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
How to Develop Your Conference Budget
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
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*
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
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
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
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
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
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
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
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 $\geq$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.
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
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
Communication & Continuity

- It's 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
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!
Thank you