



Financial Handbook

Adopted by the CLA Executive Committee

February 8, 2002

Revised June 10, 2005

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Revisions Adopted by the CLA Board of Directors

June 17, 2013

January 23, 2015

1. General Policy

The following policies are established to maintain, preserve and enhance the association's fiscal strength and its sound financial practices.

The financial policies of the California Library Association are codified. The policies are developed by the Finance Committee, and approved by the Board of Directors.

The Finance Committee shall review the Financial Policies annually and recommend changes as necessary.

2. CLA Budget Development, Review, and Approval Process

CLA's budget is developed by the Finance Committee and reviewed and approved by the Board of Directors at their meeting prior to the start of the forthcoming fiscal year. The Finance Committee undertakes a mid-year budget review and, if necessary, budget revision. Revised budgets are taken to the Board of Directors for review and approval at the first meeting of the New Year.

2.1 Authority of the Executive Director – Non-Budgeted Items

The Executive Director may authorize non-budgeted items of \$2,000 or less. Non-budgeted items over \$2,000 but less than \$5000 must be approved by the Treasurer. Non-budgeted items of \$5000 or over must be authorized by the Board of Directors.

2.2 Authority of the Executive Director – Budget Items

The Executive Director may authorize any expenditure within the approved budget.

2.3 Authority of the Executive Director – Exceeding Budgeted Amounts

The Executive Director may approve expenses that exceed any approved budget line item by no more than \$2,000. Items that exceed by over \$2,000 but less than \$5,000 must be approved by the Treasurer. Items that exceed by \$5000 or over must be authorized by the Board of Directors.

3. Equity Policy

The association will set aside .5% of the budget for special projects approved by the Board of Directors.

The association's liquid assets should include sufficient funds to cover 6 months of the annual operating budget. The amount will be reviewed annually to ensure that there are sufficient reserve funds and to account for changing conditions. This reserve shall only be used in extraordinary/emergency circumstances that relate to the wellbeing of the association. Use of the reserve requires a two-thirds vote of the Board of Directors.

4. Investment Policy

4.1 Definition of Funds

Funds that are covered by this policy include but are not limited to the mandated cash reserve and the equipment reserve of the Association.

4.2 Principles

- Maximize the preservation of capital and the protection of investment principal.
- Maintain sufficient liquidity to meet the fiscal operating requirements of CLA.
- Strive to attain the best total return or yield on funds of the association as is reasonably and prudently achievable with specified safety parameters.
- Diversify investment instructions to minimize incurring unreasonable and avoidable risks regarding specific types of investments.
- Prohibit the use of speculative investments, i.e. buying on margin, options, derivatives, etc., for the CLA portfolio.

4.3 Desired Rates of Return

Short term: Minimum rate of 2% over the rate of inflation, as measured by the consumer price index (i.e., money market funds)

Intermediate: Exceed the rate of return on 90-day Treasury bills at least one percentage point (i.e., CDs)

Long term: Achieve at least 80% of the 10-year average achieved by the S&P 500 Index.

The Executive Director shall review and report the rate of return semi-annually to the Treasurer and the Finance Committee. The Treasurer or any member of the Finance Committee may request additional reviews throughout the year as appropriate

4.4 Investment Strategy

At least 10% cash invested in instruments limited to checking accounts, savings accounts, money market mutual funds, certificates of deposit or U.S. government securities with maturities of 1 year or less.

Up to 90% of cash invested in certificates of deposit or U.S. government securities with maturities of 1-3 years.

Up to 90% of cash invested in no-load equity and/or mutual funds of low to moderate risk.

No more than 50% of the growth on investments in any one fiscal year will be allocated to expenses in the next fiscal year. Growth on investments will remain intact for at least two fiscal years after the commencement of the investment program.

The Management Team shall review and report the investment strategy each quarter to the Treasurer.

4.5 Investment Procedures

Specific investment decisions will be made by Executive Director and Treasurer.

The investment portfolio will be reviewed at least semi-annually by the Finance Committee and annually by the Board of Directors

The Finance Committee and the Board of Directors shall review losses on any investment of greater than 10% of cost.

5. Audit

CLA shall contract for an annual audit of income and expenditures. An annual audit of the books and records of the association will be performed no later than two months after the close of the fiscal year.

The audit shall be conducted by an independent Certified Public Accountant according to Generally Accepted Auditing Principles.

The final audit report and management letter shall be presented to the Board of Directors at its first meeting following the completion of such report.

If appropriate, the Finance Committee and the Management Team will prepare a formal response to the management letter for the Executive Committee within sixty days.

An RFP for auditing of CLA records should be issued every three to five years to accounting firms with non-profit experience.

6. Borrowing

Any type of borrowing of funds or monetary obligations which encumbers the association shall be authorized by the Board of Directors, upon recommendation of the Finance Committee.

7. Financial Reporting

A current financial statement, which includes the association's statement of position, comparison to budget, balance sheets, cash flow statement and the general ledger will be provided monthly to the Treasurer. A statement of position, comparison to budget and balance sheet will be provided to the Board of Directors at each meeting.

8. Conflict of Interest

The California Library Association (CLA) provides leadership for the development, promotion and improvement of library services, librarianship and the library community in the state of California. At the same time, CLA recognizes that the elected and appointed leaders of CLA, as well as other individuals speaking and acting on its behalf, also have significant professional, business and personal interests and relationships. Therefore, CLA has determined that the most appropriate manner in which to address actual, potential or apparent conflicts of interest is initially through liberal disclosure of any relationship or interest, which might be construed as resulting in such a conflict. Disclosure under this Policy should not be construed as creating a presumption of impropriety or as automatically precluding someone from participating in a CLA activity or decision-making process. CLA recognizes that a policy of disclosure reflects the Association's recognition of the many factors that can influence one's judgment and a desire to make as much information as possible available to other participants in CLA-related matters.

The Basic Policy

Any individual involved in a CLA activity or decision-making process has an obligation to disclose any conflicting or potentially conflicting personal, professional or business interest he or she may have, directly or indirectly, with the affected activity or decision. Potentially conflicting interests may relate to the programs and services (e.g., educational courses) of CLA or its operations (e.g., contracts with third parties).

In particular, participants in CLA-related activities must disclose the positions they hold or relationships they have with other organizations or entities that may conflict, directly or indirectly, with their CLA activities. They also have an obligation to disclose any material financial interest in, or other relationship with, an entity having a "commercial interest" in the activity or in the outcome or deliverable of the activity. A commercial interest may exist not only where the entity's products or services are under consideration by the CLA, but also where the entity's products or services are in competition or potential

competition with those under consideration or where the entity's products or services may be affected by the activity or outcome. By the disclosure of such interests, the Board of Directors of Directors or its designee(s) will be in a better position to determine whether the participant may have an interest in conflict with the interests of CLA. Although CLA primarily is concerned with potential conflicts of interest involving individuals participating directly in CLA-related activities, participants also should disclose interests or relationships of individuals with whom they directly share income (e.g., spouse, domestic partner, minor children). In addition, participants should disclose interests or relationships held by others that may affect the participant's decision-making (e.g., business partner), but only to the extent they are aware of such information. Participants do not need to determine the nature of every interest held by a sibling, business partner, etc. if they have no independent knowledge of such interests.

Disclosure

The attached CLA Conflict of Interest Disclosure Form is considered a part of the Conflict of Interest Policy and must be submitted by any individual participating in a CLA activity, as determined by the Board of Directors of Directors. Initially, a participant's obligation to report actual, potential or apparent conflicts is discharged by completing the Disclosure Form. Participants remain under a continuing obligation, however, to report conflicts as they arise, including those that were not reported on the Disclosure Form, but which later become relevant to the CLA activity in which they are involved. The Board of Directors of Directors also may require regular reporting at the start of Board of Directors, committee, and other meetings.

Disclosure Forms will be kept on file at the CLA office for a period of two (2) years, or one (1) year after the conclusion of the relevant activity or decision-making process, whichever is longer, unless otherwise determined by the Board of Directors.

The Executive Director

The Executive Director is responsible for receiving Disclosure Forms and, in consultation with the President, applicable Committee chair, and/or legal counsel, assessing the significance of a given interest or relationship to CLA and determining the appropriate action to be taken in response to participants' disclosures of actual, potential or apparent conflicts of interest. If the Executive Director has any existing or potential conflict of interest, he or she will disclose that conflict to the current President. The Executive Director may, in his or her reasonable discretion, appoint an appropriate staff designee to receive, review and maintain Disclosure Forms.

Confidentiality

As a general matter, individual Disclosure Forms will be made available only to the Executive Director, not to CLA members or to others. However, the Disclosure Forms may be shared and/or information regarding the existence of individuals' interests or relationships may be disseminated, if necessary, to review and assess the conflict, determine whether further action is necessary, and inform other involved parties (e.g., at a meeting, at an educational session, in a footnote to an article in an CLA publication). The participant will be made aware if such information is to be disclosed beyond the Executive Director (or appropriate staff designee), President, applicable Committee chair, and legal counsel.

Implementation

In consultation with the President, applicable Committee chair, and/or legal counsel, the Executive Director will determine, based on the Disclosure Form and other relevant information, when an individual engaged in, or about to engage in, an CLA-related activity or other matter under consideration has an actual, potential, or apparent conflict of interest requiring some response by CLA. If the individual cannot otherwise resolve the conflict, the President, Committee chair, and/or Board of Directors of Directors may require any action it deems appropriate, including, but not limited to, the following.

- 1 Disclosure of the interest to the other participants in the decision- or policy-making body (e.g., Board of Directors, committee).
- 2 Written and, in some cases, oral disclosure of the interest (e.g., to an audience at an membership session).
- 3 Recusal of the individual from voting on a matter and limiting the individual's participation only to providing factual information benefiting the group discussion.
- 4 Complete recusal from a portion of a meeting or from other consideration of the subject matter.

5 Replacement of the individual in the affected position or activity.

In most instances, disclosure of the conflicting or potentially conflicting interest will itself suffice to protect the interests of CLA. In other words, once a conflict is fully disclosed to the relevant parties, they generally will be able to evaluate the possible influence of the disclosed interest. In situations where disclosure does not adequately deal with actual or potential problems, however, additional steps as described above may be necessary.

All participants in CLA-related activities must comply with the CLA Conflict of Interest Policy. It is the responsibility of the Executive Director and disinterested members of the Board of Directors of Directors, in consultation with legal counsel, to interpret and apply this Policy.

Specific Applications of the Basic Policy

In general, participants should err on the side of disclosure if in doubt as to whether it is required under the Policy. Participants should bring any questions regarding specific applications of the Policy to the attention of the Executive Director and/or legal counsel. Examples of relationships or interests related to CLA or library profession, which should be disclosed include, but are not limited to:

Business Interests

Any employment or consulting arrangements that are current, proposed, or occurred within the previous three (3) years, that reasonably involve the interests of CLA; and material honoraria or other payments for seminar presentations, speeches or appearances.

Financial Interests

Any material ownership interests in an entity having a commercial interest in an activity or matter under consideration by CLA.

Organizational Interests

All positions currently held or sought in CLA (e.g., Board of Directors or committee member, course contributor, author); a current or proposed relationship with CLA (e.g., service provider, paid consultant); and any leadership role in, or other relationship with, another commercial or volunteer organization or entity (e.g., Board of Directors member, committee member, advisor) directly or indirectly related to CLA or the profession of librarianship.

A "material" interest is one, which in view of all relevant circumstances is substantial enough that it would, or reasonably could, affect a participant's judgment with respect to CLA activities or transactions in which he or she is involved.

Application of CLA Conflict of Interest Policy

Election to the Board of Directors of Directors of the California Library Association is considered by most members to be an honor. Along with the honor, however, comes responsibility and duty. Among other duties, the elected individual has a duty to the Association - a fiduciary duty - which requires the individual not to advance personal interests in ways that injure or take advantage of the Association. Elected individuals are required to exercise strict standards of honesty and good faith, as well as reasonable care and good business judgment when acting on behalf of the Association, and to put personal interests aside when making decisions involving the Association.

Certain committees, Advocacy and Legislation, Leadership, Finances, Bylaws and Governance, Conference and Membership as well as the CLA representatives to other organizations, are burdened with duties and responsibilities similar to those of elected officers, because they may represent the views of the Association to outside entities, where other committees and individuals cannot. Also, staff members who have financial and/or contracting responsibilities or authority to speak for the Association must be especially mindful of potential conflicts.

Recognizing these duties and the need for elected officials, certain staff and certain appointed committee members and representatives to avoid even the hint of impropriety, the Board of Directors of Directors has developed a policy regarding conflicts of interest and a form to be signed annually by the officers, the members of the Board of Directors of Directors, the Executive Director, Chairpersons of the Leadership Development Committee, Finance Committee, Bylaws and Governance Committee and the Advocacy and Legislation, Conference Committee and Membership Committee.

The policy outlines the various types of relationships that must be disclosed and to whom they must be disclosed, and establishes a procedure to manage conflicts. The form reiterates the points in the policy and requires the individual to declare any interests that might be adverse to the interests of the Association. The form also serves as a reminder to the signing individual, of the duties owed to the Association.



Declaration of Interest – BOARD OF DIRECTORS

I understand that if I, my family members and close relatives and personal friends have any direct or indirect interest in any company that has business dealings with the California Library Association (CLA), I shall make a declaration to the Association of what those interests are below.

I would like to declare the following existing/potential* conflict of interest situation arising from the discharge of my duties and responsibilities as a member of the CLA Board of Directors.

If no interests to declare please note “NONE” in the space(s) provided.

(a) Persons/companies with whom/which I have official dealings and/or private interests:

(b) Brief description of how involved with the persons/companies mentioned in item (a) above:

(c) Persons/companies with whom family members, close relatives and personal have official dealings and/or private interests:

(d) Brief description of how involved with the persons/companies mentioned in item (c) above:

Position and Name: _____

Signature: _____

Date: _____

9. Committee, Task Force and Interest Group Allocations

CLA annually budgets funds to support travel and activities for committees, task forces and interest groups. These funds may be used with the prior approval of the Management Team. When it is essential for committees to meet between the conference, reimbursement for committee travel shall be made only to the extent that it can be accommodated within the budget of CLA and only when travel funds are not available from employing institutions. All committees and task forces are encouraged to meet virtually whenever possible.

10. Reimbursement of Committee, Task Force and Interest Group Expenses

Board of Directors members, committee and task force chairs and interest group leaders should not make commitments until they know there are sufficient funds and expenses are authorized by the CLA Management Team. In order for the CLA Management Team to process a request for reimbursement or an expense claim, the request must have prior approval. The claim, with original receipts attached, must be submitted using the appropriate form.

The expense form must have the signature of the interest group leader, task force or committee chair.

Expenses such as postage, printing, photocopying, meeting room rental, and telephone are reimbursed within the limits of available budget. The CLA travel policy applies to interest group leaders and committee/task force chairs. If there is a question regarding other types of expenses, check with the Management Team.

11. Volunteer Travel Policy

Requests for reimbursements should be submitted on the CLA reimbursement request form, which is available from the CLA Office. Reimbursement requests may also be submitted by letter, as long as the letter includes the signature of the person requesting the reimbursement. See sample in Appendix.

CLA strongly urges employing institutions to reimburse travel expenses for their employees engaged in professional activities. [Source: Res. #33a]

Reimbursement will not be made for attendance at the annual conference or any meeting held in conjunction with the annual conference. Reimbursement will not be made for attendance at any district or other regional meetings, or divisional meeting of the Association. [Source: Res. #33a]

When it is essential for committees and task forces of CLA to meet between annual conference or when members of such bodies are required to report in person to the Board of Directors meetings, reimbursement shall be made by CLA only to the extent that it can be accommodated within the budget of CLA and only when travel funds are not available from employing institutions.

Reimbursement for meals or alcoholic beverages shall not be made.

Reimbursement will be made at the current IRS rate or commercial air carrier

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rate, whichever is less. Parking is also a reimbursable expense. CLA may reimburse up

to 100% of ordinary travel expenses for members serving as speakers at events held outside the annual conference.

CLA will budget annually for travel expenses for the ALA Chapter Councilor. A flat sum (currently \$2000, and subject to change annually) is available to reimburse documented travel to ALA Council meetings. ALA Chapter Councilor travel is subject only to the budgeted dollar limits.

12. Responsibilities and Duties

12.1 Board of Directors The CLA Board of Directors is responsible for the adoption and monitoring of the budget and is charged with recommending annual dues to the membership.

12.2 Treasurer The Treasurer ensures that adequate and correct books and records of account are kept. The Treasurer is charged with submitting reports of the financial situation of the association to the Board of Directors and the membership. The Treasurer chairs the Finance Committee.

12.3 Finance Committee The Finance Committee recommends to the Board of Directors an annual budget for the California Library Association. The committee reviews financial statements of the association; reviews at least annually the sources and amount of revenue received by the association; recommends the dues structure to the Board of Directors for recommendation to the membership; makes recommendations of any necessary changes in investment and equity policies; and considers all matters of a financial nature referred to it by the president or the Board

of Directors.

12.4 Management Team The Management Team are the chief administrators of the association, and are responsible for day to day operations. Working with the Board of Directors, the team implements established policies and programs, assists Officers, the Board of Directors and association committees, interest groups and task forces in the performance of their duties, disburses all funds, and executes contracts and other legal instruments on behalf of the Association as authorized by the Board of Directors.

The Management Team ensures that all funds, physical assets and other property of the association are appropriately safeguarded. They exercise control of the entire budget to meet financial objectives. They are responsible for meeting federal, state, and local legal requirements for the association, including tax and reporting requirements.

13. Regular Review

The Finance Committee will review these policies annually, and recommend modifications to the Board of Directors as needed.