

NCTCUG's Financial System

by Paul Howard, Treasurer

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. 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. Over the past several months, the board has discussed these issues, and this article is one of our efforts 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.

NCTCUG utilizes a business checking account for our month to month financial needs. 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 Since we began tracking this account in Quicken in October '92, we have withdrawn \$500 at a time in April '96, April '97, and October, '99, to provide funds for on-going operations. The CD account balance is now slightly larger than in '92 - so we've harvested \$1500 in interest for club operations, while retaining our asset base in the CD.

Club revenue primarily takes the form of member dues checks and donations, picked up at the post office by President Jim Rhodes, who details the items received in an electronic file. This file is emailed to Secretary Roger Arnold, who maintains a consolidated file of these so-called PO files, as well as the club's membership records. The file is also sent to the treasurer, and Ron Schmidt, First VP, whose duties outlined in the bylaws include chairing the Financial Oversight Committee. All revenues are passed to the treasurer, who records them with details in Quicken, prepares deposit slips in duplicate, and provides a Quicken transaction detail printout for record keeping purposes that is associated with the deposit slip and PO file.

Expenditures are approved by the Board through an annual budget process, with specific authorization for unanticipated requirements. All disbursements must be approved by the First VP, 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. 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, or budget vs. YTD may also be provided. Financial data is stored on the club demo computer as a backup and for examination by the Board or members as needed.

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 1st to September 30th. The annual financial report will be published next month, when September's records are available. 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, 1st Vice President, or Treasurer at any time.