

Finance Committee Meeting Jan. 14, 2022

Present: Ed Organ, Jeffery Janus, Bill Klett, Tom Ortez, Nancy, Linda Brown

Absent: Bill Defazio, Mike Silvester,

Agenda and Minutes

1. Discuss differences between the Dec 31,2020 Preliminary Financial Report and Final 2020 Financial Report dated Oct 2021

- a. Jeffery took the lead on this and discussed the amount of operating income that was different between the two documents by \$38,596. In addition, 33 Balance Sheet changes and 21 P&L Summary report items changed between these documents. This just makes it difficult to plan not being clear about our financial condition.
- b. Scott noted that extra monies increase our taxes. We noted that the Net Worth numbers need to be updated. Scott projected approximately \$200,000-\$250,000 surplus will occur for the 2021 year. Scott said he thought that Cheryl Lasiewicz, our tax preparer, had changed our State income tax status and those taxes should go down to a lower rate.
- c. Scott will ask Cheryl our tax preparer the following questions:
 - i) Do we pay income tax of 20.2% on surplus monies?
 - ii) If so, how much tax have we paid on surplus monies and at what rate?
 - iii) What is our current State Tax rate?
 - iv) If we implement one of the three options Davis Sterling lists to handle surplus monies do we then not pay taxes on those monies?
- d. A discussion continued with an understanding that all efforts will be made to provide accurate and timely financial reports. Scott explained the difficulty in the office staff in the past but he now feels hopeful about the future of the reports due to the new staff we have had for the last 8 months.

2. Proposed Operating Reserve Policy

- a. Nancy noted that she preferred the term Contingency Fund. Linda noted her agreement with Nancy. An in-depth discussion ensued with much input. Points made were: We need to be in line with Davis Sterling regarding this policy, these monies would be used for unforeseen events or circumstances, we do need a policy for surplus monies. Philip noted that we should consider the policies name, financial ceiling limit, and a process for what to do with surplus monies beyond the ceiling.
- b. A motion was passed unanimously to give the Finance Committee time to meet to amend and approve the draft Operating Reserve Policy and resubmit the amended/approved policy to the board of directors two weeks prior to the March board meeting.

3. Net Worth Values in Financial Reports, Operating Fund Transfers, Fixed Assets, & Operations

- a. Scott will also update the Net Worth numbers with assistance from the auditor.

It was also suggested that the Net Worth numbers need to match the Balance Sheet numbers. A better-looking more informative Balance Sheet was suggested.

- b. Operating/Reserve Transfers numbers were discussed.

4. 2021 Financial Audit.

- a. Scott said he should have all the paperwork to the auditors by mid-February. The Audit should be completed by mid-April. Ed again requested the Finance Committee be brought into the loop of the audit process to be able to ask questions.
- b. Scott said her would contact Ed and they would develop a list of questions for the auditors to respond to.
- c. Scott noted there are no hard closes in our Caliper software. Preliminary reports are throughout the year. At the end of the year when the audit is completed is the only hard close.

5. Software issues, What are the current plans?

- a. Jeffery is working on this and will be back to us.

6. Lake Almanor Country Club Financial Manual

- a. Committee appointed Nancy and Linda to take this task on and bring back to the February financial meeting an updated revised Financial Handbook.