

# CONNECTICUT LIBRARY ASSOCIATION FINANCIAL PLAN

Reviewed by the Budget Committee (June 2018)

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, 8/10, 6/18.

## I. Background (mission statement)

The Connecticut Library Association, founded in 1891 and incorporated in 1960, is a private, non-profit organization according to Section 501(c)(6).

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, ongoing legislative activities, annual conference, and communications. In support of these activities, CLA will:

- Sponsor an annual conference.
- Encourage each CLA section to offer yearly continuing education programs in addition to those 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 grants and scholarships.
- Publish the *CLA Today Newsletter*.
- Support other activities as determined by the Executive Board.

The Connecticut Library Association contracts for administrative services including maintenance of 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.

All endowments, will be subject to any conditions attached thereto by the donor and approved by the Executive Board. Only the interest income from said endowments may be used to support CLA activities, not the original principal.

### **A. Investment Objectives**

Funds of \$92,000 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. In January 1997, the following investment objectives were established for these investable funds. Of that amount, forty percent (40%) or thirty-seven thousand dollars (\$37,000), hereafter to be called the "**Connecticut Library Association Fund**"; and the remaining sixty percent (60%) or fifty-five thousand dollars (\$55,000), is hereafter to be called the "**Adeline Mix Professional Education Fund.**"

- **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 majority vote by the Executive Board.

- **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.

## **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 Executive Board 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 two months of operating expenses at all times.

## **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's financial plan on an annual basis.

## **B. Budget**

The Budget Committee must present a balanced budget to the Executive Board for its approval at the July 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. The CLA checking account shall contain sufficient funds to cover all projected association expenses for a minimum of two 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:**

#### **I. Association Activities Expenses:**

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

#### **Memberships:**

Friends of Connecticut Libraries (FOCL)

Association of Connecticut Library Boards (ACLB)

New England Library Association (NELA)

American Library Association (ALA)

Freedom to Read Foundation

**Cooperative Activities:**

Nutmeg Children's Book Award Co-Sponsor (with Connecticut Association of School Librarians)

Supporter of the Connecticut Book Fair at the University of Connecticut Storrs

**ALA and NELA Chapter Representatives**

Attendance at annual and regional conferences (projected expense budgets should be submitted and pre-approved by the Budget Committee).

Travel to NELA is reimbursed at the current 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 Services and Employees**

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:**

Sections and committees should submit annual projected budgets of anticipated expenses and revenues for non-conference programs by April 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 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.

#### **IV. 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
- Financial Plan
- Budget Committee reports

**A. Audit:**

An annual audit will be conducted. Each year the 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 Treasurer. The auditor also prepares the tax return (990 and the report to the Public Charities Unit.) The Treasurer is responsible for filing these reports. The following files will be maintained for audit in the CLA office:

- Monthly Treasurer's Reports
- 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 by the President.

- *CLA Today* Editor: Contract is negotiated by the Budget Committee.

- Lobbyist: Contract is negotiated by the Legislative Committee.
- CLA Administrative Services (aka CLA Office), Bookkeeper, and Web Master:  
Contract is negotiated by the Budget Committee.
- Conference Services: Contract is negotiated by the President and 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 least 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 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.

Conference receipts and record keeping are maintained in the CLA Office. At the end of the conference a report must be submitted to the Treasurer showing the number of registrations in each category with the total amount collected. The Conference Committee with Treasurer 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 Program 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 least \$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**

CLA will purchase insurance that provides at least \$1,000,000 liability for the organization and \$10,000 coverage for office contents.

#### **E. 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.

## F. Fiscal Controls

All cash or check deposits should be sent to and deposited by the CLA administrative staff. The administrative staff 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.

**1. Expense, Reimbursement and Payment:** All expense, reimbursement, and payment requirements incurred on behalf of CLA must be submitted using the expense form. A completed expense form, invoice(s), or receipt(s) and the W-9 form (when 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/Officer. Payment Requests for Association activities must be submitted *no later than 30 days* from the date when they were incurred.

Expense and W-9 forms are available on the CLA website at <http://ctlibraryassociation.org>. Contact the CLA Treasurer or CLA administrative staff for questions. Bills will be paid within 30 business days of receipt. Checks for payments require the signature of the Treasurer.

Checklist for requesting payment:

- 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, etc. ) will be made based on an invoice from the vendor.

The same procedure must be followed for expenses incurred by sections, 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 or other Executive Board members in their absence.

- Payments to the President: Authorized by the Vice-President or other Executive Board members in their absence.

**2. Conference Committee:** Checks for exhibit fees and vendor donations are deposited by the CLA administrative staff 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 administrative staff 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 administrative staff at least 3 weeks in advance of the conference. Presenters should not be paid with personal checks.

**3. Bookkeeping Procedures:** Approved expense forms are forwarded to the Bookkeeper by the Treasurer. If the Statement of Expense is not properly authorized, it will be sent to the appropriate person for signature.

The CLA administrative staff assign the categories and submit the documents to the Bookkeeper for posting the expenses and preparing the checks. The checks, along with supporting documentation, are sent to the Treasurer for signature. All documentation is filed by the CLA administrative staff as follows: Administration, Management Company, CLA Today, 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.

## **V. Financial Information:**

Key financial information is held by the CLA Administrative Staff, including:

- State Tax Exempt Number

- Federal Employer Identification Number
- Bookkeeping records
- Insurance Policies
- Bank Accounts Checking/Saving
- Investments
- Financial Reports Secretary of State: Biennial Corporation report. Due during even-numbered years: 2018, 2020, 2022, 2024, 2026. Filing fee required.
- 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 a is filed in the CLA Office. Fees are paid by the lobbyist and reimbursed by CLA.

## **VI. Financial Plan and Procedures Review**

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

### **Respectfully Submitted:**

2017-2018 CLA Budget Committee: Glenn Grube, Kate Byroade, Scott Brill, Karen Jensen, Catherine Potter.

Approved by the Executive Board – 06/06/01; revised 06/2002; revised 06/2003; revised 07/2018