

**Sino-American Pharmaceutical Professionals
Association (SAPA)**

Fiscal Policies & Procedures Manual

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Mission Statement

Our organization shall be known as the Sino-American Pharmaceutical Professionals Association (SAPA). Our mission is to promote the advancement of pharmaceutical science and biotechnology; to make contributions benefiting public health education; to promote scientific exchange and cooperation between the United States and China; and to foster the career growth of pharmaceutical professionals.

History

Founded in 1993, the Sino-American Pharmaceutical Professionals Association grew rapidly to become one of the most active and well-recognized Chinese-heritage enduring professional organizations in the United States.

SAPA is an independent, nonprofit, nonpolitical and nonreligious professional organization with members working in healthcare related field the United States, Greater China (including Hong Kong, Macau and Taiwan) and Japan, and rest of world. Its headquarter is based in the New York and New Jersey areas with regional chapters currently in the New England, Greater Philadelphia, Mid-West in Great Lakes, Connecticut, Great Washington DC areas, SAPA China.

SAPA is united by a commitment to promoting pharmaceutical science and technology and its essential roles in fostering members' career development. In service to science, SAPA facilitates communication among scientists, policy makers, government officers, educators, and journalists from both the United States and China through its interdisciplinary conferences, symposia, section meetings, seminars, workshops and diverse publications. In service to association, SAPA programs draw upon the foremost experts and the most current information about advances in drug discovery and development in order to foster analysis and discussion of public health issues and to promote scientific exchanges and networking opportunities.

Our Commitments

The Sino-American Pharmaceutical Professionals Association holds to the following commitments:

A commitment to educating the public and advancing public knowledge in the progress and development in the pharmaceutical and biotechnological sciences, the health professions, and the related academic disciplines;

- *A commitment to promoting the pharmaceutical and biopharmaceutical sciences in all aspects;*
- *A commitment to bridging and developing a cooperative relationship in the area of pharmaceutical science between the United States and China;*
- *A commitment to fostering career growth and development of our members;*
- *A commitment to providing a forum for the exchange of technical or non-technical knowledge in the area of pharmaceutical science.*
- *A commitment to comply with all applicable local laws, rules and regulations where SAPA operates.*

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Expectations of the Board of Directors, Executive Council, and Members of SAPA

Obeying both the letter and spirit of our bylaws, policies and procedures are the foundation of SAPA's ethical standards. The Board of Directors, Executive Council, and members of SAPA are expected to comply with all applicable Federal and State laws, rules and regulations, and SAPA's bylaws, code of conduct, policies and procedures.

SAPA is an independent, non-profit, non-political and nonreligious organization. The Board of Directors, Executive Council, members and volunteers should refrain from any action or activity which would compromise in any way the ability of the organization to receive donations which may be tax deductible, or which may jeopardize SAPA's status as an organization whose receipts are exempt from income taxation under the Internal Code Section 501(c)(3).

SAPA is a non-profit organization and likewise no portion of the organization's funds may be used for the personal benefit of any member of the Board of Directors or Executive Council, member, or volunteer. The purpose of all fundraising activities shall be for the support of SAPA's operations, organizational growth, and public education, and should not be used for any purpose contrary to the organization's mission statement and purpose.

Any newly formed chapters subsequent to the date of this manual shall be required to adhere to the policies and procedures.

The Roles of the Board of Directors and Executive Council

Definitions

Board of Directors (BD) – The BD shall consist of HQ President, Immediate-Past President, and elected BD members who are not concurrent members of the elected Executive Council. Elected BD members shall be members with long-term leadership in and service to SAPA and shall have representation from regional chapters.

Executive Council (EC) – The EC shall consist of SAPA presidential officials, including President, President-Elect and Immediate-Past President, the runner-up of SAPA presidential candidates, SAPA Vice Presidents (Presidents of SAPA regional chapters), heads of SAPA standing departments, and other elected members.

Headquarters President's Office - SAPA presidential officials, including the President, President-Elect and Immediate-Past President.

Chapter President's Office - SAPA Chapter presidential officials, including Chapter President, President-Elect and Immediate-Past President.

Headquarters – SAPA's primary organization whose location is based in the NY and NJ areas.

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Chapters –Consists of regional chapters in New England, Greater Philadelphia, Midwest Great Lakes area, Connecticut, Greater Washington DC area, China and any future founded regional chapters.

Headquarters and Chapter Treasurers—appointed individuals who perform the functions of the Treasurer for the headquarters or chapter, respectively. References to Treasurer shall mean collectively the Headquarters and Chapter Treasurers.

Chief Financial Officer—appointed individual of the Executive Council to perform oversight of the financial operations of SAPA, including all regional chapters.

Duties and Authorities

The duties and authorities of the **Board of Directors** shall be to perform the following:

- resolve any issues regarding the Bylaws and SAPA policies/procedures, and have the ultimate authority on the interpretation of the Bylaws;
- oversee the President and the Executive Committee's management of SAPA to ensure that they fully and faithfully comply with the Bylaws and be obligated to taking necessary preventive and corrective measures in the event of a serious or potential serious deviation;
- be responsible for long-term strategic planning and major structural changes of SAPA, including but not limited to organizational development, long-term financial planning, and promulgation of policies and procedures regarding, and approval of establishment and dissolution of regional chapters;
- be charged with the authority to select from nominated final candidates for President-elect and the Executive Council members, approve election results, and approve appointments of heads of SAPA standing departments nominated by President.
- be aware of SAPA financial status and approve major fund transition such as entire total bank fund transfer from any SAPA accounts.

The **Executive Council** shall be responsible for the management of SAPA affairs within the term of the year. It shall promulgate as appropriate SAPA policies and shall approve and execute all SAPA yearly programs and activities.

The **SAPA President** is the Chief Executive Officer and presides over the EC. The President-Elect shall assist President in all aspects and perform the duties of the President in the absence of the President and shall perform such other duties as may be assigned by the Executive Council.

Standing Departments -are defined as a function critical to SAPA and involving long-term management. Standing departments shall be subject to change as deemed necessary by the BD, and generally shall include Finance, Membership, Scholarship, Website and Newsletter Publishing, etc. Heads of SAPA standing departments shall lead and coordinate the

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corresponding functions in SAPA regional chapters with the support of SAPA Vice Presidents – Chapter Presidents.

Regional Chapters - SAPA regional chapters may be established to serve member interests or needs following SAPA Policy on Establishing SAPA Regional Chapters. Subject to the approval of the BD, each regional chapter may establish, in compliance with SAPA Bylaws, Code of Conduct and policies/procedures, the rules and procedures including, but not limited to, those for membership, organizational structure and election of officers, program, and funding to meet its regional needs. While as/being part of SAPA, each chapter shall be responsible for its own activities.

Chief Financial Officer - a member of the Executive Council and an individual approved by the BD to oversee the financial activities of the organization. CFO reports to SAPA President Office. The CFO's duties include financial planning and overall financial operations of SAPA, including all regional chapters, enforcing compliance of SAPA financial rules and regulations, coordinating with Certified Public Accountant to prepare SAPA tax return document for filing, and providing SAPA annual financial statement and audit report to BD and EC for review.

Headquarters and Chapter Treasurers—a member of a standing department of SAPA. The treasurers are finance officers appointed by the president office or chapter president office to administer or manage the financial assets and liabilities including financial planning and record-keeping, as well as financial reporting to higher management. The chapter should report the selected treasurer to SAPA president office. The chapter treasurers directly report to regional president office. All treasurers functionally (dotted line) report to CFO to ensure the compliance of financial policy.

Board of Directors and Executive Council Orientation

As soon as practicable, all new members of the Board of Directors and Executive Council must familiarize themselves with the contents of this manual, understand the manual's purpose, and commit to abide by its terms. Read the Manual, complete the Certification form which is provided at the end of this booklet and return it to the Headquarters President's Office within one month after the election.

Conflict of Interest

Directors, officers, employees, volunteers and agents of the Organization have an obligation to disclose any conflict of interest or appearance of a conflict of interest that may arise during their tenure. Any transaction between the Organization and any Interested Person (which shall mean any member, Director, officer, employee, agent or any member of such person's immediate family and other person living in such person's household) or entity in which the Interested Person is a member, director, officer, employee, agent or otherwise interested shall be permitted only if such transaction is fair and reasonable to the Organization at the time it is approved, is fully disclosed to the Executive Council and approved by a majority of the EC.

Purpose of This Manual & Its Guiding Principles

The purpose of this manual is to set forth fiscal policies and procedures that are to be maintained and followed by SAPA members (including all regional chapters). The following are the guiding principles

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for all SAPA financial activities:

- All financial activities of SAPA shall comply with all applicable National/Federal and State laws and regulations.
- The SAPA funds shall be under the SAPA EIN 22-3505545 or SAPA Chapter EIN obtained by the chapter(s) after approval by SAPA BD and used in accordance with the organization's mission statement and commitments, as previously defined.
- SAPA chapter should provide rationale and get pre-approval from SAPA BD before applying for its own tax code (EIN). The obtained chapter EIN should be communicated with CFO.
- All financial decisions should be made in the best interests of SAPA as a whole.
- SAPA will not accept any donations or private grants that are conditioned upon any political, religious, or other requirements that are not consistent to SAPA's mission statement and commitments.

Financial Responsibilities and Policies

Competent financial management is a key component of the success of the organization. It inspires the confidence of the community, it helps ensure continuing financial support, and it enables the organization to effectively protect and utilize its resources. The Board of Directors is charged with the same due care responsibilities as boards for profit-organizations. The board should perform its duties in a careful, professional way and preserve the assets of the organization. Board members are expected to be diligent with respect to management and administration of the affairs of the organization and also in the use or preservation of its property and assets.

Competent financial management of the organization requires the informed attention of the Board of Directors, the Executive Council, Chief Financial Officer and the Headquarter and Chapter Treasurers and it includes:

- Annual and long-range financial planning and control;
- Development and administration of operating and capital budgets;
- Developing and ensuring the continued functioning of a sound accounting system composed of internal control procedures, bookkeeping records and useful financial reports;
- Obtaining an examination of the consolidated annual financial statements by an independent Certified Public Accountant;
- Ensuring that the organization is in compliance with all national/federal, state and local tax and solicitation laws, and that all required filings are made.

The Board of Directors and Executive Council have the authority and responsibility to manage the current financial affairs of the organization, and to ensure that a foundation is laid to provide sufficient funding for the organization's future. They are accountable to the State of New Jersey in which it is incorporated, for adhering to each state's not-for-profit corporate law (headquarters and regional chapters), to the United States federal government in matters relating to tax exempt status and legislation affecting nonprofit organizations, and to donors for stewardship of contributions.

Each individual member of the Board of Directors and Executive Council has a responsibility to understand thoroughly all financial statements and the annual financial audit.

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Principal Financial Responsibilities of the Board of Directors

- Manage and safeguard the organization assets;
- Adopt policies for the sound financial management of the organization;
- Ensure the design and continued functioning of a sound accounting system for reporting all restricted and unrestricted funds received in the name of the organization;

Principal Financial Responsibilities of the CFO and Executive Council

- Approve annual budgets generated by SAPA president based on tactical plans designed to achieve the corporate goals and objectives;
- Authorize the incurring of debts, the entering into of contracts, and the collection of contributions;
- Designate where cash, securities, and other legal instruments are held and safeguarded;
- Authorize the signatories for contracts; checks; orders for the payment, receipt, or deposit of money and access to securities; and all legal instruments;
- Receive and review annual financial statements which provide full disclosure of the Headquarter / Chapter assets, liabilities, income, expenses and changes in fund balances;
- Retain an independent Certified Public Accountant to make an annual examination of the financial statements of the organization and review the consolidated annual audited financial statements and the management comment letter;
- Take action to ensure an unqualified audit opinion being addressed;
- Direct the investment of funds of the organization;
- Provide for the sound maintenance and stewardship of all property;
- SAPA president approves the rental, lease, purchase, development, or sale of all properties;
- Oversee that state and federal laws governing tax-exempt status, employment, property, solicitation, etc. are satisfied.

Principal Financial Responsibilities of Headquarter / Chapter Treasurers

- Prepare and review financial transactions
- Prepare and review financial documents on behalf of SAPA including but not limited to
 - annual budgets
 - program specific budgets
 - financial statements
 - general ledger
 - bank reconciliations
- For the chapters still under HQ tax ID, those chapter Treasures should provide annual financial records to CFO to support tax return filing of the organization. For the chapter(s) having its own tax ID, the chapter treasurer should provide a copy of their tax return filing document to CFO for record.
- Report any operational deviations to CFO and the president office

General Financial Responsibilities and Policies

Fiscal Year

The fiscal year for the organization is from May 1 through April 30.

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Depositories

All accounts shall be held in the name of SAPA and under the Federal Identification Numbers of the organization or chapters. The establishment of bank accounts for the organization shall be approved in writing by the EC. All depositories (including chapters) shall be reviewed by the Chief Financial Officer at least once per fiscal year and a report of his or her review shall be made to the EC.

The Chief Financial Officer (CFO) shall be a monitor or a signatory on all bank accounts. Each bank account shall maintain a minimum of three signatories. The CFO shall have full access to the information of all accounts, including HQ and all chapter bank accounts, for the sole purpose of monitoring all bank accounts of SAPA. The CFO shall not be required to sign checks for the regional chapters. For any single or multiple transaction(s) to one party equal to or greater than \$20,000 or 20% of the entire total bank funds within a fiscal year, the transaction(s) must require a written approval from both CFO and treasurers. For an entire total bank fund transfer from any SAPA accounts, the transaction must require a written approval from the BD.

Annual Budget

SAPA headquarters and each regional chapter shall adopt an annual budget for the President's term. The budget of headquarters and each regional chapter is independent of each other. Each budget shall not include anticipated revenues or estimated expenditures of headquarters or another chapter.

Headquarters and each regional chapter are required to adopt a "balanced" budget. The estimated expenditures for the fiscal year may not exceed anticipated revenues. A budget's anticipated revenues may include funds carried forward from previous years provided that the use of such funds would not threaten the organizations financial stability. Every effort should be made to secure current year funding for the current year expenses. Budgets shall be adopted by March 31st of the year proceeding the budget year.

The annual budgets are proposed by the President and regional chapter presidents, based on the event plans and available funds. These annual budgets are discussed and approved on the first EC meeting of the year by ECs and CFO. The approved budgets shall be submitted to the CFO for record. Any significant revision of the annual budgets during the year needs be submitted to the President and regional chapter presidents for approval and recorded.

Contracts and Debts

Contracts may be entered or debts incurred only as directed by resolution of the Executive Council.

Securities

Access to securities of the organization shall only be by designated members of the Executive Council

Audits

A Certified Public Accountant shall be retained by the CFO and/or Treasurers to make an annual examination of the financial accounts of the organization. Minimally, every five (5) years the PO authorizes CFO to request proposals from potential audit firms qualified to perform audits. The audit shall include a consolidation of the financial information of headquarters and regional chapters and shall be made in accordance with Generally Accepted Auditing Standards. A report of this examination shall be submitted to the Board of Directors for acceptance.

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Property

Title to all property shall be held in the name of SAPA.

Accounting and Reporting

General Ledger

The general ledger is defined as a group of accounts that supports the information shown in the financial statements. The general ledger is used to accumulate all financial transactions, and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

The chart of accounts is the framework for the general ledger system, and is therefore, the basis for SAPA's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and change in asset account.

The Organization's chart of accounts is monitored and controlled by the CFO and Treasurers. Responsibilities include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts shall be approved by the CFO and Treasurers who will ensure that the chart of accounts is consistent with the organizational structure of the Organization and meets the needs of each division and department.

On an as needed basis, the CFO and Treasurers will recommend additions/deletions to the chart of accounts to Executive Council for approval.

The chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net assets
4. Revenues
5. Expenses
6. Change in net assets

There are two types of accounts: real accounts and nominal accounts. Real accounts are asset, liability, and net asset accounts and they appear on the statement of financial position. Nominal, or temporary, accounts are revenue and expense accounts, as well as gain and loss accounts, and they appear on the statement of activities. Nominal accounts are annually closed and "zeroed out," whereas real accounts are permanent.

Account Definitions

Assets

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events.

Liabilities

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future as a result of past

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transactions or events.

<u>Net Assets</u>	Net assets are the difference between total assets and total liabilities.
<u>Revenues</u>	Revenues are inflows or other enhancement of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations.
<u>Expenses</u>	Expenses are outflows or other using up of assets or incurrence of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute an organization's ongoing major or central operations.
<u>Change in Net Assets</u>	<p>Pluses are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the organization except those that result from revenues or contributions.</p> <p>Minuses are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the organization except those that result from expenses.</p>

Bookkeeping and Reporting

Financial accounting and reporting are the responsibility of the Treasurers. Financial accounting and reporting should be maintained by utilizing the standard chart of accounts as identified by the Executive Council. This practice is necessary to provide a means of consolidation for audit and to ensure consistency in reporting.

The general ledger of each chapter is independent of any other chapter. The general ledger of a chapter should not include any financial transactions of another chapter.

All financial information should be made available to the CFO and Executive Council. If a SAPA member requests information related to SAPA's financial activities, the information should be provided by the CFO or President. An abbreviated high-level summary of SAPA financial activity can be provided to a SAPA member at approval of SAPA CFO and/or President. All such request shall be made in writing.

On a quarterly basis, each treasurer shall submit to the CFO a statement of financial position, statement of activities (including year-to-date information), and bank reconciliation for the quarter-end. This reporting shall be submitted no later than 30 days after the period closed

On an annual basis, each treasurer shall submit to the CFO a statement of financial position as of April

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30, statements of activities and cash flows for the fiscal year May 1 through April 30, a detailed general ledger of all activity for the year then ended, and a bank reconciliation by April 30 for preparation of SAPA's Federal Form 990, individual state returns, and annual financial statements. The information necessary for completing the Form 990 shall be submitted no later than June 30th following the year end.

The books and records of the chapters shall be made available to the CFO and Executive Council as requested and for the annual audit by no later than June 30th following the year end.

SAPA's Federal Form 990 and individual state returns are to be prepared by the CFO and/or local Treasurer and reviewed and signed by a Certified Public Accountant. The annual financial statements shall be audited by an independent Certified Public Accountant. A copy of SAPA annual financial statement should be submitted to BD and President office.

Books and Records

Bank Account Reconciliation-

The accurate and timely reconciliation of all bank accounts is the responsibility of the Treasurer. Each bank reconciliation is to be signed by the preparer and shall also be reviewed by the CFO. Outstanding checks on bank reconciliations are to be reviewed by the treasurers to determine if a check should be kept open, voided, or reissued. Every attempt must be made to contact the vendor before a check is voided.

Cash Receipts-

The primary sources of SAPA's cash receipts are membership dues, donations, and event sponsorship. As stated in the section "Purpose of This Manual & General Guidelines," SAPA will not accept any donations or private grants that are conditioned upon any political, religious, or other requirements that are contrary to SAPA's mission statement and purpose.

Internet-based collection of membership dues and donations is permitted provided that the service provider is reputable, and receipts are electronically deposited into an authorized SAPA bank account.

Internet-based collection of funds for an event is permitted provided that the service provider is reputable, and receipts are electronically deposited into an authorized SAPA bank account.

All cash collected at events are to be counted by two members. An "event summary sheet" should be prepared and signed by both members participating in the count. A deposit slip shall be prepared and provided to the Treasurer for deposit along with event summary sheet. The event sheet and carbon copy of the deposit slip are to be given to the treasurer and retained in accordance with SAPA's record retention policy.

Receipts are to be given for donations received. The receipt should state the name of the donor and the amount received. When requested by a donor, SAPA will provide the donor with Federal Form W-9, showing SAPA's tax exempt identification number. All receipts shall be endorsed immediately, and deposits shall be made as soon as possible.

SAPA regularly receives donations from organizations for event sponsorship and for support of SAPA's general operations. For all donations (e.g., sponsorship of a specific event or operating donations), the treasurer shall maintain a ledger showing the following:

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- The name and address of the donor;
- The amount received;
- The date of receipt;
- The intended use of the donation (e.g., sponsorship of an event), and;
- If, after the event, any funds are remaining, the amount of remaining funds.

If grants, contracts or donations restricted or intended for a specific event are not expended in full, the donor shall be notified in writing that there are funds remaining and permission is to be requested that the funds may be used for another purpose, unless already so stated in the agreement. If permission is not granted, the excess funds shall be promptly returned to the donor.

Cash Disbursements-

The Chief Financial Officer has the authority to draft and sign checks for Headquarter bank accounts, and Chapter treasurers have the authority to draft and sign checks for their chapter bank account. The CFO or Chapter treasurers are responsible for ensuring that sufficient funds are available prior to the issuance of a check. In addition to the signature of, disbursements above \$5,000 require the additional signature of a second authorized signatory. For any single or multiple transaction(s) to one party equal to or greater than \$20,000 or 20% of the entire total bank funds, the transaction(s) must require an approval from both CFO and treasurers. For an entire total bank fund transfer from any SAPA accounts, the transaction must require an approval from the BD.

The CFO and/or Chapter treasurers are responsible for retaining all related supporting documentation (e.g., vendor invoice) in accordance with SAPA's record retention policy.

A list of disbursements shall be prepared by the Treasurer and submitted to the Executive Council at each meeting for review and approval. The list of disbursements should include all checks issued since the date of the last meeting of the Executive Council.

After a conference, training event or symposium, an expense report is to be prepared and submitted to the President of the EC at its next meeting for review.

The Treasurers shall obtain a completed Form W-9 from all vendors to whom payments are made. Forms 1099 will be prepared on a calendar year basis as required by law. The law requires only one set of the 1099's to be filed for a single federal identification number. The Treasurers shall provide the necessary information to the CFO for the preparation filing of the 1099's under the federal identification number of SAPA. If a chapter has its own federal identification number, the chapter Treasurer is responsible for the filing of tax return of that chapter after the filing document is reviewed and approved by the chapter President Office. A copy of final filing document should be submitted to SAPA CFO at the same time of filing for record.

Wire Transfers and Computer-based Disbursements-

All wire transfers and computer-based disbursements must be approved by President or Chapter Presidents. Only the CFO or Treasurers have the authority to initiate a wire transfer and computer-based disbursements. This authority/responsibility may not be delegated to another individual without the written approval of the President or Chapter President or Executive Council.

The CFO and/or Treasurers are required to maintain documentation demonstrating from where the approval came (e.g., Executive Council) in accordance with SAPA's record retention policy.

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Expense Reimbursements-

SAPA members may incur out-of-pocket expenses in support of SAPA operations, functions, events, etc. Members are expected to exercise good judgment with respect to out-of-pocket expenses that are to be reimbursed.

Travel reimbursements require preapproval. Approval must be obtained by the President or Chapter President. In the event that the President is in need of approval for travel, the Chapter President shall approve the travel.

Members seeking reimbursement must maintain all receipts and related supporting documentation for all expenses submitted for reimbursement. A standardized form shall be maintained for expense reimbursement showing at minimum: the member's name, the expenses to be reimbursed, the member's signature, and approval signatures. Expense reimbursement requests shall be approved by at least one member of the President's Office (President, President-Elect or Immediate Past President) and the Treasurer.

Checks for reimbursements are to be prepared by the Treasurer in accordance with SAPA's cash disbursements policies, as previously described.

Conference speakers may be reimbursed for their time and effort spent for preparing presentation as honorarium, and/or for travel expense. Preapproval for such reimbursement is described above.

In the event that there is a dispute as to the reasonableness of a request for reimbursement, whether it be a member or conference speaker seeking reimbursement, the Executive Council shall have the authority to settle any and all such disputes.

Fixed Assets Management

Capitalization Policy-

Physical assets acquired with unit costs in excess of \$1,000 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Contributed Assets-

Assets with fair market values in excess of \$1,000 that are contributed to SAPA shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Establishment and Maintenance of a Fixed Asset Listing-

All capitalized fixed assets shall be recorded in a fixed asset schedule. This log shall include the following information with respect to each asset:

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1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Executive Council.

Depreciation and Useful Lives

All capitalized assets are maintained in the special fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using the straight-line method. *(for accounting purposes, a different method may be used for tax purposes)*

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month. (Example: an asset purchased on the 15th day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year.)

Estimated useful lives of capitalized assets shall be determined by the CFO/Treasurers in conjunction with the area that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Buildings and Improvement	40 years
Equipment	5 – 10 years
Furniture and Fixtures	7 – 10 years

For accounting and interim financial reporting purposes, depreciation expense will be recorded on a quarterly basis.

Repairs of Fixed Assets–

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Fixed Assets - In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss if the money received is less than the book

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value and a gain if the money received is more than the book value.

Government Compliance

To legitimately conduct business, SAPA must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state and local jurisdictions. Filing requirements of SAPA include, but are not limited to, filing annual information returns with IRS, state charitable solicitation reports, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

Filing of Returns

It is the policy of SAPA to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The CFO/ Treasurers are responsible for identifying all filing requirements and assuring SAPA is in compliance. Regional Chapters shall submit required information necessary to comply with Federal and State authorities in a timely manner to allow for preparation by the CFO.

It is also the policy of SAPA to file complete and accurate returns with all authorities. SAPA and the Regional Chapters shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.

Record Retention

All financial records must be retained in accordance with the record retention policy, in either electronic or physical form. Financial records include, but are not limited to bank statements, bank reconciliations, vendor invoices, check stubs, purchase orders, record of receipt of donations, record of receipt of membership dues, annual budget, quarterly and annual financial statements.

Public Access to Information Returns

SAPA is subject to federal requirements to make the following forms "widely available" to all members of the general public as follows:

- The three most recent annual information returns (Form 990), excluding the list of significant donors that is attached to the Form 990, but including the accompanying Schedule A, and
- The Organization's original application for recognition of its tax-exempt status (Form 1023), filed with IRS, and all accompanying schedules and attachments.

It is the policy of the SAPA to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

- Anyone submitting a written request to inspect the forms will be granted access to a file copy of the forms. The CFO shall be responsible for maintaining a "public inspection" copy of each form and for making it available to all requesters at a designated time and place for inspection within 30 days.
- For all written requests for copies of forms received by SAPA, the CFO shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, the CFO will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.

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- The copying cost charged by SAPA for providing copies of requested forms shall be \$1.00 for the first page copies and \$0.40 for each subsequent page plus the cost of shipping and handling. All copies shall be shipped to requesters via Priority Mail.
- After payment is received by SAPA, all requested copies shall be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the CFO.
- SAPA shall accept certified checks, money orders and personal checks as payment for copies of forms requested in writing.

Minutes of Meetings

Board of Director, Executive Council and Standing department meeting minutes are an important and required form of record keeping for SAPA. Minutes serve as the official (and legal) record of the meeting of the organization. They are to be correct and are considered legal evidence of the facts they report. Thus, they should consist of a clear, accurate, and complete report of all business transacted and should be worded in a manner that is simple and unambiguous.

Minutes should be clear and concise and accurately convey the meaning of the actions taken. The following information is the minimum that should be recorded in the minutes:

- the date and time of the meeting,
- whether the meeting is a special or regular meeting,
- whether notice was given, or a waiver of notice signed by all members of the board, council or committee,
- names of board, council or committee members in attendance and not in attendance,
- names of other guests in attendance,
- whether a quorum was established,
- any decision making and follow-up actions (e.g., approvals, delegations of authority, directives).

Compliance

Compliance Officer

At the direction of the Executive Council, the Headquarter/Chapter Presidents will serve as SAPA's Compliance Officer and will report directly to the Executive Council and/or BD for the purpose of implementing these policies.

The Compliance Officer is responsible for:

- Ensuring that the contents of this manual are communicated to all members of the Board of Directors and Executive Council;
- Periodically reviewing SAPA operations to ensure compliance with this manual;
- Periodically reviewing and updating this manual as deemed necessary;
- Ensuring that all members of the Board of Directors and Executive Council obtain timely guidance and any necessary educational or training programs regarding this manual;
- Investigating violations or suspected violations of this manual, and;

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- Determining necessary responsive actions, including disciplinary actions, in the event of violations of the policies set forth in this manual.

Members of the Board of Directors or Executive Council may carry out some of these functions on behalf of, or in providing support to, the Compliance Officer.

Reporting Violations

If you have experienced any conduct that you believe violates any policy in this manual, or if you know of a violation or possible violation of a policy in this manual or any other policy or applicable law, rule or regulation, you are required to report such information promptly using the reporting procedures included herein. Your failure to follow these procedures could affect your legal rights.

Early reporting and intervention are the most effective methods of resolving actual or perceived violations of the policies in this manual. Therefore, while a fixed reporting period has not been established, you are strongly urged to report complaints or concerns as soon as possible so that rapid and constructive action can be taken as appropriate.

A report of any violation of these policies will be treated very seriously and acted on expeditiously. The following reporting procedures have been established to offer members alternative paths by which to report a conduct that violates our policies:

1. If you are comfortable speaking to the President (President at headquarters or individual chapter President) and the President is not involved in the impropriety, then schedule a private meeting to discuss your concerns.
2. If you are unable to resolve your concerns with the President, schedule a private meeting with a member of the Board of Directors or Executive Council.
3. In the event that you are still unable to resolve your concerns, contact legal counsel.

You may make a report by (a) leaving a message for the Compliance Officer that does not include your name or (b) writing a letter that does not include your name to the Compliance Officer.

Investigations

The Compliance Officer will promptly and thoroughly investigate any allegation of conduct that violates the policies in this manual. We may choose to interview the parties involved and other individuals who may have related facts. You may not conduct your own investigation either before or after making a report.

We will make reasonable efforts to maintain confidentiality throughout the investigation process, to the extent reasonable, practical, and consistent with our obligations and the need to investigate and take appropriate corrective actions.

You, of course, must respond truthfully and promptly to all inquiries and disclose any information that may be pertinent. Withholding pertinent information or attempting to mislead or misdirect any investigation may result in disciplinary action up to and including termination of membership as well as potential legal action.

If you have reason to believe that a violation has been committed, or that an investigation by the Board of Directors, Executive Council, or a governmental agency is underway, you must retain all

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potentially relevant documents (including computer discs, flash drives, hard drives, audiotapes, e-mails, voicemails, etc.). If you have any doubts about the propriety of destroying a document in this or any other context, you should consult the Compliance Officer immediately.

Retaliation

You will not be retaliated against because of a good faith report or because you cooperated with an ongoing investigation of a suspected violation. Any such retaliation would be a separate violation of this manual. Retaliation includes discharging, demoting, suspending, harassing, or in any other manner discriminating against any member in the terms and conditions of being a member based upon any lawful actions of such member with respect to good faith reporting of complaints. Please note, however, that you may not submit a false report. Any abuse, such as raising a malicious allegation, or one you know to be unfounded, will be dealt with as a disciplinary matter.

Appeals

If you have made a report about an improper conduct which affects you personally, and you have included your name when reporting the conduct, the Compliance Officer will consult with you as and when appropriate. If, at the conclusion of the investigation, you disagree with the outcome in a situation in which you are directly involved, you may appeal directly to the Board of Directors or Executive Council.

Employment at SAPA

In the course of its operations, SAPA may determine that the need arises for the hiring of part- or full-time employees. If and when the need arises, fiscal and financial policies related to employment will be governed by the Executive Council and the following policies shall be adhered to.

Equal Opportunity Employment

SAPA places a high value on providing equal opportunity employment. We are committed to complying with all applicable laws prohibiting discrimination and we strive to have a workforce that reflects the rich diversity of our society and our members. Potential employees and officers are recruited and selected without regard to race, color, sex, religion, national origin, ethnicity, age, marital status, sexual orientation, gender identity, gender expression, disability, veteran status or any other basis prohibited by law. We also strive to administer all personnel actions such as hiring, compensation, promotions, benefits, layoffs, company-sponsored training, terminations and social and educational programs in a consistent and equitable manner.

We expect all members and employees to make a personal commitment to practice and enforce the principles of our equal opportunity employment policy.

Harassment-Free Workplace

SAPA has a “zero tolerance” policy for sexual harassment or harassment based on race, color, sex, religion, national origin, ethnicity, age, marital status, sexual orientation, gender identity, gender expression, disability, veteran status or any other basis prescribed by applicable law. Discriminatory

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treatment, including sexual harassment and harassment based on a person's race, age or other protected status, is strictly prohibited.

Unlawful harassment may occur not only as a result of conduct by supervisors, but also due to conduct by fellow members, employees, and under some circumstances, conduct by vendors, consultants, and speakers. Unlawful harassment can take place in the office or in work-related settings outside of the workplace, such as during business trips, business meetings, and business-related social events. This policy applies with equal force to conduct in all such settings.

Sexual harassment may exist when compensation or other employment benefits are conditioned on granting sexual favors. Sexual harassment also may exist where there is a hostile work environment caused by a pattern of unwanted sexual advances or unwanted visual, verbal, or physical conduct of a sexual nature.

Sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature are sexual harassment when:

- Submission to the conduct is made, either explicitly or implicitly, a term or condition of an individual's employment;
- Submission to or rejection of the conduct by an individual is used as the basis for employment decisions affecting the individual (such as a promotion or bonus); or
- The conduct has the purpose or effect of unreasonably interfering with the individual's work performance or creating an intimidating, hostile, or offensive working environment.

All conduct that violates the intention or spirit of this policy is strictly prohibited.

Whistleblower Policy

It is SAPA's policy to strictly adhere to the requirements of the State of New Jersey Conscientious Employee Protection Act, commonly known as the "Whistleblower Statute." This law provides that:

Employer retaliatory action; protected employee actions

An employer shall not take any retaliatory action against an employee because the employee does any of the following:

- a. Discloses, or threatens to disclose to a supervisor or to a public body an activity, policy or practice of the employer or another employer, with whom there is a business relationship, that the employee reasonably believes is in violation of a law, or a rule or regulation promulgated pursuant to law;
- b. Provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into any violation of law; or a rule or regulation promulgated pursuant to law by the employer or another employer, with whom there is a business relationship; or

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- c. Objects to, or refuses to participate in any activity, policy or practice which the employee reasonably believes:
 - (1) is in violation of a law, or a rule or regulator, promulgated pursuant to law;
 - (2) is fraudulent or criminal; or
 - (3) is incompatible with a clear mandate of public policy concerning the public health, safety or welfare or protection of the environment.

Any employee who believes that he or she has uncovered illegal conduct, or who believes that he or she has been asked to engage in illegal conduct by a member of SAPA, is strongly encouraged to report this information to any member of the Board of Directors or Executive Council without fear of reprisal. All complaints will be investigated and the Board member's, Council member's or employee's confidentiality will be protected to the fullest extent possible.

All members of the Board of Directors and Executive Council are expected to comply with this policy.

RECEIPT OF FISCAL POLICIES AND PROCEDURES MANUAL

I, _____(name), agree to follow all roles and responsibilities described in the fiscal policies and procedures manual.

NAME: _____

(Print)

SIGNATURE: _____

DATE: _____