Conference Budget Overview and How to Close Your IEEE Conference

Presenter Name

RAS Conference Organizer Workshop
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Agenda

- The Importance of building an accurate conference budget
  - Timing
  - Making adjustments to your budget

- Understanding Historical Performance
  - Accounting for outliers
  - Accounting for Differences in Location

- Projecting Major Expenses & Revenue

- Conference Budget Tool

- Submit your budget to IEEE

- How to Close Your IEEE Conference Financials

- Audits

- Assistant Treasurer Program

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How to Develop Your Conference Budget

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Conference Budget Development

Overview

▸ The process of creating a budget requires you to think long term about your conference

▸ The budgeting process necessitates the committee to think about the conference from a business perspective

  - Periodic re-evaluation may result in changing assumptions which could cause you to make changes in conference management

    • rein in costs: cut discretionary cost/maximize resources

    • increase spending: take advantage of growth opportunities

Conference Budget Development

Overview

▸ Develop your initial conference budget prior to making any financial commitments

▸ A surplus should be planned into your budget

▸ Use the conference's historical expense and revenue actuals as a baseline and make necessary adjustments
- Account for anticipated differences due to a change in location
- Identify all major revenue and expense items

▸ For a first time conference, develop realistic projections
- Obtain quotes from vendors to project expenses
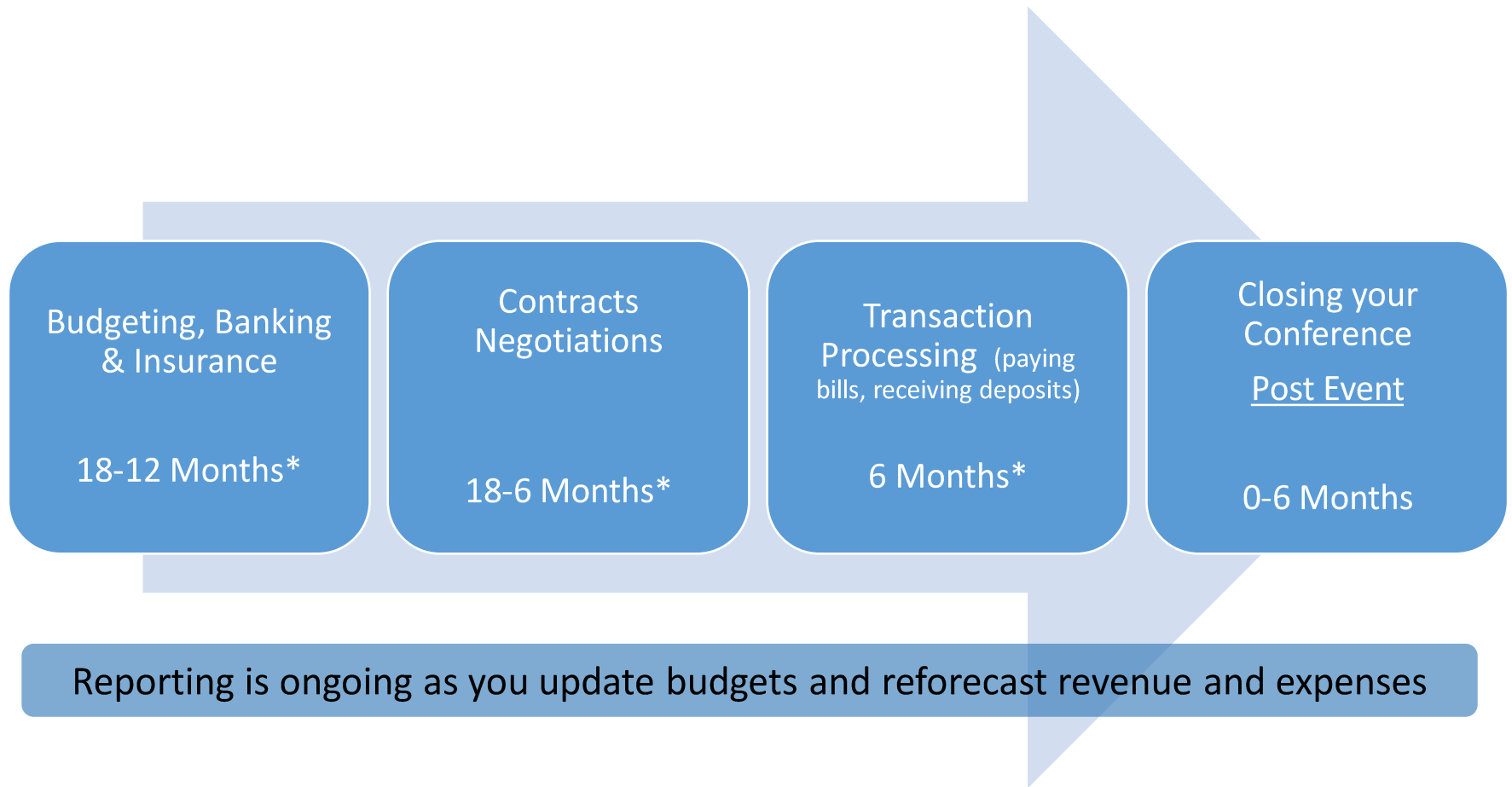- Contact the MCE Conference Business Operations team for assistance

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Timing

Budget Development

Timing

‣ Budget should be prepared before incurring liabilities or committing to purchase decisions

‣ When is the appropriate time to begin working on the budget, and when should it be submitted to IEEE?

- You should submit your conference budget at least **one year in advance** from the conference start date. Ensure enough time for sponsoring organization to review

‣ Large conferences will need to draft a budget even earlier in the process

- Planning for venue, exhibition space, social functions will take additional time

Conference Finance Timeline

Budgeting, Banking & Insurance

18-12 Months*

Contracts Negotiations

18-6 Months*

Transaction Processing (paying bills, receiving deposits)

6 Months*

Closing your Conference Post Event

0-6 Months

Reporting is ongoing as you update budgets and reforecast revenue and expenses

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Budget Milestone Dates Timing Can Vary Based on Conference Size

▸ One Year before conference:

- Submit your initial budget to Conference Operations after your conference is approved

▸ Six Weeks before conference:

- Submit budget update - the majority of registration has occurred

▸ One Month post conference:

- Continually monitor forecast vs budget results

▸ Six Months post conference:

- All payments have been made and account balances are zero

Example here is for a typical 200 person conference

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Budget Milestone Dates

Significant time to update your budget

▸ Submit a new budget if any significant revenue or expense items changes

▸ Examples

- Attendance forecast projects a substantial increase or major decline
- Venue change
- Natural disaster
- Labor strikes
- An extreme currency valuation

Historical Performance

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Historical Performance
Existing Conference

▸ Where can I obtain this vital information?

Two Sources
- **Best Option**: The previous conference treasurer/committee member/s typically have a final financial report and budget information that you can use as a baseline
- MCE Business Operations also has historical financial information for a financially sponsored conference

▸ Analyze each revenue and expense item and apply existing knowledge
- Compare financials based on the new conference location
- Look to find any large, one time revenue or expense items that are non-recurring
  - exclude outlier

Accounting for Outliers

A Treasurer's Experience

▸ Conference Anniversary
  - Higher spending on VIPs, celebration events (social functions), anniversary souvenirs

▸ Conference is changing locations (countries/continents)

▸ Review past conference budgets in similar locations
  - higher/lower general price levels, e.g., hotel/food costs for international vs. domestically held conferences

▸ Tax/VAT considerations

▸ U.S. vs. Sweden vs. India – find comparable events/locations

Accounting for Differences

Location is Important

▸ Things to be mindful of when selecting any conference location
  - High end hotels might charge higher services fees/non refundable rates
  - Consider locations near major cities to cut costs - weigh risk
  - International conference location is especially important to account for in your budget
  - VAT requirements
    • VAT Expense: VAT is charged against revenue that is earned by the conference.
    • VAT Return: VAT paid on expenses may be reimbursed against VAT expense due. Rates depend on location.

New Conference

▸ What if my conference does not have historical data?

- MCE Business Operations - Conference Analyst can provide recommendations based off similar conferences
  - Size
  - Location
  - Field of interest
- Recommendations may include registration rates and hotel/venue expense

Conference Financial Performance

Review Historical Data

Financially Successful Conference

‣ If it is profitable and successful – no major changes are necessary

‣ Look for opportunities to expand

- Growth Strategy

Conference Financial Performance

Review Historical Data

Conference with a Deficit

‣ Conference Committee should review overall strategy

‣ Determine if there are opportunities for cost reduction

  - Did any one-time expenses impact results?

‣ Confirm if target market of attendees is still accurate, can it be expanded

‣ Strategize on ways to increase revenue

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Projecting Major Expense Items

Projecting Major Expense Items

- Common types of expenses
  - venue, food & beverage, social functions audio visual, local arrangements, conference mgmt. fees, publication proceedings, registration fees, exhibit space, committee meeting travel, speaker fees, peer review vendor

- Benefit of seeking quotes and competitive bidding
  - Select the best quality of service/product for the right price

- **Leverage** the IEEE volume of meeting spend by partnering with the **MCE Conference Contracts Team**
  - Subject matter experts on contract negotiations, that potentially can drive cost savings and risk management

Projecting Major Revenue Streams

‣ Some of the most common revenue types

  - Registration, Exhibits, Corporate Donations, Social Function Sales, Tutorials/Workshops, Grants and Exhibits

‣ Largest revenue streams for most conferences

  - **For IEEE conferences, registration revenue typically can range from 60% to 65% of total revenue.**

  - Exhibit income can be a significant contribution

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Projecting Major Revenue Streams

Setting Registration Rates

▸ IEEE policies on registration rates
- 20% differential on member vs. non-member
- Life members cannot be charged more than student members

▸ Assessing the market landscape
- Compare prices of similar conferences in your field of interest and/or geographic area

▸ A general recommendation
- increase rates approximately 4% every year to offset increasing expenses (inflation)

▸ **MCE Conference Analyst or past Committee members can provide assistance**

Budget Tool

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IEEE Conference Budgeting Tool (ICBT)

▸ ICBT is a web-based budgeting tool for IEEE Conference Organizers to utilize in creating accurate conference budgets.

▸ Key features
  - a more granular chart of accounts
  - a consolidated approval process
  - the ability to serve as a historical repository

▸ Modifiable templates for revenue and expense categories

▸ If you are interested in utilizing the tool or for more information, please contact ICBT@ieee.org

Submitting your Conference Budget

- ‣ Conference submit their budget to IEEE Conference Financial Reporting webpage

- ‣ This application allows you to submit your budget, forecast and actual finance reports to IEEE

  - You are submitting a summary of conference revenues, expenses, registration rates, and projected attendance

- ‣ Need assistance…please contact your assigned Conference Analyst or contact the Conference Business Operations Team

  - conference-finance@ieee.org

https://www.ieee.org/conferences/organizers/conf-app.html?pageType=finance

IEEE Conference Closing Process

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Agenda

▸ Always Be Closing

▸ Finalizing Payments & Closing Accounts

▸ Tax Reporting

▸ Final Financial Reporting

▸ Audits

▸ Communication & Continuity

▸ Summary

Closing Your Conference

Best Practices

Always Be Closing

▸ **Work with your MCE Business Operations analyst through out the process**
  - **make closing your conference easier and efficient**

▸ Set yourself up at the start for a simpler and smoother closing process

▸ Conclude activities by the 6 month mark, post-conference
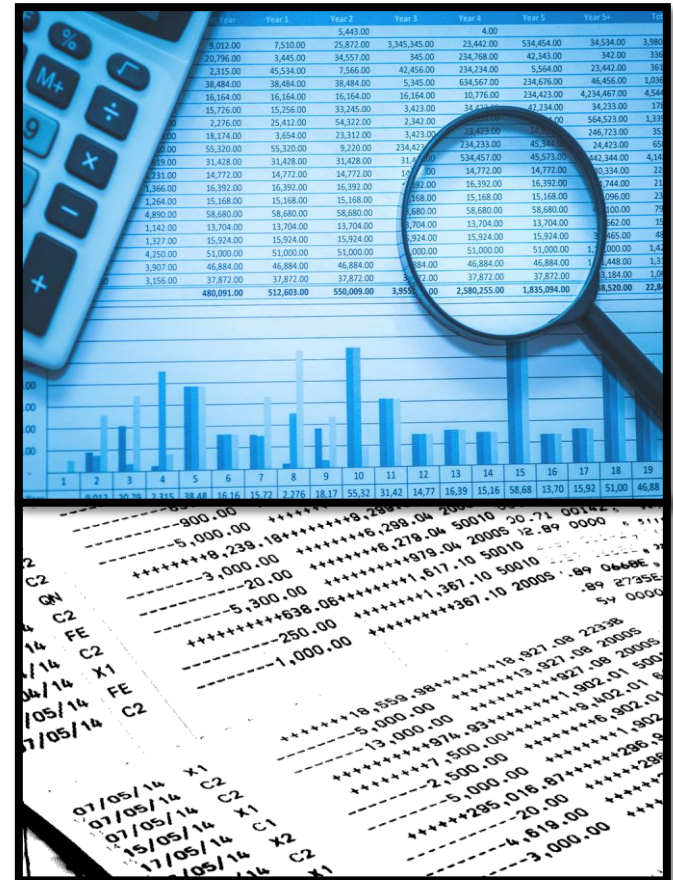

We're here to help
IEEE MCE

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Finalize Payments

▸ Ensure all payments have been completed and documented

▸ Ensure all revenues have been received and reconciled

Closing Accounts

▶ Work with MCE Business Operations to issue a wire transfer to any external financial co-sponsors

▶ Complete within 6 months

Organize Documentation

▸ Ensure that all supporting documentation is collected and organized

- invoices, receipts, etc.

▸ Ensure that all transaction supporting documentation is sent to MCE Business Operations Team in a consolidated file suitable for review

Tax Requirements

‣ US Tax Requirements
  - 1099
  - 1042

‣ International Taxes
  - Indirect Taxes
    (VAT, JCT, GST, etc.)

‣ **Coordinate with MCE Business Operations Team**

Audits

https://www.ieee.org/conferences/organizers/finance-audits.html

IEEE Audit

All conferences should be prepared in the event that they are randomly selected for a conference financial audit

IEEE Audit

Conferences **require** an audit if they have **≥$250,000** of actual revenue and **>50% IEEE ownership**

Audits can be performed by IEEE internal audit or by a qualified local auditor.

Approval of local auditors should be obtained in advance – IEEE Internal Audit.

Audit

IEEE Audit

‣ If your conference requires or is selected for an audit (by IEEE or an external auditor), you will need to submit:

- Transaction level detail supporting documentation

- Other audit materials as per the audit material checklist

https://www.ieee.org/content/dam/ieee-org/ieee/web/org/services/conference_audit_material_checklist_03_2016.pdf

Audit

Communication & Continuity

▸ It is critical that a Conference Treasurer shares the financial information with their successor
  - Final Report/Actual Financials
  - Attendance Details
  - Note any expense or revenue anomalies
  - Challenges
  - Successes
  - Strategies and insights for a financially successful event
  - Potential volunteers for future roles

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Communication & Continuity

- ‣ Its important for a Conference Treasurer to stay connected with the sponsoring Organizational Unit Financial Leadership noting progress, successes and concerns
  - OU, Society/Section Treasurers
  - VP of Conferences
- ‣ Develop relationships with major financial sponsors

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Assistant Conference Treasurer Program

(ACT) - You Have Support

▸ IEEE is offering the assistant conference treasurer program to all RAS conferences.

▸ All conferences will be set up with a Concentration Banking account.

▸ Your Assistant Treasurer will facilitate all payments on behalf of the conference so that conference organizers can focus on managing other aspects of their event.

▸ Your Assistant Treasurer will also develop your conference's final financial report and help you prepare supporting documentation for an audit.

▸ Payment requests can be directed to the IEEE Conference Payments Team at conferencepayments@ieee.org.

▸ Be sure to include relevant support (contracts, invoices, receipts for reimbursements, tax forms, etc.)

Summary

‣ **Always be Closing**

‣ **Ensure all financial transactions have been completed and documented**

‣ **Work with MCE Business Operations Team**
  - **Closing IEEE Conference Bank Account, remit the surplus to the financial sponsors**
  - **Produce final report**

‣ **Ensure that all transaction supporting documentation is sent to MCE Business Operation Team in a consolidated file suitable for review**

‣ **Prepare for a financial audit**

‣ **Conference Treasurer should meet and discuss conference financials with successor**

‣ **Keep OU sponsor leadership up to date on financial progress through out the conference**

‣ **MCE Business Operations is here to support you !**