



AMERICAN ASSOCIATION
OF MEDICAL ASSISTANTS®

GUIDELINES FOR THE STATE/CHAPTER TREASURER

Updated 2024

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PREFACE

This document is intended to be used as a guideline for the state societies and local chapters of the American Association of Medical Assistants Inc. It is the hope of the AAMA Board of Trustees that this guide will assist the newly elected state/chapter Treasurer to better understand their functions and duties of this office.

The Treasurer is responsible for ensuring the financial well-being of the state society or local chapter. Therefore, they should read this document in its entirety and work closely with the outgoing state/chapter Treasurer to ensure a smooth transition.

All documents for the AAMA have been developed in accordance with policies established by the AAMA Board Trustees/Endowment. Any discrepancies in policy statements inconsistent with current policies should be brought to the attention of the AAMA Executive Office and the Board of Trustees. The AAMA Board of Trustees/Endowment will make the final decision on discrepancies. The AAMA Board of Trustees apologizes for any inconvenience this may cause.

GENERAL INSTRUCTIONS

Treasurer should:

1. Have a good working knowledge of accounting principles. They are the official keeper of funds and trustee of accounts.
2. As custodian of the funds, collect, deposit, and disburse the organization's funds. (*Note: The treasurer is encouraged to have all receipts before disbursement of funds.*)
3. Disburse funds only as authorized by the annual budget.
4. Obtain the signature of required officer(s) on all checks before release.
5. Not sending any sensitive financial information via email.
6. Never open attachments or click on links unless they trust and can verify the sender.
7. Be skeptical of unexpected requests and demands to act quickly.
8. Not make any wire transfers or credit card payments based on an email from a leader of the state society or local chapter without first speaking to the individual by telephone or in person to verify the request's legitimacy.
9. Ensure that their operating system and browser are up to date.
10. Change their passwords regularly or use a password management tool.
11. Verify that all bills are within the budgeted amount for that account fund.
12. Obtain approval of the Board/Executive Committee if the budgeted amount will be exceeded.
13. Maintain accounts as established by the organization.
14. Perform a bank reconciliation each month.
15. Order checks and check registers when needed.
16. Prepare a written Treasurer's report for each meeting with copies available for those attending. Give a verbal or written report when called for by the presiding officer.
17. Prepare quarterly written comparative statements to reflect actual expenditures versus budgeted items. Report to the organization whether it is operating within its approved budget.
18. Be chair or member of the Budget Committee as per the Bylaws.
19. If applicable, ensure that all applicable federal, state, and local tax forms are filed on time.
20. Close the books and prepare an end-of-the-year statement for the auditor.
21. Prepare a final report and recommendations for the incoming Treasurer, as per the Bylaws, with copies to the Executive Committee.
22. Have all appropriate papers available for the incoming Treasurer to change signatures and addresses on the accounts and deliver all files and records to the incoming Treasurer as promptly as possible.
23. Have knowledge of parliamentary procedure.
24. Possess effective communication with officers and committee chairs.
25. Be bonded yearly with verification by the President.

STEPS TO TAKE IN CASE OF SUSPECTED THEFT OR OTHER ILLEGAL ACTIVITY

According to the American Society of Association Executives, the following steps should be taken by the Treasurer in case of suspected unauthorized use of society/chapter funds or scams by third parties.

1. The Treasurer should immediately report suspected theft or fraud to the President and the other officers. This should be done in writing (e.g., by means of an email).
2. The Board, Executive Committee, or a special committee should begin an investigation of the facts of the alleged illegal activity. Leaders conducting the investigation must be impartial, knowledgeable about financial matters, and able to keep information confidential.
3. The company that issued the surety bond covering the Treasurer and any other officers should be promptly notified in writing.
4. If the dishonest activity involves funds deposited with a bank or other financial institution, the Treasurer and other officers should work with bank officials to determine what happened with the deposited funds.
5. The society/chapter should make all reasonable and lawful efforts to recover the misappropriated funds.¹

DUTIES OF OFFICE

The Treasurer has a vital role in the state/chapter. They are required to keep accurate financial records of income and disbursements of all monies. They should, therefore, be adept in bookkeeping and be knowledgeable of the federal and state tax regulations of non-profit organizations.

One of the first functions of a new chapter Treasurer is to secure a checking and/or savings account for the chapter. This should be done following the election of officers so there will not be a delay in depositing checks and in paying chapter debts. Should the chapter wish to continue using the same checking account, the bank would require a resolution stating which date the new officers were elected and their names. Signature cards signed by the officers entitled to sign checks should be given to the bank promptly. It is recommended that a copy of the signature cards be maintained in the Treasurer's files.

As an officer of the state/chapter, the Treasurer should establish goals for the year that can be organized and monitored. The goals should be placed with the financial reports and reviewed and monitored monthly.

Potential areas for goal setting:

- Participation in all meetings of state/chapter/board
- Timely completion of all reports
- Thorough and timely communication to officers, membership chairs, and those

needing addresses of members

- Timely payment of all bills
- Consistent attendance at committee meetings

The Treasurer should attend membership and board meetings and may also serve on the Budget and Finance Committee. In some state societies, the Treasurer serves as the chair of the Budget and Finance Committee. The Bylaws should state the Treasurer's position on the Budget and Finance Committee.

The Treasurer will receive and deposit all monies and pay all invoices by check. They should not pay any invoice that is not budgeted until the invoice has been approved by the board and/or membership for payment.

The Treasurer should keep an accurate record of all members and their status. On the chapter/state level, the Treasurer should give these records promptly to the membership chair for preparation of this report. They should present a financial report at each meeting of both the board and general membership. This report should be copied and distributed to all members of the board. Financial records should be kept current and available for audit according to the Bylaws and/or Policy Manual. Financial reports should be kept permanently.

The Treasurer should be prepared to work on the books regularly so these records will be both accurate and up to date. The bank statement should be reconciled monthly.

If applicable, all tax returns must be filed by specific deadlines, as necessary.

A new Treasurer should not accept the books prior to an audit of the previous records.

Each state/chapter should secure a federal tax identification number. Form SS4 from the Internal Revenue Service (IRS) can be obtained from the bank or the IRS and is simple to complete. This form can be obtained on the IRS website: www.irs.gov. After filing with the IRS, the state/chapter will receive an identification number that should be used on all its bank accounts. This notification should become part of the permanent record of the Treasurer.

Each state/chapter should secure its own number and not use the number assigned to the AAMA or the Social Security number of any member.

BOOKKEEPING

The Treasurer's bookkeeping system used should be easily understood and should adhere to the basic principles of accounting.

A typical bookkeeping system consists of some basic elements:

- A journal that shows all income received
- A journal that shows all disbursements made
- An account for each type of disbursement or receipt and balances of amounts owed or to be received
- An accurate record so that reports made by the President, Secretary, and Treasurer agree
- Comprehensive and easily understandable so that it is possible to always know the financial

standing of the state/chapter

BANK ACCOUNTS AND ENDORSEMENT

The bank accounts should be opened with the approval of the Executive Committee or per the Bylaws. The minutes should reflect the type of accounts authorized, the number of signatures required for checks and withdrawals, the number of persons authorized to sign, the officer who will usually sign for withdrawals, and who may sign during the unavailability of the usual signatures. The Treasurer should be bonded, as well as any other person authorized to sign checks on the state society/local chapter's behalf.

The bank will require a federal tax Identification number, a copy of the bylaws, the resolution authorizing the opening of an account, etc., and the signature cards to open a new account.

The state/chapter should indicate which officers are authorized to sign checks and how many signatures are required on the checks.

1. One signature check can be signed by the Treasurer or the President. In this case, a voucher system should be used so that approval is obtained first from an officer other than the one signing the check before the check is issued.
2. Two signature checks are signed by two out of three or four officers authorized to sign checks. This is usually the President and Treasurer.

PREPARING THE TREASURER'S REPORT

It is the responsibility of the Treasurer to file a written report of activities completed between board meetings. The Treasurer's report is an accounting to the membership of the changes that occurred in the state/chapter's financial condition during the previous fiscal period (monthly/quarterly/yearly). This report is a summary of the income and expenses over the fiscal period.

The following should be included in the report:

- State the type of meeting (Society Board meeting or Chapter meeting)
- Identify the office (Treasurer)
- Identify the date (month/year) of the meeting
- Be concise in stating activities
- Make financial recommendations if any
- Treasurer's name at the end of report
- Financial statements

It is important that the Treasurer's report be clear, concise, neat, and in proper (uniform) format. That format should be consistent to facilitate comparison of reports from different periods of time. The heading should include the organization title, location, title of the report, fiscal period being covered, and name and title of the officer submitting the report. The report should be signed by the submitting officer if the Policy Manual so states. It should be typed, line-numbered (if the Policy Manual so states), distributed to the membership or board, and available for reference during the oral/written report at the business meeting.

The financial statement is usually an income statement (sometimes called profit and loss,

income and expense, revenue and expense, or operating statement). Some committees (e.g., education) may submit financial statements which will not be reflected in the financial statement of the state or chapter.

The Income Statement indicates the types and amounts of revenue and expenses of the organization during the period involved and represents the resulting net income or net loss for this accounting period.

BEGINNING BALANCES

The Treasurer begins by stating what the financial condition of the organization was at the beginning of the fiscal period (e.g., January 1). This would include all bank accounts and other financial assets (e.g., checking accounts, savings accounts, or certificates of deposits (CDs)).

CASH BALANCE (usually checking account)

The changes of income and expense are categorized. Income is handled first. Categories of income for an organization would include membership dues, continuing education income, fundraising income, and investment income (interest or dividends). These numbers would be added together at the bottom of this list and entitled "Total Income." This total is carried over to the right column and subtotaled.

Expenses are then similarly categorized and listed below the income entries. Categories of expense would include delegate expenses, publishing/printing expenses, postage, awards, convention, honorarium, pins, stationery, etc. The numbers from these categories are totaled to show "Total Expenses." This total is carried over to the right column and subtotaled.

By subtracting the Total Expenses from the Total Income, the Treasurer will show an increase or decrease in the cash balance, arriving at the "Closing Balance" for the period. This number demonstrates what happened to the overall financial condition of the Checking (Cash) Account. When income is greater than expenses, there is a "Net Increase." When expenses are greater than income, there is a "Net Loss."

TRANSFER TO INVESTMENT ASSETS

If any transfers are to be made from checking to savings (savings account, CDs, etc.), or from savings to checking, it should be noted below the "Closing Balance." This would be done by indicating the changes in the two related accounts, adding to one, and subtracting from the other. Either way, the Closing Balance (which deals with Income and Expense and the Cash Balance) will be altered. By adding or subtracting from the Closing Balance, the overall financial condition of the organization is not changed; the assets are merely shifted from one place to another (e.g., checking or savings). However, the Cash (Checking Balance) has changed, so the final entry on the Treasurer's report will be the "Net Closing" for the period and indicates the condition of the Checking Account.

If changes are made in the Investment Categories, such increases or decreases in each should be visible. The Treasurer should state the new cash account amount. Example: If \$1,000 was taken from Checking and placed in a CD, the "Net Closing Balance" is \$1,000 less than it would be ordinarily. This amount should be shown as an increase in the CD account and "Overall Investment Assets."

Upon reviewing the Treasurer's report, the membership should be able to clearly see what has happened to the Cash Balance (Checking Account). Membership should also be able to see changes in the investment categories. The report should demonstrate the financial condition of the organization and the direction it is heading.

SAMPLE TREASURER'S REPORT

XYZ Chapter
Treasurer's Report

Executive Meeting
March 3, ____

Cash on Hand 02/01/____

Savings Account		3,000.00
Certificates of Deposit #73414		5,000.00
#61440		2,000.00
Checking Account		<u>1,686.88</u>
Total Cash on Hand		11,686.88

Income		
Dues (student)	35.00	
Dues	145.00	
Education - ICN Seminar	569.00	
Sandwich fund-raiser	800.00	
Income - Savings	15.00	
CD #73414	25.00	
CD #61440	15.00	
Checking Account	<u>5.00</u>	
Total Income	1,609.00	13,295.88

Expenses		
Newsletter	150.00	
Convention	400.00	
Publishing/Printing	150.00	
Postage	17.00	
Honorarium	<u>100.00</u>	
Total Expenses	817.00	
Total Cash on Hand 02/28/____		12,478.88

Savings Account	3,015.00
CD #73414	5,025.00
CD #61440	2,015.00

Checking Account	<u>2,423.88</u>
Total on Hand 02/28/____	12,478.88

Ann Jones, CMA (AAMA), Treasurer

PROCEDURE FOR REPORTING AT CHAPTER/STATE MEETINGS

The Treasurer's report should contain the following:

1. Balance on hand at the beginning of the period for which the report is made.
2. Receipts (money received).
3. Disbursements (money paid out).
4. Balance on hand at the close of the period for which the report is made.
(The bank statement, check book, and ledger should be reconciled monthly.)

The written report will contain the details to support the totals in each of the four categories. However, the oral report to the assembly should only include the four totals.

Treasurer:	Balance on hand June 1, ____	\$3,280.42
	Total receipts	800.00
	Total disbursements	342.50
	Balance on hand July 30, ____	\$3,737.92

The Treasurer should be prepared to answer any questions regarding the written or oral report.

The Treasurer's report, given at each regular meeting, is not adopted. It is given only for information and will be verified by an audit. The President and Secretary should receive a copy of the report.

An annual report covers the receipts and disbursements for the fiscal year. A fiscal year is an accounting period of twelve consecutive months. If it is to be other than the calendar year (January through December), the period it covers must be specifically designated (found in the Bylaws).

RETENTION OF RECORDS

(See Updated List from AAMA General Counsel Nathan J. Breen)

A. FINANCIAL RECORDS

1. Annual information returns to the Internal Revenue Service (Form 990), other tax returns
Retention: PERMANENT Source: IRS Code
2. Affiliation agreement statements (applies to state societies only)
Retention: PERMANENT Source: IRS Code
3. Accounts payable invoices includes canceled checks, vouchers, and travel expense reports
Retention: 3 years Source: IRS Code
4. Check register (disks of electronic record keeping)
Retention: PERMANENT Source: IRS Code
5. Bank deposits and statements
Retention: 3 years Source: IRS Code
6. Accounts payable ledger (disks of electronic record keeping)
Retention: PERMANENT Source: IRS Code
7. General ledger records (disks of electronic record keeping)
Retention: PERMANENT Source: IRS Code
8. Cash Receipt Books
Retention: 7 years Source: IRS Code

A. CORPORATE RECORDS

1. Certificate of Incorporation
Retention: PERMANENT Source: State Law

- | | | |
|---|-----------|-------------------|
| 2. Tax Exemption Letter (if applicable) | | |
| Retention: | PERMANENT | Source: State Law |
| 3. Final reports | | |
| Retention: | PERMANENT | Source: State Law |

PURPOSE OF BUDGET/BUDGET PREPARATION

PURPOSE OF BUDGET

The budget is used by the organization's management as a plan to accomplish its objectives, as a means for controlling operations and as a basis for evaluating the performance and efficiency of the organization. Budgeting is the preparation of a comprehensive financial plan related to all the operational activities of the organization. It provides management with an estimate of future operations that should provide a sense of direction in accomplishing organizational objectives. By approving well-prepared budgets, each level of the organization motivates itself to maintain financial stability.

Steps to creating a state/chapter budget:

1. Create a Budget Committee as per the Bylaws or Policy Manual.
2. Plan budget procedure.
3. Collect and organize the data showing what amounts were budgeted and what was spent. This will help the society/chapter better allocate amounts to be proposed in a future budget.
4. Prepare the budget in accordance with the needs and goals of the state/chapter.
5. Print and distribute the proposed budget.
6. Receive approval of the membership for the proposed budget.
7. Once the proposed budget is adopted, have an ongoing review of the current fiscal year's budget to maintain stability.

Budgets are initially approved by the General Assembly or the House of Delegates. Once the budget has had the final approval of the members, business should be conducted without having to return to the membership for expenditure approval. The budget can be amended during the year by a majority vote of the membership should a fiscal shortage occur or a special expenditure not in the budget need approval.

Part of the responsibility of the Treasurer is to keep the officers updated at all times on the bank balances, income, and expenses, and how the income and expenses compare to the budgeted amounts. This will allow for adjustments as they are necessary and keep the state/chapter fiscally sound. This information should be reported by the Treasurer as part of their report at regular membership meetings. The Treasurer should be able to produce a copy of the budget, a copy of all bills that have been presented and paid, and any other information necessary to substantiate any income or expense that affects the budget should the executive board or general membership have a question.

It is important to consider setting up a reserve fund amount. Some states/chapters designate a specific amount for reserve. This amount is then listed in the Treasurer's report as a reserve amount and would not be used except in cases of extreme necessity. There should be a reserve equivalent to one year's expenditures (e.g., ABC Chapter has spent \$1,200.00 for the past two years, therefore, to ensure it can meet any unexpected expenses, such as the chapter's contribution to the public policy fund established by the state society, it will need to have a reserve fund of \$1200.00). Officer and committee expenses should be minimal, except the Publication, Membership, and Public Relations Committees. These will require monies for postage, printing, and special recruitment activities. Stationery needs (e.g., letterhead and envelopes) should be an expense and all officers and committee chairs should be supplied with this one expense. There should be an established written policy for reimbursement for officers and committee chairs. Not all states/chapters are financially able to reimburse for total expenditures but make allowances for partial reimbursement. Each state/chapter will need to determine its fiscal ability and then determine what requirements/reimbursements will be allowed for its officers.

PLANNING BUDGET PROCEDURE

It is a good idea to review the finances of the state/chapter for the previous three years to serve as a guide for averaging income and expenses.

Consider the following carefully during the preparation:

INCOME:

- What has the average income from dues been over the past three years? Has there been a yearly increase, decrease, or no change?
- For what type of income are you most dependent? Is your income dues or non-dues income? Is the non-dues income consistent?
- If there are donations, are they about the same amount and are they consistent?
- Do you have successful Ways and Means projects that bring in revenue every year?
- Do you have an interest-bearing checking account?

EXPENSES:

- President's Expense
- Average cost of general expenses, supplies, postage, gifts.
- Consider costs for educational sessions, speakers, and materials.
- Publication expense.
- Bank check charges and/or service charges.
- Delegates' expenses.

What is your Net Worth?

	How much money do you have?	(ASSETS)
-	How much money do you owe?	(LIABILITIES)
<hr/>		
=	Difference is your NET WORTH	

SAMPLE BUDGET

	Budget _____ to _____	Actual _____ to _____	Proposed Budget _____ to _____
INCOME			
Dues	10000.00	11000.00	10500.00
Convention Profit	8000.00	8500.00	8000.00
Seminars	3000.00	3500.00	3000.00
Ways & Means	2000.00	3000.00	2000.00
Interest Income	<u>150.00</u>	<u>200.00</u>	<u>150.00</u>
Total Income	23150.00	26200.00	23650.00
EXPENSES			
President	1200.00	975.00	1200.00
Vice President	200.00	175.00	200.00
Secretary	200.00	75.00	200.00
Treasurer	150.00	50.00	150.00
Speaker	100.00	50.00	100.00
Membership Committee	1000.00	500.00	1000.00
Education Committee	1000.00	900.00	1000.00
Marketing	1000.00	600.00	600.00
Meeting Expenses	1500.00	1200.00	1400.00
Delegates to AAMA	4500.00	4500.00	4600.00
House of Delegates	200.00	225.00	300.00
Councilors	300.00	175.00	300.00
Publication	7000.00	6500.00	7200.00
CMA (AAMA) Committee	100.00	75.00	150.00
Ways & Means Committee	400.00	200.00	750.00
Nominating Committee	75.00	50.00	75.00
Strategic Planning	200.00	175.00	200.00
Auditor	900.00	750.00	1000.00
Convention	500.00	500.00	550.00
Public Policy Committee	1000.00	500.00	1100.00
Policy Manual Committee	500.00	200.00	400.00
Gifts	200.00	180.00	250.00

Professional Achievement			
Award	75.00	50.00	75.00
Stationery	300.00	400.00	450.00
Benevolence	250.00	100.00	200.00
Bonding Insurance	<u>300.00</u>	<u>175.00</u>	<u>200.00</u>
Total Expenses	23150.00	19280.00	23650.00

Budget Committee
 Sally Jones, CMA
 (AAMA), Chair
 Ann Clark, CMA (AAMA)
 Tina Smith, CMA (AAMA)

AUDIT REPORT

A yearly audit for financial records is essential for good business practice in any organization to see that the state/chapter finances are in order. The state/chapter Bylaws will determine if an Audit Committee or an outside source is used. If necessary, the Audit Committee is usually appointed by the President and should consist of no less than three (3) members. However, there can be a standing Audit Committee. The President and the Treasurer should not be members of this committee.

The books should be audited, and the audit completed within 30 days of the end of the state's/chapter's fiscal year.

The committee must have access to the checkbook registers, all canceled checks, bank statements, income and expense ledgers, vouchers, all receipts for interest on investments, and all financial statements for the year to be audited.

1. Bank deposits must total the same as the income recorded in the ledger.
2. Checks written must total the amounts shown as expenses in the ledger.
3. Account for all voided checks.
4. The beginning balance plus deposits minus checks written should equal an ending balance that coincides with the balances shown on the financial report.
5. Bank charges and interest income must be accounted for with bank statements to validate ledger entries.

It is recommended that each committee member conduct an independent audit and then meet to compare the report being presented to the general membership for adoption. A written report and a final financial report should be prepared with the results of the audit and any recommendations and/or suggestions. All discrepancies must be explained and resolved. This report is presented to

the general membership for adoption. The Audit Committee should indicate the areas where the budgeted amounts were not met or were exceeded.

If an outside firm is hired to do the audit, a copy of the report should be given to the President, Vice President, Secretary, and Treasurer for placement in their records (books). This should be indicated in the annual report to the general membership that this was done, by whom, when, and that the report is available for the members to peruse.

Be sure that the books are closed on the last day of the state's/chapter's fiscal year and that no deposits or checks are written after this date.

SAMPLE AUDIT REPORT

ABC Chapter
(____-____)

INCOME

Cash on Hand as of ____

Checking Account	2,500.00
CD #12345 Matures ____	<u>3,000.00</u>
Total Cash on Hand as of ____	5,500.00

INCOME

Dues	1,000.00		
Ways & Means	800.00		
Interest Earned	200.00		
Seminar	<u>1,000.00</u>		
Total Income	3,000.00		8,500.00

EXPENSES

President	500.00		
Ways & Means Committee	600.00		
Membership Committee	50.00		
Delegates' Expenses	700.00		
Stationery	50.00		
Gifts	125.00		
Bank Charges	<u>50.00</u>		
Total Expenses	2,075.00		
Total Cash on Hand ____			6,425.00

Total Cash on Hand ____

Checking Account	3,325.00	
CD #67890	<u>3,100.00</u>	
	6,425.00	
Revenue over Expenses		925.00
Fund Balance Beginning of Year		5,500.00
Fund Balance End of Year		6,425.00

Total Cash Available as of last day of fiscal year \$6,425.00

Audited and found to be correct on _____

Audit Committee

Colleen Smith, CMA (AAMA), Grace Green, CMA (AAMA), and Jane White, CMA (AAMA)

PREPARING THE INCOMING TREASURER FOR OFFICE

The outgoing Treasurer will provide the incoming Treasurer:

1. Bank signature cards prepared for each account and have them signed by the incoming President. If required, have a Resolution letter prepared.
2. All bank statements, vouchers, and/or paid bills, EIN documentation, all tax statements, and returns (if applicable), disks, ledgers, and all other appropriate documents (see retention list). The incoming state Treasurer will need a listing of each chapter's EIN.
3. A copy of the Audit Report so that the incoming Treasurer can start to function immediately.
4. A copy of the approved budget for the subsequent years.
5. Membership records if completed by the outgoing Treasurer.
6. A list of bills with accompanying voucher that are due to be paid.
7. An explanation of the system being utilized, the different accounts, and their purpose.
8. A copy of the Bylaws and Policy Manual to make the incoming Treasurer knowledgeable of the office's duties.