



COUNCIL OF RESIDENCY DIRECTORS IN EMERGENCY MEDICINE

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***Compendium of Financial Policies  
and Operational Guidelines***

Reviewed/approved:  
Finance Committee: December 2019  
Board of Directors: December 2019

# COUNCIL OF RESIDENCY DIRECTORS IN EMERGENCY MEDICINE

## Compendium of Financial Policies and Operational Guidelines

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## PREFACE

This *Compendium of Financial Policies and Operational Guidelines* represents all the financial policies of the Council of Residency Directors in Emergency Medicine (CORD). All previous policies are rescinded with approval of this document.

The Policies listed in Part 1 of this document have been approved by the Board of Directors of CORD. Operational guidelines to insure compliance with Board policies are contained in Part 2.

The Finance Committee will approve Part 2 prior to the Board meeting at Academic Assembly each year. The Finance Committee will review the Financial Policies and make recommendations to the Board. The Board of Directors will approve the Financial Policies annually at its Board meeting at Academic Assembly. The operational guidelines will be presented to the Board for information purposes only.

The fiscal year of CORD is December 31 as established in the Bylaws.

As referenced in this document – CORD will maintain its financial records under Generally Accepted Accounting Principles (GAAP) for US based organizations. As required under (GAAP), CORD uses accrual based accounting.

Dates of Most Recent Approval:

### Financial Policies --

- Finance Committee Reviewed Mar 2012
- Board Approved Apr 2012
- Board Approved March 2013
- Board Approved March 2014
- Board Approved June 2015
- Finance Committee Reviewed April 2016
- Board Approved April 2016
- Finance Committee Reviewed December 2017
- Board Approved March 2018

### Operational Guidelines --

- Finance Committee Reviewed Mar 2012
- Board Accepted Apr 2012
- Board Accepted March 2013
- Board Approved March 2014
- Finance Committee Reviewed Mar 2012
- Board Approved April 2016
- Finance Committee Reviewed December 2017
- Board Approved March 2018

**PART 1**  
**CORD BOARD APPROVED**  
**FINANCIAL POLICIES**

## I. BUDGET DEVELOPMENT AND APPROVAL

The Board of Directors will approve the annual budget developed as a result of a formal Strategic Planning Process that helps identify and prioritize the strategies that will guide CORD's current and future direction.

## II. BUDGET MODIFICATIONS

The Executive Director shall be authorized to approve changes in the current FY operating budget as follows:

1. Changes to operating budget are defined as additional new or deleted operating activities that impact the budgeted expectations of CORD activity for the fiscal year.
2. A difference in the method of accomplishing a budgeted activity (for example, using an outside consultant vs. in-house labor) is not deemed a change in the operating budget.
3. Changes to budgeted revenue, expense or net revenue over expense are authorized as follows:
  - a) \$0 up to \$2500 for any single change, and not to exceed \$5,000 of aggregated changes in any one Fiscal Year:  
Executive Director may approve without advance formal written notice to the Finance Committee or Board of Directors.
  - b) \$2501 to \$5000 for any single change, and not to exceed \$10,000 of aggregated changes in any one Fiscal Year:  
President or Secretary-Treasurer may approve without advance formal written notice to the Finance Committee or Board of Directors.
  - c) \$5001 or for any change exceeding \$10,000 of aggregated changes in any one Fiscal Year:  
Prior submission of budget modification documentation must be presented to the Finance Committee for recommendation to Board of Directors.
4. Changes authorized under 3a. above, will be reported to the Finance Committee on the Treasurer's Report and will be reflected on all budget/budget modification information presented to the Finance Committee.

## III. FINANCE COMMITTEE

1. The composition and role of the Finance Committee shall be:
  - a) the President-Elect of CORD
  - b) the Secretary-Treasurer of CORD
  - c) at least three (3) members at large of CORD
  - d) the Chair shall be the Secretary-Treasurer of CORD
2. Role of the Finance Committee:
  - a) CORD committees are groups of members appointed by the President. Recommendations are formulated by committees for final decision by the Board. Although the President may assign specific objectives to the Finance Committee, the Committee also has other, ongoing responsibilities and functions: an internal audit oversight function, separate and apart from the Audit committee (if any), and a policy advisory function.
  - b) In its internal audit oversight role, the Finance Committee performs detailed analyses of the budget, financial reports, and any activity that has fiscal impact on CORD. It ensures that due diligence and proper accounting principles are followed during CORD's financial reporting and budgeting processes.
  - c) In its policy advisory role, the Finance Committee provides input to the Board of Directors regarding CORD policy.
  - d) Regarding the Equity Policy, the Finance Committee should allocate minimum net earnings of 1% of the annual operating expense budget for annual contribution to equity. This allocation shall be reviewed for Board approval. If the Finance Committee allocates an amount less than 1%, the committee shall provide an explanation for Board review and approval.
  - e) Most specifically, the Committee reviews CORD's goals established by the Board of Directors, and determines whether CORD's activities are reasonable, feasible, economically viable methods for accomplishing those goals.

- f) More generally, the Finance Committee, like other committees, may make recommendations to the Board on policy issues facing CORD. As such, the Committee provides a valuable communication channel for member input.

#### **IV. EQUITY POLICY**

Definitions for purpose of this policy

1. Equity - the total cumulative members' equity excluding unrealized gain / loss on investments as shown on CORD's financial statements. This amount is the cumulative net earnings of CORD since inception.
2. Liquid Reserve (a sub-set of equity) – the amount of equity (available in cash and investments) that is available for contingencies after the provision for investment in fixed and other assets plus working capital.
3. Net earnings – the amount of net revenue over/under net expense excluding unrealized gain / loss on investments as reflected in the financial statements of CORD.
  - a) The Equity balance of CORD shall be no less than 75% of total annual operating expense budget.
  - b) The liquid reserve of CORD shall be no less than 50% of total annual operating expense budget.
  - c) Minimum net earnings of 1% of annual operating expense budget shall be approved by CORD Board for annual contribution to equity. This policy will be followed during each budget cycle and budget modification request.
  - d) The approval of budget(s)/ budget modifications outside these policies requires specific explanation in the board minutes as to why the policy(s) is not to be followed. (i.e. – explain why BOD is approving spending more than bringing in for the year)

#### **V. CAPITALIZATION**

Capital expenditures will be recorded in compliance with current generally accepted accounting principles.

#### **VI. INVESTMENTS -**

##### **INVESTMENT POLICY/GUIDELINES**

The Board of Directors of the Council of Residency Directors in Emergency Medicine ("CORD") has established this investment policy and accompanying guidelines ("guidelines") to aid in the overall administration of CORD's investment funds. Funds available for investment ("Fund") shall be defined as all cash not required for immediate distribution to chapters and working capital to fund daily operations of CORD. The guidelines do not preclude the use of a single depository bank for ongoing cash activities, although at times funds in the depository bank may temporarily exceed federally insured limits. These guidelines will be reviewed annually by the Finance Committee and the Board of Directors, or at any other time such action seems appropriate.

##### Statement of Investment Policy/Guidelines

1. Objective:  
The Board seeks a primary goal of preservation of capital and a secondary goal of growth of capital.
2. Diversification:  
Investments will be diversified with (a) a minimum of 40% and a maximum of 60% of portfolio assets invested in marketable fixed-income securities and money market funds, and (b) a minimum of 40% and a maximum of 60% in equity securities for a period not to exceed five years.

As soon as achievable but no later than September 30, 2015: Investments will be diversified with (a) a minimum of 40% and a maximum of 60% of portfolio assets invested in marketable fixed-income securities and money market funds, and (b) a minimum of 40% and a maximum of 60% in equity securities. Such transition should minimize realized losses and meet appropriate fiduciary obligations to CORD.

No less than 85% of the fixed income assets may be invested in investment grade bonds rated BBB/Baa or higher. Up to 15% of the total fixed income portfolio may be invested in non-investment grade rated bonds. Such individual holdings must be rated above C grade.

Diversification will be measured based upon market value.

Except for Treasury, Agencies of the U.S. Government and U.S. Government insured securities, no more than five percent of the portfolio shall consist of securities of a given issuer, as measured by market value.

Investment in highly volatile assets including emerging markets, small / micro-cap companies and REITS will require specific discussion with the Finance Committee.

3. Ratings:

Ratings for all fixed-income and equity securities are based on ratings given by the following leading rating services: Moody's, and Standard & Poor's.

4. Three Types of Securities are Allowed:

a) Marketable Fixed Income Securities which fall into one of the following categories:

- i. issued by the United States Government or agencies of the U.S. Government;
- ii. issued by Domestic banks and other U.S. financial institutions with U.S. Government insurance; or
- iii. obligations or instruments (frequently known as bonds or notes) of U.S. corporations, financial institutions, utilities, with ratings no less than BBB.

\*up to 15% of obligations or instruments of U.S. corporations, financial institutions, utilities, may have ratings between BBB and C.

Given the current tax-exempt status of CORD, funds are not required to be invested in 'tax-advantaged' investments.

- b) Publicly traded securities (including bonds, debentures or preferred stocks which are convertible to common stock; preferred stock, common stock) which represent shares or interest listed on a major US stock exchange.
- c) Money Market Funds: Short-term obligations composed of interest-bearing securities managed by CORD's custodian. Assets acceptable to be held within the money market fund include bankers' acceptances, commercial paper rated P-1 or better, certificates of deposit, U.S. Treasury bonds or bills.

5. Limitations:

No funds will be invested directly in any source that produces goods or services contrary to CORD's policies, as published in its annual Policy Summaries. This includes but is not limited to investments in securities of companies whose primary business lines include alcohol, tobacco, and firearms. No funds will be directly invested in any source that may imply a conflict of interest for CORD, such would include organizations that contribute to CORD projects or conduct joint ventures with CORD. This includes but is not limited to investments in securities of companies whose primary business lines include managed-care organizations, group medical management companies, for profit hospitals and medical billing companies

However, this does not preclude CORD's direct investment in mutual funds or other mixed portfolios which may include as a minor part of such portfolios securities in the prohibited (or limited) categories. Issues that subsequently are determined to imply conflict of interest are to be eliminated on a timely basis at the discretion of the investment manager.

6. Guidelines for investment managers / brokers:

- At no time will CORD's funds be invested or held in any name other than CORD's name.
- Transfers from this account shall only be payable to another CORD account – all transfers must be communicated to the ACEP CFO or designee before the transaction occurs.
- Monthly reporting of specific investments held, purchased and sold shall be provided to the ACEP Chief Financial Officer.
- Reported returns on the portfolio will be presented with applicable benchmarks and the appropriate caveats regarding comparability.

## 7. Responsibilities for oversight of CORD Investments.

### **Members:**

- The Finance Committee & Board are required to review and approve the investment policy annually.
- The Finance Committee is required to review all investment information at least quarterly.
- The Finance Committee will meet annually with the investment manager(s) and broker(s).
- The Finance Committee is required to review the investment manager's performance annually.

### **ACEP Staff:**

- The ACEP CFO is responsible for the flow of funds to and from the investment fund. All decisions for operational cash requirements are determined by the CFO.
- The ACEP CFO is responsible for monitoring the fund, the investment performance, fees, and for insuring appropriate information is provided to the Finance Committee and the Board.
- Selection of investment manager(s) and broker(s) is recommended by ACEP CFO with approval of the Finance Committee.

### **Investment Manager:**

- The investment manager will provide specifics on insurance, bonding, FDIC coverage, and SEC compliance to the ACEP CFO annually.
- The investment manager is responsible for all buy and sell decisions, including the specific investment vehicles.
- The investment manager will provide required information to ACEP CFO on a timely basis.
- The investment manager will be paid a fee as agreed for services based upon values in the respective portfolio fund(s).
- The investment manager will provide a recommendation for liquidation to the ACEP CFO when a holding is determined to conflict with CORD's investment policy guidelines.

### **Broker:**

- The broker will provide specifics on insurance, bonding, FDIC coverage, and SEC compliance to the ACEP CFO annually. **(if different than advisor)**
- The broker is responsible for execution of all buy and sell instructions of the investment manager.
- The broker is responsible for safekeeping of all documents that reflect assets of the portfolio.
- The broker is responsible for monitoring the fund, the investment performance, the manager's performance and advising ACEP CFO if instructions not in compliance with the Investment Policy are issued by the investment manager.
- The broker will provide required information to ACEP CFO on a timely basis.

The broker (if different than advisor) will be paid a fee competitive in magnitude as agreed for services.

## **VII. BUSINESS ARRANGEMENTS POLICY**

1. CORD may enter into business arrangements determined to be beneficial to CORD. Ethical considerations, CORD policies and sound business practices, including a clear delineation of the expected benefits and risks, determine whether such arrangements are prudent and proper.
2. Except for customary CORD educational agreements, CORD does not enter into business arrangements with staff or CORD officers (as defined in CORD by-laws), directors, committee chairs, or section chairs.
3. All business arrangements involving CORD and other CORD members or staff not excluded above are considered for approval by the Executive Committee of the Board of Directors subject to ratification by the Board of Directors.
4. CORD staff, in conjunction with the Finance Committee and the Board of Directors, manages CORD business not otherwise covered in this policy.
5. Projects or grants to other organizations funded by CORD will not be used to fund institutional overhead or indirect costs. Funds can be used for direct costs as outlined in the project or grant agreement.



## **VIII. FINANCIAL REPORTING**

1. A review of the books and records of the Council of Residency Directors in Emergency Medicine will be performed when requested by CORD Board and made available as soon as practical after the close of said audit.
2. A monthly financial report will be provided to each member of the Finance Committee and the Board of Directors.
3. All information required by federal or state law to be disclosed will be made available as specified under law. These requirements include, but may not be limited to:
  - a) specific solicitation disclosures
  - b) public inspection of documents
  - c) disclosures of transactions and relationships
  - d) the cost of political and legislative activity (if any)
4. Information will be made available on CORD web site for Members Only when specified by the Board of Directors - such information might include:
  - a) Revenue / Expense / Net Revenue compared to budget and prior year
  - b) Balance Sheet summary current and prior year
  - c) Membership Activity
  - d) The most recently filed Form 990 for the COUNCIL OF RESIDENCY DIRECTORS IN EMERGENCY MEDICINE
  - e) Policy Information - *Compendium of Financial Policies & Operational Guidelines*
5. The following staff of management shall be authorized to conduct meetings, correspond, communicate by phone and sign any necessary forms as designated tax officers for all tax purposes with the IRS:
  - CORD Executive Director
  - ACEP Chief Financial Officer

## **IX. ANNUAL BOARD REVIEW**

The *Compendium of Financial Policies and Operational Guidelines* will be reviewed annually by the Finance Committee and the Secretary-Treasurer to: (1) ensure accuracy and completeness of the financial policies and (2) to reflect any adopted changes in operations or policies approved outside the normal cycle and (3) to recommend changes in operations or policies for consideration by the Board of Directors and will be presented to the Board for review at its meeting each calendar year.

## **X. MODIFICATIONS TO OPERATIONAL GUIDELINES**

Modifications to the Operational Guidelines will be approved by the Finance Committee and the Secretary-Treasurer as the need for such modifications arise. Any modifications will be communicated to the Board by the Secretary-Treasurer.

## **XI. FRAUDULENT OR DISHONEST CONDUCT AND WHISTLEBLOWER POLICY STATEMENT POLICY:**

CORD will investigate any possible fraudulent or dishonest use or misuse of the Association's resources or property by staff members (including those serving under a management agreement with another organization), members or volunteers. Any individual found to have engaged in fraudulent or dishonest use or misuse of the Association's resources or property is subject to disciplinary and/or legal action by CORD. CORD reserves the right to refer such matters for civil and criminal prosecution.

All individuals with knowledge of CORD activities (including staff employed by another organization serving CORD under a management agreement) are encouraged to report possible fraudulent or dishonest conduct

involving the resources or property of the Association. An individual should report his or her concerns to CORD's Executive Director. If for any reason the individual finds it difficult to report his or her concern to the CORD Executive Director, such matter should be reported to the President or other appropriate Board member.

If a member or volunteer is suspected of fraudulent or dishonest activity, the Executive Director will report concerns to the President or other appropriate Board member.

The CORD President and the CORD Board will determine appropriate action.

#### **GUIDELINES:**

##### **Rights and Responsibilities:**

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- baseless allegations
- premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved in the investigation
- violations of a person's rights

Accordingly, the Executive Director who is informed of suspected misconduct should:

- NOT contact the person suspected to further investigate the matter
- NOT discuss the issue with anyone other than appropriate counsel (Human Resource Director of the management organization or CORD outside legal counsel)

Under direction of appropriate counsel, the Executive Director will investigate the allegations to ensure they are not baseless and will then consult with appropriate parties of the Association (including, but not limited to the President).

##### **Whistleblower Protection:**

CORD staff (including those serving under a management agreement with another organization) and Board members may not retaliate against a whistleblower with the intent or effect of adversely affecting the terms and conditions of employment (including, but not limited to, threats of physical harm). CORD will use its best efforts to protect whistleblowers against any form of retaliation, as described below. It cannot guarantee confidentiality, however, and there is no such "unofficial" or "off the record" reporting. CORD will keep the whistleblower's identity confidential, unless (1) the person agrees to be identified; (2) identification is necessary to allow CORD or law enforcement officials to investigate or respond effectively to the report; (3) identification is required by law; or (4) the person accused of fraudulent or dishonest conduct is entitled to the information as a matter of legal right in disciplinary proceedings.

Whistleblowers must avoid baseless allegations (as described under the definitions section of this Policy).

##### **Definitions:**

**Whistleblower:** An individual who informs a supervisor about an activity which that person believes to be fraudulent or dishonest.

**Fraudulent or Dishonest Conduct:** A deliberate act or failure to act with the intention of obtaining an unauthorized benefit from the Association. Examples of such conduct include, but are not limited to:

- Forgery or alteration of any documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting

- Pursuit of a benefit or advantage in violation of the Association’s Conflict of Interest Policy
- Misappropriation or misuse of CORD resources, including funds, supplies, or other assets
- Authorizing or receiving compensation for services not received or services not performed
- Authorizing or receiving compensation for hours not worked
- Filing expense reports or travel reimbursement requests that are false or in violation of CORD policies

**Baseless Allegations:** Allegations made with disregard for their truth or falsity. People making such allegations may be subject to disciplinary action.

**Contacts:**

Questions regarding this Policy should be directed to the CORD Executive Director.

**XII. RECORDS RETENTION POLICY**

A record retention schedule has been developed based on the need for a uniform and systematic approach to CORD’s file management and considering the many federal, state, and other legal requirements.

This retention schedule establishes the period for retaining records regardless of form or location and is to ensure the adequate maintenance and disposition of records within this schedule. Under no circumstance will records be destroyed outside this guideline without clearance by the Executive Director and the President.

If CORD is notified of an impending request for documents, no such document will be destroyed even if the deletion policy would otherwise permit its deletion.

Operation

Multiple Purpose Records

In the event an individual record is pertinent and relevant to more than one area, its retention shall be scheduled in accordance with the record category having the longest retention period.

***RECORDS RETENTION SCHEDULE  
RECORDS RETENTION SCHEDULE DEFINITIONS***

- |        |   |
|--------|---|
| RECORD | Any documentary material, regardless of physical form, that is generated or received by CORD in connection with transacting its business or is related to its legal obligations.  |
| C      | Indicates <b>CURRENT YEAR</b> – the fiscal year during which the record was originated C+2 indicates records are to be kept two years beyond the current fiscal year.   |
| CP     | Indicates <b>COMPLETION</b> of a defined project or file.   |
| S      | Means until <b>SUPERSEDED</b> , or while the record is still valid and useful. S+1 means that a superseded record should be retained one fiscal year beyond the fiscal year in which it became obsolete.  |
| T      | Means until an activity, or the use of the file, has <b>TERMINATED</b> . When used with personnel associated records, T indicates termination of employment. When used with contract or agreement records, T indicates completion of effort required under the contract. T+5 indicates five fiscal years after the fiscal year in which termination took place. |
| AD     | Means an <b>ADMINISTRATIVE DECISION</b> was made on those records which have no legal retention, but are kept for business reasons, and reviewed annually.  |
| AU     | Means that a required <b>AUDIT</b> (internal, external, or tax) must be completed before disposal of the record.  |

AR Means disposal only **AFTER REVIEW** by the indicated office which has authority to extend retention for specific purposes.

P Indicates that the record or document must be kept **PERMANENTLY**.

To the extent that they currently exist, files will be maintained as follows:

#### COMMITTEES

correspondence files	C + 2
meeting files	
A. correspondence relating to	C + 2
B. minutes of	PERM
membership	S + 2
reports	C + 2
goals and objectives	S + 2
defunct committees	T + 2
budgets originated	C + 5

#### COMMUNICATIONS

newsletters, periodicals, & other publications	C + 5
information request files	AD
acknowledgment files	AD
press releases	C + 5

#### CORPORATE & LEGAL

annual reports/statements	PERM
contracts, leases	T + 10
certificate of incorporation	PERM
bylaws	PERM
minutes Board meetings	PERM
copyrights & trademarks	PERM
executive correspondence (original)	PERM
election records	PERM
manuals, procedures, guidelines, etc. which express or interpret CORD policy	PERM
mergers/consolidations/acquisitions/reorganizations, etc.	PERM

#### CORRESPONDENCE

correspondence files - general	C + 2
subject files, reading files	C + 2
information copies, form letters	C

#### ACCOUNTING - FINANCIAL

accounts payable invoices	C + 4
accounts payable register	C + 4
accounts payable ledger	C + 4
accounts receivable ledger	C + 3
audit reports; external	PERM
general ledger	PERM
financial statements:	
audited/certified	PERM
periodic	C + 5
correspondence	C + 2
balance sheets	C + 5

bank statements/reconciliations/deposits	C + 3
budgets	C + 5
journals	10
register	PERM
general	PERM
taxes	10
expense reports	C + 5
time sheets	C + 4
ACCOUNTING - TAX	
income tax and information returns	PERM
depreciation schedules	PERM
tax bills/statements	PERM
INSURANCE / INVESTMENTS	
investments	C + 4
policies	T + 10
property insurance	T + 10
liability insurance	T + 10
claims (against company):	T + 6
claims (against others): loss/damage in transit	T + 6
insurance policies	T + 10
PURCHASING	
bids, accepted	C + 6
bids, rejected	1
catalogs	S
price lists	S
purchase orders	C + 4
quotations	1
receiving documents	1
correspondence	C + 2
PROPERTY AND EQUIPMENT	
property	
depreciation schedule	PERM
inventory records	PERM
office equipment	
maintenance & repair manual	S
service agreements	S
vendor information	S
MEMBER & MEMBERSHIP	
active members files	PERM
correspondence	PERM
dues	PERM
application	PERM
prospective members	PERM
inquiries & responses	C + 2
promotional material	S
list of prospects	S + 2
inactive members	5
inactive member lists	S + 2
MEETINGS & CONVENTIONS	

Annual Meeting / convention	
correspondence	C + 2
evaluations	C + 2
budgets	C + 2
faculty lists	PERM
syllabi	PERM
statistics	C + 2
registration list	PERM
exhibitor records	C + 2
workshops	C + 2
correspondence	C + 2
budgets	C + 2
statistics	C + 2
registration list	PERM

**PART 2**

**CORD FINANCE COMMITTEE APPROVED**

**OPERATIONAL GUIDELINES**

## I. STRATEGIC PLANNING

1. Formal Strategic Planning Process will be followed.
  - a) The Board of Directors will establish the future long-term direction for CORD.
  - b) Under the established long-range direction, the Board of Directors will establish the Goals and Objectives for CORD.
  - c) Review of proposed activities and budgets will be completed by the management staff of CORD.
2. The Finance Committee will review the long-term directions established for CORD and use this to measure the appropriateness of the proposed budget. Specific review should determine:
  - a) Are current projects and activities reasonable, feasible, economically viable methods for accomplishing CORD goals?
  - b) Are the budgets prepared by staff an attainable means of accomplishing goals in a financially sound manner?
  - c) Does the proposed budget provide an excess of revenues over expenses sufficient to meet both long- and short-term objectives?
  - d) The Finance Committee may recommend a deficit budget modification provided total unrestricted members' equity (excluding unrealized gains/losses on investments) is retained in an amount NO LESS THAN 50% of total operating expense budget.
3. CORD's current Strategic Plan will be provided to the Finance Committee.

## II. CAPITALIZATION POLICY GUIDELINES

Capital expenditures will be recorded in compliance with current generally accepted accounting principles.

### Capitalization Policy Guidelines

The policy / procedure to determine whether a purchase is a capital asset or an expense follows. These criteria will be used to code such items in the financial statements of the Council of Residency Directors in Emergency Medicine.

1. Capital Asset vs. Expense
  - a) An item purchased individually the cost of which is below \$1,500 will be expensed when purchased regardless of use or estimated useful life.
  - b) Multiple items purchased with an individual cost below \$1,500 that have a useful life of 3 or more years and the total purchase is \$4,500 or more will be capitalized.
  - c) An item whose individual or multiple cost is between \$1,500 and \$4,500 will be:
    - i. expensed - if its useful life is less than 3 years
    - ii. capitalized - if its useful life is 3 years or longer
  - d) A capitalized item will be capitalized under the appropriate asset category with the corresponding appropriate useful life.
2. CORD will purchase capital expenditures from general cash funds. No entry to reflect a restriction on cash will be recorded in the accounts of the Council of Residency Directors in Emergency Medicine.
3. Improvements to an existing asset will be capitalized if the individual cost is greater than \$1,500, and the estimated useful life is 3 years or greater and:
  - a) Extends the useful life of the original asset or
  - b) Increases the capacity or operating efficiency of the original asset will be capitalized.



4. Criteria to be considered when determining whether a purchase is a capital asset or an expense to repair and maintenance would include:

<b>Capitalize</b>	<b>Expense</b>
1) Useful life is extended	1) No additional life inures to the original asset
2) Replacement is with a better, more productive asset or portion of an asset	2) The replacement portion is substantially identical
3) Capacity, operating efficiency of original asset is increased	3) No change in capacity or efficiency of original asset

#### **Fixed Asset Classifications**

1. Land (Non-Depreciable)  
Land, easements, rights-of-way, other interests in land, recording fees, abstracts, special assessments for land improvements, etc.
2. Improvements Other Than Buildings (Depreciable)  
All expenditures for improvements of land, such as fences, stone walls, roadways, walks, bridges, drainage systems, septic tanks, sewerage lines, landscaping, water mains, parking lot improvements, etc.
3. Buildings and Attached Fixtures  
Construction or purchase of buildings, or additions and betterments thereto, including permanently attached fixtures (plumbing, electrical, heating, air-conditioning, carpeting in new and remodeled buildings).

	Minimum	Maximum
a) Equipment		
i. Office Equipment and Operational Equipment (miscellaneous) Copiers, shredders, mailing equipment, other equipment not permanently attached to the building.	3 Yr. Life	5 Yr. Life
b) Data Processing Equipment Computers, laptops, handheld electronics printers, tape drives, disk drives, etc.	3 Yr. Life	5 Yr. Life
c) Communications and Audio/Visual Equipment Telephone and intercom system - paging, sound, and background music systems, TV, projectors, screens, and cameras, portable lighting equipment, microphones, facsimile machines, etc.	3 Yr. Life	5 Yr. Life
d) Office Furniture and Fixtures Desks, chairs, bookcases, tables, steel shelving, computer stands, file cabinets, credenzas, mini-blinds, etc.	5 Yr. Life	10 Yr. Life
e) Data Processing -- Software All cost for software, excluding maintenance.	2 Yr. Life	5 Yr. Life

### III. TRAVEL GUIDELINES

#### 1. General

- a) If a request for reimbursement has not been received within 90 days after CORD activity occurs, CORD will notify the member that a request for reimbursement must be received within 30 days of notice or reimbursement may be denied on procedural grounds.
- b) CORD Travel Guidelines apply to all member travel, including Board members and CORD Liaisons. Each member has the option of submitting actual expenses for reimbursement (within these guidelines) or accepting per diem in lieu of actual expenses.
- c) Travel days are the basis for per diem. Members may submit actual expenses as an option up to a maximum of the budgeted per diem rate multiplied by the number of travel days. In unusual circumstances, additional reasonable expenses will be reimbursed. If the request for reimbursement is more than the allowed per diem, member should discuss with the board liaison and staff liaison before submitting expenses for reimbursement.
- d) Board members who are attending CORD meetings held at Academic Assembly and ACEP Scientific Assembly will be reimbursed for travel expenses for the days required for official Board meetings, generally airfare, 2 nights hotel and 2 days per diem per meeting. Registration for the annual Academic Assembly is not waived for the Board, who may choose to attend or not attend the educational portion of the conference.
- e) Generally, there is no reimbursement for SAEM Annual meeting, AAEM Annual Meeting or others unless specifically allowed for in the budget and approved by the President and/or Secretary Treasurer.
- f) Academic Assembly Conference Chair and Co-Chair will be reimbursed for travel expenses to the annual Academic Assembly over which they preside, including airfare, 5 nights hotel and 5 days per diem each. Additionally, Academic Assembly registration is waived for the presiding Chair and Co-Chair of the Annual Conference.

#### 2. Airfare/Mileage

- a) In order to be fiscally responsible to CORD, all members are encouraged to make reservations at the earliest possible date in order to obtain the lowest possible coach airfare. CORD encourages members to use discounted fares when available rather than upgradeable fares to reduce the expense for CORD.
- b) Mileage will be reimbursed at the budgeted rate and adjusted to the IRS allowed rate per mile following publication of a change. Mileage will be limited to the lesser of mileage reimbursement or coach airfare available for the same trip. If parking at the destination hotel / meeting site plus mileage is below the cost of airfare, both mileage and parking will be reimbursed.
- c) If the member's itinerary is changed by CORD after travel arrangements have been confirmed, the member will be reimbursed for any cancellation expenses and/or additional cost of flight due to circumstances beyond member's control.
- d) If use of an alternate airport combined with additional cost of local transportation and/or parking would incur a lower cost to CORD, the member may be reimbursed for both airfare and either mileage, parking, car rental and/or cab expense to obtain the lower overall cost. (For example, a lower cost flight to Dallas Love Field plus a rental car to headquarters may provide a lower overall cost for the trip and these expenses would be reimbursed.)
- e) At no time will CORD reimburse an allowance in lieu of airfare when the traveler is using airline miles to purchase a ticket.

#### 3. Hotel

- a) Hotel expense will be reimbursed at actual for room and taxes only or a per diem may be paid in lieu of actual expense.

- b) Additional hotel night(s) will be reimbursed if used to secure a special airfare that reduces the combined air/hotel/per diem cost to CORD.
- c) The cost of internet access in the hotel room (if any) will be reimbursed in addition to room and tax.
- d) The cost of daily usage of the hotel's health/fitness center (if any) will be reimbursed in addition to room and tax.
- e) Reimbursement for hotel room is limited to the standard room rate at the hotel designated by CORD for the meeting. The cost of upgrades to concierge level, movies, minibars, etc. are expected to be covered in the per diem allowance or paid for by the member as a personal expense.

#### 4. Per Diem

CORD pays a per diem of actual budgeted expenses up to \$100 for meetings in other cities. The number of per diem days paid is generally equal to the number of hotel nights allowed per policy. The per diem is intended to cover tips, cabs to/from airport in destination city, parking, car rental (if applicable for to/from airport transportation), meals, phone calls, etc.

- a) All members traveling on behalf of CORD will be paid per diem at CORD's current budgeted rate for the number of travel days
- b) Certain meetings may necessitate a direct billing to CORD for hotel room and/or meal charges. In such cases, per diem paid to members will be reduced appropriately or eliminated.
- c) Additional per diem may be provided if used to secure a special airfare that reduces the combined air/hotel/per diem cost to CORD.

#### 5. Tax information

Under IRS Regulations, all airfare reimbursements and hotel bills for which receipt is not provided, will be recorded as 1099 income. All per diem payments are recorded as 1099 income and included on your Form 1099-MISC for the current tax year. Receipts and/or copies should be retained for tax purposes when reimbursement is a per diem. If member is submitting actual expenses for reimbursement, receipts must be provided.

### IV. DELEGATION OF DUTIES

1. The Secretary/Treasurer is authorized to sign Certificates of Corporate Resolution to establish such accounts as required in day to day cash management operations of CORD.
2. The Secretary/Treasurer is authorized to delegate to the Executive Director the tasks of:
  - a) Insuring that monies and other valuables are appropriately and timely deposited on behalf of CORD.
  - b) Insuring that disbursements of monies and other valuables are appropriately made on behalf of CORD.
  - c) Providing monthly, quarterly and other information as specified or requested by Secretary/Treasurer, Finance Committee Chairman, member of Board of Directors or any other member as provided in the Bylaws.
  - d) Providing accurate records of all CORD transactions.
3. The Executive Director is authorized to further delegate any of these tasks to any appropriate staff member of CORD.

### V. FINANCIAL REPORTING GUIDELINES

A monthly financial report will be provided each member of the Finance Committee.

CORD activities will be monitored for variance from budget by staff and those responsible will take prompt, corrective action when needed, as well as provide prompt and appropriate notice to the Finance Committee and Board of Directors. Any additional information requested by the Finance Committee regarding the variance and/or

corrective action(s) will be promptly provided.

## VI. ACCOUNTING PROCEDURES

All organizations define the parameters or guidelines for recording transactions within their general ledger. Some of these guidelines are determined by GAAP (generally accepted accounting principles). Others are drafted to reflect the organization's unique operations. Following is a recap of the major accounting procedures in place at CORD.

1. Matching of revenue and expense to appropriate accounting period:
  - a) Meetings, publications and events (such as Academic Assembly) whose activities (revenue and/or expense) cross fiscal periods are recorded as deferred items until the event occurs.
  - b) All meeting revenues and expenses are recorded in the fiscal year within which the meeting occurs.
  - c) Prepaid expenses are recorded as prepaid only if the amount to be expensed each period for that item is \$100.00 or more. These are amounts paid in a period prior to the period in which we receive the benefit or use the item such as insurance premiums, maintenance agreements or postage.
  - d) For example:
    - i. An annual insurance premium is \$1,200.00; the amount to be expensed would be \$100.00 per month. This item is recorded as prepaid and amortized over 12 months.
    - ii. An annual maintenance agreement is \$500.00; the amount to be expensed would be \$41.67 per month. For this item, the entire amount is recorded as an expense when paid.
2. Inventory valuation:
  - a) Items purchased for resale will be recorded as inventory if unit cost is \$10.00 or more
  - b) Upon completion publications will be recorded as inventory.
  - c) Inventory will be valued at the lower of cost or market.
3. Investments and fixed asset valuation:

**Investments** are carried at fair market value in accordance with GAAP for non-profit organizations.

**Fixed assets** are recorded at cost and depreciated over their estimated life using the straight-line method of depreciation.
4. Revenue, deferred revenue, accounts receivable, accounts payable and accrued expense:
  - a) Membership dues revenue and subscription revenue:
    - i. payments may be recorded as deferred revenue and recognized over the membership / subscription period or may be recorded when paid as directed by the Board of Directors.
    - ii. no entry is recorded for reminder notices reflecting revenue and accounts receivable; revenue is recorded only after receipt of payment
  - b) Accounts receivable is recorded only where the obligation to pay CORD is created by CORD's provision of a good or service (a publication, an ad or a contractual agreement to pay CORD) or a commitment to pay upon receipt of an invoice (such as a sponsorship).
  - c) Accrued expense is recorded where an obligation for CORD to pay is created by the provision of a good or service by an outside provider if:
    - i. the amount is estimable AND
    - ii. an invoice is not provided (such as tax payments); OR the provider bills only at random intervals/end of service (such as attorneys, tax and audit service providers).
  - d) Accounts payable is recorded where an obligation for CORD to pay has been created by the provision of a good or service by an outside provider if:
    - i. the amount is known or estimable AND
    - ii. an invoice is to be provided that reflects items documented as having been received by CORD (i.e., by receiving report)
5. Cost accounting methods:

- a) Direct Expenses - each item of revenue and expense is recorded at the lowest level (department, cost center, project) at which it can be specifically identified.
- b) Interdepartmental Expenses -
  - i. Expenses Charged Back - when items of expense cannot be identified to a single department, cost center, or project, but can be identified with group(s) of cost centers, the expenses are recorded to the lowest level of detail using "chargebacks". CORD chargebacks include marketing, distribution, and subscriptions. The amount charged back to specific units is an inter-departmental adjustment which (excluding deferred projects) has a zero-net effect on the consolidated income statement. Recording a representative share of these costs in specific areas more accurately reflects operating results.
  - ii. Management Services Cost - is recorded in the administration cost center. An allocation of this cost will be made to the respective cost centers of CORD based upon the hours recorded by project by management staff.

While this overview cannot address all procedures in place, it provides a review of those that have a material effect on the financial statements of CORD.