

# HFMA

## Financial, Tax and Insurance Management Guide

# Financial, Tax and Insurance Management Guide

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### **Financial Reporting and General Accounting**

Sound financial management is fundamental to a successful chapter year. Although most HFMA members are involved in some phase of healthcare financial management, the application of financial management to associations is somewhat different. This guide is intended to assist the chapter treasurer in the financial management and reporting to the chapter, Board of Directors and to HFMA.

### **Key Treasurer Issues and Responsibilities**

- Keep chapter Board of Directors informed of current financial position
- Develop a budget of revenues and expenses; review with Board and enter in QuickBooks upon approval. Notify [accounting@hfma.org](mailto:accounting@hfma.org) when complete.
- Maintain records in accordance with generally accepted accounting principles as required by HFMA
- Review and/or establish clear financial policies and procedures
- Review chart of accounts and work with HFMA to establish defined revenue and expense accounts specific for your chapter's programs and events
- Process year-end entries and adjustments and finalize QuickBooks
- Perform and submit the **Financial Review Audit and supporting documentation** via the link provided by the Association
- Complete the **Chapter 990 Tax Information Survey** via the link provided by the Association
- Electronically validate all certifications of the **Chapter Organization** through the link provided by the Association.
- Review and finalize the **Chapter 990 Excel Form** prepopulated by HFMA accounting staff
- Retain chapter financial records as required by the HFMA Record Retention and Destruction Policy

### **Sample Treasurer Job Description**

The treasurer is responsible for the safekeeping, recording, and disbursement of all chapter funds and financial activity in accordance with established fiscal policy, Board direction and the annual operating budget.

Duties of the treasurer include, but are not limited to the following:

1. Establish a chapter checking account and obtain appropriate signature cards and account access credentials necessary to maintain up to date bank reconciliation.
2. Maintain chapter certificates of deposit or other investment vehicles and reinvest as required by the Board of Directors.
3. Issue all checks for budgeted expenditures and/or any exceptions approved by the Board and mail to the president for approval and signature on a timely basis.
4. Assure that all expenditures are approved and verified prior to payment.
5. Assure that all receipts and disbursements are recorded consistently with the appropriate accounting conventions currently in practice.
6. Assure that all deposits are made in full with appropriate back up and receipt.
7. Offer appropriate assistance with the annual audit process.

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8. Assure that appropriate information is submitted to HFMA for reporting on a timely basis.
9. Prepare and deliver a Financial Reports at each Board of Directors meeting.
10. Advise the Board as to appropriate investment options as excess funds become available.
11. Have the chapter checkbook available at all meetings for disbursement review.
12. Deliver all accounting records in appropriate, balanced order to the incoming treasurer.
13. Complete the Treasurer training offered by the Association.

### **Budget**

Chapters are required to complete and enter in QuickBooks an Annual Operating Budget for the next fiscal year.

Key elements of the budget include:

- Revenue budget
- Program and operating expenses
- Contribution to chapter equity

The budgeting process should parallel the programming and should involve the same individuals. The process should include a review of current and projected financial position and should be finalized in time for Board approval and implementation immediately at the beginning of the fiscal year.

***See Appendix 2 for a sample program budget and Appendix 3 for a sample operating budget.***

### **Financial Statements for the Board**

The chapter's Board of Directors should be kept current on the financial position of the chapter through regular presentation of the financial statements. Information as to any budget variances should be supplied, with accompanying explanations of extraordinary items.

The treasurer shall prepare the following for reporting to the chapter's Board of Directors:

- Statement of financial position (*page 8*)
- Statement of cash flow (*page 9*)
- Statement of revenues and expenses (*page 10*)

### **Disaster Relief Guidelines**

HFMA does not support the disbursement of chapter funds to individuals for any purpose, that is outside of the chapters' bylaws, and HFMA's tax-exempt purpose. If a chapter does determine that an extenuating circumstance exists, any amounts disbursed must be modest in size and a non-discriminatory method of determining who is to receive money must be developed in advance of any payment and approved by the board.

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HFMA does support chapters making modest contributions to other tax-exempt organizations in support of disaster relief if those contributions have received appropriate chapter governance approval and such payments are allowed under the chapter's bylaws.

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## **Statement of Financial Position**

The statement of financial position contains the assets, liabilities, and chapter equity of the organization. ***Refer to QuickBooks Guide on how to access your statement of Financial Position.***

Sample		
HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION		
(NAME OF CHAPTER)		
STATEMENT OF FINANCIAL POSITION		
<b>ASSETS</b>		
Cash & Checking	_____	
Savings/Money Markets	_____	
CDs	_____	
Stock/Equity Investments	_____	
Accounts Receivable	_____	
Equipment (Original Cost)	_____	
Accumulated Depreciation	_____	
Prepaid Expenses	_____	
Other Assets	_____	
<b>Total Assets</b>		=====
<b>LIABILITIES &amp; CHAPTER EQUITY</b>		
Accounts Payable	_____	
Accrued Expenses	_____	
Deferred Revenue	_____	
Other Liabilities	_____	
<b>Total Liabilities</b>		_____
Chapter Equity	_____	
<b>Total Liabilities &amp; Chapter Equity</b>		=====



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### Statement of Cash Flow

The financial statements are reported on an accrual basis; however, it is important to reconcile cash on a regular basis. The sample of a Statement of Cash Flow below should be prepared regularly to properly evaluate the cash needs of the chapter and allow for maximum investments. **Refer to Quick Books Guide on how to run Financial Statements.**

Sample		
<b>HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION</b>		
(NAME OF CHAPTER)		
<b>STATEMENT OF CASH FLOW</b>		
AS OF (INSERT MONTH, DAY, YEAR)		
<b>Cash Flows from Operating Activities</b>		
Increase in Unrestricted Net Assets		_____
Adjustments to Reconcile Cash Flow to Unrestricted Net Assets		_____
Depreciation		_____
Net Realized and Unrealized Gains on Investments		_____
Changes in Operating Assets and Liabilities		_____
Accounts Receivable	_____	
Convention and Meeting Deposits*	_____	
Prepaid Expenses	_____	
Accounts Payable and Accrued Liabilities	_____	
Deferred Revenue	_____	
Net Cash Flows Provided by Operating Activities		_____
<b>Cash Flows from Investing Activities</b>		
Purchase of Equipment, Computers, etc.**	_____	
Proceeds from Sale of Investments	_____	
Purchase of Investments	_____	
Net Cash Flows Used in Investing Activities		_____
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		
Beginning of Year Cash and Cash Equivalents		_____
End of Year Cash and Cash Equivalents		_____
Notes:		
* Includes Due To/From Region		
** Usually Only Depreciable Assets		

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## **Statement of Revenues and Expenses**

All financial reporting is on an accrual basis, which means that income is recognized when earned and expenses are recognized when the obligation has been incurred, regardless of when the cash is received or disbursed. It is extremely important to maintain the chapters' financial records consistently using the accrual method of accounting.

Use the following sample as a guide for compiling your statement.

***Refer to QuickBooks guide on how to access your statement of Revenues and Expenses.***

<b>Sample</b>			
HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION (NAME OF CHAPTER) STATEMENT OF REVENUES & EXPENSES As Of (insert month, day, year)			
<b>REVENUE</b>			
<b>Revenue</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Education Programs			
Newsletter Advertising			
Membership Directory			
Advertising			
Social Events			
Sponsorships			
Interest Income			
Contributions			
Other			
<b>Total Revenue</b>	_____	_____	_____
<b>EXPENSES</b>			
Education Programs			
Newsletter Printing			
Newsletter Postage			
Membership Directory Printing			
Membership Directory Postage			
Board of Directors			
Committee & Other Travel			
Supplies			
General Postage			
Distributions			
Other			
<b>Total Expenses</b>	_____	_____	_____
<b>INCOME OVER (UNDER) EXPENSES</b>	=====	=====	=====

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### **Annual Financial Statement**

The chapter's financial review and audit statement must be finalized and uploaded via the link provided by the Association no later than August 1<sup>st</sup>. The ending fiscal period is locked in QuickBooks upon submission of the annual review by the HFMA accounting staff. This is a Chapter Charter Requirement. This financial information will be included on the annual consolidated Federal IRS Form 990 tax return, which HFMA files on behalf of the chapters to the IRS.

### **Accrual Basis Accounting**

All financial reporting is on an ACCRUAL BASIS, which means that income is recognized when earned, and expenses are recorded when the obligation has been incurred, regardless of when the cash is received and/or disbursed. It is extremely important to maintain the chapter's financial records consistently using the accrual method of accounting.

### **General Accounting Records**

Records should be established and maintained in accordance with generally accepted accounting principles, and in a manner that facilitates accurate and reliable financial and statistical reporting.

### **Record Retention Requirements**

To begin, records requiring permanent retention include: Chapter charter documents, bylaws, chapter Board of Directors minutes, auditor's reports, highlight reports, all annual financial statements and reports, general ledger, and other historical documents. Records whose retention period has expired are to be destroyed during the chapter's annual review.

Please refer to the official Records Retention and Destruction Policy, which begins on page 25.

### **Record Custody**

Custody of financial records should remain with the chapter treasurer. Records from previous fiscal years should be passed on to each succeeding treasurer or maintained with other official chapter records as specified by the chapter Board of Directors.

## **Description of General Accounts**

### **Statement of Financial Position Components**

#### **Assets**

Resources that the chapter owns: cash, savings, investments, and notes receivable accounts, security deposits, furniture, equipment, computers, prepaid expenses, etc.

#### **Liabilities**

Amounts that the chapter classifies as liabilities include accounts payable, accrued accounts payable and notes payable, deferred (unearned) revenue, etc.

#### **Chapter Equity**

This is accumulated earnings. It equals total assets minus total liabilities. It represents the net accumulated value of the chapter at a designated reporting period (e.g., fiscal year end).

## **Sources of Revenue for Chapters**

### **Advertising**

Advertising income is revenue generated by an exempt organization from the sale of any paid display or classified advertising. Advertising revenues connected with newsletters, membership directories, and the internet can help to defray costs. All advertising income is unrelated to the main purpose of HFMA and would normally be classified as unrelated business income; however, now, this revenue is exempt to the chapters based on an IRS volunteer exemption provision. HFMA recommends at this time that all related advertising income and expenses be tracked and accounted for.

In calculating unrelated business taxable income, a deduction may be made for expenses related to the revenue earned. To compute the net advertising dollars, it is necessary to keep accurate records of expenses to produce the publication or website. Expenses are allocated to advertising revenue based on the ratio of advertising pages to the total number of pages in the newsletter, directory, or website.

**Contact [accounting@hfma.org](mailto:accounting@hfma.org) for more information or clarification.**

### **Copyright Infringement and Trademarks**

All chapter leaders need to be aware that copyright infringement is a serious legal infraction that could leave the leaders, the chapter, and HFMA open to a lawsuit. Copyright infringement occurs when a publication reproduces in whole or in part, any copyrighted material without obtaining the permission of the copyright holder to do so. Previously published material from newsletters, newspapers, magazines, and other similar material is normally copyrighted by the organization that published it. Occasionally, such material may be copyrighted by the individual(s) who wrote it. If so, a copyright notice normally appears with the material.

Avoiding copyright infringement is easy. First, ascertain who holds the copyright. Then, contact them and ask for permission to reproduce the material. Tell them what you want to

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reproduce and to what use you wish to put the material. This request should be put in writing. When you actually reproduce the material, be sure to attribute the material to the copyright holder. Such an attribution normally reads something like this:

*“Copyright 2018, Tribune Publishing Co. Reproduced by permission of the publisher.”*

Short quotes from articles do not require that formal permission be obtained. However, the source of the quote should be cited; for example, “According to an article in the March 9, 2018, edition of the Daily Herald, ....”

Trademarks do not normally pose a serious legal problem for editors. However, it is important to understand how to deal with a trademarked or registered name. Normally, the name is capitalized. Some companies may also want the trademark or registered notice to appear with the name. If this is the case, the notice only must appear once on each page on which the trademark appears, usually the first time the name appears on that page. Some trademarked names have passed into common usage (e.g., Kleenex, Xerox, and Rollerblades). It is still incumbent on editors to attempt to honor trademarks.

### **Sponsorship**

Sponsorship revenue is assumed to be tax-exempt. To be considered tax-exempt revenue, the chapter must restrict its acknowledgment of the gift to ***mere recognition***. No promotion, qualitative description of services, nor name of salesperson, phone number, or address can be supplied with that acknowledgment. If these conditions cannot be met, the revenue is then classified as advertising revenue, which may be subject to taxation.

Please note that HFMA and all its chapters are exempt from Federal Income Tax under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(6). **As such, sponsors may not classify this expense as a charitable contribution.**

**Soliciting and receiving qualified sponsorship payments is not an unrelated trade or business, and the payments are not subject to unrelated business income tax (UBIT).** Therefore, a sponsorship solicitation designed to raise funds to support an activity that is related to the chapter’s purpose will not generate income tax liability. The form of recognition is an important factor in determining whether a payment is subject to UBIT. If a sponsor is provided one of the forms of recognition listed below that is questionable, the chapter should identify the separate value of that benefit to avoid making the entire sponsorship payment subject to UBIT.

A qualified sponsorship payment is any payment made by a person (or company) engaged in a trade or business for which the person or company will receive no substantial benefit other than the use or acknowledgement of the business name, logo, or product lines about the organization’s activities. This use or acknowledgement may not include advertising the sponsoring person’s or company’s products or services.

### **Forms of Recognition Not Subject to UBIT**

Forms of recognition that are consistent with the use or acknowledgement requirement described above include the following:

- Use of the company logo or name in the acknowledgement of the sponsor's support of an activity, for example, "HFMA acknowledges the generous financial support of our Spring Institute by ABC Company." Generally, this form of recognition is well accepted as not "crossing the line" and is clearly "use or acknowledgement" as described above. Whether this acknowledgement is provided on a website and whether the acknowledgement includes a hot link does not appear to be an issue now although the IRS is actively considering this question and could issue additional rules in the future. Chapters, however, should be careful to not cross the line into advertising (as defined below) because payments (or portions thereof) may be subject to UBIT.
- Providing facilities, services, or other privileges to a sponsor about the sponsorship if the facilities or services do not constitute a substantial benefit. For example, if an HFMA chapter provides a free meal about a sponsored dinner event, registrations for a sponsored education event, or display space and/or the opportunity to distribute product samples at a sponsored event; this would not be a substantial benefit. Chapters that provide substantial sponsor benefits, such as advertising in the membership directory or newsletter, should show, separately within the documentation for the transaction, the fair market value of that benefit. This way, if questioned, HFMA would be liable for UBIT only on that portion of the payment.

### **Forms of Recognition Subject to UBIT**

Some forms of recognition (or sponsor benefits) are specifically excluded and are, therefore, subject to UBIT. These include:

- *Contingent payments.* A payment is not a qualified sponsorship payment if the amount of the payment depends upon the level of attendance, ratings, or other factor that measures public exposure and acceptance.

If any sponsorship transaction includes sponsor benefits or forms of recognition such as contingent payments, the chapter should show the fair market value of those benefits separately within the transaction documentation, as they may be subject to UBIT.

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### **Additional Newsletter Restrictions**

Special IRS rules apply to newsletters and other "regularly scheduled and printed material published by or on behalf of" the chapter that is not distributed primarily in connection with a specific event. Because of these rules, the prominence of sponsorship recognition in newsletters must be carefully limited. When recognizing general sponsors or event sponsors in newsletters, use a font that is no larger than the surrounding text or the standard article text, whichever is smaller, if the recognition appears on a regular basis. A one-time sponsorship recognition about a special event or program promoted in a chapter newsletter can appear more prominently; however, chapters should avoid full-page acknowledgements, and large acknowledgements on the front or back covers, as this prominence could be construed as a substantial benefit.

Once again, to avoid UBIT implications, chapters are advised not to display additional information beyond the sponsor's business name, logo, or product lines about the organization's activities.

### **Assessments**

While levying member assessments at the chapter level is not prohibited, it is strongly discouraged. Chapter programming and sponsorship should cover financial requirements.

### **Interest Income**

Chapters that derive net income from programming should analyze short-term and long-term cash flow needs and, if feasible, invest excess funds to achieve the highest possible rate of return without jeopardizing the principal.

### **Net Revenue from Programs**

Program planning should provide for net revenue to cover the general administrative expenses of the chapters and provide for a contribution to equity. The amount of equity required will be determined by the chapter leadership to insure the viability of future chapter programs and activities.

### **Administrative Support**

The Chapters are responsible for withholding FICA, Medicare taxes, and Federal and State income taxes for paid staff. They must comply with any required reporting on a timely basis (e.g., W-2 forms). Most HFMA chapters pay for administrative support on a contractual basis. This is different from salaried paid staff and does not require chapter responsibility for withholding taxes, etc. The IRS follows certain criteria to determine whether a person is an employee or an independent contractor. **Contact [accounting@hfma.org](mailto:accounting@hfma.org) with questions regarding salaries and chapter administrative staff and/or a sample contract for administrative support.**

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### **Volunteer Recognition Event**

This event is conducted during the Leadership Training Conference.

### **Awards and Recognition**

Various awards and recognitions will be conferred by the chapter during any given program year and should be provided for in the budget process. Founders awards are paid by the Association.

### **Board and Committee Meetings**

Board and committee expenses of chapter directors and officers should be provided for and reimbursed within set guidelines.

### **Volunteer Leadership Meeting (VLM)**

The meeting is generally scheduled as a pre-conference to the HFMA Annual Conference. Chapters should plan for and budget attendance by the president and president-elect. It is a DCMS requirement that at least one chapter President/President-elect and/or officer attend and participate in the meeting in person.

### **Insurance**

HFMA provides general liability and professional liability insurance coverage to chapters (including host liquor liability coverage). Chapters need only budget for additional types of insurance not covered by HFMA:

### **Leadership Training Conference (LTC)**

This conference is provided by HFMA on a tuition-free basis for up to eight-chapter leaders. It is a DCMS requirement that at least one chapter President/President-elect and/or one officer attend and participate in the meeting in person.

The conference runs Sunday through Tuesday and is generally held in Spring. If the chapter's budget permits, HFMA recommends sending the incoming president, president-elect, program chair, membership chair, communications chair and any other highly engaged chapter leaders.

### **Other Costs**

Other costs associated with chapter administration may include expenses such as telephone, postage, and office supplies.

### **Chart of Accounts**

Chapters are to reference the QuickBooks Uniform Chart of Accounts for organizing financial data and work with HFMA accounting to establish defined revenue and expense accounts. ***(See Appendix 1 for sample chart of accounts.)***



## Taxes

### Key Issues

- HFMA and its chapters are exempt from Federal income taxation.
- **Chapters are required to pay state sales tax.**
- Sponsorship revenue is not taxable if recognition of the sponsor is limited to acknowledgment of the gift. Any sponsorship revenue acknowledgment that offers more than recognition of the sponsorship should be classified as advertising revenue. This revenue should be reported as unrelated business income for tax purposes and therefore reported as advertising revenue.
- Exhibits are considered part of the chapter's education programming and, as such, are not subject to unrelated business income tax.

### Tax Exempt Status

HFMA and all its chapters are exempt from Federal Income Tax under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(6).

**NOTE: Chapters are required to pay state sales tax.**

### Federal Tax ID Number

Each chapter has its own Federal ID number, which should be used when establishing any accounts. **Contact [accounting@hfma.org](mailto:accounting@hfma.org) for additional information.**

### State Sales Tax

Chapters are required to pay state sales tax. Chapters should note that the Section 501 (c) (6) status is an exemption from Federal income taxation. **This status does not exempt the chapters from state sales and use tax.** All purchases made by chapters should have the appropriate state sales tax applied.

### 1099 Reporting (1099-NEC as of 2020)

Chapters are required to file Internal Revenue Service (IRS) Form 1099-NEC for each person and non-corporate entity to whom they have paid at least \$600 in honoraria, rents, services, prizes, awards, or other income payments. The most common payments chapters make that would require filing a 1099-NEC form are fees paid to speakers at chapter programs. Please note, this was previously filed on IRS Form 1099-MISC, box 7. For the year 2020 and forward, IRS Form 1099-NEC should be used.

Some examples of reported 1099 payments: speaker reimbursed for speaking at an event, website management services, accounting or bookkeeping services, event management services.

Form 1099 statements must be furnished to recipients by *January 31* and filed with the IRS by **January 31st** on Form 1096, *Annual Summary and Transmittal of U.S. Information Returns*. It is the chapter's responsibility to obtain that information prior to submitting the 1099. If it is not available and the form is submitted blank, the IRS requires that the chapter withhold 20% of any payments made.

### **Chapter Federal Return**

HFMA is required to file an annual consolidated IRS Form 990 federal tax return. Including chapters and regions in the group return eliminates the need for chapters to file separately. Chapters are responsible, however, for filing any **state or local informational tax returns**. Chapter treasurers should contact their respective state departments of revenue and attorneys general in order to identify any chapter filing requirements. The returns that HFMA will submit are as follows:

#### **IRS Form 990**

A special form entitled *HFMA Federal Form 990 Information Return* and/or 990 Excel Form is emailed to the current year's chapter treasurer with prepopulated financial information regarding the ending fiscal year and prior fiscal year information. The form must be reviewed and returned to the HFMA office no later than **September 15th**. All chapters are to utilize the QuickBooks accounting software application to identify and explain significant year-to-year variances. (**See Appendix 4 for sample worksheet.**)

#### **IRS Form 990T**

Special Internal Revenue Code provisions require that unrelated business income be reported, and tax paid thereon. Advertising income is revenue generated by an exempt organization from the sale of any paid commercial advertising. Advertising revenues connected with newsletters, membership directories, and the internet can help to defray costs.

Advertising income is unrelated to the main purpose of HFMA and would usually be classified as unrelated business income. However, the **HFMA chapters currently fall under a volunteer exemption provision** at this time and, as such; the revenue is presently not taxable. Taxes would normally be paid on the net advertising revenue. A deduction may be made for expenses related to the revenue earned.

HFMA recommends that all revenue and related expenses continue to be tracked. In order to compute the net advertising dollars, it is necessary to keep accurate records of expenses to produce the publication or website. Expenses are allocated to advertising revenue based on the ratio of advertising pages to the total number of pages in the newsletter, directory, or website.

Please note, HFMA does **not** file a consolidated 990T covering all chapters and regions. HFMA highly recommends that chapter and regions do not partake in any activities that expose the chapter/region to UBIT.

Income derived from sponsorships, which meets the definition in Chapter 2, is not considered unrelated business income. **Contact [accounting@hfma.org](mailto:accounting@hfma.org) for more information or clarification.**

#### **W-2 Form**

If the chapter has hired and maintains paid administrative/secretarial staff, the chapter must file a Federal W-2 and any other Federal and State required documents related to having

## ***Financial, Tax and Insurance Management Guide***

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paid staff. This filing is not required if the chapter contracts for administrative/secretarial support services.

### **Financial Policies and Procedures**

Financial Policies and Procedures assist the treasurer in performing their responsibilities in an accurate and consistent manner. Since most treasurers only serve for one year, it is important to have established policies that each chapter can follow consistently. The purpose of the following guideline is to provide a sample format that the chapter treasurer and other chapter officers can utilize to operate their chapter in a sound financial manner. It is suggested that each chapter develop a set of policies and procedures to ensure internal control and the safeguarding of the chapter's assets.

The chart of accounts has been developed based on the preparation of HFMA's 990 tax return. **(See Appendix 1)**

## ***Financial, Tax and Insurance Management Guide***

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### **Official Operating Policies**

Chapters are required to implement and maintain the following 3 policies:

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#### **Whistleblower Protection Policy**

As the nation's leading membership organization for healthcare financial management executives, HFMA prides itself on its adherence to federal, state, and local laws and/or regulations, including business ethics policies. HFMA has adopted a Code of Ethics, which requires each member of HFMA to promote the highest standards of professional conduct by practicing honesty and maintaining personal integrity. In furtherance of these principles, HFMA has adopted a whistleblower protection policy. Pursuant to this policy, as applicable to HFMA itself, any employee or member who becomes aware of any violation of federal, state, or local law or regulation, including any financial wrongdoing, should immediately report the violation to the chapter president to allow the organization to investigate and, if applicable, correct the situation or condition.

If the chapter president is involved or is believed to be involved in the matter being reported, employees or members may, in the alternative, make a report to the Chair of the HFMA Board of Directors. HFMA will conduct an investigation and take appropriate action within a reasonable period of time. Such complaints will be held in confidence to the extent the needs of the investigation permit.

If the violation of federal, state, or local law or regulation, or financial wrongdoing, concerns an HFMA chapter, the member (or the chapter employee, if applicable), should report the violation to the chapter president. If the chapter president is involved or is believed to be involved in the matter being reported, the violation should be reported to HFMA's president. "Financial wrongdoing" may include, but is not limited to:

- questionable accounting practices;
- fraud or deliberate error in financial statements or recordkeeping;
- deficiencies of internal accounting controls;
- misrepresentations to company officers or accounting personnel.

If any member or employee reports in good faith what the member or employee believes to be a violation of the law and/or financial wrongdoing to an HFMA chapter or HFMA, its legal counsel, or to a federal, state, or local agency or assists in an investigation concerning financial wrongdoing, it is HFMA's policy that there will be no retaliation taken against the member or employee.

Members and employees are reminded of the importance of keeping financial matters confidential. Members and employees with questions concerning the confidentiality or appropriateness of disclosure of particular information should contact the chapter president or an HFMA national office executive.

# ***Financial, Tax and Insurance Management Guide***

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## **Healthcare Financial Management Association Conflict of Interest Policy**

### **Article I Purpose**

The purpose of the conflict-of-interest policy is to protect the interests of this tax-exempt organization, (the "Organization"), when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### **Article II Definitions**

#### 1. Interested Person

Any director, principal officer, or member of a committee with governing board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

#### 2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with any entity or individual with which the Organization has a transaction arrangement, or
- c. A proposal ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement. Compensation includes direct or indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

# ***Financial, Tax and Insurance Management Guide***

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Conflict of Interest Policy continued

## **Article III** **Procedures**

- a. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
- b. The remaining board or committee members shall decide if a conflict of interest exists.
- c. After disclosure of the financial interest and all materials facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon.
- d. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

## *Financial, Tax and Insurance Management Guide*

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Conflict of Interest Policy continued

### **HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION**

### **Resolution on Conflict of Interest**

#### **For Board of Directors**

Federal and state laws, as well as ethics demand that officers and governing board members of organizations and associations who make or can influence decisions for or on its behalf act with complete fidelity to the association and its members. Any duality or conflict of interest should be the subject of deliberate concern and continual review. Full disclosure by the individual(s) in the case of a duality or conflict of interest must be an established standard of conduct by all association board of directors.

The Board of Directors of the Healthcare Financial Management Association, individually and collectively, adopts the following resolution binding each member of that Board to the full intent of the resolution.

WHEREAS, The proper governance of any professional association depends on the governing board members who give of their time for the benefit of their members: and

WHEREAS, The giving of this service, because of the varied interests and backgrounds of the governing board members, may result in situations involving a dual interest that might be interpreted as conflict of interest; and

WHEREAS, This service should not be rendered impossible solely by reason of duality of interest or possible conflict of interest; and

WHEREAS, This service nevertheless carries with it a requirement of loyalty and fidelity to the association served, it being the responsibility of the members of the board to govern the association's affairs honestly and economically, exercising their best care, skill, and judgment for the benefit of the members and association; and

WHEREAS, The matter of any duality of interest or possible conflict of interest can best be handled through full disclosure of any such interest, together with noninvolvement in any vote wherein the interest is involved;

**NOW THEREFORE BE IT RESOLVED:** That the following policy of duality and conflict of interest is hereby adopted:

1. Any duality of interest or possible conflict of interest on the part of any board member should be disclosed to the other members of the board and made a matter of record, either through an annual procedure, or when the interest becomes a matter of board action.

## ***Financial, Tax and Insurance Management Guide***

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Conflict of Interest Policy continued

2. Any board member having a duality of interest or possible conflict of interest on any matter should not vote or use his/her personal influence on the matter, and he/she should not be counted in determining the quorum for the meeting, even where permitted by law. The minutes of the meeting should reflect that a disclosure was made, the abstention from voting, and the quorum situation.
3. The foregoing requirements should not be construed as preventing the board member from briefly stating his/her position on the matter, nor from answering pertinent questions of other board members since his/her knowledge may be of significant assistance.

**BE IT FURTHER RESOLVED:** That this policy be reviewed at the beginning of each fiscal year for the information and guidance of board members, and that any member be advised of the policy upon entering on the duties of his office.

I, \_\_\_\_\_ (print name) have read and understood the above resolution and my signature below indicates my willingness and commitment to abide by the spirit and intent of this resolution.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



## ***Financial, Tax and Insurance Management Guide***

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### **Document Retention and Destruction Policy**

#### **HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION POLICY STATEMENT**

**Policy:**

All documents produced as a result of conducting the affairs of the Association shall be properly stored and safeguarded in order that a complete and accurate record of business transactions is readily available at all times. Recognizing that no valid reason exists to retain all documents for an indefinite period of time, certain documents may be disposed of when their retention will not serve a useful purpose. Therefore, documents may be disposed of in accordance with the record retention schedule, which is attached and is a part of this policy.

**Purpose:**

This policy is intended to organize and standardize the Association's practices with regard to the retention and destruction, when appropriate, of Association documents.

**Issued: 5/31/08**

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Retention and Destruction Policy continued

## **HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION RETENTION SCHEDULE**

<b>ACCOUNTING</b>	<b>YEARS</b>
Accounts Payable Ledger	7
Accounts Receivable Ledger	7
Audit Reports	P
Balance Sheets	P
Bills, Paid	7
Cash Books	P
Cash Disbursements	P
Cash Payroll	P
Cash Receipts	P
Cash Register	10
Check Stubs	7
Checks, Canceled	7
Payroll	7
Petty Cash	7
Correspondence	5
Memos, Credit	7
Debit	7
Expense Records	7
Financial Statements	P
Invoices	7
Journals & Ledgers	P
Notes Paid	P
Operating Statements	P
Payroll Journals	10
Petty Cash Reports	7
Trial Balances	P
Accounts Payable	7
Accounts Receivable	7
General Ledger	P
Voucher Register (Journal)	P
<b>ADVERTISING</b>	
Contracts	5
Correspondence	2
Drawing & Artwork	2
<b>BANK DEPOSIT</b>	
Signature, Authorized	P
Statements	7
Deposit Books	3
Slips	3

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Retention and Destruction Policy continued

	<b>YEARS</b>
Reconcilements	3
<b>BUDGET</b>	
Authorizations	7
Statistical Analysis of Expense	7
<b>CORPORATE PAPERS</b>	
Articles of Incorporation	P
Charter	P
Constitution & Bylaws	P
Documents with Register	P
Minute Books	P
<b>CORRESPONDENCE</b>	
General	2
<b>INSURANCE</b>	
Accident	8
Fidelity	8
Fire	8
Hospital	7
Inspection Certificates	7
Liability	8
Workmen's Compensation	10
<b>INVENTORY</b>	
Inventory Control	7
Plant & Fixtures	P
<b>LEGAL</b>	
Contracts	10
Customers (non-government)	10
Government Contracts	4
Employees	P
Royalties	P
Claims and litigation files	10
Copyright, patent and trademark registration	P
<b>PERSONNEL</b>	
Applications	1
Earning Records	P
Employment Releases	P

Retention and Destruction Policy continued

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	<b>YEARS</b>
Employee contracts	10
Garnishments	10
Government reports	6
Insurance, Hospital	7
Payroll Analysis	7
Pensions	P
Service Records	P
Timecards	5
Wage Rate Changes	8
<b>PROPERTY</b>	
Inventories	P
Depreciation records	P
<b>PUBLIC RELATIONS</b>	
Annual Reports	P
<b>PURCHASING</b>	
Correspondence	5
Invoices	7
Purchase Orders	7
<b>SALES</b>	
Purchase Journal/Register	7
Accounts Receivable Register	7
Correspondence	5
Customer Orders	7
Invoices	7
Remittance Statements	2
Sales Journal/Register	7
Summaries of Expense	7
<b>TAXES</b>	
Income	P
Property	P
Sales	P
Social Security	P
Withholding Certificates	P
Payroll Tax Returns	4
<b>TRAFFIC DEPARTMENT</b>	
Bills of Lading	4
Freight Bills	4

## ***Financial, Tax and Insurance Management Guide***

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### **Financial Review**

Chapters are required to conduct a financial review to test and validate their fiscal integrity and internal operating controls and submit electronically to HFMA by August 1 via the link provided by the Association. If a chapter has an independent review performed, it must meet the minimum guidelines established in the HFMA financial review program (a financial *statement* review does not meet the minimum requirements. (Visit [Chapter Resource Center](#) to download *Financial Review Guide* for more information.)

### **Banking Responsibilities, Relationships and Check Signing**

Banking relationships for checking, savings, and investment programs should be established maximizing service alternatives and flexibility. Chapter policy should address types of accounts, transactions, authorized signers, and transaction limits. Each incorporated chapter has its own Federal ID number, which should be used when establishing any accounts. Banking information and access should be transitioned at the end of each year to the new Treasurer and President. **Contact [accounting@hfma.org](mailto:accounting@hfma.org) if questions arise.**

**The following procedures should be followed:**

#### **Chapter Bank Reconciliation**

- Bank reconciliations prepared/completed on monthly basis.
- Bank reconciliations reviewed/approved by the chapter president on a monthly basis.
- A separate copy of the chapter's bank statements mailed directly to the chapter president by the financial institution. The bank statement is to be reviewed and signed off as such by the chapter president and maintained as part of the chapter's permanent financial records.

#### **Chapter Cash Disbursements**

- A minimum of two-chapter officers authorized on every chapter bank account.
- Two disbursement approvals required on all invoices/expense reimbursements greater than \$1,000.
- Two-chapter officers' signatures required on all checks/bank transfers greater than \$5,000.
- Treasurer reimbursements require president approval.

#### **Chapter cash receipts**

- Cash receipts at chapter events are to be verified by second chapter volunteer.

#### **Sample Policy and Procedure Wording**

The chapter treasurer shall maintain all checking and investment accounts in a financial institution covered by FDIC insurance with authorized signatures for the withdrawal of those funds.

- Said funds are to be invested in any institution covered by FDIC
- Investment transactions are to be reported by the treasurer to the Board at each meeting
- Investments maturing in excess of six months require prior Board approval by a majority of its members

## ***Financial, Tax and Insurance Management Guide***

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- The secretary is responsible for maintaining custody of insurance bonding in the appropriate amount to cover funds handled. The secretary should advise the Board of Directors of bonding coverage by memo prior to the Board's August meeting.

### **Expense Reimbursement**

Chapter policy concerning reimbursable expenses should be established and communicated prior to meetings and functions for which individuals (e.g., faculty and speakers) will incur reimbursable expenses. General guidelines should include airfare, auto expenses, gratuities, ground transportation, etc. Per diem limits are not to be utilized or be established.

### **Sample Policy and Procedure Wording**

The chapter shall pay all expenses necessary for the presentation of an approved meeting or workshop. Allowable meeting and workshop expenses shall include, but not be limited to:

- Meeting facilities
- Hospitality room (includes refreshments and other supplies)
- Speaker honoraria and expenses
- President's expenses (includes room and meals only) and registration
- President-elect's expenses (includes room and meals only) and registration
- Program chair's expenses (includes room and meals only) and registration
- Board members' and officers' registration fees and the cost of one banquet guest each
- Lifetime members' expenses for one meeting per year

The chapter member or speaker incurring the expense shall submit a written request to the program chair for approval. All approved requests shall be submitted to the treasurer for payment. Said request shall identify meeting and date and be accompanied by paid receipts. Automobile mileage for non-member speakers will be reimbursed at the current IRS allowed rate. Please visit <https://www.irs.gov/tax-professionals/standard-mileage-rates> for the most current mileage rate

Expenses of the president, president-elect, program chair, and life members may be included on the hotel master billing account.

### **Credit Card Guidelines**

In those instances where an HFMA chapter chooses to obtain a chapter business credit card for the payment of related business expenses, the following guidelines should be observed:

- A minimum of two-chapter officers shall be on the credit card agreement and have possession of the HFMA credit card.
- The credit card account should not be linked to any existing checking, savings or money market account.
- Credit card ATM access is not to be permitted.
- Cash withdrawals are not permitted against the credit card account (Credit Card Checks)
- The local HFMA chapter FEIN number is to be used when establishing a credit card account (not the national FEIN number).
- Appropriate spending limits should be established for those chapter officers that have spending authority. Only authorized board members—e.g. chapter treasurer, chapter president—should have access to the account.

## ***Financial, Tax and Insurance Management Guide***

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- **A copy of the monthly master account billing should be directed to the current chapter president and treasurer. (Electronically or via paper copies)**
- **The chapter president should review and approve the monthly master credit card billing prior to submission of payment**
- Fully documented expenditure receipts (approved invoices) are to be attached to each monthly credit card statement prior to approval.
- No electronic payments are to be allowed from the credit card account.
- The chapter treasurer will be responsible for ensuring that credit cards are voided and removed annually for those HFMA officers who no longer have or require spending authority.
- The chapter annual financial review should incorporate an audit of the expenditures and reimbursements processed through credit card accounts.

### **Credit Card Processing**

Several precautions should be addressed when taking credit card information from our members and vendors. To ensure the safety of our customers/members, chapters should comply with the rules and regulations. If credit card information is stolen, the Chapter or Region can be found violating the PCI DSS (Payment Card Industry Data Security Standard). If the organization is found in violation of the PCI DSS, a fine of up to a maximum of \$500,000 can be imposed.

The following guidelines will help to ensure the safety and compliance of credit card information storage:

- Credit card numbers should not be emailed, however if a customer/member insists, the credit card number should be sent in two emails. Once the transaction has been completed, the emails must be permanently deleted from your system.
- Forms with credit card numbers should be faxed to a landline, and not a computer. Once the information has been processed the credit card number should be blackened out. Make a copy of the document for your files and shred the original; this is a more secure method.
- Credit card numbers should not be saved in any form, paper, scanned documents, or as data stored in computers.
- Security codes of credit card numbers must also follow these guidelines.
- The safest method is to process the credit card immediately without writing or storing information.

If you have any questions regarding these guidelines, please contact [accounting@hfma.org](mailto:accounting@hfma.org).

### **Officer Travel (Sample Policy and Procedure Wording)**

The chapter will pay for reasonable expenses and registration fees for the following meetings:

- Leadership Training Conference (LTC) for at least two officers. HFMA recommends sending the president, president-elect, program chair, communications chair, membership chair, and any other engaged board members, if budget permits
- Volunteer Leadership Meeting for the chapter president/president-elect, and/or one other officer
- Regional conferences/education events for president and president-elect

## ***Financial, Tax and Insurance Management Guide***

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- The Board can approve other travel before travel is taken.

The following procedures are suggested:

- The chapter member shall submit a written request for reimbursement to the treasurer. Said request shall include in detail the reason for the expense and supporting documents when appropriate.
- Reimbursement for travel expenditures will be as follows:
  - Personal auto-current IRS rate
  - Other travel-actual cost (generally consists of coach air fare, room and board, cab/Uber/Lyft, tips, and costs associated with the travel purpose of the chapter).
  - The chapter will not pay for personal expenses such as haircuts, laundry, souvenirs, movies, etc.

### **Honoraria**

Policy regarding payment of honoraria to faculty and others engaged for speaking assignments should be established and communicated to those responsible for programming.

### **Investment of Excess Funds**

Election of investment vehicles should center not only on maximizing return, but also on protecting the principal and should be in accordance with specified and approved chapter policy. Note, the Association does not provide investment advice or recommendations. This is handled at the Chapter level in accordance with each Chapter's approved policy.

**See pages 35-36 for additional guidelines.**

### **Additional Policies and Procedures**

Other policies as needed may be established by the chapter Board of Directors and may include stipends and salaries, insurance coverage, and authorization requirements and processes for purchasing or incurring expense on behalf of the chapter.

### **Accounting Procedures**

Chapter accounting procedures will be established by the Board of Directors. The Audit Committee will review the procedures annually and recommend changes to the Board as appropriate.

- The chapter treasurer is to meet annually with the Financial Review Committee to review the Committee's recommendations from the annual audit and the chapter's accounting procedures.
- The treasurer then presents a report, including any recommended procedural changes, to the Board at the next meeting.

### **Awards**

The chapter will pay for any budgeted awards to include prizes given for tournaments, award for outstanding members, awards for most active member, and any other awards as approved by the Board of Directors.



## ***Financial, Tax and Insurance Management Guide***

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### **Financial Records**

The treasurer of the chapter shall maintain the following accounting records:

- Checkbook
- Cash receipts and disbursements book
- Monthly bank statements and related reconciliations
- Invoices, check requests, and other appropriate documentation supporting all expenditures
- Supporting documents for each completed program activity of the chapter, submitted by the program coordinator to the treasurer within thirty (30) days after the completion of a program or meeting

The treasurer is responsible for electronically certifying the following information with HFMA related to the fiscal year for which the position was held:

- Authorization to be included in group tax return
- Chapter tax return information
- Practice of Operating Policies

The treasurer is responsible for preparing a list of unpaid bills and uncollected amounts owed to the chapter at the end of the fiscal year (May 31). This list must be provided to the incoming treasurer and included in the Annual Financial Report.

### **Operating Budget**

The treasurer should prepare an operating budget for submission to the Board of Directors for review and approval. The chapter annual budget is a DCMS charter requirement. **(See Appendix 3 for a sample operating budget format.)**

- The president-elect will schedule a budget meeting, which generally will consist of the current president, treasurer, incoming treasurer, appropriate council and committee chairs, Board members, and others, as necessary.
- The line item budget shall include detailed schedules outlining specific sources of revenue and enumerating specific budgeted expenditures within each expense category.

### **Program Budget**

The chapter will be operated on a positive cash flow basis. It is recommended an annual program budget maintains a reserve equal to or greater than one-fourth of the annual operating budget. **(See Appendix 2 for a sample program budget form)**

- All revenue and expenditures are to be managed through the operating budget. Modifications to the original budget may be accomplished by a simple majority approval of the Board members at a regularly scheduled, or special, meeting at which a quorum is present. Changes are to be reflected and updated in QuickBooks.
- Emergency non-budget expenditures may be verbally approved by a majority of the directors. Such expenditures must not exceed \$1,000 per submission or \$2,500 aggregate per quarter. Each expenditure must be supported by a written memo and approved by the president before any money is disbursed. Such approvals must be

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submitted to the full Board of Directors for formal approval at the next regular or called Board meeting.

- The chapter accounts for revenues and disbursements are on an accrual basis.

### **Publication Costs**

The chapter shall pay for all approved publication costs. The chapter members incurring publication expenses shall submit a written request to the Publications chair for approval. Said request shall include reasons for the expenditure and all supporting documentation. Upon approval, the Publications chair will forward the request to the treasurer for payment or reimbursement.

### **Registration Fees**

The chapter shall charge program registrants a registration fee that is appropriate for the sound management of the chapter.

The treasurer shall recommend a charge structure for educational program registration fees at the beginning of the chapter year and at other times that might be deemed necessary, as part of the budgeting process.

### **Registration Refunds**

The chapter shall refund any meeting registration fee under conditions described; for example, the member must submit a written request to the program chair no less than 10 days prior to the meeting date.

### **Reporting**

The treasurer shall prepare quarterly financial statements showing the operations of the chapter for the current year. These reports shall include as a minimum, the following:

- Statement of Financial Position
- Statement of Cash Flow
- Statement of Revenues and Expenses

### **Supplies and Postage**

The chapter shall pay for budgeted supplies and postage expenses incurred by officers, directors, councils, committees, and other members in the conduct of the chapter business.

### **Investment Policy Guidelines**

The chapter objective regarding its investment program should be:

- Assuring maximum safety of principal while attaining optimal return on invested funds
- Maintaining a liquid position

The chapter or the broker will hold title to all investment instruments.

### **Investment Instruments**

#### **Certificates of Deposit (CDS)**

The amount invested in anyone banking or savings institution shall not exceed the \$100,000 federal insurance limit. Interest on CDS shall not accrue for longer than one year.

#### **U.S. Government Securities**

These investments have no limit and shall include securities issued by federal agencies backed by the full faith and credit of the U.S. Government, including treasury bills, and treasury notes. Investments in these instruments shall be a direct investment as opposed to mutual funds.

#### **Repurchase Agreements**

These investments shall be limited to banking or savings institutions with acceptable credit rating, limited to the top 100 banks, for a period not to exceed 30 days, and an amount not to exceed \$500,000.

#### **Corporate Bonds or Notes (Commercial Paper)**

These investments shall be limited to ratings of A-1 by Standard and Poor's and P-1 by Moody's for commercial paper and to a rating of AA or better for investment grade corporate bonds.

#### **Cash Management Accounts**

These investments shall be limited to an amount not to exceed \$500,000 and only with a firm approved by the Audit and Finance Committee.

### **Other Policy Provisions**

#### **Maturities**

An amount equal to six months operating expenses shall be invested in short-term investments with maturities of one year or less. The remaining funds may be invested in longer-term instruments, with an average maturity of no longer than five years.

#### **Responsibilities**

Management responsibility for investment of chapter funds rests with the chapter's treasurer and president. Any changes in the investment strategy must first be approved by the Board of Directors.

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### **Review of Policy**

The investment policy shall be reviewed by the Audit and Finance Committee at the annual meeting. Any changes to the policy must be approved by the Board of Directors.

### **Periodic Reporting**

A report of the performance of investments shall be made to the Board of Directors at each annual meeting and monthly to the president and members of the Audit and Finance Committee. A schedule of investments shall be provided monthly to the Board of Directors as a part of the monthly financial statements.

## **Insurance Coverage**

HFMA National provides general liability and professional liability insurance coverage for all chapters (including host liquor liability coverage). If coverage limits, policy details or Certificate of Insurance is needed, contact [accounting@hfma.org](mailto:accounting@hfma.org).

## *Financial, Tax and Insurance Management Guide*

### Appendix 1

#### Sample Chapter Chart of Accounts

##### HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

The following schedule is based on HFMA's Chapters QuickBooks chart of accounts.

<b>1000-00 Assets</b>	<b>5000-00 Expenses</b>
1000-00 Checking Accounts	5000-00 Meeting Expense
1020-00 Money Market Accounts	5010-00 Other Meeting Expense
1030-00 Certificates of Deposits	5011-00 Meeting 1 Expenses
1200-00 Accounts Receivables	5011-10 Food
1250-00 Other Receivables	5011-20 Facility
1100-00 Investments	5030-00 Regional/Joint Meeting Expenses
1275-00 Prepaid Expenses	5040-00 Fall President's Meeting Expense
1300-00 Fixed Assets	5050-00 Board Meeting Expense
1310-00 Original Cost	5080-00 Comm/Chair Mtgs
1320-00 Accumulated Depreciation	5100-00 Education Expenses
	5110-00 Education Certification Expenses
<b>2000-00 Liabilities</b>	5120-00 Education Program 1 Expense
2000-00 Accounts Payable	5200-00 Newsletter Expense
2100-00 Deferred Revenue	5300-00 Golf Outing Expense
	5400-00 Social Event Expense
<b>3000-00 Chapter Equity</b>	5500-00 Directory Expense
3000-00 Chapter Equity	5600-00 Member Recognition
3900-00 Retained Earnings	5800-00 Payroll Expense
	5950-00 HFMA Website
<b>4000-00 Revenue</b>	5990-00 Other Travel and Expenses
4000-00 Meeting Income	
4010-00 Other Meeting Income	<b>6000-00 Administrative Expenses</b>
4011-00 Meeting 1	6000-00 Office Supplies and Copying
4011-10 Meeting 1 – Registration	6200-00 Postage
4030-00 Regional /Joint Meeting	6300-00 Telephone
4100-00 Educational Income	6500-00 Administrative Expenses/Consultants
4110-00 Education Certification	6600-00 Additional Insurance
4120-00 Education Program 1	6700-00 Bank Service Charges
4200-00 Newsletter	
4300-00 Golf Outing	<b>7000-00 to 8000-00 Other Expenses</b>
4400-00 Social Events Income	7000-00 Credit Cards
4300-00 Golf Outing	7500-00 Depreciation
4400-00 Social Events Income	8000-00 Other Expenses
4500-00 Directory Income	
4600-00 Dues Rebate from National	<b>9000-00 Investment Income and Expense</b>
4700-00 Interest Income	9100-00 Other Investment Income
4800-00 Chapter Dues (Regional)	9110-00 Realized Gains
4900-00 Other Income	9160-00 Unrealized Gains
4950-00 General Sponsorship	9200-00 Other Investment Expenses
4950-01 Meeting 1 Sponsorship	9210-00 Realized Loss
4960-00 Contributions	9250-00 Unrealized Losses

## Appendix 2

### Sample Program Budget

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

CHAPTER \_\_\_\_\_

Program Budget for FY 20\_\_\_\_

Name of Program or Activity

Location

Date to be Held

Program Coordinator

Budget Prepared By

#### REVENUE

Registration Fee: \$ \_\_\_\_\_

Other

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Total Revenue**

\_\_\_\_\_

#### EXPENSES

##### Chapter Expenses

Food

\_\_\_\_\_

Rooms

\_\_\_\_\_

Refreshments

\_\_\_\_\_

Other (List if over \$50)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

##### Speaker Expenses

Fees

\_\_\_\_\_

Travel

\_\_\_\_\_

Other

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Total Expenses**

\_\_\_\_\_

**BUDGETED PROFIT (LOSS)**

\_\_\_\_\_

## Appendix 3

### Sample Operating Budget Format

HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION  
CHAPTER

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REVENUE

Dues	_____	
Education Programs	_____	
Newsletter	_____	
Membership Directory	_____	
Social Events	_____	
Contributions/Sponsorships	_____	
Interest & Dividend Income	_____	
Other Revenue	_____	
<b>Total Revenue</b>		_____

EXPENSES

Education Programs	_____	
Newsletter	_____	
Membership Directory	_____	
Board of Directors' Meetings	_____	
Committee & Other Travel	_____	
Supplies & Postage	_____	
Other Expenses	_____	
<b>Total Expenses</b>		_____

**NET INCOME**

\_\_\_\_\_

## **Appendix 4**

### **Information Required from Chapters of the Healthcare Financial Management Association for Group Information Tax Return**

#### **Balance Sheet items**

##### **Assets**

Cash, Savings, Accounts Receivable, Prepaid Expenses, Deferred Charges, Depreciable Capital Assets, Investments, and other Undeposited funds

##### **Liabilities & Chapter Equity**

Accounts Payable, Accrued Expenses, Deferred Revenue and Other Liabilities, Chapter Equity

#### **Income Statement items**

##### **Program Service Revenue**

Dues, Education Programs, Newsletter, Membership Directory, Social Events, Contributions/Sponsorships

##### **Investment Income**

Interest and Dividend Income, Realized Gain/Loss on Investments

##### **Expenses**

Fees for Services, Advertising and Promotion Expenses, Office Expenses, Information Technology, Occupancy or Rent Expense, Education Program and related events expense, Depreciation, Insurance, and other miscellaneous expenses

#### **Supplemental Information**

Five highest compensated independent contractors or vendors



## **Appendix 5**

### **DCMS Reporting for Chapter Treasurers**

#### **Annual Operating Budget**

Chapters are required to develop an annual operating budget and submit it to their Board. Upon approval, the operating budget should be entered into QuickBooks no later than August 1<sup>st</sup>.

#### **Annual Financial Review**

Chapters are required to conduct a financial review to test and validate its fiscal integrity and operating guidelines and submit electronically via the link provided to HFMA by August 1. If a chapter has an independent review performed, it must meet the minimum guidelines established in the HFMA Financial Review Program (a financial *statement* review does not meet the minimum requirements).

#### **Certification of Chapter Organization (EF) – Validate and submit via the link provided**

The HFMA office Board requires that each HFMA chapter certify their organizational structure.

#### **IRS Form 990**

Chapters are required to review and submit the prepopulated financial information IRS Form 990 to HFMA office no later than September 15.

## ***Financial, Tax and Insurance Management Guide***

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### **Chapter Requirement: Annual Operating Budget**

#### **Due Date: August 1 enter into QuickBooks**

Each chapter develops its financial goals and objectives showing expectations of income and expenses for the upcoming fiscal year.

#### **Why this is important**

- Provides clear guidance for officers to monitor/plan their committee expenditures and income generation.
- Keeps entire board up to date on other's responsibilities.
- Provides clear benchmarks for ongoing operations.

#### **Requirements/Reporting**

Enter your chapter's annual operating budget into QuickBooks Online by August 1.

#### **Items to consider**

- President-elect should lead the budget process and include the chapter officers, board members, and other appropriate volunteers.
- Chapter treasurer is responsible for the annual operating budget; the president and board of directors have oversight and should review quarterly.
- Begin the budgeting process with an evaluation of chapter finances. Consider the amount of cash required to maintain operations under emergency/unforeseen circumstances. Also, consider the balance between building/holding chapter financial resources versus investing in programming and other activities that will fulfill chapter goals.
- Have the incoming treasurer work closely with the outgoing treasurer to identify trends and/or problems.
- Start with a general data-sharing session with both the incoming and outgoing officers, then meet individually with incoming officers to discuss specific situations. Have each officer/committee submit own budget and then compile these into a chapter budget.
- Prepare your budget concurrent with the strategic plan.
- New board should approve the final budget as early in the year as possible.
- Publish at least a summary to membership and give status reports periodically.
- Analyze financial performance throughout the year against this fixed base.
- Be prepared to re-examine previously approved expenditures if the income goals are not met during a budget year.

## ***Financial, Tax and Insurance Management Guide***

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### **Chapter Requirement: Annual Financial Review**

#### **Due Date: August 1**

Annually, each chapter conducts a financial review or audit to test and validate its fiscal integrity and operating guidelines.

#### **Why this is important**

- Ensures that the chapter's financial statements correctly reflect its activities for the year.
- Ensures that minimum financial review procedures are in place that test the chapter's receipts and disbursement transactions to the reconciled checking and savings account bank statements.
- Validates that transaction approval guidelines are in place and being observed.

#### **Requirements/Reporting**

- Each chapter is required to conduct an independent audit or the HFMA internal financial review by an individual or individuals possessing the appropriate financial experience and who are not involved in the chapter's bookkeeping activity.
- The chapter's board of directors should review the results of the annual financial review or audit.
- Whether the chapter conducts an independent audit or the HFMA internal financial review, the chapter is responsible for keeping a copy of the audit or review and supporting work papers permanently on file.
- Chapters that conduct an independent audit or the HFMA internal financial review, must upload a copy via the link provided by the Association by Aug. 1.

#### **Items to consider**

- Identify an individual or individuals with the appropriate financial experience to conduct an operational audit review and who are not involved in the chapter's bookkeeping activity.
- HFMA's Liability Insurance and Directors Insurance policy covers all chapter volunteers while they are carrying out the business of the chapter.
- The financial review covers the period of the fiscal year immediately ended.
- Encourage chapter leaders to submit revenue/expense information before the close of the fiscal year.

## ***Financial, Tax and Insurance Management Guide***

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### **Chapter Requirement: IRS Form 990**

#### **Due Date: September 15**

Upon completion and submission of the Chapter annual review, HFMA accounting closes the fiscal period ending in QuickBooks. Financial data is then gathered from each chapter's QuickBooks and is utilized to prepare the IRS Form 990. The form is sent to the Outgoing Treasurer for final review and completion and is due to HFMA no later than **September 15<sup>th</sup>**.

#### **Why this is important**

- Provides important historical data for incoming board members for budget planning.
- Provides information for government reporting requirements.

#### **Requirements/Reporting**

Each chapter is required to review the financial information prepopulated by HFMA accounting on the IRS Form 990. Financials gathered are for the period of June 1 through May 31. Keep a copy of financial information for IRS Form 990 on file for seven years.

In addition to IRS Form 990, the Chapter has to electronically certify three additional certifications to be in compliance with the 990 reporting requirements: The Authorization of Inclusion of Chapter Information Form for the Group Tax Return

- Certification of Chapter Organization
- Practice of Operating Policy Form which verifies that the chapter is implementing Whistle Blower and Record Retention Policies and that the chapter's officers, board of directors, and anyone else with spending authority has electronically certified the Conflict-of-Interest Form.

#### **Items to consider**

- Outgoing treasurer is responsible for finalizing the IRS Form 990 prepped by HFMA accounting.
- Incoming treasurer is responsible for collecting and electronically certifying the Practice of Chapter Operating Policy at the beginning of each fiscal year.
- Encourage chapter leaders to submit revenue/expense information before the close of the fiscal year.
- Summarize revenues and expenses, and then generate the year's totals.
- Participate in the IRS 990 Tax Compliance Survey
- Complete the Treasurer training modules offered by the Association

#### **Resources**

The HFMA Financial, Tax, and Insurance Management Guide and all other information related to the Treasurer position is available under the [Finance Operations](#) section of the Chapter Resource Center.

Contact [accounting@hfma.org](mailto:accounting@hfma.org) with any questions.