

Financial Questions Posed by Molly Fullerton and Answered by Karen Vander Jagt, Treasurer, and Venetia Lewis, President

To the Membership: Molly reviewed the December 2017 Financials and asked the questions below, which we are answering and addressing not only to her, but to the entire membership.

Molly: I will ask my questions in order from page one on of the Dec 2017 report.

AWGA Handicap Services

Would this basically be an in/out item? So, because we had extra members join that weren't budgeted for we show an almost \$1,000.00 deficit. Did we not get the 990.00 from ladies to pay this bill?

Answer: The 2017 budget estimated there would be 113 regular members (\$12,430 membership dues divided by \$110) and 8 handicap-only members (\$280 divided by \$35). The expense of \$30 per person AWGA handicap services for 121 persons should be \$3,630, but the 2017 budget shows \$3,450. Our club actually had 121 or 122 regular members and 21 handicap-only members at year end 2017. We paid to AWGA a total of \$735 for handicap-only members and paid in a total of \$4,440 for full regular members. The \$990 difference merely shows that more money was expensed than originally budgeted. All monies collected for AWGA handicap services were collected and paid to AWGA. As an aside note: the \$30 shown in the line above as AWGA Dues is for our club itself.

Molly Follow-Up: I understand this but does this mean that every time we have new members join during the year that weren't budgeted for, the league is going to consider that amount in the bottom line as being over budget?

Follow-Up Answer: The variance between budgeted and actual will always appear as a negative. However, the income for new members and handicap only will increase by the same amount, resulting in a wash.

Molly: Most Improved Golfer: Budgeted \$100, paid \$200. Was there not carryover from 2016?

Answer: This expense reflects the payment to the 2016 MIP in January 2017 and the 2017 MIP in December 2017. Going forward, it is our intention to minimize, if not omit, paying for prior year expenses in the new budget yet.

Let us speak of the carry-forward balance of \$3522 from 2016 that begins the 2017 Budget. That figure carried commitments to 2016 and monies for use in 2017. The following deductions must be made to come to an amount that was free and clear of any encumbrances:

- \$341 of 2016 sponsorship money used in 2017
- \$100 MIP for 2016
- \$400 Sweeps from December
- \$960 for Hole-In-One winners. The amount is larger as there were no aces in 2015
- \$144 from the Club Championship Party earmarked for the 2017 event
- \$300 for our new computer fund
- \$200 for website use

As a result, the carry-forward of free and clear money was \$1077.

Molly: Bank Fees: Just curious why it was so much higher than budgeted.

Answer: Bank fees were budgeted for \$30. The Treasurer went through the remaining checks given her and had to order twice. She ordered no carbon required checks, so that a duplicate copy of the check she wrote stayed in the checkbook, recording the history of checks written. Those checks cost a little more. \$89.82 was spent, \$59.82 over budget.

Molly: Installation of Officers; Miscellaneous; What was \$732.14 spent on?

Answer: Please refer to the attached .pdf listing the entire deductions from Miscellaneous. In summary, they are \$214.01 for plants for new members, past presidents and board members at the year-end installation. [These expenses have been suspended for 2018 - no plants for anyone.] Also, supplies totaled \$113.96; reimbursement for cards and notes was \$84.96; a special consultation fee for Sue Vander Jagt, for accounting review of \$300; ball markers for naming the teams of the SB Cup at \$19.21.

Molly Follow-up: Ok, in the budget I thought this entire amount was "Installation of Officers" which seemed like a high amount. I didn't realize this was miscellaneous items throughout the year.

Molly: President's Gift: What was the \$241.37 spent on? (The medallions have never been that expensive).

Answer: The 2017 budget allowed \$100 for the making of one President's Medallion. Sheila Clarkin asked Venetia, then VP, to have two medallions made in silver; there being only one medallion left, which Sheila was taking. Venetia asked three persons in SaddleBrooke to make the medallions, all of whom could not due to differing reasons. Creative Awards was suggested. The jeweler consultant there would make 4 medallions for a total cost of \$241.37. Therefore, at a good price, presidential medallions do not have to be made for 4 more years.

Molly: Sponsor: How was the sponsorship money spent? I know \$500 went to the CC Party and we had a few closest to the pin/get the ball on the green events. What else?

Answer: 2017 sponsorship monies (which do not include money from Coyote Golf Cars, as those funds are made to specific tournaments) were spent as follows:

- \$500 Club and Senior Club Championship party;
- \$214 for Sadie Hawkins;
- an additional \$100 for closest to the pin in Sadie Hawkins;
- \$115 for snacks at the summer playing of The SaddleBrooke Cup;
- \$50 for Samson & Delilah;
- \$250 for Cactus Classic;
- \$150 for the Cancer Tournament;
- \$45 for gift cards;
- \$80 for tickets to the Gaslight Theatre;
- \$46 for sponsor lunches from November and December 2017.

Twenty percent (20%) of all sponsorship monies collected are reserved and paid out for charitable gifts. That total came to \$360 in 2017, which was added to our lunch heart-box donations and resulted in a \$944 donation to SaddleBrooke Senior Village presented in January 2017. Additionally, \$1000 collected from our members' piggy banks was matched by Spirit West for a \$2000 charitable donation to the National Multiple Sclerosis Society.

All lunch costs for the sponsors for the months of January through October 2017 were paid from the membership general fund. In November 2017, the Board of Directors approved a motion that all expenses related to sponsors shall come out of sponsorship funds.

Molly Follow-Up: So, with \$2800 income and these expenses of \$1910 is there approximately \$900 in excess? In your first newsletter you stated we had to use \$570 of sponsorship money to balance the budget. So, in the calculations, is there approximately \$330 left of 2017 sponsorship money?

Follow-Up Answer: At the end of the year, there were marketing funds not tied to a specific event. It was decided to use these funds to reduce the loss of 2017. All sponsors received proper recognition throughout the year, so this money was not used inappropriately.

Molly: In/Out Events: Eclectic: Why was more money spent than what was taken in? Special Tournaments?

Answer: The Eclectic shows a **\$6.50** loss, because that amount was added to the sum collected to ensure that an even distribution could be made among the winners. Regarding the tournaments, please see the answers to Club Championship and Presidents Cup below.

Molly: Is the \$200 sponsorship money included in the income for each of the special tournaments Coyote sponsors?

Answer: Only when it is received. Some sponsorship monies were attached to specific tournaments; some sponsorship monies were put in the general Marketing revenue. The entry of sponsor money has been a point of discussion for the past few months.

Molly: Hole-In-One: We show \$960.05 as a loss. What happened with the money from the carryover?

Answer: There were no holes in one in 2015 and in 2016, there were several. The total collected over those two years was \$960.05. This was paid out in January 2017 to the winners. The negative \$960.05 in the Variance column merely shows its payout.

Please note: on the 2017 budget, revenues were overstated in this area. \$960 already collected from 2015 and 2016 was part of the carryover AND added separately within income. This was a double-booking of a credit.

Molly Follow-Up: I understand. What I don't understand is why this is being included as part of our over-budget information. Hopefully the payouts of these kinds of items within the year will negate this being a problem.

Follow-Up Answer: By paying all obligations (like hole-in-one and MIP at the end of year) without carryovers, this issue will be eliminated.

Molly: Club Champion: There was \$830 income, and \$1025 budgeted which adds up to \$1855. The expenses are \$1805.96. How does that translate to (\$975.96) and not \$49.04?

Answer: \$830 was the budget for the Club and Senior Club Championship party; the amount included \$500 from sponsorship money and the rest was contributions from our members. The actual amount spent on the party was \$736 (rounded), resulting in a \$94 credit.

The Club Champion winner was awarded \$100, as budgeted. The Club and Senior Club Champion flight winners were awarded a total of \$870, which was budgeted at \$775, resulting in a loss of (\$95.) The Senior Club Champion was awarded \$100, which was budgeted at \$150, resulting in a credit of \$50.

As no money came into the club for the Championships during 2017, there were no "income" figures, only "budget" figures, which monies are already "in the bank." Therefore, deducting the actual expense figures from nothing posted in the income column results in negative figures in the Difference Column. If you add the figures in the Variance Column, the result is that the Championships came in with a loss of (\$49) (rounded).

Molly: Presidents Cup: It appears Carol forgot to budget for the flight winners. Is that correct? Rather than including this in the \$1700 over budget, the explanation to the membership should have been that the flight winners were accidentally left out of the original budget.

Answer: Firstly, we want to clarify that the budget process for this tournament is not Carol's responsibility. Second, the Board of Directors preparing the budget for the new incoming Board is expected to review the budget prior to approval. And, we have since learned collectively, some items went unnoticed.

We are putting processes in place that will, hopefully, avoid this outcome in the future.

Molly: Samson & Delilah: What was \$215 paid out for?

Answer: Actually, the \$215 paid out was not only for Samson & Delilah, but also for the summer playing of The SaddleBrooke Cup. S&D had a \$100 bet; \$50 came from sponsorship money and the other \$50 from the general fund. The remaining \$115 was for popsicles and lemonade for The SB Cup, which money came out of the sponsorship fund.

Molly Follow-Up: I know we had the \$100 bet, but we didn't have to pay it out since we won?

Follow-Up Answer: There was a payout made which included the money we won (\$100) and the money we bet. Each of our players who participated was given \$5.00 during the luncheon held after the match.

Molly: We operated under the premise that there has been a lot of money carried over the past few years. In your email you are stating that you are trying to figure out what all the financial inaccuracies are. What is the balance in our checkbook? It seems to me if we are actually approximately \$3300 in arrears that our checkbook balance would have reflected it long before we got into this predicament. You also state that Special Tournaments was \$1700 over budget. Does that include the (\$975.96)?

Answer: We copy the second paragraph from the answer to your question about Most Improved Golfer above and insert it here again:

Let us speak of the carry-forward balance of \$3522 from 2016 that begins the 2017 Budget. That figure carried commitments to 2016 and monies for use in 2017. The following deductions must be made to come to an amount that was free and clear of any encumbrances:

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In prior years, the books never were closed at the end of the calendar year, our club's fiscal year end. Each carry forward figure carried with it commitments for payments for the prior year and other encumbrances (e.g., new computer fund). Each incoming Board may or may not have been aware or made aware of these commitments.

It is difficult not to confuse a yearly budget outcome with what is in the bank. The checkbook balance toward the end of the year includes member dues for the next year. There has never been a zero balance in the checkbook. The checkbook balance as of December 31, 2017 (which included 2018 membership dues) was just above \$16,000. The checkbook balance as of January 31, 2018 is \$12,545.16.

The announcement of tournament over-spending was made with confidence based on financial reporting through entries made in the software program. Only this past Saturday, Feb. 3rd, was it discovered that monies were being placed under the general account of Marketing revenue instead of being recognized within the tournament for which they were being used. We regret that information, given in good faith, implied the cause of our current situation laid with tournaments. Again, we want to acknowledge that Carol Bidwell managed tournaments within the boundaries provided to her and we regret any stress she may have suffered.

As for the (\$975.96), please refer to the answer above on Club and Senior Club Championships.

In summation, with these answers, we must close the door on what occurred in 2017. We are better for knowing our situation and being able to adjust accordingly for the new budget year.

In 2018, we have a good, balanced budget. It may be bare-bones, but we have adequately budgeted for all Tuesday Play Day events, special and major tournaments. The 2018 Board of Directors have already established some policies and procedures and more policies via By-Laws and Board of Directors resolutions will be proposed at our February 21st Board Meeting. These policies and procedures we believe will deter any future financial mishaps.

We look forward to a fine year of golf, and fiscal awareness, in 2018.

Venetia Lewis, President
Karen Vander Jagt, Treasurer