

The NCLA Finance Committee met via conference call on June 21, 2010.

Present: Carol Cramer, Chair; Andrea Tullos, Treasurer; Mary Sizemore, Treasurer-Elect; Kim Parrott, NCLA office; Lisa Williams, Chair of Scholarship Committee; Diane Kester

We discussed the following issues:

Timing of Annual Budget Preparation vs. First Board Meeting

We considered a suggestion made during the April 2010 Board Meeting to move the first quarterly Board Meeting back a week or two. If the meeting were moved, the Treasurer and the Finance Committee will have more time to accurately close out the previous fiscal year books, prepare a budget, and share it with other Board members. Andrea and Kim reiterated that it takes several weeks to close out a fiscal year, especially when there was a conference. Furthermore the New Year and Martin Luther King holidays as well as ALA eliminate potential good meeting days for the Finance Committee.

We did not come out of the meeting with a firm proposal, but we want to share the following ideas with other Board members.

- Is there anything in the Handbook that would prohibit us from changing the Board meeting day? (Andrea did not find anything. Timothy Owen: please verify this if a change in date is seriously considered.)
- Could we change the fiscal year period to July-June? If so, would there be an extra burden on any Treasurer who might have financial responsibilities at a library whose fiscal year also ends June 30?
- Would it help to make a preliminary budget sooner and adjust it later once the final numbers are in from the previous year?

Plans are underway for a small group (including Sherwin Rice, Wanda Brown, Andrea Tullos, Mary Sizemore, and Carol Cramer) to discuss this issue via conference call and bring a firm proposal to the board.

Scholarship Fund Investment Strategy

The Committee was asked to consider whether we could earn more interest by investing the principal of our scholarship funds in the NCLA Endowment. After discussing the issue we realized that, unless something has changed recently, putting these funds in endowment would prevent us from accessing the interest as well as the principal. We ask the **Endowment Committee** to determine the truth of that and to come back to the Finance Committee if that is not true.

Non-profit Status

We also did some investigation into the rules for 501c3 organizations as well as checking on sister organizations. Equivalent Library Associations in South Carolina and Virginia are 501c3. The IRS has a rule that we cannot spend a "substantial part" of our budget on political activities, such as Legislative Day. Legislative Day is less than 10% of our total budget, and we have previously passed the "substantial part" test when we file our 990.

Whither Life Memberships?

Since instituting Life Memberships several years back, only one person has paid for a Life Membership. (This is distinct from Honorary Life Memberships.) Per Handbook rules, \$50 per life member is moved from the Life Membership line to the general operating budget each year. With only one life member, this is difficult to remember. We'd like to ask the **Membership Committee** to consider either promoting Life Memberships or eliminating this category entirely. (In the latter case, naturally the Life Membership of the one individual would still be honored.)