

**Rotary International District 6860
Fall Leadership Meeting
Finance Committee Meeting
October 16, 2015 1:00 pm
MINUTES**

Minutes of the District Finance Committee Meeting:

**PDG Thomas Greene, Finance Committee Chair
Mary Grace Evans, Secretary**

Members Present:

PDG John Valieant, Member
Dan Bundy, Member
PDG Scott Stone, Audit Committee Member
DGN Sue Mitchell, PhD
Chuck Adams, District Treasurer
Joanie Gable, Member
DG Pat Cross
PDG Dennis Brooks, Audit Committee Member
PDG Bo Porter, Member
PDG Mary Jean Sanspree, PhD, Member
iPDG Jerry Shepherd
Michael Ford, Member

Members Absent:

DGE Gary Andrew
Jerry Mercer, District Auditor
Bill Harwell, Audit Committee Chair

Minutes of the Winter meeting of the Finance Committee

Finance Chair Greene called the meeting to order and asked that each person introduce themselves, share District position and Club.

Secretary Evans read the minutes from the Winter 2015 meeting. A clarification was made by Bo Porter referencing comments that he made concerning cost of the payment for DGE to attend the Evanston trip be spread over the other cost for the other attendees when it should have been coming out of the travel expense budget for the DGE.

Evans confirmed that this will be corrected.

Valieant shared that this has been covered for this year in the budget. We have paid airfare to 17 this year and 4 will meet the group there. Right now we are covered. Last year was an anomaly, the plane tickets for 18 cost \$8000 and this year for 17 it is only about \$4000.

Old Business:

Bo Porter made motion to accept minutes as amended
John Valieant seconded the motion
Minutes approved

Action item from Winter meeting was for sub-committee to meet.

Greene asked for Bo Porter to provide an update from the meeting.

Looked at how we were tracking the expenses for the District, how we prepared the budget, formats, reports and classifications.

In attendance at the meeting were Jerry Shepherd (DG), Pat Cross (DGE), Gary Andrew (DGN), Allen Hartley (Treasurer), Lee Weinman (past Treasurer), Chuck Adams (Incoming Treasurer) and Bo Porter (PDG)

1. Budget – need for more specific breakout of where expenses were occurring so that it is easily tracked through the system (i.e. PETS, Travel with DG, DGE, DGN, Zone Expenses, etc.)
2. Preliminary 2015-2016 budget – most of the issues have been addressed
3. Discussion on Quickbooks – is this the right vehicle
 - a. Concluded that it meets needs very well
 - b. Should we be using not for profit version or standard version
 - i. Concluded that standard version is the right fit for how we operate
 - ii. Chuck will look at not for profit just familiarize himself with it to see if there are things that might be advantageous to us
4. Reports – Monthly to the Finance Committee and the DG
 - a. Balance sheet
 - b. Budget vs. Actual (some form) YTD opposed to month to date is not currently feasible for the way we operate our business
 - c. P&L
 - d. AR Aging
 - e. Check Detail
5. Classification of Income and Expense – Decision that classification is ultimately the responsibility of the DG with assistance from the Treasurer as well as the Chair of the Finance Committee
 - Dan Bundy asked if this meant that the classifications could change every year?

Porter clarified, once budget is set-up and an expense is made, determines where you plug it into the budget. It could change from year to year.

- Dan Bundy leads to confusion

Sub item to this – currently the way this is working is that we have a chart of accounts described by text. No account numbers are associated with them. Lengthy discussion from people working with it in the past felt that this was best for our organization. Chuck would like to look further into this.

6. Cash vs. accrual was discussed and it was decided that for our District a combination of both would be used. Bo Porter will defer comments to accountants.
7. Standardized reimbursement form/format would be of great assistance.

- a. Possibly use a modification of the RI expense form (he has performed preliminary modifications to the form but due to computer crash is not sure who he sent it to)
8. Bo referred back to something that he stated DG Phil Williams always said that we should have a status report of DDF for every Finance Committee and COG meeting

Greene expressed the importance of the work that this sub-committee has done. He suggested that we come up with an action list out of this for the mtg. in February and further suggested that DG, DGE, DGE work with Bo Porter to bring these items to final resolution.

Bo Porter suggested that he thinks everything has been satisfied with the exception the reimbursement form (might be an action item). Although classifications has been satisfied other than if we want to look at a numeric code. Ask Chuck Adams to talk about cash vs. accrual method used.

- Chuck Adams interjected that all we use accrual for right now is the billing of dues and PETs invoice. You can do the billing that way or you can do as income as it is received. He feels it is better to bill it and keep it on record and record as people pay. Then we have an accounts receivable list.
- Joanie Gable shared the success of changes made to the Hoover Club so that people could see where the money was and where it going by putting payables on there.
- Chuck shared that the revenue for the District is primarily dues so we really do not need to see how much we get from other sources. Any other sources we do track (i.e. baseball and District Conference).

There was discussion of the need for clarity of expense reports/method.

Tom reiterated that this is why we need to take this to the Governors and get final closure.

Action: Bo Porter said he will send the information he shared to the committee with the date of May of 2015

Action: Bo Porter will take the lead and work with DG, DGE, and DGE to take care of the actions resulting from the work performed by the sub-committee to bring to the committee in February for final closure

Action: Chair Tom Greene has the DDF Information and will send to the committee summary sheet

Chair Tom Greene moved to the review of year end financials;

Called on Jerry who reviewed:

- Scholarships (\$3500) to the 3 colleges in recognition of past RI Presidents from our Districts
 - 1 school failed to apply (UAB)
 - 2 schools paid (UA and Jacksonville State)

Discussion confirmed that this is not reflected in the financials and need to be corrected.

Action: Jerry Shepherd will get with Alan Hartley and clarify.

- Baseball tickets – timing was bad. Most of the work done while in Brazil. Jerry's personal credit card used over \$12,000. Then we only brought in a little over \$5000. Then there was a problem with what to do with the rest of the tickets. Due to the season ending, it was decided that we would do something this RY. There are 250 tickets to be used. Going to work out something with the Barons to determine date and how much we will have to charge the Rotarians. To clear credit card, did a swap to pay his credit card and the District shows the carry over.
 - DG Pat Cross is working on this for a Sunday afternoon game. She stated that the Clubs were aware of this. We have \$28 invested and can probably sell for \$30 (not in skybox but bleachers). Thinking to use this for polio plus.
 - Discussion of where this is located on the Balance Sheet. Need to go back and make sure that all records are in order.
- Allocation provided from RI for District Governor (about \$11,000). 70% given up front at the beginning of the year and the other 30% held back and not given until other expenses are recorded in excess of the 70%. His were used in May so \$3500 is now showing in DG Pat Cross's budget.
 - Chuck said that this is one thing that needs to be done by accrual.
 - Joanie Gable again made a case for putting everything on accrual.
 - There was quite a bit of discussion about this. Questioned was the timeliness of the Governor getting in expense reports. This is not necessarily the issue. RI must also approve all of these. DGN Sue Mitchell reminded how Districts there are that RI is reviewing. DG Pat Cross stated that Darwin shared at the Zone meeting that they were still doing reports from the previous year and had not even started processing for the current RY.
- Accounts Receivable is a very difficult thing in the District – we are dealing with volunteer organizations. When we bill in July for dues and PETS a number of Clubs do not want to pay for PETS at that time. The District has no way to collect. This was a difficult year. Alan did not really understand how the District worked and did not have time with his business.
 - Chuck Adams said that we have made progress on several of the past due accounts. Some did not realize that the amount for PETs had increased.
 - DG Pat Cross said in looking at the Aging Summary, some of these are for people that were speakers at event (not clear if they are a speaker do they have to pay) and such and just need to be written off.

Chair recognized great job done by PDG Shepherd for a getting so much done and having money left over.

Independent Review of 2014-2015 Financials

DG Pat Cross stated that we have a new Auditor this year, Jerry Mercer with the Huntsville Club. She has sent a couple of emails to him and has not yet received a response. Wants to sit down with Chuck Adams and him to discuss what we want.

- Bo Porter asked if we have everything to hand to Jerry.
- Chuck does not have anything from last year. No invoices, bank statements or anything. He may think that they were in the box that was turned over but they are not

ACTION: DG Pat Cross will make sure we have the independent review of financials for the February meeting.

There was discussion about the 990 and who prepares.

PDG John Valieant stated that at eh District Conference a couple of years ago, someone asked that we put the 990 on the web site.

Chair Tom Greene said that the committee has not seen the 990 for 2013-2014. He does not think it came to the committee. Tax year 2014-2015 has not yet been completed.

Chuck Adams stated that the 990 should be presented to the Board. There is a requirement that it be reviewed by the Board before it is submitted.

Chair Tom Greene confirmed that although it was not presented to the Board, it has been done.

ACTION: DG will obtain the 990 from last year from Randy Blackwell and will get with Jerry for this year.

Chair Greene asked if there was any other old business.

No other old business.

Chair Greene asked for New Business

Chair Greene explained there has been trouble finding financials in the past. He has built a repository in DACdb in private files (dealing with items that are unaudited). It will contain:

- All monthly financials by month
- Roles and responsibilities
- Succession Chart
- Agenda
- Minutes

Review Financials July – September

DG Cross put together last year. All expenses that have come in so far have been sent to Chuck Adams and he has listed in appropriate budget line. Only hiccup were the Zone expenses where several in District attended. Working on this.

Chuck Adams reviewed the Balance Sheet and said that we are in a strong cash position \$278,000 in the bank at the end of September. This is, however, a little misleading due to the Caroline Nolan Scholarship money (had to have a place to put it). Will pay this money as she incurs expenses.

Joanie Gable indicated that this needs to be re-classified as a liability.

ACTION: Chuck Adams agreed to re-classify

\$16,000 from Clubs for dues and PETS has not yet been paid.

When he sent out the invoices he went in to DACdb to determine the number of members and 2 or 3 paid a different amount and said the number in DACdb was incorrect.

DG Greene shared that he needs to use RI and will have to use July 1 statement. Anything official we have to go back and use RI records.

DG Pat Cross indicated that some Clubs do not update in DACdb and you do have to use RI.

Next year Chuck Adams will work with DGE Gary Andrew to bill for correct amount.

Chair Greene mentioned the Finance Committee taking on some special projects. Things keep coming up, but not taken on and actually resolved. He used his best judgment make this list.

- Future Governors Orientation of Finance
- Paypal Issues
- Credit Card usage in the District
- Quickbooks to be used between administrations

He will work outside the committee to work on these.

District Finance Chair Greene adjourned the meeting at 2:32pm.

Respectfully Submitted,

**Mary Grace Evans
District Secretary**