

## NDIA and WID Chapter Finance Processes

NDIA is a 501(c)(3) Educational non-profit organization. NDIA's purpose is to educate about the importance of a strong, resilient defense industrial base, to ensure our warfighters always have the best capabilities, training, and support so that they enjoy decisive competitive advantage across the spectrum of conflict in all domains.

To ensure Organizations adhere to this requirement, the IRS reviews Governance documents and applies an "Operational Test."

When reviewing Governance documents, IRS regulations stipulate: "the organizing documents must limit the organization's purposes to exempt purposes in section 501(c)(3) and must not expressly empower it to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of one or more of those purposes."

"Operational Test: An organization will be regarded as operated exclusively for one or more exempt purposes only if it **engages primarily** in activities that accomplish exempt purposes specified in section 501(c)(3). An organization **will not be so regarded if more than an insubstantial part of its activities** does not further an exempt purpose."

The financial processes of NDIA and its affiliate organizations must ensure that revenue and expenses are primarily for educational purposes.

To ensure adherence to IRS rules and to avoid Conflict of Interest and Ethics issues, Chapter financial operations must align with NDIA corporate finance policies for Business Expenditures and Contracts Procurement. Please review these policies and address any questions with the HQ Membership and Chapters Team, [chapters@ndia.org](mailto:chapters@ndia.org).

NDIA National uses PNC Bank's Pinnacle banking platform. Pinnacle is a corporate online and mobile banking platform.

The Chapters team will post current versions of all forms referenced below on our NDIA Chapter Resources webpage: <https://www.ndia.org/chapters/about-ndia-chapters/chapter-resources>

## Chapter Bank Account Set Up and Officer Transition

- ❖ All chapter accounts will be held in individual accounts under PNC Bank's corporate platform Pinnacle.
  - To establish the Chapter's account(s) with PNC, contact NDIA at [chapterfinancehq@ndia.org](mailto:chapterfinancehq@ndia.org) and cc: [chapters@ndia.org](mailto:chapters@ndia.org).
  - NDIA will need a current version of the Chapter-President signed Chapter Operating Principles as well as the approved Chapter minutes documenting Chapter President and Chapter Treasurer transitions.
- ❖ To ensure smooth, uninterrupted Chapter financial operations, Chapter leaders must communicate changes in Chapter leadership as soon as possible.
  - Chapters should send copies of Board meeting minutes formalizing officer transitions and contact information for incoming officers.
  - NDIA HQ will work to rapidly change access from officers leaving leadership positions to officers assuming leadership positions.
- ❖ Once a PNC account is established, a user profile attached to that account is created, and the user will receive a series of emails to create a password and enter a preferred phone number.
- ❖ The Chapter President and Chapter Treasurer will maintain visibility rights to view the Chapter's banking balances and all financial activity.

## Credit Card Issuance

- ❖ Credit Card(s) are provided through PNC Bank.
- ❖ Credit Card(s) will be disbursed to Chapter Presidents and Treasurer s individually.
- ❖ Credit Cards issued to Chapter representatives are the personal responsibility of the card holder.
- ❖ Credit Card limits are contingent on the individual chapter financial status.
- ❖ To initiate a request to add a Chapter credit card holder or to cancel a Chapter credit card:
  - Send an email to [chapterfinancehq@ndia.org](mailto:chapterfinancehq@ndia.org) and copy [Chapters@NDIA.org](mailto:Chapters@NDIA.org), ensuring at least two Chapter Board members are copied on the request, showing NDIA the request is approved by at least two individuals.
    - Ideally one of the approval authorities should be the current President or the current Treasurer.
    - Provide the full name and address of the proposed card holder.
- ❖ PNC will send credit cards by mail with instructions on activation and establishing access to view activity.
- ❖ To ensure smooth, uninterrupted Chapter financial operations, Chapter leaders must communicate changes in Chapter leadership as soon as possible.
  - NDIA HQ will work to rapidly change access from officers leaving leadership positions to officers assuming leadership positions.
- ❖ Credit card holders must ensure, in accordance with Chapter Operating Principles, two-person approval for expense payment.
  - Board-Approved expenditures via the annual budget process are considered valid two-person approvals for disbursements.
  - For expenses outside the Board approval process, at least one Chapter officer and one Chapter Board member (2 individuals) must approve in writing disbursements of Chapter funds through the Chapter credit card.

## Chapter Budget Operations

- ❖ All Chapters should define budget development and approval processes in their Board Approved Chapter Manual.
  - WID and NDIA Chapters team will provide Chapters with a template for the budget overview.
- ❖ Chapters should submit a copy of their FY budget overview to NDIA / WID Chapter team by 30 September prior to the beginning of the budget's Fiscal Year.
  - Chapters will send quarterly budget reports aligned to the budget or with Board approved adjustments to [Chapters@ndia.org](mailto:Chapters@ndia.org) copying [Chapterfinancehq@ndia.org](mailto:Chapterfinancehq@ndia.org).
  - WID and NDIA Chapters team will monitor budget execution quarterly.

## Chapter Records/Expense Report Retention

- ❖ Chapters must submit all expense records to NDIA via Box.com, or email, [Chapters@ndia.org](mailto:Chapters@ndia.org) and [Chapterfinancehq@ndia.org](mailto:Chapterfinancehq@ndia.org).
  - Contact [Chapterfinancehq@ndia.org](mailto:Chapterfinancehq@ndia.org) for access and instructions on using Box.com.
- ❖ Expense records include:
  - Receipts
  - Purchase orders
  - Invoices
  - Any other backup documentation confirming the expense aligns with NDIA's educational mission.
- ❖ NDIA will maintain all records in accordance with its standard corporate record retention policy.

## Chapter Expense Execution Options

- ❖ Check Issuance
  - NDIA HQ Accounting will process Chapter check requests on Wednesdays.
  - To ensure Chapter check requests are processed promptly, Chapters should submit requests by noon Eastern Time on Monday.
  - Chapter Treasurer or Board Officer/Member submitting the check request:
    - Verifies funding availability via online access to account
    - Verifies expense aligns with submitted budget or receives written approval from at least one other board member for expense that does not align to submitted budget.
    - Completes NDIA Check Request form (Appendix 1) which requires the following information:
      - Invoice / Contract / Sales Order etc. (Include with request)
      - Date of Request
      - Check Requestor to include their position (Chapter President / Chapter Treasurer / Board Member etc.)
      - Information about the second approval authority including their position ("Expense listed in FYXX Budget;" "Expense approved by Chapter President Bill Smith via email date and time of email: 1 April 2023 at 1:34pm ET")
      - Chapter identification ("WID Greater Boston Chapter" / "NDIA Central Florida Chapter")
      - Company/Organization/individual for payment
        - ◆ Include Name and Address so NDIA Accounting team can mail payment
      - Account code Allocation [**LEAVE BLANK; FOR NDIA HQ USE ONLY**]

- Payment description information (“Request check to pay the invoice for deposit on the Orlando Hilton for NDIA Central Florida Chapter June monthly luncheon on 21 June 2023.”)
- Any special instructions
- Approval authority: When expense aligns with FY Budget, Chapter officer submitting the request signs as approval authority.
  - ◆ If the Expense **was not included** in the original or Board-approved updated budget, NDIA SVP for Membership and Chapters / WID Executive Director must approve and countersign the request.
  - ◆ If the Expense **exceeds budget by 10% or more of budgeted expense**, NDIA SVP for Membership and Chapters / WID Executive Director must approve and countersign the request.
- Chapters must name their Check Request forms using the format outlined in Check Request Nomenclature guidance on Chapter Resources webpage.
- Submits check request via email to [Chapters@NDIA.org](mailto:Chapters@NDIA.org).
  - If expense is outside of approved budget and requires a second Chapter approval authority, second approval authority should be included on the email for their records.
- If necessary, NDIA HQ can make arrangements for ACH; NDIA HQ will process ACH requests with check requests on Wednesdays.
  - Note the ACH request and include all bank account information for the ACH in the “special instructions section” of the Check request.
- The Chapter may request NDIA send scholarship checks to the Chapter President, Treasurer, or other designated Chapter representative if the scholarship is to be presented at a Chapter event.
- ❖ Individual Reimbursements
  - Requesting checks to reimburse Chapter members for approved expenses follows the normal check request process.
    - Check request must include approval from at least one Chapter officer and one Chapter Board member.
      - Individuals receiving reimbursement may not serve as an approval authority for the reimbursement check.
- ❖ Credit Card Expenses
  - The assigned credit card holder makes purchase and **immediately submits** all receipts either via email to [Chapters@ndia.org](mailto:Chapters@ndia.org) and [Chapterfinancehq@ndia.org](mailto:Chapterfinancehq@ndia.org) or via the Chapter’s box account at Box.com.
    - An easy way to meet this requirement is for Chapter leader to immediately take a picture of the receipt with their cell phone and email the receipt to the above email addresses. This will ensure NDIA has the receipts necessary to reconcile accounts and meet audit requirements.
    - For information on accessing the Chapter’s Box.com account, email [Chapterfinancehq@ndia.org](mailto:Chapterfinancehq@ndia.org) and copy [Chapters@ndia.org](mailto:Chapters@ndia.org).
  - NDIA HQ will pay all expenses charged to the Chapter’s credit card account monthly, on a timeline aligned to the credit card company’s billing cycle
    - NDIA HQ will draw funds from the Chapter’s checking account to cover approved credit card transactions.
  - Chapter Treasurer verifies credit card expenses are included in quarterly expense report.

- ❖ Check versus automated payment vs Credit Card.
  - For recurring expenses, Chapter leaders should make arrangements for funds to flow directly from checking account.
  - For most expenses, including larger expenses, NDIA HQ prefers check requests to streamline audit procedures.
  - For smaller transactional expenses or known expenses with an uncertain final value, Chapters can use credit cards. (For example, if Chapters need to pay the final cost of an event and will only receive the final bill at the conclusion of the event.)

## Revenue

- ❖ Reporting Revenue
  - NDIA must track revenue for our IRS Form 990
  - Failure to properly record revenue type will result in significant accounting and IRS issues.
- ❖ Revenue Categories
  - For each deposit, Chapters should provide the category and a short description of the purpose for the revenue.
    - Registration
      - “Registration revenue from NDIA DC Chapter annual golf tournament.”
      - “Registration revenue from NDIA Greater Tampa Bay Chapter monthly luncheon.”
      - “Registration revenue for NDIA DC Chapter golf tournament.”
    - Exhibits
      - “Exhibit revenue from NDIA Iowa Illinois Chapter Midwestern Contracting Symposium.”
    - Sponsorships
      - “Sponsorship revenue from NDIA New England Chapter Cybersecurity Event.”
      - “Sponsorship revenue from WID MI Small Business Symposium.”
    - Donations
      - “NDIA DC Chapter ROTC Scholarship donation.”
- ❖ Depositing Revenue via Check
  - PNC will allow Chapters to deposit checks directly into their account.
    - Deposits can be made by going to the bank.
    - The PNC app should allow the President or Treasurer to deposit checks by taking a picture of the check, front and back.
    - When making a deposit directly into the Chapter account, please send a short email to [Chapters@ndia.org](mailto:Chapters@ndia.org) and [Chapterfinancehq@ndia.org](mailto:Chapterfinancehq@ndia.org) and provide the revenue category and revenue purpose.
  - Chapters can send checks to NDIA HQ and HQ will deposit the checks.
    - Include revenue category and revenue purpose with the check(s).
  - Some organizations will send checks directly to NDIA.

- When a Chapter knows an organization plans to send a check to NDIA HQ for the Chapter, the Chapter should notify HQ via email [Chapters@ndia.org](mailto:Chapters@ndia.org) and [Chapterfinancehq@ndia.org](mailto:Chapterfinancehq@ndia.org) and provide the following information:
  - Organization sending the check
  - Amount of the check
  - Revenue Category
  - Purpose
- Organizations should send all checks to:
  - **NDIA Accounting Department**
  - **Attention: Chapter Finance**
  - 2101 Wilson Blvd
  - Suite 700
  - Arlington, VA 22201
- Organizations sending checks to HQ must include:
  - Chapter name and POC
    - NDIA HQ receives checks from a variety of organizations for a number of different purposes
    - Please avoid “losing” Chapter revenue; ensure your sponsors highlight your Chapter and the type and purpose of the revenue with the check
  - Category and purpose of the check
    - Event name
    - Donation
- Accounting will notify the Chapter team when it receives a check.
  - Chapter team will contact Chapter to confirm check receipt and deposit.
    - Chapters must track anticipated revenue and reach out to NDIA if they believe a check is “missing.”

#### ❖ Depositing Revenue via ACH

- Chapters team will provide ACH instructions to organizations upon request

#### ❖ Invoicing

- Chapters can invoice organizations to obtain revenue
- Chapters will use the Invoice form located on the Chapter Resources webpage
- Chapters must name their Invoice forms using the format outlined in Invoice Nomenclature guidance on Chapter Resources webpage
- Soft Invoices – Invoicing that can be done by NDIA/WID Chapters team
  - NDIA/WID team will send a soft invoice on behalf of the Chapter to the Vendor/Organization
  - Chapter will submit an Invoice Form to the Chapters team for processing
- Hard Invoices – Invoicing that must be done by the NDIA Accounting and Finance Team
  - Chapter will submit an Invoice Form to the Chapters team
    - Chapters team will forward the Invoice Form to the Accounting team for processing
    - The Accounting team will send a hard invoice on behalf of the Chapter to the Vendor/Organization
  - Invoice Form
    - Note whether chapter is requesting a Hard (Accounting team) or Soft (Chapter team) Invoice

- Chapter Requesting Invoices
- Vendor/Organization Name
- Vendor/Organization email address
- Vendor/Organization mailing address
- Purpose of invoice (must be specific)
  - ◆ “For sponsorship of XX event”
  - ◆ “Donation for scholarship fund”
  - ◆ “To exhibit at XX event”
  - ◆ “XX Registrations for XX event”
- Payment Instructions
  - ◆ “Please include a Chapter POC and the purpose of your funding support”