

AMC Maine Chapter Finance Policy

Appalachian Mountain Club
Maine Chapter

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1. Budgeting and Investing

This financial and investment policy is intended to establish guidelines to further AMC Club, Chapter, and committee goals by responsibly budgeting, safeguarding, and expending Maine Chapter funds; accessing Chapter reserves; and making financial decisions.

1.1 Financial Goals

The financial goals of the Maine Chapter are the following:

1. Approach Chapter financial management as a steward of other people's money and with an eye toward advancing the mission of the Club and the Chapter and toward benefitting our membership.
2. Establish and follow a formal, disciplined, systematic annual budgeting process.
3. Balance the budget every year.
4. Carefully evaluate the merit of all expenditures, particularly those expenditures that deplete reserve funds.
5. Thoughtfully invest Chapter funds in a manner that carefully matches the character and required time horizon of each investment with the intended use of the funds.

1.2 Budgeting

An important process in a sound financial policy is to prepare and follow a yearly budget. A financial goal of the Chapter is to approve a yearly budget of no more than our projected annual allotment from the Club, based on the trend from the previous three years' allotment, and to expend no more than is budgeted. If expenditures above that amount are deemed necessary, such expenditures can come from the Chapter's long-term reserves on recommendation of the-Treasurer and subsequent vote by the ExCom.

Yearly budgets being proposed by standing committees of the Chapter should be completed and sent to the Chair or designated representative by November 1. This allows time for review and compilation into an annual work plan and budget. The proposed Chapter budget will then be distributed to the ExCom as part of the monthly meeting packet in advance of the November ExCom meeting where it will be discussed prior to be voted on at the January ExCom meeting. If a committee chair is going off the ExCom at November's annual meeting, preparing and submitting that committee's budget will typically be that volunteer's final action.

Committee budgets and narrative should be sufficiently detailed to easily discern the purpose of planned expenses, their expected timing, amount, and estimated number of people served.

If a committee expects income or activity fees to offset committee expenses for any particular activity, that expected income should be detailed as income in the committee's budget, lowering the total amount requested from the Chapter's budget.

This budgeting process is not intended to restrict the use of Chapter money by any committee within the Committee's approved budget, but is meant to help the Chapter make wise decisions

about (a) the amount of money it keeps readily available, (b) the amount and location of other Chapter funds to ensure they work best for the Chapter membership, and (c) the circumstances under which the Chapter accesses its long-range funds.

1.3 Safeguarding Chapter Funds

To make Chapter funds work for the Chapter membership, the Chapter Treasurer should keep *readily available funds* needed for *short-term financial needs* and expenses and invest any funds intended for *long-term financial needs*. Any funds beyond those needed for short- and long-term financial needs are *Chapter Reserve Funds*.

Readily available funds means funds needed to fund items within the Chapter's approved annual budget. Such funds should be kept in a local Maine checking account or savings account that can be accessed within three days or less.

Funds intended for *short-term financial needs* are defined as the amount of money needed to fund Chapter-sponsored activities for nine months. Chapter funds for short-term financial needs should be readily available, given that some Chapter expenses are irregularly spaced throughout the year, and that Club disbursements to the Chapter occur three times a year (April, August, and December) and are based on the amounts detailed in the Appendix per active membership types on those dates.

Funds intended for *long-term financial needs* are defined as the amount of money needed to fund Chapter-sponsored activities for an additional nine months beyond the Chapter's short-term financial needs. Chapter funds for long-term financial needs need not be readily available and should be kept in local or non-local insured financial institution account(s) with prospects of appropriately higher interest rates. Recognizing that combining our long-term Chapter funds with those of other chapters may provide access to a broader spectrum of investment vehicles and may make it possible to secure higher rates of return than normally expected on relatively small amounts of money, the Treasurer may deposit long-term Chapter funds in Club-wide financial instruments, provided that such long-term funds are accessible by the Chapter at least quarterly.

Chapter Reserve Funds are any Chapter funds beyond 18 months of expected financial need. It is not expected that the Chapter keep any Reserve Funds in excess of its short- and long-term financial needs (totaling approximately 18 months of the current budget for Chapter activities). However, should that situation occur, such funds should be kept in insured financial institution account(s) with prospects of appropriate interest rates, as noted above for long-term funds.

1.4 Expending Chapter Funds

The intent of this financial and investment policy is to make any expenditure of Chapter funds work *directly* or *indirectly* for the Chapter membership.

Funds working directly for Chapter membership. An example of how Chapter finances can work directly for members is by reducing the cost of a particular training (such as Wilderness First Aid) or outing (such as a hut or lodge overnight) for Chapter members while non-members pay full price. Another example of using Chapter funds to directly benefit members is by funding regular

evening events (such as Meetings and Education events or New Member events) in which the cost of the public meeting space is paid directly by the Chapter.

Funds working indirectly for Chapter membership. Examples of how Chapter finances can work indirectly for the benefit of members is by valuing leaders and valuing ExCom members. When leaders are recognized for their ongoing contributions to enjoyable, safe, and memorable trips for members and non-members during all seasons, responsible leaders are more likely to volunteer their leadership skills more frequently, design a range of new and interesting member outings, and approach each trip with willingness, enthusiasm, and good humor. When leaders are appropriately recognized, more leaders volunteer and Chapter members benefit.

Another example of indirect benefit to the Chapter is using Chapter funds to facilitate Executive Committee planning sessions. Establishing an appropriate meeting environment and conditions as the ExCom works to guide the Chapter, plan activities, and engage members, fosters an esprit de corps and sends a signal that ExCom members are valued.

We believe Chapter vitality is strengthened when Chapter leaders and planners enjoy volunteering and benefit from the constructive collaboration that comes from working together with energy, enthusiasm, devotion, and loyalty toward common Club and Chapter goals. When leader and ExCom volunteer conditions are enjoyable, members are more likely to volunteer for leader and ExCom positions and more likely to be willing to drive long, un-reimbursed distances to volunteer.

1.5 Accessing Chapter Reserves

In general, the Chapter's entire yearly budget should equal or be less than the Chapter's expected annual income, including the Chapter allotment from the Club and any income generated by the Chapter or its committees.

Chapter Reserves may be accessed for capital purchases or other expenses deemed to support the long-term goals of the Chapter if accessing the Chapter Reserves does not endanger the Chapter's long-term financial health.

If a committee or the ExCom proposes to access Chapter Reserves for special expenses, those items, amounts, and justifications should be identified as such and sent to the Chapter Chair and Treasurer for review. Upon successful review, the expenditure from Chapter Reserves will then be voted by the ExCom. In general, approval for such requests will be reviewed more stringently than yearly budget expenses coming out of yearly income.

No more than one-tenth of such Chapter Reserves may be expended in any one budget year except by special approval and vote of the ExCom.

1.6 Financial Decision Making

On these and all issues, the Treasurer should work with the Chapter Chair, and if needed, financial experts in the Club, to recommend specific financial courses of action for the Chapter's short- and

long-range financial outlook. The Treasurer should prepare financial and budgeting recommendations for ExCom review and approval.

2. Collecting and Reporting Participant Fees

2.1 Overview & Purpose

The AMC Maine Chapter finance policy was created to provide guidance and help ensure prudent and transparent operation and reporting of activities involving participant fees or chapter funds. It endeavors to accomplish this goal while minimizing the reporting burden for activity leaders. This policy applies to anyone handling funds from participants for activities sponsored by the AMC Maine Chapter.

2.1.1 Effective Date

This policy becomes effective for any activities posted on or after January 30, 2013.

2.1.2 Archive

The latest policy and forms will be maintained on the AMC Maine Chapter website www.amcmaine.org.

2.2 Reporting Guidelines

2.2.1 AMC Maine Activity Finance Reporting Form

The Maine Chapter has adopted a Finance Reporting form for this purpose, and requires its use per the guidelines of this policy (appended). The form shall be made available on the Chapter web site.

2.2.1.1 When is the form required?

The AMC Maine Activity Finance Reporting Form is required to be completed and submitted by activity leaders for their activities, which meet all of the following criteria:

- 1) Participants pay to participate in an activity and;
- 2) Participants make payment for an activity by paying the leader(s) directly by cash or check and;
- 3) The activity fees for all participants total \$200 or more.

The purpose of the form is to provide prudent financial reporting transparency for financial transactions not handled directly by the Maine Chapter or a designated Maine Chapter committee if applicable.

2.2.1.2 Form submission

Completed forms should be submitted within 30 days of the conclusion of the activity. Forms should be submitted to the chair(s) of the Maine chapter committee hosting the activity, as well as

the Maine Chapter treasurer. Re-submittal of forms are allowed, should it be found that participant fees or expenses were incorrectly reported previously.

Electronic or paper copies are acceptable, though an electronic copy of the completed form is preferred over paper copy to simplify archiving.

2.2.1.3 Archival of submitted forms

The sponsoring committee and appropriate treasurer should retain submitted activity finance reporting forms for three years.

2.2.1.4 Altering forms

"Equivalent" forms are not permitted. If specific shortfalls in the chapter-approved form are found, reasonable additions to the form, such as a leader adding additional rows to itemize income & expenses, are allowed.

2.2.2 Participant Fees

2.2.2.1 Guidelines for checks

Participants paying by check should make checks payable to AMC Maine Chapter, or the specific sponsoring committee if that committee has its own bank account/checkbook.

2.2.2.2 Guidelines for cash

Participant payment by cash is inevitable, particularly for activities where participants pay at the time of the event. Cash so received can be applied to immediate activity expenses. It is the leader's responsibility to properly account for cash received.

2.2.2.3 Guidelines for credit card payment

The AMC Maine Chapter may choose to implement payment online via credit card for certain events, typically larger activities, and this may be an option available to participants for registration and payment.

2.2.2.4 Participant deposits

Activity leaders may require participants to provide a deposit to secure their attendance in an activity. These deposits may offset activity preparation expenses or ensure commitment of attendance by registered participants for events of limited size. The deposit may be nonrefundable and must be so noted as per 2.2.5.

2.2.2.5 Refund policy

The activity leader must disclose to participants a refund policy for an activity. This includes the conditions for allowing a full refund, partial refund or no refund, and specifying any other necessary criteria for obtaining a refund and a description of how the nonrefundable fees will be used in the event that the participant is unable to participate in the activity. This refund notice should cover refund requests initiated by participants (e.g. "full refund provided only for

participant cancellations at least 14 days in advance of activity"), as well as activity cancellations decided by the activity leaders. Non-refundable fees must be clearly stated to participants prior to payment being received. Non-refundable fees may be applied to expenses incurred prior to an activity such as a nonrefundable deposit for reserving a facility.

However, they must be fair and reasonable for the activity. Any Non-refundable fees should cover any expenses incurred as a result of the cancellation. It is the policy of the Maine Chapter that any nonrefundable fees must be used either to: 1) cover any nonrefundable expenses incurred, 2) cover leader expenses or 3) used by the Maine Chapter to promote leader training, chapter activities and educational opportunities. If these fees are not listed on the activity listing, they must be included in the original material sent to participants prior to receiving any funds (such as a reservation form or information sheet)

2.2.2.6 Leftover fees

If participant fees exceed activity expenses, (i.e., the fee paid for food exceeds the cost of the food) the remainder should be returned to the chapter or back to the participants. Small remainders are impractical to return to participants, given postage expenses and mailing overhead. The activity leader must disclose to participants what will be done with any surplus income from participants consistent with 2.2.5.

2.2.3 Expenses

2.2.3.1 Receipts

Receipts are required for reimbursement of expenses of \$20 or more. If there is no receipt or if the receipt is lost, the leader should submit written documentation for reimbursement.

2.2.3.2 Deposits and advance expenses

Some activities may require funds in advance of the activity to cover preparatory expenses. Advance deposits may be required to reserve facilities for an activity. For approved activities, the Maine Chapter or sponsoring committee can issue advance payment of anticipated expenses or reimburse charges for facility deposits. In this circumstance, advance participant payments or deposits should be submitted to the Maine Chapter or sponsoring committee.

2.2.4 Leader Expense Reimbursement

Participant fees may offset limited leader expenses for the activity.

2.2.4.1 Reimbursement caps

A maximum 25% leader expense reimbursement cap per participant applies to non-training activities. For such an activity, each leader would require a minimum of four paid participants to fully reimburse the leader's expenses (such as for lodging, meals, and materials) at a 1:4 leader to participant ratio. The percentage charged each participant would decrease proportionally to the ratio of participants to leaders. If there are not enough participants, the leader will be responsible for that portion of his/her costs.

Unfortunately, participants sometimes do not attend the activity for which they registered. The specified 1:4 leader to participant ratio for expense reimbursement is thus based on the number of paid participants and not actual participants provided there is an appropriate nonrefundable policy in place for the activity.

2.2.4.2 Allowable activity expenses

A complete list of allowable expenses cannot be practically defined. However, leader expenses of the same type paid for by participants are allowed, such as lodging, meals, materials, and required fees during the activity. Examples of activity expenses not allowed to be reimbursed directly from participant fees include personal equipment expenses, such as purchasing a backpack or kayaking paddle for the trip leader.

2.2.4.3 Variance

It is understood that some important Maine Chapter or committee activities such as training are structured or staffed in a way that may not comply with the leader expense reimbursement guidelines. These activities may be granted an exception to this policy. Maine Chapter or committee budgeting, or other funding pre-approval can accommodate such special circumstances. There may be unique circumstances that make it impractical to follow this policy. If so, the leader should contact the appropriate committee chair to get a variance to ensure payment and reimbursement can be accomplished in a timely manner.

2.2.4.4 Discount rates

Vendors may offer discounts for groups or incentives for group leaders. These incentives can often help reduce participant cost or conversely increase available budget for leader expense reimbursement and are allowed.

2.2.5 Other Considerations

2.2.5.1 Member discounted fees

The Maine chapter recommends activity leaders differentiate fees for AMC members and non-members, except for activities specifically targeting potential new members. As some club membership fees do make it back to chapters for sponsored activities, members should be rewarded for their contributions to the club. The approved activity finance forms include areas to charge members and non-members different rates.

2.3 Policy Changes

The AMC Maine Chapter Executive Committee must approve updated policies and forms.

3. Reimbursing Travel for Maine Chapter Executive Committee Members

3.1 Purpose

The purpose of this policy is to define reimbursement for Executive Committee (ExCom) members for participating in AMC club-wide events and their related travel, lodging and meals.

3.2 Applicability

This reimbursement procedure does not apply to Chapter-held meetings, such as the Maine Chapter Annual Meeting or Executive Committee meetings.

AMC club-wide events include the Annual Meeting, Chapters Retreat, Spring Fling and Fall Gathering. All ExCom members qualify for reimbursement if attending these events and are encouraged to participate in club-wide events during their tenure on the ExCom.

ExCom members who have specific duties at scheduled meetings for which their position or committee representation and participation is requested are given priority.

3.3 Allowable Expenses

Reimbursement includes:

- a) Registration fees;
 - b) Accommodation fees;
 - c) Meal expenses (if separate from registration fees, not including meals during travel to and from event);
 - d) Travel by automobile- mileage reimbursement will be made at the same rate as the federal government's reimbursement rate, at the date of travel, to a maximum expense of \$150 per vehicle per event (find rates at www.gsa.gov/mileage). **Car-pooling is highly encouraged.** Toll costs are part of the calculated per mile rate, and as such are not separately reimbursable.
- a) Travel by airplane- air travel is rare due to usually higher cost; however, there are occasional situations where travel by air is optimal, and the cost must be approved by the chapter chair in advance.

4 Appendix

4.1 A Portion of Membership Fees Goes To Chapters

Each chapter is allocated a portion of the membership dues collected by the Club for members who join the Maine Chapter. The allocation is made by check issued three times a year to the treasurer, calculated using membership figures as of April 1, August 1, and December 1.

The current (July 1, 2014) rates of allocation for each category of membership are: Adult \$4.50; Contributing \$4.50; Family \$6.75; Supporting \$6.75; Sustaining \$6.75; Senior \$1.50; U-30 \$1.50; Life \$1.50.

If new members joining for the first time join online through the Maine Chapter website navigating through the "Join the AMC" link, the Chapter receives a larger allocation for that new member. The new member through the Chapter website allocations are \$20 for individuals and \$30 for families. Therefore, the Maine Chapter should continue to encourage new members to access the online membership system via the Chapter website.

4.2 Archival of submitted forms.

The responsible committee and the chapter treasurer may designate a private online repository for electronic forms to facilitate availability of these completed Finance Reporting Forms for future access.

4.3 Example of Activity Funds Transactions through the Treasurer

This example demonstrates a great service our treasurers provide to the chapter, and why activity leaders shouldn't need to deposit funds directly into personal account.

4.4 Example of Leader Expense Reimbursement

Wayne and Bob are leading a weekend hiking activity. Two nights lodging is \$160/person. Meals cost \$80. Thus, total raw cost per participant is \$240. With a 25% reimbursement cap, these two leaders would require eight participants for their expenses for lodging and meals to be fully reimbursed. Applying this maximum cap, participants would be charged \$300 for the event. The extra \$60/person would total \$480, covering the \$240/person expenses for the two leaders. If only six participants registered, the extra fees, which could be applied for leader expenses, would total \$360, or \$180/leader. Each leader would be obliged to pay \$60 of their expenses for this activity. If ten participants register, the extra fees would total \$600. There would be a remainder of \$120 after offsetting the leader expenses. At only \$12 overage per participant, this would likely be returned to the chapter. Anticipating a larger attendance of at least 16 participants, they could plan for a lower overhead of \$30/participant (12.5%) for \$270 total to cover leader expenses.