

INFORMATION



November 13, 2019

Subject: 5501 Committee Report - 10/18/2019 Meeting on August 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 October 18, 2019 from 2:00pm to 3:45pm and reviewed items in (1) above for August 2019 financial records. The review meeting date was delayed due to a schedule conflict with the Treasurer, and the Treasurer is a required attendee.
- b. The committee reviewed August Financial Statements/Report. August Operating Fund NOR loss of \$342,000 was on Budget, favorable \$2,000. YTD August Operating Fund NOR is favorable \$532,00/18% to Budget. Golf is having a under-performing season, with August revenue off budget \$61,000/20% and NOR off \$58,000/58%.
- c. The committee performed a review of August investments reconciliation and reporting. Investments remain heavy in US Treasuries and short on maturities. The investments subcommittee continues to evaluate the long-term strategy. The investment portfolio is not in compliance with Investment Policy (IP), due to being too heavy in US Treasuries investments; which while not diversified per the IP, is very conservative being over-weighted in US Treasuries.
- 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. Other discussion items included:

Credit card processing transaction to credited to our bank timing was discussed.
Monitor wine inventories, consider a Member Sale if necessary to liquidate aged product.

g. The committee noted no adjustments necessary to the August 2019 financial statements. Items for follow-up at a future date include the following:

Old, remains outstanding:

1. Follow up with Mountain Hardware and determine if we can obtain better than 5% discount on charges. [Salmon]
2. Investments accounting and reconciliation, cross-training. [Salmon]

h. Committee Attendees (Acknowledgment received via email confirmation for all listed below)

1. Jeff Connors, Treasurer
2. Charles Wu, President
3. Cathy Ravano, Finance Committee designee
4. Steve Mahoney, Finance Committee designee
5. Michael Salmon, Director of Finance
6. Melanie Rives, Controller
7. Tracy Pearson, Senior Accountant

i. Next 5501 Meeting – September Review is scheduled for October 22, 2019
(Board – Treasurer and Koenes) (Finance Committee – Cathy Ravano, Steve Mahoney)

Prepared by: Michael Salmon, Director of Finance

Board Agenda Meeting Date for Ratification: November 23, 2019

GM Approval for Agenda: _____