

Illinois Society for Respiratory Care**FISCAL OPERATIONS MANUAL****Revision 1/2025**

INTRODUCTION

The Illinois Society for Respiratory Care (ISRC) has been supporting respiratory care professionals across Illinois since its incorporation on March 25, 1977, under the Illinois General Not-for-Profit Corporation Act. Originally named the Illinois Society for Respiratory Therapy, the organization adopted its current name on June 19, 1985, to better align with its mission and the broader scope of the respiratory care profession.

The ISRC operates as a 501(c)(6) nonprofit organization, which means we are exempt from federal income tax, except for unrelated business taxable income, primarily from advertising sales in our official publications and website. However, we comply with Illinois regulations and continue to pay state sales tax where applicable.

PURPOSE

The purpose for which we are organized is:

"To encourage and develop educational programs for those persons interested in the field of respiratory therapy and to advance the science, technology, ethics and art of respiratory therapy through appropriated institutes, meetings, lectures, preparation and distribution of a newsletter, and any additional materials and procedures deemed suitable for this purpose, and to facilitate cooperation between respiratory therapy personnel and the medical profession, hospitals, service companies, the health industry and other agencies within the state interested and concerned with respiratory therapy."

This foundational statement guides the ISRC's ongoing commitment to education, collaboration, and advancing excellence in respiratory care throughout Illinois.

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ACCOUNTING POLICIES

ACCOUNTING METHOD

The Society utilizes the cash basis of accounting, where revenues and expenses are recorded when cash is received or disbursed. Financial records are securely stored in QuickBooks and reviewed monthly by the Treasurer to ensure accuracy. Reports, including profit and loss statements, balance sheets, and other financial summaries, are prepared regularly and made available to the Board of Directors. For specific reports, please contact the Treasurer.

CLASSES OF NET ASSETS

Unrestricted net assets are resources that the Society can utilize in carrying out its mission in accordance with its charter and bylaws. These assets may also be carried forward for future organizational needs. The Society maintains detailed records of all net assets to ensure compliance with AARC financial reporting standards.

INVESTMENTS

Investments are carried at fair value. The Society prioritizes low-risk investment options, such as government bonds and high-interest savings accounts, to safeguard financial stability. All investment decisions are reviewed and approved by the Board of Directors to ensure alignment with organizational goals and risk tolerance. *As of December 31, 2024, the Society does not hold any investments.*

PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, primarily computer equipment, software, and convention display equipment. All assets are tagged upon receipt, and records are reconciled annually by the Treasurer. Written procedures for asset management ensure proper documentation and tracking. *As of December 31, 2024, the Society does not hold any property or equipment.*

REVENUE RECOGNITION

- Event Revenues: Revenue from conventions and meetings is recognized when the events occur or when payment is received.
- Publication and Advertising Revenues: Revenue is recorded in the period of publication. Funds received in advance are recorded when received.

The Society ensures that revenue recognition aligns with federal and state reporting requirements, as well as the AARC Chartered Affiliates financial guidelines.

DONATED SERVICES

Donated services are not reflected in the financial statements, as they do not meet the requirements of SFAS No. 116. Volunteers donate significant time to the Society's operations and programs; however, there is no employer-type control over their time, location, or duties, nor a measurable basis to record their value. Documentation of volunteer contributions is maintained for internal use and appreciation purposes.

INCOME TAXES

The Society complies with all federal and state tax requirements for 501(c)(6) organizations. Specific obligations include:

- Annual Tax Filings:
 - If total annual receipts are less than \$50,000, the Society files Form 990-P to meet IRS reporting requirements.
 - If receipts exceed \$50,000, the Society files Form 990 or 990-EZ, depending on the level of revenue and IRS thresholds.
- Unrelated Business Income Tax (UBIT):
 - The Society pays income tax on unrelated business taxable income, primarily from advertising sales in its official publications and website.
 - Sponsorships provided to the ISRC are not considered UBTI as they are structured in compliance with IRS guidelines, ensuring they do not constitute taxable advertising or unrelated business activity.
- Lobbying Activities:
 - A portion of membership dues is allocated to lobbying activities, as required by federal law.
 - Due to the Society's lobbying expenses exceeding the dues collected, the full amount of dues is considered non-deductible for members.
- Political Contributions:
 - The Society files Form 1120-POL to report and pay taxes on any political contributions made.
- Compliance and Record-Keeping:
 - The Treasurer ensures compliance with federal tax obligations, including timely filing of appropriate IRS forms.
 - All tax filings and supporting documentation are retained securely on the ISRC Google Drive for a minimum of seven years, in accordance with AARC and federal guidelines.

The Society remains fully compliant with AARC Chartered Affiliates policies and federal tax laws, maintaining transparency and accountability in its financial practices.

General Financial Procedures

Budgetary Process

The Budget and Audit Committee is tasked with preparing a comprehensive fiscal year operating budget proposal for the ISRC (see Article XI, Section 1b of the ISRC Bylaws). The fiscal year spans from January 1 to December 31 and requires a zero-balance projection at the year's end to ensure financial stability and compliance.

Budgetary Process

1. Distribution of Budget Request Forms:
 - The Chair of the Budget and Audit Committee will call for budget proposals from committee chairs during the first quarterly meeting or within 30 days thereafter.
 - Budget input should be provided to the Chair no later than 30 days before the second quarterly meeting.
 2. Budget Consolidation and Review:
 - The Budget and Audit Committee will meet before the second quarterly meeting to:
 - Prepare a consolidated draft of proposed revenues and expenses.
 - Analyze feasibility and fiscal soundness, making adjustments as needed to achieve a balanced budget.
 - Conduct a quarterly cash flow analysis and make further adjustments if necessary.
 3. Approval Process:
 - The committee will finalize a draft budget, documenting all changes and adjustments.
 - Approval requires a two-thirds majority vote by the Budget and Audit Committee before submission to the Board of Directors.
 4. Capital Equipment Requests:
 - Requests for capital equipment (items costing more than \$300.00 each and with a useful life of 3+ years) must be submitted in writing to the Executive Committee.
 - Upon review and approval by a two-thirds majority vote of the Budget and Audit Committee, the request will be forwarded to the Board of Directors for final approval.
 5. Presentation and Ratification:
 - The Chair of the Budget and Audit Committee will present the finalized fiscal year operating budget to the Board of Directors during the second quarterly meeting for ratification.
 - If this does not occur on time, the budget should be reviewed and approved by the Executive Committee prior to January 1 of each year.
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Revenue and Deposits

- Funds:
 - Recorded upon receipt, categorized by source, and documented electronically or via postal submissions.
 - Educational and Fundraising Events:
 - Detailed records, including attendee payments, sponsorship agreements, and receipts, are maintained in event management systems.
 - Committee Work:
 - Committees must submit financial records such as invoices and remittance forms for all activities.
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Reimbursement and Disbursement Processes

1. Submission:
 - Authorized officials (e.g., officers, chairs) request reimbursement by submitting receipts for approved expenses.
 - Preferred submission method: Google Form - Reimbursement Request or email with attached receipts and documentation.
 - Direct payment for society expenses, such as airline tickets for delegates, is processed by the Treasurer using the society credit card.
2. Approval:
 - Expenses are verified against the approved budget.
 - The Treasurer ensures receipts and supporting documentation align with the society's policies before processing payments.
3. Expense Advances:
 - Approved advances (e.g., for travel) are issued on an individual basis only with presidential approval.
 - Receipts for all expenses must be submitted within 10 days after the event.
 - Any unspent funds must be reported, and additional reimbursement requests must include clear documentation and explanation.

Accounts Receivable and Credit Policy

1. Terms:
 - Payment terms are net 30 days.
 - Overdue accounts incur 2% monthly interest.
2. Suspension of Services:
 - Accounts overdue by 90 days result in suspension of services.

Event Registration and Records

All program registrations are managed through an event registration portal or app, such as Eventbrite or App4Org, which securely house all records related to event management, including:

1. Attendee Information:
 - Registration details, payment records, and program-specific data for participants.
2. Vendor and Sponsor Records:
 - Sponsors providing financial contributions in exchange for brand recognition or designated space in the vendor hall are documented within the event registration system.
 - Sponsorships are not considered Unrelated Business Taxable Income (UBTI) as they comply with IRS guidelines for contributions that do not constitute advertising services.
3. Speaker Information:
 - Records include tax documentation (e.g., W-9 forms for speakers earning \$600 or more), signed contracts, and honoraria details.

Operational Vendor Records

The ISRC engages with various vendors outside the scope of events and meetings to support its operational needs. These vendors include, but are not limited to, service providers such as web hosting companies, insurance providers, and other contractors.

Key Elements of Vendor Records

1. Vendor List:
 - A comprehensive record of operational vendors, including contact details, service agreements, and payment history.
2. Contracts and Agreements:
 - Signed agreements detailing the scope of services, terms, cancellation policies, and financial obligations.
 - Examples include contracts with web hosting providers, software subscriptions, insurance policies, and IT support.
3. Tax Information:
 - Tax documentation (e.g., W-9 forms) for vendors providing taxable services or earning over \$600 annually.
 - Records of payments made to these vendors, categorized appropriately for tax reporting.
4. Invoices:
 - Digital copies of all vendor invoices submitted to the Treasurer for payment.
 - Invoices should include the vendor's name, contact information, date, and a detailed description of the services provided.

These operational vendor records are securely stored on the ISRC Google Drive and are reviewed periodically to ensure compliance with budget allocations and contractual terms.

Partnership Financial Oversight

The ISRC supports partnerships with external organizations when such collaborations align with its mission and provide financial or resource benefits.

Financial Oversight

1. Budget Approval:
 - Partnership-related expenses, such as vendor booths, sponsorship agreements, or hosting a speaker, must be included in the annual budget.
 - Any unbudgeted expenses require approval by the Budget and Audit Committee before funds are allocated.
2. Revenue and Expense Tracking:
 - Sponsorship revenue and partnership-related expenses are recorded separately in the ISRC financial records to ensure transparency and accountability.
 - All financial agreements must include detailed terms regarding payment schedules, expected deliverables, and the financial impact on the ISRC.
3. Tax Compliance:
 - Revenue from partnerships, such as sponsorships, must comply with IRS guidelines to avoid classification as Unrelated Business Taxable Income (UBTI).
 - All partnership agreements must clearly document the financial exchange and tax implications, as overseen by the Treasurer.
4. Documentation:
 - Signed agreements, invoices, and payment records are securely stored on the ISRC Google Drive.

Financial Contributions to Other Organizations

The ISRC provides financial contributions to organizations aligned with its mission, such as the AARC Chartered Affiliate Disaster Relief Fund or local public health initiatives.

Financial Oversight

1. Budgetary Approval:
 - All financial contributions must be pre-approved during the annual budget planning process.
 - Unbudgeted contributions require review and approval by the Budget and Audit Committee or a two-thirds vote by the Board of Directors, depending on the amount.
2. Tracking Contributions:
 - Contributions are categorized and recorded in the ISRC financial records, specifying the recipient organization and the purpose of the contribution.
 - Receipts or acknowledgment letters from recipient organizations must be obtained and stored.
3. Tax Compliance:
 - Contributions to 501(c)(3) organizations are documented as charitable donations and may be deductible for the ISRC if applicable.
 - Contributions to other 501(c)(6) organizations or non-tax-exempt entities are reported as expenses and reviewed for compliance with IRS guidelines.
4. Documentation:
 - All financial documentation, including approval records, receipts, and acknowledgment letters, is securely stored on the ISRC Google Drive for audit and reporting purposes.

Insurance and Bonding

Fidelity Bonds

The Society holds a Commercial Crime Policy.

1. Coverage Details:
 - The Principal for this policy is the Illinois Society for Respiratory Care.
 - Coverage ensures protection for the Society's financial assets and operations against risks such as fraud or embezzlement.
 - This policy provides \$50,000 in coverage for commercial crime and is applicable for organizations with assets under \$500,000.
 2. Annual Premium:
 - The premium is \$220.00, renewing each March.
 3. Compliance with AARC Chartered Affiliate Policy:
 - Each affiliate must bond its treasurer and any other officers who are signatories on financial accounts.
 - Documentation of the bond policy must be kept on file and included in triennial financial verification submissions to the AARC Chartered Affiliates Committee.
 - The bond ensures compliance with AARC financial policies and safeguards affiliate funds.
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ISRC Travel Reimbursement Guidelines

Introduction

The Illinois Society for Respiratory Care (ISRC) requires sound business judgment in determining the need for travel and in managing travel-related expenses. These guidelines assist travelers in limiting reimbursement to reasonable and approved expenses.

- Travelers will not be reimbursed for excess costs caused by:
 - Indirect routes chosen for personal preference.
 - Extending a stay for personal reasons.

Applicability

- To qualify for lodging and per diem reimbursement, travel must be approved by the Board of Directors (BOD) and included in the current budget.
- Travel expenses for spouses, family members, or friends are not reimbursable.

Travel Authorization

- All travel on behalf of the ISRC must be necessary and allowable under current rules and bylaws.
- The Executive Committee authorizes travel and approves travel reimbursement.

Air Travel

- Air travel must be booked in coach class.
- Travelers should book tickets as early as possible to secure discounted fares.
- Use the carrier offering the lowest price, unless alternatives are justified.
- If changes are required for restricted fares, exchange fees may be reimbursed with proper documentation.
- ISRC preference is to book the travel on the ISRC credit card.

Ground Transportation

- Preference for Rideshare:
 - Travelers are encouraged to use rideshare services (e.g., Uber, Lyft) whenever feasible, as these are often more cost-effective than rental cars.
 - Reimbursement requires valid receipts, and gratuities up to 15% are allowable.
- Rental Cars:
 - If rideshare services are impractical or cost-prohibitive, a rental car may be used.
 - Choose a car no larger than a mid-size unless justified.
 - Rental car gasoline expenses must be supported by original receipts.
- Use Cases:
 - Ground transportation is appropriate for:
 - Travel between transportation terminals, hotels, and meeting locations.
 - Situations where public transportation or hotel courtesy shuttles are unavailable or impractical.

Lodging

- Travelers are encouraged to use discounted lodging rates and consider room sharing when appropriate.
- Lodging deemed excessive or unreasonable will not be reimbursed.
- Additional costs for upgrades or incidental services are the responsibility of the traveler.

Subsistence

- Members on overnight travel are reimbursed on a per diem basis of up to \$50.00 per travel day.

Use of Personal Vehicle

- Travelers may be reimbursed for using their personal vehicles at the current IRS mileage rate (e.g., \$0.70 per mile for 2025).
- If personal vehicle use replaces air travel, reimbursement is limited to the lesser of airfare costs or mileage reimbursement.

Non-Reimbursed Expenses

- The following expenses are not reimbursable:
- Entertainment or personal leisure activities.
- Laundry, dry cleaning, and pressing.
- Travel insurance.
- Parking fines or violations.
- Indirect travel costs for personal reasons.
- Gratuities within lodging facilities (e.g., bellhops, maids).

Receipts

- Required for all expenses, regardless of amount.
- Must show the payee, date, amount, and service rendered.
- Minor Expenses:
- For minor expenses where receipts are not typically provided (e.g., subway tokens), the traveler's signed certification on the voucher will suffice.

Travel Reimbursement Process

Submission:

- Submit electronically or via postal mail within 10 days of trip completion.
- All required receipts or explanations for missing receipts.

Forms and Resources

1. Reimbursement Requests:
 - Google Form for electronic submission. (in development 12/9/24)
2. Event Records:

- Managed through Eventbrite or App4Org platforms.
 - Enduring documents are [stored securely on Google Drive](#).
3. Accounting Documents:
- [Account listings, profit and loss reports, and balance sheets are securely stored on Google Drive](#).
4. General References:
- [AARC Chartered Affiliates Handbook](#)
 - [IRS Nonprofit Guidelines](#)
 - [Illinois Nonprofit Guidelines](#)