

**Rotary International District 6860
Fall Leadership Meeting
Finance Committee Meeting
October 19, 2018 1:00 pm
MINUTES**

Minutes of the District Finance Committee Meeting:

**PDG Gary Andrew, Finance Committee Chair
Mary Grace Evans, Secretary**

Members Present:

PDG Gary Andrew, Committee Chair
Mary Grace Evans, District Secretary
PDG Sue Mitchell
DG Carol Argo
DGN Lee Weinman
PDG Georgia Medori
Danny Cooner
Ronnie Smallwood
Ronnie Dukes

Members Absent:

PDG Scott Stone
Bill Harwell
PDG Tom Greene
Wilbur Masters
PDG Martin Uptain
Wesley Brown
DGE Bill Petty

Guests:

PDG Will Kirkpatrick
PDG Bo Porter
PDG Wade Drinkard
James (Bubba) Watson

Minutes of the Fall Meeting of the Finance Committee

**District Finance Chair Gary Andrew called the meeting to order at 1:00 pm.
and called for round table introductions.**

OLD BUSINESS:

Review of Year End Financials: PDG Sue Mitchell

Provided 4 handouts:

Income & Expense

Income & Expenses Budget vs. Actual

1 page Balance Sheet (documentation provided) end of June 2018

1 page open invoices

Explained that \$33,591.80 contingency returned (planned to return \$8,000)

Met Goal not to raise dues

PDG Bo Porter questioned where write offs were located
Mitchell explained there were none; the last were in Pat's year. However, there are open invoices. Discussion on the District conference expenses, which Mitchell explained were covered in a variety of ways (Birmingham Club, sponsorships, etc.).

PDG Kirkpatrick asked about open invoices and were any of the Clubs at Risk?

Mitchell discussed open invoices:

Haleyville is in jeopardy and is 3 year behind

Not sure about North Shelby Inverness and needs to verify some transactions

Russellville and Talladega are in danger

Mitchell shared that she and Ronnie Smallwood have been in discussion and have both agreed that some of the Clubs are confused between Rotary and District dues. Since we do have enough working capital, can we move the due date for District dues to September to eliminate the confusion?

General discussion ensued.

MOTION:

PDG Sue Mitchell made a motion to move the assessment of District Dues to September

Ronnie Smallwood seconded the motion

DG Argo asked how we start the year with a zero budget, will this cause an audit issue?

Smallwood did not think so.

DGN Weinman explained that we have budget and cash flow. We will have sufficient cash to cover the cash flow and this was just a matter of timing. He did not foresee a problem.

Additional general discussion.

PDG Mitchell amended the motion to include that bills would go out September 1 and are due by September 30 for whole year starting July 1

Smallwood seconded.

PDG Porter discussed what period of time that the dues are covering. Are they September - August or retroactive July 1 to June 30? This needs to be clear.

All in favor. Motion Passed.

PDG Kirkpatrick asked for clarity as to what equity the District has, as indicated in the Balance Sheet.

Mitchell explained that this is reserves, the District has no property.

Independent Review of 2016-2017 Financials and prep of 990: Sue Mitchell and Ronnie Smallwood

PDG Mitchell is still working on the independent. She has sent the information to Wes Brown and he turned it over to someone that works in his firm. Mitchell has yet to hear anything from them. She did speak with RI and the general rule is that we need to send the budget out to District 30 days before there is a District meeting where all the Clubs are invited to attend. We will do that prior to the mid-year meeting.

The 990 is due by November 15. Mitchell has all the forms and is working on this with Wes. If not done in time, we will lose our tax deferral. It will be done!

There was a good bit of discussion over the 990. There is a fine of \$10,000 if not filed on time. Mitchell asked if there was a possibility for an extension. PDG Porter asked Smallwood if we have the capability to pull a tentative 990 from Quickbooks. Smallwood is not aware of this capability. DGN Weinman indicated that it is too complicated.

PDG Medori asked that the committee be kept updated of the progress by email.

Follow-up on Clubs that haven't paid dues

As Chair Andrew stated, most of this was previously discussed.

PDG Mitchell shared that North Shelby Inverness did pay PETS but not dues for 10 members.

Additional Old Business:

Mitchell provided information about Zone Institute. Out of 5 categories (Polio Plus, Annual Giving, Per Capita and Endowment), our District placed 3, 2, or 1 in every category. We placed 1st in overall giving. We had over \$1 Million for the second year. When you go back to your Clubs, thank all our members!

PDG Porter \$1.083 Million this year.

Mitchell said Zones together brought in over \$11 Million.

NEW BUSINESS:

Review of Financials for July thru September: Carol Argo/ Ronnie Smallwood

Documentation was emailed to everyone:

Balance Sheet

Income & Expenses

Income & Expense vs. Actual

Check Detail

Open Invoices

Ronnie Smallwood reviewed:

Income and Expenses

Membership Dues we are at \$107,864

Net income \$129,347.42

Current through end of September

PDG Medori questioned the dollar relief, is this disaster recovery.

DG Argo explained, yes, our District set up a donor advised fund a number of years ago after the tornados so that our members had an outlet to support this relief. The balance of the fund was now very low and it was decided we needed a pool of money in this fund (ideally \$10,000) in case we needed it act quickly. \$1 of our dues is now allocated to this fund. Last year was the first year and at the end of the year, PDG Mitchell and Smallwood moved the money into the donor advised fund.

DGN Weinman asked if Donor advised fund is in our control. He said we need to set up in an account we should know balance. Carol said we can call and ask balance. It is held at RI for our District. Quite a bit of conversation ensued about Donor advised funds and the District keeping a knowledge of the balance and for transparency, reporting this information.

ACTION: CDG Argo will determine if reports are available and request balance

Open Invoices:

DG Argo explained that there are several things going on.

In addition to what is past due with the District, 2 Clubs are past due on RI dues as well - Lawrence County and Haleyville. Haleyville has not paid District Dues for 3 years and both are coming up on 90 days delinquent for RI.

RI will be sending a final notice on Monday that if they do not pay within 30 days the Club will be terminated (not suspended). This happened to Guntersville last year and was a challenge to have reinstated.

PDG Medori asked if Clubs understand. Argo shared that Clubs do not understand or care one.

This is District and RI dues. DG Argo met with her small group of Financial Committee members to discuss options the District has in terms of sanctions. Argo asked PDG Porter (as Parliamentarian) to research what the District can do to get these Clubs to pay in a timely madder. Porter has looked at Bylaws for Rotary and talked to Darwin (RI). The bottom line is that – the Board or CDA (Club and District Administration) on behalf of the Board can take action that District levy interpreted only items that are per capita (PETS would not qualify). They will take the same action that they will on RI dues. Anything that does not meet the guidelines of Per Capita are the responsibility of the District to address District does not have the authority to suspend or terminate.

Reviewed other past due Clubs:

Bessemer had a death and will pay.

Gadsden has indicated that they will pay.

Huntsville has not paid dues yet.

Haleyville told Carol that they do not feel they need to pay District dues and they do not want to accountable to the District. District keeps sending them the invoice and then will write it off.

Quite a bit of open discussion ensued

DGN Weinman suggested we can give them until the end of the current Rotary year and if by June 30 go to RI and request suspension.

Argo said as a District we need a policy.

MOTION:

Ronnie Dukes made a motion to appoint a subcommittee to draft a policy for all delinquency.

PDG Medori seconded the motion.

All in favor. Motion passed.

PDG Porter said this amendment can be done by the DG and Committee

Appointed to the subcommittee: Ronnie Dukes, PDG Andrew, Danny Cooner, PDG Porter (as Parliamentarian)

ACTION: DG Argo asked for a response from subcommittee within 2 weeks.

RI Allocation Pilot Program: DG Argo/PDG Andrew

District is in year 2 of a pilot program where RI gives the entire amount to DG and District overseas the reimbursements to DG. Full amount came in July 1 and DG Argo just submitted first quarterly report (at times will submit monthly instead of quarterly). This pilot program was discussed at Zone and they will extend for anyone that asks for 5 years. The amount depends. DG Argo received \$14,600. They calculate some things behind the scene. Then amount goes up each year. The District has a committee to oversee this pilot consisting DG Argo, Ronnie Dukes, PDG Andrew, PDG Greene, and PDG Cross.

PDG Porter asked about maintaining documentation. DG Argo said we can ask that it be done for the District. DGN Weinman said that he hopes we get to a point where the Treasurer keeps things in the complete ledger and can be input into the RI form at the end of the year. Make it easier if the chart of accounts was modified to provide Governor the totals for the report.

PDG Mitchell reminded everyone:

Foundation Dinner Nov. 1 Huntsville Botanical Garden

RLI - 2 parts scheduled at same time November 10

PDG Mitchell will handle Part 1 (Alacare)

PDG Kirkpatrick will handle part 2 (Decatur)

Rotary Foundation Reports: PDG Wade Drinkard

- Annual Fund Polio down from this time last year
- \$267,785.01-2018-19 DDF
- \$153,044.61-DDF carryover from 2017-19
- \$5,397.31-Interest transferred from Permanent Fund
- \$5,201.78-Returned Funds
- \$431,428.71-Total DDF available 2018-19

- Deduct \$232,028.00 DDF already transferred for Polio Plus, Peace Scholars, and Global Grant Projects and \$81,000.00 DDF committed/tagged for Global Grants being applied for
- \$118,499.71 total DDF still available that has not been already transferred or committed/tagged
- Deduct 81,000 committed or tagged money but money has not been transferred
- \$118,400.71 in the bank uncommitted and untangled
- Out of this 2 clubs have global grants that they have submitted

PDG Mitchell shared that we have a Peace Scholar

Ronnie Smallwood commented on grants - we are sending people money that owe us money.

Wade Drinkard ensured that it will not happen this year

Adjourned 2:45

Respectfully Submitted,

Mary Grace Evans