

## **FINANCE COMMITTEE MINUTES**

### **March 18, 2014**

The regular Finance Committee meeting held on Tuesday, March 18, 2014, was called to order by Chair Winkler at 9:30 a.m. in the Administration Conf. Room, followed by the Pledge of Allegiance.

#### **ROLL CALL**

Present:	Ms. R. Winkler, Chair Ms. B. Coven Mr. D. Craig Mr. P. Moore	Ms. L. Stone Mr. M. Supple Mrs. M. Wood Mr. M. Michaelides, Ex Officio
Staff:	Mr. R. Ankeny, Executive Director Ms. C. Miller, Controller Mr. S. Perez, ITS Manager Mrs. M. McAuley, Recording Secretary	
Guests:	Mr. David Haygood, NSBN Representative Seven Foundation Members	

#### **MINUTES**

The minutes of the regular meeting of February 18, 2014, were approved as printed on MOTION by Mr. Moore, seconded by Mrs. Wood and carried unanimously.

#### **Chair Announcements**

The Chair welcomed the members, staff, and guests to the meeting. She stated the meeting will follow Roberts Rules of Order. At today's meeting the Committee is scheduled to approve the 2013 audited financial statements and review the Management letter from NSBN. The Chair recommended that a special meeting be held with the GRF Board to discuss the Management letter in further detail.

#### **Foundation Member Comments**

A member stated that she attends these meeting every 10 years and appreciates everything that this Committee does.

#### **Correspondence**

Correspondence was received from a GRF director regarding reimbursement for personal internet bills for use of the Foundation business. This request has been referred to the ITS Committee for comment.

#### **Investment Subcommittee Report**

The Investment Subcommittee did not meet in the month of March. Ms. Coven distributed the schedule of investments (attached at the end of the minutes).

## **STAFF REPORTS**

### **Controller – Financial Report Review**

The Controller reviewed the financial reports, variance summaries, balance sheet, capital budget and cash flow activity. She reported the Mutual Self-Insurance Fund balance as of February 28, 2014 is \$158,660.98 and no claims for March have been received at this time. She reported the 2013 Workers Compensation audit resulted in a refund of \$41,809.

The Controller's detailed report is attached at the end of the minutes.

### **Accept February Financial Statements**

The Committee accepted the February financial statements for audit as presented.

### **Executive Director**

The Executive Director thanked the Controller and David Haygood from NSBN for their work on the 2013 audit. He reported the GRF is in the process of conducting interviews for the Purchasing Supervisor position.

## **UNFINISHED BUSINESS**

### **Credit Cards**

Members were given an update from the ITS Manager on credit card payment options and fees. News Department sales staff will be provided with the mobile version of the solution, which includes two iPads and card readers to be used while out in the field, meeting with potential advertisers. Phase One will provide insight as to how the Foundation will eventually adjust GRF pricing on items and advertisements it sells to recoup the interchange costs that credit card payments will incur. The cost of two iPad Minis is \$1,018 and can be expensed against the capital fund.

After discussion Mr. Moore MOVED, seconded by Mr. Craig and carried unanimously –

**TO** recommend the Board approve Phase One of the Elavon NCD Silver Credit Card / POS Solution, using non-budgeted monies from the operational fund (monthly fees) and capital fund (hardware), and authorize the President to sign the contract.

The committee will review in three months after implementation.

The ITS Manager was excused at 11:03 a.m.

The Chair called for a break at 11:03 a.m. and resumed the meeting at 11:18 a.m.

### **Adopt Policy 5520 – Reserves**

It was recently determined that a policy should be adopted defining the Foundation's assets for the purpose of performing and maintaining reserve studies.

**Finance Committee Meeting, March 18, 2014**

Policy 5520, Reserves, sets forth information on assets, reserve studies, use of reserve funds, banking and investment of reserve funds, expenditures and emergencies.

Mr. Craig MOVED, seconded by Mr. Moore and carried unanimously –

**TO** recommend the Board to adopt Policy 5520, Reserves, to set forth information on assets, reserve studies, and use of reserve funds

**Reserve Study**

As set forth in Civil Code §5300(b), all associations are required to prepare a reserve study. Reserve studies are planning tools to assist associations anticipate and prepare for the property's major repair and replacement projects.

The Executive Director contacted three professional reserve study companies for pricing information on conducting a reserve study:

<b>Company</b>	<b>Cost</b>
Reserve Studies, Inc.	\$24,800
Advanced Reserve Solutions	\$28,750
Association Reserves	\$29,200

The reserve study includes creation of a component inventory, condition assessment, financial analyses, and color photographic inventory of the components for the grounds, recreation and administrative buildings, operational equipment, and major infrastructure. This includes roads, landscape and hardscape areas, building envelopes, major structural components, essential systems (plumbing, electrical, and mechanical - such as boilers, HVAC equipment, supply and disposal systems), and required life safety equipment. The study includes site improvements such as parks and recreation amenities, fencing, property bounding hardscape, the interior finishes and fixtures of the recreational and administrative buildings (painting cycles, wall coverings, flooring) and attached fixtures (bathroom & kitchen fixtures, light fixtures, drinking fountains, etc.), interior furnishings, small appliances and components as outlined in proposed Policy 5520, Reserves.

Ms. Coven MOVED, seconded by Mr. Supple and carried unanimously –

**TO** recommend the Board approve the Reserve Studies, Inc proposal in the amount of \$24,800 to perform a Stage 1 Reserve Study for the Foundation.

**NEW BUSINESS**

**Rescind Policy 5521 – Investments of Special Accounts**

Policy 5521, Investment of Special Accounts, outlines the guidelines for the Golden Rain Foundation to follow for investments. It is recommended this policy be rescinded and its content be corrected, when necessary, and incorporated into Policy 5520.

Ms. Coven MOVED, seconded by Mrs. Wood and carried unanimously –

**TO** recommend the Board rescind Policy 5521, Investments of Special Accounts

Rescind Policy 5521.3 – Approved Authorizations for Special Accounts

Policy 5521.3, Approved Authorizations for Special Accounts, outlines the verbal and written instructions for investments and transactions, and states that monies are to be held in custody with approved banking institutions. It is recommended this policy be rescinded and its content be corrected, when necessary, and incorporated into Policy 5520.

Ms. Coven MOVED, seconded by Ms. Stone and carried unanimously –

**TO** recommend the Board rescind Policy 5521.3, Approved Authorization for Specials Accounts

Approve 2013 Audited Financial Statements

A draft of the 2013 audited financial statements for the Golden Rain Foundation was presented by the firm of NSBN, LLP through the GRF Controller.

The auditors informed the Golden Rain Foundation that they issued an unmodified (previously “unqualified”) opinion or “clean” report, meaning that the financial statements are fairly presented, in all material respects, in conformity with the accounting principles generally accepted in the United States of America. An unmodified opinion also means there were no material weaknesses or problems found that would require a modified opinion to be issued.

Mr. Craig MOVED, seconded by Mr. Moore and carried unanimously –

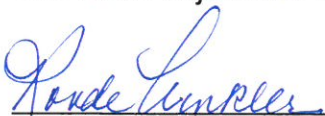
**TO** recommend the Board to accept the 2013 audited financial statements for the Golden Rain Foundation, prepared by NSBN, LLP.

**COMMITTEE MEMBER COMMENTS**

The Committee members spoke on the correspondence at today’s meeting, the Management letter from NSBN regarding the 2013 audit and cross-training.

**ADJOURNMENT**

The Chair adjourned the meeting at 12:00 p.m.



Ronde Winkler, Chair  
FINANCE COMMITTEE  
MM 4.8.14



2014 Cash Flow Strategy  
Approved by the Investment Sub-Committee December 2013 - Revised February 2014

2014	Beginning Cash	Planned Capital Expenditures	Income	CDARS Due/ Bonds Due	CDARS Placed	Matures	End Month Cash
December	\$ 2,922,933.00		\$ 63,000.00	\$ -	\$ 500,000.00	06/14/14	\$ 1,985,933.00
				-	\$ 500,000.00	12/15/14	
January	\$ 1,985,933.00	\$ 214,075.00	\$ 79,000.00	\$ -	\$ 500,000.00	07/14/14	\$ 850,858.00
	\$ -			-	\$ 500,000.00	01/15/15	
February	\$ 850,858.00	\$ 70,000.00	\$ 79,000.00	\$ -	\$ 250,000.00	08/14/14	\$ 359,858.00
	\$ -			-	\$ 250,000.00	02/15/15	
March	\$ 359,858.00	\$ 52,833.00	\$ 79,000.00	\$ 150,000.00	\$ 200,000.00	09/14/14	\$ 136,025.00
	\$ -			-	\$ 200,000.00	03/15/15	
April	\$ 136,025.00	\$ 182,733.00	\$ 79,000.00	\$ 1,500,000.00	\$ 300,000.00	10/14/14	\$ 932,292.00
	\$ -				\$ 300,000.00	04/15/15	
May	\$ 932,292.00	\$ 119,334.00	\$ 79,000.00		\$ 150,000.00	11/14/14	\$ 591,958.00
	\$ -				\$ 150,000.00	05/15/15	
June	\$ 591,958.00	\$ 1,205,700.00	\$ 79,000.00	\$ 500,000.00			\$ (34,742.00)
	\$ -						
July	\$ (34,742.00)	\$ 1,052,500.00	\$ 79,000.00	\$ 750,000.00	\$ 500,000.00	07/15/15	\$ (758,242.00)
	\$ -						
August	\$ (758,242.00)	\$ 38,600.00	\$ 79,000.00	\$ 400,000.00	\$ 350,000.00	08/15/15	\$ (667,842.00)
	\$ -						
September	\$ (667,842.00)	\$ 42,500.00	\$ 79,000.00	\$ 200,000.00	\$ 250,000.00	09/15/15	\$ (681,342.00)
	\$ -						
October	\$ (681,342.00)	\$ 16,000.00	\$ 79,000.00	\$ 55,000.00	\$ 350,000.00	10/15/15	\$ (913,342.00)
	\$ -						
November	\$ (913,342.00)	\$ 23,500.00	\$ 79,000.00	\$ 150,000.00	\$ 350,000.00	11/15/15	\$ (1,057,842.00)
	\$ -						
December	\$ (1,057,842.00)	\$ 5,000.00	\$ 79,000.00	\$ 500,000.00	\$ 550,000.00	12/16/15	\$ (1,033,842.00)

## Controller's Financial Recap – February 2014

As of the two-month period ended February, 2014 the balance sheet indicates that GRF is in a healthy financial position with a surplus of \$24,452.

Major variances are:

Salaries, Wages & Benefits Temp EEs / Recruitment Net positive variance	87,598 (4,152) 83,446	Actual FTEs are below budget by 5; Temp used to fill a key position in January.
Depreciation	36,365	\$1.9M of 2013 budgeted capital funds allocated to the paving project has not yet been finalized; \$1M carryover from 2013.
Other Income	18,457	YTD donations of \$7,515; Guest passes \$7K; Building permits \$8K
SRO Labor Cost Recovery	(106,908)	Lag in labor recognition due to pending open work orders.
Election Expenses	(22,032)	Election for the Trust Extension not budgeted.
Onsite Sales Office Rent	(20,854)	Sales volumes were low in January.
Telephone Book Income	(20,098)	Revenues < budgeted
Membership Transfer Fees	(12,370)	Lower sales volumes resulted in a decrease in membership fees.
Stock Transfer Fees	(9,416)	Decrease in internal transfers.

**Capital Budget expenditures** for the year are \$24,693 with a budget of 3M.

Funds totaling \$2.9M were carried over from the 2013 capital budget. \$1.9M of these funds are allocated to the trust street paving project. The majority of the 2013 projects are expected to be complete by first quarter 2014.

# 2014 CAPITAL ACQUISITION BUDGET

Center	Description	Budget Amount	EXPENDITURES				Total	Balance
			Jan	Feb	Mar			
30	45 Chairs for Admin Conference Room	\$ 9,680					0.00	9,680.00
32	Cantilever Rack for Wood Storage	\$ 3,000					0.00	3,000.00
32	Barcode label printer	\$ 1,000					0.00	1,000.00
34	IP Phones (8@500, plus conference phone \$1k)	\$ 5,000					0.00	5,000.00
34	Tablet Devices for Physical Properties (8@ \$700)	\$ 5,600					0.00	5,600.00
34	Tablet Devices for Managers (5@ \$700)	\$ 3,500					0.00	3,186.72
34	Tablet Devices for Service Maintenance (30 @ \$700)	\$ 21,000		3,186.72			0.00	21,000.00
34	Library Patron/Print Management System	\$ 10,000.00					0.00	10,000.00
34	Workstation Replacements, Peripherals, Misc Hardware	\$ 15,000					0.00	15,000.00
34	Dell R710 Server Memory Upgrade	\$ 10,000					0.00	10,000.00
34	Windows 7 Licenses	\$ 2,000					0.00	2,000.00
34	Time and Attendance Hardware	\$ 6,395					0.00	6,395.00
34	Surveillance Camera Expansion	\$ 30,000		2,354.34			2,354.34	4,040.66
34	Campus Wifi for GRF staff & directors	\$ 40,000					0.00	30,000.00
34	Jenark One time Fee	\$ 145,000					0.00	40,000.00
34	iPads for Directors and IT (from 2013 but not carried forward)	\$ -					0.00	145,000.00
35	8 Computers Patron use	\$ 6,500					0.00	(2,379.60)
35	Security & Catalog Software	\$ -					0.00	6,500.00
36	6 Mini Mac Computers @ \$600 each	\$ 3,600					0.00	(14,110.66)
36	6 Computer monitors @ \$300 each	\$ 1,800					0.00	3,600.00
36	Filemaker Pro 12 Advanced	\$ 500					0.00	1,800.00
36	4 Filemaker Pro Licenses @ \$300 each	\$ 1,200					0.00	500.00
37	Case Management Software	\$ 10,000					0.00	1,200.00
37	4 Visitor Admissions Printers	\$ 4,000					0.00	10,000.00
37	4 Replacement Security Patrol vehicles	\$ 120,000					0.00	4,000.00
37	Overhead lights, spotlight, ans siren for new patrol vehicles	\$ 5,000					0.00	120,000.00
37	Portable security cameras for outdoor use	\$ 3,000					0.00	5,000.00
37	License plate recognition system (one at each gate)	\$ 20,000					0.00	3,000.00
40	Clubhouse Air conditioner Replacements	\$ 20,000					0.00	20,000.00
40	Miscellaneous Sound Equipment	\$ 5,000					0.00	20,000.00
40	Professional services for master planning	\$ 50,000					0.00	5,000.00
48	Hot pool shade	\$ 4,000					0.00	50,000.00
48	Raypack Pool Pump	\$ -					0.00	4,000.00
51	Clubhouse 1 - Ice Machine (donated by GAF)	\$ -	191.52	1,309.08			1,309.08	(1,309.08)
51	Clubhouse 1- Blue Chairs	\$ 5,000					191.52	(191.52)
52	Clubhouse 2- Blue Chairs	\$ 5,000					0.00	5,000.00
53	Clubhouse 3- Blue Chairs	\$ 5,000					0.00	5,000.00
53	Clubhouse 3- Microphones- Audio Technica Pro	\$ -	53.99	269.95			0.00	5,000.00
54	Clubhouse 4- Blue Chairs	\$ 5,000					323.94	(323.94)
54	Clubhouse 4- Entry Way concrete replacement	\$ 9,000					0.00	5,000.00
54	Clubhouse 4- Ice Machine (donated by GAF)	\$ -	191.52				0.00	9,000.00
74	2 Portable Air Compressor	\$ 0.00					191.52	(191.52)
79	Perimeter wall sections M & L	\$ 1,200,000		645.84			645.84	(645.84)
							0.00	1,200,000.00

Golden Rain Foundation  
March 18, 2014 meeting of the Finance Committee  
Controller's Report

**PROJECT UPDATE**

**Agenda Topics for This Month**

- Policy 5521.3 (recommend rescinding) and wait until the reserve policy is finalized. The reserve policy should incorporate policy 5521.

**Audit Schedule:**

- January 20 through 31 – Auditors' fieldwork (completed)
- February
  - 18 – Finance Committee approved the recommendation to the Board to fund the Contingency Operating Fund with 5% of the average five years of operating costs (\$122,060) and to distribute the remainder of these funds to the Mutuals.
  - 25 – Board approval of the excess income and the distribution of funds
- March
  - Mutual Boards approve their respective year-end statements
  - 11 - Income tax filings were delivered and paid
  - 18 – Finance Committee recommendation to the Board to approve the audited financial statements
  - 25 – GRF board approval of the audited financial statements
  - Print financial statements for distribution in April
- April – Distribute all 2013 audited financial statements via the Golden Rain News with the April 17<sup>th</sup> edition.

**Investments**

- Investment strategy was agreed upon by the investment sub-committee in December 2013.
- Purchased in December & January:
  - \$500,000 26-week CDAR
  - \$500,000 52-week CDAR
- Purchased in February:
  - \$250,000 26-week CDAR
  - \$250,000 52-week CDAR
  - Original plan was to invest \$700K in CDARs. The subcommittee decided to take a more conservative approach and invest only \$500K.
- Action item for March:
  - Purchase \$200,000 26-week CDAR
  - Purchase \$200,000 52-week CDAR



### **Inventory:**

- Physical inventory was conducted on December 31, 2013.
- Physical inventory reconciliation was completed on January 10, 2013.
- Per the request of the Committee, a list of the physical count of both warehouse and truck inventories were e-mailed to committee members on 2/19/2014.
- Next steps:
  - Obsolete inventory to be identified and properly discarded
  - Policies to be reviewed and revised accordingly

### **2014 Capital Acquisitions**

- Purchase of bar code label printer (Purchasing) moved from January to June.

### **Reserve Study:**

- Mr. Ankeny provided three bids from the following companies:
  - Advanced Reserve Solutions
  - Association Reserves
  - Reserve Studies, Inc.
- On 2/18/2014, the Committee expressed needing time to read the document with the bids. The approval was deferred to the March meeting.

### **Jenark / MicroMain Conversion:**

- Presented at the January 2014 ITS Committee who recommended the purchase of this software. To be presented to the GRF Board for approval at the January 2014 board meeting.
- Data Scrub
  - Reconcile customer accounts receivables - completed
  - Open purchase order review – list created; to be batch processed
  - Inventory transaction flow – not started

### **Credit Cards:**

- Mr. Perez began the initial research and presented the information at the December Finance Committee meeting.
- An update was provided at the February meeting of the Finance Committee.

### **Aged Receivables:**

- Initially presented the aged receivables to the Finance Committee in January 2014.

- The Committee authorized the write-off of all aged receivables from 2006 – 2010 to be added to the Controller's report to the GRF Board at the January meeting.
- Collection efforts for balances 2011 – current. Collection letters were sent on February 5, 2014.
- On 2/10/2014, signage was placed in the Purchasing Department to notify all contractors that we will no longer honor credit for over-the-counter purchases.
- Action Item: Report back to the Finance Committee bi-annually for recommendations on 180-day delinquencies. (June 2014)

**Policy 3323.1 & 3323.2 – Disposition of Surplus Equipment:**

- Draft revisions to these policies into one policy.
- To be addressed at the {month} Finance Committee meeting.

**MSIF Policy 7303:**

- The policy needs to be rescinded by the Mutuals, as it is a Mutual policy.

**Personnel**

Action Item from the Executive Committee:

1. Create an organizational chart of how the Finance Department should be organized.
2. Present the organizational chart and all job descriptions to the committee at its meeting in April.

**No Visit Wednesdays:**

- Program began on November 13, 2013
- Average number of visits: 4 in person and 2 phone calls

GOLDEN RAIN  
*Foundation*  
SEAL BEACH

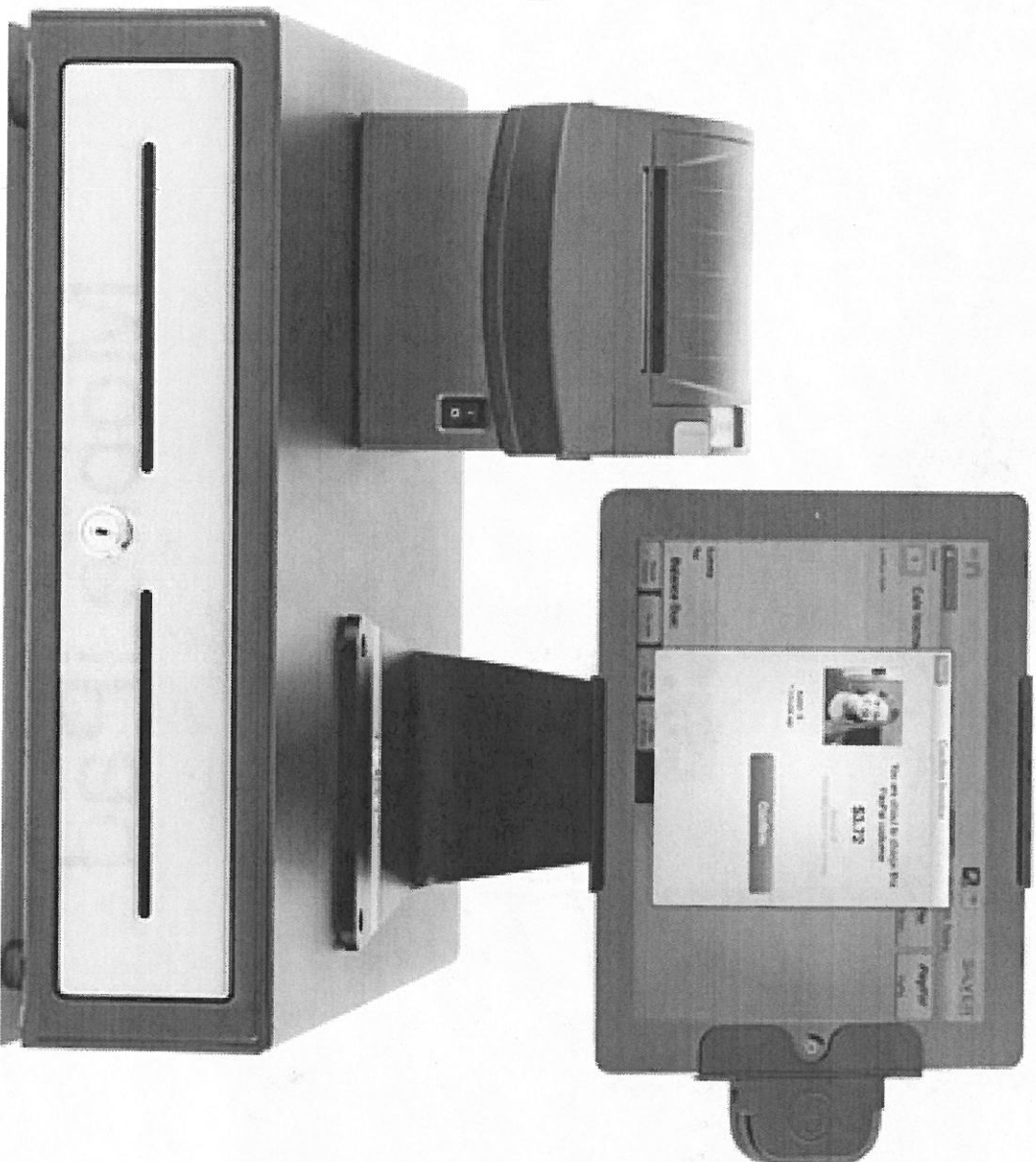
# Elavon NCR Silver Credit Card / POS Solution

March 18, 2014

# Credit Card / POS Solution

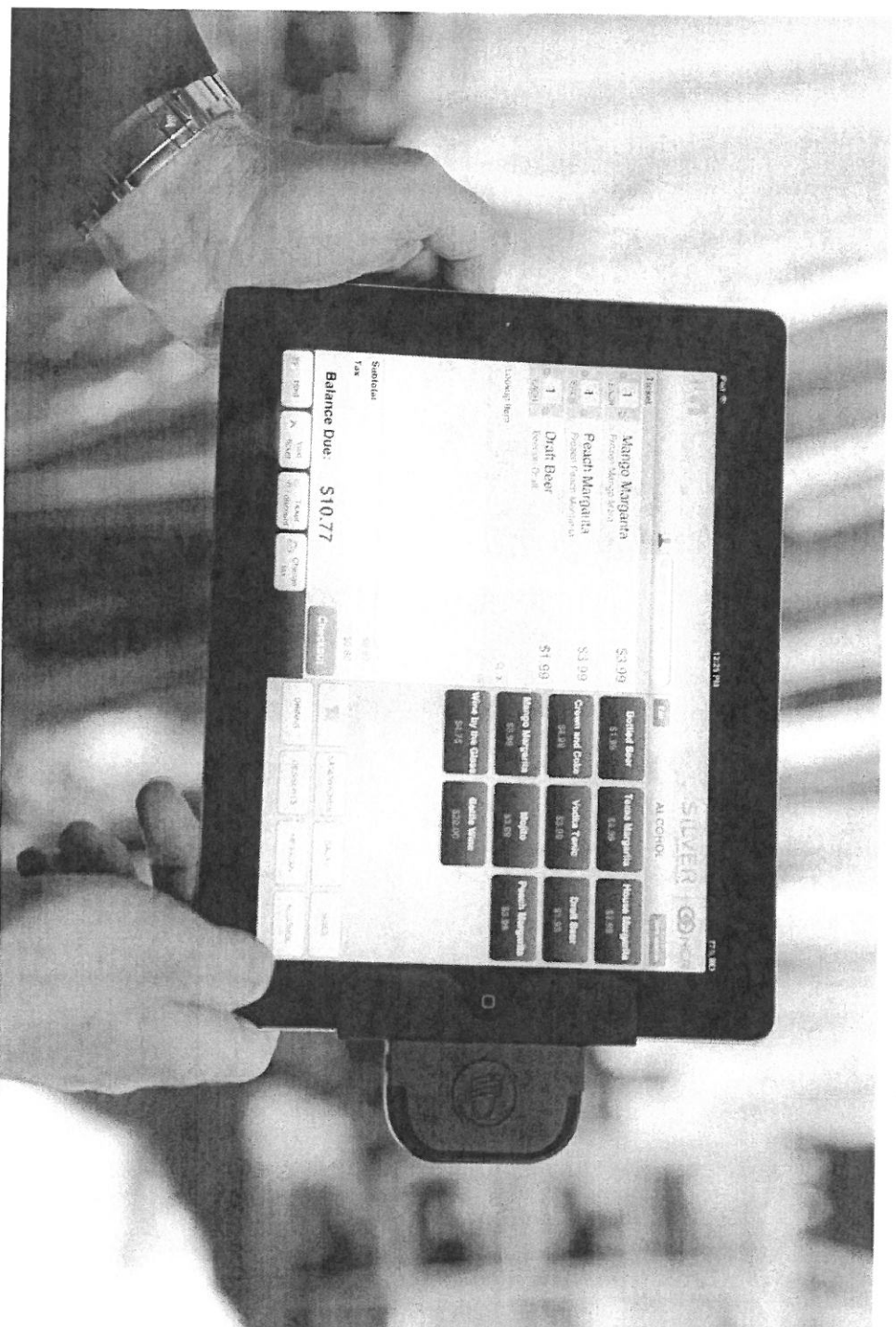
- US Bank partnered program with NCR
  - “NCR Silver”
    - POS Solution for control of cash boxes
    - PLU database management control
    - iOS Based (Apple iPads)

# POS Bundle





# Mobile iPad



# iPad Air and iPad Mini



# Pilot Program / Phased Approach

- Phase 1 – Newspaper sales staff
  - Card Readers for iPads
- Phase 2 – Purchasing
  - POS Bundle
- Phase 3 – Physical Properties
  - POS Bundle
- Phase 4 – Stock Transfer, Accounting
  - POS Bundle

# Costs

One-Time		
NCR	Setup Fee	\$ -
NCR	NCR Card Reader 30pin (2 @ \$79)	\$ 158.00
Apple	iPad mini (2 @ \$420 + \$89)	\$1,018.00
TOTAL		\$1,176.00
Monthly		
NCR	NCR Silver Software	\$ 79.00
NCR	NCR Addtl Device Software	\$ 29.00
NCR	Reporting & Support Package	\$ 12.99
NCR	Monthly Minimum (\$25)	\$ 25.00
Verizon	2GB Data Plan (2 @ \$30)	\$ 60.00
TOTAL		\$ 205.99
Per Occurrence Fees		
NCR	Chargeback Fee	\$ 15.00
NCR	Return Item Fee	\$ 20.00

# Interchange Costs

- Elavon Interchange Costs
  - Review matrix
- GRF Pricing will need to recoup these costs
  - Need to determine appropriate increased pricing
  - Cannot fee customers for CC payments
  - Can offer customer discount on cash payments



# Next Steps

- **Application and Credit Underwriting** (1-3 days)
- **Deployment** (2-5 days)
  - Shipment of equipment
- **Training**
  - Equipment and credit card processing
- **PCI Compliance Validation Process**
  - Payment Card Industry Data Security Standards
  - Certificate of Compliance
- **Communications** (support and information)
- **Service**
  - MerchangeConnect (online access to account)
  - Call Center help

# Discussion