

# NSMA BUDGET & FINANCE COMMITTEE

## FACT SHEET

**TERM:** One year

Appointed by the Vice President with NSMA BOD approval

**QUALIFICATIONS:** Active member of NSMA in good standing  
Familiar with NSMA Bylaws and Standing Rules  
Understand basic parliamentary procedures  
Mastery of basic bookkeeping and accounting principles  
Capable of preparing a balanced budget  
Able to perform an audit  
Organized, dependable

**RESPONSIBILITIES:** Attend all NSMA BOD meetings and the annual General Assembly  
General supervision of NSMA finances ensuring funds are spent for the benefit of the membership  
Prepare balanced operating and annual conference budgets  
Devise ways and means of raising revenue as needed  
Review NSMA Financial Policies annually  
Monitor BOD compliance with NSMA Financial Policies  
Conduct an annual internal audit of the Treasurer's books  
Monitor NSMA expense reimbursement policies  
Participate in reviewing delegate/alternate AAMA conferences.  
expenses  
Prepare a written year-end report  
A reasonable next step for this Chair is to advance and run for the NSMA Treasurer position

**COMMITTEE MEMBERS:** The NSMA Treasurer is a consultant on the Audit Sub-Committee.  
Chair selects an NSMA BOD member to serve on the Audit Sub-Committee

**BOD NOTEBOOK CONTENTS:**

Current NSMA operating and annual conference budget plus previous seven (7) years  
NSMA Financial Policies  
NSMA Policies for Expense Reimbursement  
Retain copies of audit reports for 7 years  
Retain Treasurer's reports for 7 years  
Retain year-end report for 7 years  
NSMA Bylaws and Standing Rules  
NSMA BOD roster and NSMA Planning Calendar  
Budget & Finance Committee calendar  
Revise/replace forms and samples as needed

## NSMA BUDGET AND FINANCE COMMITTEE

NSMA is a nonprofit organization, and its members are the owners who expect it to run in a business-like manner. The purpose of this committee is to maintain the financial viability of NSMA and plan for future budgetary years considering income, expenses, and cost containment. The Chair is expected to monitor spending to ensure that the Society's money is spent for the benefit of all members and recommend cost containment policies when indicated.

Chair should be fully aware of the Society's financial position knowing financially where NSMA has been, where it is now, and where it is positioned for the future. All funds of NSMA belong to the membership. The NSMA budgets and financial policies create the Society's strategic plan in financial terms.

This committee is responsible for two separate budgets: the NSMA annual operating budget and the NSMA annual conference budget. In addition, the NSMA Financial Policies and the NSMA Expense Reimbursement Policies are developed and monitored by this committee.

At the beginning of term, the Chair may need to review and clarify with each officer and committee chair examples of the expenses NSMA will allow for reimbursement. Current spending allowances are based on the previously approved operating budget. Copies of the operating budget and the NSMA Financial Policies should be distributed and included in each BOD member's BOD Notebook. All BOD members should have a copy of the NSMA General and Travel Expense Voucher Forms available from the Treasurer.

Chair should retain copies of financial reports as prepared by the Treasurer and Annual Conference Chair plus any other source of NSMA income for seven (7) years. These reports will be used to assist in preparation of the future annual operating budget and conference budget. The Treasurer's report will indicate areas where the budgeted amounts were not met or were exceeded.

At the Summer BOD meeting the Chair requests that all officers and committee chairs review their specific budgetary needs (fixed and anticipated) for the following year. Each should review the previous year's records including the Treasurer's final report and reports from all fund-raising activities (cost vs. revenue) and all expenses on record. The year-end Treasurer's records will show what was budgeted versus what was spent to better allocate future funds. It's a good idea to review the finances of NSMA for at least the last three years to serve as a guide for averaging income and expenses. Project costs by category for the upcoming year to determine the actual amount of money needed to keep the Society fiscally secure. The budget should include appropriations for each office and committee to sufficiently carry out the assigned duties during the upcoming year and all fixed line items. It is also necessary to determine the State's projected income, i.e., dues, donations, interest, conference profits, and fundraising. The budget should be designed on realistic data and based on past performance, not wishful thinking. When possible, anticipate and allow for any expected changes.

To prepare the NSMA operating budget, refer to the committee's worksheet. Submit a **proposed NSMA operating budget** to the BOD for review, discussion, and approval at the Summer and/or

Fall BOD meeting. The anticipated income and expenses must be the same amount to balance. Submit the revised BOD-approved budget to the Speaker of the House for inclusion in the General Assembly packet or be prepared to distribute copies at the General Assembly meeting. The annual operating budget will be voted on by the voting members of the General Assembly.

When developing the budget, become familiar with statements of activity that reflect where the revenue is coming from and where it is being spent. Review the assets (what the Society owns, i.e. cash, investments, receivables) and the liabilities (what the Society owes). Assets minus liabilities will equal the Society's fund balance.

One important element of the NSMA financial picture is the NSMA **reserve fund** (savings account and investment funds). Contributing to the reserve fund will be a component of budget planning. The reserve fund is not used except in cases of extreme necessity with prior NSMA BOD approval.

Consider the following during budget preparation:

#### INCOME:

- What has the average income from dues been over the last three years? What do you anticipate the dues income to be for the following year? Has there been a pattern of increase, decrease, or stabilization?
- If there are donations over the last three years, are the amounts about the same and consistent?
- Are there successful ways and means of projects that bring in revenue every year or is there a special project planned?
- What is the average interest from the checking account and investment funds?
- What is the projected profit from the annual conference?

#### EXPENSES:

- Review the previous officer and committee chair's itemized expenses.
- Review total bank check charges and any service charges.
- Examine delegate expenses.
- Review NSMA charitable donations.
- Verify the Treasurer's security bond premium.
- Assess stationery supply.

To prepare the NSMA annual **conference budget** refer to the committee's worksheet in the BOD Notebook. Review the previous year's conference final report that includes a breakdown of expenses and income. This report should be available at the Summer (August) BOD meeting. The conference budget is projected one year in advance. Estimate costs for each itemized category keeping in mind the conference location and special needs of the hosting Chapter. The geographic location of the conference may affect the number of attendees and the hotel/meal expenses and subsequently may require budgetary adjustments for regional differences. Determine projected conference income including donations and fundraising.

Submit a **proposed conference budget** reflecting total anticipated income, expenses, and projected profit for review and approval of the BOD at the Fall (October) BOD meeting. Bring copies of the approved budget to the Winter (January) BOD meeting and submit it to the Speaker for inclusion in the General Assembly packet. This budget will go before the General Assembly for their information. It does not require a vote at the Meeting.

**The amount of allowable expenses that will be reimbursed by NSMA for delegates and alternates to the AAMA annual conference should be reviewed annually by the Budget and Finance Committee.** The recommendation for monetary allowances should be presented to the BOD at the summer (August) or fall (October) meeting. The amount recommended will take into consideration the available NSMA funds and the carryover amounts allocated to delegates/alternates from previous years. The amount proposed will need to be presented in the form of a motion and approved annually. The approved amount will be included in the proposed NSMA operating budget as a fixed line item.

The chair will make recommendations for special assessments or fundraising as needed to supplement NSMA's working capital. A projected budget for any new project undertaken by the committee should first be presented to the BOD for review and discussion. Fundraising suggestions include the sale of candy, candles, t-shirts, key chains, cookbooks, raffles, and white elephant sales. Money-making ventures should not interfere or financially compete with projects of other NSMA committees. The chair should offer to assist the Annual Conference Chair with fundraising projects.

One appropriate and professional way for NSMA to raise money is to sponsor a well-organized, well-publicized CEU seminar. Registration fees should be appropriate for members and higher for nonmembers. Hosting an educational seminar may also help recruit new members. This type of fundraising project should be coordinated with the NSMA Public Relations and Membership Chairs.

The Budget & Finance Chair is also a part of the audit team managed by the NSMA Treasurer who will review the expense vouchers submitted by the delegates and alternate delegates to the AAMA conference.

## **AUDIT SUB-COMMITTEE**

To protect the integrity of the accounting system of NSMA, an internal audit of all NSMA financial records is conducted yearly. The audit team shall consist of the Budget & Finance Committee Chair and two members from the BOD preferably trained and experienced in financial recordkeeping. Neither the President nor the Treasurer will have a voice or part in selecting or serving on the audit team. However, the Treasurer shall be in attendance during the audit for consultation purposes. In addition, in the event of a vacancy in the office of the Treasurer, a special audit shall be made before the transfer of records to the replacement officer.

Auditing of the Treasurer's financial records shall be performed within 90 days of the end of the fiscal year. If possible, it may be done on the last day of the annual conference while auditors are

accessible. Any discrepancies must be explained and resolved. A copy of the audit report shall be made available for open review at the request of any member. A report of the audit is presented at the summer (August) BOD meeting and the final audited report should be approved by a vote of the BOD. The minutes should reflect that the Treasurer's books were "audited and found correct". The BOD will determine when and if an outside financial expert should conduct an audit.

To perform the audit, refer to the committee's worksheet in the BOD Notebook. Auditors examine the books, reports, and vouchers to see that all money received and disbursed is accounted for and ascertain all expenses are legitimate. The Treasurer's records must show a receipt for every disbursement.

Items needed to commence the audit include the checkbook register, bank statements, canceled checks (if furnished by the bank), income and expense ledgers (Treasurer's reports), and vouchers with attached receipts. Auditors will need the Treasurer's fiscal reports, receipts for interest earned, final financial reports from any special function (conference, fundraiser, etc.), audit worksheet, and the audit report form.

The audit should reveal the following:

- Bank deposits must total the same as the income recorded in the ledger.
- Checks written must total the amounts shown as expenses in the ledger.
- All voided checks must be accounted for.
- The beginning balance plus deposits, minus written checks equals an ending balance that coincides with the balance shown on the financial reports.
- Bank charges and interest income must be accounted for.
- Complete the audit worksheet and the NSMA Audit Report Form.
- Make findings available to the BOD and note discrepancies.
- Sign and date the checkbook at the end of the audit period.

In addition to the Society's financial records, the audit committee will inspect the state's inventory of material assets (i.e., President's pins, stationery, fundraising items).

Final audit results should be recorded on the NSMA Audit Report Form and filed in the committee's BOD Notebook for seven (7) years.

## **TRAVEL EXPENSE REIMBURSEMENT POLICY**

1. The expense allotment for delegates/alternates will be determined each year during the summer NSMA BOD. Total reimbursed expenses must be kept within the budgeted amounts. If an employer pays any/all the conference expenses (including registration) this amount will not be duplicated

for  
reimbursement.

2. Reimbursement requests must be itemized on the NSMA Travel Expense Voucher with the original receipts attached and submitted to the NSMA Treasurer within 30 days after the close of the conference. Voucher forms are available from the Treasurer. A committee composed of the Treasurer, Budget & Finance chair, and Immediate Past President (or a third member who did not attend the conference) will audit receipts and report back to the BOD.

3. If a delegate/alternate to the AAMA conference does not fulfill the duties and responsibilities of the position, the BOD will consider the option of requesting a refund from the delegate/alternate, not approving expenses for reimbursement and/or disqualifying the member from this position for future years.

4. Prepayments to delegates/alternates may be made upon request by filling out the NSMA Travel Advance Request form with verification of expenses at completion of travel. Any advanced payment over the actual expenses incurred must be returned to NSMA within 30 days. Forms are available from the NSMA Treasurer.

5. Not only are the delegates/alternates required to attend certain functions at the AAMA conference, they are also expected to share information with NSMA on their return and actively participate in the NSMA BOD in the year that they are elected.

