

# PATACS's Financial System (Revised 2014)

by Paul Howard, Treasurer

The Potomac Area Technology and Computer Society, Inc. (PATACS) was created with the renaming of the National Capital Technology and Computer User's Group, Inc. (NCTCUG) in early May, 2012. A merger was consummated on 5/19/2012 with the Washington Area Computer User Group (WACUG). All references to activities before the 5/19/12 merger refer to activities of NCTCUG.

Our group's Bylaws require an annual financial report to be prepared by the treasurer for the Board of Directors, and that this report be communicated to the membership. This has generally been published in the group's newsletter in November, and posted on the web site in the organizational documents section. While the financial shenanigans in the corporate world have resulted in the federal Sarbanes - Oxley Act, few requirements have devolved on the non-profit community to affect their financial reporting. In 2004, the board discussed these issues, and this article was prepared as an effort to better advise the membership about the stewardship of the group's resources.

In 1990, Intuit's Quicken program began to be used to maintain records of NCTCUG's finances. Prior to this, accounting paper spreadsheets were used - imagine this - we were a computer user group, but still using pencil and paper for financial records! We had used the services of a CPA for several years, who helped set up a series of accounts, and helped provide the financial reporting needed to establish our eligibility for IRS non-profit status.

As time passed, the need for the sophistication of accrual accounting waned, as the group shrank and the number of financial transactions diminished. The Board recognized that financial record keeping on a cash flow basis, similar to keeping a home checkbook, was sufficient. Treasurers Fred Boots and Joe Mazur found ways to use more of Quicken's features to better represent and track our finances. Quicken has evolved to be easier to use and now allows more space for notes and explanations.

PATACS utilizes two business checking accounts, one for our month to month financial needs, and one holding cash reserves. Many years ago, our board established a "rainy day fund" in the form of a six month Certificate of Deposit account. Since we began tracking this account in Quicken in October '92, we have withdrawn \$500 at a time in April '96, April '97, and October, '99, to provide funds for on-going operations. We've therefore harvested \$1500 in interest for club operations.

The original CD account was converted to four CD accounts in April of 2005, to provide flexibility in the event of the need to draw on these funds. One of the CD accounts established at that time provided our share of replacement funding for the video projector jointly purchased with WACUG, our partner user group. The joint projector ownership arrangement was terminated by mutual agreement in May of 2011, with sole ownership of the projector devolving to NCTCUG. The encumbered replacement account was then available to be used for any purposed deemed appropriate by the NCTCUG board.

With the May 2012 merger, the organization had two checking accounts, and five CD accounts. In the months that followed, the checking account previously used by WACUG was closed. The four CD accounts previously maintained by NCTCUG were rolled into a business checking account offering a higher rate of interest for a year than the short term CD accounts we'd been using. This checking interest rate then stepped down. The bank, with a regional branch structure and strong national credit card operation, converted both checking accounts into a bonus

structure, that will pay ‘interest’ denoted as a ‘bonus’ once per year. The CD absorbed from WACUG has been maintained in a community bank. Until the national interest rate policies of the Federal Reserve are revised, interest available for insured deposits will continue to be paltry.

Club revenue primarily takes the form of member dues checks and donations, mailed to 2<sup>nd</sup> VP President and Membership Chair Mel Mikosinski’s home address, or collected at meetings. Mel details the items received in an electronic spreadsheet file, referred to as a ‘PO File’ from the period in our history when a USPS post office box was maintained. When the fee for PO boxes increased in 2008 to more than \$236 per year, service was discontinued.

Mel records the cash funds received with a receipt book, which provides a copy for the member for in-person transactions, and a copy each for treasurer’s records. The PO file is part of a suite of membership files in spreadsheet form. These files are sent to the group’s board of directors before each board meeting. All revenues are passed to the treasurer, who records them with details in Quicken, prepares deposit slips in duplicate, and maintains a Quicken transaction detail printout for record keeping purposes that is associated with the deposit slip and PO file. The data about each dues and donation revenue item is cut and pasted from the membership chair’s spreadsheets into Quicken’s split transaction section for each deposit transaction.

Any revenues received directly by the treasurer, such as donations from Pizza & Salad SIG sessions, are recorded, and details are forwarded to the executive committee in an email. The membership chair makes a note of these receipts and incorporates them in the membership spreadsheet / PO file system.

Expenditures are approved by the Board through an annual budget process. Unanticipated requirements - expenditure items not in the budget - require specific authorization by the board. All disbursements must be approved by the First VP, (or another officer if he is unavailable) which is recorded on a transaction detail sheet, and associated with appropriate receipts. All disbursements are by check, which requires the signature of the treasurer and one other officer. As a matter of good financial practice, all reimbursements to the treasurer are approved by two other officers. Details of all expenditure transactions are recorded in Quicken. Prior to each board meeting, the treasurer provides account balance and cash flow reports to Board members as PDF files via email. Comparison reports of year over year may also be provided. Financial data from Quicken is encrypted and backed up to a cloud storage provider, with access information provided to PATACS officers.

Every two years, the Board forms an audit committee, and all the paper records of receipts and expenditure, bank statements, and Quicken reports are reviewed and reconciled. The chair of the committee, who cannot be an officer with account signature authority, prepares a report of findings and recommendations (if required). The Board will direct the treasurer to take actions or adopt methods and procedures, based on the audit committee’s report.

The group’s fiscal year runs from October 1<sup>st</sup> to September 30<sup>th</sup>. The annual financial report is published in the *PATACS POSTS* newsletter, when September’s records are available, after approval by the Board. Members are welcome to attend Board meetings, and are particularly invited to join the financial oversight and audit committees. Questions are welcome at meetings, or to the President, 1<sup>st</sup> Vice President, or Treasurer at any time.

Adapted from original NCTCUG *JOURNAL* newsletter article - October, 2004  
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