



## General

### Financial Management Strategy

IABC/Toronto's financial strategy was a key part of the chapter's overall strategic plan for the board year that ran July 1, 2017 to June 30, 2018. The chapter took a measured and balanced approach to its finances – all planned revenue was expected to align with our strategic decisions. We wanted to budget conservatively, but spend chapter dollars when an initiative was a worthwhile and a strategic investment. The chapter board's role is to plan the budget for this year and to make solid financial decisions that will benefit the chapter in future years as well, so we need to take a long-term approach to our financial planning and budgeting. Since we had a sizeable surplus from the year previous (\$33,242), we felt comfortable budgeting for a significant loss (\$40,009.17) in 2017-18. Given that the chapter had not invested in various chapter activities over the past few years, we felt the time was right to focus on enhancing and updating our member-based initiatives and other programs to enhance member value.

### Sources and Uses of Revenue

Chapter expenses such as events, awards programs, administrative services, supplies, insurance, member communications, social content and web hosting, volunteer recognition, mentorship and student initiatives and leadership development were funded through the following revenue streams:

- Membership dues
- Event registrations
- Our online job posting service, *CareerLine*
- Awards program entries and additional related sales
- Minimal advertising (website, newsletter ads, ads in e-Lert – our direct bi-monthly email newsletter)
- Sponsorship

### Sponsorship/Advertising Program

The Advertising and Sponsorship portfolio was responsible for securing sponsorship and advertising support for various initiatives – usually event-related programs (i.e., professional development (PD) and networking/special events, awards, Communicator of the Year program). Financial support from sponsors helped offset event costs for registrants. We have seen an ongoing decline in the number of sponsors that are able to provide cash sponsorship. Additionally, our long-term sponsor, Canada Newswire (CNW Group) was acquired and was no longer able to commit to the chapter. We were able to get a number of smaller sponsors (**Fusion Design Group, The Spotlight Agency, and McMaster Syracuse's MCM Program**) for our award program but our PD was sponsorship-free.

We spent a significant amount of time exploring new avenues for revenue last year and got started by offering new opportunities to advertise in *CareerLine*, and on our website as we continue to explore additional revenue generating opportunities. Additionally we looked to build out some additional partnership opportunities that could bring additional value to the members.

We were able to:

- Build relationships with local IABC chapters to establish sponsorship best practices, and discuss what is working well along with areas for improvement
- Lay groundwork for new sponsorship and advertising plans
- Develop new partnership agreements with The Change Leadership Conference, Camp Tech, Global PR Summit Canada 2 and Leaders and Icon conference, all leading to increased member value
- Start to lay the groundwork for developing partnership materials

**Successes to Date Included:**

*See Appendix:*

- IABC/Toronto Camp Tech Agreement
- IABC/Toronto Agreement – Global PR Summit
- IABC/Toronto Partner Agreement – The Change Leadership

**Roles and Responsibilities**

**External Association Management Firm**

To manage the demands of a large chapter (more than 1,050+ members), IABC/Toronto pays for the services of an association management firm, Funnel Communications Inc., whose services include:

- Front-line management support – responding to phone and email inquiries
- Overseeing event registrations (members register and pay online, but Funnel manages any related issues)
- Managing *CareerLine*
- Website maintenance and posting
- Bookkeeping and record keeping including:
  - Posting entries to the chart of accounts
  - Generating balance sheet reports for the VP, Finance and Association Management
  - Recording accounts receivable and payable
  - Managing banking and legal transactions
  - Preparing budget reconciliations for each event
  - Processing and reviewing expense claims
  - Preparing all cheques that are signed by two of the designated chapter signing officers

Funnel charges fees for service and time. We refer to that time as office hours and allocate the associated fees to specific portfolios. For example, administrative time spent on a PD event is allocated to the PD portfolio. Each board member (with approval from the executive) determined how much they will use these services and how many office hours should be included in their portfolio budget. The board worked very hard to ensure that we stayed within our established administrative budget by effectively managing office hours and transferring work to volunteers where possible.

**The Board**

The external association management firm (Funnel) manages much of the day-to-day finances, but board members work together to develop and set the annual budget and were responsible for keeping chapter finances on track. We do this by carefully tracking all expenses, including office hours and providing the board with bi-weekly and monthly budget updates. Our method of precisely allocating and recording office hours ensures that we can tell very quickly if we are going over (or under) the hours allocated in our budget and develop a solution to ensure we stay on track.

## **Training for Board Members**

At an orientation session in July, board members were introduced to the chapter finances and received the following:

- An overview of the chapter's basic accounting and budgeting process
- A breakdown of budget and actual expenses/revenues from the previous year
- Expense and reimbursement policies, processes, samples of expense forms with a "how-to"
- An overview of how office hours are charged and allocated
- A chart of accounts – account numbers that specify where to allocate expenses/revenues and how to read the chart (critical!)
- An overview of the bigger chapter financial situation and how they (and their volunteers) play a role in keeping the chapter financially healthy

In addition, board members were contacted by the VP, Finance and Association Management and the President to ensure they were clear on developing their budgets and how to keep on track. The VP, Finance and Association Management works with each portfolio to help them develop their portfolio budgets for the year. Every board member is encouraged to meet with Funnel to ensure they understand the best practices for their programs/portfolios as IABC/Toronto has worked with Funnel for many years and they know a lot of tips and tricks for each portfolio. Those who are responsible for events (i.e. Professional Development, Awards and Networking and Special Events) were given guidance/tutorials on how to develop break-even event budgets.

## **Budgeting and Account Procedures**

### **Setting the Annual Budget**

- Each board member was required to develop a strategic plan for his or her portfolio with an accompanying budget. That budget identified the expenses, revenues, office hours and sponsorship dollars that would successfully support their strategic goals. To get some insight in making those financial estimates for the year ahead, they refer to the actual costs and revenue from the previous year.
- The VP, Finance and Association Management reviewed individual portfolio budgets and merged them into one comprehensive chapter budget that was reviewed and amended by the board executive.
- Changes were required to ensure that the budget aligned with our strategic plans. The executive also did a reality check. For example, a couple of board members had ambitious and expensive plans that would only be possible with generous sponsorship support. In cases where the executive was concerned that these plans were not realistic, they went back to the board member and discussed revisions.
- The amended budget was then presented to the board for approval. The process outlined above usually takes a number of iterations to collaborate and agree to a final budget as a board.
- Timing – the budget was created in August/September and approved by the board in October. As our events actually start in September, we need to carefully manage expenses for those early events.
- We discuss our budgets during each in-person monthly meeting, which allows us to monitor if any portfolio is having budget challenges, or if we have additional revenue that can be applied to an upcoming member activity.

*See Appendix A: IABC/Toronto 2017/2018 Budget*

## Strategic Objectives and Results

The IABC/Toronto board develops a chapter strategy for the focus on that particular board year which includes finances as an important component and vital to achieving our strategic goals. In the 2017/2018 board year, we set measurable objectives based on the strategy and then measured results at year's end.

Goal: Long-term financial viability of the chapter.

Strategic Objective	Measurable Tactics	Measuring Success
Continue to operate a solid financial operation	Develop a budget with detailed revenue and expense projections, tied directly to strategic plans by Oct. 2017	In Oct, the board approved a budget with a loss of \$40,009.17. Actual results at June 30: a surplus of \$6,617. Advertising/ <i>CareerLine</i> was much more profitable than expected and we worked hard on cutting expenses for PD and our OVATION Awards program.
	Manage budget throughout the year; provide monthly updates to board	VP, Finance and Association Management monitored budget and informed the board on an ongoing basis
	Assess finances halfway through the year and adjust programming as required	As financial results proved positive toward mid-year, the VP, Finance and Association Management initiated board discussions to spend funds that add member value. Additional funds were put towards communications and our website, membership promotion, volunteer recognition and the AGM.
	Monitor chapter reserves twice annually to ensure they are reflective of chapter needs	Reserves are in good order, sufficient for chapter needs
	Monitor external economic factors for potential impact on IABC/Toronto	Chapter finances were strong, not negatively affected by external factors
Offer affordable programming for members, while ensuring chapter financial health	Target ad revenue: \$1,000	Total ad revenue earned: \$1,400. The revenue was generated from our website advertising. We didn't hit this until closer to the end of our board year
	Maintain conservative <i>CareerLine</i> revenue of \$40,000	<i>CareerLine</i> far exceeded conservative budget. Actual revenue was \$52,585
Increase/maintain revenue sources to ensure member	Maintain sponsorship at \$5,000 and look for new partners to build with for future years	Total sponsorship was just over \$5k.

value and maintain sustainability of the chapter	Generate 1-2 other partnerships to drive member value by offering discounted rates, an opportunity to win a free pass and branding/promotional opportunities for the chapter	We partnered with: <ul style="list-style-type: none"> <li>• PWorld</li> <li>• The Change Leadership</li> </ul>

**Monitoring the Budget throughout the Year and Keeping the Board Informed**

The VP, Finance and Association Management reported on the status of the chapter’s finances at each monthly board meeting and presented any issues at that time.

The bookkeeper also reconciled the chapter’s finances each month. See *Appendix D: Monthly Financial Statement from April*. The VP, Finance and Association Management reviewed them, updated the chapter’s budget spreadsheet to reflect current “actuals” and posted it on the board extranet. At any given point, board members could determine where their portfolios stood financially by referring to these monthly reconciliations or checking in with the VP Finance. The VP, Finance and Association Management also carefully monitored and informed the board about office hours – when more hours were being used than expected, she notified the specific board member and discussed how we could resolve that issue.

**Mid-Year Checkpoint**

Halfway through the board year in January, as part of our six-month check-in, the VP, Finance and Association Management evaluated the chapter’s financial position and measured how we are tracking against budget. If there were concerns, the VP, Finance and Association Management presents them to the board. Depending on the financial status, the board decided to make adjustment to plans/activities for the rest of the year.

For example, by January 2018, it became obvious that we would have a small surplus, so board members were advised to go back to their portfolio plans and bring forward ideas that we initially deferred because we did not think we could fund them. We selected ideas that would generate the greatest amount of member value. Overall with our surplus we invested in:

- A new OVATION Awards judging platform.
- Increasing our social media presence and also updating *Communicator*.
- Expanding our Special Interest Group event offerings to include north and east regions of the Greater Toronto Area (GTA).

- The chapter's 75<sup>th</sup> anniversary branding and signage.
- Offering our own membership promotions.
- Extra investments in events to offset the sponsorship shortfall.

Additionally we were able to pay for each of our board members to attend our OVATION Awards Gala. We encourage all board members to attend to network with and welcome members and guests, but recognize that the cost may be out of reach for some of our board members, especially if their employers do not help fund their IABC-related activities.

### **Presenting Final Results**

- The VP, Finance and Association Management presented a preliminary financial report at the annual general meeting in June. It was preliminary, because the books don't officially close until the board year ends on June 30 when we can account for all expenses.
- An independent chartered accountant reviewed our financial statements. The accountant's process includes enquiry, analytical procedures and discussion of the material presented.
- The completed statements were signed by the VP, Finance and Association Management, then reviewed and approved by the board at the beginning of the next board year.
- An Annual Report was issued at the end of the calendar year to ensure chapter members receive a final accounting of the chapter's annual finances. For the 2016/2017 board year, the link to the Annual Report was included in the President's Message – Spring edition on April 12, 2018 and then again in the May 29, 2018 issue of the chapter's newsletter. The full report was also posted on the chapter's website.

*See Appendix B: IABC/Toronto Financial Statement June 30, 2017.*

### **Banking Procedures**

#### **Tracking and Submitting Expenses**

Board members were responsible for preparing cheque requisitions for expenses related to their portfolio. For example, the VP Awards signed and submitted all cheque requisitions for Awards-related expenses. The bookkeeper then tracked expenses and prepared expense cheques, based on those requisitions. All paid expenses have an accompanying cheque requisition on record.

*See Appendix C: Internal Cheque Requisition Template*

The cheque requisition process ensured that expenses are tracked and recorded in detail and adhered to the expense policy. For example, some volunteer teams had a food budget for meetings, but alcohol expenses cannot be submitted. The bookkeeper flagged any unusual expenses for the VP Finance, who clarified the policy with the board member and requested corrections before paying the expense.

#### **Expense Cheques**

Cheques were distributed after they were reviewed and signed by two of the designated signing officers for the chapter: President, EVP, VP, Finance and Association Management. These designated board members became a signing officer by visiting a branch of the chapter's bank in person and providing sample signatures. Banking transactions such as bank drafts and certified cheques are only possible when two signing officers visit the bank together.

#### **Revenue Deposits**

Deposit reports were prepared to document any cheques received before being deposited to the bank account at least twice monthly. Credit card payments were also documented by deposit reports for

allocation to the specific revenue account. Online revenue through Karelo (IABC/Toronto's preferred registration tool), Stripe (OVATION Entry payment processor) is deposited directly to the bank account once a month, as is the membership rebate from headquarters.

### **Why Budget for a Loss?**

Our board works hard to create a conservative budget that aligns with our strategy, but we also recognize that unrestricted reserves of more than \$150,000 are a lot for a non-profit organization of our size. Our constitution states that we need enough funds on reserve to run our chapter should anything happen to HQ and they cannot reimburse us a portion of membership fees for one year. Also, some portfolios do not earn revenue (e.g. Volunteer Services). For these portfolios to operate and provide valuable programming, we need to invest chapter funds. At the start of the year, that may mean that we budget for a loss while striving to break even. As we review our finances on a monthly basis we can adjust accordingly.

### **Room for improvement**

- *CareerLine* – We need to continue to promote this job posting service as a members-only benefit and be aware of threats to this revenue source as more and more employers use free tools such as social media to reach potential employees. We continue to see some organizations use LinkedIn and Twitter as their sole channels for advertising positions.
- Securing sponsorship support. This was difficult to achieve this year, despite considerable committee volunteer time and effort. Part of the improvement may require approaching organizations earlier in their budget/planning cycle (ideally they need at least 12 months advance notice.)
- Aligning all sponsorship offerings so they are consistent in terms of cost/ benefits. For example, our OVATION sponsors previously received A LOT of recognition, at the Gala and through other IABC/Toronto channels at a relative low cost. We need to ensure those sponsoring other programs receive consistent recognition.

### **Exhibits/Appendices**

<b>Appendix A:</b>	<b>IABC/Toronto 2017/2018 Budget</b>
<b>Appendix B:</b>	<b>IABC/Toronto Financial Statement June 30, 2018</b>
<b>Appendix C:</b>	<b>Internal reporting form: Cheque Requisition Template</b>
<b>Appendix D:</b>	<b>Monthly Financial Statement from April 2017</b>