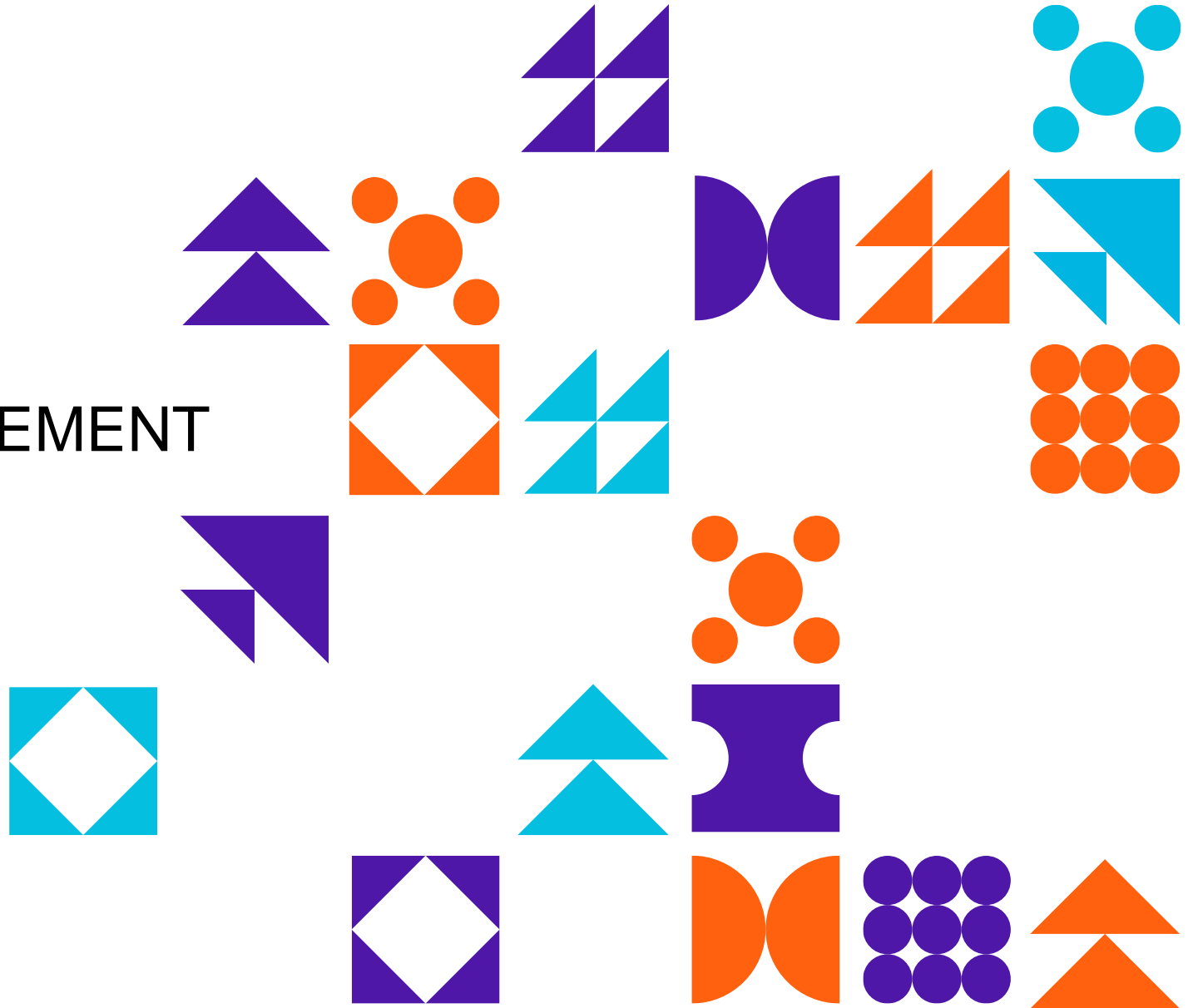# CHAPTER FINANCE MANAGEMENT

Six Pillars to be Fiscally Fit
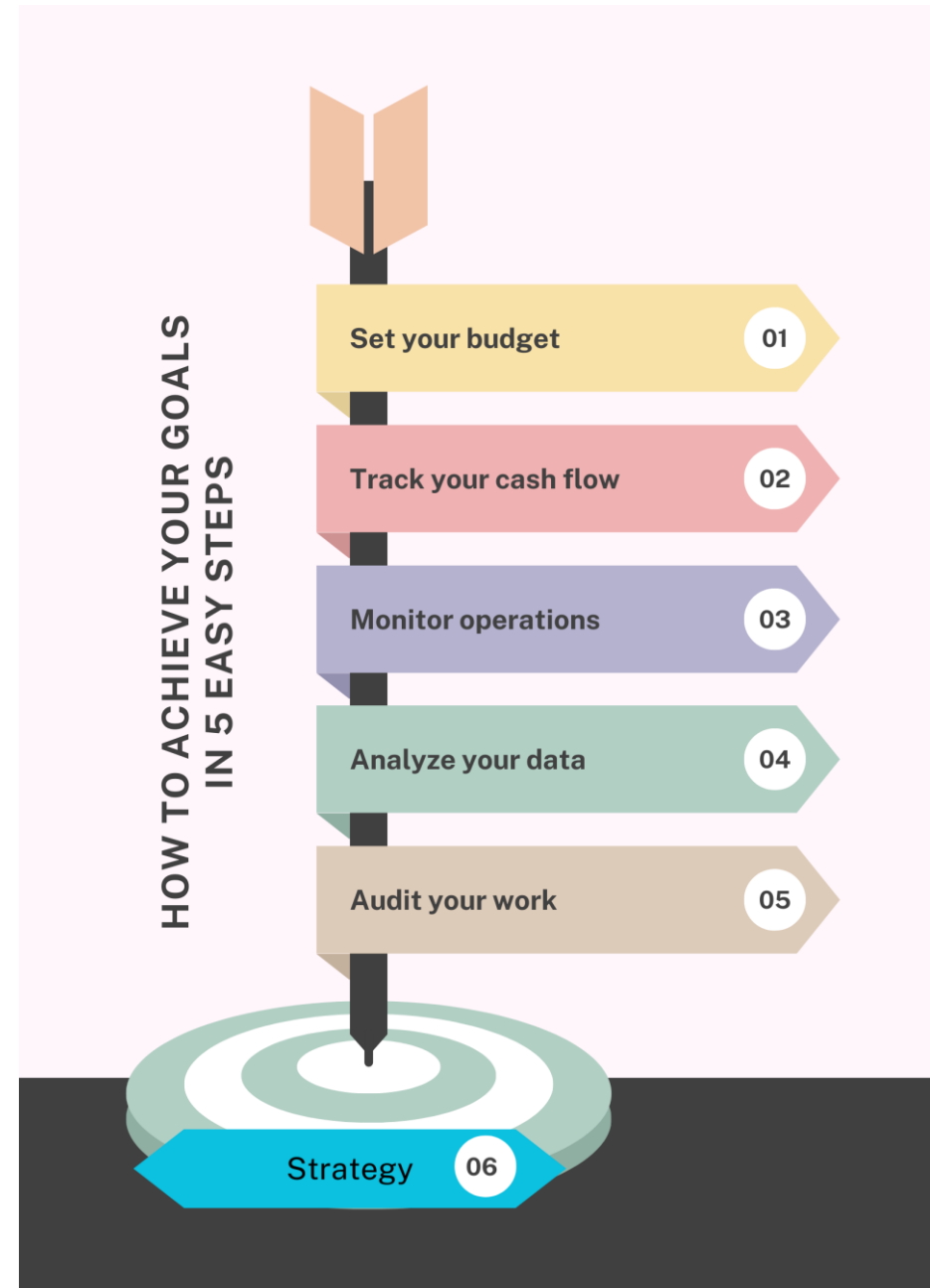
Presenter: Meeta Autrey, MBA, PMP
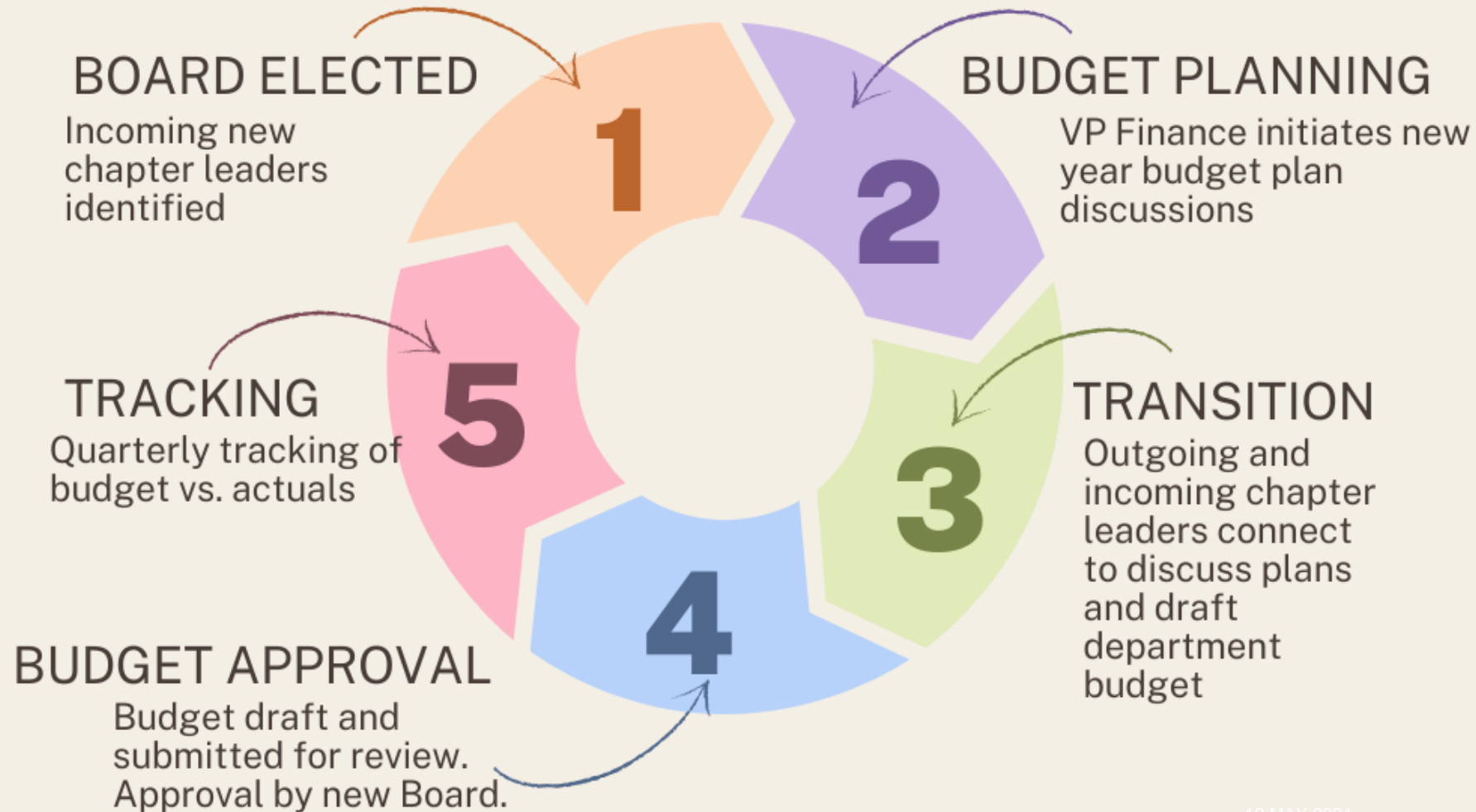
Date: May 17, 2024

What is Fiscal Fitness?

It means being able to manage your money in order to meet your current and long-term needs. As with any type of training, becoming financially fit requires learning the principles and best practices that others have used to achieve their financial objectives.

Source: CFAInstitute.org

HOW TO ACHIEVE YOUR GOALS IN 5 EASY STEPS

Set your budget — 01

Track your cash flow — 02

Monitor operations — 03

Analyze your data — 04

Audit your work — 05

Strategy — 06

BUDGET

Budget Cycle

BOARD ELECTED
Incoming new chapter leaders identified

1

BUDGET PLANNING
VP Finance initiates new year budget plan discussions

2

TRANSITION
Outgoing and incoming chapter leaders connect to discuss plans and draft department budget

3

BUDGET APPROVAL
Budget draft and submitted for review. Approval by new Board.

4

TRACKING
Quarterly tracking of budget vs. actuals

5

19 MAY 2024

What's Your Budget Target?

Net Zero

- Stable financials
- Adequate Reserves
- No New Investments
- No Special Events

Net Profit

- Need to Increase Reserves

Net Loss

- New Investments (Technology)
- Special Events

LA Chapter Targets Net Zero except when New Investments or Special Events are Planned

- Defined as Non-Operating Budget
- Net Loss is Planned; Reserves are Used

What is Net Zero?

Our Planned Operational Income is Equal to our Planned Operational Expenses

Revenue breakdown:

- Membership Dues & Events
- Finance: interest income – taxable
- Marketing: sponsorships – taxable

Expense breakdown:

- Consider all non-revenue generating areas
- Strategy & Ops include Leadership Meetings – generally the negotiating factor for # of attendees

Income:		
Membership		$ 65,000.00
Finance		$ 7,500.00
Marketing		$ 4,000.00
Career Dev		$ 12,000.00
Programs		$ 20,000.00
Other Operating		$ 20,000.00
Total		$ 128,500.00
Expenses:		
President's Office		$ 3,000.00
Membership		$ 18,000.00
Finance		$ 15,000.00
Technology		$ 10,000.00
Marketing		$ 5,000.00
Career Dev		$ 11,000.00
Strategy & Ops		$ 42,500.00
Admin		$ 10,000.00
Programs		$ 14,000.00
Total		$ 128,500.00
Net		$ -

CASH FLOW
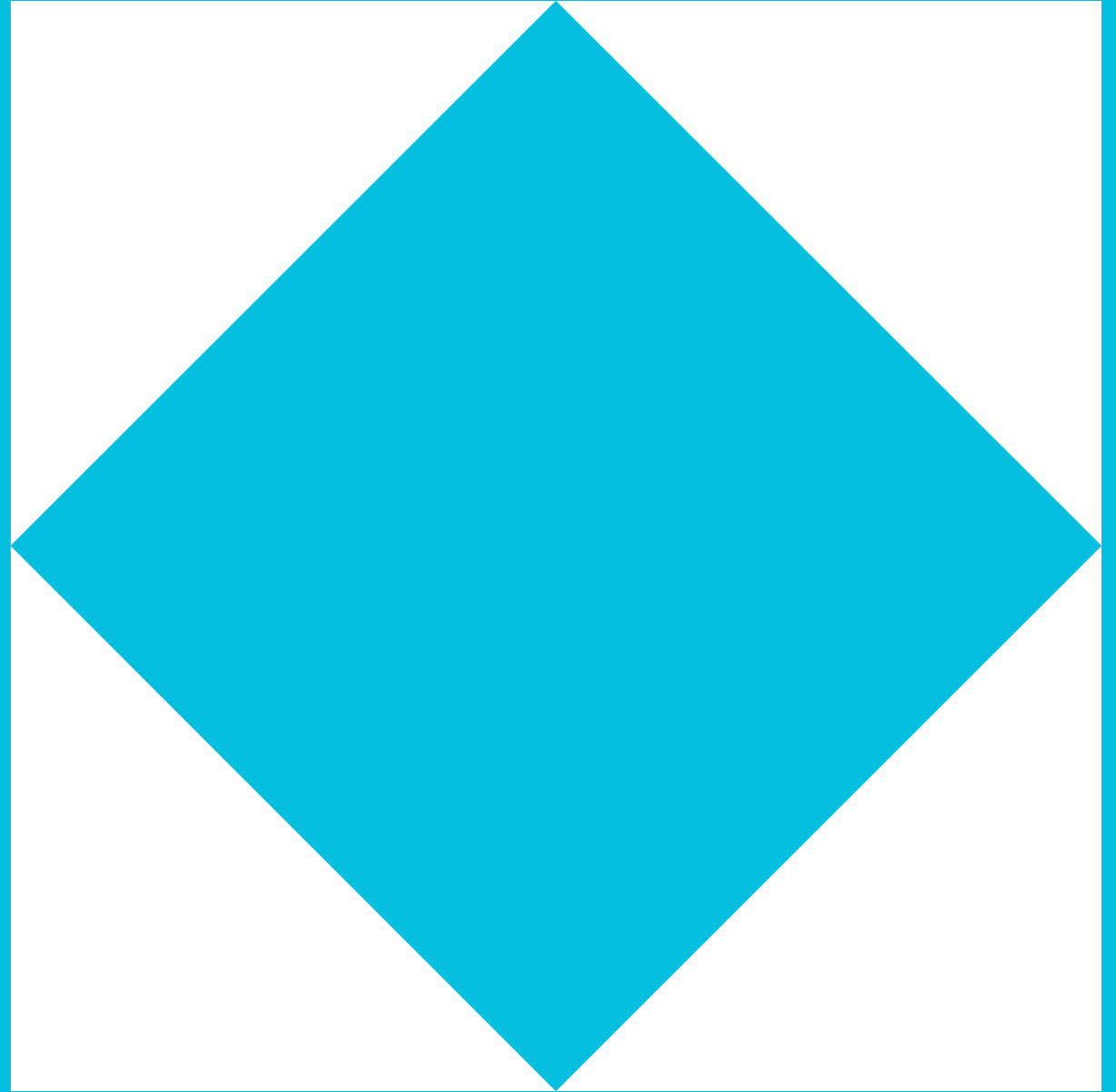
Cash Flow

Inflows

- Membership Dues – Direct Deposit
- Event Registrations
  Step 1: Dark Rhino-PayPal Integration
  Step 2: PayPal-QuickBooks Integration
- Other (Invoicing)
  PayPal Invoices: PayPal-QuickBooks Integration
  Check Payments: Bank Deposit-QuickBooks Integration

Outflows

- Recurring expenses – PayPal auto-pay (preferred), or Bank Bill Pay.
- Event Costs (Venue/Food) – Corporate Credit Card (preferred) or non-corporate account
- Cards Payments: QuickBooks Integration. Both payment types tracked using Zoho Expenses.
- Speaker or Individual Reimbursements – PayPal or Zelle

QuickBooks

- Cash basis accounting
- Integrated all Bank Accounts and PayPal accounts for direct feed
- Bookkeeping needs limited to categorizing to correct Chart of Account (cheat sheet provided to Finance volunteers)
- Monthly reports (P&L, Balance Sheet, Budget-to-Actuals) submitted with Board Meeting Package
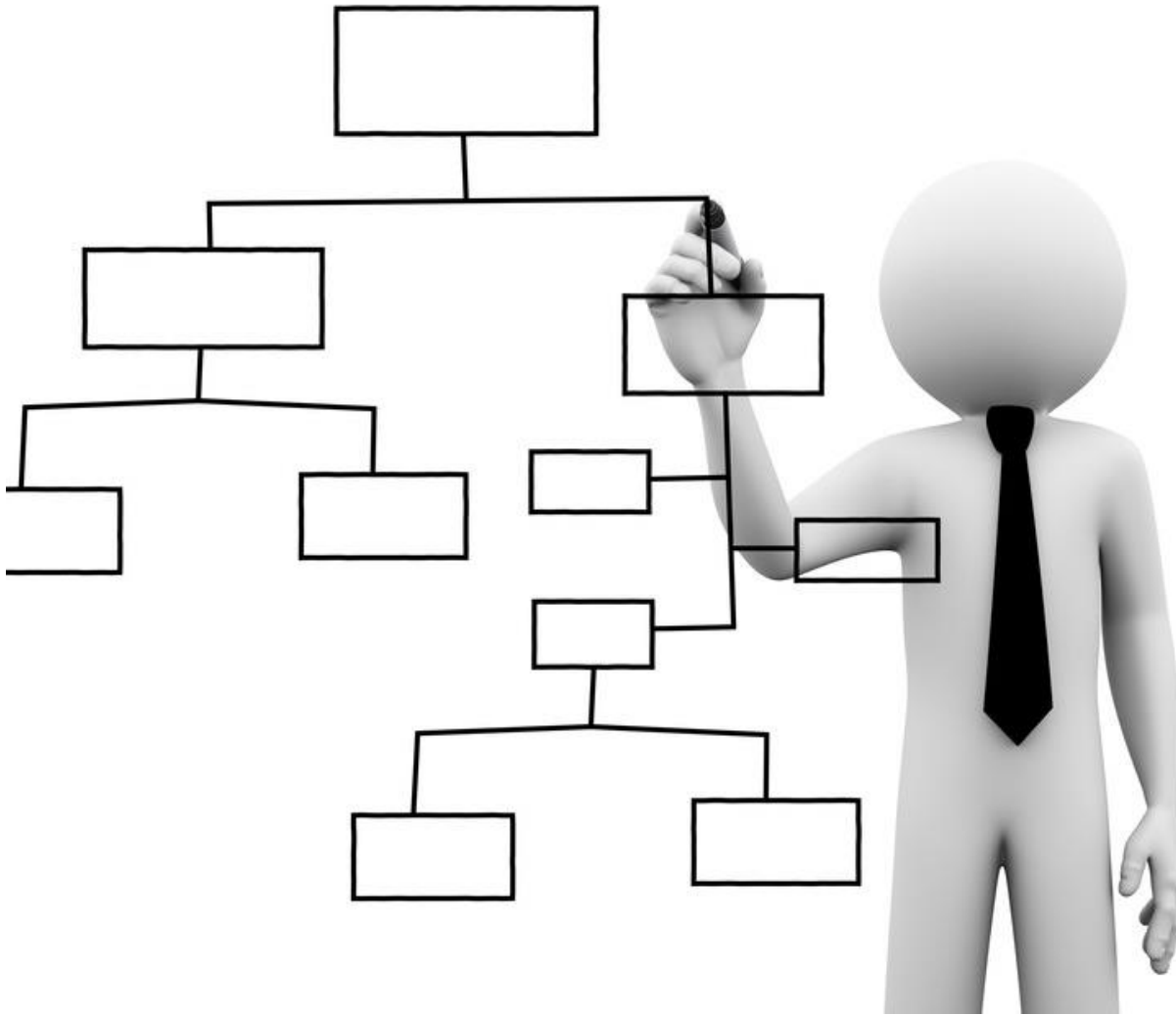
OPERATIONS
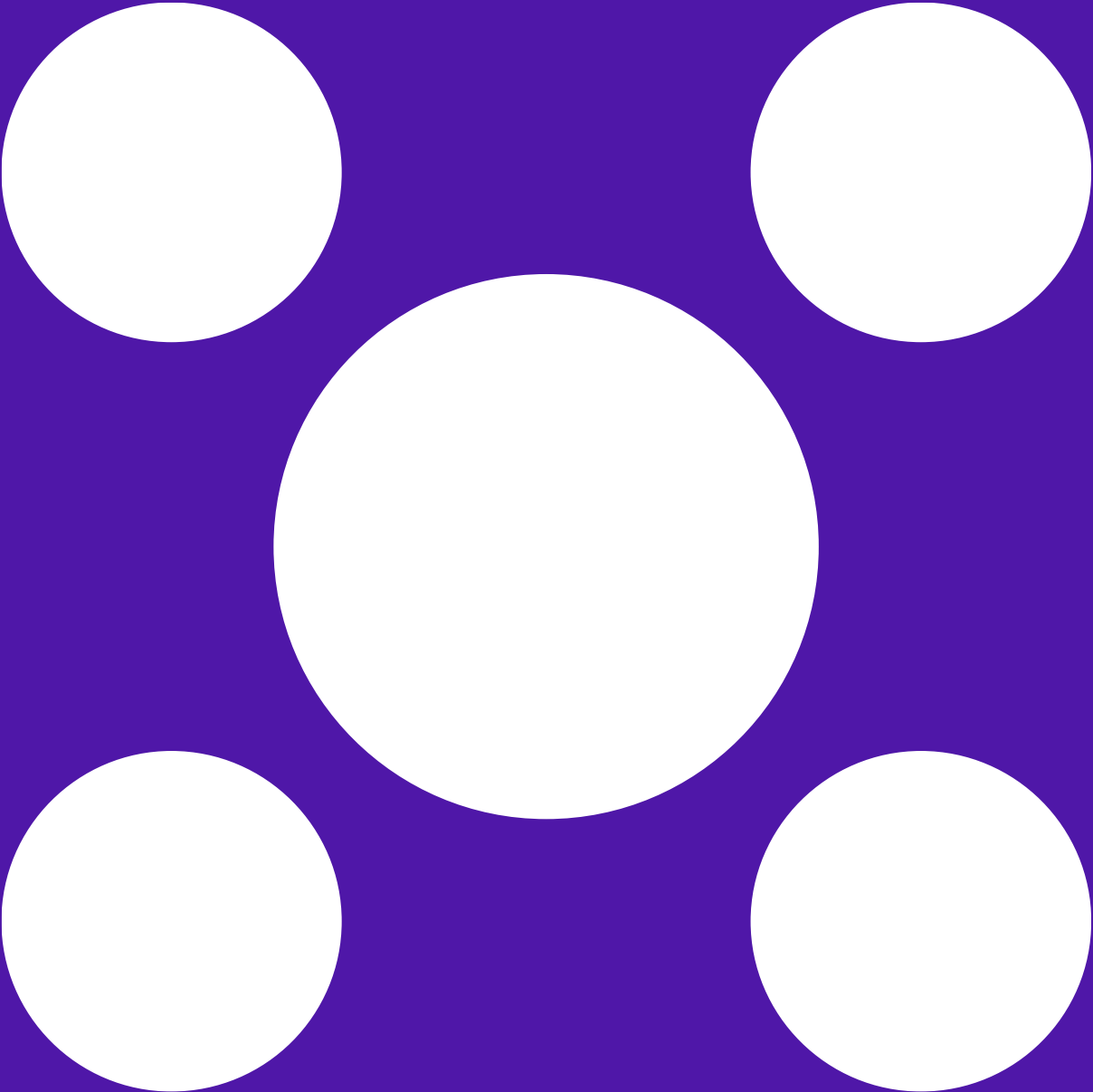
Where does Finance fit in?

Primary Purpose: Ensure all chapter leaders are synergized with the planned budget, eliminating siloed decisions and providing consistency in financial procedures

To achieve this purpose, establish a Finance Policy

LA Chapter's Finance Policy was adopted in 2015 and goes through annual refresh for updates & approved by incoming BoD

Refresh completed during Finance leader transition

Finance Policy Highlights and Impact to Operations

Cash transactions eliminated & check transactions reduced

PRO:

- No more "cash-box" – onsite registrations completed online
- Most payees actually prefer electronic payments (offer PayPal or Zelle)
- No more delays in cash-basis recording due to slow Check Processing
- Improved tracking and balancing of funds

CON:

- Some onsite registrants prefer not to register online
- If Checks are required, use Bill Pay services which can take 8-10 days to process
- Payee may not recognize the check as being from the Chapter and will want to follow-up. Usually, the check comes in an unmarked envelope directly from the bank/bill pay servicer.

Remediations for CONs:
1. Train check-in volunteer to walk registrant through online process at check-in.
2. Let vendor know when check payment is processed and when they can expect payment.
3. Provide instructions to payee to look out for unmarked envelope and provide transaction confirmation/status when check is mailed

Finance Policy Highlights and Impact to Operations

Requirements for MOUs (Memorandum of Understanding)

PRO:

- Clearly outlines which types of agreements can be executed and by who (vendors, speakers, sponsors)
- Approval process for signing of agreements is defined
- All Chapter Leaders allowed to execute the MOU have an understanding that payments to external parties will not be made without the written agreement
- Both parties entering the MOU have a mutual agreement on what each party will accomplish, and financial terms associated with it

CON:

- Slows down the process while document is finalized
- Payment obligations can be delayed if process is not followed

Remediations for CONs:
1. Establish MOU template(s) ready for input for immediate turnaround
2. Let's just call it lesson learned when payments are delayed. If VP Finance sticks to the rules, other VPs will follow process

Finance Policy Highlights and Impact to Operations

Expense reimbursement guidelines are defined

PRO:

- Clearly outlines who can make purchases on behalf of the Chapter and submit expense reports
- Clearly outlines the submission requirements for the expenses (proof of payment, timeline, business purpose, etc.)
- Makes decision process easy for conference/travel requirements (inclusions, exclusions, etc.)
- Outlines how reimbursements will be made (LA Chapter uses Zelle)

CON:

- LA Chapter uses Zoho Expenses with limited licenses – expenses are submitted "on behalf of"

Remediations for CONs:
1. VP is required to entire reimbursement details if submitting on behalf of another volunteer and VP Finance confirms Zelle information with volunteer prior to reimbursement OR VP can request transaction to be completed by Corporate Credit Card instead of personal payments

Finance Policy Highlights and Impact to Operations

Chapter credit card controls are critical to avoid misuse

PRO:

- Identifies who can hold the card (LA Chapter only issues one to VP Finance)
- Clearly outlines card usage guidelines (including exclusions such as annual recurring payments, single payment maximums, etc.)
- Defines actionable mitigations if card is misused
- Outlines audit process for Card payments.
  - LA Chapter routes all card transactions through Zoho Expense for dual control and receipt tracking.
  - A secondary audit of the QuickBooks CC Register is completed to ensure Expense report is attached to every CC transaction.
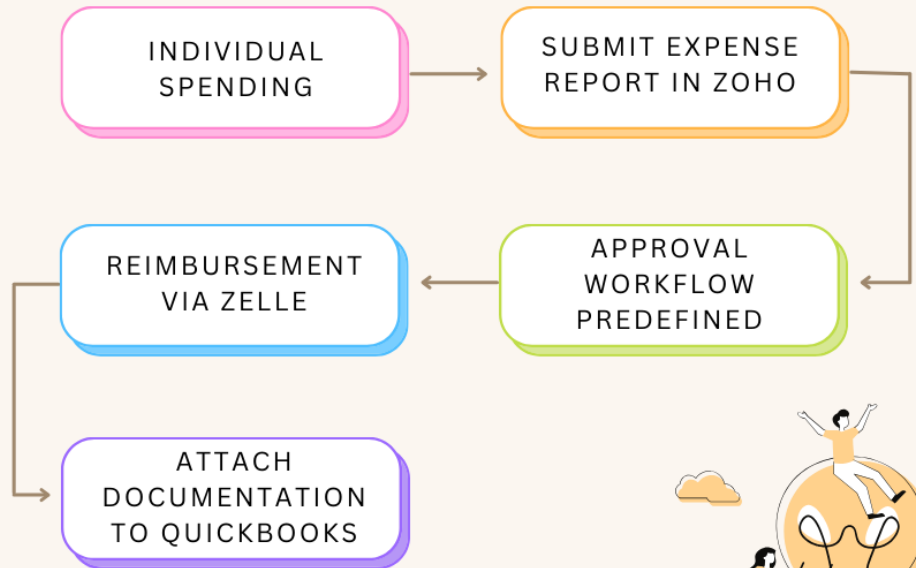
CON:

- Rotating Board means lack of continuity in use of same card year-over-year
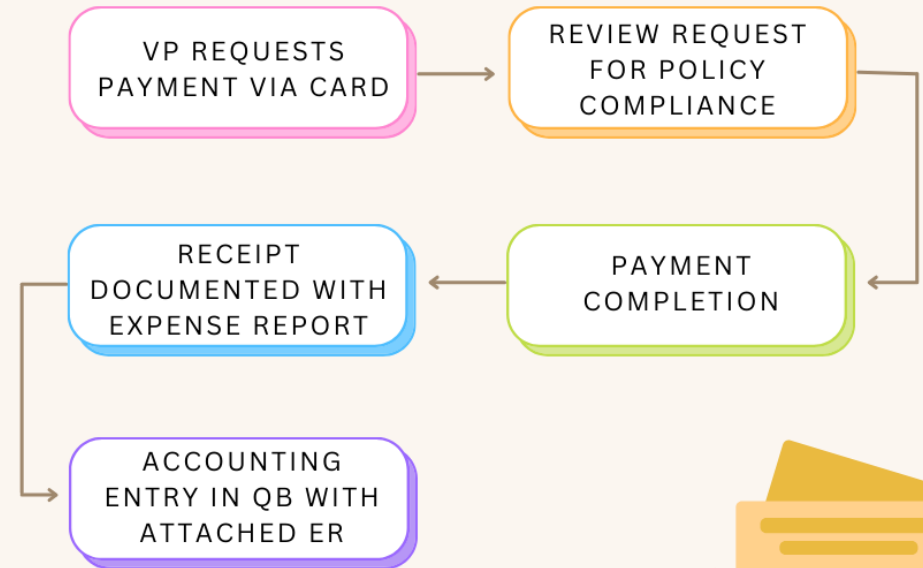- VP Finance may not want to get a Credit Card

Remediations for CONs:
1. At term end, the new VP Finance should get a new card and replace monthly recurring payments to the new card upon issue
2. Board may approve by majority vote for an alternate card holder (one card only) or use personal cards, which can be routed via expense reports for reimbursements.

Expense Report & Corporate Card Expense Reporting Process

EXPENSE REPORTS

- INDIVIDUAL SPENDING → SUBMIT EXPENSE REPORT IN ZOHO → APPROVAL WORKFLOW PREDEFINED → REIMBURSEMENT VIA ZELLE → ATTACH DOCUMENTATION TO QUICKBOOKS

CORPORATE CARD

- VP REQUESTS PAYMENT VIA CARD → REVIEW REQUEST FOR POLICY COMPLIANCE → PAYMENT COMPLETION → RECEIPT DOCUMENTED WITH EXPENSE REPORT → ACCOUNTING ENTRY IN QB WITH ATTACHED ER

Finance Policy Highlights and Impact to Operations

Bank Account controls are defined, including non-operating accounts

PRO:

- Identifies who can be a signer on bank accounts & who has access to online banking

- Outlines reserve requirements (in Savings accounts) – LA Chapter uses 200% rule of prior year's expenses

- Defines specialty financial reserves (CD accounts) – LA Chapter has two CD accounts; one is accessible by authorized BoD signers and second one is accessible by authorized Trustees signers.

- Identifies types of accounts not allowed (investment accounts, high risk accounts)

CON:

- Annual Rotating Board / elected Trustees requires annual updates to signers

Remediations for CONs:
1. A checklist of Transition Tasks to be completed during first month of new incoming BoD is outlined, one of the tasks include updating bank signers

Finance Policy Highlights and Impact to Operations

Dual Control Requirements

- VP Finance essentially holds the keys to the Chapter – critical that each system and account has dual control established to "remove access" if deemed necessary
  - Bank Accounts – President, VP Operations & VP Finance are signers
  - PayPal – President, VP Finance and AVP of Finance have access (admin account accessible by President)
  - QuickBooks – VP Finance, AVP Finance and Finance team have access (admin account accessible by President to change permissions as needed)
  - Zoho – President and VP Finance are admins to maintain access
    - Expense report approvals for VP Finance are routed to President if under $1K. Any expense reports exceeding this amount require approval of both VP Operations and VP President.
  - Outlook/365 Account – used for multi-factor authentication and VP Technology can lockout VP Finance if needed from the system

ANALYZING DATA

Financial Data > Operational Adjustments

Budget-to-Actuals

- Monthly Reporting to Board
- Summary of Variations (AVP Finance)
- New Projects / Plans not Budgeted and Impact to Current Budget

New Initiatives (unplanned)

- ROI analysis for new initiatives (new programs, technology)
- Contracts review
- Forecasting for revenues and costs

Membership Metrics

- Membership Revenue is estimated at a static number during budget planning – are we tracking closer or higher to that number?
- Monitor renewals and new sign-ups and encourage activities to attract new members

Technology Cost Metrics

- Midyear inflation adjustments
- ROI analysis – are we using the technology we invested in and is that serving its purpose?

Event Metrics

- Compare event-specific revenues and costs (sign-ups, food costs, venue costs) to budget
- PY event metrics to CY – are we tracking similarly? Missed opportunities?

Marketing Metrics

- Compare alerts for new registrations vs. most recent marketing initiative – what is most successful
- Event timelines – multiple registrations from one marketing push (usually when events are planned closer to each other)

AUDIT REQUIREMENTS

Chapter Leaders: You Are Fiscally Responsible

Secondary Reviews

- Ensure second set of eyes on all monetary transactions and have controls in place to "stop the bleeding"

Monthly Reviews

- All Chapter Leaders should have visibility on the current state of Chapter Finances
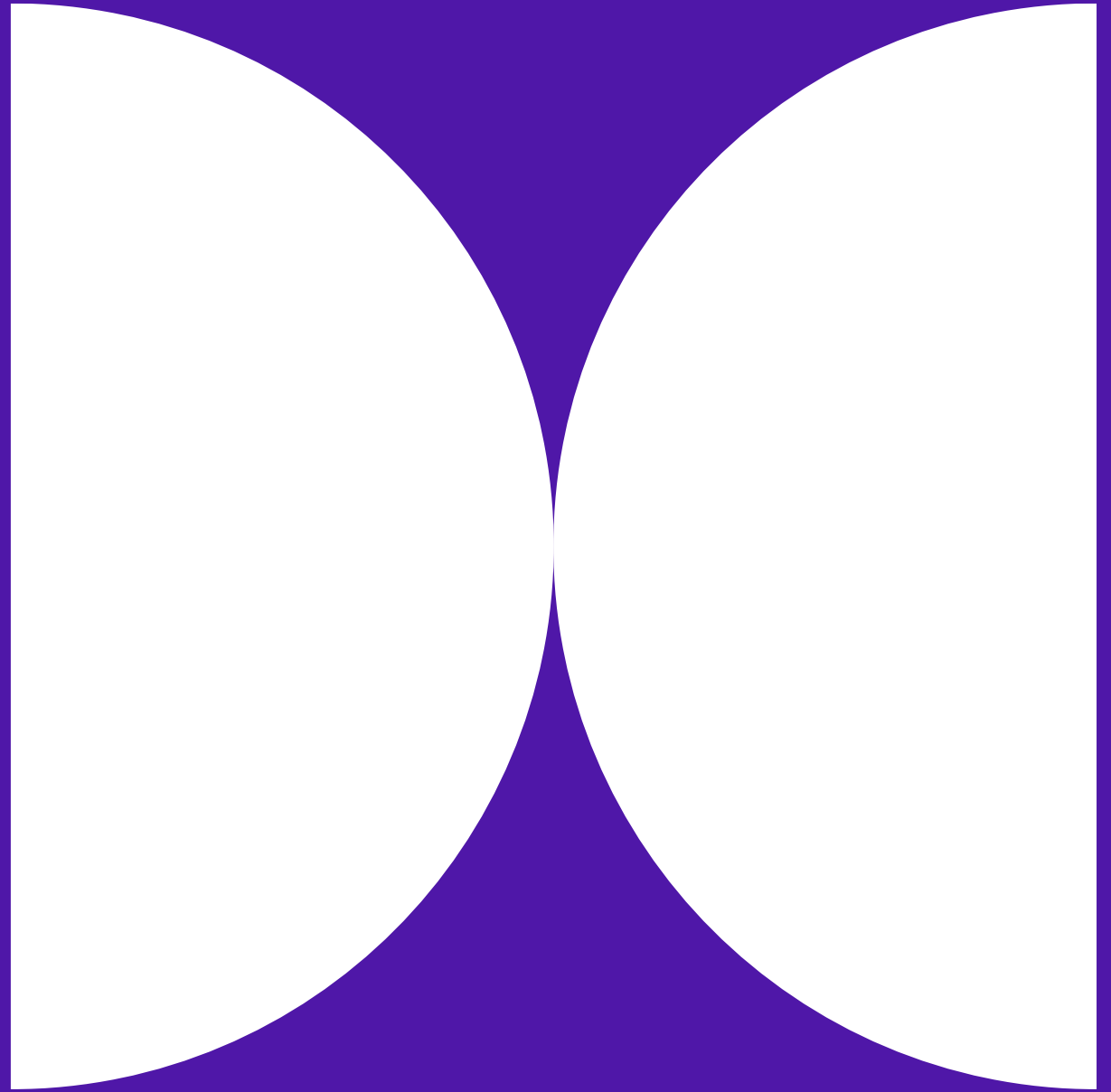
Internal Audits

- Designated Volunteers to review SOPs, ensure they are being followed and identify gaps at least quarterly

External Audits

- Annually, tax preparing agency should review accuracy of Financial Information
- Periodically, engage an external agency to complete a full review of Financial Procedures

STRATEGY

AUDIT
Are we following through with what we said we would?

DATA
Data support Strategy and Strategy supports Data. Change may be required when the two are not aligned.

BUDGET
When Chapter Leaders agree on the Strategy, initiatives can be priced accurately helping with a clearer budget understanding

STRATEGY

OPERATIONS
Strategy guides Operations and all Chapter Leaders and Volunteers know what the objective is and plans are made accordingly

CASH FLOW
The What & How of Cash Flows are addressed during Strategy Discussions. Zelle – Yes or No? PayPal – is there a replacement?

LA Chapter Best Practices for Strategy

- Chapter Leaders meet two times a year to focus on ongoing and new goals
- Summer Session
  - Participants: Board Members, Trustees, Key Volunteers
  - Session type: Strategy Workshop
  - Outcomes:
    - Action plan of items can be accomplished by year-end
    - Future goal setting / priorities listing
- Winter Session
  - Participants: Outgoing Board Members, Incoming Board Members, Trustees
  - Session type: President & VP Operations led roundtables
  - Outcomes:
    - Policy and SOP reviews
    - Charter Renewal & Annual Plan discussions
    - Key milestones for upcoming year
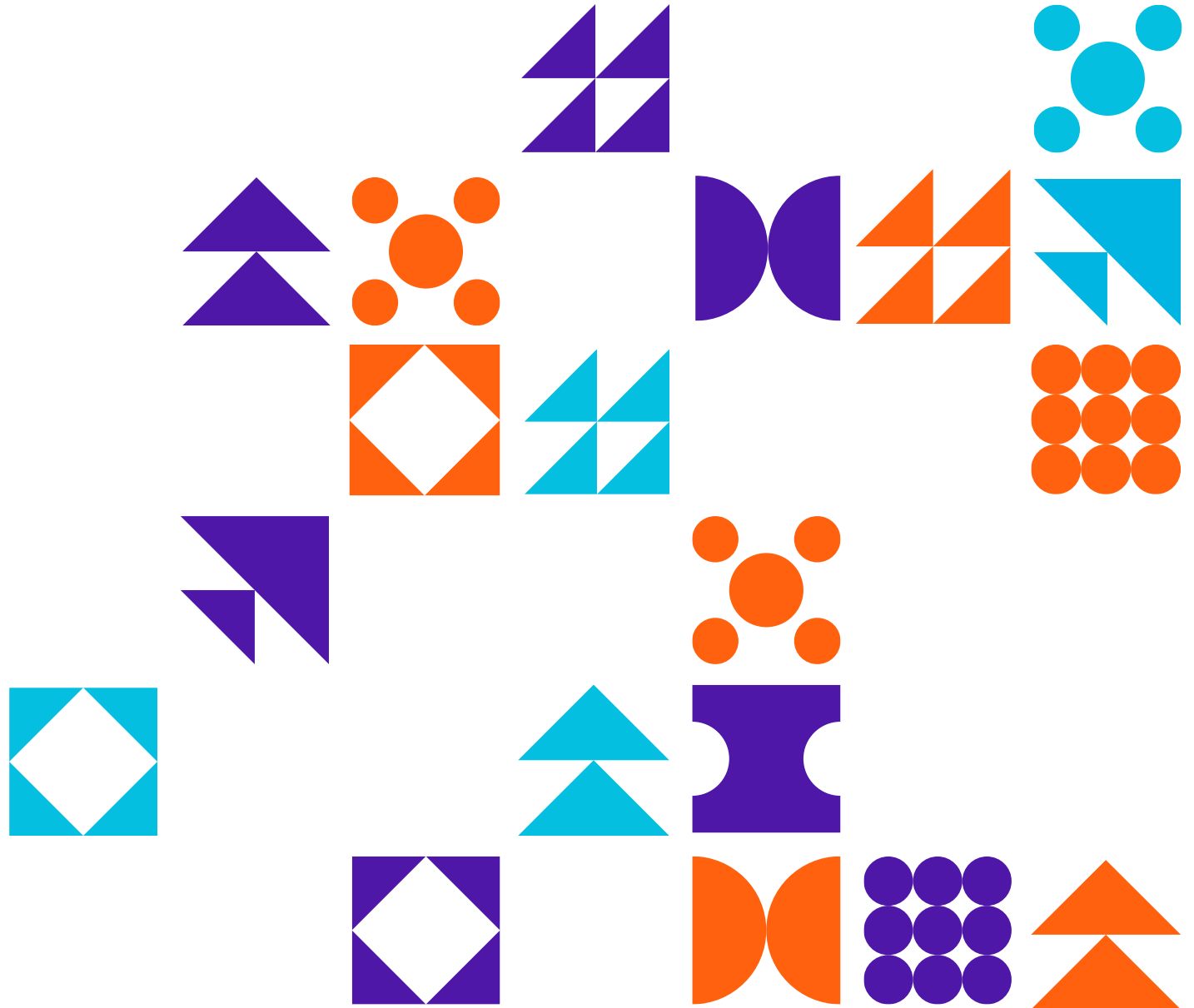   - Budget Discussions

QUESTIONS

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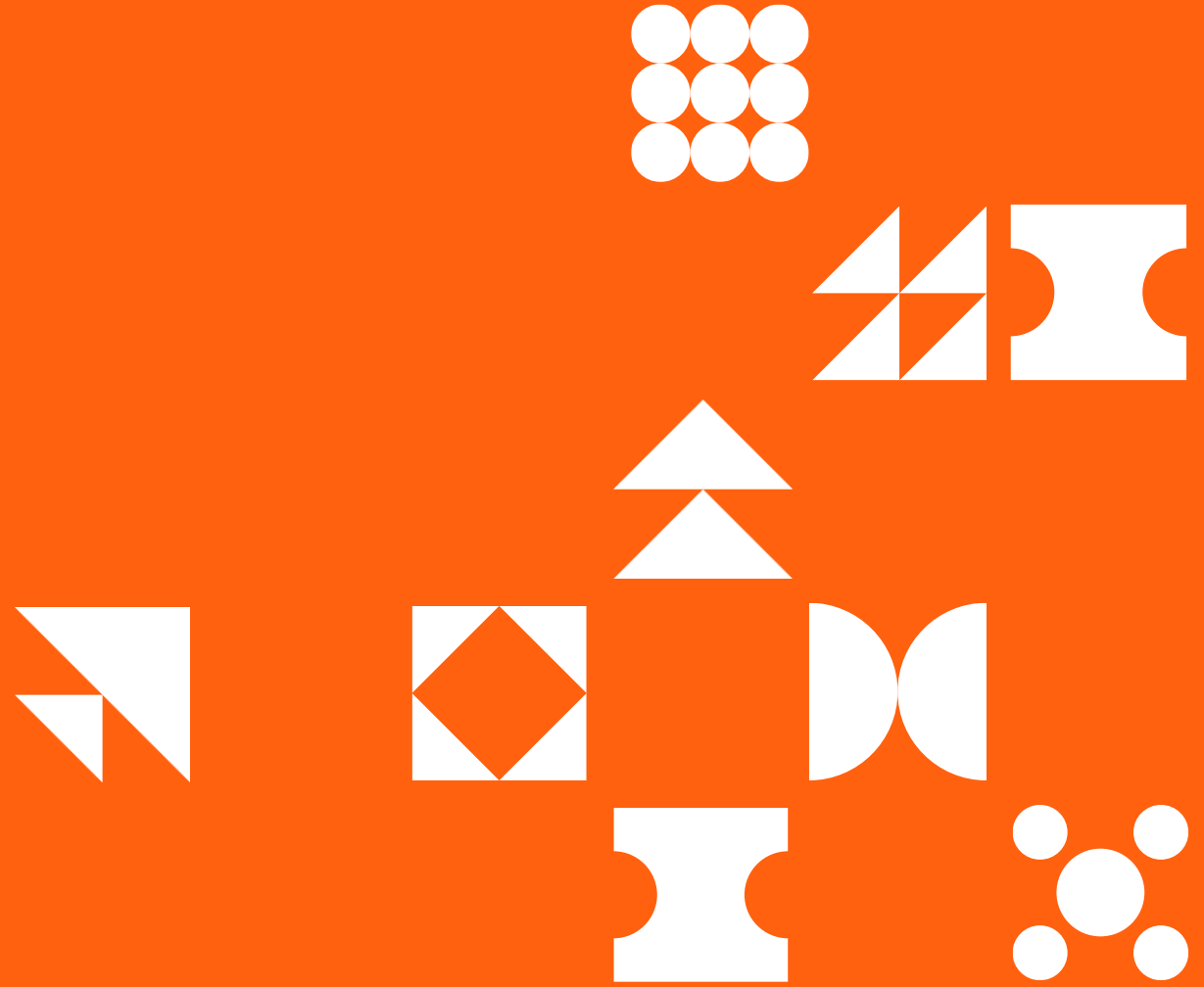
THANK YOU!

Presenter: Meeta Autrey

Email: VPFinance@pmi-la.org

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