

# INFORMATION



May 8, 2019

**Subject: 5501 Committee Report - 4/23/2019 Meeting on March 2019 Financial Records**

## **BACKGROUND:**

California recently passed AB2912, effective January 1, 2019, that created new civil code 5500/5501.

1. Civil Code 5500 Items Monthly Review Meeting Items
  - a. Current reconciliation of the association's operating accounts,
  - b. Current reconciliation of the association's reserve accounts,
  - c. Current year's actual operating revenues and expenses compared to budget,
  - d. Latest account statements prepared by the financial institutions for all accounts,
  - e. An income and expense statement for the association's operating and reserve accounts, and
  - f. Check register, monthly general ledger, and delinquent assessment receivable reports
2. Civil Code Monthly CA5501 Report
  - a. A statement that subcommittee members have reviewed the items in (1) above,
  - b. A statement regarding any noteworthy findings, including any corrections to be made in a further review of the month and or subsequent months, and
  - c. Acknowledgment by subcommittee participants of their participation in the review.

## **REPORT:**

- a. The committee met on April 23, 2019 from 2pm to 4:30pm and reviewed items in (1) above for March 2019 financial records.
- b. The committee performed a drill-down on a randomly selected amenity, Cross Country, and reviewed all aspects of general ledger details and related accounting policies and procedures. This will be performed on one department each 5501 meeting. No exceptions noted.
- c. The committee reviewed investments reconciliation in detail. Feedback was provided regarding content of section F12 Investments of monthly financials, as well as other reconciliation detail/schedules refinement.
- d. The committee reviewed the trial balance, General Ledger, check register and supporting reconciliations. One random selection on check register was traced back through to General Ledger detail with no exceptions.
- e. The committee reviewed member delinquent accounts receivable reports. Note, the full Board is briefed in executive session monthly on this matter.

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- f. The committee noted no adjustments necessary to the March 2019 financial statements. Items for follow-up at a future date include the following:
  - a. For Next 5501 review with Committee, management's Daily Flash Report.
  - b. Treasurer Connors asked management to research/consider placing on Surcharge on DH and XC and potentially other amenities for those paying with credit card.
  
- g. Prior 5501 Meeting Follow up Item – Open
  - a. Active Network's RTP One POS System and EMV Compliance – check on status. *Per Discussion 5/7 with RTP, a solution by Fall 2019 is in the works.*
  - b. Physical Inventories – Accounting staff to perform audits of monthly F&B counts recommended. *Physical was observed and test counts performed for April inventories.*
  
- h. Committee Attendees (Acknowledgment received via email confirmation for all listed below)
  - a. Jeff Connors, Treasurer
  - b. Suzy Knisley, Director
  - c. Steve Mahoney, Finance Committee designee
  - d. Michael Eaton-Lloyd, Finance Committee designee
  - e. Michael Salmon, Director of Finance
  - f. Melanie Rives, Controller
  - g. Tracy Pearson, Senior Accountant
  
- i. Next 5501 Meeting – April Review is scheduled for May 21<sup>st</sup> (Board – Treasurer and Jennings)

Prepared by: Michael Salmon, Director of Finance

Board Agenda Meeting Date for Ratification: May 24, 2019

GM Approval for Agenda: \_\_\_\_\_