

PATACS 2021-2022 Audit

Introduction

A requirement for a financial audit occurring every two years (or if there is a change of treasurer) is contained in Section 4b of the Society By-Laws. This audit covers the term of Fiscal Years 2021 to 2022 (October 2020 thru September 2022). The audit was performed by Mel Mikosinski, 2nd Vice President, and Nick Wenri, 1st Vice President (who was during the audit period a Member-at-Large Board Member with no fiscal signature authority). Information provided by the Treasurer (Roger Fujii).

The fiscal operations of PATACS include a number of bank accounts including checking and deposit accounts. The majority of income is from membership dues and donation of funds. Expenditures fall into a number of categories. The major expenses are things like the printing of and mailing the Society Newsletter, operating expenses such as procuring presentation equipment, insurance, meeting services such as Zoom , internet services (domain names, web page hosting , email services, etc.), meeting door prizes, donations to other organizations and individuals that provide services to allow meetings to occur. Expenditures are either designated line items in the yearly approved budget, or are approved by a majority vote by the Society Officers and Board Members.

The Treasurer maintains the current cash flow records, deposits funds and issues checks for approved expenses and provides monthly reports for the PATACS board meetings. Most activity is limited to the operating fund checking account. Checks issued on the account can be either directly to a service/equipment provider or to an individual that has made an approved expenditure for a single or number of items. The Treasurer maintains a listing of checks issued and associated expenditure request approvals. In addition to board member approval each issued check requires two signatures.

The 2nd Vice President/Membership Chairman maintains detailed records of PATACS income (Membership payments and other donations). Membership income/donations are either received as cash or check and are deposited in the operating fund account, or are directly deposited into the operating account via a direct deposit payment from PayPal.

The Audit

Revenues: The Society's main source of revenue is from yearly membership dues supplemented by member donations and other donations. This income is ultimately deposited in the operating fund account. Checks and cash payments for memberships and donations are received in person or via mail, or, can be directly deposited in the account through the use of PayPal for on-line membership payments and donations. Details of the revenue process are contained in the audit report provided by the 2nd Vice President/Membership Chairman. Income, cash and check, from in- person transfers is typically deposited in the operating account via a mobile deposit from PATACS officers.

Revenues (Cont.):

Membership records are an important part of documentation required to track income. Bank records show "Mobile deposit" for checks received from members, but has no identification of which member is providing it. Things are more complicated with PayPal membership/donation income since PayPal provides a payment to PATACS on basically a monthly basis which may include funds from multiple membership and donation payments.

Disbursements: Disbursements are normally made by issuing a check from the Operating Fund. The Treasurer issues a check once he receives a reimbursement request that has been signed by a designated approving officer. The Treasurer maintains a file of approved reimbursement requests identified by check number. All the FY 21/22 issued checks had an associated signed approval. All issued checks had been reported on the bank statements as cashed.

A large portion of checks were to individuals and were reimbursements for purchases they made for things like postage for newsletters, door prizes, office supplies, and such. The remaining checks were for direct payment to vendors for meeting equipment, newsletter printing, donations from PATACS to other organizations such as OLLI, membership in related organizations such as APCUG and fees associated with the PATACS nonprofit status.

PATACS Accounts: PATACS maintained funds during the audit period in the following accounts:

1: Capital One Checking Account (...4092)

This Account is used for operating funds and generally holds about \$5,000. In FY 21 it had \$6,283.63 in deposits and \$5,313.05 in payments. In FY 22 it had \$6,636.63 in deposits and \$7,138.44 in payments. (About \$1,500 of the expense was for meeting equipment to support Hybrid Zoom Meetings.)

2: Capital One Business Savings Account

Previous Balance 09/30/21 \$12,810.43

Interest and \$2,000 from ...4092 - Ending Balance 12/31/21 : \$14,813.86

Ending Balance 03/31/22 : \$14,817.52

Ending Balance 09/30/22 : \$13,024.61 after \$1,800 payed back to ...4092 + interest.

In actuality, the account started with \$12,810.43 (Sept 2021) and ended with \$13,024.61 after the two years of interest and \$200 added from account ...4092.

3: Certificates of Deposit

FY-22 yielded \$1.70 interest (something like a 0.15% interest rate, it was previously 0.6477%) . It may be PATACS currently has two CD's that hold funds in reserve, the only activity on these two accounts during the audit period was the accumulation of minor amounts of interest.

Methodology

The following items were used to complete the audit:

Bank Records (Monthly Statements from the operating and reserve accounts, and quarterly statements for the certificate accounts)

Treasurer's Google files for Check Authorization forms. (Expenditure Requests and Approval Signatures)

Membership Chair's records showing income from membership payments and donations.

Non-membership income (mainly Pizza Sig donations and other special donations to the club)

Bank records were examined along with Membership Chair's records and Treasurer's check and check authorization files. The bank statements show check activity (expenditures) in detail but income requires cross checking with membership records since the income can be in the form of deposited checks, cash or transfer from PayPal. In addition bank records may show deposit amounts that are a combination of multiple member's payments/donations that originally could be in the form of checks or cash but were combined into a single deposited amount. So basically a spread sheet was created to show the outgoing check amounts and in conjunction with the membership records show tractability to individual member payments that for the most part are listed as "mobile deposit" sums on the bank records. This process also included donation amounts from separate Pizza Sig records.

The bank records agreed with the documented treasurer and membership records.

The Treasurer's check approval records were examined to verify that expenditures had two separate approvals.

Findings

There were no adverse findings in the items examined for the audit.

All income (memberships and donations) was deposited in the bank account and all expenditures had the appropriate authorization.

However it should be noted, that in addition to the Bank Records and the expenditure approval records, an important and necessary resource is the detailed membership records. For income items the bank records show a lot of "mobile deposit" items, if checks, there is no indication of who the check is from. Cash deposits and PayPal deposits can be from multiple sources, so records that identify the sources are necessary for PATACS membership records and for audit purposes, making the use of membership

records a necessity to define where income came from, and what the realized income is since PayPal has associated costs that impact what amount PATACS collects.

In cash disbursements (checks issued) all checks should have two authorizing signatures. All of the bank statements that included images of the issued checks did show two signatures. There was no 100% verification that all checks were double signed, but all checks were listed in the bank statements as cashed checks. They all did have signed approvals for payment. There was no indication of any check not being valid or improperly signed.

One CD account should be looked at (Freedom Bank –26). It has a value of \$1,150 but is yielding a minor amount of interest. The other CD account appears to have a 2.0% interest rate.

	<u>Account26</u>	<u>Account03</u>
<u>September 2021</u>	<u>\$1,155.42</u>	<u>\$2,169.65</u>
<u>September 2022</u>	<u>\$1,157.12</u>	<u>\$2,215.21</u>
<u>Income Total</u>	<u>\$1.70</u>	<u>\$45.56</u>
<u>Yearly Yield</u>	<u>0.15%</u>	<u>2%</u>

In April the average CD rate in Virginia for an 18 month Certificate was 3.01%. There are several newspaper ads for CD accounts in the 4.5% yield rates (probably private vs. commercial) that indicate that our 0.6% yield is not very profitable and a more favorable CD account could be obtained.

The Following Are Findings/Comments Extracted From The Membership Sub-audit Report (See the full Sub-audit Report)

V: Final FY21 and FY22 Audit Results and Membership Deposit Recommendations. 1. Strongly recommend that the treasurer deposit member checks and cash donations in the month he receives them. See paragraphs (IV-1-b), (IV-2-b), and (IV-6-b) for details of member checks and cash donations not deposited in the month that they were received.

2. The late deposit of September 2022 member checks and cash donations will have the following impact on the next FY 23-24 treasurer audit.

a. The \$60 September 2022 membership dues that was deposited in the 4092-bank account during October 2022 should not be included in the FY 23-24 audit. The \$60 has been recorded as FY22 money.

b. The \$55.60 September 2022 Pizza Sig donations that was deposited in the 4092-bank account during October 2022. should not be included in the FY 23-24 audit. The \$55.60 has been recorded as FY22 money.

Related Documents (Included in the transmitting email)

Membership Chair Documentation:

Sub-audit report

Membership Audit Spreadsheets (FY-21 & FY-22)

Operating Fund Bank Statements (FY-21 & FY-22)

PO Tracking System Spreadsheet

Audit Documentation (addition to items above)

Audit Bank Statement Spreadsheet

This report.