

2023 Candidate Statement – Candidate for Treasurer



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Question: While balancing current pressures of the profession with the needs of the association, how would you advise the Board of Directors to prioritize financial resources in support of the strategic plan?

Response:

No strategy succeeds without the allocation of financial and other resources. To achieve our vision of transforming society by optimizing movement to improve the human experience, the board crafted a strategy that includes four pillars: member value, sustainable profession, quality of care, and demand and access. However, when you evaluate the allocation of funds to the four pillars, the expense distribution is as follows for FY 2023: 12.1% to member value, 23.1% to sustainable profession, 17.8% to quality of care, and 13.4% to demand and access. The cumulative spending allocation towards the strategic plan is 66.4%, and the remaining 33.6% is indirectly related to the strategic plan. No one can argue that 100% of funds expended should go towards the strategic plan, as one still has to pay for housekeeping, rent, and other activities for the routine operations of the association essential to executing the strategic plan. Thus, as a treasurer, I must advocate for the Board of Directors to maximize the funds towards the strategic plan and evaluate all our activities accordingly. More importantly, while all four pillars of the strategic plan work together and are essential, the pillars of member value and demand and access need special attention as they are underfunded compared to the other two pillars (sustainable profession and quality of care).

Membership dues are the largest source of revenues for the association (35%), and thus the member value pillar should have a greater allocation of spending. Moreover, our market share of eligible members who can join the association has declined from 28% (2019) to 24% (2022), arguing for greater allocation of funds to the member value pillar. Finally, suppose members and non-members see that we are driving demand and access to physical therapy (demand and access pillar). In that case, membership value will increase as also recognition of the profession and raise awareness of the importance of belonging to the association. Thus, my **first advice** to the board of directors is to allocate more significant funding to the strategic pillars of member value and demand and access.

Pressures on the profession and the association's needs will be ongoing and demand financial resources to move quickly on emerging opportunities and address immediate needs. However, allocations to our strategic plan must be maintained. To balance these competing needs, my **second advice** to the board of directors is to evaluate our reserves policy and allocate some reserve monies towards the strategic plan. American Society of Association Executives researches and surveys the association industry and recommends that associations maintain six months of operating expenses (50%) in reserves. FY 2023 projected expenses are around \$48 million; 50% of expenses is \$24 million. At the end of FY 2022, the association reserves are \$31.5 million (~8 months of operating expenses). Thus, about \$6 million could be allocated toward the strategic plan as a significant investment in moving the association forward. Evaluating a little differently, unless we plan a vital investment project, our net assets (reserves) could be 1.5 to 2.5 of the current ratio (current assets/current liabilities). Per my calculation, our current ratio for each year is as follows: 2022=4.2, 2021=3.9, 2020=1.8, 2019=2.7, 2018=2.5. The average across five years is 3.02 and thus in a healthy range. Therefore, keeping money beyond a healthy current ratio begs the question of why we are not deploying our assets towards productive endeavors leading to the growth of our profession and the association.

For example, APTA could invest in public relations activities to promote our profession (demand and access pillar). We have budgeted \$1,441,670 for public relations, a mere 3% of our budget. Hiring a PR firm to further promote our brand would be a valuable investment that we could undertake from our reserves. If we are investors in APTA (one could consider our members as investors), I would question why the association holds on to so much investors' (members') money in reserves. As an investor, I could deploy my money in other endeavors to grow my money (one way of looking at it) rather than APTA holding on to it!

Financial stewardship is critical for any organization, and the treasurer is part of the executive committee on the board, strongly influencing vital resources for our association. Although I am currently on the board of directors, my influence and skill set will best be used in the position of treasurer, and thus, I am inspired to serve in the role of treasurer should I be elected.