

# Financial Review Guidelines

It is the responsibility of each Chapter President to assign an Audit Committee to review the Financial Records of the Chapter and to prepare the “Financial Review Report. This should be done in January for the Year Ending December 31 and also whenever there is a change of Treasurers in the middle of the year. The Financial Review must take place each year even if there is no change as far as Chapter Treasurer.

The Financial Review format is covered in the Treasurer’s manual but the Treasurer can not be part of the Audit Committee.

Listed below are a few areas that should be checked by the Audit Committee:

- 1. Proper use of Operating Fund (Account 100)**
  - A. No Transfers of funds from this account to the “Social Fund(Account 360).
  - B. No payments for Social Activities made from this fund.
- 2. Proper use of Social Fund (Account 360)**
  - A. Deposits to this account only from members.
  - B. Balance in Account 360 (Revenue from Members) greater than Account 450 (Social Activities).
- 3. Reconcile all bank accounts - Checking, Savings, Money Market, etc.**
4. Review “paid”(returned with bank statement) checks to assure that “payee” agrees with “disbursement register”.
5. Review invoices (payment documentation) for proper approvals based on Chapter by-laws.
6. Review Chapter Minutes for statement as to who is handling Chapter money for “bond” purposes.
7. Check Disbursements for payments totaling over \$600 to an individual or non incorporated company and assure that a Form 1099 and Form 1096 have or will be prepared.

8. Review “file organization” to assure that proper documentation is maintained for Receipts and Disbursements.
9. Review “total receipts” to note if Chapter is required to file a Form 990 IRS Tax Form:
  - A. Gross Receipts up to \$24,999 - New 990-N requirement - and notify BHS
  - B. Gross Receipts \$25,000 to \$99,999 - File 990EZ & 990 Schedule A
  - C. Gross Receipts \$100,000 and over - File 990 and 990 Schedule A
10. Check for ‘file retention” and verify that treasurer is maintaining files in accordance with Treasurer’s Manual.
11. Check to see if Chapter has had an Annual Budget and if it is being used.

These steps noted above can assist our Society and Chapters in keeping financial records and reduce possible legal or tax problems in the future.

**A copy of the Financial Review must be forwarded to the Society Office in Nashville by May 15<sup>th</sup> of each year.**