

Dance Money Mechanics

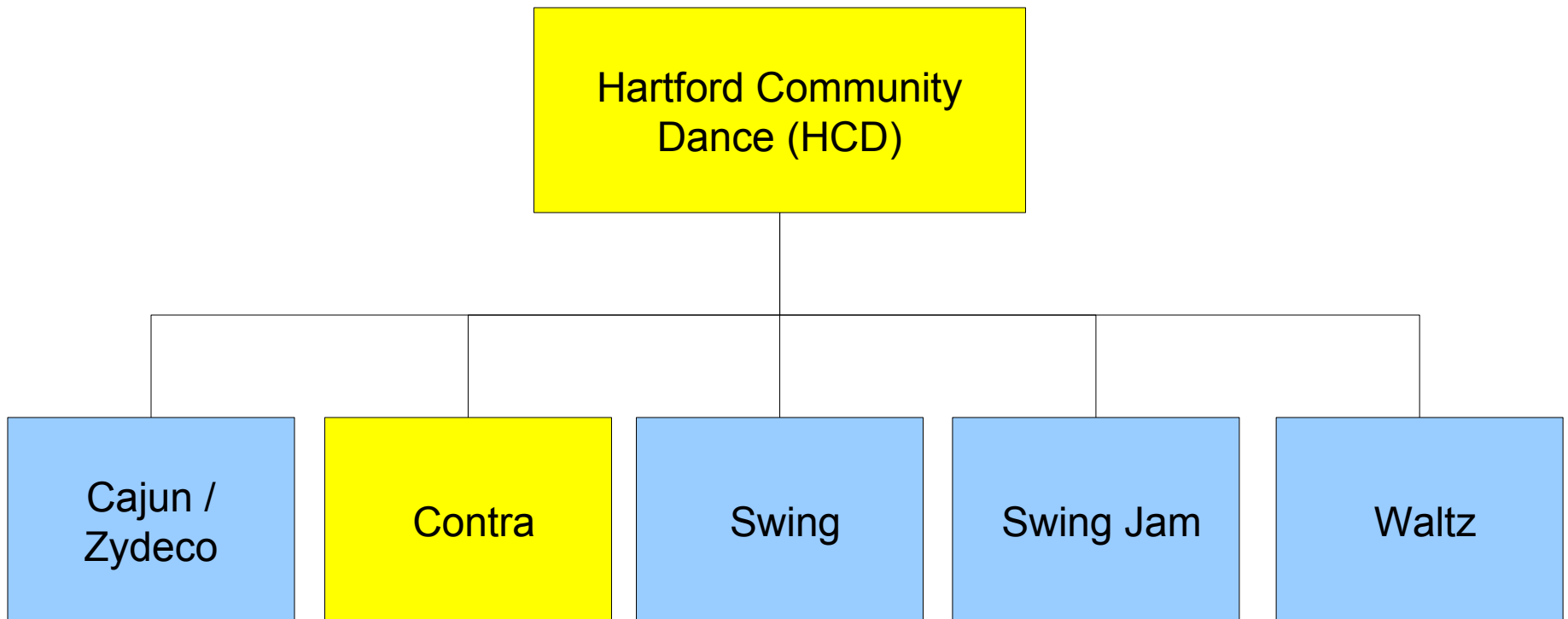
Money Management for Your Dance Series

Rob Lindauer
November 12, 2011

Our objective is to share our series' practices and lessons learned about “money management”

- 1. Setting a budget**
- 2. Controlling cash at the event**
- 3. Tracking and reporting income / expense**
- 4. Reporting to the government**
- 5. Open discussion**

HCD is an incorporated parent organization consisting of five subordinate dance committees / series



Rob is treasurer for both HCD overall and for HCD's contra series (and also for another local nonprofit, the Farmington Valley Symphony)

Each HCD series manages itself and has its own bank account, but all must report financials monthly to the HCD treasurer

- **Each series must report prior month financial results by the 15th of the following month**
 - This timeline gives each series at least 2 wk to prepare the report
- **HCD provides a standard reporting spreadsheet with tabs by month that the series must use as their reporting vehicle**
 - If your series does not have some standard reporting format, our reporting spreadsheet (perhaps with some tweaking) should work for you
- **Hurdles to this reporting mechanism**
 - Getting cooperation – some series just did not want to report on time or using the standard spreadsheet, but I insisted
 - Getting the series to understand that HCD operate on a cash accounting basis, so that income / expenses must be reported for the month incurred (and not some past or future month they “should have been for”)

1. Setting a budget

- **It's possible to operate without a budget, but...**
 - Without a budget, you might just drift, driven by events, rather than driving the series in the direction you want to go
- **Having a budget lets you...**
 - Debate, agree on, and document your financial goals
 - Measure progress against the goals
 - Identify focus areas (problem areas or growth areas) and plans to handle them
 - Get early warning where things are going astray

Our process for setting a budget is first to project income / expense based on prior year “going rate,” and then to meet with the committee to finalize

- **Things don't happen by magic: The “going rate” will change only if...**
 - There's some change in the environment
 - The committee takes intentional action to drive the change

2. Controlling cash at the dance event: If money is to go astray, it's most likely to happen at the event

- **Our Contra series does some things well, but there are some points on which we know there's exposure**
- **Typically we run a two-person admission desk (manned by volunteers, who get in free in exchange for 30 min work)**
 - One maintains the admissions tally sheet (which I later cross check for gross discrepancy with the admissions money)
 - The second receives the admissions money / makes change
- **We have a cash turnover form (for admissions desk to treasurer turnover), but in practice we haven't used it**
- **Paying all event expenses (e.g., caller, band) by check would provide additional control, and some HCD series it that way), but Contra typically pays cash (with receipt book)**

Controlling cash at the event

- **We follow different procedures depending on whether the treasurer is present at the event**
- **Process when the treasurer is at the event**
 - At the midpoint break:
 - Set aside the kitty money
 - Pay expenses (band guarantee, caller guarantee, refreshments, etc.) from the admissions money
 - Judge from what remains whether the event was profitable (i.e., how much did we take in after deducting other event expenses, like hall rental)
 - If sufficiently profitable, increase the band and caller payments)
 - Pay by check if we took in insufficient admissions to cover the expenses (fortunately seldom the case for our series)
 - Paying by check would provide better control, but I pay cash unless there's insufficient cash in the cash box

Controlling cash at the event

■ **Process when the treasurer is at the event (continued)**

- The day after the event (typically Sunday)...
 - Capture the income and expense detail while it's still fresh
 - I use Quicken, but a spreadsheet or manual ledger would work
 - Prepare the deposit
 - It's my practice deposit everything but the \$100 kitty
 - I detail out the income (e.g., admissions) and expense (e.g., band payment) items to sum up to the total deposit amount
 - Transcribe the figures into the HCD reporting spreadsheet
 - Necessary because of HCD rules – If contra were not part of the parent organization, one or the other (Quicken or spreadsheet) would suffice
 - Cross-check the headcount tally with the admissions money – there should be no huge discrepancy
 - Send event financial report to all Contra committee members
- The first workday after the event: Do the bank deposit

Controlling cash at the event

■ **Process when the treasurer is absent**

–At the midpoint break:

- The admissions desk person (or another committee member) pays people and captures income / expense info as laid out in our “Contra Event Financial Instructions” document
 - The instructions are an attempt to summarize in as simple a form possible what needs to be done
 - Previously we had a much longer, more complicated set of instructions, but we have significantly pared it down over years (a surprising number of people just can't follow instructions)
- Set aside the cash box and paperwork for delivery to the treasurer

–The next day (or as soon thereafter as possible)

- The treasurer prepares the deposit (and income / expense detail) as usual – but sometimes needing to follow up with those who were at the dance for clarification

3. Tracking and reporting income / expense

- **Why bother to track and report income / expense?**
 - To force yourself to be disciplined / timely
 - To be aware of how the organization is doing (what's going well, what's not going well, what's the trend)
 - To avoid unpleasant surprises
 - To keep key stakeholders informed of how the organization is doing
 - To demonstrate to and earn trust of others that you are actively / honestly managing the organization's finances
 - To have the facts / figures you'll need for CDSS, state, and governmental reporting (e.g., taxes)

I recommend using a finance package or spreadsheet to record income / expense detail and to generate financial reports

- **An automated tool (finance package or spreadsheet) makes capture, tracking, reconciliation, and reporting much easier**
- **There are many packages / predefined spreadsheets, with varying features and capabilities**
- **I myself use Quicken**
 - I've used it forever
 - I'm not aware of another package that supports a function a function I need - “dual categorization” (i.e., ability independently to assign a category and a class to each income/expense, and then to report by category or class or class within category)
 - It generates the reports I want (although I do transcribe into some spreadsheets for more complex analysis)

Over time, we've developed a set of “dance” (event-specific), “non-dance” (non-event-specific), and headcount categories

- **I added / renamed categories as the need arose (typically, some major income or expense that didn't fit well in the existing categories)**
- **I don't assert the current list is complete (or completely logical), but it works well enough for us**
- **If I were starting over, I'd probably try to define categories based more closely on the Form 990 income and expense reporting requirements**

HCD's Income and Expense Categories – “Dance”

Category	Hide	Description
<input type="checkbox"/> Income		
<input type="checkbox"/> Dance Income	<input type="checkbox"/>	Income from HCD Events
... Admissions	<input type="checkbox"/>	Dance admissions contribution
... Donations - Contra Jam	<input type="checkbox"/>	Contra jammer donations toward hall re...
... Donations - Other	<input type="checkbox"/>	Other event-specific donations
... Donations - Refreshments	<input type="checkbox"/>	Refreshment donations
<input type="checkbox"/> Expense		
<input type="checkbox"/> Dance Expense	<input type="checkbox"/>	Event-specific expenses
... Band Fee	<input type="checkbox"/>	Payments to bands / musicians
... Caller Fee	<input type="checkbox"/>	Payments to caller / leader
... Decorations	<input type="checkbox"/>	Event decorations
... Equipment rental	<input type="checkbox"/>	Equipment rental
... Hall Rental	<input type="checkbox"/>	Hall rental expense
... Miscellaneous	<input type="checkbox"/>	Expense not fitting in other categories
... Other Personnel Expenses	<input type="checkbox"/>	e.g., travel
... Profit Share	<input type="checkbox"/>	Profit share with other sponsoring organ...
... Promotional Items	<input type="checkbox"/>	e.g., CDs for giveaway
... Publicity	<input type="checkbox"/>	Event ads / flyers
... Refreshments	<input type="checkbox"/>	Event refreshments
... Sound Person Fee	<input type="checkbox"/>	Sound person
... Supplies	<input type="checkbox"/>	Event supplies, e.g., nametaqs

- The “dance” categories are for income and expense items specific to a particular event, e.g., band payment

HCD's Income and Expense Categories - Non-Event

Category	Hide	Description
<input type="checkbox"/> Income		
<input type="checkbox"/> Non-Dance Income	<input type="checkbox"/>	Income not tied to a specific dance
Gifts Received	<input type="checkbox"/>	Gifts to HCD / season contributions
Transfers in	<input type="checkbox"/>	Transfers from other HCD accounts
<input type="checkbox"/> Expense		
<input type="checkbox"/> Non-Dance Expense	<input type="checkbox"/>	Expense not specific to a dance
Admin & Misc	<input type="checkbox"/>	Miscellaneous non-dance expenses
Bank Charges	<input type="checkbox"/>	Bank fees, check printing
Computer & Website	<input type="checkbox"/>	ISP, domain registration
Copying	<input type="checkbox"/>	e.g., flyers
Gifts Given	<input type="checkbox"/>	Gifts to individuals & other orgs
Insurance	<input type="checkbox"/>	Liability insurance
Mailing & Postage	<input type="checkbox"/>	Mailing expenses
Meetings	<input type="checkbox"/>	Board / committee meeting expenses
Piano	<input type="checkbox"/>	Piano tuning, repairs, & supplies
Publicity	<input type="checkbox"/>	Non-event-specific publicity
Sound System	<input type="checkbox"/>	Sound system purchases / repairs
Supplies	<input type="checkbox"/>	Non-event-specific supplies
Telephone	<input type="checkbox"/>	Toll-free service
US, CT, and CDSS	<input type="checkbox"/>	Gov't & CDSS fees, tax prep

- The “non-dance” categories are for income and expense not specific to a particular event, e.g., our website hosting costs

HCD's “Headcount” Categories

Category	Hide	Description
- Dance Headcount	<input type="checkbox"/>	
0 Regular Admission	<input checked="" type="checkbox"/>	Paid admission - Normal paid admission
1 Seniors	<input checked="" type="checkbox"/>	Discounted admission - Seniors
2 Students	<input checked="" type="checkbox"/>	Discounted admission - Students
4a HCD Board	<input checked="" type="checkbox"/>	Free admission - HCD Board members
4b Contra Committee	<input checked="" type="checkbox"/>	Free admission - Contra Committee
4c Volunteers	<input checked="" type="checkbox"/>	Free admission - Volunteers
5 Guests & Promos	<input checked="" type="checkbox"/>	Free admission - Guests & Promotions
6 Freq Dancer Redemption	<input checked="" type="checkbox"/>	Free admission - 9th dance free
7 Kids	<input checked="" type="checkbox"/>	Free admission - young kids
8a HCD Members	<input checked="" type="checkbox"/>	Paid admission - HCD members (disconti...
8b Nonmember	<input checked="" type="checkbox"/>	Paid admission - Nonmember (discontinuu...
9a NYE Advance Purchase	<input checked="" type="checkbox"/>	Paid admission - Advance purchase
9b NYE At-Door	<input checked="" type="checkbox"/>	Paid admission - NYE at-door purchase

- It's a little hokey, but I also have set up a “headcount” bank account, which I use to track and report dance attendance by attendee type
- Quicken thinks the headcount is dollars, so I need to be careful to exclude the headcount account from my financial reports

HCD's Class List (truncated)



The screenshot shows a window titled "Class List" with a menu bar containing "New", "Edit", "Delete", "Report", "Print", and "How Do I?". Below the menu bar is a table with two columns: "Class" and "Description". The table lists various classes with their corresponding descriptions, such as "009co1" for "Sep - contra" and "101co0" for "NYE Contra".

Class	Description
009co1	Sep - contra
009co2	Sep - special contra
010co1	Oct - contra
010wa1	Oct - waltz
010wa2	Oct - second waltz event
011co1	Nov - contra
011co2	Nov - special contra
011wa1	Nov - waltz
011wa2	Nov - second waltz event
012co1	Dec - contra
012co2	Dec - special contra (not NYE)
101co0	NYE Contra
101co1	Jan - contra
101wa1	Jan - waltz
102co1	Feb - contra

- We use “class” to associate income / expense with a specific event
 - The first three digits indicate the month (e.g., 009 = Sept, the first month of our fiscal year, thru 108 = August, the last month of our fiscal year)
 - The next three digits indicate the event (e.g., co1 = first contra of month, co2 = second contra of month)
 - Some of the classes are for long-dead series / event types, but it's too much work / pain to remove them from the class list

As I enter an income or expense item, I always record the category (and if applicable, the class as well)

Quicken 2007

Contra Checking Re&gister &Overview

Delete Find Transfer Reconcile Write Checks Set Up Online View Report Options How Do I?

Date	Num	Paid By	Category	Memo	Payment	Clr	Deposit	Balance
4/12/2011	195	Piano Arts	Non-Dance Expense:Piano					
5/21/2011	196	Farmington Valley Symphony Orchest	--Split--					
5/31/2011	DEP	Deposit	--Split--					
6/11/2011	197	Steve Langford	Non-Dance Expense:Sound System					
6/19/2011	198	CDSS	Non-Dance Expense:US, CT, and CDs					
6/25/2011	DEP	Deposit	--Split--					
7/10/2011	DEP	Deposit	--Split--					
8/14/2011	DEP	Deposit	--Split--					
8/31/2011	199	American Legion Post 23	--Split--					
9/30/2011	DEP	Deposit	--Split--					
10/3/2011	TXFR	Transfer To Parent Checking	[Parent Checking]					
10/9/2011	DEP	Deposit	--Split--				188 00	10,892 55

Split Transaction

Enter multiple categories to itemize this transaction; use the Memo field to record more details.

Category	Memo	Exp Amount
1. Dance Income:Admissions/010co1		663 00
2. Dance Income:Donations - Contra Ja...		0 00
3. Dance Income:Donations - Refreshm...		15 00
4.		
5. Non-Dance Income:Gifts Received		0 00
6.		
7. Dance Expense:Band Fee/010co1	Fiddleheads	-330 00
8. Dance Expense:Caller Fee/010co1	Steve Howland	-120 00
9. Dance Expense:Decorations/010co1		0 00
10. Dance Expense:Equipment rental/01...		0 00
11. Dance Expense:Hall Rental/010co1		0 00
12. Dance Expense:Miscellaneous/010co1		0 00
13. Dance Expense:Promotional Items/01...	Two mando orchestra CDs	-20 00
14. Dance Expense:Publicity/010co1		0 00
15. Dance Expense:Refreshments/010co1		-20 00
16. Dance Expense:Supplies/010co1		0 00

Split Total: 188.00
 Remainder: 0.00
 Transaction Total: 188.00

OK Cancel Help Adjust

Ending Balance: 10,892.55

Similarly, I enter the event headcount breakdown in the “headcount” account

Cash: Contra Headcount Re&gister &Overview Quicken 2007

Delete Find Transfer Update Balance View Report Options ? How Do I?

Date ▲	Ref	Payee	Spend	Clr	Receive	Balance
		Category	Exp			
11/26/2010		Dance Headcount			179 00	398 00 ▲
		--Split--				
		2010-11-26 Wild Asparagus Contra				
12/11/2010		Dance Headcount			68 00	466 00
		--Split--				
12/31/2010		Dance Headcount				684 00
		--Split--				
1/8/2011		Dance Headcount				753 00
		--Split--				
2/12/2011		Dance Headcount				859 00
		--Split--				
3/12/2011		Dance Headcount				960 00
		--Split--				
4/9/2011		Dance Headcount				1,067 00
		--Split--				
6/11/2011		Dance Headcount				1,146 00
		--Split--				
6/11/2011		Dance Headcount				1,231 00
		--Split--				
7/9/2011		Dance Headcount				1,310 00
		--Split--				
8/13/2011		Dance Headcount				1,385 00
		--Split--				
8/31/2011		2010-11 Season Headcount				0 00
		--Split--				
		2011-09-10 Contra				
9/10/2011		Dance Headcount			71 00	71 00
		--Split--				
10/8/2011	Ref	Dance Headcount	Spend		70 00	141 00
		--Split--	Exp			
		2011-10-08 Contra				
11/10/2011						

Split Transaction

Enter multiple categories to itemize this transaction; use the Memo field to record more details.

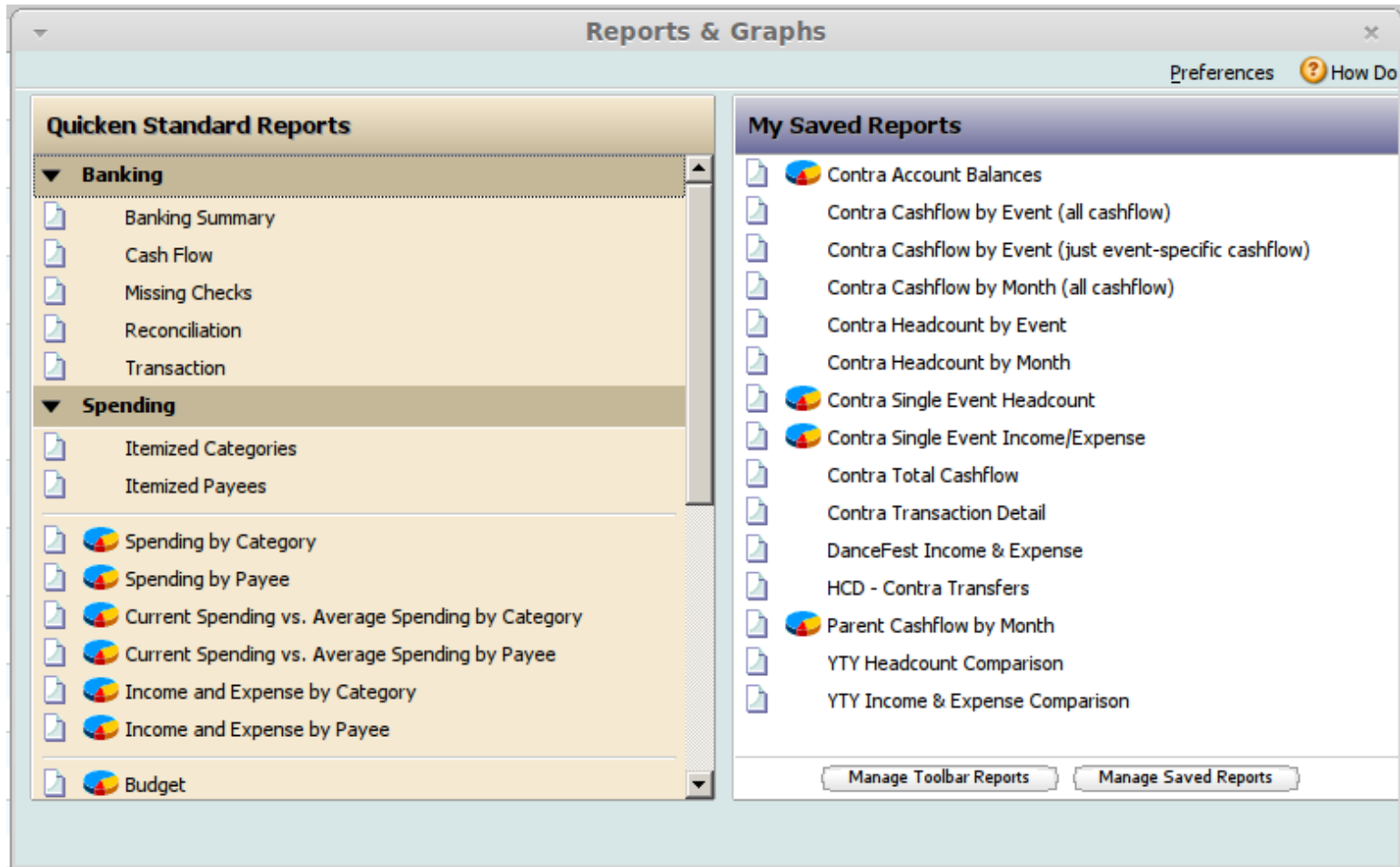
Category	Memo	Exp Amount
1. out:0 Regular Admission/010co1		41 00 ▲
2. Dance Headcount:1 Seniors/010co1	Next Edit ▼	12 00
3. Dance Headcount:2 Students/010co1		3 00
4. Dance Headcount:4a HCD Board/01...		0 00
5. Dance Headcount:4b Contra Commit...		6 00
6. Dance Headcount:4c Volunteers/010...		5 00
7. Dance Headcount:5 Guests & Promos...		2 00
8. Dance Headcount:6 Freq Dancer Re...		1 00
9. Dance Headcount:7 Kids/010co1		0 00
10.		
11.		
12.		
13.		
14.		
15.		
16.		

Split Total: 70.00
Remainder: 0.00
Transaction Total: 70.00

OK Cancel Help Adjust

Ending Balance: 141.00

Over time, we've defined a list of saved reports covering our reporting and analysis needs



Report example: Contra Cashflow by Month

Category Description	3/1/2011- 3/31/2011	4/1/2011- 4/30/2011	5/1/2011- 5/31/2011	6/1/2011- 6/30/2011	7/1/2011- 7/31/2011	8/1/2011- 8/31/2011	OVERALL TOTAL
INFLOWS							
Uncategorized	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dance Income							
Admissions	980.00	904.00	662.00	699.00	695.00	614.00	14,413.00
Donations - Contra Jam	35.00	12.00	13.00	35.00	28.00	0.00	173.00
Donations - Other	75.00	0.00	0.00	0.00	0.00	0.00	75.00
Donations - Refreshments	25.00	12.00	18.00	25.00	15.00	19.00	208.00
TOTAL Dance Income	1,115.00	928.00	693.00	759.00	738.00	633.00	14,869.00
Non-Dance Income							
Gifts Received	341.00	0.00	0.00	0.00	0.00	0.00	701.00
TOTAL Non-Dance Income	341.00	0.00	0.00	0.00	0.00	0.00	701.00
FROM Parent Checking	0.00	0.00	0.00	0.00	0.00	0.00	124.00
TOTAL INFLOWS	1,456.00	928.00	693.00	759.00	738.00	633.00	15,694.00
OUTFLOWS							
Dance Expense							
Band Fee	90.00	360.00	340.00	340.00	330.00	0.00	5,710.00
Caller Fee	30.00	130.00	120.00	120.00	120.00	120.00	1,665.00
Decorations	0.00	0.00	0.00	0.00	0.00	0.00	36.31
Equipment rental	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hall Rental	0.00	0.00	0.00	0.00	0.00	720.00	2,690.00
Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00	22.44
Profit Share	0.00	0.00	0.00	0.00	0.00	0.00	607.70
Promotional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Publicity	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refreshments	36.00	35.00	38.88	30.00	40.00	23.00	487.16
Sound Person Fee	0.00	0.00	0.00	0.00	0.00	0.00	200.00
Supplies	0.00	0.00	0.00	0.00	0.00	0.00	36.35
TOTAL Dance Expense	156.00	525.00	498.88	490.00	490.00	863.00	11,454.96
Non-Dance Expense							
Copying	0.00	0.00	22.00	0.00	0.00	0.00	22.00
Meetings	0.00	0.00	25.00	0.00	0.00	0.00	114.28
Piano	0.00	110.00	0.00	0.00	0.00	0.00	220.00
Sound System	0.00	0.00	0.00	1,494.58	0.00	0.00	1,494.58
US, CT, and CDSS	0.00	0.00	0.00	230.00	0.00	0.00	230.00
TOTAL Non-Dance Expense	0.00	110.00	47.00	1,724.58	0.00	0.00	2,080.86
TO Parent Checking	0.00	0.00	0.00	0.00	0.00	0.00	535.00
TOTAL OUTFLOWS	156.00	635.00	545.88	2,214.58	490.00	863.00	14,070.82
OVERALL TOTAL	1,300.00	293.00	147.12	-1,455.58	248.00	-230.00	1,623.18

Report example: Contra Cashflow by Event

Category Description	103co1	104co1	105co1	106co1	107co1	108co1	OVERALL TOTAL
INFLOWS							
Dance Income							
Admissions	980.00	904.00	662.00	699.00	695.00	614.00	14,413.00
Donations - Contra Jam	35.00	12.00	13.00	35.00	28.00	0.00	173.00
Donations - Other	75.00	0.00	0.00	0.00	0.00	0.00	75.00
Donations - Refreshments	25.00	12.00	18.00	25.00	15.00	19.00	208.00
TOTAL Dance Income	1,115.00	928.00	693.00	759.00	738.00	633.00	14,869.00
Non-Dance Income							
Gifts Received	0.00	0.00	0.00	0.00	0.00	0.00	701.00
TOTAL Non-Dance Income	0.00	0.00	0.00	0.00	0.00	0.00	701.00
TOTAL INFLOWS	1,115.00	928.00	693.00	759.00	738.00	633.00	15,570.00
OUTFLOWS							
Dance Expense							
Band Fee	90.00	360.00	340.00	340.00	330.00	0.00	5,710.00
Caller Fee	30.00	130.00	120.00	120.00	120.00	120.00	1,665.00
Decorations	0.00	0.00	0.00	0.00	0.00	0.00	36.31
Equipment rental	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hall Rental	110.00	110.00	110.00	110.00	110.00	110.00	2,630.00
Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00	22.44
Profit Share	0.00	0.00	0.00	0.00	0.00	0.00	607.70
Promotional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Publicity	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refreshments	36.00	35.00	38.88	40.00	30.00	23.00	487.16
Sound Person Fee	0.00	0.00	0.00	0.00	0.00	0.00	200.00
Supplies	0.00	0.00	0.00	0.00	0.00	0.00	36.35
TOTAL Dance Expense	266.00	635.00	608.88	610.00	590.00	253.00	11,394.96
Non-Dance Expense							
Copying	0.00	0.00	0.00	0.00	0.00	0.00	22.00
Meetings	0.00	0.00	0.00	0.00	0.00	0.00	114.28
Piano	0.00	0.00	0.00	0.00	0.00	0.00	220.00
Sound System	0.00	0.00	0.00	0.00	0.00	0.00	1,494.58
US, CT, and CDSS	0.00	0.00	0.00	0.00	0.00	0.00	230.00
TOTAL Non-Dance Expense	0.00	0.00	0.00	0.00	0.00	0.00	2,080.86
TOTAL OUTFLOWS	266.00	635.00	608.88	610.00	590.00	253.00	13,475.82
OVERALL TOTAL	849.00	293.00	84.12	149.00	148.00	380.00	2,094.18

4. Reporting to the government

- **I don't know the law on reporting requirements – but I know that my group (as an incorporated 501c(3) organization) must...**
 - File a Form 990 tax return
 - Issue 1099s to individuals / groups paid \$600+ during the calendar year

For creating your tax return, I highly recommend using efile.form990.org

- **Use is free for nonprofits with revenue under \$100K (presumably, that's all of us)**
- **The information you've captured via your financial package / spreadsheet should be sufficient for what you need to include in your return**
 - The categories HCD has defined for our financial reporting / tracking don't match exactly those on form 990
 - I use a spreadsheet to map our internal reporting categories to the tax return categories

We must provide 1099s to individuals / bands (and CT & US) to whom we've paid \$600+ during the calendar year

- **There's some choice on how to handle payments to bands**
 - In some cases, bands want the payments to be considered to the individual band members
 - In other cases (never contra bands, but common with swing) the payment is to the band as an entity
- **During the year, we track to whom we've made payments**
 - A series may engage a performer / band several times during the year (and different series may engage the band / performer)
 - For each event, each series must
 - Understand the individual vs group preference
 - Capture the individual or group name, address, and tax ID
 - Capture the payment amounts
 - At calendar yearend, each series reports this info to the HCD treasurer (NOT by email!)
- **I use Staples' 1099-MISC Tax Form & Software Kit to prepare the 1099s themselves**

5. Open discussion

- **xxx**