

Meeting Minutes

CBCST FINANCE COMMITTEE MEETING

February 24, 2015, 6:00pm

Attendance: Curtis Ruder (Acting Chair), Chris Rulon, Sally Sohn, Jacqui Peace, Marian Sokol, Blair Thompson

Absent: Ronald Weiss (Treasurer), Linda Fugit

1. The meeting was called to order at 6:05 by Curtis Ruder who is serving as chair in the absence of Ronald Weiss, Treasurer.
2. Financial Statements for the period ending January 31, 2015 were reviewed with the committee, discussion led by Blair Thompson.
 - Balance Sheet: Blair noted that Deferred Income accrued in 2014 for the 2015 Gala had been moved to the Income Statement. Blair also noted that the payroll expenses which had accrued over the last 1.4 pay periods of 2014 had been reversed and fallen off of the Balance Sheet.
 - Budget vs. Actual: Blair explained that all variances were related to timing, as most budget line items had been spread across 2015 on a straight line even though the expenses may not be anticipated until later in the year.

The committee discussed an alternative way of presenting the Income Statement (Budget vs. Actual), and agreed that moving the non-cash items “below the line” would provide the Board of Directors a more clear understanding of the Center’s actual CASH revenue and expenses. Blair agreed to make a change to the presentation for the January Financial Statements, and will use this format for the remainder of 2015.

- Functional Expenses: the Center continues to have a Program:Support ratio of approximately 80/20, which is recognized among funders as an appropriate ratio.
 - The Financial Statements were accepted by the Committee, pending audit, and will be forwarded in the revised presentation format to the Board of Directors.
 - The motion was made by Chris Rulon and seconded by Sally Sohn. The motion carried unanimously.
3. Blair circulated a copy of the budget projected across each month of 2015. The committee had a discussion about the possibility of making reasonable estimates for the timing (i.e. budgeting) of actual expenses. Jacqui Peace noted that it would be helpful only if the estimates could be made with a reasonable degree of certainty; otherwise budgeting on a straight line was probably the best approach. Curtis Ruder agreed with Jacqui, and suggested that for any budget line item (annual) that is less than \$25,000, budgeting on a straight line would be appropriate. Blair will make changes based on the discussion and present this information to the Board (for information only).

Notably, the Center anticipates surplus revenue for the first 2 months of 2015 and then forecasts deficits for the next 7 months. The sum of these deficits is projected to be approximately \$400,000. This information will be highlighted for the full Board of Directors at the March meeting.

4. Blair discussed the status of the 2014 Audit, and alerted the committee to 5 issues that were raised by the auditor:
- i. It was recommended that CBCST improve the segregation of accounting duties, particularly as it relates to reconciling bank accounts. This function was performed by Bill Gregory in 2013, but was performed by Blair (with assistance of a staff member) in 2014. In 2015, new procedures have been adopted that will include Marian's review of bank statements and reconciliations. Copies of banks statements will also be forwarded to the Finance Committee for their review. It is anticipated that this issue will appear in the management letter.
 - ii. In 2014, payroll was reviewed (prior to approval by Blair) only by our PEO provider, SWBC. In 2015, the online payroll process will require approval of the payroll by Marian.
 - iii. The auditor will make a change to the NET Event income reported in 2014. The effect of this change will be a decrease in Net Event Income and an equal decrease in associated expenses. These changes will have a net zero impact on the Center's bottom line for 2014.
 - iv. The auditor determined the Center has under-reported Accumulated Depreciation on the Balance Sheet since 2009, and recommended a correction. Bill Gregory, who prepared the 2014 Depreciation Schedule in preparation for the audit (and created the Center's fixed asset/depreciation schedule since CBCST moved to the new facility in 2009) disagreed with auditor, and is working with them to come to an agreement about the need for any potential changes.
 - v. On 12/31/2014 the Center had Undeposited Funds of almost \$30,000. These were reported on the 12/31/2014 Balance Sheet.

These funds had accumulated as an abundance of year-end checks came into the Center. Our normal procedure is to deposit checks via the Frost Cash Manager (i.e. remote capture) each Friday. However, Franchesca (who performs this task) was off from December 24th until January 5th – a period encompassing 2 consecutive Fridays. Funds were then not deposited until Friday, January 9th and by that time included an additional \$50,000 check from Kronkosky (meaning that we had \$80,000 of checks in the office). The auditor raised this as an issue and it will be reported to the Board. It is anticipated that this issue will appear in the management letter.

5. In light of the above issues raised by the auditor, the Finance Committee requests a review of the Center's policies and procedures. Blair will present this review for consideration at the March meeting of the Finance Committee.

Respectfully Submitted,

Curtis Ruder, Acting Chair
February 25, 2015