

# Finance, Operations & Legal Overview for Leadership

Sunday Lunch Session  
2019 Leadership Institute

# Presentation Outline

- Unit & Division Dues: Collection & Distribution
  - Budgeting & Reserves
  - Maintaining 501(c)(3) Status – U.S. Only
- Form 990 - Annual Tax Returns – U.S. Only
  - Other Operations Planning – U.S. Only
    - Contacts and Resources

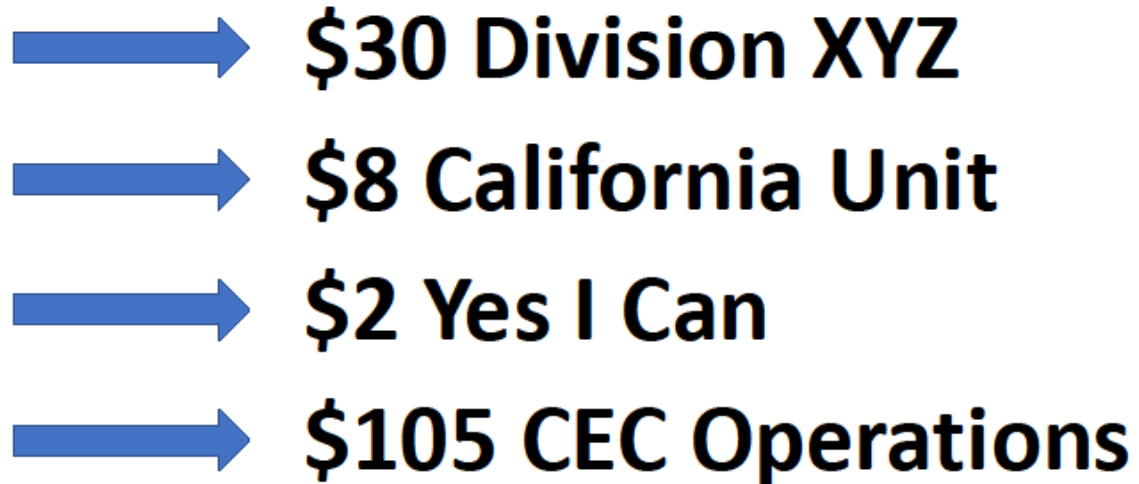
# Unit & Division Dues: Collection & Distribution

## EXAMPLE: Dues Collection & Distribution

California member renews full membership (\$115) and joins Division XYZ (\$30)

Total Dues Payment = \$145

**\$145**



# Unit & Division Dues: Collection & Distribution

## **Units and Divisions are Required to Submit Signed Annual Assurance Forms to be Eligible to Receive Dues:**

- Contact Info for Current Officers & Directors
- Copy of Current Bylaws
- U.S. Units & Divisions – Most Recent 990 Tax Return
- Miscellaneous Questions to Ensure Compliance

# Unit & Division Dues: Collection & Distribution

## UNITS

- Annual Report Provided of Dues Paid by Member & Member Level
- Payments Sent by Check Once Per Year (March)

## DIVISIONS

- Monthly Financial Statements Provided to All Divisions
- Division Dues Paid Monthly or Quarterly (Division's Preference)
- Payment by ACH Available (Contact CEC HQ)

# Budgeting & Reserves

## Budgeting

- Budgeting **IS** a roadmap to financial goals
- Budgeting **IS NOT** a crystal ball
- Monitoring actuals vs. budget - where are we compared to where we want to go?
- Pay particular attention to bottom line – make adjustments to reach goal
- Drill down to individual line items to determine areas of necessary adjustment or success.

# Budgeting & Reserves

## EXAMPLE

	2018 CEC Convention - Tampa, FL		
	Actuals	Budget	\$ Variance
<b>Revenue</b>			
Exhibit Revenue	330,550	350,000	(19,450)
Registration Revenue	1,633,029	1,816,376	(183,347)
Other Revenue	128,480	127,000	1,480
<b>Total Revenue</b>	<b>\$2,092,059</b>	<b>\$2,293,376</b>	<b>(\$201,317)</b>
<b>Expenses</b>			
Audio / Visual	202,431	274,000	(71,569)
Contract Services	226,510	269,624	(43,114)
Facility Rental	98,884	118,210	(19,326)
Marketing	49,994	103,250	(53,256)
Other Expenses	199,964	221,475	(21,511)
<b>Total Expenses</b>	<b>\$777,783</b>	<b>\$986,559</b>	<b>(\$208,776)</b>
<b>NET (Bottom Line)</b>	<b>\$1,314,276</b>	<b>\$1,306,817</b>	<b>\$7,459</b>

# Budgeting & Reserves

## Reserves

How many months can operations be maintained with no additional cash coming in?

Liquid Assets (Cash / Investments)

Less: Short-Term Liabilities (bills due within 30 days)


Divided by Average Monthly Expenses

- 3 months is average reserve – 6 months is better
- If reserves are 1 year or more (guideline), may be stockpiling money; need to expand programming / make donations



# Maintaining 501(c)(3) Status (U.S. Only)


Contact IRS **(877) 829-5500** to request an  
“affirmation letter” or “determination letter”

 **IRS** Department of the Treasury  
Internal Revenue Service

ATLANTA GA 39901-0001

In reply refer to: 0752439638  
May 29, 2018 LTR 4168C 0  
52-0886495 000000 00  
00022069  
BODC: TE

COUNCIL FOR EXCEPTIONAL CHILDREN  
2900 CRYSTAL DRIVE NO 100  
ARLINGTON VA 22202-3556



017876

Employer ID number: 52-0886495  
Form 990 required: Yes

Dear Taxpayer:

We're responding to your request dated May 17, 2018, about your tax-exempt status.

We issued you a determination letter in May 1988, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Section 509(a)(2).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

# Maintaining 501(c)(3) Status (U.S. Only)

- Cannot endorse or fund political candidate or organization
- May lobby in limited amount if it furthers 501(c)(3) mission
- Cannot generate excessive UBI (Unrelated Business Income)
- File Annual 990 Tax Return
- Make 990 available to public upon request

# Maintaining 501(c)(3) Status (U.S. Only)

Keeping Orderly Records Allows for Transfer of  
Information to Future Unit & Division Leaders

## **Documents to Keep On File**

Articles of Incorporation

Bylaws

990 Tax Returns (5 - 7 Years)

IRS Determination Letter

# Form 990 – Annual Tax Returns (U.S. Only)

- Revenues > \$200K **OR** Assets > \$500K – File Full Form 990  
*Accountant Assistance Recommended*
- Revenues < \$200K **AND** Assets < \$500K – File Form 990EZ  
*Probably DIY*
- Revenues < \$50K – File Form 990N  
*Definitely DIY – Basic Info on Postcard-Sized Form*

# Other Operations Planning (U.S. Only)

## Insurance

- Forrest T. Jones & Company – Provides Insurance Options for CEC, Units & Divisions
- Do not have to use FTJ – Can use any provider

## Insurance Types to Consider

Directors & Officers  
Commercial & Liability  
Convention & Events  
Errors & Omissions  
Other

# Other Operations Planning (U.S. Only)

## Annual Audit

- Independent Agency Hired to Review Financial Reporting and Internal Controls
- Is considered optional in most states for Non-Profits
- Recommended even if not required; best business practice, especially for larger organizations or fundraising organizations

# Other Operations Planning (U.S. Only)

## Miscellaneous

- Each Unit and Division is a separate legal entity from CEC National; must have own Tax ID Number
- Internal Witten Policies
  - Whistleblower?
  - Conflict of Interest?
  - Confidentiality?

# Contacts & Resources

## CEC HQ Contacts

Craig Evans – CFO

[craige@cec.sped.org](mailto:craige@cec.sped.org) (703) 264-9416

Division Monthly Statements / Division Dues Transfers

Tiffany Lewis – Sr. Accountant

[tiffanyl@cec.sped.org](mailto:tiffanyl@cec.sped.org) (703) 264-9410

Assurance Forms / Unit Dues Transfers

Bryan Reynolds – Membership & Database Manager

[bryanr@cec.sped.org](mailto:bryanr@cec.sped.org) (703) 264-9480



# Contacts & Resources (U.S. Only)

## **stayexempt.irs.org**

- Everything you need to know about obtaining and maintaining 501(c)(3) tax-exempt status
- FAQs, Video Courses, Resources

## **irs.gov/charities-non-profits**

- Information on 990s and filings
- Information on reinstatement of 501(c)(3) status
- Educational resources and guidance

# Contacts & Resources

[www.cec.sped.org](http://www.cec.sped.org) → About Us → CEC Leadership  
→ Unit and Division Leadership Resources  
**“Leadership Finance & Operations Guide 2019”**

- Dues Collection
- 990 Information
- 501(c)(3) Maintenance
- Resource Contacts
- More