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

$30 Division XYZ
$8 California Unit
$2 Yes I Can
$105 CEC Operations
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

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

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

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

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
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
Miscellaneous

• Each Unit and Division is a separate legal entity from CEC National; must have own Tax ID Number

• Internal Written Policies
  • Whistleblower?
  • Conflict of Interest?
  • Confidentiality?
Contacts & Resources

CEC HQ Contacts

Craig Evans – CFO
craig@cec.sped.org  (703) 264-9416

Division Monthly Statements / Division Dues Transfers
Tiffany Lewis – Sr. Accountant
tiffanyl@cec.sped.org  (703) 264-9410

Assurance Forms / Unit Dues Transfers
Bryan Reynolds – Membership & Database Manager
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 ➔ About Us ➔ CEC Leadership ➔ Unit and Division Leadership Resources


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