

# Rocky Mountain Athletic Trainers' Association, Inc.



## Finance Manual

## INTRODUCTION

All members who are involved in receiving or spending Association funds or who use Association items have a special duty to exhibit care in their actions. This duty derives from law, Association By-Laws, and Association Policies and Procedures. The RMATA has obtained incorporated and tax-exempt status. The Association must take measures to ensure that this status remains in place.

The Board has adopted Policies and Procedures to help keep the Association in compliance with the requirements of the law. It is vital that all members should understand, and those who are responsible for Association finances must understand, the Policies and Procedures of the Association. But these Policies and Procedures do not include all actions that may jeopardize the Association. Laws and the interpretation of laws are constantly changing. It is important that all Association actions relate to the purpose and mission of the Association and that individuals acting for the Association act in the best interest of the Association.

The Board has established structures to aid in the financial health of the Association. Duties have been assigned to the Secretary, Treasurer, and Finance Committee to keep the Association on a solid financial footing. This in no way releases any member responsible for Association income or spending from their responsibilities. The Board, and each of its members individually, are ultimately responsible for any actions taken by the Association.

This manual is meant to provide members with guidelines to help keep the Association in compliance with its financial policies and procedures. This manual does not supplant the Policies and Procedures and each member must be aware of the contents of the Policies and Procedures before taking any action, financial or otherwise, in the name of the Association.

Several types of financial controls exist for the Association. External controls are those provided by an outside body or reported publically. Internal controls are used by the Board and others involved in administering Association business. Both are important to the financial health of the Association.

# EXTERNAL CONTROLS

## ASSOCIATION INCORPORATION

The RMATA is nonprofit corporation under the laws of the State of Arizona. This incorporation limits, but does not eliminate, the financial liability of directors. Directors may be financially liable if they do not perform required duties with due care or violate financial guidelines.

Incorporation establishes the Association as a legal entity and requires the Association to follow certain guidelines. The Policies and Procedures address certain financial practices that are prohibited but prohibited practices may exist that are not addressed in the Policies and Procedures. Directors should evaluate all Association activities and spending to ensure compliance with Policies and Procedures and any applicable law. Questions on prohibited practices should be referred to the Business Consultant, Financial Consultant, or legal counsel. If, at any time, it appears the Policies and Procedures are being violated it is the duty of a member to report it to the Board.

Incorporation also requires an annual report and certificate of disclosure be filed each year with the Arizona Corporation Commission. This is completed by the Statutory Agent and signed by the Secretary. Included with this will be a brief financial statement and list of directors. The Secretary must assure that all necessary paperwork to maintain corporate status is submitted by the Statutory Agent.

## TAX EXEMPT STATUS

The Association has been granted tax exempt status by the Internal Revenue Service. This exemption is under Section 501(c)(6) of the tax code. This exempts the Association from income tax as long as certain guidelines are followed. In general, all Association activities must be substantially related to the purpose and mission of the Association and Association resources may not be used to an individual's advantage. Policies and Procedures have been adopted that reflect financial restrictions on Association due to the tax exempt status of the Association.

The Association is not considered a charitable organization by the IRS. This means that donations to the Association are not tax deductible as a donation to a charity. Tax deductions may be taken if they qualify as a professional or business expense. It is important make this point clear to individuals or businesses who wish to make donations to the Association.

The Association must file an income tax return if gross receipts exceed \$25,000. IRS form 990 or 990 EZ should be used. The return should be completed by the Financial Consultant or an accountant chosen by the Board. The Secretary must assure that the return is filed.

## AUDITING AND REPORTING

The Treasurer shall provide a written end of year financial report to the Board and the membership. Such a report shall be made at the semi-annual meeting of the Board and Membership. The written report shall be provided to all members in attendance at the Board and membership meetings and shall be published in the next newsletter. At the annual meeting of the Board and Membership a written update on the financial status of the Association shall be presented by the Treasurer. A written copy of the update shall be provided to each member in attendance at the Board and membership meetings.

The Board shall choose an accountant to review the financial statement of the Association on an annual basis. The accountant should be able to reasonably assure that the financial statement is fairly presented and/or suggest changes in internal and external financial controls. The accountant should have access to documents, accounts, and other necessary items. The review shall be presented, in writing, to the Board and the membership at the next regularly scheduled meeting after its receipt. This report should also be published in the newsletter.

# INTERNAL CONTROLS

## ASSOCIATION INCOME

All income received by the Association must be submitted to the Treasurer. The Board must have direct control over all income and assets of the Association. Committees or members receiving funds in the name of the Association may not use these funds, even for budgeted items, they must be submitted to the Treasurer.

The Treasurer must keep a record of all income received, to include its source and any restrictions that have been placed on the use of the funds. With the exception of dues and fees related to the District Convention, all income needs to be reviewed and approved by the Board. The Board has the right to refuse dues and fees related to the District Convention. The Treasurer should provide the Secretary and Finance Committee a written report on income every three months.

Income from sources that wish those funds to be spent on a certain program or function deserve special care. The Association should require specific, written instructions on the use of funds given for any purpose, including how the giver expects the Association to prove compliance with such instructions. If the giver does not want to give instructions to the Association for the use of such funds it should be explicitly explained to the giver that compliance will be determined by the Association. If instructions are given then the Board will make assurances that those instructions are followed and documentation will be available to prove that compliance. Any income received that the Board feels it cannot comply with the instructions should be returned to the giver.

## ASSOCIATION FINANCIAL ACCOUNTS

All accounts in financial institutions should be under the direct control of the Board. No bank accounts in the name of the Association should be opened by any committee or member nor should any committee or member deposit Association funds into a non-Association account.

Association funds should be kept in a financial institution chosen by the Board. Such a financial institution should be insured by an agency of the federal government. Access to the financial institution by the Treasurer and Secretary should be a consideration when choosing a financial institution. The type of account(s) should be determined by Board action. When choosing such accounts the Board should consider the liquidity of the accounts as compared to the needs of the Association, return on Association funds, and whether those particular types of accounts are insured by an agency of the federal government. The Treasurer should manage the funds of the Association in accordance to Board wishes but should not make decisions on use or placement of Association funds without the prior approval of the Board.

The Treasurer must keep a current, accurate record of the balances of Association accounts. Account balances should be reconciled with account statements provided by the financial institution in a timely fashion. The Treasurer should report any unauthorized or unaccounted for activity in any Association account immediately to the President and Secretary.

Accounts statements from the Association financial institution should be sent to the Treasurer of the Association. If possible, the financial institution should send a copy to the Secretary of the Association. If the financial institution cannot provide the Secretary with a copy of the account statement then the Treasurer shall send the Secretary a copy.

## ASSOCIATION SPENDING

All Association spending must be approved by the Board. This may be done through the budget or as individual items. Association funds are expended by check issued by the Secretary or Treasurer or charged to the Association credit card. Association funds may only be expended by those approved by the Board to spend Association funds. Board members and Committee Chairs are authorized to spend funds

allocated to them through the budget. Spending not approved by the Board may be the individual responsibility of the person spending the money.

When Association funds are spent, it may occur in a variety of manners. An individual may send the Treasurer a purchase request and the Treasurer will send the vendor a check if it is for an approved item. An individual may ask for reimbursement for money spent, along with receipts, and the Treasurer will issue the individual a check if it is for an approved item. An individual may request an advance on budgeted funds for a specific, budgeted purpose. Receipt(s) and any leftover money should be returned to the Treasurer within fifteen (15) days of the expenditure.

If money is requested or spent in excess of the budgeted amount, the Treasurer shall notify the President and Secretary. The President may authorize the use contingency funds, if sufficient funds exist, to cover the excess amount. Such action must be reported to the Board. The Treasurer should note that the budgeted amount was exceeded and that contingency funds were used to cover the excess.

The Treasurer shall record all spending by budget category. The Treasurer shall provide the President and Finance Committee with a quarterly report on spending, with any surpluses or shortages from the budget included. Such a report should be reviewed by the president and Finance Committee and potential problems identified.

The Association credit card may be used by the President and Secretary to expend budgeted funds. A member may be allowed, with permission of the President or Secretary, to use the Association credit card for a specific budgeted purpose. Receipts from the use of the Association credit card are to be submitted to the Treasurer within fourteen (14) days of the expenditure. The Treasurer shall review the statement provided from the credit card company and compare it to the receipts received. Any discrepancy should be reported to the President and Secretary. If expenditures are found that are not included in, or exceed the amount of the budget, the Treasurer shall report it immediately to the President and Secretary. The Treasurer shall remit payment to the credit card company for legitimate charges.

If the Association chooses to grant funds to an outside organization there should be specific guidelines for the use of the funds included in an agreement to provide funds. The agreement should include what the funds may be used for and how the Association will determine if those funds were used properly. The Association should take steps to ensure it may recover the funds if they go unused or are used for a non-approved purpose. The Secretary shall be responsible for monitoring agreements to grant funds to outside organizations.

## **ACCOUNTING**

The Treasurer shall follow established accounting methods when recording Association revenue and expenditures. The Financial Consultant shall make suggestions, if needed, on improving the financial recording processes used by the Association.

## **ASSOCIATION BUDGET**

The budget should reflect the purpose and mission of the Association. The budget is a policy statement from the Board on what the Association intends to do in the coming year and serves to guide the Association's operations. The budget serves several purposes, listed as follows:

1. To accomplish Association goals.
2. As a planning tool.
3. To coordinate Association activities.
4. To monitor Association resources.
5. To serve as a means of control.
6. To communicate planned Association activities and programs to the membership.

The budget is an important document in the administration of the Associations finances. The budget needs to be properly formulated, adhered to, and reported upon. It is the responsibility of the Board and all members entrusted with Association funds to ensure that the budget process is followed.

The Board has established the Finance Committee and Treasurer to aid in accomplishing the financial responsibilities of the Association. The Secretary chairs the Finance Committee and oversees the activities of the Treasurer. While the Secretary is the elected officer given the responsibility of oversight all member should, and Board members must, become well acquainted with the financial actions of the Association.

There are several steps in the budgeting process. They include, in order:

1. Forecasting.
2. Budget Instructions.
3. Budget Requests.
4. Budget Formulation.
5. Budget Adoption.
6. Budget Monitoring and reporting.

Individuals or groups are given responsibilities to oversee each of these steps. Deadlines are included within each section as well as in the budget time line (See Appendix B).

### **FORECASTING**

The Secretary is responsible for forecasting future Association needs and resources. The Secretary should seek input from various sources in establishing a forecast. The forecast should, at a minimum, look five years into the future. Future revenue and expenditure levels should be forecast using past data and reasonable assumptions of future activities. Several factors should be analyzed in determining the forecast, to include:

1. Inflation rate.
2. Membership changes.
3. New or changed programs and activities.
4. Governance changes.
5. Service shifts to and from the NATA and state associations.

Income should be forecast using current amount charged (dues, registration fees, etc.) and include other income reasonably assured to be received by the Association. Variances in membership and symposium attendance should be allowed for in determining a range of income expected. This range should expand as the forecast looks farther into the future. It should not be assumed that the Association will be receiving revenue from grants provided by outside organizations unless the grant has been approved by the outside organization.

Expenditures should be forecast using figures for ongoing programs and expected new programs. A rate of inflation and growth of membership should be assumed within a reasonable range. As the forecast looks farther into the future the range of membership growth and inflation expected should expand.

Forecasts comparing revenue and expenditures should be made using the following scenarios:

1. Average predicted revenue and expenditures.
2. High ranges of predicted revenue and expenditures.
3. Low ranges of predicted revenue and expenditures.
4. High range of revenue and low range of expenditures.
5. Low range of revenue and high range of expenditures.

Any significant or ongoing gap when expenditures exceed revenue should be brought to the attention of the Finance Committee and Board.

The forecast should be reviewed and updated annually. Current information should be added to the forecast and errors corrected. The forecast should be shared with the Finance Committee and the Board.

## **BUDGET INSTRUCTIONS**

The budget instructions will be provided to all members receiving budget request forms. The budget instructions should be prepared by the Secretary. The budget instructions should include:

1. Association objectives for the coming year provided by the President.
2. Forecast for Association revenues, expenditures, and membership.
3. Financial limitations of the Association.
4. Past budget history of the committee or individual receiving the budget request.

## **BUDGET REQUESTS**

Budget requests should be based on present or future Association needs, not on past expenditures. The budget should be “zero-based”, meaning that programs and activities are funded based on how they satisfy the Association’s purpose and mission not on what has been traditionally been spent.

The Secretary shall provide all Board members and committee chairs with budget instructions and budget request forms by December 15. Committee chairs should include funding for all subcommittee activities in their budget request. Any program changes proposed, with funding requested for those changes, should be detailed on the budget request. Any income expected to be derived from activities should also be listed. If such funds are not certain but are expected, the budget may be written to include spending contingent on the funds being received. The Secretary is responsible for submitting a budget request for all expenses incurred by the Board or Association as a whole or in which the Association has a contractual obligation. The Secretary should list income expected from dues and registration fees. The budget requests needed for the annual clinical symposium should be submitted conforming with the convention manual.

Budget request forms should be completed and returned to the Secretary by January 15. If a budget request is not submitted the Finance Committee and/or the Board may consider that program or activity to be inactive and thus receive no funding.

## **BUDGET FORMULATION**

The Secretary will provide each member of the Finance Committee with copies of all budget requests by February 1. The Finance Committee member should review the budget requests in preparation for formulating a budget. The Secretary should construct a budget proposal and provide it to the Finance Committee members. The Treasurer may comment on the financial feasibility of items but should not be

involved in recommending policies outside of the financial area. A Finance Committee member may send proposed changes to the Secretary and other committee members. The Secretary may make changes and resubmit the budget to the committee. When all committee members agree to a budget proposal then it shall be submitted to the Board. If, by March 1, a budget proposal has not been agreed upon, a meeting by telephone conference call shall be held and a budget proposal adopted.

The Secretary shall present the budget proposal, with a list of any requested items that were eliminated or reduced, to the Board at their annual meeting. If time allows, this should be sent to all Board members before the annual meeting.

### **ADOPTION OF THE BUDGET**

Each Board member should review the budget proposal. The budget proposal is to be discussed, revised as necessary, and adopted by the Board. The Board should decide whether items should be budgeted by general category or by specific line item. Budgeting by general category gives those responsible for spending more authority over their budgets while strict line items limits their authority. The Secretary will produce copies of the budget to be presented at the annual meeting of the membership.

### **BUDGET MONITORING**

The Treasurer shall monitor revenue and expenditures and report to the President and Secretary every three months. This report should include how the revenue and expenditures compare to the adopted budget.

The Treasurer shall not allow the budget in any category to be exceeded without the permission of the President through the use of contingency funds or by action of the Board. The committee chairs should be notified when their budget has been expended.

When the Treasurer submits an end of year report to the Board and membership it shall include a comparison of budgeted amounts to actual spending.

### **BUDGET FUNDS**

A general fund should be established in which ordinary budgeted items should be placed. All income and expenditures from these budgeted items should be placed in the general fund.

The Finance Committee or Board may include a contingency fund not to exceed 10% of the budget. Such funds are spent at the discretion of the President, in keeping with the Policies and Procedures of the Association, and reported to the Board.

Funds received by the Association for a specific purpose should be restricted for that purpose.

### **CAPITAL ITEMS**

The Association does not normally have a capital budget. If a capital item is requested, it should be done through the normal budget process using a written request, with justification, instead of the normal budget request. If possible, several price quotes should be obtained before purchasing any capital item.

A record of capital items is kept by the Secretary. Capital items purchased remain on this list until disposed of in some manner by action of the Board.

# Financial Responsibilities

## **BOARD OF DIRECTORS:**

The Board is responsible for the following financial items:

1. Assuring that the Association is operated in a sound fiscal manner conforming to the law, By-Laws, and Policies and Procedures.
2. Approve all financial transactions of the Association.
3. Adopting the Association budget.
4. Choosing a Financial Consultant and/or Accountant.
5. Approving members of the Finance Committee.
6. Approving the Treasurer.

## **PRESIDENT:**

The President is responsible for the following financial items:

1. Overseeing the functions of the Secretary.
2. Assuring that financial matters are brought before the Board.
3. Spending contingency funds and reporting such spending to the Board.
4. Appointing Finance Committee members, with Board approval.
5. Appointing the Treasurer, with Board approval.
6. Filling out a budget request for President's travel, office, computer, and other expenses.

## **SECRETARY:**

The Secretary is responsible for the following financial items:

1. Overseeing the functions of the Treasurer.
2. Chairing the Finance Committee.
3. Preparing the budget forecast.
4. Writing checks for the Association.
5. Preparing a budget request for Secretary travel, office, computer, and other expenses.
6. Preparing a budget request for items used by the Board or Association as a whole.
7. Preparing a budget request for business meeting and symposium items as detailed in the Convention Manual.
8. Preparing and mailing budget instructions and budget request forms.
9. Compiling budget materials to send to the Finance Committee.
10. Reporting the Finance Committee's budget proposal to the Board.
11. Reporting the Association budget to the membership.
12. Assuring spending conforms with the adopted budget.

## **TREASURER:**

The Treasurer is responsible for the following financial items:

1. Tracking Association spending.
2. Receiving Association income.
3. Writing Checks for the Association.
3. Maintaining Association financial accounts.
4. Recording Association income and spending.
5. Submitting quarterly financial reports.
6. Monitoring income and spending as it pertains to the budget.
7. Submitting an end of year report to the Board and membership.
8. Submitting a current financial report to the Board and membership at the annual meeting.

**NEWSLETTER EDITOR:**

The Newsletter Editor is responsible for the following financial items:

1. Submitting a budget request for the following items:
  - A. Newsletter printing.
  - B. Newsletter postage.
  - C. Miscellaneous newsletter costs.
  - D. Income expected from the newsletter.
2. Completing correct forms when requesting budgeted funds from the Secretary.
3. Sending all income to the Treasurer.
4. Expending budgeted funds for the production of the newsletter.

**EXHIBIT COORDINATOR:**

The Exhibit Coordinator is responsible for the following financial items:

1. Submitting a budget request for the following items:
  - A. Miscellaneous exhibit costs.
  - B. Income expected from exhibitors.
2. Completing correct forms when requesting budgeted funds from the Secretary.
3. Sending all income to the Treasurer.
4. Expending budgeted funds for the exhibit functions.

**SITE SELECTION COORDINATOR**

The Site Selection Coordinator is responsible for the following financial items:

1. Submitting a budget for the following items:
  - A. Office expenses.
  - B. Travel expenses.
2. Expending budgeted funds for site selection related items.

**CONVENTION PROGRAM COMMITTEE CHAIR:**

The Convention Program Committee Chair is responsible for the following financial items:

1. Submitting a budget request for the following items:
  - A. Symposium speaker costs.
  - B. Symposium educational materials (excluding notebooks).
  - C. Miscellaneous Convention program expenses.
  - D. Any income the Convention Program Committee expects to generate.
2. Completing correct forms when requesting budgeted funds from the Secretary.
3. Sending all income to the Treasurer.
4. Expending budgeted funds for the program at the annual clinical symposium.

## **HONORS AND AWARDS COMMITTEE CHAIR:**

The Honors and Awards Committee Chair is responsible for the following financial items, which may be delegated by the chair to subcommittee chairs:

1. Submitting a budget request for the following items:
  - A. Scholarships.
  - B. Plaques.
  - C. Other awards.
  - D. Hall of Fame related costs.
  - E. Miscellaneous Honors and Awards expenses.
  - F. Any income the Honors and Awards Committee expects to generate.
2. Completing correct forms when requesting budgeted funds from the Secretary.
3. Sending all income to the Treasurer.
4. Expending budgeted funds for honors and awards.