Central New York Library Resources Council

Finance Committee

September 21, 2011

2:00pm

**Present:** Jeff Wooldridge (MYLS), Chair; Jim Williamson (SUNY ESF); Katy Benson (Maxwell Memorial Library); Mary Fitzgerald (CLRC Accountant); Debby Emerson (CLRC Executive Director), liaison; Déirdre Joyce (CLRC Assistant Director); Ronald Foster (SUNYIT); Charla Roth (Dannible & McKee, LLC); Peggy Rowe (Dannible & McKee, LLC, partner)

**Jeff Wooldridge called the meeting to order at 2:00pm.**

**Action Items**

* Finance Committee will send questions to Jeff on any continuing/enduring questions that they may have about

**Approval of the Minutes**

A motion was made to accept the minutes from the 8/17 meeting as written. (Williamson/S/A)

**Agenda Items:**

1. **Introductions**
2. **Report to the Financial Committee & Financial Statements from Dannible & McKee, LLC**
   * Peggy Rowe from D&K opened with thanks to CLRC
   * Supplemental Financial Statements
     + Explained the Independent Auditor’s Report
       - A clean opinion for the organization was produced
     + Statement of Financial position (Charla Roth)
       - Cash has grown by a little over 100,000 due to the request from the board to build up funds and some late arrivals of funding
       - Fluctuations due to timing in A/R; normal payables flowing in and out.
       - Accrued expenses went down due to vacation payouts for Penelope and Nancy from the previous year.
       - With no information about the temporary restrictions on last year’s report, all restrictions were released for this year
       - Ron Foster asked for an explanation on the difference between restricted and unrestricted assets. Restrictions come from the donor, not from the Board.
     + Statement of Activities
       - Some items from 2009-10 audit report were reclassified due to presentation differences in the way the two accounting firms present items, to make the reports comparable.
       - Special legislative aid category was affected by reclassification of CLRC’s supplemental aid to the category of State Aid, reflecting the formulaic and regular award of these funds.
       - Government grants did not really increase, the number reflects the change in the way revenue is recognized (implemented in 2010)
       - Jeff asked what the percentage of cut to state aid was last year (6-1/2%)
       - Auditors stated that to be in accordance with Non-Profit practices for accounting, that the expenditures should be classified in a functional matter. To make this work, auditors applied the percentages of functional work of the Council to 2010-11 numbers in order to create a baseline for comparisons going forward.
     + Cash Flows
       - No finance or investment activities (see report for details).
     + Notes to Financial Statements (see report for details).
     + Supplemental Information
       - Not required, but breaks down expenses and ties back into the income statement. Nothing to compare to since the prior auditor did not make this element a part of the previous audit. Will compare data with next year (see above).
       - Katy asked, Are these program and support services set? Program services are spent on the purpose of the organization, different programs, etc. Support services are the time spent on management functions. Membership fees might be due to what council staff does for recruitment and relationship building (site visits, etc.)
   * Report to the Finance Committee
     + Discussed the planned scope and what the auditor was contracted to do for the client. Nothing that the auditors see in the statements that they would change. Auditors felt that there was one minor, material change:
       - Temporary restrictions (discussed above, see report for details).
     + Non-Material changes (see report for additional details)
       - 4000 of rent expense unpaid in 2010, would have increased net assets
       - Sick, personal, floating time – changes in the recording of these items had a minimal affect on
       - Accrued payroll – didn’t accrue for the last payroll in the month, but there was a bit of a difference and the finance committee needs to think about how to approach the discrepancy
       - Discussed the effect of timing of payments on the profit and loss statements
       - Advises that lease payments should be recorded for the total time of the lease, versus the escalating actual lease payments, accrued year-to-year. Suggesting that CLRC looks into recording things differently when the lease is renegotiated.
     + No difficulties reported with management, no errors or fraud, no illegal acts.
     + Will request a management representation from Debby and Mary that they had disclosed everything and were truthful (standard procedure).
   * Management letter
     + Considered internal control in the planning of the audit
     + No opinion given on the internal control
     + No material weaknesses within the internal controls
   * Report on internal controls
     + See report.
   * Finance Committee recommended that the auditors make the full report to the Board of Trustees.
   * Auditors from Dannible & McKee left and meeting continued with regular business.
3. **Check and Deposit Register**
   * Biggest chunks of money in July, very standard stuff, no significant differences to billing or expenses.
   * Motion was made to accept the check and deposit register. (Benson/S/A)
4. **Financial reports ending August 31**
   * Miscellaneous grants receivables on page 14, primarily 2011 RBDB and awaiting final payment on the Valesky grant. Money expended but not received.
   * Accounts payable will be low because we are no longer doing WALDO billing
   * Accrued expenses, haven’t gotten services that have been paid for
   * Certain expenditures (in Operating only) happening in a time period where the income does not match the expenses because the recognized income and the accrued expenses do not match.
   * Accrued vacation not adjusted through August.
   * Income statement by class, grants are in sync with what we are spending.
   * Budget to actual, over the grant term can be viewed where you stand during the course of the grant year. Mary noted that we had to factor in the impact of the Valesky money, adjustments were made to the budget (HLSP & RBDB). Good news is that HLSP money was healthy. Some money needed to be changed with RBDB.
   * Motion was made to accept the financial statements. (Williamson/S/A)
5. **Draft meeting schedule**
   * Debby announced the draft meeting schedule for the Finance committee.
   * Debby did say that the dates for NYLA were checked against the draft schedule.

**NEXT MEETING: December 7, 2011 at 2:00pm.**

A motion was made to adjourn at 3:10pm (Williamson/S/A).

Respectfully submitted,

Déirdre Joyce

Assistant Director, CLRC