Conference Financial Planning

Milos Manic, Treasurer

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Outline

- Managing conference finances
  - Concur reimbursement platform
  - Conference budget
  - Conference bank accounts
  - Loans, budgets, tax requirements
  - W8 ,W9
  - Prizes and awards
  - Scholarships and fellowships
  - Travel grants
  - Gift receipts

Concur

- IEEE volunteer expense reimbursement platform
- Launched Feb. 2019
- Societies expected to switch completely to by June 2019
- To start, visit IES Treasurer page: http://www.ieee-ies.org/members/treasurer-information

Treasurer Information

To FAQs

Concur is here!

IEEE has introduced Concur, a new volunteer expense reimbursement platform. Concur is being introduced in a multi-phased rollout beginning in Q4 2018. More information is available as follows:

- View new platform overview, **how to create Concur account,** download an app, and contact Concur's user support desk here.
- View a brief informational video here.
- View a comprehensive video tutorial here.
- Learn more about the Concur platform at concur.com.
- For general questions, contact IEEE's project team at concurfeedback@ieee.org.
- IEEE Travel Guideliness here
- Login to Concur here

What is REALLY good?

- You can use Concur smartphone app to upload expenses as they occur (snap a photo), and the moment the last expense is recorded, submit your report for (much) faster reimbursement, read more here.
- You can use Concur Travel to book your travel online!

What is still the same?

- IES Expense Reimbursement Procedure (see below)
- Travel Authorization Request Form to be submitted to the President (for travel outside of AdCom and Officer meetings)
- For IT related expenses
  - IT expenses such as hosting: please fill out the Purchase Order and IEEE will pay with a credit card.
- W8 Tax Forms (awards)
  - https://www.irs.gov/pub/irs-pdf/fw9.pdf (US residents)
  - https://www.irs.gov/pub/irs-pdf/fw8ben.pdf (non-US resident)
- IES Financial Guidelines
- Conference Information

IES Expense Reimbursement Procedure

- If authorization for travel was not previously approved or part of previously budgeted activities, please obtain approval from IES President prior the travel or purchase (fill out the Travel Authorization Request Form).
- If travel is part of existing budget line of specific committee, please obtain email from corresponding VP/Chair.
- Submit your expense via Concur

More questions?

- Please check out our FAQ page before contacting finance committe.

Dr. Milos Manic, IES Treasurer

Managing Conference Finances

- **What:** Manage the finances of a conference and comply with IEEE financial policies and regulations
- **Who:** Conference Finance Chair, Treasurer
- **When:** Begin with the preparation of the bid
- **Links:**
- http://www.ieee-ies.org/images/files/conferences/policies_and_guidelines/IES_Conferences_PaG_04_Budgeting_and_finances.pdf
- https://www.ieee.org/conferences_events/conferences/organizers/managing_conference_finances.html

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Managing Conference Finances

Related information ›

What: Manage the finances of a conference and comply with IEEE financial policies and regulations
Who: Conference Finance Chair, Treasurer
When: Begin 18 to 24 months before the start of the conference

IEEE Policies:
FOM.8 - IEEE Finance Operations Manual (Contract Approval)
10.1.6 - Conference Budgets
10.1.7 - Conference Advances
10.1.8 - Conference Bank Account Signatures
10.1.9 - Distribution of Surplus and Deficits
10.1.10 - Auditing of Conference Finances
10.1.11 - Conference Closings

Managing Conference Finances

IEEE MCE Business Operations

- Can help you improve the financial outcome of your event
- Can provide step-by-step guidance as you navigate the conference compliance process.

Prior to the conference, all IEEE financially-sponsored events must:

- Submit a conference budget with approval from all IEEE financial sponsors
- Open a conference bank account (which will be closed at the end of the conference)
- Submit the Principles of Business Conduct/Conflict of Interest form
- Request a conference loan (only if needed)
- Comply with local and indirect tax regulations
- Submit a conference committee list

Submit conference budget

The Conference Chair/Finance Chair is responsible for the conference budget, including submitting the budget to IES, legal and tax reporting, and closing the conference after it has occurred.

- Submit your conference budget with your bid.
- Financial sponsors must also submit written approval of the conference budget to IEEE Conference Business Operations.
- Review your budget ~1 year before the conference (interim).
- Send budget updates to IEEE. This will allow you to adjust your expenses if necessary.
- Submit your conference budget using the IEEE Financial Reporting Form

Conference Bank Account

All conferences must open a bank account to hold all conference funds and must provide IEEE Conference Business Operations with access to it. Conference Business Operations recommends an IEEE Concentration Banking Account for all US-based conferences.

- There are several different types of accounts:
  - Concentration Banking Account (recommended for US-based conferences)
  - Local Bank Account
  - Third-Party Ledger Account

- All bank accounts must be closed when all conference activity is complete.

Conference Bank Accounts

Concentration Banking account

- Conference Finance Services recommends an IEEE Concentration Banking Account for all US-based conferences. This is an account set up through IEEE. It works just like a normal checking account. It not only meets IEEE financial requirements but lets you write unlimited checks and pays higher interest than most business accounts. These accounts are only available in US or Canadian dollars.

Local bank account

If your conference opens a local bank account, you must:

- Open the account with the name "IEEE d/b/a (Conference Name)" (except where prohibited by local laws)
- Add the IEEE Senior Director of Financial Services as a signer on the bank account, if allowed by law. Contact Conference Finance Services for more information
- Tell Conference Finance Services the details: account name, account number, bank name, and address
- Provide a copy of the bank signature card.

Third-party ledger account

- If your conference uses a third-party ledger (such as a university account) or opens an account in a name other than IEEE, you must sign a Fiscal Agent MOU.

Submit the Principles of Business Conduct/Conflict of Interest Form

The Conference Chair and Treasurer and anyone making business or purchase decisions for all conferences that are financially sponsored by IEEE must submit the IEEE Principles of Business Conduct/Conflict of Interest (POBC/COI) form.

Request a Conference Loan

- IES can provide conference organizers with advance loans to cover conference-related expenses, such as advance payments to conference centers, incurred before other sources of income (e.g. registration) are available.
- The loan must be later reimbursed to the Society (it does not have any impact on final financial results). However, if an advance loan is required, it must be included in the conference budget in two different places: the “Budget Checklist”, and the “Budget Worksheet” (in the second place, it has to be listed both as revenue and as expense).
- IES approval of a conference budget including a loan implies approval of the loan itself.
- In case of conferences with several financial sponsors, the required loan must be provided by all sponsors according to their share.

Contracts

- Contracts with third parties (e.g., hotels, conf. management companies)
  - providing services to IES conferences for amounts over USD 5,000 (or its equivalent in other currency) must be submitted to IEEE for review before signature. No contract must be signed regarding IES MS conferences without the favorable opinion of IEEE and the approval of the Finance Chair of the conference and IES President or IES VP for Conference / Workshop Activities (depending on the conference).
- Signers on behalf of the third parties
  - If contracts are signed with third parties, signers must not have any direct relation to the conference.
- For conferences held in Europe
  - IEEE must be notified of the official name of the entity filing the VAT on behalf of the conference as well as the VAT ID number.
- Contracts with conference venues
  - Should include clauses allowing the amount of meeting space (as well as room block and minimum food and beverage expense, if applicable) to be reviewed and renegotiated at different points in time (IEEE recommendation is 1 year and 2 months before the conference).
  - If the conference venue is a hotel and a room block has been committed, the contract must include a clause for the hotel to submit weekly reports on room block from 4 months before the conference.

Budgets

- Budgets must be presented (using the IEEE template) by conference organizers to IES C-C / AdCom at the three stages defined by IEEE:
  - Initial, with bidding materials (see Document #2 of IES Conferences Policies and Guidelines).
  - Interim, between one and a half and one year before the conference, depending on the schedule of IES AdCom meetings.
  - Actual, after conference closing. Because of the long time it usually takes for conferences to be officially closed by IEEE, organizers are required to provide at least an accurate estimate of final figures at the first IES AdCom meeting held after the conference.
- A pre-conference budget forecast must be submitted to IES VP Conference / Workshop Activities and to IEEE one month before the conference.
- IEEE recommends conference budgets to achieve at min 20% surplus. Since this is a recommendation, IES does not enforce it in budgets. However, a budget must be close to it to be approved. Organizers are allowed some flexibility in this regard if the budget seems reasonable.
- Audits must be conducted for IEEE conferences with > 50% financial share from IEEE Organization Units. Audit costs must be included in the budget.
- All conference income and expenses must be promptly executed targeting conference bank account closing and submission of surplus to IEEE within 6 months of the conference date.

Document Financial Transactions

Conferences must handle the collection of funds (registration fees, exhibitor fees, patronage funds, etc.) and payment of expenses (hotel rental, food and beverage, audio visual, speaker honoraria, etc.) in an organized fashion.

Conferences are expected to document all financial activity at a transaction level and produce a financial report in accordance with generally accepted accounting principles.

Meet local and indirect tax requirements

Specific tax requirements

- The country or local government where your conference is held may have specific tax requirements. Contact IEEE Conference Business Operations at conference-finance@ieee.org for guidance on tax requirements for your conference.
- *Indirect tax – tax levied on goods and services rather than on income or profits*

Each conference must comply with local taxes and indirect taxes, such as the Value Added Tax (VAT) and Goods and Services Tax (GST) in Canada.

US Conferences

- In the United States, the IEEE is exempt from paying income taxes and is also exempt from paying federal and state income taxes on conference net surpluses.
- In addition, IEEE is exempt from paying state sales taxes on purchases in 17 states + D.C. in the US (some restrictions exist).
- For more information on sales tax exemptions and a copy of the state exemption certificates, see US Sales Tax Exemptions.
- Please note that in general, conference fee revenue is normally exempt from state sales tax, but revenue received from the sale of books and other such items are subject to sales tax in most states.

https://www.ieee.org/about/volunteers/tax-administration/exemptions.html

Non-US Conferences

- For information pertaining to Canadian Conferences please see Tax Information for IEEE Conferences Held in Canada Page
- Outside of the US other taxes that may be required to be collected by conferences, such as the Value Added Tax (VAT) and the Goods & Services Tax (GST) in Canada and Singapore.
- There are also exemptions from paying the VAT and GST taxes - rules unique by country.
- For more information regarding VAT/GST, please refer to VAT & GST Information.
- In most countries where US has an Income Tax Treaty, IEEE is excluded from paying income taxes.
- For more information regarding income tax treaties, please refer to Income Tax Treaty Information.
- Contact info: IEEE Tax Department for more tax information regarding IEEE conferences: tax-compliance@ieee.org.

Submit W-8 & W-9 schedule or tax payments

- If your conference plans to make payments to individuals or companies other than for expense reimbursements, then you must obtain a W-8 or W-9 form before paying for their services.
- W-8 form
  - required for non-US individuals/companies.
- W-9 form
  - required for individuals/companies who have either a US social security number or a US employer identification number. This may include independent contractors.

Prizes and Awards

- Can be included in the gross income of the recipient unless they are for:
  - Religious
  - Charitable
  - Scientific
  - Educational
  - Artistic
  - Literary
  - Or civic achievement
- The payer issues the check in the name of a governmental unit or a charity at the recipient's request.
- When processing an IEEE award, it would be a good idea to notify the award recipient that his or her award will be taxable income unless he or she requests that payment be made to a governmental unit or a charity.
- IEEE is required to issue an IRS Form 1099MISC to individuals paid amounts representing a prize or award. 1099s are not required when the individuals assigns the payment of the prize or award to a charity or governmental unit.

Scholarships and fellowships

- In US, qualified scholarships and fellowships are tax-free to the recipient if used for "qualified tuition and related expenses," which include studies or research that would further the education and training of the recipient.
  - The recipient must be a candidate for a degree at an accredited college or university.
  - When paying an individual a qualified scholarship or fellowship, you must require in writing that the recipient use the funds for payment of "qualified tuition and related expenses" in pursuit of study or research at an accredited college or university.
  - Room and board do not qualify as qualified tuition and related expenses.
  - The IRS recommends that the recipient be formally advised in writing that "scholarships and fellowships are included in income to the extent that they exceed qualified tuition and related expenses."
  - The recipient is responsible for determining whether the grant was used for those expenses.
  - IEEE is not required to issue IRS Form 1099MISC for qualified Scholarships and Fellowships.

Travel grants

- Travel grants are taxable income to the recipient unless the recipient provides IEEE with original travel receipts that equal or exceed the grant amount.
- US recipients that do not provide travel receipts will receive Form 1099MISC.
- IEEE requires all travel grant recipients to complete either a W-8 or W-9 Form.

W-8 and W-9 forms

- Individuals receiving payment from IEEE must complete either a W-8 form or a W-9 form.
- Generally, a foreign person that is a beneficial owner of the income should give you a W-8 form.
- There are four new forms in the W-8 series.
- The form to use depends on the type of certification being made.
- The W-9 form is completed by individuals who have either a U.S. Social Security Number or a U.S. Employer Identification Number.
- Please use tax forms W-8 (individuals), W-8 (entities), and W-9.

Gift receipt regulations

- In the US, a donor is not allowed to take a charitable deduction for a single donation of US$250 or more, unless he or she has obtained a receipt from the charitable organization.
- Separate payments are regarded as independent contributions and are not combined for purposes of measuring the US$250 threshold.
- IEEE is a charitable organization as described in Section 501(c)(3) of the Internal Revenue Code and must issue receipts (which can be in the form of a letter or postcard) when required. IEEE Letterhead is recommended, and the full legal name of the IEEE, "The Institute of Electrical and Electronics Engineers, Incorporated.", must be present.
- On the receipt, you must include:
  - The amount of cash contributed
  - A description of any property other than cash contributed (do not include the value of the property)
  - Whether any goods or services were provided in exchange for the contribution
  - A description and good faith estimate of the value of those goods or services.
- You should keep copies of all gift acknowledgments/receipts. In some cases, a donor may lose his or her receipt and request a copy. Also, should the IRS question a donor's contribution or audit the IEEE, these copies may have to be presented to the IRS.

Joint activities with for-profit entities

- When IEEE co-sponsors a conference with a for-profit-entity, IEEE must ensure that:
- Its assets are being used to further its educational and scientific purposes
- All transactions with the for-profit-entity must be at arm's-length. In other words, the for-profit-entity must not receive any excess benefits. (It is acceptable for IEEE to receive excess benefits).
- Allocation of profit and loss must be in direct proportion to respective capital contributions.
- If IEEE is a financial co-sponsor, IEEE must have sufficient control (more control than the for-profit-entity).
- If IEEE is a technical co-sponsor, the benefits received by IEEE must meet or exceed the benefits that are received by the for-profit-entity as a result of IEEE's involvement. This must be calculated and documented. Is there an agreement with the for-profit-entity? If so, it should be reviewed by IEEE's attorney.

Hire independent contractors

Hire independent contractors

- You may need to hire temporary staff to help run the conference. These may include conference-management services, staff from a temporary agency, or independent contractors.

- If your conference is held in the US or you plan to hire US people for a conference outside the US, you must get approval from IEEE to hire an independent contractor.

Obtain Conference Liability Insurance

Obtain Conference Liability Insurance

- IEEE maintains general liability insurance to cover all conference committee members during their work on the conference, including injury, damage to rental equipment, and liability.

- The Finance Chair is responsible for submitting the Conference Committee list to Conference Business Operations. If you later have changes to the committee, submit an updated list so that everyone on the Conference Committee is covered.

Other Expenses

- Economy class tickets and accommodation during the conference, as well as a complimentary registration, may be offered to keynote speakers. Budget permitting, they should also be offered a token of appreciation. Keynote speakers may receive a stipend, but this is not the normal or required practice. Keynote speakers expenses must be explicitly included in the conference budget, and the budgeted amount cannot be exceeded without previous approval by either IES Conferences Committee or IES President.
- Tutorial lecturers should be offered a stipend in the range USD 500-1,000 (in year 2017 equivalent USD) per tutorial (not per speaker), depending on whether the tutorial is half- or full-day. They must not receive any other compensation related to the tutorial they are lecturing. Considering potential increases in cost of living over the years, the amount of the stipend may be increased in the future.
- The fee for exhibitors must at least cover the cost of setting up the booth and of one full registration that should be offered per exhibitor.
- Travel expenses of committee members charged to the conference budget must be kept to the strictly necessary minimum. Justification must be provided if such expenses are included in the budget.

IEEE Contract Guidelines/Policy Change

Listed below are the applicable guidelines for review, approval, and execution of all IEEE contracts and purchase transactions. Additional details can be found in the IEEE Finance Operations Manual.

IEEE Contract Guidelines

- All purchase transactions over US$1,000 require the execution of a Purchase Order.
- A contract should be used for all purchase transactions over US$5,000
- Value and risk determine the level of contract review.
  - Effective January 1, 2019, contracts **valued at less than US$25,000 that are not "high risk"** no longer require legal review, however, a contract is still required and should be reviewed by IEEE MCE.
  - All contracts (i) valued **over US$25,000, or (ii) determined to be "high risk"** should be reviewed by IEEE MCE and subsequently require approval from the IEEE Legal and Compliance Department prior to being signed by either party.
- Only an authorized signatory may enter into a binding contract on behalf of IEEE. All signatures must be obtained through the centralized electronic process.

High-risk contracts

A contract is high risk if it involves:

- Data privacy
- Personal Injury
- Government-affiliated entities
- Minors
- Chartered transportation
- Realty
- Unusual compliance requirements or significant shift of risk from the vendor to IEEE (e.g. vendor requests IEEE to provide: (i) highly confidential information, (ii) access to IEEE's systems or premises, (iii) unusual promises or guarantees regarding products/services, or (iv) unusually high insurance policies etc.).