

National Association of Healthcare Access Management (NAHAM)

# State Affiliate Toolkit





# Affiliate Toolkit

## Table of Contents

Introduction.....3

Affiliate vs. Chapter.....3

History of NAHAM.....4

State Affiliation Agreement .....5

Tips for Getting Started.....7

Affiliate Communication .....9

Affiliate Educational Programming .....11

Legal Considerations and Record Keeping Guidelines .....13

Financial Considerations.....15

Affiliate Board of Directors .....18

Affiliate Web Site .....19

Affiliate Documentation– Bylaws and Policies and Procedures .....20

Additional Resources .....22

## Introduction

Dear State Association Leader:

This information is offered as a reference guide only for NAHAM Affiliates to ensure consistent dissemination of information to their membership. It is available on the NAHAM website. Updates will also be posted on the NAHAM website.

The National Association of Healthcare Access Management is a non-profit professional association whose mission is to provide quality educational programming and interaction for professionals engaged in the management of patient access services in healthcare delivery.

It is our goal to support affiliate organizations in their efforts to provide education and networking opportunities to Patient Access professionals. This State Affiliation Handbook published is not meant as a substitute for legal advice or as a means for NAHAM to exercise supervision or control over the State Associations. It is instead, intended to serve as a guide to define the relationship between NAHAM and the State Associations and as a tool to assist officers and leaders in managing their State Association operations. For additional assistance, please reach out to [your regional delegate](#).

We appreciate the work of NAHAM members in their local affiliates, and we welcome your feedback. Please contact us anytime at [info@naham.org](mailto:info@naham.org).

### **National Association of Healthcare Access Management (NAHAM)**

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## Affiliate vs. Chapter

An affiliate is a separate legal entity which operates independently. A NAHAM affiliate association is a group that is established at a state or regional level to support the education and professional development of patient access professionals. A state/regional affiliate association operates independently of NAHAM. NAHAM will provide support and resources to the state/regional affiliate association, but does not provide financial assistance or support, nor is the affiliate asked to share any finances with NAHAM.

A chapter has a financial and legal relationship with a national organization. It is a group, organization, or association that has a formal relationship with a parent or umbrella organization and has jurisdiction over a specified geographic area.

NAHAM does not have chapters; local organizations are affiliates with no legal ties to NAHAM. Please refer to your affiliation agreement for more information.

## History of NAHAM

The National Association of Healthcare Access Management was formally organized on April 5, 1974, at Jamaica Hospital in New York, New York. The organization was originally named the National Association of Hospital Admitting Managers.

This founding meeting was the fourth session of a task force on forming a National Professional Organization of Healthcare Access Managers over a period of ten months. Participation in work of the task force were representatives from the Hospital Admitting Officers Association of New York, New Jersey Association of Hospital Admitting Officers, Hospital Admitting Managers Association (Illinois), the Southern California Chapter of Admitting Officers, the Western Finger Lakes Admitting Officers Association (New York) and the Hospital Admitting Officers Association of Maryland. Admitting Managers from Kentucky and Ohio also served on the task force.

In the words of Marion Blankenship, the first elected President, “NAHAM was founded with a sense of joy in being Admitting Managers and with enthusiasm for increasing the professionalism of hospital admitting throughout the United States and Canada.”

Purposes of the new professional group included: “working to improve patient care, providing a medium for the interchange of ideas about admitting and creating close cooperation among admitting managers and allied health care associations. Staff assistance will be given to local groups in developing educational programs. The primary purpose of the national association would be educational. Its main objectives would be to serve as a central information service to assist admitting managers to develop in their profession.”

In April 1975, the new organization held its first annual meeting in Chicago. In 2018, NAHAM held its 44<sup>th</sup> Annual Conference in Denver, Colorado.

NAHAM owns and manages the [Certified Healthcare Access Associate \(CHAA\)](#) certification (for front-line level staff) and the [Certified Healthcare Access Manager \(CHAM\)](#) certification (for manager level staff). These certifications are NCCA-accredited, meaning they meet a set of rigorous guidelines for professional certification programs.

In 2018, NAHAM has nearly 2,000 members and more than 8,000 CHAA and CHAM certified patient access professionals.

In 2015, NAHAM released the NAHAM AccessKeys®, the first set of benchmarks solely focused on patient access and the front-line of the revenue cycle. AccessKeys® 3.0 was released in 2017 and now includes 34 Key Performance Indicators (KPIs) in six domains. More information can be found on the [NAHAM website](#).

Many of NAHAM’s goals have been attained, with many more to be realized. Our future promises to fulfill the enthusiastic hopes of Patient Access Professionals everywhere, and NAHAM will continue to pursue and challenge our field with pride in every accomplishment.

**Please visit the NAHAM website ([www.naham.org](http://www.naham.org)) to view the detailed history of NAHAM.**

# State Affiliation Agreement

## Statement of Affiliation

NAHAM and each State Association are similar organizations with many common interests and goals, but they are separate legal entities. Their common interests and goals do not create any legally-binding association, joint venture, partnership, or agency relationship of any kind between them, nor does it create any financial ties.

Many, if not most, State Associations have determined to pursue a closer connection with NAHAM by becoming “Affiliates,” which fosters greater collaboration between the entities and also permits these State Associations to take advantage of the additional benefits noted below. However, even “Affiliate” status does not affect or change the underlying legal relationship described in the first paragraph.

Specifically, unless expressly agreed to in writing by both NAHAM and any particular State Association, neither entity is authorized to incur any liability, obligation, or expense on behalf of the other or to represent to any third party that the State Association is an agent of NAHAM or that NAHAM is an agent of the State Association.

Despite the fact that NAHAM neither supervises nor controls any State Association activities, it is nevertheless very pleased to provide resources and assistance to State Associations, and to collaborate on all mutual objectives of the organizations.

## Requirements of State Association for NAHAM Affiliation

To become a NAHAM Affiliate, State Associations must meet the following requirements:

- The President and President-Elect must be current members of NAHAM.
- The State Association will provide to NAHAM, on an annual basis, its membership list. NAHAM shall use this list for its own information and purposes, but shall not sell or provide the mailing list to any other party.
- The State Association bylaws must be sent to NAHAM upon affiliation and each time revisions are made to ensure the State and National bylaws are not in conflict.

## Benefits and Services for all State Associations

NAHAM will provide the following benefits and services to all State Associations regardless of affiliation:

- Access to NAHAM materials for distribution at State Association meetings, including brochures and giveaways (as available).
- Access to a NAHAM regional delegate to serve as liaison to the State Association. The regional delegate will serve as a point of contact to keep state leadership informed of NAHAM activities, to provide support and guidance and to solicit input and feedback from State Leaders.
- NAHAM review of State Association bylaws to provide recommendations when needed; however, NAHAM will not have authority to approve or insist on bylaws changes.

- Promotion of affiliate events on the NAHAM website calendar and on regional and affiliate website pages.
- Participation in the NAHAM Affiliate Advisory Council, with quarterly conference calls to provide updates on NAHAM activities and to allow affiliate leaders to communicate with each other.
- Access to a State Leaders' discussion forum on the NAHAM website; available here: <https://www.naham.org/forums/Topics.aspx?forum=232524>
- Ability to apply for NAHAM continuing education credits for State Association meetings for no cost. Please see page 11 of this document for more information.

### **Additional Benefits and Services for State Associations Affiliated with NAHAM**

NAHAM will provide the following benefits and services to State Associations affiliated with NAHAM:

- Access to "Affiliate Resources" section of the NAHAM website.
- Access to NAHAM's database of state and local speakers.
- On an annual basis, access to the NAHAM member list within the geographic area represented by the State Association provided that the State Association provides its own membership list to NAHAM. The State Association shall use this list for its own information and purposes, but shall not sell or provide the mailing list to any other party.

### **Confidentiality**

NAHAM and the State Associations shall maintain the confidentiality of all shared information and data, i.e. mailing lists. NAHAM will not distribute information shared by the State Associations to any third party without the consent of the respective State Association. The State Associations will not distribute information shared by NAHAM to any third party without the consent of NAHAM. Any confidential information (mailing lists, etc.) provided to NAHAM by the State Association will remain the property of that State Association. Any confidential information provided to the State Associations by NAHAM will remain the property of NAHAM.

### **Indemnification**

As a condition of affiliation with NAHAM, State Associations shall indemnify and hold harmless NAHAM, its partners, officers, directors, employees, members, attorneys, and other agents, from and against any and all claims, lawsuits, demands, losses, damages, settlements, costs and expenses (including reasonable attorneys' fees and expenses), and liabilities of every kind (a "Claim"), which may arise by reason of any act or omission by the State Association or any of its officers, directors, employees, members, attorneys, and other agents. The State Association shall promptly notify NAHAM upon receipt of any Claim (lawsuit).

## Tips for Getting Started

The following tips are meant to be a guide for getting started and creating a local/state/regional association. Different methods of organization may work in different settings, so always consider the best process for you and your area.

### 1. Seek assistance

The following resources are available to help you. The information in this document will also be helpful.

- Your Regional Delegate
  - If you do not know your regional delegate, visit the [NAHAM website](#) or contact [info@naham.org](mailto:info@naham.org) to obtain contact information.
- NAHAM's Administrative Office
  - [info@naham.org](mailto:info@naham.org) or (202) 367-1125

### 2. Start small!

Use your current network of patient access professionals. Gain an interest in starting an affiliate. If you're having difficulty contacting people, NAHAM can assist in providing you with a list of NAHAM members in your state. Contact [info@naham.org](mailto:info@naham.org).

### 3. Schedule a "Getting Started" meeting

Whether it is 5 people or 25 people who have indicated interest, bring the group together.

- Consider hosting the group at your hospital to save costs, and have attendees bring their lunch.
- The focus of the call or meeting should be to gain the interest in creating the affiliate and develop a plan for moving forward.
- If the group cannot travel, schedule a conference call.
  - Check with your facility, quite often they have the ability to facilitate a conference call
  - There are also a number of free conference call options:
    - [www.freeconference.com](http://www.freeconference.com)
    - [www.zoom.com](http://www.zoom.com)
  - [www.join.me](http://www.join.me)
    - [www.uberconference.com](http://www.uberconference.com)

### 4. Creating the affiliate

- Schedule an 'organizational meeting'. The purpose is to create the affiliate board of directors. (The NAHAM ambassador or your delegate can be available to help guide this meeting). Items to consider during your organizational meeting:
  - Develop the affiliate bylaws

- Please visit <https://www.naham.org/page/AffiliateToolkit> for example bylaws.
  - In addition, the NAHAM Ambassador or the Regional Delegate can obtain a copy of another state's affiliate bylaws for you to use as a template. These example bylaws are meant to serve as a guideline; your local board should draft bylaws that work for your organization.
- Develop membership categories and dues costs
  - NAHAM membership and the affiliate organization membership dues are separate; your affiliate can determine pricing and structure.
- Open a bank account. Most likely, your bank will require your tax identification number (refer to item 6, below) and may require your articles of incorporation (if you choose to file them) or a copy of your bylaws or business license. Check with your local bank about the documents you'll need to open an account.
- Create a website
  - NAHAM has the ability to provide you with a dedicated area on the National website, [www.naham.org](http://www.naham.org). Please see page 9 of this document for more information.
- Develop a schedule of meetings/educational opportunities
  - NAHAM vendor partners are very generous in supporting NAHAM at the national, regional, state and local level. They can help you defer cost or provide a no cost educational session!

## 5. Prepare and file articles of incorporation

State associations are not legally required to file articles of incorporation. However, you may wish to do so as there are some benefits associated with incorporating, including federal and state tax exemption, protection from personal liability and organizational perpetuity. You can find more information about the pros and cons of incorporating here: <https://www.thebalancesmb.com/the-pros-and-cons-of-nonprofit-incorporation-2502270>.

- Draft your articles of incorporation. See the appendix for an example. Important items to include:
  - The name and principal office address of the corporation.
  - The purpose of the corporation. Most states allow you to state a broad, general business purpose for your corporation – you do not need to be specific.
  - The duration of the corporation.
  - The name and address of your registered agent and registered office. The registered agent is someone who has agreed to accept service of lawsuits and other official documents on behalf of the corporation. In some states, the agent must sign a document agreeing to act as agent.
  - In some states, you must list the names and addresses of the members of the corporation's initial board of directors.
  - The names and addresses of the incorporators. An "incorporator" is a person who signs the articles of incorporation and ensures that they



get filed. The incorporator can be anyone – he or she doesn't have to be an officer, director or shareholder of the corporation. A corporation can have more than one incorporator.

- The incorporators' signatures.
- File your articles of incorporation with the appropriate agency; in most states, this is the secretary of state. Check your state's website for the filing agency and any special requirements for your state. There is a small fee associated with filing your articles of incorporation.

## 6. Obtain a not-for-profit status and an employer identification number (EIN)

To open a bank account, your bank will require your affiliate to provide a federal tax identification number (also known as Employer Identification Number or E.I.N.). Applying for a federal tax identification number is simple.

- **APPLY BY EIN Toll-Free Telephone Service**

Taxpayers can obtain an EIN immediately by calling the Business & Specialty Tax Line (800-829-4933). The hours of operation are 7:00 a.m. to 5:00 p.m. local time, Monday through Friday. An assistor takes the information, assigns the EIN, and provides the number to an authorized individual over the telephone.

- **APPLY BY EIN ONLINE**

This [Internet EIN](#) (I-EIN) application is another avenue for customers to apply for and obtain an employer identification number. Once all the necessary fields are completed on the online form, preliminary validation is performed and the taxpayer will be alerted to information IRS needs that may not have been included. An EIN will be issued after the successful submission of the completed Form SS-4 online. ***Please note that not all business entity types may use this method.***

## Affiliate Communication

### Communication with NAHAM

- Each affiliate is assigned to a Regional Delegate, who will serve as the main point of contact. The Regional Delegate is tasked with communicating with the affiliate leader regularly. Current NAHAM Regional Delegate information may be found on the NAHAM website at <https://www.naham.org/page/Board>.
- Each Affiliate shall keep their NAHAM Regional Delegate updated on board member changes and election outcomes. The Regional Delegate will reach out to the affiliate at the beginning of each year to ask for updates. Should updates occur at a different time, the affiliate is asked to share this information with the Regional Delegate.
- Each Affiliate shall provide their NAHAM Regional Delegate a copy of the Affiliate Preamble, Constitution, Bylaws, and Articles of Incorporation (if applicable).
- Affiliates shall provide information to their NAHAM Regional Delegate regarding scheduled meetings and educational conferences organized by the affiliate. NAHAM will

publish this information on the NAHAM web site as a service to the Affiliate.

- Each affiliate is responsible for updating their information for the NAHAM website. Affiliates can send any changes to [info@naham.org](mailto:info@naham.org) and the national office will make relevant updates.
- The Regional Delegates will distribute a newsletter, quarterly, to NAHAM members in that region. Delegates will reach out to the affiliates to contribute content, and ask that the affiliates distribute this newsletter to their members, as well.
- Each Affiliate shall provide NAHAM with their member list once per year.

### **Communication from NAHAM**

- NAHAM will host quarterly Affiliate Advisory Council calls and will provide updates of NAHAM activities.
- NAHAM will send quarterly regional newsletters with NAHAM information as well as regional information including new CHAAs and CHAMs, new members and regional meetings.
- NAHAM will publish affiliate meeting information (as received from affiliates) on the NAHAM website calendar and on affiliate web pages.
- NAHAM regional delegates will communicate with affiliate leaders on a quarterly basis (at minimum).
- NAHAM will provide affiliate leaders with a list of NAHAM members in their state/local area.

### **NAHAM Affiliate Advisory Council**

- All affiliate leaders should participate on the NAHAM Affiliate Advisory Council.
- NAHAM will host a quarterly Affiliate Advisory Council conference call. The purpose of the call is to provide updates on NAHAM activities and to allow affiliate leaders to interact with each other to share ideas and seek assistance.
- Affiliate leaders should attend Affiliate Advisory Council calls whenever possible.
- NAHAM will share minutes from each Affiliate Advisory Council call to all affiliate leaders and Regional Delegates.

## Affiliate Educational Programming

- Affiliates should plan regular educational meetings – the schedule, timing and content of these meetings is left to affiliate discretion.
- Affiliate organizations can apply for NAHAM-approved Contact Hours (CE) for their educational programming at no cost. Online application form:  
<https://naham.wufoo.com/forms/s1uv8vt21n6unzd/>
- NAHAM Certification holders (CHAA and CHAM) are required to earn contact hours to apply for the exam and to recertify every two years. CHAMs are required to earn 10 NAHAM-approved contact hours each recertification cycle. By providing NAHAM-approved contact hours at your local events, you can support your members in earning and keeping their certifications.
- Find more information about NAHAM certification contact hour requirements on the NAHAM website: <https://www.naham.org/page/ContactHourGuide>

### NAHAM Contact Hour Accreditation Sponsor Guidelines

#### NAHAM CE Accreditation

The National Association Healthcare Access Management (NAHAM) encourages sponsoring organizations to provide educational activities for members, clients, customers, prospects and personnel. NAHAM certificants are required to participate in on-going professional education to maintain their credential(s), and many sponsoring organizations have found NAHAM CE Accreditation to be an effective tool for marketing their continuing education programs. NAHAM has initiated an administrative review and accreditation process for those organizations wishing to include the NAHAM program approval in their promotional literature.

#### Qualifying Activities

Programs covering “generic” or “product-specific” topics or content are eligible for accreditation. Generic subject matter means that the skills or knowledge gained by the attendees during the course is easily transferable from one product or product line to another.

Product-specific training is useful only for a given piece of equipment or a particular system.

Courses submitted as “product-specific” which appear to be sales pitches or product endorsements will not receive approval. This distinction is important because NAHAM does not endorse specific manufacturer’s products. NAHAM endorses competence in given areas of expertise. Product-specific courses may be approved when they are designed to increase efficiency, workflow, convey application guidelines, or troubleshooting techniques.

#### Determining Credits

For in person events and trainings: Every 60-minutes of qualified education will qualify for one NAHAM continuing education credit. Credit is not awarded for breaks, meals, or networking activities. Credit is awarded in 30 minute or 0.5 contact hour increments.

For online courses: Each course will qualify for one contact hour per clock hour for the amount of time it takes an individual to complete a course. Credit is awarded in 30 minute or 0.5 hour increments.

## Application Process

For in person events and trainings: Organizations interested in receiving NAHAM accreditation must complete the [application form](#). Organizations must attach a schedule/agenda indicating the session topics and length, scheduled breaks and meals, whether the course is generic or product-specific, and a brief course description to include intended audience (see below) and course objectives (see below). Without this information, applications cannot be processed. Accreditation requests should be submitted at least 30 days prior to the program date. This will ensure adequate time for NAHAM to process the application and allow the sponsoring organization to insert the appropriate information regarding credits in their marketing materials. Programs submitted less than **30 days** prior to the program date will be evaluated on a best-effort basis.

Each program an organization wishes to have accredited requires a separate application. Only one application is necessary for programs with multiple presentation dates, providing the presentation does not vary in length or content. Please include all dates and locations on the application form.

***\*Please note that any application submitted after the program has taken place, will NOT be approved for continuing education credit.***

## Audience

Course descriptions must indicate the intended audience and course content must be a reasonable match for that audience. Courses with content inappropriate for the target audience will not receive approval.

## Objectives

Applications for accreditation must be accompanied by a brief course description, including the length of course and key learning objectives. This information allows potential attendees to determine whether the course will meet their educational needs and know what they can expect to get out of the course *before* they invest their time and money. For example, “At the completion of this course attendees will be able to:

- describe the evolution of the current healthcare system
- report current accreditation and regulatory standards for the registration process and the collection of payments
- define HIPAA laws
- define healthcare terms and medical terminology
- describe key components of healthcare administration and management theories”

If you can't tell or can't decide what knowledge the attendees will gain from the course, we can't determine if the instruction will be useful for the intended audience, nor is it possible to justify attendance at this educational event.

## Attendee Records

NAHAM will provide a certificate of attendance to the program sponsor indicating the number of contact hours awarded, which may be reproduced and distributed to program participants. Program participants are responsible for tracking their own contact hours for recertification.

# Legal Considerations and Record Keeping Guidelines

## LEGAL CONSIDERATIONS

- While not a requirement, you may wish to incorporate your affiliate. When an entity incorporates, it agrees to abide by the laws of the state granting corporate status. Requirements differ by state. You should go to the website of your state's Department of State and search for their incorporation guidelines. You may safely and legally form an association, collect dues, offer and charge fees for educational activities, etc. without incorporating.
- To open a bank account, your bank will require your affiliate to provide a federal tax identification number (also known as Employer Identification Number or E.I.N.). Applying for a federal tax identification number is simple. See page 9 of this document for more information.

## RECORD KEEPING GUIDELINES

In the event of a court proceeding or lawsuit, excessive records are more likely to produce problems than solutions. "The more documents available to an opposing attorney, the more inconsistencies between your procedures and policies will turn up. Destroying records after a suit is filed or threatened can be criminal."

*(Blackman Kallick Bartelstein LLP, The Edge, Fall, 2001).*

Regularly disposing or destroying unnecessary records is critical. Having a consistent and reasonable records retention policy that complies with the requirements of funding agencies, federal and state agencies and your tax exempt status must be maintained.

Your policy should cover *how* you logically organize and store retained paper and electronic records for easy retrieval. As always, Association counsel should review the final policy. According to Blackman Kallick Baterlestin, your policy should include:

- How long you will retain different types of documents.
- How you will eventually destroy or dispose of these documents.
- How you will document record destruction.
- How you will produce key reports according to a timetable.
- Email and web site information may also be appropriate, i.e, setting up specific standards for what staff can include or exclude from communications.

If using an outside document destruction service, get a certificate of destruction for shredded or incinerated documents.

## Guidelines on storage policies

(Items in parentheses indicate recommend department responsible for maintaining these records.)

### **Keep Permanently:**

- Accountants' audit reports (Admin, Acct.)
- Cancelled checks for important payments such as property purchases and special contracts (file checks with the underlying transaction papers) (Acct.)
- Deeds, mortgage and bills of sale (Admin.)
- Depreciation schedules (Acct.)
- Yearend Financial statements (Admin., Acct.)
- General ledgers (Acct. Admin.)
- Insurance records (current accident reports, claims, policies, etc. Expired policies should be kept 3 years)
- Journals (i.e. medical containing reports) until replaced by newer edition (Admin)
- Legal and other important correspondence (i.e. certification, contracts, etc.) (Admin.)
- Minutes books (directors meetings, including bylaws and charter)(Admin)
- Outside appraisers' property appraisals(Admin)
- Property records (including costs, blueprints and plans)(Admin)
- Trademark registrations (Admin)
- Patents and copyrights (Admin)
- Copies of training manuals (Admin)

### **Keep for 7 Years:**

- Accident reports and claims for settled cases (Admin.)
- Accounts payable ledgers and schedules (Acct.)
- Accounts receivable ledgers and schedules (Acct.)
- Cancelled checks (see exception above) (Acct.)
- Expense analysis and distribution reports (Acct.)
- Expense reports (including Personal) (Acct.)
- Expired contracts (Admin.)

- Garnishments (Acct.)
- Vendor invoices (Acct.)
- Mortgages (notes and leases) (Admin.)
- Notes receivable ledgers and schedules (Acct.)
- Payroll records and summaries (H/R)
- Personnel records of discharged employees (H/R)
- Purchase orders (purchasing dept. copy) (Admin.)
- Sales and inventory records (Admin.)
- Subsidiary ledgers (Acct.)
- Time sheets/cards/books (Acct.)
- Vouchers for payment to vendors and employees (Including travel and allowance and reimbursement of employees and officers) (Acct.)
- Withholding tax statements and tax returns and worksheets (relating to tax liability) (Acct.)

### **Keep for three years:**

- Bank statements and reconciliation (Acct.)
- Employment applications (H/R)
- Insurance policies (expired) (Admin.)
- Internal audit reports (Admin.)
- Internal reports (miscellaneous) (Admin.)
- Invoices to members /customers (Admin.)
- Petty cash vouchers (Acct.)

### **Keep for two years:**

- General correspondence, routine correspondence with clients, members and vendors (Admin.)
- Duplicate deposit slips (Acct.)

### **Keep for one year:**

- Purchase orders (non-purchasing dept copy) (Admin.)
- Requisitions (Admin.)

# Financial Considerations



Associations, as not-for-profit organizations, exist to serve the profession and its members, not for turning a profit as with commercial entities. A prudent Board of Directors will want to have a financial surplus to provide an additional fund and for future operations. It is important to note that, because an association may operate as a nonprofit or have a nonprofit status under applicable state law, does not mean it automatically has a federal tax exempt status.

- Financial control may be handled in various ways depending on the type and size of meeting, the number of expense categories involved, the prior existence of a financial officer in your organization who handles meeting finances, and any rules or regulations in your organization that specify the required procedure.
- Financial reports should be provided to the Affiliate membership on an annual basis.
- The bylaws of an Affiliate outline what is required in this area.

## MANAGING ASSOCIATION FUNDS

### Financial Statements and State Association Annual Reports

A key responsibility of an Association Treasurer is preparing and/or overseeing the preparation of financial statements for State Leadership. Reports should be prepared either monthly or quarterly. There are two basic financial statements that should be prepared:

- Income Statement -this statement indicates the sources and amounts of revenue, the expenditures amounts and accounts, and the amount of any surplus or deficit for the period covered.
- Balance Sheet -the balance sheet shows the value of association assets, the amounts of liabilities, and the difference (net worth) as of the end of the period.
- For simplification, we recommend that the fiscal year align with the calendar year (January 1 – December 31). Sample Financial Statements are included in the Appendix and on the State Resources pages on the NAMSS website.

### The Budget Process

The Board of Directors establishes policies to achieve the mission of the association and is responsible to obtain the necessary resources, oversee operations, and plan for the future. The board should create an annual plan that includes the association's short and long range goals. A budget is then developed to accomplish the goals. There are five steps to the budgeting' process:

1. Prepare the list of objectives for the upcoming year.
2. Estimate the cost of each objective, or goal.
3. Estimate the expected income of the association.
4. Compare expected income to the cost of achieving the objectives.
5. Prioritize and submit proposed budget to the board for approval.

### Handling Money

Over time, even a small association may receive, handle and expend large sums of money. As a result, each association should develop and follow a simple system of financial management that adheres to generally accepted accounting principles. A number of inexpensive software programs, such as Quicken or Quick books come with charts of accounts and can be used for this purpose.



Income in the form of cash and checks should be recorded in a cash receipts journal. Payments made to creditors should be supported with vouchers or invoices and recorded in the check register. Miscellaneous transactions should be recorded in a general journal. Most associations will want to choose the cash method of accounting except for large bills that are incurred. Using the cash method of accounting, revenue and expenses are recognized when cash changes hands. Using the accrual method revenue is recognized when earned and expenses are recognized when incurred. The accrual method better matches revenue and expenses to the period where services were performed but does require additional entries and a deeper understanding of accounting principles.

### **Internal Controls**

A significant loss of assets through theft or fraud could jeopardize association programs. The State Association's board is expected to exercise reasonable diligence, care, and good judgment in safeguarding the association's assets. Sound internal controls should be established to allow for a system of policies and procedures that minimize the likelihood of misappropriation of funds. Sample policies and procedures can be found on the NAHAM website at [https://cdn.ymaws.com/www.naham.org/resource/resmgr/about\\_naham/Policy\\_Manual\\_2014.pdf](https://cdn.ymaws.com/www.naham.org/resource/resmgr/about_naham/Policy_Manual_2014.pdf).

Every association should have a bank account. Depositing funds into an account belonging to an individual associated with the association constitutes poor financial management and places undue financial responsibility on that person. Two signatures check policy is recommended for checks over a benchmark level. Be sure to change signature cards at the bank when new officers are elected. To open a bank account, an association needs its own Employer Identification Number (EIN).

When appropriate, an investment policy should be adopted and recorded in the minutes. Funds should be invested in a reasonable manner; avoid "risky" investment vehicles. It is a good idea to invest reserves only in instruments that are insured by the federal government. This avoids taking unnecessary risks with membership funds in your fiduciary capacity.

In accordance with general accounting principles, association leadership may want to perform an annual audit to review the financial records. One option is to hire an audit firm; however, this can be expensive. Other less expensive options include:

- Seek a financial officer/accountant from a hospital or managed care organization or an association member with financial experience to perform the audit
- Form an ad hoc audit committee of association members with financial experience to review the financials, or
- Seek a local accounting firm, tax service or accountant that would do the audit pro bono

### **TAXES**

***Do not assume that your State Association is exempt from paying US Federal income taxes because it operates as a non-profit organization.***

Organizing as a business association that may be exempt from federal income taxation under Internal Revenue Code section 501(c)(6) requires that the association be:

- An association of persons having a common business interest;
- The purpose of the association must be to promote that interest;
- Activities must be directed towards the improvement of business conditions of one or more lines of business rather than to provide services;



- Cannot be engaged primarily in a regular business for profit; and
- No part of the earnings of the association may inure to the benefit of any individual.

IRS Form 1024, Application for Recognition of Exemption under Section 501(a), requests recognition of tax exemption and documents an association's organization and operation. The form requests information such as the association's purpose and activities, articles of incorporation, bylaws (constitution), and details of financial activity. Although Form 1024 is not difficult to complete, an accountant or attorney specializing in services to tax-exempt organizations should review the document before it's filed with the IRS, to ensure it includes all the required information.

The filing fee for submitting the application for tax-exempt status ranges from \$150 to \$500 and the IRS takes about 8 to 12 weeks to respond. A favorable response comes in the form of an IRS Determination Letter, which indicates in writing the IRS approval of tax-exempt status.

More information on filing for tax-exempt status through the IRS can be found at <https://www.irs.gov/Charities-&-Non-Profits/Application-for-Recognition-of-Exemption-1>

#### IRS Reporting (Filing Annual Tax Forms)

- Annual forms must be completed, as well:
  - Form 990-N ("ePostcard") is an eight-question, electronic return that a nonprofit may file if its gross receipts are normally <\$50,000.
  - Form 990-EZ is a two-page return that a nonprofit may file if its gross receipts for a tax year were <\$200,000 and assets were <\$500,000.
  - Form 990 is the "long form" that all other 990 filers must file if their gross receipts were ≥\$200,000 or assets ≥\$500,000.
- If your nonprofit is also tax-exempt, it must file Schedule A of Form 990. Copies of your tax returns are usually open to public inspection.
- Further details, including frequently asked questions are available in the charities and non-profits section of [www.irs.gov](http://www.irs.gov).
- Some organizations will require a W9 with your tax ID in order to submit payment; this form is simple to complete once you have acquired your tax ID.
  - Online fillable version: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>
  - NAHAM's W9's is available here: [https://www.naham.org/resource/resmgr/docs/Signed\\_W-9\\_Form.pdf](https://www.naham.org/resource/resmgr/docs/Signed_W-9_Form.pdf)

# Affiliate Board of Directors

## BOARD OF DIRECTORS

- Typical Affiliate boards consist of between five to seven board members to include a Vice-President, President, Past-President, Secretary and Treasurer.
- The bylaws of an Affiliate outline what is required in this area; see the next section for a bylaws example.

## BOARD MEETINGS

- Board meetings should take place at least once a year, or as directed in your bylaws.
- Your state association may choose to have the Board meet prior to each State Association annual or membership meeting.
- You may also decide to have the officers of the association and others, as delineated in the State Association's Bylaws, serve as the Executive Committee and meet more often to implement the policies and recommendations of the Board.
- Meeting notices should include the time outline, location and agenda [subject(s) to be discussed].
- Encourage members to send alternates if they are not available.
- The appropriate NAHAM Regional Delegate shall receive a notice of all meetings.

## BOARD MEMBER (DIRECTOR) RESPONSIBILITIES

Directors perform a fiduciary/policy making function for the State Association:

- Set the overall policy of the organization.
- Determine the goals through an approved long or short-range plan.
- Provide adequate funds to do the job through the annual budget.
- Establish the dues structure.
- Ensure the election of officers in accordance with the Bylaws.
- Fill all vacancies occurring on the Board in accordance with the Bylaws.
- Recommend changes in the Bylaws.
- Meet as required by the Bylaws, by call of the President, or on its own motion.
- Ensure that State Association is operating in conformity with its Bylaws and applicable laws.
- Oversee the financial and operational aspects of the association.

## **BOARD MEMBER (DIRECTOR) DUTIES**

As Individuals, each Director is expected to serve in the following capacity for their State Association:

- Have a duty of care and loyalty.
- Prepare for and attend all meetings of the Board of Directors.
- Consult frequently with the membership of the association in order that he or she may be truly representative in their legislative function or to explain Board actions.
- Counsel, advise and make suggestions.
- Serve on or chair committees when requested.
- Perform such duties, within his or her capabilities, as the President may request.

## **COMMITTEES**

Your association may have standing committees that are always operating and it may have ad hoc committees, created to address one issue or tackle one project. Typically, associations have committees to address issues of membership, programs, governmental affairs, technical issues, and more. See the sample Bylaws in the appendix for more information about committees.

## **MEETING MINUTES**

- The recording officer of the organization (as directed by your bylaws) is the official minute-taker in a formal or informal meeting – this is typically the secretary.
- Relevant discussion and decisions should be accurately recorded. Off-hand or potentially harmful comments should be expunged. Minutes should accurately record decisions made with only as much of the discussion as necessary to provide a record of the basis of the decision.
- Handwritten notes from a meeting should be destroyed after the formal minutes are typed and distributed.
- Think of your minutes as public document as they are able to be obtained by the plaintiff in any lawsuit against the affiliate – you should have no reason to want to prevent them from being examined.
- The appropriate NAHAM Regional Delegate shall receive a copy of all meeting minutes.

## **Affiliate Web Site**

It is strongly recommended that your affiliate design and obtain hosting for a web site. It doesn't need to be an elaborate site but at least functional and able to clearly provide basic information about your affiliate and educational activities.

A plethora of very inexpensive web design and hosting solutions are available and may be identified through an Internet search. One example of an inexpensive hosting solution is GoDaddy ([www.godaddy.com](http://www.godaddy.com)). You can obtain a domain name, use templates to design a site, arrange for site hosting, obtain email addresses, set up secure certificates for e-commerce, and more.

Be sure to inform your Regional Delegate of your web site so that NAHAM can provide a link to it from our site.

Affiliates who can't or do not wish to have their own web site created may upload content to their Affiliate web pages contained within the NAHAM web site. Please contact NAHAM staff for directions.

## Affiliate Documentation– Bylaws and Policies and Procedures

### Bylaws

- In order to file articles of incorporation, your organization is required to have bylaws.
- Your nonprofit's bylaws are both a legal document and a roadmap for your organization's actions. Bylaws are a form of agreement or contract between the business and its owners (members) to conduct itself in a certain way.
- Your bylaws should address basic activities and your organization's structure. Important items to include:
  - Governance:
    - Number of directors for the Board
    - Board qualifications
    - Board terms of service
    - How board members and officers are elected or appointed
  - When and how board meetings will be held and conducted
  - Voting procedures, such as what constitutes a quorum so that your board can make a decision
  - If applicable, how committees are created and discontinued
  - Rules that govern conflicts of interest
  - How the bylaws can be changed or amended
  - Membership categories and descriptions

There are examples of bylaws provided on the NAHAM website:

<https://www.naham.org/page/AffiliateToolkit>. These are meant to serve as a guideline and a place to start; your organization should develop bylaws that make sense for your area and particular goals.

## **Policies and Procedures**

While bylaws are meant to clarify structure and purpose, policies and procedures should dictate the specific means of getting work done. Policies and procedures documents are recommended for the following:

### **Administrative Policies**

- Board of Directors Meeting Agendas – Preparation and Distribution
- Board Meetings
- Parliamentary Authority
- Removal of Officers/Directors
- Vacancies in Officer and Board Positions

### **Conference**

- Conference Continuing Education Units
- Conference Committee Composition
- Conference Courtesies and Fees
- Conference Registration Policy

### **Financial**

- Expense Reimbursement
- Refunds
- Record Retention Schedule
- Indemnification of Officers, Board Members and Representatives
- Whistleblower Protection Policy

### **Governance**

- Amending Bylaws
- Nomination and Election of Officers and Board Members
- Selecting Volunteers

**Sample policies can be found at**

[https://cdn.ymaws.com/www.naham.org/resource/resmgr/about\\_naham/Policy\\_Manual\\_2014.pdf](https://cdn.ymaws.com/www.naham.org/resource/resmgr/about_naham/Policy_Manual_2014.pdf).

## Additional Resources

This document is meant to provide guidance and suggestions. Please find attached resources below:

### Legal

- <https://www.501commons.org/resources/tools-and-best-practices/legal-resource>

### Bylaws

- <https://www.thebalancesmb.com/what-are-bylaws-for-a-nonprofit-2502158>

### Articles of Incorporation

- <https://www.thebalancesmb.com/how-do-you-incorporate-your-nonprofit-2502260>
- <https://www.inc.com/articles/2000/11/20929.html>
- <https://www.thebalancesmb.com/the-pros-and-cons-of-nonprofit-incorporation-2502270>

Please also visit the NAHAM website for additional tools and resources:

<https://www.naham.org/page/AffiliateToolkit>.