

FINANCE POLICIES

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I. ADMINISTRATIVE POLICIES

A. Administrative Policies Objectives:

- i. Provide clear directions to the Section's Staff to facilitate effective and efficient administration of the financial aspects of the Section.
- ii. Enable the Section's Staff to enhance the Finance Committee's ability to perform its responsibilities.
- iii. Enable the Section's Staff to enhance the Board of Directors' ability to achieve the Section's Vision, which is as follows:

Orthopaedic Section's Vision Statement 2007-2009 Strategic Plan

The Orthopaedic Section will provide and support professional development for physical therapy clinicians as the preferred autonomous and evidence-based practitioners of choice for musculoskeletal care.

B. Bonding of Executive Director:

- i. The Executive Director of the Orthopaedic Section will be bonded for \$50,000.

C. Check Depositing Policy:

- i. The Independent Study Course Processor/Receptionist opens the mail each day. Any checks received are entered into the online "check log" document. The checks are then distributed to the appropriate staff member for coding according to the budget. Once this is done, the checks are returned to the Executive Associate, who deposits them using our online Desktop Deposit. A copy of all checks deposited is made and given to the Independent Study Course Processor/Receptionist who then marks them as deposited in the "check log" document. The deposit copy is then returned to the Executive Associate, and from this copy she enters the deposit into Peachtree, the Section's accounting program. The Executive Associate also attaches the bank deposit receipt to the deposit copy.
- ii. Deposits that are not credited to the Section by the bank will require the Section Staff to: 1) Follow up with bank periodically to determine if the check has cleared, 2) Follow up with check writer to determine the source of the problem, 3) If 4 months have passed and the check has not been credited to the bank and the check is less than \$100.00, write off the check, 4) If 4 months have passed and the check has not been credited to the bank and the check is greater than \$100.00, send to collections and continue to follow up with check writer and the bank.

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D. Check Writing Policy:

- i. No checks will be written for non-budgeted and non-Board of Directors approved items.
- ii. No checks will be written out to cash.
- iii. Stop payment will be made on all un-cashed checks after 120 days.
- iv. All fees charged to the Section for checks that bounce will be passed on to the check writer.
- v. Authorized check writers are the President, Treasurer and the Executive Director.
- vi. All checks written over \$20,000 require two authorized signatures.

E. Form 1099-Misc

- i. Federal ID numbers or Social Security numbers are obtained from individuals and companies who are paid by the Section. These are entered into our Peach Tree accounting system. At the end of each year a report is printed listing all of the individuals/companies who should receive a 1099. This report is given to the Section accountants who fill out the 1099 forms. These forms are mailed from the Section office.

E. Invoice Approval and Payment Policy:

- i. Each employee who receives and is responsible for approving invoices should initial and date the invoice to fix responsibility.

F. Lobbying Calculation

- i. Each fall the IRS requires APTA and its components to file their estimated lobbying expenses for the upcoming year. Attached are the instructions for estimating these expenses.

F. Pricing Policy:

- i. Pricing for products or services will follow current APTA guidelines, which are as follows: Staff is responsible for developing consistent fees for products and services developed by the Section. When products or services are provided as a benefit of belonging to the Section, staff should restrict these items from nonmembers or charge a fee, except for those Section–endorsed products or services that because of Federal or State regulations prohibit a discounted member rate structure. The Section shall price nonmember resale items deemed critical to the practice of physical therapy at a level to serve as an incentive for the

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1 nonmember (eligible for membership) to join. The nonmember price for products
2 and services shall be at least 40% greater than the member price.

- 3
4 ii. Pricing for products, services and registration fees shall be determined by taking
5 into account total anticipated costs, including direct costs (fixed and variable),
6 salaries, and allocables.

7
8 G. Records Management Policy:

- 9
10 i. Certain records/documents will be kept as specified below:

- 11
12 a. Meeting minutes are kept forever.
13 b. Tax returns are kept forever.
14 c. Fixed asset records are kept until the Section no longer has the item.
15 d. Accounts payable records are kept for seven (7) years.
16 e. Monthly financial statements are kept for seven (7) years.
17 f. Electronic storage for records is appropriate where applicable.

18
19
20 H. Sales Tax for Wisconsin Residents:

- 21
22 i. Sales tax must be collected from all Wisconsin residents who buy promotional
23 items or register for an Independent Study Course. Tax must be submitted to the
24 state of Wisconsin at the end of each year.

25
26
27 I. Tax Preparation

- 28
29 i. An outside accounting firm prepares federal tax returns yearly. They must be
30 completed and filed by the corporate filing date of May 15. If this is not possible,
31 the accounting firm must file an extension.

32
33
34 J. Tracking of Office Purchases:

- 35
36 i. Detailed information on all office purchases will be recorded on a tracking sheet.

37 Procedure:

- 38 a. Record quantity ordered
39 b. Record item ordered
40 c. Record person who ordered the item
41 d. Record date ordered
42 e. Record date received
43 f. Record cost per item
44 g. Record total cost of order
45 h. Record check number when paid
46 i. One person will order the item, a different person will verify receipt

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K. Travel Reimbursement Policy:

- i. Reimbursement for budgeted travel by the Section staff, members, invited speakers or consultants will be made as follows: Hotel reimbursement will not exceed the single room rate at the convention hotel(s). If the Section has or is paying for your hotel stay and you are unable to keep any or all of your reserved nights it is your responsibility to cancel the reservation for that night(s). If you fail to cancel, you are responsible for paying that night(s) lodging. Airfare reimbursement is based on coach fare of \$470.00. Anything above this amount requires approval by the Executive Director. Mileage reimbursement will follow the IRS guideline. Per Diem is limited to \$65 per day; \$15 – breakfast, \$20 – lunch, \$30 – dinner. Per Diem is limited to \$36.00 per day for breakfast, lunch, and dinner UNLESS receipts are attached to the reimbursement form; whereupon, per diem will be reimbursed UP TO \$65.00 per day. Any meals provide by the Section will be deducted as follows: \$8 breakfast, \$10 lunch, \$18 dinner. All reimbursements for expenses need to be submitted within 60 days. Requests for reimbursement after 60 days will need approval by the Orthopaedic Section Board of Directors. All reimbursement requests that are over these guidelines must be approved by the Board of Directors.

II. ASSET MANAGEMENT POLICIES

A. Asset Management Policies Objective:

- i. The Finance Committee is responsible for making recommendations to the Board of Directors on the optimal management strategies for the Section's assets (i.e., personnel, real estate investments, stock and bond investment funds, and intellectual property) that enable the Section to accomplish its Mission.

B. Long-Range Financial Goals for the Section's Assets:

- i. Maintain a reserve fund that is equal to 50% of the Section's annual operating budget plus the sum of the SIG encumbered funds.
- ii. Build the research endowment fund to support the Section's small grants research program. The current goal is to attain a \$2 million balance in this fund over ten years, which at a 4 to 5% return provides \$80,000 – 100,000 per year for the Section's research efforts.
- iii. Develop real estate assets that annually provide \$100,000 in net rental income

C. Asset Management Procedures:

- i. The Executive Director provides the Treasurer monthly, quarterly, and annual information (e.g., financial statements, balance sheets, audit reports) related to the Section's assets.
- ii. The Executive Director provides the Finance Committee summary financial statements related to the Section's assets, including investment fund account values and percent change for the current year to July 31, previous year, previous 3 years, previous 5 years, inception to date.

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- 1 iii. The Finance Committee analyzes this information and develops financial plans
- 2 and goals related to the Section's assets.
- 3 iv. These financial plans and goals are provided to the Board of Directors as
- 4 recommendations. Boards of Directors' approved financial plans are implemented
- 5 as appropriate by the Executive Director and the outcome of the financial plans
- 6 are monitored by the Finance Committee.

8 D. Asset Management Policies:

- 9
- 10 i. The Section's checking and/or money market account balance should provide
- 11 sufficient funds to sustain the Section's operations for the upcoming two months.
- 12 ii. Liabilities, such as the Section's equity line of credit balance, should be paid off
- 13 prior to depositing funds in the Section's reserve fund.
- 14 iii. The balance of the reserve fund should, ideally be 40 - 50% of one year's
- 15 operating expenses plus the sum of the SIG encumbered funds. The mutual fund
- 16 investment strategy of the reserve fund should be approximately 80% stocks and
- 17 20% bonds with a window not to exceed 65 to 95% stocks and 5 to 35% bonds at
- 18 the discretion of the broker.
- 19 iv. When the balances of the Section's checking account and reserve fund are
- 20 sufficient, funds may be allocated to the Section's research endowment fund. The
- 21 investment strategy of the Section's research endowment fund should be
- 22 approximately 60% stocks and 40% bonds at the discretion of the broker.

23

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25 III. AUDIT POLICIES

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27 A. Audit Policy Objective:

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- 29 i. An external audit is conducted every year at the Orthopaedic Section office
- 30 beginning in the month of December.

31

32 B. External Audit Procedures:

- 33
- 34 i. The Section hires an accounting firm to conduct the audit.
- 35 ii. Deadline for completion of the audit is May 15.
- 36 iii. A copy of the audited financial statements are provided to the Orthopaedic Section
- 37 office, Finance Committee, Board of Directors, and APTA.
- 38 iv. Results of the audit shall be reported to the general membership in *Orthopaedic*
- 39 *Physical Therapy Practice* (e.g., in the Fall issue).
- 40 v. The performance and cost effectiveness of the accounting firm that conducts the
- 41 Section's audit is continually reviewed by the Finance Committee and the Board
- 42 of Directors.
- 43 vi. The Finance Committee's recommendation for the accounting firm and the audit
- 44 expenses appear in the annual budget provided to the Board of Directors.
- 45
- 46

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1 C. Peer Review Audit:
2

- 3 i. A peer review audit is conducted every year by a Finance Committee Member
4 before its annual meeting. The audit may include a review of income, expenses,
5 contracts, and procedures. Data gathered is discussed with the remainder of the
6 Finance Committee and Section Staff during the remaining two days of the annual
7 Finance Committee meeting and documented in the annual Finance Committee
8 Meeting minutes.
9

10 D. Monthly Review of Financial Statements:
11

- 12 i. The Section Treasurer will be sent the following via fax or mail each month:
13 Bank statements, account register, and account reconciliation.
14 ii. The Treasurer will sign and date a form each month verifying that he/she has
15 reviewed the above information and fax or mail this form back to the Section
16 office for filing.
17

18 E. Review of Financial Statements:
19

- 20 i. All summary income statements, expense summaries, and balance statements are
21 sent to the Board of Directors, Committee Chairs, and SIG Presidents twice a
22 year. These statements will typically be sent via electronic mail or posted on a
23 secure portion of the Section's website.
24

25 F. Year-end Financial Report to the Members:
26

- 27 i. Year-end financial reports, in graphic format, will be published in *Orthopaedic*
28 *Physical Therapy Practice*.
29
30

31 **IV. BUDGET DEVELOPMENT, ANALYSIS, RECOMMENDATION AND APPROVAL**
32 **POLICIES**
33

34 A. Budget Development, Analysis, Recommendation and Approval Policies Objectives:
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- 36 i. All Committees and Special Interest Groups that require financial assistance to
37 operate will formally request funds according to uniform, equitable procedures.
38 ii. The Finance Committee is responsible for analyzing the Section's available
39 resources and providing a recommendation to the Board of Directors, in the form
40 of a budget and action items, on the optimal utilization of the available resources
41 to accomplish the Section's Vision, Mission and current Strategic Plan objectives.
42
43 iii. The Board of Directors is responsible for the final approval of the annual budget.
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FINANCE POLICIES

- 1 B. Budget Development Procedures:
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3 i. All funding requests need to be received by the Section office on or before June 1
4 prior to the year for which the funds are requested.
5 ii. Committee Chairs, Advisory Panel Chairs, Special Interest Group Presidents or
6 his/her designee (such as the SIG Treasurer), and Section staff are responsible for
7 providing the funding requests to the Section office.
8 iii. All funding requests must utilize the template provided by the Section office.
9 iv. If a funding request is not received from a Committee or Special Interest Group by
10 June 1, the Section office will use the prior annual funding request for that
11 Committee or SIG.
12 v. Funding requests received after June 1 will not be processed in time to be included
13 in the Finance Committee's meeting notebook and thus, will not be able to receive
14 full consideration by the Finance Committee for the upcoming year's budget.
15 vi. Prior Annual Funding Requests for Committees and SIGs are available from the
16 Section office.
17 vii. Additional Budget Items:
18 a. President's Stipend
19 A stipend of \$12,000 per year is provided for the current Orthopaedic
20 Section President. This is to be tied to a commitment by this officer to
21 dedicate approximately 8 hours per week, of which up to four regularly
22 scheduled hours must occur during regular Monday to Friday business
23 hours. One quarter of this stipend (\$3,000) is paid quarterly.
24 b. Vice President's Stipend
25 A stipend of \$6,000 per year is provided for the current Orthopaedic Section
26 Vice President. One quarter of this stipend (\$1,500) is paid quarterly.
27 c. Board Administrative Expense
28 Funds available to the Board for approved expense items.
29 d. Benevolent Giving Objective
30 Funds from the Section's checking account or investment accounts may be
31 allocated for non-Section organizations, such as research foundations,
32 scholarship funds, or political action committees, whose activities are
33 consistent with the Section's current strategic plan. The long-range
34 financial goal for the Section is that funds for benevolent giving will be
35 generated from profits from endowment funds and real estate investments
36 to ensure that annual contributions to the selected organizations can be
37 made.
38 e. Benevolent Giving Procedures
39 • All requests for donations will be reviewed by the Finance Committee
40 during its annual meeting.
41 • Recommendations for benevolent giving will be made in the annual
42 budget provided to the Board of Directors.
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C. Budget Analysis and Recommendation Procedures:

- i. In July and early August, the Executive Director is responsible for creating a draft budget.
- ii. The Finance Committee analyzes this draft budget prior to and during its annual meeting, which takes place in late August of each year.
- iii. During the annual Finance Committee meeting, a budget and associated recommendations will be forwarded to the Board of Directors.

D. Budget Approval Procedures

- i. The recommended annual budget from the Finance Committee is reviewed, modified, and approved by the Board of Directors at the Fall Board of Directors meeting.

E. Non Budgeted Approval Procedures

- i. Funding requests greater than \$5,000.00 that are not specified in the annual budget require Treasurer and/or Finance Committee review prior to Board of Directors approval.
- ii. Requests that require funds that are *not* specified in the annual budget *and* that require funds to be withdrawn from the Section's stock and bond investment funds or equity line of credit, must first be reviewed by the Finance Committee.

V. CONTRACT POLICIES

A. Contract Review Responsibility

- i. The Board of Directors will oversee the Section's current contracts in cooperation with the Executive Director. The Finance Committee will review a sampling of the Section's contracts each year at its annual meeting and will advise the Board if there is any action to be taken.
- ii. All potential contracts that have fiscal implications will go through the normal budget development, analysis, recommendation and approval process. (See Section IV)

B. Contract Approval Process

- i. The Treasurer and Executive Director shall review all agreements/contracts involving banking, investments, or contractual arrangements.
- ii. All finalized agreements/contracts must be in writing and originate from the Orthopaedic Section office.
- iii. The Board of Directors must approve all agreements/contracts greater than \$15,000.00.

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- 1 iv. The President and one member of the Board of Directors will sign all contracts
2 that have fiscal implications greater than \$15,000.00.
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4

VI. EMPLOYEE BONUSES

A. Procedure for Determining Bonuses

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9 Annually at the Fall Meeting, the Board of Directors will consider an amount for
10 employee bonuses based on the audited total revenue from the unrestricted net assets
11 less the administrative expenses and program expenses for the previous calendar year.
12 The Finance Committee will recommend annual cost of living raises for Section
13 employees and provide the Board of Directors with the results of the bonus formula
14 calculation. The Board of Directors will determine what percentage will be given for
15 bonuses.
16

B. Anniversary Bonuses

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18
19 The following bonuses will be given to each employee during the year they celebrate
20 their anniversary:

- 21 • 5 year \$ 500
 - 22 • 10 year \$1,000
 - 23 • 15 year \$2,000
 - 24 • 20 year \$5,000
- 25
26

VII. FINANCE COMMITTEE POLICIES

A. Finance Committee Responsibilities:

- 27
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- 31 i. Make fiscal recommendations to the Orthopaedic Section's Board of Directors,
32 which ensure the Section's ability to provide the following essential benefits to its
33 members:
34
35 a. Opportunities for obtaining the highest quality orthopaedic physical therapy
36 professional education
37 b. Promotion of high standards of orthopaedic physical therapy practice to
38 payers and policy makers
39 c. Facilitate ongoing contribution to the evidence of orthopaedic physical
40 therapy in the scientific literature
41
 - 42 ii. Finance Committee Members must participate in the Finance Committee Meeting,
43 which is held in late August each year.
44
 - 45 iii. Finance Committee Members also may participate in one or more conference call
46 meetings during the year. Finance Committee Members who attend CSM may

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1 also participate in a meeting during the conference. The number of meetings,
2 other than the Annual Meeting in August, depends on the number of financial
3 issues that develop with the Section's business of that particular year.
4

- 5 iv. One Finance Committee member, in addition to the Treasurer, will be invited to
6 attend the Fall Board of Directors Meeting, when funds are available. Typically,
7 each Finance Committee Member will attend one Fall Board of Directors Meeting
8 during his/her three-year term.
9

10 B. Fall Review of Membership Dues
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- 12 i. The APTA requires each Section to review amount of membership dues annually.
13 The Finance Committee will review the amount for the Section's membership
14 dues at its annual meeting each August and a recommendation will be made to the
15 Board of Directors. The Board of Directors will perform its annual review of dues
16 amount at its Fall Board of Directors' meeting. If the decision is to keep the dues
17 at the current amount, then this decision will be reported to the APTA, when
18 requested, typically during June of each year. If the decision is to change the
19 current dues amount, then the process to change the dues amount will be initiated.
20

21 C. Finance Committee Members
22

- 23 i. The Finance Committee has four members. The chair of the Finance Committee
24 is the Treasurer of the Section. The Treasurer is elected by the Section
25 Membership for a three-year term. The other Finance Committee Members are
26 appointed by the Board of Directors for a three-year term. A member can be
27 appointed for a maximum of two terms. The terms are staggered so that a new
28 Finance Committee Member is appointed or re-appointed every year.
29
- 30 ii. Potential Finance Committee members are recruited by the Section office.
31 Nomination forms (including self-nominations) are accepted by the Section office
32 at any time.
33
- 34 iii. Recommendations for a Section member to be appointed or re-appointed to the
35 Finance Committee are made by the current Finance Committee during the August
36 Meeting. Recommendations can also be made by any Section member. After
37 reviewing the nominations and recommendations, the Board of Directors appoints
38 a member during the Fall Board of Directors' Meeting.
39
- 40 iv. Included in the standard letter that goes out to all potential finance committee
41 members is a statement that Finance Committee Members are expected to run for
42 and serve if elected as Treasurer of the Section if asked to do so by the Section's
43 Nominating Committee.
44
- 45 v. Nominees for Treasurer shall have served on the Finance Committee for no less
46 than one (1) year from the time they would assume the office of Treasurer.

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1 Exceptions to this can be considered by mutual agreement between the Finance
2 Committee, Nominating Committee, and the Board of Directors.

- 3
- 4 vi. The terms for all appointed Finance Committee members, as well as for the
5 Treasurer, begin following completion of the CSM Section Business Meeting.
6
- 7 vii. Finance Committee members who have served his/her term(s) and are rotating off
8 the Committee should receive a thank you-for-serving letter from the current
9 Section President, an un-framed certificate of appreciation, and a promotional
10 item from the Section.

11

12 **D. Annual Finance Committee Meeting**

- 13
- 14 i. This two-day meeting is held in late August. During this meeting, the Finance
15 Committee reviews the Section's financial plans, policies, operations,
16 investments, and contracts. Another major task of this meeting is to review the
17 Section's current and projected income and expenses and finalize a budget for the
18 upcoming year for the Board of Directors to approve or modify during their fall
19 meeting.
20
- 21 ii. Finance Committee meeting notebooks will be sent no later than one week prior to
22 the meeting.
23
- 24 iii. Finance Committee meetings will be taped at the discretion of the Section's
25 Executive Director.
26
- 27 iv. Minutes from all Finance Committee meetings will be reviewed and approved by
28 the Finance Committee prior to sending them to the Board of Directors. The
29 Treasurer will present the recommendations of the Finance Committee to the
30 Board of Directors. Finance Committee minutes are approved or amended by the
31 Board of Directors.
32
- 33 v. In addition, action items generated during that meeting will be made to staff.
34
35

36 **VIII. FINANCE POLICIES REVISION PROCESS**

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38 **A. Review of Policies**

- 39
- 40 i. The Finance Committee, Section staff and the Board of Directors will review the
41 current Finance Policies on an ongoing basis.
42

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44 **B. Revision/Deletion Recommendations**

- 45
- 46 i. Any recommendations for revisions or deletions to the current Finance Policies
47 will be made by the Finance Committee during its August Meeting. These

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1 proposed revisions or deletions will be provided to the Board of Directors for
2 consideration and potential approval during its Fall Board of Director’s Meeting.