groups engaged in community service.

5. To hold meetings, conferences and seminars for the mutual benefit and education of advertising professionals.

Fourth: The corporation shall not have members.

Fifth: The manner of election or appointment of directors shall be provided by the bylaws.

Sixth: The corporation shall neither have nor exercise any power, nor shall it directly or indirectly engage in any activity, that would (1) prevent it from obtaining exemption from federal income taxation as a corporation described in section 501(c)(6) of the Internal Revenue Code of 1954 or (2) cause it to lose such exempt status.

Seventh: The corporation shall not be operated for the purpose of carrying on a trade or business profit.

Eighth: The territory in which the corporation's operations are principally to be conducted is the (description of area).

Ninth: Upon the dissolution of the corporation, the board of directors shall, after paying or making provision for the payment of all liabilities of the corporation, distribute all assets of the corporation to the American Advertising Foundation or to such organization or organizations organized and operated exclusively for charitable, educational, literary or scientific purpose as shall the time qualify as exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), as the board of directors determines.

Tenth: For the purposes of the above, references to provisions of the Internal Revenue Code of 1954 shall be deemed to include statutes which succeed such provisions.

Eleventh: The address of the corporation’s initial registered office is _______________ and the name of its initial registered agent is ____________________.

Twelfth: The number of directors constituting the initial board of directors is ___________________ and the names and addresses of the persons who are to serve as the initial directors until the first annual meeting or until their successors be elected are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
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<tr>
<td></td>
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<tr>
<td></td>
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</tr>
</tbody>
</table>

Thirteenth: The name and address of each incorporator is:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
</tr>
</tbody>
</table>

Dated __________, 20XX
Appendix D

Record Retention Guide

The Internal Revenue Code specifically requires organizations that have federal income–tax-exempt status to maintain records and make them available for inspection by the IRS, for example, in an audit. Records held for IRS purposes to detail receipts and disbursements, gross income, unrelated business income, exempt association activities, lobbying activities and other books and records must be available for IRS inspection as long as the IRS can levy tax assessments against the organization. The IRS can always challenge a tax return filed within three years of the challenge. The period is six years if a major error in stating gross income is made; it is unlimited if the IRS claims that a tax return is false and fraudulent or if no return at all was filed. Accordingly, the following specific recommendations can be made:

- Retain permanently articles of incorporation, bylaws and other organizing and governing documents, the IRS tax exemption determination letter, board and executive committee minutes, audit reports and general ledgers and journal, trademark registrations and copyrights.
- Retain for at least seven years all canceled checks and other supporting documentation for income and expenses, contracts, invoices (to customers/from vendors), canceled checks with supporting documents including travel and expense reimbursements, payroll records and tax withholding statements, personnel files of terminated employees and sales records.
- Exempt organizations that fail to maintain adequate records to substantiate annual information returns (IRS Forms 990 and 990T) can lose their tax-exempt status.
- Retain for three years bank statements, employment applications, expired insurance policies and petty cash vouchers.
- State corporation laws also often stipulate that certain documentation be made and kept.
- The right to inspect or copy an association’s records can be requested in several kinds of situations. The Federal Trade Commission, the Antitrust Division of the Department of Justice or some other federal or state agency might request or even subpoena association records in the course of a government investigation. Nongovernmental parties might request or subpoena association records in the course of a private lawsuit.

Form 990 is an information return required by the IRS of all nonprofit organizations with annual gross revenues of $25,000 or more. As part of an organization’s tax-exempt status, it must make Form 990 available for public inspection upon request. Form 990T is required if an organization has unrelated business income tax revenue sources of $1,000 or more (paid advertising in an association’s publications is a major category). Form 990T is considered proprietary information and is not subject to public inspection.