

## Chapter Leadership News Updates April 2015

### Leadership Lexicon

Leader [lee-der], *noun*, a person or thing that leads.

This issue of Chapter Leadership News Updates is dedicated to administrative topics that may need to be addressed by your chapter's leadership on a regular basis. Compliance will be chapter and state specific.

As a chapter leader, things like federal and state compliance or chapter insurance might not be your forte or something you might think "you didn't sign up for" – but, your chapter is an active organization that requires a few simple steps to stay legally compliant.

Staying in compliance is easier than you may think and DHI staff can help. Below are IMPORTANT matters that need regular follow-up and renewal.

### 1.) Your Chapter's Tax Status with the Internal Revenue Service (U.S. chapters only):

Over the last few years, DHI has held chapter leadership conference calls to make the leadership aware of the federal tax law that provides tax benefits to nonprofit organizations. In 2006, the IRS began encouraging 501(c)(6) organizations to file an annual tax return using the 990N Electronic Postcard. As a chapter, please take time to familiarize yourself with IRS requirements to determine your chapter's filing status.

If your chapter is required or has chosen to comply with federal tax rules, DHI has created a tutorial complete with IRS links and frequently asked questions that will make filing a painless experience. DHI staff is available to assist chapter leadership throughout the process.

## [Tax Exempt Compliance Support](#)

### 2.) Maintaining State Incorporation Status (U.S. chapters only):

In some cases, maintaining state incorporation is a requirement to conduct business. If your chapter has never been incorporated by your state or your chapter has not maintained an incorporated status, you need to explore what your state requires. Maintaining an incorporated status protects you, the leadership, from liability. On a practical and everyday basis, being incorporated can affect your chapter's ability to conduct banking matters such as opening business banking accounts and changing signatures on accounts as leadership changes. Maintaining your chapter's incorporated status is another step in protecting the health of your chapter. Please use the link below to find out what your state requires.

## [Find out Your State's Incorporation Requirements](#)

### **3.) Chapter Insurance (available for both U.S. and Canadian chapters):**

DHI offers chapters the opportunity to purchase general liability and directors and officers insurance policies designed specifically for associations. General liability and directors and officers are two different policies, but they are designed to work together to ensure there are no gaps in coverage.

**General Liability:** Provides protection in the event of bodily injury or property damage to a third party due to alleged negligence. For example, if a member falls over an exposed extension cord because it was not properly secured or there is property damage to a third party because a chapter sign blew into a parked car.

**Directors and Officers:** D&O insurance provides coverage for a variety of claims that allege a wrongful act attributable to the management or governance of an organization. Some of these wrongful acts could include: act, error, omission, misstatement or misleading statement, neglect or breach of duty.

DHI strongly encourages all chapters—active or inactive—to carefully consider both available insurance options. Insurance is protection against the unexpected event. If you are a leader of a chapter that handles funds and or conducts social and educational meetings, you need the protection that these policies provide.

The policy coverage is July 1 – June 30 each year and must be renewed and paid for annually. DHI forwards 100 percent of the premiums to AH&T, the insurance broker for these policies. Look for more information regarding insurance renewal in the next few weeks.

As a volunteer leader of a DHI chapter, we understand that these types of administrative obligations can seem overwhelming. While we cannot execute all aspects of compliance for you, we can offer guidance about the process and what is required. These administrative renewals are simple to maintain but not simple to reinstate once there is a lapse. Be sure to include this important transfer of information to new leadership, as the chapter Board terms expire and new leadership begins their term.

Please feel free to contact Member Services at 703/222-2010 or email Paige Horton [phorton@dhi.org](mailto:phorton@dhi.org).

If you have received this bulletin and are **no longer a chapter leader**, please call Member Services at 703/222-2010 to provide [new leadership contacts](#) or fax new information to 703/222-2410.