



UNITED STATES CHAMBER OF COMMERCE

# ACCREDITATION

## 2024 Accreditation Application for Local Chambers

### Section 2: Finance

## 2. Finance

### Standard

An Accredited chamber conforms to all Internal Revenue Service (IRS) and state accounting regulations and generally complies with the Statements of Financial Accounting Standards. Each chamber operates on a budget approved by the board of directors. A full financial audit of the chamber's records is made by a recognized auditing firm.

### Minimum Qualifications

- Meets generally accepted accounting principles (GAAP)
- Has created and adheres to financial policies
- Has an annual operational budget in place (including costs for all programs, management, and fundraising) and approval by appropriate committee
- Board of directors reviews and approves financial statements
- Accounting and reporting systems are maintained electronically
- Maintains current financial statements
- Maintains liability insurance
- Maintains director and officer insurance
- Chambers with revenue below \$500,000 must:
  - Conduct an annual review by a certified financial firm
  - Conduct a full financial audit every three years
- Chambers with revenue of more than \$500,000 must:
  - Conduct an annual review by a certified financial firm
  - Conduct a full financial audit every other year
- Meets IRS and state filing requirements
- Withholds and reports taxes from employee checks to the IRS and state and local government on a timely basis

### Minimum Requirement Attachments Checklist

- A 2.1 Financial policies and procedures manual
- A 2.2 Detailed budget for the current year
- A 2.3 Last fiscal year's financial report
- A 2.4 Three most recent monthly or quarterly financial reports
- A 2.5 Most recent financial audit
- A 2.6 Most recent financial review
- A 2.7 IRS Letter of Exemption (if applicable)
- A 2.8 Most recent state income tax report (if applicable)

## Section 2: Finance Minimum Requirements

### A. Responsible Accounting

1. Are financial policies and procedures documented in a financial policy and procedures manual?  Yes  No

**A 2.1 Attach financial policy and procedures manual<sup>i</sup> Attachment :** \_\_\_\_\_

2. Please indicate which clauses are addressed in the financial policy and/or procedures manual: (check all that apply)

#### Finance Clauses:

- Fiscal-year designation
- Procedures for application of chamber revenues
- Placement of excess revenues (i.g., do they go into a reserve account?)
- Authorization of the chief paid executive to make disbursements upon adoption of a budget by the board
- An annual review of accounts by a qualified, independent outside source and an audit every two to three years
- Policies to designate or restrict funds. (If applicable)

#### Banking Clauses:

- Number and types of bank accounts the chamber holds
- Account signatures – signature authority
- How deposits are to be handled
- Deposits are secured by bank pledged assets (if cash balances exceed FDIC insurance)

#### Investment Clauses:

- Types of securities to be held (investment schedule)
- Designation of person responsible for the investment of funds
- Types and amounts of special funding to be maintained
- Kinds of expenditures that may be charged to special funds
- Fund transfer authorization

3. What type of accounting system is used? (Check one)

Cash basis  Accrual Basis  Combination

4. On what terms does the chamber pay its bills? \_\_\_\_\_

## B. Budget

**A 2.2 Attach the chamber's detailed budget for the current year.** Attachment : \_\_\_\_\_

**A 2.3 Attach last fiscal year's financial report.** Attachment : \_\_\_\_\_

1. How many months prior to the implementation of the budget does the chamber begin planning the following year's budget? \_\_\_\_\_
2. Are income and expenses for programs, management, and fundraising detailed in the budget?  Yes  No
3. Do all board members receive a copy of the approved budget?  Yes  No
4. Is the board of directors required to approve the chamber's annual budget?  Yes  No

## C. Financial Reporting

1. Are the chamber's accounting and reporting systems maintained electronically?  Yes  No

**A 2.4 Attach copies of the chamber's three most recent monthly or quarterly financial reports.**

Attachment : \_\_\_\_\_

2. Please indicate what the chamber's financial reports provide: (check all that apply)
  - Status and transactions of all funds for which the chamber has fiduciary responsibility
  - Current month's income and expenses by budget account items
  - Actual year-to-date income and expenses by budget account items
  - Budget annual income and expenses by budget account item
  - Current cash and investment status of the chamber
3. How often are financial reports reviewed by the board? (check one)
  - Monthly
  - Quarterly
  - Other \_\_\_\_\_
4. Does the chamber have general liability insurance?  Yes  No
5. Is director and officer insurance provided to directors?  Yes  No
6. How often is the chamber audited by a certified financial auditing company? (If the chamber's revenue is more than \$500,000 the chamber should be audited every other year. If the chamber's revenue is under \$500,000 the chamber should be audited once every three years.)
  - Annually
  - Every three years
  - Every other year
  - Other \_\_\_\_\_
7. Is an internal financial review administered in years that the chamber does not undergo a complete audit? (If the chamber conducts yearly audits, please skip this question.)  Yes  No

**A 2.5 Attach a copy of the chamber's most recent audit.<sup>ii</sup>** Attachment : \_\_\_\_\_

**A 2.6 Attach a copy of the chamber's most recent financial review<sup>iii</sup> (If the chamber conducts annual audits, no financial review is required).**

Attachment : \_\_\_\_\_

## D. Internal Revenue Service (IRS) Regulations

1. What is the chamber's federal IRS identification number? \_\_\_\_\_

**A 2.7 If the chamber has an IRS Letter of Exemption, please attach a copy.**

**Attachment :** \_\_\_\_\_

2. Does the chamber file an IRS Form 990 annually?  Yes  No

3. If the chamber's Unrelated Business Income grosses more than \$1,000, do you file an IRS Form 990T?  Yes  No

## E. State Income Tax

1. Does the state require the chamber to file state income tax reports?  Yes  No

**A 2.8 If yes, please attach a copy of the chamber's most recent state income tax report.**

**Attachment :** \_\_\_\_\_

2. Is the chamber required to collect and transmit sales tax to the state?  Yes  No

3. Please list the chamber's state department of revenue identification number (If applicable). \_\_\_\_\_

4. Does the chamber have a state sales tax-exempt certificate?  Yes  No

5. Is the chamber required to have a state occupational license?  Yes  No

## F. Payroll Taxation

1. Are taxes withheld from employee checks transmitted and reported to the IRS as well as to state and local governments on a timely basis?  Yes  No

## Attachment A

Fill in the following for the last five years (round to the nearest dollar).

Year	_____	_____	_____	_____	_____
Total income	_____	_____	_____	_____	_____
Member income	_____	_____	_____	_____	_____
Income other than dues:	_____	_____	_____	_____	_____
Convention or tourist	_____	_____	_____	_____	_____
Industrial development	_____	_____	_____	_____	_____
Retail	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Special long-range funds (show one year's income Only)	_____	_____	_____	_____	_____
Tax or government funds	_____	_____	_____	_____	_____
Foundation income	_____	_____	_____	_____	_____
Subsidiary corporation	_____	_____	_____	_____	_____
Number of membership billing accounts	_____	_____	_____	_____	_____
Number of new member accounts	_____	_____	_____	_____	_____
Number of member accounts dropped or resigned	_____	_____	_____	_____	_____
Dollar value of dropped or resigned accounts	_____	_____	_____	_____	_____
Percentage of income used for: *The sum must equal 100%					
Administration	_____ %	_____ %	_____ %	_____ %	_____ %
Operations	_____ %	_____ %	_____ %	_____ %	_____ %
Programs	_____ %	_____ %	_____ %	_____ %	_____ %
Cash balance at end of fiscal year	_____	_____	_____	_____	_____

## Section 2: Finance Additional Criteria

### A. Responsible Accounting

1. Is the staff responsible for performing financial transactions separate from the staff that records financial transactions?  Yes  No
2. Are the officers and staff that handle the chamber's money bonded?  Yes  No
3. Are the capabilities of financial personnel appropriately matched with the requirements of the financial position?  Yes  No
4. Has the board been instructed on how to review financial statements?  Yes  No
5. What other types of financial training, in addition to what is provided at the board orientation, does the chamber offer the board of directors? (Check all that apply)  
 Staff or peer coaching  Financial courses at local or state colleges or universities  
 Seminars or conferences  Other \_\_\_\_\_

### B. Budget

1. Do board members and officers participate in the budget planning process?  Yes  No
2. Do the chamber staff and board monitor the budget on a monthly basis?  Yes  No
3. Does the chamber forecast a budget longer than one year?  Yes  No
4. Is the budget shared with all committee chairs, and do they understand their responsibility to perform against their particular part of the budget?  Yes  No
5. Do volunteers understand they cannot expend funds or contract for the chamber without explicit authorization?  Yes  No

### C. Financial Reporting

1. How often are financial reports reviewed by the Executive Committee?  
 Monthly  Quarterly  Yearly  Not Applicable
2. Does the board and/or executive committee review audited financial statements?  Yes  No
3. Does the chamber have a reserve or contingency fund?  Yes  No
  - a. What is the reserve (stated as a percentage) of the total operating budget of the chamber? \_\_\_\_\_ %
4. Does the chamber have designated or restricted funds?  Yes  No
  - a. Please list the chamber's designated funds.

## D. Internal Revenue Service (IRS) Regulations

1. Does the chamber receive tax or government funds?  Yes  No
2. Is there a contract or written agreement between the government body and the chamber to perform services?  Yes  No

a. If yes, list and briefly describe each contract or written agreement.

## E. Payroll Taxation

1. Are regular payroll audits performed?  Yes  No

## F. Membership Dues

1. How many members does the chamber have? \_\_\_\_\_
2. What percentage of annual gross income is derived from membership dues? \_\_\_\_\_ %
3. What is the chamber's average **member retention rate**<sup>iv</sup> over the past three years? \_\_\_\_\_ %
4. Is the chamber's membership increasing, decreasing, or stable?
- Increasing  Decreasing  Stable

5. Please list some reasons for membership increases or decreases.

6. What is the highest dollar rate for the chamber's membership dues? \$ \_\_\_\_\_
7. What is the base (minimum) dollar rate for the chamber's membership dues? \$ \_\_\_\_\_
8. What percentage of membership accounts pays only the base rate? \_\_\_\_\_ %
9. What are the average dues per membership account? \$ \_\_\_\_\_
10. Please indicate the billing method for membership accounts:
- Anniversary billing date  Fiscal billing date

11. What is the chamber's renewal billing timeline?

12. Does the chamber conduct exit interviews for members that do not renew their membership?  Yes  No
13. Does the chamber have a collection procedure for late membership dues income?  Yes  No
14. How long do you carry delinquent member accounts?
- 60 days  90 days  120 days  Over 120 days



## Supplementary Information

Applicants can use this page to enter or attach supplementary information not required by the application.

Please note that the U.S. Chamber of Commerce will review the material, but does not score supplementary information either as a part of the application process or as a basis for designating the chamber as Accredited, Accredited with 3 Stars, Accredited with 4 Stars, or Accredited with 5 Stars.

Supplementary information may be awarded up to five discretionary points as deemed by the Accreditation consultant for exceptional policies or best practices.

Comments can be entered in the space below.

Additional documents can be attached here : \_\_\_\_\_

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<sup>i</sup> **Financial policy and procedures manual:** The Accrediting Board requires that the chamber create a written manual of generally accepted accounting principles that provides the chamber's financial staff with adequate controls for general finance, banking, and investments. For sample financial policy and procedures manuals, refer to the best practices Web page at

[http://www.uschamber.com/chambers/accreditation/best\\_practices.htm](http://www.uschamber.com/chambers/accreditation/best_practices.htm)

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<sup>ii</sup> **Audit:** The Accrediting board requires that all Accredited chambers with revenue greater than \$500,000 undergo a full financial audit by a certified accounting firm every other year. For chambers with revenue under \$500,000 the Accrediting board requires that an audit by a certified accounting firm be completed every three years.

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<sup>iii</sup> **Financial review:** The Accrediting board requires that a financial review or compilation report, completed by a certified accounting professional, be provided in years when a full financial audit is not conducted. If the chamber conducts yearly audits, a financial review does not need to be conducted.

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<sup>iv</sup> **Membership retention rate:** Retention rate equals the number of expiring members from a year that renewed their membership divided by the total number of expiring members for that year.

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