

Waterbird Society—Financial Management

TASKS OF THE EXECUTIVE COUNCIL:

The Executive Council conducts the general business of the Waterbird Society and is the entity legally responsible for Society financial management. In addition, it has the vested authority to set the dues schedule for the Society (Bylaws Article 2c; 7a) and to accept large donations that lead to establishment of additional endowment funds.

- 1. Receive, review, approve and implement a long term (3-5 year) financial plan from the F&I Committee that furthers the Society's mission through strategic expenditures and maximizing sources of revenue (e.g. donations, legacy gifts). Approve biennial (every other year) updates.** *The F&I Committee is tasked to do this by the Policies and Procedures Manual (PPM). The task to review and approve a long term financial plan for the Society would be a new but appropriate one for Council.*
- 2. Receive and review a 6 month report from the Treasurer on transactions of the operational fund by August of the current fiscal year; accept by vote.** *This is a recommended mid-fiscal year update on the status of the operational fund budget that has been provided to the Officers, but not Council.*
- 3. Receive and review a 6 month report from F&I Committee on transactions of the capital fund by August of the current fiscal year; accept by vote.** *This is a recommended mid-fiscal year update on the status of the capital fund budget that has not occurred formally in the past.*
- 4. Receive and approve by vote a summary year report from the Treasurer on transactions of the operational fund by February of the following year.** *This is a recommended formal process to approve the previous year's financial transactions of the operational fund. Previously, we have approved the Treasurer's report at the fall Council meeting that included a forecast for how the year would close and received a copy of the year-end report, but have not officially approved the year-end report.*
- 5. Receive and approve by vote a summary year report from the F&I Committee on transactions of the capital fund by February of the following year.** *This is a recommended formal process to approve the previous year's financial transactions of the capital fund. Previously, we have approved the F&I Committee's report at the fall Council meeting that included a forecast for how the year would close.*
- 6. Receive and approve by a vote the proposed operational fund budget in the fourth quarter of the year before the fiscal year to which the proposed budget pertains.** *This recommended practice has been in place historically.*
- 7. Receive and approve by a vote the proposed capital fund budget in the fourth quarter of the year before the fiscal year to which the proposed budget pertains.** *This recommended practice has been implemented historically.*
- 8. Approve the appointment/re-appointment of the Chair of the F&I Committee; approve by a vote the annual objectives of F&I Committee in the fourth quarter of the previous fiscal year.** *Approval by the Executive Council of all of the President's Committee*

Chair appointments, including of the F&I Committee chair, was voted during the 2009 Executive Council (this likely requires a by-laws change to Article 5b). The recommended practice of affirming committee objectives represents a modest change from historical practice whereby the F&I Committee was required to present a report for Council approval on the previous year's activities, but not necessarily include proposed activities for the coming year.

9. Vote to accept proceeds from the annual meeting to be deposited in capital fund.

This recommended practice has occurred irregularly in recent years. Formal attention to this happy task would allow Council to affirm the success of the year's Local Committee and provide a public record of money being transferred into the capital fund accounts.

10. Vote to withdraw money from the capital fund for the restricted purposes of the awards endowments (Kushlan, Nisbet), and from the general endowment for the purposes of supplementing operational budget income and/or to further the mission of the Society. The details of withdrawal are as follows:

- **For all endowments, the allowable annual percentage withdrawal will be assessed against the running average of the end-of-year values from the proceeding 5 years.** *This policy has been implemented historically.*
- **The allowable percentage will be based on an assessment of the stock and bond market performance and will generally be less than the actual return rate to allow growth of all endowments.** *This represents a small modification of previous practice and allows greater flexibility with respect to market dynamics.*
- **These percentages will be assessed every two years and presented to Council for approval as part of the biennial financial plan. These percentages can be modified if market conditions warrant.** *The rationale for this is to allow the Awards Committee and those planning on submitting a proposal to have a better idea ahead of time concerning the amounts possibly available. It will also provide for a more considered approach when setting the rate and exact amount available.*
- **For the general endowment, the amount withdrawn in any year should not exceed the sum of the permissible annual withdrawals from previous years when no withdrawals were made. No more than a 5-year accumulation of the 5-year running average will be held for this purpose.** *The rationale for this change is that originally it was thought that the general endowment would be used to augment the annual operating budget. That has not been needed. It is more likely that larger, one-time needs might be identified for which the endowment funds would be used (either partially or wholly). We need to be prepared for that by not being limited to our current method, which is some small percentage of the 5-year running average. For example if we are allowed a \$5000 annual withdrawal and we have made no withdrawals for 3 years, then we should be able to make a \$15,000 withdrawal. Currently that would not be allowed. We believe it is important to build in some flexibility because we don't really know what our situation may be in the coming years.*

11. Contract to have an external audit of all Society funds once every three years.

The Society has contracted a triennial external review conducted by a CPA since 2000 however, we believe that the investment in a triennial audit (approximately \$3000) is appropriate and provides additional fraud protection.

TASKS OF THE PRESIDENT:

The President has the responsibility of overseeing financial and legal matters of the Society (Policies Manual). The President provides key services to the financial management of the Society by serving as signatory for capital fund withdrawals, by recruiting and appointing the Chair of the F&I Committee (subject to Council approval), by conducting internal reviews of the Society's finances on a twice-yearly basis, and by consulting with the F&I Committee and Treasurer on the development of operational and capital fund budgets.

12. Appoint/re-appoint the Chair of the F&I Committee annually by third quarter of the fiscal year. *This recommended practice represents a modest change from previous years. Appointing/re-appointing committee chairs on an annual basis serves to keep committees active and effective.*

13. Receive and review in April and October the reports of transactions of the operational fund (including original bank statements and other documentation) from the Treasurer. *This practice has been implemented informally in recent years with bi-monthly or quarterly reports going to the Vice President or Past President.*

14. Receive and review the April and October reports of capital fund transactions (including investment firm summaries and other original documentation) from F&I Committee chair. *This recommended practice has not been implemented.*

15. Consult with the Chair of the F&I Committee and the Treasurer on the preparation of proposed operational and capital fund budgets in third quarter of the fiscal year. *This recommended practice (Policies Manual) has not been implemented consistently.*

16. Serve as signatory (one of two) on withdrawals from capital funds. *This practice has been implemented historically by an Officer and the F&I Committee Chair.*

TASKS OF THE SECRETARY:

The Secretary manages formal correspondence of the Society including letters to donors thanking them for financial support. In addition, it is recommended that the Secretary be tasked to manage page charge receipts.

17. Send an official thank you letter and receipt information for tax purposes to all donors to the Society. *This recommended practice which institutes a second elected officer in the tracking of a revenue stream may have taken place irregularly in the past*

18. Manage the page charge certification process, and provide twice-yearly (April and October) and annual summary reports on page charge income to the Treasurer, F&I Committee and President. *This recommended practice is included in the Policies and Procedures Manual, authorized by the By-laws (Article 3f), and voted to be implemented during the 2009 Council meeting. A certification process would verify the amount individually paid by authors to the Society to cover publication costs. The Treasurer will continue in the practice of billing the authors and receiving payments. The Secretary will independently verify page charge payments by contacting authors directly.*

TASKS OF THE AWARDS COMMITTEE:

The Awards Committee selects recipients of grants according to criteria established by the Kushlan and Nisbet Funds.

19. Inform the F&I Committee, Treasurer and Council of award decisions including recipient, amount and conditions. *This practice has been implemented historically.*

TASKS OF THE FINANCE AND INVESTMENT COMMITTEE:

The F&I Committee was voted to become a standing committee of the Society as per the Society's strategic plan during the 2009 Executive Council meeting; this change awaits a Bylaws amendment. The primary functions of the F&I Committee according to the Strategic Plan and Policies Manual are to 1) manage the investments of the Society's capital funds and 2) advise Council, through the development of a financial plan, on strategic expenditures and fund-raising to further the mission of the Society. In addition, the F&I Committee is required to work collaboratively with the Treasurer to develop the annual operational fund budget. The F&I Committee reports to the Executive Council.

20. Receive and review monthly reports from the Society's investment firms that manage our capital funds; adjust portfolios as needed to comply with risk-averse maximum return policy. *This practice has been implemented historically.*

21. Receive and invest funds from the Treasurer including annual meeting proceeds, life memberships, donations, excess cash; invest interest from accounts. *This process has been implemented historically.*

22. Disburse money from the capital funds as directed by the Council. *This process has been implemented historically.*

23. Disburse money from the capital funds to award recipients as directed by the Awards Committee. *This process has been implemented historically with either the Treasurer or the F&I Committee Chair being charged with sending checks or otherwise disbursing funds (wire transfer, Western Union, certified checks) to recipients. It is recommended that the F&I Committee, through the investment firm, be responsible for disbursing funds from the endowment accounts directly to the recipients.*

24. In April and October, forward investment statements and other original documentation concerning transactions to the Treasurer and President. *This recommended practice which constitutes an internal review of the Society's capital fund transactions has not been implemented.*

25. By August, submit a half-year report of the current fiscal year status of the capital fund including the proposed budget and the actual and projected annual budgets to Treasurer, President and Council. *This recommended practice has not been implemented.*

26. By February, submit a year-end summary report on the status of the capital fund, including the proposed budget for the year just ended, the actual budget for the year just ended, and for the previous three years (four years in all), the actual income/expenses in tabular and graphic formats. *This recommended practice has not been implemented.*

27. In the third quarter, consult with the President and Treasurer to prepare a proposed budget for the next fiscal year for the capital fund. Report should include discussion of investment risk. *This recommended practice has not been implemented.*

28. The F&I Chair serves as signatory (one of two) on withdrawals from capital funds. *This practice has been implemented historically.*

29. In the fourth quarter of the year, prepare the annual objectives for the next fiscal year of the F&I Committee for Council's approval. *This recommended practice has not been implemented historically.*

30. Develop a financial plan for Council to approve that guides development of revenue streams and strategic expenditure of financial resources in furthering the Society's mission. Update the plan and seek Council approval (every other year). *This recommended practice has not been implemented historically.*

TASKS OF THE TREASURER:

The Treasurer collects all money due except page charges, pays all bills and keeps the accounts of the Society. In addition, the Treasurer prepares an annual financial report and proposed budget and makes sure the records are available for auditing (Bylaws 3f). The Treasurer reports to the Council and works collaboratively with the F&I Committee and President to develop operational fund budgets.

31. Receive, manage and track all external income streams to the Society including memberships, donations, Bioone, meeting proceeds, and page charges. *This practice has been implemented historically.*

32. Pay all the bills of the Society. *This practice has been implemented historically.*

33. Disburse annual meeting proceeds to F&I Committee for deposit in capital funds upon approval by Council. *This practice has been implemented historically.*

34. Disburse excess cash to F&I Committee for deposit in capital funds in February and July when the balance of operational accounts exceeds \$20,000 and when, based on the judgment of the Treasurer and F&I Committee, forecast expenses (e.g. the International Award) do not indicate retaining funds. *This recommended practice is a modification of traditional practice and allows the Treasurer and F&I Committee to respond flexibly to cash flow needs and investment opportunities.*

35. Disburse donations designated for endowment accounts to F&I Committee for deposit in capital funds; send copies of checks to Secretary. *This recommended practice has been implemented in the past but timing of transfer has not been standardized.*

36. Disburse funds from life memberships and list rental fees to F&I Committee for deposit in capital funds. *This practice has been implemented historically.*

37. Maintain original documentation of page costs charged and received from all authors in Waterbirds; provide to Secretary for certification process. *This recommended practice which provides independent tracking of page charge revenue has not been implemented historically, although detailed records on page charge transactions have been maintained by the Treasurer..*

38. In April and October, make available original bank statements and other documentation concerning transactions to the F&I Committee and President. *This recommended practice would require a modest change to existing implementation; currently the President receives these documents but not the Finance Committee.*

39. By August, submit a half-year report on the current year status of the operational fund including proposed, actual and projected annual budgets to F&I Committee, President and Council. *This recommended practice represents a small change from historical practice in that a 6-month report has routinely been submitted to the Officers.*

40. By February, submit a year-end summary report on the status of the previous year's operational fund, including the proposed and actual budgets, and, from the previous three years, the actual income/expenses in tabular and graphic formats. *This recommended practice has not been implemented in full.*

41. In the third quarter, consult with the President and F&I Committee to prepare a proposed budget for the next year of the operational fund. *The proposed budget for the following year has been presented to the Officers, F&I Committee Chair, and Council 1 – 2 weeks prior to the annual meeting.*

42. Prepare 990 and other tax documents as required. *This practice has been implemented historically.*

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