

To: Board of Directors, Eastport Civic Association

From: Financial Review Committee

Date: 11/12/20

RE: FYE 10/31/20 Financial Review

Carol Tessier and Sue Meyer worked with ECA Treasurer Charles Hernick to review appropriate financial records. Jane Lawrence reviewed meeting minutes from Board and General meetings. The review team recently completed the financial review.

**I. Review of prior year recommendations:**

The recommended conversion to QuickBooks was implemented by the new Treasurer.

**II. Review of procedures for the fiscal year ended 10/31/20**

A sampling of revenue and expenditure documentation was completed for transactions from 11/1/19 through 10/31/20. The review team worked with the Treasurer to establish a proper cutoff of transactions as of 10/31/20 to insure grants checks written and included in 10/31/2020 but cleared in November 2020 were not included in November 2020 grants numbers.

Appropriate documentation (check register, copies of paid invoices) was available and records properly retained. Grants distributed were in accordance with the Budget.

Minutes were reviewed to verify budget amendments, and grant authorizations. Bank statements were reconciled on a timely basis. Tax return was timely filed. Membership totals and Worthy Causes receipts were reported regularly to the Board. Actual expenses and revenues were compared to the budget. Our review found that minor variances in income and expenses categories were well within the reasonableness test.

During our review, the suggestion to change the entity's year end was again presented to the Board.

### **III. Recommendations for FYE 12/31/21**

1) While not an audit issue per se, we suggest the Board consider encouraging members to pay the PayPal fee along with their dues/donation.

2) Treasurer has recommended changing the entity's year end to December 31, to coincide with Officers' terms and Membership periods. Tax ramifications were discussed and it was agreed to elect "a short year" for tax purposes encompassing November and December 2020, with the appropriate election being made with the IRS to establish that our next year-end will coincide with the calendar year. Thus our next year will be Jan 1 through December 31, 2021.

3) The "ECA Financial Accounting Procedures" document was in need of updating to reflect that the current version includes some outdated procedural steps, such as, attaching copies of canceled checks to grant forms, attaching copies of canceled checks to officers, board members, etc., for reimbursements, and have three people on the review committee. The review team is continuing to work with the Treasurer on an updated version, which will then go to the Board for approval. Finally, we commend the Treasurer for the care taken to shepherd us through the transition to QuickBooks, which is a huge improvement over previous record keeping systems, as well as moving forward with executing a year end change to calendar year basis.

Thank you for the opportunity to assist with the financial and compliance needs of ECA.

Respectfully submitted,

Carol Tessier, Sue Meyer, and Jane Lawrence