

# **Section Budgets: What You Need to Know**



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## **Section Budgets What You Need to Know**

### **Working with Component Affairs**

The Section Chair should work directly with Component Affairs staff for all accounts. Occasionally the Chair will work with the APHA accounting staff or the Conventions staff on specific accounting issues.

The Section Chair, as the lead Officer of the Section, has a fiduciary responsibility for the Section's fiscal integrity. The Chair is to adhere to the APHA General Guidelines on fiscal responsibility, which follows this document. APHA must approve exceptions to the APHA Guidelines in writing.

In addition, if a Section has adopted its own budget-specific policies, then the Section may follow those policies. Important Section-specific budget policies must be written clearly in the Section policy and procedure manual and be on file with Component Affairs. The Section Manual must be distributed to the leaders and others who may request reimbursement. This distribution should include the Treasurer for those sections that have designated someone for this position.

### **Sources of Financial Support for the Section**

Sources of financial support for the Section are grouped according to whether they are available on an annual basis, or a continuing basis. Some sources may be either operating budget or other Section accounts, and these distinctions are described below. Because the direct payment support is different from annual or continuing funds, it has its own description. This information is provided to ensure that the Section meets the requirements of the *APHA Guidelines for Gifts and Donations* (reference: APHA Guidelines for Gifts and Donations-currently being revised).

### **Annual Funding**

*Section Operating Budget:* The APHA operating budget allocation to the Section is designed to enable the Section to conduct its required business and to develop activities that are of particular interest to the members of the Section. The operating budget is the primary funding source for the Section's usual and customary expenses. The Association staff at Headquarters administers the operating budget. Funds must NEVER be held in another location.

The Section Chair may delegate authority to oversee and authorize accounts to another appointed leader. However, the Chair always has final responsibility for the appropriate use of funds. The Section is expected to allocate some of its budget to its required communications, minutes, correspondence, and the Section's Nominations Committee activities. Other common, but not required, costs that many Sections budget for include a booth at APHA, supplemental support for the Program Planner, and the Awards Committee activities and certificates.

The Section operating budget dollar amount is computed using a formula approved by the Executive Board at the time the Association budget is adopted. This approval usually occurs at the Executive Board meeting held just before the Annual Meeting. For example, the FY08 formula is: the number of primary Section members who have paid dues as of August 31st of the year and multiplied by \$3.00. In addition, if a Section has a growth rate in its primary membership over the immediate prior year, that growth rate is multiplied by \$3.00

and added to the Section's operating budget as an incentive award. Any unexpended funds from this annual (operating) account are *available* to a Section for a **single calendar year** **AND cannot** be rolled over from year to year. All unexpended funds will be returned to the general APHA account.

**If the Section overspends its operating budget funds that overage will be deducted from the operating account for the upcoming year. The Section Chair will be notified of this adjustment.**

### **Continuing Funding**

Continuing funds are carried forward from year to year in a Section account that is administered by the APHA staff at the Headquarters. All continuing funds must have the intent of the donor expressed. These funds must not be donated with a time limit of one year or less for expenditure. Usually a time limit is not put on a continuing fund. Different types of continuing fund sources are described below.

**Section Solicited Funds/Section Enrichment Accounts:** The Association understands that the Section may wish to seek external funds. Although most Section activities are supported through operating budgets or through in-kind donations of member's resources, the Section may solicit funds from external sources. The donating entity must not have policies that are in conflict with APHA's policies. Components within APHA do not compete with the parent organization or each other for limited resources with the same prospective donor.

Donations are made to APHA on behalf of the Section. The Section must spend funds in a manner that is consistent with donor intent, time period, and event to be covered by the gift. Examples of how Sections spend solicited funds include Annual Meeting activities or member recruitment. The solicitation or acceptance of an unsolicited monetary donation from an external source must be approved in advance by APHA (reference materials: *APHA Guidelines for Gifts and Donations*). Any Section seeking funding needs to:

- **follow the APHA Guidelines for Gifts and Donations.**
- **contact the Director of Component Affairs before beginning to solicit**

The Section Chair may delegate authority to a Section local arrangements coordinator to process funds to the Section's account at APHA for the Local Arrangements events of the Annual Meeting. However, the Chair always has final responsibility for the appropriate use of funds (reference materials: *APHA Guidelines for Gifts and Donations*).

**Section Earned Funds:** The Section must work with the APHA Component Affairs and the Chief of Staff if it wishes to earn continuing funds through a consulting agreement, grant, cooperative agreement, or contract. The earned funds will be subject to the terms of the arrangement. Such funds are held by APHA in a Section-specific, continuing account unless otherwise specified in the agreement document. **Only APHA on behalf of the Section has authority to enter into these types of arrangements.** The Section must never enter these arrangements apart from APHA.

**Endowment to the Section:** Endowments must comply with the *APHA Guidelines for Gifts and Donations*. An endowment, by its very nature, must be a continuing fund. The principal and any unused interest are carried forward from year to year. An endowment is set in perpetuity. The corpus, or principal amount of the fund, cannot be spent. Interest earned on this fund is available for the Section to spend, but only in according to the

purpose designated by the donor(s). Only the original donor(s) can change the designation of the purpose of an endowment fund, or dissolve the restriction on the fund.

An endowment may have contributions from more than one donor, so long as each donor gives funds for the same intent and without a time limitation. Depending on the desires of the donor(s), criteria often are set up to protect the principal from erosion. For example, an endowment set up to fund a specific award each year would need to earn a fixed income to be certain that sufficient funds are available to give the award.

Because the principal amount of an endowment cannot be spent, but rather only the interest, it is best if the minimal amount of an endowment is at least \$25,000. Because an endowment has specific accounting, legal, and tax requirements, the Section setting up an endowment must promptly contact the APHA Director of Component Affairs who will work with the Section Chair and APHA Accounting staff.

The Section may suggest to a donor a purpose that would be of substantial benefit to its members. Some examples are to set up scholarships, annual awards, social events, or just about any purpose meaningful for the Section. This funding source may be attractive to the Section, particularly if it wishes to establish or enhance an existing Section award with a financial gift. Other options may be the recruiting or mentoring of students and new professionals into the Section.

#### ***Direct Payments***

**Direct payments for the Section must comply with the APHA Guidelines for Gifts and Donations.** Direct payment funds are payments made by a donor to an organization, corporation, or other entity for providing a service or goods for the benefit of the Section. The transaction of funds occurs directly from the donor to the entity that incurs the cost of the service or goods. **No check, or other form of money, is written to APHA nor to the Section nor to any Section member on behalf of the Section.**

**If the Section solicits** direct payment funds, the **APHA Guidelines for Gifts and Donations** must be followed (reference materials: *APHA Guidelines for Gifts and Donations*). **If the Section does not solicit**, but is offered a direct payment fund, the Section must immediately contact the Director of Component Affairs who will have the Section work with the appropriate staff (conventions staff or the accounting staff).

A common use among the Sections of direct payment funds is the financial underwriting of Section-sponsored meal, social hour, or other event at the Annual Meeting. The Section Chair and other Section leaders who are responsible for the planning of the event must know that **if the actual charge** by the hotel or caterer **exceeds the amount of direct payment funds donated, the Section is responsible to pay the excess charge.** If the Section has more than one funding source and the purpose of the fund is not violated, then the Section may pay this excess from a fund other than its operating budget. However, if a Section has no other source of funding that may be used to pay this excess, APHA will deduct the excess from the Section budget for the year in which the expense occurred. If the Section has no remaining operating budget funds for that year, APHA will deduct from the next year's budget. The Section Chair will be notified of the deduction from the budget for the Section. The result would be less operating budget funds. Thus, the Section Chair should be aware of expenditures and work closely with other Section leaders who have the primary responsibility for planning such events and working directly with the donor. The Section Chair must inform the APHA Conventions staff and the Director of Component Affairs about an unsolicited, direct-payment donor as soon as discussions begin. If the

Section decides to solicit, the Section Chair must contact the Director of Component Affairs before beginning the process. APHA must approve all direct-payment arrangements.

### **Purchases**

The Section may make a purchase only if it is for Section business or a Section function. Either operating or enrichment funds may be used depending upon the purpose of the purchase and the purpose of the fund.

*Important Guideline:* A Section must avoid expenditure for a purchase with an ongoing obligation that is not self-sustaining. That is, a Section should not commit future leadership to a financial obligation that must come out of a Section's operating funds in future years. Commitment to future year expenditures from donated funds is not encouraged. However it may be allowable if consistent with the donor's intent. In this case, any plan to commit future year expenditures must be approved through the Director of Component Affairs who will refer this to the APHA Accounting Unit.

The purchase of computer software is not recommended, as there may be questions of legality about passing it from person-to-person.

### **Purchasing Services for Support of Section Activities**

A Section may opt to purchase some services from independent contractors; however, a Section cannot employ anyone. If in doubt, contact the Director of Component Affairs.

### **Expenditures for Food or Meals**

Sections may choose to pay for food or meals at Section functions. This option is allowed **only for official Section functions. Taking persons out for meals is not an allowable expenditure.** These items may be reimbursed from any of the sources of funding available to the Section if the expenditure meets the purpose of that source of funding. Sections **may** opt to fund:

- Coffee or food at a Section Business Meeting or Social Event during the APHA Annual Meeting held in an APHA meeting hotel, or other official meeting of the Association.
- Meal tickets for individuals as approved by the Section Chair and Council, with the following exception: At a Section-sponsored Awards breakfast, luncheon, or dinner held in an APHA meeting hotel, APHA will pay for the meal ticket for the Awardee and one guest. APHA provides this money to the Section through Section's Program Planner who checks with the Conventions staff. If awards are given at other events, APHA funds or complimentary tickets are not provided.
- Food (breakfast and lunch) at the APHA Headquarters during a Section Mid-Year Business Meeting. If a Section does not wish to spend Section funds for this food, it may collect money from the attendees to pay for the food. Some Sections routinely collect from the attendees and pay the caterer at the time the food is delivered to the APHA office. The Section Chair makes arrangements for this with the Director of Component Affairs.

**Note:** The Section that sponsors meals or other functions where drinks/food are provided during the Annual meeting are required to designate a Section member to plan the specifics with the hotel (or other entity). The invoice for this function is to be placed under the name and address of the Section member (or Section Chair). The Section member/chair who has this responsibility must make certain to send the invoice to the Component Affairs Coordinator.

### ***Instructions for Section Event Organizers who plan to use Section funds to pay for catered events at the Annual Meeting***

Prior approval by APHA staff is required before any food and beverage orders can be direct billed to APHA's master account. In order to request direct billing, you must follow these steps:

1. Please work directly with the designated catering manager on the menu for your event.
2. Request a BEO (banquet event order) with price breakdown from the catering manager--this is true in the case of cash bars as well as more elaborate catering orders. **It must include the total anticipated amount due.**
3. Fax/email a copy of this BEO directly to the Component Affairs Coordinator (phone: 202-777-2485, fax: 202-777-2533) **6 weeks prior to the Annual Meeting (specific deadline will be provided in the summer)**. You must clearly identify your Section when faxing the BEO to Component Affairs. **Requests received after the deadline cannot be direct billed and the member will be personally responsible for all charges.**
4. Once Component Affairs approves direct billing of the event, the Conventions staff will notify the hotel that your event should be billed to the APHA master account.

Please note the same procedure pertains to the funding of social hours with cash bars only--although your guests will be purchasing their own drinks there in a minimum set-up and labor fee for the cash bar. This fee range is approximately (\$150 to \$250+7% tax+3% State Liquor Tax, if liquor is offered/served). It may vary by hotel and city. You must submit the necessary paper work to Component Affairs by **the above deadline** and you must have sufficient funds in a Section account to cover that fee.

***Critical Responsibility:*** *Before the end of your event, please ask the hotel manager on-site to provide a copy of the invoice/BEO. Final invoices/BEO's should be sent to the Component Affairs coordinator no later than 14 days after the conclusion of your event.*

### ***Expenditures for Section Local Arrangements for Annual Meeting***

A Section's Local Arrangements Committee may sponsor events or add features to events. For example, a Section may sponsor a breakfast or social hour. It may have an awards luncheon with flowers for the key persons, table arrangements, or other features.

APHA handles meal ticket sales and hotel arrangements (including meeting room assignment, menu, guarantees) for Sections, SPIG and Caucuses who sponsor a breakfast and/or lunch during the Annual Meeting in an APHA meeting hotel.

If the Section wishes to make detailed arrangements with the hotel, the Section must contact the APHA Conventions Services staff. APHA provides the hotels with guarantees prior to the event, based upon the number of tickets sold by a specific deadline. APHA staff work closely with the Section Chair, Program Planner or Local Arrangements Chair on the specifics of these arrangements. If the actual number of meals served is over the guaranteed amount, it is the Section's responsibility to reimburse APHA by June 30th of that fiscal year for the discrepancy. The reimbursement may be a check written to APHA.

If an event including a meal function is funded by direct payment from a donor, the Section is ultimately responsible for the cost of any extra meals or other overrun costs. Thus, it is the responsibility of the Section to work with the donor and the APHA Conventions Services to insure that the entire cost of the event is covered by the donor and, if necessary, Section funds. The arrangements are made by the donor with the hotel or caterer. With this type

of arrangement, no funds may be given to APHA, the Section, or any individual of a Section. When a Section chooses to sponsor and fund other optional events during the APHA Annual Meeting, it must pay for these expenses.

### ***Reimbursement Procedures***

One of the most important Section Chair responsibilities is the authorization of Requests for Reimbursement for the expenditure of Section funds. The new Section Chair passes these blank forms to the Section leadership who need them. The Section leadership may also ask the Component Affairs staff for additional forms.

To obtain a reimbursement, the Section member must submit a completed APHA Request for Reimbursement form with original receipts to the Section Chair. Receipts should be submitted within 30 days of expenditure so that the Section financial reports are current. This expenditure must be incurred during the calendar year (July 1 – June 30) in which the funds were allowed. ***APHA will accept receipts dated no later than June 30 of that year. There are no exceptions.***

The Section Chair authorizes the Request for Reimbursement form either by mail or email and forwards approval to the Component Affairs Coordinator before the deadline date for submission. The APHA office processes the paperwork and issues a reimbursement check to the member at the address that the member has designated.

In some instances, additional documentation may be needed. For example, if a Section member represented the Association and/or Section at an external meeting, then additional documentation may be required, in which registration with the external group, or major documents of the group is presented.

Request for Reimbursement forms are sent to the APHA accounting office **every Wednesday by 10:00 a.m. EST**. **Only** Reimbursements forms that are sent to APHA, approved by the Section chair and signed by the Director of Component Affairs will be processed. Once a Reimbursement form has been processed checks will be mailed 7-10 days from the processed date. There may be a longer process time during 30 days before and after the annual meeting due to the number of requests. All questions concerning Request for Reimbursements should be directed to the Component Affairs Coordinator on 202-777-2485.

### ***Section Travel Reimbursement Guidelines***

The APHA Executive Board has adopted the restriction that no APHA funds may be expended to support travel, lodging, or meeting registration of individuals (members or non-members) for the APHA Annual Meeting. This means that funds in the Section Operating Budget may not be used.

Section donated funds may be used to pay for travel to an APHA Annual Meeting if this type of expense is included in the donor's intent. For example, a donor may specify a purpose to recruit and support new, student members to a Section. When a Section develops its plan for using these funds, it may award the registration and travel funds to the Annual Meeting to a winning student - this option also encourages the student to participate in a scientific session.

### ***Travel to the Section Mid-Year Business Meeting***

Sections may reimburse Officers, Section Councilors, and other leadership for travel to a Section mid-year meeting within reason by contacting the Component Affairs Coordinator to

ensure Section funds are available to cover costs. The Section may budget for this expense using their operating funds. If the Section has fully budgeted its operating funds for other Section matters, the Section may reimburse a mid-year expense from its enrichment account.

The Section Council may adopt a policy to not reimburse travel to the mid-year meeting or to reimburse only part of the travel. The Section has discretion to adopt policies for how much and how to reimburse its leadership. This reimbursement scheme should be approved by the Section leadership and Component Affairs staff and included in the Section Manual. The Manual should be distributed to each Section leader before costs are incurred.

The Section Manual Reimbursement Policy should include:

- Positions in the Section leadership that are eligible for any reimbursement
- The Section Officers and Council should approve exceptions and a statement to this effect submitted to the APHA Director of Component Affairs before APHA will release any funds.
- Any Section Guidelines that limit the amounts reimbursable for travel.

Providing reimbursement scheme examples in a Section Manual is encouraged. It is important to inform Section members on what APHA and their Section Council consider reimbursable from Section funds. It is important that the Section Policy and Procedure document clearly detail this reimbursement policy. One example is:

A Section leader must pay from personal funds (not APHA or Section funds) for the first \$100 dollars of travel costs to a Section mid-year business meeting. Reasonable actual expenses in excess of \$100 dollars are reimbursable for Section Officers, Section Councilors, and the Section's Nominating Committee Chair and Program Planner. Airfare above coach class is not a reimbursable expense.

### **Financial Reporting**

*Financial Reports to the Section Chair from the Section Operating Budget:* The Component Affairs staff will provide the Chair with a Section Financial Report including itemized expenditures and remaining balances in the Section Operating Budget account. These reports will be provided every few months. The Section Chair may request information more frequently from the Component Affairs Coordinator.

*Financial Reports from the Section Accounts with External Funds:* APHA funds tallies annually as of June 30th on these Section accounts. If the Section Chair wishes a copy of the report, the chair must send a request to the Director of Component Affairs. The chair also may request additional information of these accounts at any time during the year by contacting the Component Affairs Coordinator.