

FINANCE FOR AFFILIATES



FINANCE BASICS

- Budgeting
- Maximizing Savings
- Transparency

BUDGETING

- A nonprofit budget is a planning document used to predict expenses and allocate resources for your affiliate. It details both the costs that your association will incur as well as the revenue you expect to receive over a set period of time.
- It's a dynamic document and will change
- Don't make it complicated!

BUDGETING

- Take a look at your revenue streams from the past and itemize them (e.g. dues, competition and festival entry fees) and the approximate amounts you have historically brought in past.
- Take a look at your expenses from the past and itemize (e.g. judges fees, guest speaker honoraria)

BUDGETING

- Put all of this, as well as your best guesses for next year into an Excel sheet. (or find a template online)
- Create columns for last year, year to date and next year and track throughout the year
- Use this as the basis for your financial reports to members and for developing next year's budget
- Make sure your Board approves your budget

BEST ACCOUNTING SOFTWARE

ACCORDING TO *INVESTOPEDIA* AS OF AUGUST 2024

- **Best Overall:** QuickBooks Enterprise Nonprofit
- **Best for Small Organizations:** ACCOUNTS from Software4Nonprofits
- **Best for Large Organizations:** Financial Edge by Blackbaud
- **Best for Donation Tracking:** Sumac by Silent Partner
- **Best Cloud-Based Solution:** Araize FastFund Accounting
- **Best for Volunteer-Led Organizations:** MoneyMinder

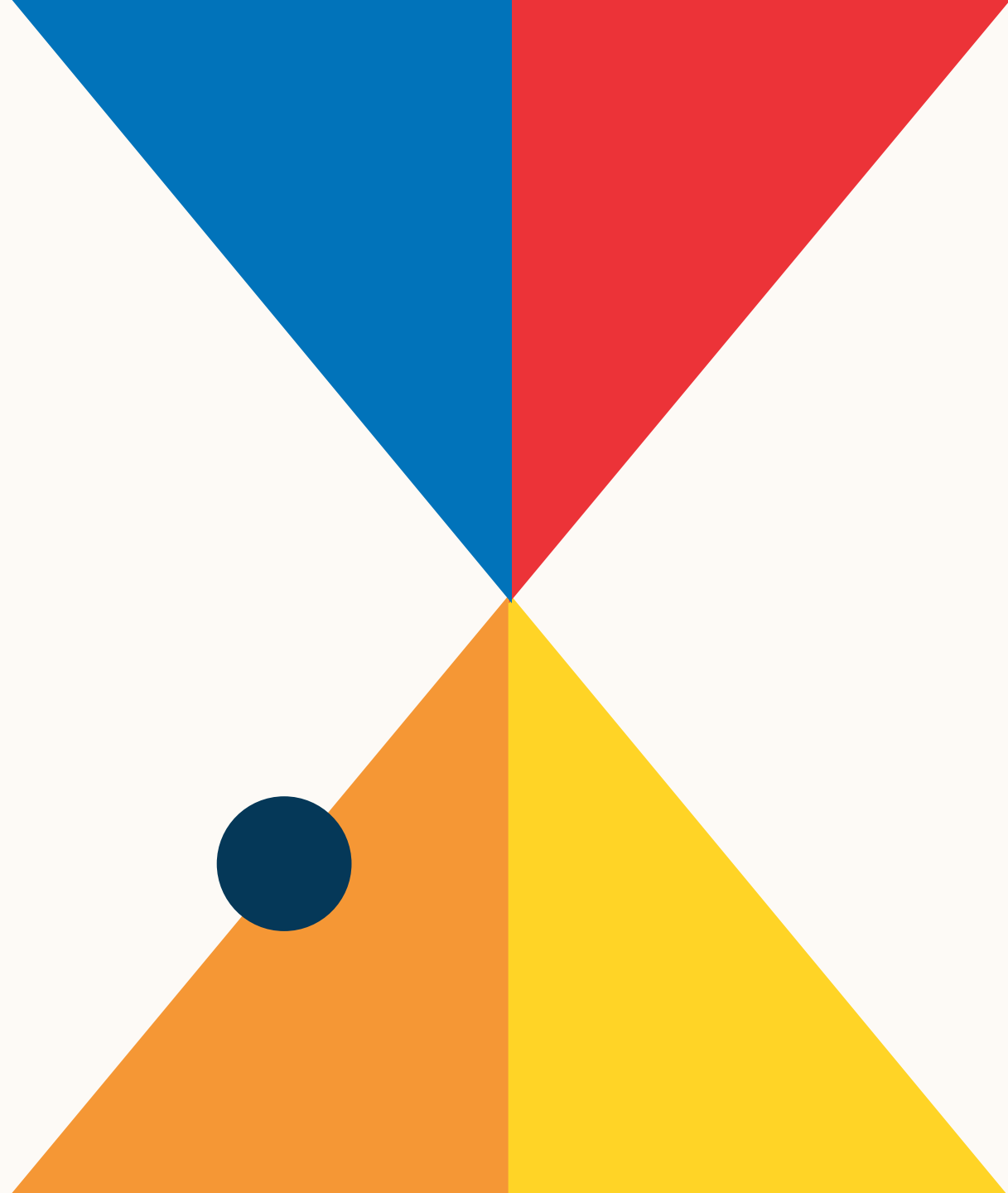
MAXIMIZE YOUR SAVINGS

- It's ok to make a profit as a nonprofit and have reserves!
- Make your reserves work for you!
 - High interest money market accounts (most liquid and lowest risk)
 - Certificates of Deposit (less liquid, but low risk)
 - Investments (least liquid, higher risk, higher return over time)

TRANSPARENCY

- Provide regular financial reports to the Board and membership
- Have multiple signers on your accounts
- Establish an audit procedure
 - Bylaws might include audit procedures (MTNA's do)
 - Don't have to have an outside professional audit. An audit committee can also ensure transparency and protect officers from accusations of wrongdoing

THE FTC AND YOU



MTNA CONSENT DECREE WITH THE FTC

- First Contact March 2013
- Code of Ethics violated Antitrust laws
- Settlement April 3, 2014
- 22 Obligations (including annual training that's no longer required)
- Concludes April 3, 2034
 - MTNA has and always will be responsible for following antitrust laws, hence this presentation today 😊

SEVEN IMPLICATIONS FOR AFFILIATES

BUSINESS ISSUE DISCUSSIONS

- Don't discuss current prices
- Don't encourage retaliation or boycotts of suppliers

MEMBERSHIP APPLICATION BENEFITS AND EXPULSION

- “Rule of Reason” if a member is denied membership
 - Membership not required to teach music (compete)
 - Membership rules objective and consistent (e.g. geographic boundaries)
- Nonmember access to benefits
- More scrutiny of expulsion than denial of membership
- Due Process

CODE OF ETHICS

- Appropriate
- Aspirational and cannot be enforced
- Avoid imposing anti-competitive restrictions
 - Cannot restrict teacher recruitment

PRICE SURVEYS

- Collection by independent third party preferred
- Historical data
- Anonymity of participants

CERTIFICATION PROGRAMS

- Open to nonmembers
- Objective criteria
- Consistent and fair adjudications

TEACHER REFERRAL SERVICES

- Permissible
- No prices
- No recommendations

COMPETITIONS AND FESTIVALS

- Festivals may be limited to members
- Competitions must be open to non-members
- Student recruitment may not be restricted
- Exception: the conduct of judges may be regulated!
- Nonmembers may be charged a fee or higher fee, but not so high as to compel joining

HOW TO DETERMINE A REASONABLE FEE FOR NONMEMBERS

- MTNA nonmember fee: \$150
- MTNA actual cost per entrant: \$200+
- MTNA subsidizes the competitions with other financial resources.
- Nonmember entrant costs should be fully covered, so the nonmember fee was set at \$150.

TWO KEY TAKEAWAYS

- Do not prohibit or restrict the recruitment of students
- Do not discuss current prices among yourselves

RESOURCES

- *MTNA Compliance Guide for State and Local Music Teachers Associations*
- Available on the MTNA website under the “Connect” tab under “Local Associations”
- Contact me at 513-421-1420 or bshepard@mtna.org



THANK YOU!

Questions?

Email Brian Shepard

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