

## IES SECTION FINANCIAL REPORT INSTRUCTIONS

Congratulations on your election as Treasurer of your Section!

This instruction sheet is provided to assist you in preparing your Section's financial report.

Q: Why should each Section comply with preparing and filing this report with IES?

A: IES files on an annual basis a required form 990 with IRS on behalf of its U.S. sections, so sections can maintain its subordinate status and a 503c (3) tax exempt status with IRS. Without receiving such report, IES is unable to file form 990 on behalf of a section. Thus, sections not complying with this requirement may run a risk of losing their tax-exempt status with IRS. Any required back filings required by IRS to avoid losing a tax-exempt status will need to be done by a section that omitted to send such report to IES. Please keep in mind that IES is not able to make a representation to IRS that a section was included in the filing of its subordinate form 990 if a section's financial report was not received on time to be included in such filing.

Q: When should this be completed?

A: The Section financial report should be completed by March 31<sup>st</sup> after the program year of December 31<sup>st</sup>. (For example, for program year January 1 to December 31, 2023, the 2023 report would be due March 31, 2024.) If your section is subject to a financial audit, as may be required by your state, your report may take longer, but aim to have it submitted to IES by the end of the calendar year, or six (6) months after the end of a program year.

Q: Where should I send the report once completed?

A: This report should be sent to the IES via email to [oloukina@ies.org](mailto:oloukina@ies.org) and to your District Chair.

*We will now go through the report line by line. The number stated represents the line indicated on the report.*

*Please Note:*

- *The Section Financial report is prepared for each section's program year, January 1<sup>st</sup> to December 31<sup>st</sup> to June 30<sup>th</sup> (ex: January 1, 2023 – December 31, 2023.)*
- *Cash accounting method should be used by all sections*

### **Column B**

1. Total assets balance from a previous year's report or January 1<sup>st</sup> balance for total assets. All assets of the section should be added (balances of the checking account, savings or money market accounts, CD's and investments.)

### **Column A**

2. Income - if your section had \$1,000 or less total income for the program year, list it here, and then skip down and list this amount in Column A & B on line 11, **otherwise** leave this line blank.

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3. Business Meetings- income received at business meetings, or regular general meetings for entrance fees charged to attendees, charges for food, etc.
4. Educational functions/programs- income derived from charging course fees for educational courses and seminars for the formal IES educational programs. Any other receipts resulting from education-based programs should be included here as well.
5. Shows and conferences - receipts received for Award Galas, Holiday Parties, and other events, that are intended for bonding and enjoyment experiences for your membership.
6. Interest and dividends income – interest and dividends earned on any bank accounts and investment holdings (savings account, checking account, money market account, CD's and other investment holdings).
7. Realized gain (loss) on sale of investments of \$XX,XXX cost basis – as an example, if a section sold a bond or a stock for \$10,000 with an original cost of \$8,000, a realized gain of \$2,000 should be indicated on line 7, column A. An original cost of \$8,000 should be disclosed as "...on sale of investments of \$8,000 cost basis".
8. Contributions and sponsorship income – contributions raised as part of fundraising activities and any sponsorship payments for events held by section. For individual contributions and sponsorship payments of \$5,000 and above, an additional information is required to be provided. For each such contribution or sponsorship payment, please provide a list indicating the amount paid, payer name, address, EIN and the purpose of the payment.
9. Other – this income is for any other revenue not stated above (i.e. publication sales, sale of miscellaneous membership items, etc.)
10. Local dues payment through IES – revenue for membership dues allocation received from IES.
11. Subtotal – this is the total of income entered on lines 2 through 10 in column A. The same subtotal amount is transferred to line 11, column B.
12. TOTAL – This is the sum of last year's balance from line 1, column B and this year's total income from line 11, column B.
13. Expense – if your total expenses for the program year were below \$1,000, enter the total here. If your total expenses exceeded \$1,000, use the lines below (line 14 through 26).
14. Grants – total amount paid for any grants and scholarships during the program year. For individual grants/scholarships of \$5,000 and above, provide a list indicating amount paid, the name of the payee, address, EIN or SSN and a purpose of the grant/scholarship. For grants/scholarships of less than \$5,000, indicate the number of such grants/scholarships disbursed.

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15. Compensation of current officers, directors (also refer to additional required information, item #5) – indicate the total amount paid to any member of a Section’s governing board during the program year. If any such payments were made, provide within additionally required information section of the report, item #5).
16. This line is applicable for sections employing staff. The amounts for salaries, pension contributions, other employee benefits and payroll taxes should be separately disclosed for filing form 990.
17. Fees – this line is used to indicate any professional fees paid during the program year. In following required disclosures for filing form 990, please separately indicate amounts for management fees, legal fees, accounting fees, investment management fees, and any other professional fees.
18. Advertising and promotion – total expense paid for advertising and promotion activities and merchandise during the program year.
19. Office expenses – this is the total expenses incurred in maintaining an office to support section’s activities and may include such items as supplies (paper, ink, water etc.), copier and printer cost, postage and shipping, office cleaning and repairs, telephone and internet cost etc.
20. Information technology – any payments made to IT consultants and specialists, purchases of software and IT hardware.
21. Occupancy – this is relevant for sections maintaining an office. All rent payments and the cost of utility bills should be included here.
22. Travel – travel expenses paid or reimbursed by section for travel of its directors and officers.
23. Conferences, conventions and meetings – the cost of having business meetings and conferences. This is an expense associated with income disclosed on lines 3 and 5 in the income section.
24. Educational program expenses – This is an expense of holding educational meetings/programs and is associated with income disclosed on the line 4 in the income section.
25. Insurance expense – the cost of purchasing directors & officers insurance and any other insurance coverages.
26. Other expenses – any other expenses not disclosed above. The total of this expense should not exceed 5% of total expenses.
27. Subtotal – add all expenses for lines 13 – 26.
28. Balance for year ending – Line A will indicate a net income (loss) for the current program year. Line B will indicate the total assets at the end of the current

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program year and should equal the total assets as held by a section at June 30<sup>th</sup>. Please verify your math here to make sure all totals make sense and match your records.

### **Additional Required Information**

1. Only applicable for sections that made payments of \$600 and above to individuals and unincorporated entities. Please follow instructions to provide the information and to perform necessary filings.
2. Applicable for all sections and is the break down or detail for sections' assets at the end of the program year at June 30<sup>th</sup>. Total assets disclosed here must equal the total indicated on line 28 (balance for year ending).
3. Applicable for all sections.
4. Applicable for all sections.
5. All sections are required to answer this question. If the answer is "yes", additional information needs to be provided, as per instructions.
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7. All sections need to answer this question.

The Section President and Treasurer should sign and date the report and send it to [accounting@ies.org](mailto:accounting@ies.org) and their District Chair.

Any questions regarding the Section Financial Report should be directed to the IES CFO Olga Loukina at [oloukina@ies.org](mailto:oloukina@ies.org).