SECTION 4

FINANCES

**4.1 Chapter Finances**

**4.2 Reports**

**4.3 Tax Status**

**4.4 Record Keeping**

**4.5 Incorporation**

**4.6 Liability Insurance**

**4.7 Fund-Raising Activities**

**4.8 Dues Collection Program**

**4.9 Government Grants**

**4.1 Chapter Finances**

The chapter’s fiscal year is the same as Society’s: July 1 to June 30. As indicated in Section 1.5, the chapter Treasurer is responsible for the receipt, safekeeping and disbursement of chapter funds and for keeping proper records.

Chapter funds should be used to carry out the objectives of the Society and the chapter. Chapter officers are responsible for ensuring that the chapter can meet its expenses. Any investment of chapter funds should be approved by the chapter's Board of Governors (BOG).

**Appendix 4A** provides guidance for the chapter Treasurer.

**4.2 Reports**

The Treasurer should submit a monthly report to the chapter President and BOG, detailing receipts and expenditures. This report should contain three principal elements.

1. Budget Comparison

* Cover the period through the end of the last month prior to the BOG meeting
* Compare actual versus estimated figures for both this period and the year to date
* Comment on any inordinate discrepancies, plus or minus

1. Status of Principal Accounts

This section of the report typically includes the operating account reserve fund, fund for awards, scholarship endowment fund, etc.

1. Disposition of Assets

For each of the principal accounts:

* How are the assets invested?
* How much are they earning?
* How secure are they?

The Treasurer must submit an annual financial report, accompanied by all records and receipts, to the BOG who must designate an auditing committee to review it. The audited report is included with the chapter's CRC Summary Report. Failure of the chapter to submit an audited report will result in discipline up to and including suspension of the chapter’s operations until the reports are presented as required.

**4.3 Tax Status**

Each chapter is responsible for filing the necessary form for tax exemption with all governing agencies in the country in which it operates. The chapter Treasurer should submit the tax exempt application to the regional Treasurer each year.

**4.4 Record Keeping**

The Treasurer’s files typically contain:

* Bylaws (original and any amendments)
* List of officers’ names, addresses, phone number and email (for each year)
* Documents and correspondence from banks:
* Checking account statements and reconciliation
* Checkbooks and ledger sheets
* Documents to back up all payments
* Detailed deposit records
* Certificates of Deposit (CDs)
* Treasurer’s reports
* Tax returns (**Appendix 4B** summarizes some key points related to U.S. chapters’ requirements for filing federal taxes)
* Tax exempt application, notification of tax exempt status and tax identification number
* Sales tax exemption number

The chapter is expected to keep the following permanent financial records:

* Treasurers' reports
* Financial statements
* Final audit reports

The chapter historian should assist with the permanent filing of these records at the end of each fiscal year.

**4.5 Incorporation**

A chapter having large membership and appreciable assets may decide to incorporate for reasons of control and management. If a chapter chooses to incorporate, Society strongly recommends that it do so as a non-profit corporation.

After incorporation, the chapter must comply with the laws and regulations of the jurisdiction in which it is formed. Often, corporations are required to perform activities such as:

* Issuing membership certificates
* Adopting bylaws
* Holding annual meetings for the election of officers and directors
* Giving notice of annual and special meetings
* Presenting at its annual meeting a verified report showing the amount and location of the corporation's property, investments, property acquired and the manner of acquisition, expenditures and their purposes and the names and residences of new members
* Keeping minutes of the annual meeting, special meetings and directors meetings.

Most jurisdictions charge an incorporation fee. Society strongly recommends that the chapter retain legal counsel to assist with the incorporation process.

**4.6 Liability Insurance**

Society provides Comprehensive General Liability insurance for chapters in the U.S. and Canada. These chapters do not need to obtain their own general liability insurance. This policy has, as additional insured, all members of the chapters, but only with respect to their liability for activities of the ASHRAE chapter.

This insurance will pay all sums which the chapters and/or members are legally obligated to pay as damages because of bodily injury or property damage. This coverage will defend the insured against such suits even though the suit may be groundless, false or fraudulent.

This coverage is not designed to cover the members individually, or to in any way replace the individual's personal and/or business insurance.

Each year, during the month of August, each chapter president in the U.S. and Canada is sent an insurance certificate describing the insurance policies. Should chapters have specific questions regarding Comprehensive General Liability coverage, please send these questions to the ASHRAE Director of Finance at Society Headquarters. All questions will be brought to the attention of our insurance agent and answered as soon as possible.

**4.6.1 Chapter Event Insurance**

The General Liability policy for ASHRAE extends to all chapters in the United States and Canada. For chapters, the policy’s primary intent is to provide coverage for the risk associated with monthly chapter meetings and other certain events.

The General Liability policy will also provide coverage for chapter **picnics, golf outings, meetings, non-contact sports and facility tours** with respect to these events.

Any other activities or events are not covered by ASHRAE’s General Liability policy. This includes **racing, skiing, firearms, fishing, boating (motorized or non-motorized), mechanical bulls, contact sports, jet skiing and other activities**. Contact Society for ASHRAE’s current list of activities not covered.

For these exposures, ASHRAE requires that the local chapter purchase Special Event Insurance for itself and ASHRAE, at least **30 days in advance of the event**. Please see Amateur Sports Special Event Supplemental Application from the Philadelphia Insurance Companies on the ASHRAE website at [www.ashrae.org](http://www.ashrae.org) under the MCO Bookmarks section of the Manual of Chapter Operations in the Chapters section of the website. This supplemental application must be completed and submitted to **Felicia Samuels** [**FSamuels@sspins.com**](mailto:Pklingler@sspins.com) at least 30 days in advance of the event. She will get the premium indication and keep a list of the events that have been applied for, who bought the coverage and who did not.

Insurance protection for the event must be in force before the event start date. The cost of insurance will be a Chapter expense. For most special events, a minimum limit of $1,000,000 is required. If a special event seems more hazardous, our provider will review with ASHRAE to determine whether higher limits are necessary. Please note that ASHRAE Canadian chapters can usually find special events insurance coverage locally in Canada for a lower premium than what is offered by Society’s insurance carrier.

**4.6.2 Directors & Officers Liability Insurance**

Society does NOT provide D&O insurance coverage for Chapter Directors/Officers. However, this coverage is available by contacting Felicia Samuels as mentioned above and providing the Chapter name and contact information. The insurance carrier will then contact the Chapter representative to start the application process. More information about D&O insurance is available under the MCO Bookmarks section of the Manual of Chapter Operations in the Chapters section of the website

**4.7 Fund-Raising Activities**

Chapters can solicit and receive monies for dues, research promotion, awards, endowed scholarships, CRC events and others as approved by Society.

**Appendix 4C** offers fund-raising guidelines and suggestions.

**4.8 Dues Collection Program**

Chapters can request that Society collect annual chapter dues during the annual Society Membership Renewal cycle.

1. The chapter President or Treasurer should notify Membership Services staff before February 15 if the chapter wants to participate in the Society Dues Collection Program. The notification should include:
2. Chapter Name, Number and Region
3. Chapter Treasurer’s membership number, e-mail address and telephone number
4. Amount of Chapter Dues to be billed

The chapter is responsible for notifying Society of any changes in data or any change in participation status.

1. The Chapter is responsible for billing for all non-membership dues charges such as meals, awards, endowed scholarship funds, event fees, etc.
2. Society will not collect chapter dues for new members, life members, student members, student transfers or reinstatements. If the Chapter charges dues to these members, the chapter is responsible for billing and collection.
3. On a regular basis, Society will send to the chapter any chapter dues collected.
4. Members who pay only Society dues will not receive follow-up notices from Society for “Unpaid Chapter Dues.” The chapter is responsible for all follow-up and for collection of local dues not paid through Society.

**4.9 Government Grants**

If an ASHRAE Chapter or Region pursues a government funding opportunity, the Chapter or Region should contact the ASHRAE Government Affairs Committee (GAC) via email through its staff liaison to inform the GAC of its application. If ASHRAE Society is also pursuing the same grant opportunity and which would lead to competition, then the GAC staff liaison shall immediately inform the GAC Chair, Vice Chair, and Coordinating Officer. The GAC Coordinating Officer shall then discuss the matter with the Chapter or Region pursuing the grant opportunity. The GAC Coordinating Officer, informed by consultation with the Region DRC or Chapter BOG, shall then decide whether both applications may move forward, or whether only Society or only the chapter/region may move forward. The decision shall be made within [48/72] hours of notification, and the GAC Coordinating Officer shall communicate that decision to the Government Affairs Committee staff liaison via email.

If a chapter receives a grant or other funding from a national, state or local government entity, the chapter should notify the Director and Regional Chair (DRC), the Region Members Council Representative (RMCR) and the staff Director of Member Services.

If a U.S chapter receives a grant or other funding from any governmental entity in an amount of USD $100,000.00 or more, the chapter must notify the Director and Regional Chair (DRC), the Region Members Council Representative (RMCR) and the staff Director of Member Services and must provide a copy of the grant or funding document. The DRC or his or her delegate will provide insight and guidance into the requirements, including detailed reporting of the use of the funds and other administrative responsibilities. The chapter will retain control over decisions regarding the use of the funds. The DRC can request to see a reporting of the financial aspects of the grant or funding and can request an audit, which would be performed by the chapter’s auditing committee or an auditing committee or CPA firm of the DRC’s choosing. Such audit would be performed at the chapter’s expense.