



2021 Chapter Management Awards
IABC London: Financial Management

Introduction

IABC London is a community and resource committed to investing in our members' futures, supporting career growth and elevating our profession. Founded in October 1979, the chapter comprises a network of members who work in or study communications, public relations, marketing, and related creative services. IABC London members represent a diverse range of professional experience, educational backgrounds, and fields of expertise.

The 2019/20 year for IABC London focused on the strength and stability of the chapter. The previous year had been a transitional time, and that was reflected in the financial results at the end of 2018/19. We finished the year with a deficit of more than \$6,000 after strategic investments in operations and investing a portion of our reserves in the activities surrounding our chapter's 40th anniversary. Returning to a balanced budget was a key focus of 2019/20.

Review of our finance processes identified opportunities to enhance and refine our approach to financial management. For example, moving from recording transactions on a cash basis to accrual basis would ensure more accurate reporting of chapter activities and financial standing.

A significant amount of research was conducted to determine the financial practices that would best serve our chapter in the 2019/20 fiscal year. Through sound financial management, we are able to deliver programming to members in alignment with IABC's purpose: to advance the profession, create connection, and develop strategic communicators.

Goals and Objectives

Goal – finish the 2019/20 fiscal year with at least a break-even financial position and utilize best practices in our financial decision making.

Objectives

- Realize net revenue from signature programs:
 - \$600 net revenue from re-launch of our chapter's Virtuoso Awards program
 - \$300 net revenue from professional development events
- Realize \$3,500 in cash sponsorship to support chapter activities
- Achieve a stretch goal of \$6,000 in revenue from the chapter's job board
- Ensure directors are familiar with the chapter's finance policy and feel comfortable utilizing the policy in decision-making
- Research finance best practices and make recommendations to Executive Committee for implementation

Budget

For the 2019/20 year, IABC London budgeted \$1,325 for Finance Expenses:

- \$225 for QuickBooks software subscription
- \$100 in bank fees
- \$1,000 allocated for professional fees to consult experts in operational best practices

Implementation

Creating the 2019/20 chapter budget

IABC London bylaws state that the chapter's budget must be approved by the board at the October board meeting each year. The board begins planning its activities in the summer, and by September, are ready to build the budget.

- To create a collaborative process, allowing each board member to be involved in the creation of the budget, directors were invited to review the previous year's actual revenue and expenses for their portfolio and propose their budget for the coming year;
- Junior directors were given budget formulation guidance by the Director, Finance, and board members who needed additional assistance were supported by members of the Executive Committee;
- After all directors submitted their proposed budget, the Executive Committee reviewed the full year's budget and identified recommended revisions to ensure we would meet our overarching goal of a balanced budget;
- The draft budget was distributed to all directors in advance of the September 2019 board meeting to allow for review and discussion;
- The final budget was approved at the October 2019 board meeting.

Reconciliation procedures, cash flow, and financial controls

- All invoices and expense forms are reviewed by both the President and the Director, Finance prior to payment;
- All expenses are paid by cheques which are signed by both the President and the Director, Finance;
- Monthly finance reports are presented at board meetings, providing an overview of revenue and expenses to date (actual vs. budget) and current bank account balances.

Transparency – training, onboarding, and reporting to board members

Reviewing the chapter's financial policy and procedures is a key part of our annual board orientation. Each summer, directors and volunteers are invited to a retreat where we review the successes of the previous year, make plans for the upcoming year, and collaboratively set the expectations of ourselves and each other. At the orientation, the Director, Finance gives a presentation on chapter finances. Knowing that some board members and volunteers may not have experience with creating budgets, the chapter's procedures and policy are presented along with rationale.

At the 2019/20 retreat, our financial overview included a discussion of the intentional deficit of the previous year, the benefits of that approach, and the importance of returning to a balanced budget in the coming year. It was also emphasized that while each director submits a budget for their portfolio and is responsible for ensuring they meet their targets, each portfolio budget is

part of the whole chapter budget, and we approach our finances as a team. The chapter's overall financial position contributes to the strength, performance, and reputation of our chapter.

Transparency – reporting to members

Each year, the chapter holds an annual general meeting (AGM) where the previous year's finances are reported to the general membership for their review and approval. Members are given an opportunity to review the chapter's financial performance and ask questions. The Director, Finance presents a report at the AGM that includes information on research the chapter has done or intends to do related to financial practices to ensure the members are informed and have an opportunity to be involved in the process if they so choose.

Obstacles

The most significant obstacle faced by the chapter during the 2019-20 year was the COVID-19 pandemic:

- Sudden shut-down of non-essential business activities resulted in our chapter not being able to hold the planned in-person professional development events or awards celebration, both of which were projected to be revenue generators;
- We were uncertain how many people would submit an entry to the Virtuoso Awards, another significant revenue source for the chapter, as our audiences were on the frontlines of public relations and communications and may be too busy, and too exhausted, to focus on their submission.

The executive committee of the board met early in the shutdown to discuss our options. Much of the situation was out of our control, and while we planned for the best, the strong financial standing of the chapter meant we were prepared in case revenue targets could not be met.

- The final deadline for the Virtuoso Awards was extended by six weeks, resulting in more entries—and thus more revenue—than originally planned;
- The awards celebration was postponed and the only expense to date—a venue deposit—was deferred for future use;
- A professional development event was held virtually, and the decision was made to offer it free of charge as a benefit to our members knowing that we were still in a positive financial position.

Measurement

The success of the finance program was measured through:

- Regular monitoring of our financial position to ensure we were on track to achieve revenue and expense targets—monthly reports were produced for review at board meetings;
- Ease of use of finance policy when questions arose—ensuring the policy was used regularly as a reference, evaluating whether guidance was clear to all involved, and if answers were provided in a way that was clear to all involved;
- Final evaluation at the end of the year—review of actual vs. budgeted financial position, preparation of a compilation engagement by a professional accountant, and presentation of the finances to the board and membership at the annual general meeting with no concerns raised.

Results

Goal

We were successful in achieving our overarching goal of at least a break-even financial position, ending the year with a \$1,260.34 net surplus.

Best practices were utilized in decision-making as we followed our finance policy, transitioned to accrual-based accounting to ensure the most accurate financial reporting, and engaged an accountant with a CPA designation to conduct an annual compilation engagement.

Objectives

- Net revenue was realized from signature programs:
 - The re-launch of the Virtuoso Awards was a great success, resulting in \$4,133.48 in net revenue (as of June 30, 2020 – additional revenue and expenses were recorded in the following fiscal year)
 - Professional development events resulted in \$359.43 in net revenue despite only completing part of the scheduled program due to COVID-19
- Sponsorship goal was exceeded with \$3,900 in cash sponsorship secured. However, \$3,500 was earmarked for our in-person Virtuoso Awards celebration which was postponed. This revenue was deferred to 2020/21;
- The job board realized \$5,300 in revenue, coming very close to achieving the \$6,000 stretch goal (job postings also slowed at the onset of the pandemic);
- The finance policy was shared with all directors after the board orientation, and as questions arose through the year, the document was a key reference point for decision-making. All questions regarding finance processes were resolved swiftly and to everyone's satisfaction;
- As our chapter had not yet implemented a regular audit procedure, different options were researched to ensure we could fulfill the requirement. A professional accountant with a CPA designation was engaged to prepare an annual compilation engagement and assist with the transition from cash-based to accrual-based accounting.

Attachments

- 2019/20 budget
- Monthly financial statement (May 2020)
- 2019/20 compilation engagement prepared by Megan E. Clements Professional Corp.
- Chapter Finance Policy
- Sample Expense Reimbursement/Cheque Requisition form