

Mathematical Association of America

To: **Section Chairs, Treasurers, and Governors**
From: **Neil Beskin, Director of Finance**
Subject: **Renew and Solidify Business Relationship with Sections**
Date: **September 7, 2000**

I recently received several warnings from our external auditors and many notifications from other not-for-profit associations that the Internal Revenue Service and many state agencies are focusing on not-for-profit association's financial activities. This affects us all in managing the business affairs of the Mathematical Association of America (MAA).

Internal Revenue Service reporting I enclose a sample financial report that needs to be prepared in order to be in compliance with recent IRS rulings. MAA maintains an IRS group exemption (the MAA headquarters office in Washington DC and all 29 sections) and needs to report financial activities of all group members. This includes all section activities. All sections have their unique federal tax ID, but only MAA is exempt from federal income taxes as a 501(c)(3), not-for-profit, organization. We have not been reporting activities (Revenues / Expenses / Bank Balances) for section activities and need to start this financial activity reporting this tax year. The sample report shows a beginning bank balance (as of 12/31/1999), revenues and expenses for the year 2000, and ending bank balance (12/31/2000).

State sales tax reporting State agencies have been investigating financial activity of many not-for-profit agencies in an attempt to increase their tax base. Specifically, collection and payment of state sales taxes have been addressed. Another not-for-profit educational organization has been assessed over \$600,000.00 in back sales taxes for activities held at meetings in California over the past ten years. That association has been told to pay and collect any non-collected funds from their membership, if they wish. MAA does not have this magnitude of activity, however, we are not in a position to absorb delinquent sales taxes in any jurisdiction. We need to report National and Section meeting activities through the group financial statements.

Each section should determine the name and address of the state agency responsible for sales tax collection in the areas in which they operate. Please forward this information to me so that I can file for a sales tax number, monitor activities, and file timely reports in each state.

Insurance Recent audits have addressed our Insurance coverage issues. In response to these concerns, we have contacted our insurance agent and determined that MAA has sufficient insurance coverage, including all MAA section activities. While not always requested, MAA headquarters can provide proof of insurance for your section meetings.

For additional information regarding either tax issue please contact Jackie Brady (e-mail: Jbrady@maa.org) or myself (e-mail: nbeskin@maa.org). For insurance issues contact either Julie Kraman (e-mail: jkraman@maa.org) or myself. The telephone number at MAA headquarters is (800) 741-9415, and FAX is: (202) 265-4825.

Thank you for your cooperation.