

Do Not Go Broke:
FINANCIAL MANAGEMENT

Doug Evans, Executive Director
Ohio Library Council

The Big Picture

- Long-range plan
- How to pay for programs and services
- Organization goals - six months of operation expenses in reserve
- Use of reserves in excess of goals

Finance Committee

- Members responsible for the management of the organization's finances
- Development and review of financial policies,
- Review draft annual budget,
- Review monthly balance sheet and income statements
- Investment oversight

Annual Budget

- Based upon historical experience and future needs
- What should the organization really do and how much it will cost? (Attachment A)
- Zero-based budget
- Revenue - dues, educational programs, annual conference, advertising, exhibits, investment revenue, etc. (Attachment B)
- Expenses - salaries, benefits, rent, utilities, conference, printing, consultants, etc. (Attachment C)
- Guideline for the organization's spending - not carved in stone but somewhat fluid

Chart of Accounts

- Cost centers for all revenue and expenses
- Sub-accounts for all projects
- Necessary for accurate financial reporting and future budgets

Financial Reporting/Management Reports

- Treasurer and Finance Committee - monthly
- Board of Directors - at meetings
- Members - annually
- Include a balance sheet (all of the current assets and liabilities), and income and expense report (Attachment D)

Financial Management Policies

- Who can:
 - ✓ sign checks (limited by amounts)
 - ✓ approve payments
 - ✓ handle payables
 - ✓ handle receivables
 - ✓ make credit card purchases
 - ✓ make credit card transactions

Annual Audit

- Assure the members that their organization has properly managed their money
- Three phases – audit planning, document review, and financial statement reconciliation and analysis
- Determine if there are any errors, omissions, or irregularities
- Management letter - attest to the accuracy of the reporting

Tax Reporting

- 501(c) organizations required to submit IRS Form 990 with an annual income of more than \$25,000
- Includes organization's budget, programming focus, senior staff compensation, major contractors and their compensation, fundraising and program costs, and funding sources
- Filed six months or more after the end of the prior fiscal year
- Public document accessible from the IRS or organization

Financial Accounts

- Checking account
- Money markets accounts
- Certificates of deposit – ladders by maturity
- Mutual funds or other long-term investments

Investment Management

- Build wealth through investments
- Investment management – based on investment policy

Resources:

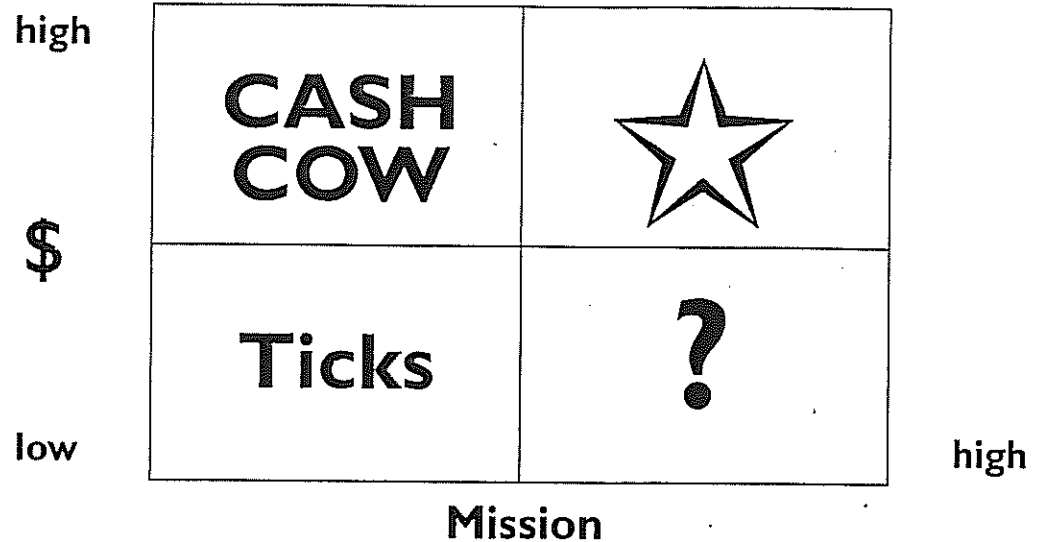
Professional Practices in Association Management, John B. Coz, CAE, American Society of Association Executives

Principles of Association Management, By Henry L. Ernstthal, CAE and Bob Jones, IV, American Society of Association Executive

Model Accounting and Financial Policies and Procedures Handbook for Not-for-Profit Organizations, by Edward J. McMillan, CPA, CAE, American Society of Association Executives

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Shining Stars and Blood-Sucking Ticks

The grid diagrammed above can help you determine the value of programs and projects during the budgeting process. The vertical axis represents dollars, while the horizontal axis stands for the mission of the organization. The quadrants created by the intersection of the axes represent the various roles that projects can play in an association's budget.

The upper left-hand quadrant is the place for "cash cows"—projects and activities that generate revenue but aren't closely linked to the organization's mission. These activities, such as trade shows, advertising revenues, and sponsorships, tend to depend on revenues from suppliers rather than members.

Items in the lower right-hand corner are called question-mark activities, not because of whether an association should undertake them but because the source of resources is uncertain. Question-mark activities strongly relate to the mission but are, at best, break-even endeavors. Examples include government relations and public relations, which generate no revenues but are vital to the interests of the members.

Other activities that may qualify as question marks include publications, educational programs, and seminars that could be making money but aren't. The fault may lie in pricing decisions or in an accounting system that allocates only direct costs (money paid to outside entities, such as hotels and printers) and ignores indirect costs, such as the value of staff time and general overhead.

Priced properly, question-mark activities could be shifted to the upper right-hand quadrant, where they become known as stars. These are the programs, publications, or activities that make money while furthering the association's mission. Like cash cows, stars are especially valuable because they help support other important activities that don't produce adequate revenues on their own.

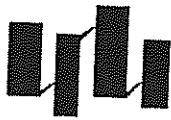
In the lower left-hand corner are the "blood-sucking ticks"—activities that neither advance the mission nor generate money. Ticks should be crushed rather than included in a budget.

OHIO LIBRARY COUNCIL - ESTIMATED INCOME FOR 2007 - REVENUE ACCOUNTS						
As of 12/28/2006						
		2005	2006	11 Month	2007	
		ACTUAL	BUDGET	ACTUAL	BUDGET	
DUES INCOME						
1-4100-00-00	Dues Income Public Libraries	\$ 748,169	\$ 745,000	\$ 751,731	\$ 750,000	
1-4101-00-00	Dues Income - Other Institutions	\$ 18,033	\$ 20,000	\$ 19,245	\$ 25,000	
1-4102-00-00	Dues Income - Personal	\$ 210,711	\$ 210,000	\$ 199,850	\$ 205,000	
1-4103-00-00	Dues Income - Friends	\$ 2,775	\$ 2,500	\$ 2,875	\$ 2,800	
	TOTAL DUES INCOME	\$ 979,687	\$ 977,500	\$ 973,701	\$ 982,800	65.3860%
PUBLICATIONS INCOME						
1-4110-*-*	Publications - Sales	\$ 10,705	\$ 9,500	\$ 5,674	\$ 8,500	
1-4111-00-00	Publications - Classifieds - Web	\$ -	\$ -	\$ -	\$ -	
1-4112-00-00	Publications - Advertising	\$ 6,287	\$ -	\$ -	\$ -	
1-4114-00-00	Publications - Subscriptions	\$ 1,120	\$ -	\$ -	\$ -	
1-4116-*-*	Publications - Membership Lists	\$ 409	\$ 200	\$ 371	\$ 350	
	TOTAL PUBLICATIONS INCOME	\$ 18,521	\$ 9,700	\$ 6,045	\$ 8,850	0.5888%
CONTINUING EDUCATION						
1-4125-40-*	Legislative Day	\$ 14,755	\$ 14,000	\$ -	\$ 16,000	
1-4129-25-*	Educational Workshops	\$ 70,890	\$ 65,000	\$ 71,999	\$ 75,000	
1-4126-20-12	Chapter Conference-Northeast	\$ 20,505	\$ 19,875	\$ 18,720	\$ 19,915	
1-4126-20-14	Chapter Conference-Southeast	\$ 6,195	\$ 11,090	\$ 3,310	\$ 7,020	
1-4126-20-13	Chapter Conference-Central	\$ 11,700	\$ 6,130	\$ 13,170	\$ 14,000	
1-4126-20-15	Chapter Conference-Southwest	\$ 12,795	\$ 11,650	\$ 14,845	\$ 15,800	
1-4126-20-10	Chapter Conference-Northwest	\$ 13,075	\$ 12,150	\$ 12,280	\$ 13,060	
1-4126-20-11	Chapter Conference-North	\$ 10,860	\$ 10,250	\$ 11,390	\$ 12,125	
1-4128-30-03	Leadership Conference	\$ 20,338	\$ 20,000	\$ 18,980	\$ 20,000	
1-4127-15-01	Convention - Pre-cons	\$ -	\$ -	\$ -	\$ -	
1-4127-15-02	Convention-Exhibitors	\$ 77,224	\$ -	\$ -	\$ 78,825	
1-4127-15-03	Convention-Registration	\$ 76,540	\$ -	\$ -	\$ 83,500	
1-4127-15-04	Convention-Tours	\$ 350	\$ -	\$ -	\$ -	
1-4127-15-05	Convention-Meals/Receptions	\$ 18,000	\$ -	\$ -	\$ 18,380	
1-4127-15-06	Convention-Bookstore	\$ 3,234	\$ -	\$ -	\$ 3,000	
1-4127-15-07	Convention-Conference Subsidies	\$ 19,250	\$ -	\$ -	\$ 27,000	
1-4127-15-09	Convention - Advertising	\$ 5,725	\$ -	\$ -	\$ 4,500	
1-4133-16-*	Multi-Conferences - 5 for 2006	\$ -	\$ 172,000	\$ 142,618	\$ -	
1-4130-70-00	Expo - Included with AC for 2007	\$ -	\$ 75,000	\$ 69,357	\$ -	
	TOTAL CONTINUING EDUCATION INCOME	\$ 381,436	\$ 417,145	\$ 376,669	\$ 408,125	27.1527%
GRANTS						
1-4140-60-14	Trustee Online Training	\$ -	\$ -	\$ -	\$ -	
1-4140-60-10	OREI (2) Grant	\$ -	\$ -	\$ -	\$ -	
1-4140-60-11	ORE - Online Training	\$ -	\$ -	\$ -	\$ -	
1-4140-60-12	OLC - Recruitment Video	\$ -	\$ -	\$ -	\$ -	
1-4140-60-13	Video Conference Training	\$ -	\$ -	\$ -	\$ -	
1-4140-60-03	Memory Projec	\$ -	\$ -	\$ -	\$ -	
	TOTAL GRANTS	\$ -	\$ -	\$ -	\$ -	0.0000%
OTHER INCOME						
1-4137-*-*	Interest Income	\$ 31,190	\$ 20,000	\$ 41,300	\$ 30,000	
1-4135-00-00	Contract Income - School Pool Energy Program	\$ 492	\$ 500	\$ 140	\$ -	
1-4131-75-*	Library Director Search Services	\$ 10,100	\$ -	\$ 10,800	\$ -	
1-4132-76-*	Strategic Planning Services	\$ 3,150	\$ 8,500	\$ 13,025	\$ 10,500	
1-4136-00-00	Insurance Administration	\$ 4,683	\$ 4,500	\$ 3,979	\$ 4,500	
1-4138-00-00	Workers Compensation	\$ 34,495	\$ 49,000	\$ 44,196	\$ 47,000	
1-4143-00-00	Jobline/Classifieds	\$ 1,360	\$ 1,300	\$ 1,140	\$ 1,300	
1-4144-00-00	UWI - Long Distance Service	\$ -	\$ -	\$ -	\$ -	
1-4145-*-*	Special Project - Library History Book	\$ -	\$ -	\$ -	\$ -	
1-4139-00-00	Miscellaneous Income	\$ 1,037	\$ -	\$ 3,517	\$ -	
1-4141-00-00	Unrealized Loss/Gain - Trak	\$ 371	\$ -	\$ 17,617	\$ 10,000	
1-4142-00-00	Gain/Loss On Sale of Equipmen	\$ -	\$ -	\$ 525	\$ -	
	TOTAL OTHER INCOME	\$ 86,877	\$ 83,800	\$ 136,239	\$ 103,300	6.8726%
TOTAL REVENUE		\$ 1,466,521	\$ 1,488,145	\$ 1,492,653	\$ 1,503,075	100%

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2007 Budget

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
	Chlr Library Council 2007 Budget		Actual	Budget	11 Month	2007	Cost Center	Convention	Multi Cents	Chmn's	Prod Days	Govern	Divisions	GRPR	Fubs	Mem	Overhead	Grants	Spec Proj	Exco	Libr Div Spec	SingleSpec	Total	Total
		Line Items				Budget	#10	#15	#18	#20	#25	#30	#35	#40	#45	#50	#55	#60	#65	#70	#75	#76		Category
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ohio library council

Promoting our libraries. Inventing our future.

Ohio Library Council - Balance Sheet Period Ending - March 31, 2007

National City Bank - Checking			
Commerce Bank - Checking		\$	10,768.40
Commerce Bank - CD's		\$	58,145.61
Petty Cash		\$	288,000.00
Salomon Smith Barney - MM Account			82.11
Salomon Smith Barney - CD's			325,162.16
Salomon Smith Barney - TRAK Account			576,000.00
Accounts Receivable - OLF			335,022.95
Accounts Receivable - Other			-
Accounts Receivable - Events			2,049.48
Accounts Receivable - Dues			58,935.94
Accounts Receivable - Publications			(315.00)
Accrued Interest			2,481.21
Office Equipment			2,348.95
Office Equipment - Accumulated Depreciation	\$	279,645.55	
Net Office Equipment		(220,211.55)	
Postage Inventory - Meter		\$	59,434.00
Postage Inventory - Bulk Permit			2,349.07
Prepayments			1,048.98
			344.03
Total Assets		\$	1,721,857.89
 Liabilities			
Accounts Payable	\$	7,271.01	
Accounts Payable - EM		-	
Accounts Payable - Dues		-	
Accounts Payable - Encumbered		25.00	
Accounts Payable - Grant Monies Encumbered		-	
Deferred Income		-	
Capital Lease Obligation - Short Term		7,495.88	
Statewide Promotional Campaign for Libraries		-	
Accrued Salaries		35,544.38	
Accrued Insurance		0.03	
Accrued City Tax		-	
Capital Lease Obligation - Long Term		24,768.20	
Total Liabilities		\$	75,104.50
 Net Assets			
Fund Balance	\$	834,175.51	
Change In Net Assets		812,577.88	
Net Assets End of Period		\$	1,646,753.39
Total Liabilities & Net Assets		\$	1,721,857.89

*Ohio Library Council
Revenue vs Expenditures
March 31, 2007*

<i>Revenues</i>		<i>Month</i>		<i>Year to Date</i>		<i>Total Budget</i>	<i>Budget Variance</i>	
		<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>			
<i>Dues Income</i>								
1	Public Libraries	18,414	40,000	714,384	750,000	750,000	-4.75%	1
2	Other Institutions	750	4,000	14,950	22,000	25,000	-40.20%	2
3	Personal	13,103	10,000	200,765	196,000	205,000	-2.07%	3
4	Friends	725	500	2,200	2,600	2,800	-21.43%	4
5	Total Dues Income	32,992	54,500	932,299	970,600	982,800	-5.14%	5
<i>Publications Income</i>								
6	Sales	2,171	709	7,069	2,127	8,500	-16.83%	6
9	Mailing Lists	0	30	0	90	350	-100.00%	9
10	Total Publications Income	2,171	739	7,069	2,217	8,850	-20.12%	10
<i>Continuing Education</i>								
11	Legislative Day	3,654	4,000	3,654	4,000	16,000	-77.16%	11
12	Chapter Conferences	54,010	56,050	68,145	69,255	81,920	-16.82%	12
13	Annual Conference	7,088	9,000	28,663	34,000	215,205		13
14	Leadership Conference	0	0	0	0	20,000	-100.00%	14
15	Educational Workshops	19,665	6,250	39,985	18,750	75,000	-46.69%	15
16	Total Continuing Education Income	84,417	75,300	140,447	126,005	408,125	-65.59%	16
<i>Contract Income</i>								
17A	Director Search Services	0	0	4,240	0	0		17A
17B	Strategic Planning Services	0	3,025	0	3,025	10,500	-100.00%	17B
17C	Management Consulting	5,300	0	5,300	0	0		
18	Insurance Administration	0	0	0	0	4,500	-100.00%	18
19	Workers Compensation	0	0	0	0	0		
22	Total Contract Income	5,300	3,025	9,540	3,025	62,000	-84.61%	22
<i>Other Income</i>								
23	Interest-Dividends-Capital Gains	4,328	2,501	10,579	7,503	30,000	-64.74%	23
24	Unrealized Gain/Loss on Trak	1,069	834	2,301	2,502	10,000		24
26	Jobline	280	109	720	327	1,300	-44.62%	26
27	Miscellaneous	486	0	486	0	0		27
28	Total Other Income	6,163	3,444	14,086	10,332	41,300	-65.89%	28
29	Total Revenue	131,042	137,008	1,103,442	1,112,179	1,503,075	-26.59%	

*Ohio Library Council
Revenue vs Expenditures
March 31, 2007*

	Month		Year to Date		Total Budget	Budget Variance
	Actual	Budget	Actual	Budget		
Expenditures						
Salary and Benefits						
30 Staff Salaries	45,960	44,315	136,476	132,945	576,100	76.31% 30
31 Retirement	5,202	4,432	14,254	13,296	57,610	75.26% 31
32 Hospitalization	403	6,004	16,289	18,012	72,053	77.39% 32
33 Workers Compensation	0	0	0	0	918	100.00% 33
34 Unemployment	193	150	982	775	891	-10.21% 34
35 Payroll Taxes	3,387	3,402	10,702	10,206	44,223	75.80% 35
36 LTD & Life	237	223	685	669	2,684	74.48% 36
37 Casual Labor	611	0	611	0	500	
38 Total Salary and Benefits	55,994	58,526	179,999	175,903	754,979	76.16% 38
Consultants and Contractors						
39 Auditor	0	0	0	0	5,000	100.00% 39
40 Speaker Honoraria	350	2,216	5,350	5,548	41,550	87.12% 40
41 Legal Services	0	0	0	0	65,000	100.00% 41
42 Annual Meeting Contractors	0	0	0	0	57,800	100.00% 42
43 Consultants and Contractors	2,771	1,377	11,777	5,991	19,710	40.25% 43
44 Total Consultants and Contractors	3,121	3,593	17,127	11,539	189,060	90.94% 44
Supplies and Resources						
45 Supplies	731	1,706	3,109	3,388	21,465	85.52% 45
46 Subscription/Resource Materials	0	300	2,867	3,425	4,925	41.78% 46
47 Organization Memberships	460	108	560	324	1,300	56.92% 47
48 Computer Supplies	0	125	0	375	1,500	100.00% 48
49 Total Supplies and Resources	1,191	2,239	6,536	7,512	29,190	77.61% 49
Communications						
50 Telephone - Local	467	333	1,194	999	4,000	70.15% 50
51 Telephone - LD	200	356	639	770	3,347	80.89% 51
52 Postage	1,566	1,840	7,010	7,524	21,240	66.99% 52
53 Mailing Service	131	128	695	909	4,240	83.61% 53
54 Courier/Special	266	219	851	591	2,280	62.68% 54
56 Internet	921	1,433	2,404	3,099	10,600	77.32% 56
58 Total Communications	3,551	4,309	12,793	13,892	45,707	72.01% 58
Printing & Typesetting						
59 Printing	1,142	2,912	9,862	13,381	44,080	77.63% 59
60 Typesetting	1,086	750	4,889	5,600	20,700	76.38% 60
61 Copying	973	720	2,723	2,025	10,588	74.28% 61
62 Total Printing & Typesetting	3,202	4,382	17,474	21,006	75,368	76.81% 62

Ohio Library Council
Revenue vs Expenditures
March 31, 2007

		Month		Year to Date		Total Budget	Budget Variance		
		Actual	Budget	Actual	Budget				
Maintenance & Equipment									
63	Equipment Rental	80	1,366	80	1,698	19,700	99.59%	63	
64	Equip Maintenance	611	291	1,960	873	3,500	44.00%	64	
65	Software Support	0	0	0	0	750	100.00%	65	
66	Total Maintenance & Equipment	691	1,657	2,040	2,571	23,950	91.48%	66	
Space Rental									
67	Office Space	6,968	7,083	19,371	21,249	85,000	77.21%	67	
68	AM Exhibit Space	0	0	3,000	3,000	22,000	86.36%	68	
69	Wksp/Meetings	740	1,748	740	2,164	10,740	93.11%	69	
70	Total Space Rental	7,708	8,831	23,111	26,413	117,740	80.37%	70	
Travel & Meals									
71	Board	516	1,000	4,322	4,225	11,150	61.23%	71	
72	Staff	1,049	1,523	3,028	3,369	17,725	82.92%	72	
73	Committee	400	1,209	1,027	2,250	8,619	88.08%	73	
74	Divisions	166	1,888	560	1,974	8,041	93.04%	74	
75	Presenter	1,132	333	1,132	999	22,900	95.06%	75	
78	Chapter Conference	402	75	402	75	1,600	74.91%	78	
79	Catering and Other Meals	5,046	6,541	6,591	11,871	140,954	95.32%	79	
80	Total Travel & Meals	8,710	12,569	17,062	24,763	210,989	91.91%	80	
Management Expenses									
81	Bank Services	752	583	3,103	2,624	10,500	70.45%	81	
82	Depreciation	2,208	2,208	6,624	6,624	26,500	75.00%	82	
83	Employee Hiring	103	0	103	0	500	79.34%	83	
85	Insurance	0	0	3,611	4,000	4,050	10.84%	85	
86	Copier Expense	199	250	830	750	3,000	72.34%	86	
87	Staff Deve & Memb	0	665	350	1,895	7,595	95.39%	87	
89	Bad Debts	0	0	100	0	0		89	
92	Donations/Scholarships	0	0	0	0	0		92	
93	Total Management Expenses	3,263	3,706	14,721	15,893	52,145	71.77%	93	
94	Total Expenditures	87,430	99,812	290,864	299,492	1,499,128	80.60%	94	
95	Change in Net Assets	43,612	37,196	812,578	812,687	3,947		95	