



2020 CMA Award Entry IABC Central Oklahoma: Financial Management

Background

The IABC Central Oklahoma Chapter is a small chapter (17 members) with big plans and a solid financial foundation. In recent years, we have focused on aligning our financial policies and procedures to support the IABC purpose of advancing the profession, creating connection, and developing strategic communicators. This year we focused on ensuring chapter expenses aligned with these goals while also streamlining and documenting our processes to ensure future stability of the chapter and enhance our ability to recruit for the VP of Finance board role.

Goals & Objectives

1. Strategically spend cash reserves, ending year with a negative profit and loss, to increase visibility of the chapter and enhance member value. (Advance the Profession / Create Connection)

Our professional development lunches and members-only workshops are two of the most substantial ways we advance the profession, create connection, and develop strategic communicators. Yet we can only be successful in those endeavors if fellow communicators know we exist and are aware of the opportunities to connect via IABC, thus we set a goal to use funds from our healthy reserve to create more awareness and more opportunities for connection.

2. Maintain rate of 100% profitable lunches, excluding one planned member month lunch, by promoting them strategically and following procedures for documenting attendance and reconciling payments. (Create Connection / Develop Strategic Communicators)

Our monthly professional development lunches are an opportunity to create connection and develop strategic communicators, but it's also important that those events create profit for our chapter so that we can continue to operate on sound financial footing and continue to offer opportunities for communicators to connect and grow.

3. Maintain sound financial policies, including monthly and quarterly reconciliation of accounts, and develop a record retention policy to be implemented across all areas of chapter records. (Develop Strategic Communicators)

It's critical that our chapter's finances be transparent among the entire board and that we maintain sound financial policies and regular reconciliation of accounts. As with any organization run by a volunteer board, there are lots of paper and electronic files that get passed from one board member to the next. To both minimize the amount of hard copies to be passed and reduce the risk of important files being lost in transition or discarded without proper evaluation, we set out to implement a record retention policy.

4. Streamline financial management tasks and create step-by-step documentation of efforts to better equip volunteers to succeed in the VP of Finance role. (Develop Strategic Communicators)

The finance role can be challenging for a volunteer who has not served in this capacity, but it teaches critical skills for success in business and helps develop strategic communicators who are confident in their ability to communicate about finances.

Budget

The Board of Directors reviews and approves a budget each year during an annual strategic planning retreat. Each quarter, actual expenses are compared to budget to discuss progress and make necessary modifications. Financial reports are reviewed and approved at each monthly board meeting, including profit and loss statements, balance sheets, statements of cash flow, accounts receivable, etc.

Year-end financial reports are developed by the Vice President of Finance and are reviewed by the President and Past-President. For transparency, all monthly, quarterly and year-end financial documents are stored in a Google Drive for access by any board member. Hard copies of financial documents are maintained according to our chapter's record retention policy.

The budget allocation required for executing our financial policies and procedures is minimal and includes a \$40 monthly fee for the use of QuickBooks Online and \$400 every three years for a compilation by a Certified Public Accountant to verify that sound financial processes are in place. The VP of Finance manages monthly and quarterly reporting and all account reconciliation with oversight from the board, so there are no additional accounting expenses required.

To accomplish additional goals set forth, we allocated funds to boosting social media posts for luncheon events, running targeted Facebook ads during membership months, reimbursing a portion of expenses for board members to attend Leadership Institute, and hosting happy hour events and members-only workshops.

Implementation

1. Strategically spend cash reserves, ending year with a negative profit and loss, to increase visibility of the chapter and enhance member value.

When we began discussing utilizing cash reserves to increase visibility and add member value, we consulted with Ginger Homan, member of the Tulsa chapter and IABC Chair at the time, and updated our financial policies and procedures to align with International's policies on cash reserves. (*Attachment A – Financial Management Policies and Procedures, Item 7*).

At the end of 2018, we had more than \$12,500 in funds with \$5,000 being held in a CD account and the remainder in our primary bank account. Our monthly operating expenditures averaged only \$450. Since the International and chapter policies suggest three to six months of reserves, we had an excess of nearly \$10,000. Recognizing our desire to grow the chapter strategically and continue to be financially responsible, the board opted to allocate an additional \$1,500 to supplement our existing budget and be split between advertising, board member leadership development, happy hour recruitment events, and members-only workshops.

2. Maintain rate of 100% profitable lunches, excluding one planned member month lunch, by promoting them strategically and following procedures for documenting attendance and reconciling payments.

For the past two years, our chapter has held monthly luncheons in the community room of a local business that does not charge nonprofits for use of the space. We utilize local and regional speakers who are passionate about developing strategic communicators and advancing the profession, and thus have not historically needed to pay speaker honorariums or travel expenses. Thus, our only direct expense tied to each monthly luncheon is the cost of catering, which we try to keep to around \$10 per person.

During our 2018-2019 programmatic year, we hosted nine professional development lunches with an average profit of \$133 per event. To celebrate member month in October, we invite first-time guests to attend for free as a way to experience IABC Central Oklahoma. We budget for this each year and know that the October lunch will not typically show a profit. (*Attachment B – Lunch Profits Report*)

The VP of Finance attends all professional development luncheons to greet attendees and process payments at the door. This year, we added an additional check and balance by documenting the reconciliation of Square and PayPal fees in our monthly reconciliation. The list of participants and payments is compared with the actual monthly statements from the processing companies to verify all payments were received and deposited accurately (*Attachment C – Meeting Attendance*).

Early in 2019, we received notice from the local business where we hold luncheons that they would be starting a major remodel effort in 2020 and their community room would not be available for use by outside organizations. The board explored opportunities for other spaces to host lunches and has identified another no-cost location to host lunches beginning in the spring of 2020.

3. Maintain sound financial policies, including monthly and quarterly reconciliation of accounts, and develop a record retention policy to encompass financial records and all other records of the organization.

The use of QuickBooks online has shaved hours off the monthly and annual reconciliation process. As we evolved this year, we added an Accounts Receivable process to monitor aging invoices and sponsorship payments. We began running reports of monthly reconciliation for each account to verify that the process was indeed being handled each month and added a balance sheet with each board report to provide a snapshot of total assets and liability. The reports are sent to the board each month along with a summary of key points.

Our most time-consuming effort related to policy this year was the development of our record retention policy and subsequent cleanup of hard copy and electronic files. Previously, the volunteers serving in the finance role had boxes of paper files that were simply handed off to the next person with each transition. This included binders, folders and manila envelopes with very old receipts and files that were no longer needed.

The giant stack of files is overwhelming to a new volunteer in this role, and passing paper that includes financial documents from one board member to another creates risk for the organization as a whole. We knew something needed to change about this process, but we didn't have clear guidelines on what documents should be kept and for what length of time.

We researched document retention policies and drafted a policy based on recommendations published by the Standards for Excellence Institute and the Oklahoma Center for Nonprofits. (*Attachment A – Financial Management Policies and Procedures, Item 14*).

Board members then spent several days sorting through old files, shredding documents that were no longer needed and storing electronic versions of files to be retained on the Google Drive. The document retention policy and the file cleanup effort will help guide future decisions about what documents to keep and what to discard and allow future board members and committee volunteers to better manage files moving forward.

4. Streamline financial management tasks and create step-by-step documentation of efforts to better equip volunteers to succeed in the VP of Finance role.

A major theme of our chapter in the past several years has been efficiency. To that end, we've focused heavily this past year on documenting our processes to ensure consistency of effort and smooth transitions from one board member to another.

The past year included creating a responsibility checklist and step-by-step instructions for financial processes, as we know that the VP of Finance role is the most difficult role to recruit for when it comes to recruiting board members. The clear checklist and instructions will help us better empower committee members to learn financial tasks and feel more confident stepping into the VP role. As processes change or online tool dashboards change, the list is updated to quickly show the steps needed to access reports and information. This resource will help communicators develop skills in reading and analyzing financials reports, including balance sheets, profit and loss statements and accounts receivable aging. (*Attachment D – VP Finance Responsibility Checklist*)

Measurement & Results

1. Strategically spend cash reserves and end year with P&L deficit

Status: **MET**

At time of submission, our P&L shows an operating loss of \$65.10 with expenses remaining for a December happy hour recruitment event. (*Attachment E – Budget, Profit & Loss*) Our increased expenditures to increase visibility have resulted in higher attendance at several lunches this year, which has also increased income against our planned use of cash reserves. As we plan for our 2020 budget, we will again be allocating funds from our excess reserves to add member value and help increase visibility.

2. Maintain sound financial policies, develop records retention policy

Status: **MET**

With the records retention policy in place, board members reviewed hard copy files and reduced three boxes of hard copy financial records to one box and a current binder.

3. Maintain rate of 100% profitable lunches, excluding one member month lunch

Status: **MET**

Every lunch during our 2018-2019 programmatic year showed a profit, with the exception of our October member month lunch where we promote that first-time guests attend free and the chapter budgets to cover the cost of those lunches. Our average profit for a monthly lunch was \$133, even with showing a loss of \$180 on the October luncheon. While some lunches had higher attendance and much higher profit than others, all lunches except October were profitable.

4. Streamline tasks and create step-by-step documentation

Status: **MET**

The step-by-step checklist of VP of Finance tasks ensures consistency of duties and will help recruit future volunteers into a challenging but rewarding role. When IABC International requested financial resource documents to be included in Leader Centre, we submitted our responsibility checklist, which is now featured as a resource for other chapters.