

3 Finance

3.1 Budget

The most critical finance element is the development and maintenance of a budget.

While members of an incorporated society have some protection individually and have this protection where the exhibition is a properly constituted sub-committee of an incorporated society this only applies where the individuals are operating with due financial diligence.

The budget-should provide a realistic appraisal of the financial income and expenditure and as planning for the exhibit progresses the budget needs to reflect changes in both costs and income. At times it can be disconcerting when the budget reports indicate a cycle of projected surplus or loss. However, this ensures the committee stays focussed on those issues that will make a difference particularly when a loss is suggested. Of recent years, our New Zealand national exhibitions have achieved surpluses. While an organising committee cannot rely on that to relax their financial vigil it hopefully suggests with care and attention successful results are achieved.

An updated and realistic budget is needed in presentation to the possible funding agencies, will need to be reported to the parent society where the organising committee is a sub-committee, NZPF would expect reports on the budget (in general terms rather than a full statement) at their regular executive committee meetings and the committee should expect updated budget reports at their regular committee meetings from the treasurer. Without such reports the committee (and other bodies) cannot address concerns where variances occur.

Attached at appendix 3.1 is an outline budget for an exhibition covering the typical cost and income items that should be considered. Obviously, there will be variances from this model due to the specific aspects of any exhibition, but it is hoped it provides a basis for the treasurer to develop a budget. The treasurers of previous exhibits or the secretary of Federation should be willing and able to provide financial statements which could assist in quantifying some of the items and developing the initial budget.

An important additional aspect of budgeting is a cash flow analysis. Payments for deposits for accommodation, venue, etc. generally arise when little income has been received. The normal mechanism for overcoming this issue is to seek seeding finance from the parent body (if the organising committee is a sub-committee), the New Zealand National Philatelic Trust, other neighbouring societies, etc.

There are different methods available to record financial transactions from software like Xero and other financial software, but they do generate a cost with monthly fees. If you are comfortable with Excel (or another spreadsheet), it is easy to keep track of the finances without the monthly expense of an accounting software package.

3.2 Bank account

It is highly desirable a separate bank account for the exhibition is created.

If the exhibition is being run as a separate entity a separate account is an obvious outcome. However, if the exhibition is being run as a sub-committee of a parent body current banking procedures may make the process unreasonably complicated but still essential. It is imperative the treasurers of both the parent body and the organising committee understand what this might entail, particularly in relation to annual financial reporting and reviews. Unlike Federation, which is primarily interested in the financial activity of the exhibition from inception to finality, the parent body will be required to report in terms of the normal annual reporting and review procedures.

Signatories for the account would normally include the treasurer, secretary and chairman but may, depending on how product sales are managed, also include the fund-raising co-ordinator. Payments would normally require two of the identified positions but may be restricted to the treasurer and one other.

Federation requires an exhibition financial statement covering all costs and income for the total period, which in some cases covers two or more years [See Approved regulations clause 8.1.1]. Funding agencies such as the NZ National Philatelic Trust require reports on the surplus or loss of the exhibition to ensure money the exhibition has received is properly accounted for and, where a surplus is made, some recompense is made [See terms of grants made by the NZ National Philatelic Trust.]

3.3 Goods and Services Tax (GST)

The cash flow analysis mentioned in 3.1 could have a major influence on whether the exhibition should be GST registered. If the cash flow in a period of twelve months exceeds, or is likely to exceed, the GST threshold registration for GST is legally required.

If the exhibition is running as a separate entity GST registration is likely to be beneficial whether required or not. However, if the exhibition is being run as a sub-committee of another entity the issue becomes a little more complicated.

The requirements to register for GST is based on an annual turnover threshold (currently \$60,000 in a year). This threshold is based on the anticipated turnover of the exhibition PLUS that of the parent body. If the threshold is likely to be exceeded, it means membership subscriptions and other income of the parent body would be subject to GST payments. However, costs such as printing, rentals, power, etc. incurring GST could be claimed but a different level of accounting is required, and GST receipts must be obtained for all items of expenditure to be able to claim.

[Note this does not mean you add GST to the current subs but assume they are GST inclusive.]

If the estimated turnover in any one year is likely to exceed the threshold, registration for GST should be made as soon as possible – claims cannot be made retrospectively (i.e. an entity must be registered to make any claim).

Where GST registration has been made it is essential returns are made by the due dates.

3.4 Payments by credit card, PayPal, etc.

Credit card as a payment option enables product sales via the website and enable more sales where people do not carry cash at the show. However, there is a cost for the service.

Things to consider if contemplating accepting credit cards for payment:

- Will it be on a website – ‘card not present’.
- Will it be at the exhibition itself – ‘card present.’

If wanting to accept credit cards / eftpos at the exhibition, you will need to set up a credit card or eftpos facility with your bank and hire an eftpos machine- preferably a mobile machine - for the duration of the show. The type of costs to factor in are:

- Bank set up fee, expect minimum \$100-\$150.
- ‘percentage of sale’ transaction fee – this percentage is based on your anticipated sales. Expect a fee of between 2.9% and 4%.
- Any other banking fees.
- EFTPOS machine hire fee.
- Or you may have a website using ‘card not present’ sales facilities. In this case, consider having a tablet or a laptop at the exhibition where there is wifi. This enables sales via the website and you are able to hand over the goods.

If you want to have credit card sales via a website there are different options to consider.

- Through your bank as discussed above in ‘card present’ apply for a “card not present” facility
- Use existing online payment providers like PayPal or Stripe. These online providers have fees with transactions starting at 2.9% of the sale plus a flat card fee charge per transaction.

Be aware with ‘card not present’ sales can generate chargebacks (money will be reversed from the bank account) if stolen credit cards are used to pay for product sales. While unlikely to occur, it is a possibility and can take up to three months for a transaction to be reversed.

3.5 Invoices

Invoicing enables good record keeping and for exhibitions that need to register for GST to enable the recipient to claim back the GST if they are also GST registered.

Invoices need to contain the following information:

- Details of the exhibition – address etc.
- GST number if GST registered.
- Details of the sale – description, price charged and if GST registered, the amount of GST charged.

One copy stays with you and one copy goes to the purchaser. In most cases the invoice is a combined invoice / receipt.

3.6 Cash handling at the event

You need a lockable cash box with plenty of change. Depending on the prices of the product being sold you will need 10, 20 and 50 cents, \$1 and \$2 coins as well as \$5 notes.

The coins will need to be ordered from the bank. You should allow up to a week before the exhibition to place your change order and pick it up when it is made up for you. Some banks charge a cash handling fee and this depends on the size of the cash order. Consult your bank about their time frames so you can place your order in a timely fashion. The coins will either come loose in a bag or in a roll. The Reserve Bank issues the rolls to retail banks.

The coin rolls are:

- 50 coins in a 10c roll = \$5 for a roll – it is suggested you order one roll of 10c if selling items for less than 50 cents otherwise do not order.
- 25 coins are in a 20c roll = \$5 for a roll – it is suggested you order two rolls of 20c if selling items for less than 50 cents otherwise do not order.
- 20 coins are in a 50c roll = \$10 for a roll – it is suggested two or three rolls of 50c.
- 25 coins are in a \$1 roll - \$25 for a roll – suggest two rolls of \$1
- 25 coins are in a \$2 roll - \$50 for a roll – suggest two to four rolls of \$2

It is suggested you have approximately \$100 worth of \$5 notes to go with the coin order. This should enable you to give out change for the duration of the show. Most people will present with \$20 or \$50 notes as this is what ATM and self-service supermarket machines dispense.

Keep track of cash sales at the exhibition by having a list of products with their price and record the number sold. At the end of the day tally product sold and check the cash balances.

Do not have large notes visible where possible. If the exhibition is close to a shopping mall with your bank having a branch there, consider banking large notes during the exhibition.

Consider allowing people to pay via internet banking. Have your bank account available to enable purchasers to pay if they do not have cash and you do not offer card facilities.

3.7 Financial reporting

Organising committee

As indicated, the committee needs to be regularly appraised on the financial position. The treasurer should provide at committee meetings:

- Income statements - report on sales etc
- Expenditure statements - report on payments
- Reporting against targets
- Reports for grant applications
- Statements of financial position, etc.

NZPF

Federation should be advised, either through their co-ordinator for the exhibition or directly by the Chairman of the organising committee, at the NZPF executive meetings (held three times a year)

progress of the exhibition including any financial issues that have or are arising. Federation may require a financial report at any time [see Approved Regulations clause 8.3].

Funding agencies

As a condition of any grant made, funding agencies must be provided with suitable financial reports.

3.8 Financial review

It is expected that annual financial statements will be required whether the exhibition is being run as a separate entity or as a sub-committee of another entity. The rules in relation to financial reviews for either must be complied with.

If operating as a separate entity the procedures are simpler. As a sub-committee it is probable the exhibition accounts will require additional analysis from the normal reviewer for the parent body and additional payments for this service may be expected and, as indicated at 3.2, this payment may be required for each financial year as well as an additional payment when the final overall statement of the exhibition is reviewed.

Appendix 3.1 Typical budget outline

Stamp Exhibition – Draft Budget	Total
INCOME	
Fees from exhibitors [Refer 6.2 and 6.5]	
Sales – Members’ club [Refer 4.5] advertising [Ref 4.6] frame sponsorship [Refer 4.7] product [Refer 4.8] Palmarès auction [Refer 4.9] door entry fee (if charged) [Refer 4.10], catalogue [Refer 4.10 and Chapter 9] Chairman’s evening (if held) [Refer 14.2] Palmarès [Ref 15.3 and 15.8]	
Dealer Stand Fees [Ref 2.8]	
Sundry Receipts - donations [Refer 4.4] interest, GST refund,	
Grants Received - NZ Post [Refer 2.9] funding agencies [Refer 4.2]	
Suspensory loans [Refer 4.1]	
TOTAL INCOME	
EXPENDITURE	
Exhibition Venue - Hire and related expenses [Refer 11.4] awards cabinet [Refer 11.6] Meeting room equipment [Refer 11.8]	
Dealer Stands – hire and set-up of stands and equipment [Refer 11.5]	
Frames - transport, set-up, etc [Refer 12.5, 12.6 and Appendix 12.1]	
NZPF Levy [Refer 12.1]	
Total Advertising Expenses [Refer Chapter 5]	
Total Catering Expenses - jury [Refer 7.6] helpers [Refer 11.3] opening ceremony [Refer 14.1] Chairman’s evening [Refer 14.2] Palmarès [Refer 15.1]	
Judges Expenses – equipment (particularly printer) [Refer 7.3] accommodation and travel [Refer 7.4 and Chapter 8]	
Commissioner Expenses - accommodation, per diem, etc. [Refer 6.4 and Chapter 8]	
Committee Expenses	
Souvenir Expenses cost of production -particularly of CALs current NZ Post charges	
Printing - exhibit envelopes [Refer 6.6] catalogue [Refer Chapter 9] certificates [Refer 10.2] ID cards [Refer Appendix 11.1] frame labels [Refer 12.3 and 12.4] bin room [Refer 13.4] Awards List [Refer 15.3]	
Customs – [Refer 6.4 and Appendix 6.1]	
Shuttle Van Rental - meet commissioners, etc. [Refer 6.4 and Chapter 8]	
Repay suspensory loans – [Refer 16.5]	
Sundry Expenses – insurance [Refer 2.6], reviewer’s costs [Refer 3.8] postage, office expenses, Medals [Refer 10.1] Awards {Refer 10.4}, First Aid [Refer 11.2] etc.	
TOTAL EXPENDITURE	
Surplus (Deficit)	