

CHAPTER FINANCIAL SYSTEM OUTLINE
Effective January 2016

GENERAL PROVISIONS

A. ACCOUNTING

1. All Chapter financial transactions will be entered on the Society's books and audited along with other Society operations. Bank statements will be the basis for the entries. Accrual basis accounting methods will apply.
2. Each Chapter's bank accounts and financial transactions will be identified by a number assigned by the PSA Treasurer.
3. Any additional financial information needed and not available on the respective bank statements shall be supplied promptly by the Chapters, upon request from the Treasurer or Office Manager.

B. BUDGETS

1. Each Chapter is required to operate on an annual budget covering the PSA fiscal year (July 1 – June 30). Copies are to be sent to the PSA Treasurer and Chapters, Clubs & Councils Vice President.
2. The Chapter annual budget must be submitted to the PSA Treasurer in a form provided by the Treasurer to be included in the PSA corporate budget. The deadline for the submission will be set by the PSA Treasurer and is expected to be on or about February 15. Chapters are encouraged to submit budgets in which income equals or exceeds expenses on an annual basis. If a submitted Chapter budget draws down on the previously accumulated surpluses, PSA Treasurer will require an explanation. Revisions may be required if the PSA Treasurer deems them necessary, with the choice of which items to revise generally being determined by the Chapters.
3. A Chapter not submitting a budget will be unable to accept or disburse funds of any kind and its status as a PSA Chapter will be subject to review by the Society Board of Directors.

C. DISBURSEMENTS

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1. Disbursements for a Chapter's activities must be made out of its local checking account, and in a timely fashion. No Chapter may make any disbursement that would involve funds already allocated for a future event or other purpose, or that would reduce the checking account balance below the bank's required minimum balance, if there is one.
2. The PSA Treasurer may apply any financial assets of a Chapter to pay obligations the Chapter has failed to meet, but only after an obligation is more than 3 months past due and the Chapter Chairman, when contacted, declines to act. The Chapters, Clubs & Councils Vice President is to be notified of the situation.

D. EQUIPMENT

1. A Chapter may purchase and hold equipment for its use. A list of such equipment must be sent to the Office Manager annually, as of the end of the fiscal year (June 30).
2. Equipment purchased by a Chapter or donated to a Chapter is considered to be the property of the Society. The Office Manager must be notified when a piece of equipment is sold or otherwise discarded.

E. HEADQUARTERS SERVICES

1. Orders sent to Headquarters will be filled as promptly as possible, and will be billed to the ordering Chapter. Cost estimates can be obtained in advance from the Office Manager. Except in special cases, deposits will not be required with orders.
2. All charges for goods and services provided by Headquarters which are billed to a Chapter must be paid within thirty (30) days from the date of billing. The nature of any service charges to be included will be determined by the PSA Treasurer in consultation with the Office Manager. A charge for bookkeeping services only will be made if the work becomes excessive.

F. INSURANCE

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1. The Society carries two types of insurance for the Chapters. General Liability insurance protects the Chapters' and Society's interests if they are found liable for an injury sustained at a Chapter event. Fidelity insurance provides protection up to a limited amount if funds in the custody of the Chapter treasurer are misappropriated by a Chapter member. The PSA Treasurer shall inform the Chapters when any significant changes are made in Chapter insurance coverage.
2. The cost of the premium for the insurance will be paid by PSA.
3. Each Chapter is required to provide, when requested, a list of the names and mailing addresses of its members. The PSA Treasurer will determine the deadline for this information, which is to be sent to the Office Manager.

G. INTEREST

1. Interest earned on any bank account of an active Chapter will accrue to the respective Chapter's credit, except as otherwise provided in this document.

H. RECEIPTS

1. Receipts from a Chapter's activities must be deposited promptly in the Chapter's local checking account.
2. Contributions intended for PSA which are given to a Chapter do not constitute Chapter income. See the special instructions contained in this Outline.

I. REQUIRED REPORTING

1. Headquarters will enter each Chapter's monthly financial transactions onto the Society books, and will send each Chapter treasurer a monthly financial report. If the report indicates that additional details are needed, the Chapter treasurer must supply them promptly to the Treasurer or Office Manager. If the Chapter treasurer is unable to supply the information, the Chapter chairman must do so. Any

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discrepancies between the Society's books and the Chapter records must be resolved.

2. A copy of the required Annual Chapter Administrative Report must be sent to the Chapters, Clubs & Councils Vice President and Office Manager. This report must show the number of Chapter members as of June 30th. [Note that the number of members and the number of memberships may differ if the Chapter has any joint memberships.]
3. Except for the provisions in this Outline, each Chapter is free to use whatever bookkeeping forms and internal reports best meet its needs. However, cancelled checks, paid vouchers and other Chapter financial records are the property of the Society, and must be maintained for the Society by the Chapter treasurer.
4. The PSA Treasurer, in consultation with the auditor and attorney may add any additional reporting requirements deemed necessary.

J. TAX RETURNS

1. The PSA Treasurer is responsible for ensuring that Chapter financial data are provided to the auditor for inclusion in the Society's annual reports to the Internal Revenue Service.
2. Procedures for State reporting will be developed by the PSA Treasurer in consultation with the auditor and attorney. This may require additional reports from the respective Chapters.
3. All matters pertaining to Federal and State taxing authorities that pertain to the Society and/or any of its Chapters shall be conducted under the supervision of the PSA Treasurer. Chapters are not permitted to initiate any such contact.

SPECIAL PROVISIONS

A. CHAPTER SHOWCASE

1. A Chapter that hosts an annual Chapter Showcase shall follow all of the procedures for the handling of the Showcase finances as set forth

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in the Showcase Rules, or as otherwise directed by the PSA Treasurer. All Showcase receipts shall be forwarded promptly to PSA Headquarters, together with a summary thereof. All Showcase expenses shall be summarized in detail and sent to the Chapter Services Committee Chairman for approval, and forwarded to PSA Headquarters. Upon receipt of the approved list of expenses to be reimbursed to the host Chapter, Headquarters shall make the disbursement.

All Showcase income and expenses shall be allocated to the Chapters Committee. Any advances of expenses that are deemed necessary by the Chapters, Clubs & Councils Vice President and Chapter Services Committee Chairman shall be reported to Headquarters, and shall be provided to the host Chapter upon the approval of the PSA Treasurer.

B. INSURANCE REPORTS AND CONTRACTS

1. Notice of scheduled seminars and other events for which liability coverage is needed must be sent to the Office Manager at least four (4) weeks in advance of the event. Insurance- related matters are not to be handled by the Chapter directly.
2. If a hotel, museum or other facility requires evidence of Chapter liability coverage, the Office Manager must be notified at least four (4) weeks in advance, so that the proper Certificate of Insurance can be obtained. Certificates are not provided unless a vendor makes a specific request to the Chapter. Any charge for providing the Certificate will be billed to the Chapter.
3. When a Chapter sponsors a local tour and engages a vendor to provide transportation, the Society requires that the transportation company must have its own insurance carrier issue an endorsement naming PSA and the Chapter as additional insureds under its liability policy. The Chapter is responsible for securing the required endorsement and forwarding it to the Office Manager to hold. The endorsement must show the policy expiration date, and if the company's services are needed after the expiration date, another endorsement must be obtained.

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4. Each Chapter that sponsors a tour or field trip is responsible for ensuring that the participants are given copies of the Standard Responsibility Notice in advance. A copy is included as an attachment to this document.
5. Copies of any contracts signed by a Chapter with a hotel, guest speaker, transportation firm or other vendor must be sent to the PSA Treasurer just as soon as they have been signed by both parties. Such contracts bind, not just the Chapter, but the Society as well, and their legal provisions require review.
6. Failure of a Chapter to meet any insurance reporting or other requirements in Section "B" could, in the event of an accident, place a severe burden upon the Society. Therefore, any questions about the requirements should be addressed to the Office Manager in advance.

C. TRANSFERS

1. Many Chapters find their accumulation of funds to be more than ample for their own needs, and each year voluntarily send a chosen amount to Headquarters, to be used for other Society undertakings. Notify the PSA Treasurer when desiring to make such a transfer.

D. SPECIAL CONTRIBUTIONS FOR CHAPTER USE

1. All contributions intended for use by a Chapter must be in the form of a personal or business check or money order, and must be made payable to PSA, not to a Chapter. If the latter, the check cannot be accepted. Contributions must be sent to Headquarters, along with the name and address of the donor and the name of the intended recipient Chapter.
2. A Chapter may use its special contributions for any purpose that is consistent with Society and Chapter purposes. Any use that was not included in the current Chapter budget must be approved by the Chapter Chairman and the Chapters, Clubs & Councils Vice President, and notice of their approval must be sent in writing to the PSA

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Treasurer, to ensure that the appropriate account number is assigned.

3. Upon receipt of an acceptable contribution, the Headquarters staff will send an acknowledgement to the donor, indicating that PSA qualifies for tax deductible treatment under IRS regulations, and that consultation with a tax advisor is recommended. The acknowledgement will show the name of the applicable Chapter and the General Operating Fund, and the amounts for each, as well as all other information required by the IRS.
4. Accepted contributions will be forwarded to the Chapter for deposit in the Chapter checking account, to be used for its intended purpose.
5. All special contributions for Chapter use will be treated as ordinary income, and all related expenditures will be treated as ordinary expenses. The PSA Treasurer will determine the manner in which they are shown for accounting purposes, in consultation with the auditor when necessary.
6. Any changes in the procedures under which these special contributions are to be administered may be made by the PSA Treasurer as the need arises, but they must be made known to the respective Chapters and the Chapters, Clubs & Councils Vice President promptly. All changes must conform to Generally Accepted Accounting Principles, applicable legal principles and internal Society practices. No changes are in order that would jeopardize the Society's exempt status under IRS regulations.

E. SPECIAL SITUATIONS

1. The PSA Treasurer has the option to consider a Chapter to be inactive if there has been no member-generated activity in its checking account for a period of 12 consecutive months. The local checking account privilege may be withheld from an inactive Chapter.
2. The PSA Treasurer shall develop financial procedures for special situations as they become necessary.

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3. All business and financial activities and transactions of the Chapters must conform to the applicable laws of the United States and the State in which the Chapter is doing business. Any procedures that appear not to be in conformity shall be reviewed by the PSA Treasurer, and appropriate changes recommended for Executive Committee action.

F. PROHIBITIONS

1. No Chapter is permitted to own real estate or to publicly solicit funds without approval. For purposes of this Outline, "soliciting funds" shall be defined as any request for contributions to PSA or its chapters that is intended for reproduction in printed or digital form, or presented verbally. All such solicitations require the advance approval of the Finance Committee.
2. No Chapter may write leases or enter into multi-year agreements. No Chapter may take out bulk mailing permits. No Chapter may give grants or scholarships. Such transactions are permitted only by the Executive Committee of the Society. No Chapter may establish a Chapter PayPal account. PSA, to the best of its ability, will give the Chapters access to use a PSA PayPal account.
3. No Chapter may obligate the Society beyond the Chapter's own ability to pay in a timely fashion. No Chapter may engage in any revenue-generating activity that might obligate the Society for unrelated business income taxes without the advance written approval of the PSA Treasurer. Any tax liability resulting from such an activity will be assessed against the Chapter.
4. No person who is not a Chapter member or Society officer may handle Chapter funds.
5. No Chapter may engage in a non-cash transaction without providing information about the transaction to the PSA Treasurer.
6. Any action or inaction of a Chapter that jeopardizes the Society's exempt status may be considered grounds for revoking a Chapter's checking account privilege or for terminating a Chapter's Charter.

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G. REVISIONS

1. Revisions of this Outline that are necessitated by changes in the Society's accounting system, auditing requirements or Federal or State reporting laws may be made by the PSA Treasurer without further approval, provided they do not change the basic concepts contained herein.
2. Should it be determined the need to establish additional accounts for the Chapters, such as a savings account, the account(s) will be opened under the direction of the PSA Treasurer according to rules provided at that time.
3. All authorized revisions of this Outline shall be distributed to the Chapters, Clubs & Councils Vice President and the respective Chapters under the supervision of the PSA Treasurer.

Attachments to this Outline

Attachment #1 -- Annual Chapter Administrative report

Attachment #2 -- Chapter Bank Account Requirements

Attachment #3 -- Form of the Chapter Bank Resolution

94EC /2569 and 95EC /2611

Note: Copies of attachments are attached and may be obtained upon request to PSA Headquarters

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Attachment #1

PSA CHAPTER ANNUAL REPORT

July 1, 20__-June 30, 20__

Please submit by July 31, 20__

Chapter Name:

Prepared by:

E-mail Address:

Chapter Officers, Newsletter Editor, and Webmaster for 20__-20__

Please list all names for the positions (if more than one person served in a position during the past year).

Chairman:

Vice-Chairman:

Secretary:

Treasurer:

Newsletter Editor:

Web master:

Chapter Officers 20__-20__

Chapter Chairman:

Address:

Phone Number:

E-Mail Address:

Chapter Vice-Chairman:

Address:

Phone Number:

E-Mail Address:

Chapter Secretary:

Address:

Phone Number:

E-Mail Address:

Chapter Treasurer:

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Address:

Phone Number:

E-Mail Address:

How many Chapter meetings yearly?

Election of Officers (Month/Date):

Meeting location:

Chapter activities this past year:

Number of current Chapter members who are Charter Members:

Number of Chapter Members:

What are the Chapter dues?

Does your Chapter publish a newsletter?

If so, what is the newsletter's name?

How many issues are published yearly?

Who is your Newsletter Editor?

What is your Newsletter Editor's e-mail address?

Did you enter the PSA Newsletter Contest this year?

Does your Chapter have a web site?

Who is your Chapter web site's web master?

Is the Chapter web site current?

Did your Chapter enter the PSA Website Contest?

Did you sponsor entrants in the PSA Youth Photography Showcase (YPS)?

Is your Chapter on Facebook?

If not, would your Chapter like help setting up a Facebook page?

Does your Chapter host an international exhibition or circuit?

Does your Chapter host any other photography competitions?

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Does your Chapter have any goals for next year?

(Some examples of goals are: entering the PSA newsletter and website contest, sponsoring youth entries in the YPS, performing a community service project, increasing Chapter membership, trying a new activity...)

Did your Chapter bring in any new PSA members with your activities?

If so, do you know how many new members?

How can Chapters help PSA grow and prosper?

How can PSA help Chapters?

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Attachment #2

The Chapters are a valued and unique part of PSA. Valued because the Chapters are the place where the organization is most directly connected to the PSA members. Unique because, unlike clubs and councils, Chapters are part of the PSA corporate structure. This relationship creates certain benefits and restrictions to operations for both the individual Chapters and PSA.

Chapter Bank Account Requirements:

1. A Chapter bank account must be established using the PSA tax ID # 23-1352299. This is an IRS requirement and non-compliance could threaten PSA's federal tax-exempt status, established in 1942. The form of a revised resolution to authorize this activity has been attached.
2. A Chapter bank account must be set up at either a Chase branch or a Bank of America branch. If there is neither a Chase branch nor a Bank of America branch bank in reasonable proximity, notify the Chapters, Clubs and Council Vice President and the PSA Treasurer.
3. The account must be set up with at least 2 signers from the Chapter. This will allow access to the account should one signer be incapacitated or unavailable for another reason.
4. This account will allow for check writing only. No debit card is to be issued.
5. Once set up, the account must have online access established. The login and password must be sent to the PSA Treasurer. The login and password should be sent by separate emails or by U.S. Mail. This is necessary so that the information required for reporting to the IRS and for the PSA audit is available to the PSA Treasurer. This also is perfectly acceptable. This is not a personal bank account but part of the PSA assets.

Once this online access is established and provided to the PSA Treasurer no further regular reporting will be required of the Chapters except to answer questions as needed for PSA accounting and auditing purposes.

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6. The account information must be sent to the PSA Treasurer at HQ, either by email or by U.S. Mail. The information must include:

Name of the Account:

Account #:

Signers on the account including addresses, telephone numbers and email addresses, so that the PSA Treasurer may communicate regarding the account, if necessary.

Name and address of the bank branch at which the account is open.

If sent by email, this information should be sent in an email separate from the account login and password information.

We believe this will meet the basic requirements of PSA while acknowledging many of the previous concerns of the Chapter members.

Non-Compliance:

If a Chapter decides that it cannot comply with these requirements for establishing a bank account, but instead decides to become a separate entity such as a club, PSA will help the Chapter with that transition. PSA can provide ideas about forming such an entity, but legal advice in the state where the club will be formed is always appropriate. As an independent entity, the club would prepare its own Bylaws, maybe form a nonprofit corporation, apply for IRC 501(c)3 status or some other appropriate IRC status, obtain appropriate insurance, and become a PSA member Club. The status of the individual PSA memberships will not change. Bank balances of the Chapter will be transferred to the club. However, if a new club is not formed, the bank account will have to be closed and the balances transferred to PSA, because the funds are assets of PSA. As a club, membership would not have to be restricted to current PSA members, but with so many PSA members, there would be a good opportunity to recruit new PSA members and get them involved in PSA activities, including interclub activities.

PSA Members, Value of Regional Events:

Chapters provide additional opportunities for PSA members, and can be important in PSA membership development. Finding new members and

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involving new members in Chapter activities and regional events, and finding ways to provide value to PSA members, are all consistent with PSA's mission and are encouraged. A closer relationship between Chapters and Region Directors, State Membership Directors, and Area Membership Directors is anticipated in the coming years.

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Attachment #3

[Date]

The Executive Committee of the Photographic Society of America (PSA), a nonprofit corporation, hereby unanimously resolves as follows:

That the __[name of chapter] Chapter, a regional nonprofit subdivision of PSA and not a separate entity, is authorized by PSA to open a single checking account for the said chapter at Chase Bank using PSA's tax identification number 23-1352299.

That the [name of bank] checking account must be set up so that:

1. Said account must have a **Month-end** statement cutoff date;
2. Only check writing privileges are permitted; **no debit card shall be issued for this account;**
3. Monthly statements must include digital check images or digital check images must otherwise easily be available.

And the following persons may be the authorized signers on this account:

[List names, PSA or Chapter titles and addresses]

Finally, it may be necessary to set this account in such a manner that a monthly fee is usually applied. If so, please waive any monthly fee, as PSA including its [name of chapter] Chapter is a 501(c)3, a non-profit organization.

[Name of PSA President], President, PSA

Date: _____

[Name of PSA Secretary], Secretary, PSA

Date: _____