



GOAL

The purpose of financial management in the operation of chapter and region activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to key stakeholders, including members. In order to accomplish this, IABC commits to baseline operational standards to ensure the success and financial wellness of IABC and its regions and local groups. Ultimately, creating a consistent member and volunteer leader experience in all functional areas (e.g. programming, marketing and communications, sponsorship, etc.) delivering optimal member value as defined by IABC whilst minimizing risk to the organization.

These policies and procedures will be reviewed and revised annually; however, as these policies are new we IABC HQ and Leadership plan to do a listening session to determine what policies need to be revised.

OPERATIONAL STANDARDS

In support of the strategic goals of IABC, chapters and regions utilizing central financial management shall implement the following financial standards:

- IABC maintains one budget and one tax id number. The proper management of region and local chapter budgets are imperative to the overall success and financial wellness of IABC.
- IABC HQ staff shall perform all financial services as outlined in Appendix A. This includes monthly financial reports and the IABC annual tax filing.
- All regional boards and local chapter boards are required to acknowledge the fiscal responsibility associated with their volunteer leadership role within IABC.

Chapter and Regions Utilizing Central Financial Management

- IABC HQ staff shall distribute a monthly financial statement to the regional board and chapter board within this model based on monthly revenue and expense activity.
 - Each region shall have an annual budget as outlined in Appendix B. Regions shall determine the programs and services it offers to its members, however Accounts (Region GL's) will all be uniform.
- IABC HQ staff shall handle all receipts and payables as outlined in Appendix A.
- Region and chapter Presidents and Treasurers have option of use of a Prepaid Debit Card (Appendix E).
- Regions are required to complete forecasts as requested by International Board of Directors. This mechanism tracks subsequent operational changes to the budget. The process will start after the financials are completed (Business day 12 one month in arrears) and will be presented at the corresponding Finance Committee meeting and International Board Meeting for approval.
- Regional and chapter volunteers are expected to submit accurate Expense Reimbursements as is the IABC International Executive Board.

Regional Contracts & Invoices

- Any contract or agreement between IABC regions and chapters that manage finances through IABC HQ and a participating entity (including but not limited to speaker fees,



caterers, hotels, etc.) must be reviewed and signed by the IABC Executive Director. Regions and chapters are not authorized to approve any financial agreement or execute any other contracts, as IABC (not the region exclusively) is legally and financially responsible for the event or activity (reference process in Appendix C) as they are one tax entity.

- Regions must submit any invoices or reimbursement requests to IABC HQ via Concur, so that appropriate payments can be made (reference payment policy in Appendix D).

Contact Information

Have questions, need further support?

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GLOSSARY – FINANCE TERMS

A

Accrual Accounting - the recording of revenue and expenses in a time period

- *Cash* - revenue is recorded when cash is received and expenses when cash is disbursed
- *Full Accrual* - record any earned revenues not yet received and incurred expenses not yet paid
- *Modified* - Cash basis in the interim months and Full Accrual at year-end

Assets - are anything owned by the organization which has value. Assets may consist of specific property or claims against others which is commonly referred to as Accounts Receivable

B

Budget - a plan specifying how resources, especially time or money, will be allocated or spent during a particular period.

Budget Exception - a change to the approved operating budget. The exception can be a reallocation of approved expenditures or as a new project or program in the operating year.



Budget Assumption - expected or presumed revenue or expense, detailed explanation as to how a budget number is derived.

C

Chart of Accounts – complete set of general ledger numbers (GL's) for an organization.

Concur – payment processing system for IABC.

D

E

Exempt Status - recognition received for a nonprofit Federal (IRS) 501 © 6 with no payment of taxes, except for UBIT (see UBIT)

Expendable Net Assets - are Net Assets less non-liquid assets.

Expenses - the costs incurred in the normal course of an operation to either generate revenue or support the goals of the organization.

F

Forecast - an estimate of future movements of funds by examining and analyzing available information. Adjustment made for the remaining of the year.

A “3+9 forecast” is Jan-March actuals plus 9 months forecast. A “6+6 forecast” is Jan-June plus 6 months actuals plus 6 months forecast. A “9+3 forecast” is Jan-September 9 months actuals plus 3 months forecast.

G

General Ledger (GL) Number - is a unique 15 digit number for each revenue and expense activities i.e. 0519-110-3020-0000 -- 0519 is client number, 110 is program number, 3020 is account number, 0000 sub account number

H I

Investments - the purchase of stocks, bonds, mutual fund shares, etc. with the expectation of realizing income or capital gain, or both, in the future, and can be classified as either a short term or long term asset based on their maturity.

J K L

Liabilities - loans, unpaid expenses or any other form of claim on the assets of an organization that must be paid or otherwise honored.

Liquid Reserves - the assets that can be quickly converted to cash such as the investments.

M N

Net Assets - (previously referred to as the Fund Balance or Reserves), are the total assets less the total liabilities of an organization. Net Assets = Last year-end Net Assets (which does not change during the year) + Year-to-date Net Income (Loss)

O P



Positive Pay - banking tool to detect check fraud

Program/Bucket - a revenue or expense category (i.e. membership, conference, etc.)

Q

R

Reserves - an organization's net assets.

Revenues - the inflows of funds from selling goods and providing services to members, non-members, vendors, other affiliates and stakeholders.

S

Statement of Activities - (Income or P&L Statement) reports on the revenues, expenses and the profitability of an organization covering a defined period of time.

Statement of Cash Flows - depicts the changes in your cash during a specified time period (for example, for the 12 months ending December 31, 2xxx).

Statement of Financial Position - (Balance Sheet) reports on the Assets, Liabilities and Net Assets of the organization. The purpose of the Statement is to depict the overall value of an organization at any given point in time (for example, at December 31, 2xxx).

T

Tax Returns - forms filed to the IRS for Non Profits Form 990 for IABC HQ

U

UBIT - unrelated business income tax - tax paid to the IRS or State for activities unrelated to the regions exempt purpose

V W X Y

YTD - Year to Date

YE - Year End

Z



APPENDIX A

Financial and accounting services provided by IABC HQ:

1. *1099 & 1096 Reporting* - if applicable Prepare forms, mail & submit documentation to IRS and payees. (Legal requirement)
2. *Tax Return* - file tax return on behalf of IABC.
3. *Process Cash Receipts* – Staff team processes check receipts daily. The operations team processes wire and ACH receipts weekly. Credit card receipts are automatically applied in Impexium at the time of receipt. Deliver to appropriate person for revenue coding. Maintain electric copy files.
4. *Facilitate Accounts Payable* - process invoices/expense reports to be paid. Apply quality review & control procedures. Submit for payment. Maintain electric copy files.
5. *Maintain Cash Accounts* - prepare documents & submit for International Board approved changes in signing authorities. Maintain all bank/merchant accounts and set up of new accounts to ensure all transactions are properly flowing through IABC bank accounts.
6. *Perform Monthly Close Process* - reconcile cash accounts to bank statements/prepare bank reconciliations; create, enter & post all journal entries to close the books; update chart of accounts in financial system when changes are indicated (for example, to add new programs or individual lines); account for investment income and portfolio valuation (if required); provide support during the reconciliation process to the general ledger with appropriate personnel for membership/conference revenues to ensure supporting schedules tie out to the financials; review and distribute monthly financial statement. Issue financial statements (balance sheet, balance sheet reconciliation, income statement, cash flow, fees report and general ledger) by the 17th of the subsequent month. Timeline applies for February through November Financial Statements. For December YE statement and January statement, financials will be issued on the 25th business day.
7. *Maintain Financial Records* - filing and maintaining of electronic copy files of lockbox receipts/credit card receipts; A/P records; close files & financial statements; permanent financial records such as audits/tax returns, etc. Maintain for 7 years according to IRS regulations.



8. *Financial Policies Recommendations* – assist in writing and review financial policies for regions and chapters
9. *Region Treasurer Support* - provide financial support and training to region and chapter Treasurers including answering questions and attend meetings if needed.
10. *Annual Budget & Forecast* - assist International Chair and International Treasurer in preparation of annual budget and forecasts. Review excel documents for accuracy of formulas, numbers, and assumptions. Prepare budget calendarization. Upload into financial system.
11. *Facilitate & Lead the Annual Audit* - Prepare all schedules and reconciliations required. Research and respond to questions. Inform the Executive Director and International Treasurer of any proposed adjustments for approval.

APPENDIX B

REGION AND CHAPTER BUDGETS

1. The annual budget for IABC is adopted by the International Executive Board no later than 31 December. The annual budget governs all expenditures of the association. Expenditures not authorized by the annual budget require approval in accordance with IABC policy. This includes all region and chapter budgets.
2. Annual budgets for each region shall break even or reflect a profit. All budgets must be approved by the region board before being submitted for Finance Committee review and International Executive Board Approval as a component of the overall IABC budget process. Spend against the proposed budget/forecast cannot occur until International Executive Board approval.
3. Prior to making any changes or reallocation of expenses, approval must be granted by the Finance Committee.
4. As a best practice, chapter and region treasurers shall construct their budgets utilizing the input and assistance of their fellow board members, International Finance Committee, and local leaders while keeping in line with overall IABC strategic priorities.
5. Detailed budget assumptions must be completed for each line item.



6. Expenses and revenues shall be for any chapter or region that decided to manage their finances through IABC HQ. If there are un-budgeted expenses that arise at the region or chapter level, the chapter/region board shall have authority to allocate up to \$500 per transaction. Any un-budgeted expenses over \$500 must be approved by the IABC International Finance Committee.

7. Region and chapter boards shall be responsible for managing the revenues and expenses for all components in their geographic region and shall not operate a deficit budget.

8. Budget Preparation Timeline:
 - **January to June-** General budget guidelines are provided to the IABC International board, regional boards and staff.
 - **August-** Goals for the association are reviewed by the International board and updated to begin planning for the following fiscal year's international budget. These are distributed to the regional boards once approved.
 - **September-** Staff and region/chapter boards review and prepare the first draft of following year's international budget for review by the finance committee. The finance committee, region/chapter boards and staff prepare the official first draft of the following year's international budget for presentation to the International Executive Board at the October board meeting.
 - **October -** Budget sent to International Board of Directors for review and feedback. Feedback is incorporated in the next draft.
 - **November -** Final budget approved. If new initiatives are developed after the budget approval, the International Executive Board will consider revisions at the following board meeting.

APPENDIX C

Contract Process

1. This process must be utilized for any event or service requiring a contract.
2. Once the contract is received by the region/chapter, it can be submitted to HQ for approval and signature.
 - I. Contracts must include the name of your region/chapter (i.e. IABC Heritage Region) and name and date of event or service.
 - i. IABC HQ cannot execute quotes or invoices in place of contracts.
 - II. Method of payment must be provided.
 - III. Submit basic contract information into the submissions form below and attach the contract.
 - i. <https://www.iabc.com/Leader-Centre/Run-Your-Chapter/Finance/IABC-Chapter-and-Region-Contract-Submission-Form>
3. Year-end Contract Processing



- I. Given the review time needed we cannot guarantee that contracts received after December 15 will be executed by December 31.

APPENDIX D

REGION/CHAPTER PAYMENT PROCESS

1. Region/Chapter volunteers send invoices and expense reimbursements to IABC HQ at member_relations@iabc.com.
2. IABC HQ staff create payment request cover sheet and send to IABC Treasurer for approval.
 - a. The invoice/expense reimbursement must be in PDF form; Concur will not accept Word Documents.
 - b. The support must include payment request cover sheet (with expense GL and payment information).
 - c. All information for one invoice/expense reimbursement must be in one PDF package.
 - d. Check payments are the default payment; must include name of recipient and mailing address where check will be sent.
 - e. If ACH/wire is necessary in unique situations, either a voided check or routing number and account number are required. A reason why a check cannot be issued will be required before ACH/wire is sent.
 - f. Note that invoices that are submitted with no payment terms will be auto-populated with net 30 payment terms in Concur. Expense reimbursement will always be paid ASAP.
3. Invoices and expense reimbursements are submitted to Concur via IABC email address invoices@iabc.com and copy member_relations@iabc.com by Region/chapter Treasurer with their approval in the email body.
 - a. Multiple invoices/expense reimbursements can be submitted in one email to Concur.
 - b. Once submitted to the IABC Concur email address, you will receive an auto-reply email confirmation from InvoiceCaptureProcessing@concur.com. If you do not receive this, Concur did not receive the invoice.
4. The invoice is processed by Concur Capture (48-72 hours from receipt).
 - a. Invoice details are entered and verified by an employee of Concur.
5. IABC HQ receives the invoice in their Concur profile. The invoice will be reviewed for proper support, expense GL, payment information and Region Treasurer Approval. Once the review is completed, the invoice is submitted to CEO for final approval.
6. CEO will review the details of the invoice and either approve or send back to the IABC HQ portal for any changes or inquiries. If sent back, IABC HQ will reach out to Region Administrator with inquiries.
7. After a 24 hour review period, the invoices will be moved to payment processing.
 - a. Invoices will be reviewed for data accuracy (correct vendor, invoice details match pdf of invoice) and any comments provided by invoice owners or invoice approvers.
8. Payments
 - a. Checks (Default) - Checks can be cut as frequently as needed and payment will typically reach vendor/member within 3-5 days of invoice processing. Checks are

printed and mailed by Concur on the payment date associated with the invoice (expense reimbursements will be paid ASAP).

- b. ACHs/Wires – ACHs and Wires will be processed 3-5 business days after CEO approval.

APPENDIX E

REGION PREPAID DEBIT CARDS PROCEDURES

Prepaid Debit Cards (PDC) or Credit Cards (CC) are available for each region. Charges are considered advances and timely submissions of receipts are required (i.e. within 15 days). Purchases are only for region/chapter expenses. Each card has a \$5,000 monthly limit. All transactions are reviewed by both the Director of Regions and CEO on a monthly basis.

USAGE

PDC/CC should be used for regional and chapter functions only.

Chapter and region functions include:

1. Member meetings/programming expenses
2. Email platform, event registration, or website related fees that support the operations of the chapter or region.
3. Acceptable reimbursable business expenses, as deemed by the IRS code (Travel, Mileage, Food & Beverage, & Room Rentals)

Any personal activities unrelated to region/chapter functions cannot be used with the PDC/CC.

TRACKING

The Region/Chapter Treasurer (or the Region/Chapter President in their absence) is responsible for submitting receipts to the IABC Director of Membership and Operations within 3-5 days after using the PDC/CC.

1. Receipts of purchases made in person should include the invoice, if applicable, and customer copy of the charged receipt.
2. Receipts of purchases made online should include the invoice and the customer copy of the charged receipt.
3. Receipts of purchases made through an outgoing agreement/contract, should be provided to the IABC Director of Membership and Operations prior to the charge. A copy of the original ongoing contract also needs to be on file with IABC HQ. (Note, that any contracts need to be signed by IABC's Executive Director.)

SECURITY

It is the Region/Chapter President and Treasurer's responsibility is to keep the card safe to avoid mishandling of the credit card and fraud. The card should only be used by the Region/Chapter President or Treasurer. If the card is lost or stolen, the Region/Chapter President and Treasurer shall call the credit card company to cancel the card and issue a new one. At the end of the Region/Chapter President and Treasurer term, the card shall be cancelled and new cards will be distributed to following Region/Chapter president and treasurer.

