

GUIDELINES FOR CONSTITUENT SOCIETIES

Updated 9/9/03

Organizationally

The Indiana University Alumni Association as defined by the IU Board of Trustees serves as an umbrella organization that incorporates all eight campuses, all school constituent societies, all special interest affiliate groups, and all alumni clubs worldwide. The Indiana University Alumni Association and the Office of Alumni Relations shall be the primary entity responsible for these activities and is charged with directing and providing support to all units of Indiana University engaged in relations with and programs for its alumni.

Legal Status

The constituent societies of the Indiana University Alumni Association, Inc. (IUAA) are integral parts of the association. The IUAA is a 501(c) 3 not-for-profit organization, so the constituent societies derive their legal and nonprofit status from IUAA. The IUAA is a separate entity from Indiana University.

Funding for Constituent Societies

A census of constituent society members is taken each July 1 to determine the allocation to each constituent society. The allocation is made for both annual and life paid members.

Monthly payments of the allocation will be transferred into the dues account for each constituent society at the IUAA. The allocation is based on the following formula:

\$1,000 base allocation
Plus \$6.25/ paid member

Financial Reports

Financial reports will be mailed from the IUAA business office to the constituent society treasurer on or about the 15th of the month. Each treasurer will receive a balance sheet, revenue and expense report and general ledger, showing detailed activity. Copies of these reports will also be given to the IUAA staff member representing each constituent society.

Budgeting

As budgets are developed and approved by the constituent boards, they should be forwarded to the Alumni Business Office (ABO) for review and input into the IUAA accounting system.

Cash Policies

Each constituent society will have a working account with IUAA for all deposits and bill payment. A constituent society may establish a separate saving account for excess funds that it may have acquired. Interest is paid on both types of accounts.

Donations - IUAA 501(c)3

The IUAA is a 501(c)3 not-for-profit corporation and donations to IUAA are tax deductible. Donations to any constituent society may be made through the IUAA account at the IU Foundation (IUF) so donors get proper credit with IU. These donations may be designated for a particular constituent society. Donations also can be made through IUF for other accounts, such as a scholarship account.

Insurance Coverage

Alumni constituent society activities are insured through IUAA's General Liability policy, but only with respect to the liability for their sponsored activities or activities they perform on IUAA's behalf.

Unrelated Business Income

Alumni constituent societies need to be aware of potential tax liabilities related to unrelated business income (UBI). If an activity is a trade or business, regularly carried on and is not substantially related to the organization's mission, then the activity could be considered UBI. If a constituent society has UBI, then the IUAA needs to include this information on both its state and federal returns and possibly pay tax on the income. Some of the activities the Internal Revenue Service considers UBI are advertising, tours, merchandising, etc. Generally, the areas where constituent societies might get into activities that could be UBI are in advertising and sponsorships. This would include advertising in a constituent newsletter or on its Web site. If a constituent society is considering any activities that might be considered UBI, it should contact the IUAA.

Prohibited Activities

The IU Alumni Association as a not-for-profit corporation is prohibited from certain activities. Since the alumni constituent societies are under the umbrella of the IUAA, they also must not participate in prohibited activities. Sec. 501(c)(3) organizations are strictly prohibited from engaging in any political activity. Political activity includes making contributions to political parties, action committees, or candidates for political office, as well as promoting or otherwise endorsing a particular candidate or political party. Also, Sec. 501(c)(3) organizations must not engage in any significant legislative or lobbying activity. Failure to comply with these requirements can result in severe penalties, including loss of tax-exempt status.

Trustee Election

1. No alumni club, constituent society or affiliate group may endorse any individual candidate running for the position of trustee or contribute money in support of a campaign.
2. Alumni mailing labels and lists may not be released to candidates or their supporters.
3. Alumni newsletters may contain news that a particular person is running from a particular area, but it also must mention the other candidates.

In short, the IUAA and all of its various groups and organizations must remain neutral in the election process.

This policy is not intended to restrict or hamper alumni, acting on their own behalf, from actively supporting the candidate of their choice. It applies only to our various alumni groups.

Data Use

The IU Alumni Association is charged by the university to be the keeper of the official record of all alumni demographic information. IUAA shares a database on alumni with the IU Foundation. This system is the Alumni/Foundation Information System (A/FIS). Constituent societies should adhere to the A/FIS policies for use of alumni data.

Publications

Constituent societies are entitled to use the newsletter services offered by the IUAA. These can vary from campus to campus. On the Bloomington campus, they include getting bids for, editing, designing, proofreading, printing, and mailing of an alumni newsletter. These services do not include photography or writing, except for the preparation of class notes for each constituency. Periodicals intended for alumni should have content that fosters alumni interest in and support of Indiana University and the IUAA. Alumni newsletters may not include commercial advertising or fund-raising articles. For more information about constituent alumni publications, contact the alumni director on your campus or the Bloomington editor for constituent publications, who can provide cost figures and further guidelines.

Web

Constituent societies are entitled to certain Web development resources offered by the IUAA. These vary from campus to campus. On the Bloomington campus, they include consulting, editing, designing, testing, and deploying Web sites. On all campuses, they include posting of alumni events to the main alumni Web calendar, where they are reviewed and edited. They may be posted on related calendars or included in the IUAA e-Newsletter. Requests for services and material for Web pages should be submitted digitally to the IUAA Webmaster at iaaaweb@indiana.edu.

IUAA Mail Room

Constituent societies are entitled to use the printing and mailing services offered by the IUAA. These include getting bids for, printing, binding, and mailing of materials such as newsletters, flyers and brochures. Materials intended for alumni should have content that fosters alumni interest in and support of Indiana University and the IUAA. Alumni mailings may not include commercial advertising if they are to be mailed at the non-profit rate. For more information about the alumni mailroom, contact the IUAA mailroom supervisor, who can provide cost figures and further information.

PROCEDURES FOR CONSTITUENT SOCIETIES

Budgeting

As a rule of thumb constituent societies may keep one year of dues allocations in reserve. The goal of a constituent society is not to build a surplus. We are an activity organization not an endowment.

Fund balance (Net asset) should not be included as revenue in the Society's budget. You should budget revenues and expenses and show a bottom line. That bottom line will either increase or decrease your fund balance.

Deficit budgets are allowed as long as the constituent society has reserves. Reserves should be held for unusual or special expenses.

Separate revenue lines should be established for activities in which you are expecting more than \$1,000 in income. If you will have less than \$1,000 in income you should net your income in the expense account.

Deposits

All checks/credit cards or cash received by a constituent society representative should be forwarded to the ABO within 48 hours of receipt of the information for deposit. The following is the procedure for preparing a deposit.

Checks/cash and credit cards should be prepared as two separate deposits.

Check/cash deposits

List the name on the check, check number, and dollar amount. You can do this in a spreadsheet or on a deposit form received from ABO.

If you are including cash, you should list a total figure for the amount of cash included in the deposit.

Total the checks and cash and provide this total on your deposit form.

Provide an account number that should receive the credit for the deposit.

Credit Card deposits

List the name, credit card number, expiration date, and dollar amount to be charged.

Total the amounts to be charged and provide this total on your deposit form.

Provide the account number that should receive the credit for the deposit.

Accounts Payable

The ABO writes checks each Thursday. All check requests need to be received in our office by 4 p.m. on Wednesday. All requests for checks must have the following information:

1. Original invoice or IUAA check request form to be filed with check copy and maintained in ABO files.
 - a. If whatever is being submitted to the ABO for payment has documentation that should accompany the check to the vendor (i.e., registration form), then you must also provide a copy of the documentation to be filed with the check stub.
2. The invoice or check request must have an IUAA 10 digit account number (seven digit IU account numbers will not work).
3. The invoice or check request must have the initials of the individual responsible for the particular IUAA account being charged.
4. By initialing the bill the individual is taking responsibility for the bill being both the correct amount and that all goods and services have been received and rendered.

Interest on Cash/Savings Accounts

Each month the IUAA will make an interest payment to each constituent society for its cash balance at the end of the previous month. This will be paid at a 2% APR. If a constituent society chooses it can move some of its cash balance to a savings account held by the IUAA. These funds receive a 5% APR, paid monthly. Any constituent society can move a portion of its cash balance to a savings account by putting a request in to the ABO. Funds must remain in this account for a minimum of 30 days and should your cash balance fall below \$0, the ABO will automatically transfer funds from your savings account to cover any deficit.