



CONNECTICUT LIBRARY ASSOCIATION FINANCIAL PLAN

Reviewed by the Budget Committee August 2010

Note: This is a revision of the same titled document that was adopted by the Executive Board of the Connecticut Library Association (CLA) on February 13, 1997. It incorporates for the first time the *Connecticut Library Association Investment Policy*, which was adopted at the same time. The document was reviewed 6/01, 6/02, and 6/03.

I. Background (mission statement)

The Connecticut Library Association, found in 1891 and incorporated in 1960, is a private, non-profit organization according to Section 501, c6 of the IRS code.

Its purpose is:

- To advance the interest of library personnel and librarianship;
- To foster communication among librarians and those interested in libraries;
- To work for the improvement of library services to the people of the State of Connecticut.

Program Assumptions

CLA, working through its members, provides a diverse program of advocacy for librarians and libraries, continuing education, annual legislative program, annual conference, and publication. In support of these activities, CLA will:

- Sponsor a CLA annual conference.
- Encourage each CLA section to offer a fall continuing education program in addition to programs held during the conference.
- Actively support networking with other organizations interested in access to information, literacy, economic development and libraries, and related interests.
- Work for the adoption of an annual legislative agenda in support of libraries and related issues of public concern.

- Support continuing education for individual members through PEG (Proficiency Enhancement Grants)
- Publish *Connecticut Libraries* Newsletter.
- Support other activities as determined by the Executive Board.

The Connecticut Library Association maintains an office, which is responsible for administrative support to the Executive Board, membership records, financial records, bookkeeping, and routine tasks such as responding to inquiries about CLA, keeping the CLA calendar, and other duties.

II. Investments

The Budget Committee is responsible for reviewing the investment policy each year and recommending changes to the Executive Board for approval. Changes in the investment policy during the fiscal year will only be considered under extraordinary circumstances.

a. Investment Objectives

In January 1997, the following investment objectives were established for the Association's investable funds: (total ninety-two thousand dollars \$92,000).

Of that amount, thirty-seven thousand dollars (\$37,000), hereafter to be called the "**Connecticut Library Association Fund.**" The remaining fifty-five thousand dollars (\$55,000), hereafter called the "**Adeline Mix Professional Education Fund.**"

The funds were received in the form of a bequest from the estate of the late Adeline Mix, former Director of the Windsor Public Library, who made the Connecticut Library Association a primary beneficiary of her will.

- **The Connecticut Library Association Fund** exists to generate income for the general operation of the Association. The investment objective of this fund is to create sufficient growth in order to maintain real purchasing power in inflation-adjusted dollars. Income generated over and above the amount required to maintain such real purchasing power may be used from time to time to supplement the operating budget of the Association. This requires a vote by the Board of Directors.

- **The Adeline Mix Professional Education Fund** exists to generate income for library education. The investment objective of this fund is to create sufficient growth in order to maintain real purchasing power in inflation-adjusted dollars. The interest generated annually will be reinvested into the fund to maintain and grow the principle.
- Endowments. All endowments, will be subject to any conditions attached thereto by the donor and approved by the Executive Board, constitute endowment funds. Only the interest income from said endowments may be used to support the CLA activities, not the original principal.

b. Investment Policy

The Connecticut Library Association Executive Board has established this policy to serve as a guideline in investing the Association's non-operating, investable funds. In general, the Association shall maintain a conservative investment philosophy, with preservation of capital, protection of purchasing power of capital, and generation of income to support the goals and projects of the Association as its primary objectives. The Board of Directors of the Association shall establish specific long-term and short-term objectives for designated funds from time to time. As a general principle, only the income from investments may be used, not the original principal. When appropriate, growth in the value of the principal can become a source of income to the Association. The choice of investment advisors and the correct mix of investment vehicles are at the discretion of the Executive Board.

c. Fund Balance (the Balance from previous fiscal year)

Financial stability is a function of adequate and dependable revenues from diverse sources. While some fund balance is appropriate to cover unexpected revenue shortfall or unbudgeted expenses, as a membership organization, most of CLA's resources should be used to provide services to its members. Therefore, when setting the annual budget the unrestricted fund balance should not exceed 30% of annual operating expenses or drop below [10%] of annual operating expenses.

d. Investment Strategy

Investments for these funds will be limited to:

- Mutual funds
- Common stocks
- Preferred stocks
- Corporate and Government bonds
- Cash equivalents/money market funds

e. Prohibited Investments

The following investments are expressly prohibited:

- Individual stocks and bonds
- Commercial paper
- Commodities
- Real estate
- Metals or any other tangible assets

f. Distribution of Funds

Funds should be distributed in the following manner:

- Checking account, earning interest if possible, for current operating expenses.
- Reserve account, earning a higher interest rate than the checking account, for transfers to checking if needed during the fiscal year.
- Investment account, for fund balance.

The combined balance of the checking and reserve accounts should be at least \$10,000 at all times in order to cover general operating expenses during the year.

III. Financial Plan

a. Budget Committee

The Budget Committee consists of the President, Vice President (President Elect), Secretary/Treasurer, and the Past President. This committee will prepare an annual working budget for submission to the Executive Board for action. This budget will provide for the operation of sections, committees and roundtables. The committee will investigate and evaluate sources of funding for the support of the regular and special activities of the Association. This committee will review the organization financial plan annually.

b. Budget

The Budget Committee must present a balanced budget and an investment plan to the Executive Board for its approval at *the September meeting*. The balanced budget includes estimated annual income, expense, and transferred funds from investments only if it is necessary. The investment funds may be transferred from the fund balance to income in order to balance the budget as long as the value of the remaining fund balance does not fall below 10% of projected operating expenses.

1) Income:

CLA is a not-for-profit association. Its income is derived from membership dues, annual conference revenues, donations, special promotion and services, sections and committee activities, and other programs endorsed by the Executive Board.

The CLA treasurer is responsible for oversight of the financial matters of the association and, in conjunction with the Budget Committee, recommends to the Executive Board for:

- The annually generated incomes which is not immediately needed for the current operations and services of the Association, should transfer to the investment account.
- Membership Dues rates shall be reviewed by the Membership Committee. If a rate change is needed, it must be voted on by the Membership.
- Income from CLA activities, including dues, annual conference, promotions, programs, etc., shall be sent to the CLA office at the address: 234 Court Street, Middletown, CT 06457 and deposited in the CLA checking account.

This CLA checking account shall contain sufficient funds to cover all projected association expenses for a minimum of six months and additional funds will be placed in short or long-term investments, as determined by the Budget Committee.

2) Expenses:**a) Non-program expenses:****Association Activities expenses:**

The "Association Expenses" category of the operating budget covers expenditures related to CLA's organizational relationships. These include dues and gifts in kind to other organizations and expenses of the ALA and NELA chapter representatives.

Memberships & Cooperative Activities' expenses:

CLA is a member of the Friends of Connecticut Library, the Association of Connecticut Library Boards, the New England Library Association (NELA), the American Library Association (ALA) and the Freedom to Read Foundation. The Association co-sponsors the Nutmeg Children's Book Award with the Connecticut Association of School Librarians. The Association supports the Connecticut Book Fair held at the University of Connecticut.

- **ALA Chapter and NELA relations**

Both ALA and NELA representatives should submit annual projected budgets of anticipated expenses and received pre-approval from the Budget Committee.

The NELA representative is reimbursed for travel to NELA board meetings at the Federal mileage reimbursement rate.

- **Legislative Committee**

The Legislative Committee should submit an annual projected budget of anticipated expenses and receive pre-approval from the Budget Committee.

The budget includes member education activities and lobbying activities. Expenses related to lobbying must be clearly identified in the financial records.

- **Contracted employments**

The Budget Committee is responsible for reviewing the contracts annually and making recommendations to the CLA executive board.

- **CLA Newsletter--Editorial Committee**

The Editorial Committee should submit an annual projected budget of anticipated expenses and receive pre-approval from the Budget Committee.

- **PEG Budget**

The PEG Committee will recommend an amount for PEG grants to the Budget Committee and receive pre-approval from the Budget Committee

- **Awards Committee**

The Awards Committee will recommend an estimated budget and receive pre-approval from the Budget committee. The funds shall be transferred from the "Adeline Mix Professional Education Fund" in support of library education and continuing education.

- **Career Development Committee**

The Career Development Committee will recommend an estimated budget and receive pre-approval from the Budget committee. The funds shall be transferred from the "Adeline Mix Professional Education Fund" in support of library education and continuing education.

b) **Program expenses:**

Non-conference programs should submit annual projected budgets of anticipated expenses and revenues by May 30, and receive pre-approval from the Budget Committee in September. Workshops and programs sponsored by section and/or committees must be self supporting and earn income for the association. Any profits will go to the CLA as income.

The Conference Committee should submit the conference budget of anticipated expenses and revenues to the Budget Committee by September.

The annual conference must be self supporting (income must cover expenses) and should provide net revenues to support the operating expenses of the association and possibly investment opportunities.

VI. Fiscal Procedure & Policies

The Secretary/Treasurer is responsible for making monthly financial reports to the Executive Board. All financial records are maintained and kept in the CLA office.

Financial records and supporting documents will be kept for seven years. Supporting documents, canceled checks, receipts, invoices and so on, may be discarded after seven years. All tax and employment records must be kept permanently.

The following documents should be transferred to the CLA archivist at the end of seven years:

Treasurer's reports (the June report is sufficient if it cumulates for the fiscal year), budget, audit and related correspondence, IRS-990 report, annual report to the state Public Charities department. Documents such as the Financial Plan, Budget Committee reports should also go to the archive.

a. Audit

An annual audit will be conducted. Each year the Secretary/Treasurer will recommend an auditor for approval by the Executive Board and will submit the audit for each fiscal year during which she/he was Secretary/Treasurer.

The auditor also prepares the tax return (990 and the report to the Public Charities Unit.)

The Secretary/Treasurer is responsible for filing these reports.

Following files will be maintained for audit in the CLA office. The file contains: monthly Treasurer's Reports, the check register, monthly category reports a list of checks outstanding, accounts payable and accounts receivable at end of fiscal year; minutes, board of directors list, copies of signed contracts.

b. Contracts

All contracts must be approved by the Executive Board and signed the President.

- *Connecticut Libraries* Editor: Contract is negotiated by the Editorial Committee.

- Lobbyist: Contract is negotiated by the Legislative Committee.
- CLA Officer & Bookkeeper, Web Master: Contract is negotiated by the Budget Committee.
- Conference Services: Contract is negotiated by the President, Conference Committee and reviewed by the Budget Committee.

c. Fees

1) Conference Fees

Conference registration fees and exhibitors' fees are recommended by the Conference Committee and approved by the Executive Board.

Conference registration fees for non-members will be set at 30% more than the corresponding category for CLA members.

Conference fees are not refundable. Conference registration may be transferred to another person, by the person who originally registered. The conference committee will provide a new name tag if requested.

Conference receipts and record keeping are maintained in the CLA Office. At the end of the conference a report must be submitted to the Secretary/Treasurer showing the number of registrations in each category with the total amount collected.

The Conference Committee with Treasurer/Secretary adheres strictly to the budget it develops and pre-approves and manages all conference expenses with the assistance of the Bookkeeper. Sections are required to comply with established procedures.

Pre-approved requests for reimbursement for conference activities may be made no later than 30 business days after the conference date.

2) Section and Round Table Programs Fees:

Written agreements with speakers and program sites are required. The agreement must include a cancellation clause so that CLA will not be liable for the speaker's fee, site charge, or deposit if the event must be cancelled before an agreed upon date

Registration fees are not refundable. Registration may be transferred to another person, by the person who originally registered. If the program has the minimum number of registrants required to cover costs and the registration check has not been deposited, the program chairperson may decide to return the check.

Fees for non-members will be set at \$10 more than the corresponding fee for CLA members.

Revenues generated by section, committee and round table activities become part of the association's operating funds.

Pre-approved requests for reimbursement for section/roundtable activities may be made no later than 30 business days after the event.

d. Insurance and Bonding [finance plan]

1. CLA will purchase insurance that provides at least \$1,000,000 liability for the organization and \$10,000 coverage for office contents. The Treasurer must be bonded. If there is an Association Executive Secretary in place, they must be bonded also. (Per bylaws Article IX Section 1 – we currently contract out this position to CLC so we don't officially have an Association Executive Secretary right now.)

2. PEG (Proficiency Enhancement Grants)

PEG funds are pooled with all other CLA funds. Income **from the Adeline Mix Professional Education Fund** investment can be used to supplement donations and money from past sales of promotional items at the conference. The PEG Committee is responsible for reviewing grant applications and recommending individual awards to the Executive Board.

3. Deposits

All cash or check deposit should be sent to and deposited by the CLA Office Coordinator. The CLA Coordinator assigns categories to the deposits, fills out deposit slip, makes the deposit and submits detailed deposit report to the CLA bookkeeper to reflect the organization function.

The CLA Bookkeeper posts the deposits and files deposit slip chronologically.

4. Expense, Reimbursement and Payment:

All expense, reimbursement and payment requirements incurred on behalf of CLA must be submitted using "Expense Form". The Form, invoice(s) or receipt(s) and the W-9 form (if it is applicable) with appropriate authorization should be sent to the CLA office for processing. Each form must be signed by the person submitting it and authorized by the appropriate Committee/Section Chair. Payment Requests for Association activities must be submitted no later than 30 days from which incurred

Expense Form and W-9 forms are available at the CLA website. Contact the CLA Treasurer or CLA Office for questions. Bills will be paid within 30 business days of receipt. Checks for payments require the signature of the Secretary/Treasurer

Following are the check lists:

- The Expense Form
- Copies of all original itemized receipts or invoices
- W-9 Form if \$100 or more
- Appropriate signatures

Payment for other operating expenses as authorized in the budget (newsletter, telephone, stationery, office support and so on) will be made based on an invoice from the vendor.

The same procedure must be followed for expenses incurred by section, round tables and committees.

- Payments to Sections, Round Tables, & Committee members and to vendors: approved by the Chairperson.
- Payments to Section, Round Tables & Committee Chairpersons: Authorized by President.
- Payments to Officers: Authorized by the President.
- Payments to the President: Authorized by the Vice-President.

5. Conference Committee

Checks for exhibit fees and vendor donations are deposited by the CLA Office Coordinator and reported to the Treasurer. It is essential that this be done as soon as possible in order to reconcile the bank statement and prepare the Treasurer's report. Expenditures related to the conference must be approved by the Conference Committee co-chairpersons and CLA Treasurer before being submitted to the CLA Office for payment.

Payments to conference presenters may be prepared in advance of the conference so that the presenter can be paid at the conference. The Conference Committee Chair must request checks from the CLA Office at least 3 weeks in advance of the conference. Presenters should not be paid with personal checks.

6. Bookkeeping procedures

Approved "Expense Forms" are forwarded to the Bookkeeper by the CLA Office Coordinator. If the *Statement of Expense* is not properly authorized, it will be sent to the appropriate person for signature.

The CLA Office Coordinator assigns the categories and submits the documents to the Bookkeeper for posting the expenses and preparing the checks. The checks with supporting documentation are sent to the Treasurer for signature. All documentation is filed in the CLA office as follows: Administration, Management Company, Connecticut *Libraries*, Conference, Legislative Committee, Sections, Committees, Round Tables, and Special Projects/Misc.

The Bookkeeper reconciles the bank statement. The reconciliation report and the report of monthly income and expenditures are sent to the Treasurer so that the monthly Treasurer's Report can be prepared.

VI. Financial Information:

Basic Information

State Tax Exempt Number: XXXX— the number is held at the CLA Office

Federal Employer Identification Number: XXXX— the number is held at the CLA Office

Bookkeeping records are maintained with appropriate software

Bank Accounts

Checking/Saving: Liberty Bank, ** account number is held at the CLA Office
Investments: Charles Schwab,** account number is held at CLA Office. Investment
Counselor: Keith Pelkey, 43 LaSalle Rd., West Hartford, CT 06107, 860-570-4044.
Online and telephone access codes are known only by Treasurer and President.

Financial Reports

Secretary of State: Biennial Corporation report. Due during even-numbered years.
Dept. of Public Charities report: Annual report, prepared by auditor, filed in fall.
Filing fee required.
Lobbying report: Filed by CLA's lobbyist with the State of Connecticut Ethics
Commission **and copy files in CLA Office. Fees are paid by the lobbyist and
reimbursed by CLA.

VII. Financial Plan and Procedures Review

The financial plan should be reviewed annually by The Budget
Committee.

Respectfully Submitted:

The CLA Budget Committee: Alison Wang, Randi Ashton-Pritting, Deborah
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