

ADGA YEAR END REPORT

YEAR END REPORT

Date August 29, 2016

COMMITTEE: Finance Committee

COMMITTEE CHAIRPERSON: Philip Cassette

COMMITTEE MEMBERS: George Altheide, Elsie Anderson, Jennifer Bice, Kristi Bozzo-Baldenegro, June Bryan, Linda Campbell, Daniel Considine, Tom Cox, Ken Feaster-Eytchison, Betty Henning, Jennifer Mellett, Robin Saum, and Karen Brooks

1. COMMITTEE GOALS AND OBJECTIVES FOR THE YEAR:

Monitor the financial stability of the Association; prepare line-item budget for next year and revise current year budget for presentation to the Board of Directors; prepare a five-year capital budget, and assist the Association Manager with financial related issues.

2. SUMMARY OF WORK DONE THUS FAR:

Provided guidance to the Association Manager on income variances between ROSS and QuickBooks. Reviewed the 2015 year-end audited financial statement. Reviewed the Form 990 tax return. Reviewed the monthly management reports noting any significant variances.

Discussed, Evaluated, and voted on additional resources recommendation from the Executive Committee. This vote took place in May and will be reviewed again based on additional information on the status of the computer system and the 2015 audit. Complete details including costs associated with each item will be provide to along with final board recommendations in an addendum to this report.

Personnel

1. Communication person - Facebook, tweeter, e-blast, Web content/design/Graphics - social media - promotion: duties to include new articles, reference materials, design, news posting for the web. In addition, this individual will coordinate all social media postings and Association news and promotional efforts. (Committee vote 11 yes, 2 no, 1 abstention)
2. Half time performance programs staff person: assist Penny and Lisa with Performance programs. (Committee vote 14 yes)
3. Senior Software Engineer salary adjustment: Increase current salary closer to industry average. (Committee vote 12 yes, 2 No)

Software development

4. Contract for additional web functionality including linear in-field entry. Annual amount of \$40,000 per year for three years. (Capital item, but with a short useful life since technology is changing rapidly would be depreciated quickly or just expensed to reflect to economic necessity of web maintenance) (Committee vote 11 yes, 2 no, 1 abstention)

Additional funding for negative budget correction:

5. Withdrawn as a result of the 2015 Audited Financial Statement

Board reimbursement increase.

6. Increase Board reimbursement to full reimbursement based on standard committee expense guidelines. \$30,000 (Committee vote 4 yes 10 no)

HR contract support

7. HR assistance for Association Manager - Contracted monthly service estimate @600 per month. (Committee vote 12 yes 2 no)

The committee voted in favor of the concept to charge the online rate for registrations processed in the office when it is documented that an error occurred while trying to register online and it is a known problem/or requires IT intervention. Committee vote 13 yes 1 no.

3. FINANCIAL REPORT - COMMITTEE EXPENSES THUS FAR:

Budget preparation trip to Spindale October 13 to 15, 2016 - estimated cost \$725.

4. PROBLEMS ENCOUNTERED:

In June 2016 the Association Manager advised the Chair of a problem with the 2015 financial records. There was approximately \$140,000 of unassigned revenue in ROSS. Here is a summary of how the system works and the problem from 2015 that was discovered during the audit:

ROSS interacts with QuickBooks by income being charged to member accounts from activity online or in-house and to revenue accounts. Cash including checks and credits cards are posted to the checking account and offset to member accounts. At some point during 2015 certain transactions stopped posting to revenue accounts (cash and member accounts are OK). Since no revenue account was assigned the amounts were just posted to net assets in QuickBooks. Mr Martin, our outside CPA, reconciles the net change in assets between the balance sheet and the statement of revenue and expenses and discovered the problem. The total unassigned revenue in 2015 was approximate \$140,000 of which a total of \$75,000 was determined to be assignable. \$30,000 to registration income, \$10,000 to transfers and \$35,000 to membership.

Mr. Martin finalized the 2015 audit in early July. The EC approved spending \$375 for Mr Martin to reconcile the June and July month end numbers between ROSS and QuickBooks to verify the problem was in 2015 only. The work is on-going at this time.

The lateness of the audit report and its finding that the 2015 monthly numbers relied upon to prepare the 2016 budget has slowed progress on committee work. In addition, the lack of regular timely management reports did not allow for consistent monitoring of the financial condition of the Association.

5. DECISIONS REQUIRING BOARD ACTION:

An addendum will be prepared with specific items for Board Approval. At a minimum the 2016 revised Budget, 2017 Budget, and the capital budget. The committee has significant work to be accomplished between now and the annual meeting.

6. WORK TO BE COMPLETED BY NEXT YEAR'S COMMITTEE:

Continue to monitor the financial status of the Association and provide guidance to the Association Manager when necessary.

7. LONG RANGE GOALS (5 YEARS) FOR COMMITTEE:

Review cost of providing services by type and develop a strategic financial plan.

CHAIRPERSON'S SIGNATURE: *Philip Cassette*