

FINANCE COMMITTEE MINUTES
January 20, 2015

The regular meeting of the Finance Committee held on Tuesday, January 20, 2015, was called to order by Chair Stone at 10:00 a.m., in the Administration Conference Room. The Pledge of Allegiance was led by Mrs. Reed, Golden Rain Foundation (GRF) representative of Mutual Four.

ROLL CALL

Present:	Ms. L. Stone, Chair	Mr. S. McGuigan
	Mr. D. Craig	Ms. P. Snowden
	Mrs. C. Damoci	Mrs. M. Wood
	Mr. J. DeMarco	Ms. R. Winkler, Ex Officio

Staff:

- Mr. R. Ankeny, Executive Director
- Ms. C. Miller, Controller
- Ms. J. Rogers, Purchasing Supervisor
- Mrs. J. Reed, GRF Representative, Mutual Four
- Mr. B. Lukoff, GRF Representative, Mutual Fourteen
- Three Foundation Members

INTRODUCTION OF STAFF AND GUESTS

The Chair introduced and welcomed Foundation members and Staff.

Mr. McGuigan MOVED, seconded by Mrs. Wood and carried unanimously –

TO dispense with the reading of a quorum of the GRF BOD is present.

The Chair stated that in accordance with California Civil Code Section 4090, please be advised that a quorum of the Golden Rain Foundation Board of Directors (GRF BOD) is present at today's posted meeting. The business of the Finance Committee will be conducted in accordance with the agenda. As a quorum of the Board is present, this meeting will be conducted as a committee meeting *and* a Board meeting. The agenda actions of the committee will be limited only to the members of the committee and will only constitute such actions in accordance with stated committee policy and/or provide recommendations to the GRF Board of Directors at its regular Board meeting on the 4th Tuesday of the month. GRF Board members who are not committee members will be allowed to comment when recognized by the Chair and only during the proscribed Foundation member comment period, not to exceed four minutes, as set forth in Policy 5610, Participation by Foundation Members. The minutes of today's Board meeting will be presented to the Board for approval following the approval of the committee meeting minutes in February.

COMMITTEE RULES

The Chair reviewed the meeting rules and asked that courtesy and respectfulness be acknowledged at all time. Please remember to turn off your cell phones.

APPROVAL OF COMMITTEE MEETING MINUTES

Chair Stone declared the minutes of the regular meeting of December 16, 2014, approved as printed.

Chair Stone declared the minutes of the special meeting of January 14, 2015, approved as printed.

CHAIR'S ANNOUNCEMENTS

The Chair announced Mr. McCauley from Superwire was unable to attend today's meeting. He will be in attendance with the President of Superwire at the next regular Finance Committee meeting.

FOUNDATION MEMBER COMMENT PERIOD (FOR AGENDA ITEMS ONLY)

Two Foundation Members spoke on the installation of the ballet barre in Clubhouse Six.

REVIEW CORRESPONDENCE

The Committee reviewed correspondence regarding the business of Superwire and the cost to Foundation Members.

ACCEPT DECEMBER 2014 FINANCIAL STATEMENTS

The Controller reviewed the December 2014 financial reports.

Mr. Craig MOVED, seconded by Mrs. Wood and carried unanimously –

TO recommend the GRF BOD accept the December 2014 Financial Statements for audit.

UNFINISHED BUSINESS

Reserve Study

The Executive Director provided an update on the Reserve Study and reviewed Policy 5020, Reserves. After reviewing Policy 5020, Reserves it was the consensus of the Committee to send the policy to the Re-Write Sub-Committee for amendment.

Superwire

The Chair reported Bob McAuley and the President of Superwire will be in attendance at the February Finance Committee meeting for questions and clarification on several points of the contractual agreement. In particular, the Committee would like to discuss Section 2.1.4, "Quality of Service" including the most recent survey and the current procedure for the accounting of extra services.

NEW BUSINESS

Disband Resales Sub-Committee

Mr. DeMarco MOVED, seconded by Mrs. Damoci and carried unanimously –

TO disband the Resales Sub-Committee.

Amazon Smile

Amazon Smile is a simple and automatic way for you to support your favorite charitable organization every time you shop, at no cost. When you shop at smile.amazon.com, you'll find the exact same low prices, vast selection and convenient shopping experience as Amazon.com, with the added bonus that Amazon will donate a portion of the purchase price to your favorite charitable organization. You can choose from nearly one million organizations to support.

Mrs. Damoci MOVED, seconded by Mrs. Wood and carried unanimously –

TO designate The Golden Age Foundation as the Organization to donate to.

GRF employees will be notified of this action.

The Chair called for a recess at 11:12 a.m.

The meeting resumed at 11:20 a.m.

Capital Projects Review

The Committee members reviewed the 2015 Capital projects. It was the consensus of the committee to have the Chair of the Committees prioritize their capital projects and present to the GRF BOD for review and approval.

Rescind Policies 2281, Computer Program Changes; 2282, New Computer Programs; and 2910, Budget Calendar

Policy 2281, Computer Program Changes sets forth means to request any change to a computer program. Policy 2282, New Computer Programs establishes that the Controller is responsible for coordinating the work of programmers on all new computer programs. Policy 2910 establishes the budget calendar for Mutual corporations, as required by HUD. These policies are no longer applicable.

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

TO recommend the GRF BOD rescind Policies 2281, Computer Program Changes; 2282, New Computer Programs; and 2910, Budget Calendar.

Physical Property Committee Request – Perimeter Wall B

The Committee members and Staff reviewed a request for funding for the acceleration of the replacement of the Foundation asset noted as wall section B.

In review of the Foundations Reserve Funds, it was of the unanimous consensus of the FC that the proposed acceleration of the replacement of the asset in an amount not to exceed \$350,000 would not adversely affect the Reserve fund balance.

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

TO recommend the GRF BOD approve the acceleration of Foundation Reserve Funds in an amount not to exceed \$350,000 for the replacement of the Foundation's asset noted as wall section B.

STAFF REPORTS

Purchasing Supervisor

The Purchasing Supervisor provided a list of surplus equipment to be disposed of.

Mrs. Damoci MOVED, seconded by Mr. Craig and carried unanimously-

TO accept the list of disposals from the Purchasing Department.

She presented a list of surplus equipment to be sold.

Mrs. Snowden MOVED, seconded by Mr. Craig and carried unanimously –

TO accept the list of surplus equipment to be sold.

The Purchasing Supervisor's report is attached at the end of the minutes.

Controller – Financial Report Review

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

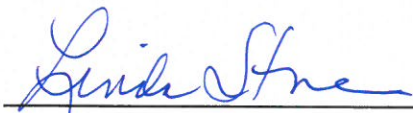
Executive Director

The Executive Director provided an update on the audit.

ADJOURNMENT

Next Monthly Meeting: February 17, 2015 at 10:00 a.m. in the Administration Conference Room.

The Chair adjourned the meeting at 12:11 p.m.



Linda Stone, Chair
FINANCE COMMITTEE
mm 1.30.15

MOTION

- **TO** dispense with the reading of a quorum of the GRF BOD is present;
- Chair Stone declared the minutes of the regular meeting of December 16, 2014, approved as printed;
- Chair Stone declared the minutes of the special meeting of January 14, 2015, approved as printed;
- **TO** recommend the GRF BOD accept the December 2014 Financial Statements for audit;
- **TO** disband the Resales Sub-Committee;
- **TO** designate The Golden Age Foundation as the Organization to donate to;
- **TO** recommend the GRF BOD approve the acceleration of Foundation Reserve Funds in an amount not to exceed \$350,000 for the replacement of the Foundation's asset noted as wall section B;
- **TO** accept the list of disposals from the Purchasing Department;
- **TO** accept the list of surplus equipment to be sold.

ACTIONS

- Superwire – Bob McAuley and President will attend the next regularly scheduled Finance Committee meeting for questions and clarification on several points of the contractual agreement.

Purchasing Supervisor Report

Finance Committee Meeting, January 20, 2015

1. Budget Variance:

As of 1-12 when the agenda items were due the budget variance report for December was not available. I will recap December if available prior to the Committee meeting or with January at next month's meeting.

2. Project Report:

- New Purchase Requisition Forms and Material Requisition Forms have been published.
 - Adding additional information.
 - Making the forms more efficient for use with the new GL codes added for 2015.
- Pricing updates
 - Added 2% up-charge for shipping/handling.
 - Updates to unit costs to include sales tax.
- Jenark/Micromain data import preparation.
 - Database clean-up ongoing.
- 2014 Year End Inventory.
 - Completed.
- Warehouse Reorganization
 - Warehouse shelving project completed.
 - All bins are to be properly labeled
 - Overstock to be properly located.
 - Focus on organization of the receiving/large item holding area begins.

3. 2014 Capital Project Status:

- Bar Code Printer Label: Pending additional information with regard to Micromain Integration.

Budget Variance Report - Dec 2014

Purchasing - CC#32

<u>GL Code</u>	<u>Account Description</u>	<u>YTD Variance</u>	<u>Explanation</u>
61000	Salaries & Wages	\$ 23,376	Open positions in purchasing
64100	Materials & Supplies	\$ (8,439)	Warehouse Shelving Update applied to 64100
64110	Freight & Handling	\$ 4,765	Utilizing prepaid shipments
64895	Inventory Over/Short	\$ 11,780	Obsolete inventory write-offs completed prior to year end.

Total Explained Variances	<u>\$ 31,482</u>
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Golden Rain Foundation
Budget Comparison Report
Purchasing - CC 32
For the Twelve Months Ending December 31, 2014

INTERNALLY PREPARED
FOR MANAGEMENT USE ONLY

December			YTD						
Actual	Budget	Budget Variance	G/L Number	Description	Actual	Budget	Budget Variance	Annual Budget	Unused Budget
Expenses									
\$23,934	\$17,407	(\$6,527)	61000	Salaries & Wages	\$185,513	\$208,889	\$23,376	\$208,889	\$23,376
1,562	1,446	(116)	61400	Payroll Taxes	15,627	17,352	1,725	17,352	1,725
185	190	5	61420	Workers Compensation	12,549	13,820	1,271	13,820	1,271
4,419	2,904	(1,515)	61430	Group Insurance Medical	29,174	34,849	5,675	34,849	5,675
79	63	(16)	61433	Group Insurance - Dental	730	755	25	755	25
40	43	3	61435	Group Insurance - Vision	448	520	72	520	72
263	456	193	61440	Retirement Fund	4,354	5,477	1,123	5,477	1,123
73	56	(17)	61450	Group Insurance - Life	787	677	(110)	677	(110)
58	104	46	61460	Long Term Disability Insurance	664	1,253	589	1,253	589
(5,856)	375	6,231	64100	Materials & Supplies	12,939	4,500	(8,439)	4,500	(8,439)
721	1,064	343	64110	Freight & Handling	7,998	12,763	4,765	12,763	4,765
112	150	38	64440	Equipment Rental	1,193	1,800	607	1,800	607
	30	30	64700	Equipment Repair & Maintenance	315	360	45	360	45
	50	50	64720	Building Repair & Maintenance		600	600	600	600
181	142	(39)	64800	Uniforms & Laundry	1,972	1,700	(272)	1,700	(272)
	20	20	64810	Continuing Education		240	240	240	240
	10	10	64820	Mileage		120	120	120	120
161	65	(96)	64821	Meals & Special Events	263	120	(143)	120	(143)
	10	10	64830	Dues & Memberships	192	120	(72)	120	(72)
(8,282)		8,282	64895	Inventory Over/Short- Purchasing	(11,780)		11,780		11,780
18		(18)	64940	Service Contracts	197		(197)		(197)
17,671	24,585	6,915		Total Expenses	263,136	305,915	42,779	305,915	42,779
Other Cost Recovery									
			5385...	Other Income	104		104		104
				Total Other Cost Recovery	104		104		104
25,493	25,493		53300	Trust Admin. Cost Recovery	305,916	305,915	1	305,915	1
25,493	25,493			Total Cost Recovery	306,020	305,915	105	305,915	105
Off Budget Items									
3,041		3,041	5390...	Materials Recovery	40,341		40,341		40,341
3,041		(3,041)	64150	Materials Pass Thru	40,341		(40,341)		(40,341)
7,822	908	6,915		Net Income / (Expenses)	42,884		42,884		42,884

Requesting Department: _____

PURCHASE REQUISITION

PR# _____

Suggested Vendor: _____ Vendor: _____

Telephone No.: _____ Address: _____

Date Ordered: _____ City: _____ State: _____ Zip: _____

Date Required: _____

ITEM	QUANTITY	UNIT	PART NO.	MANUFACTURER	DESCRIPTION	GL CODE & COST CENTER	UNIT PRICE
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

Reason for purchase (include Project Name & Number if applicable): _____

Name of Requestor: _____ Purchase Order Number: _____

Authorized Signature: _____ Ordered By: _____

Date: _____ Date: _____

Budgeted: ☐ Yes ☒ No

Board Approved: ☐ Yes ☒ No

Date: _____

☐

Check here if this is a Capital Purchase and complete the items below:

Name of Committee: _____

Manager/Supervisor: _____

Date of GRF Resolution: _____

Executive Director: _____

ORIGINAL / YOUR RECORDS

SCAN AND EMAIL SIGNED P.R. TO: purchaserequisitions@lwsb.com

MATERIAL REQUISITION REQUEST

Requesting Department: _____ DATE: _____

Requested by: _____ Approved by: _____

ITEM	QUANTITY ORDERED	QUANTITY ISSUED	UNIT	PART NO.	DESCRIPTION	GL CODE & COST CENTER
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

Comments:

Pulled by: _____

Date: _____

ORIGINAL / YOUR RECORDS

SCAN AND EMAIL SIGNED M.R. TO: purchaserequisitions@lwsb.com

November Surplus Equipment For Sale

Description	Price OBO	Disposition
Desk	\$ 50.00	Donate / Dispose
Drafting Table	\$ 50.00	Donate / Dispose
Lateral Filing Cabinet, Wood	\$ 25.00	Donate / Dispose
Lateral Filing Cabinet, Wood	\$ 25.00	\$ 25.00
Vertical Filing Cabinet, Wood	\$ 25.00	Donate / Dispose
Credenza	\$ 25.00	Donate / Dispose
Printer Table	\$ 10.00	Donate / Dispose
Bookcase	\$ 10.00	Repurposed
Bookcase	\$ 10.00	Donate / Dispose
Bookcase	\$ 10.00	\$ 10.00
Office Chair	\$ 25.00	Donate / Dispose
Office Chair	\$ 25.00	Donate / Dispose
Office chair	\$ 25.00	Donate / Dispose
Task Light	\$ 5.00	\$ 5.00

January Surplus Equipment For Sale

Description	Price OBO	Disposition
Wood Lathe	\$ -	Unsafe - Immediate Disposal
Wood Desk	\$ -	Unsafe - Immediate Disposal
Metal Desk	\$ 50.00	
Metal 4 Drawer Cabinet	\$ 25.00	

Purchasing Services Report YTD 2014

Month	Days	Purch Cash Sales	Mat'l Reqs Processed	Receipt Trans Processed	Walk-In Sales	Recorded Contractors	Purchase Orders	Total Services
January	22	\$ 2,439.40	673	130	148	20	241	1212
February	19	\$ 2,139.70	703	172	163	27	242	1307
March	21	\$ 4,502.39	741	163	176	29	222	1331
April	22	\$ 3,360.12	738	142	141	4	193	1218
May	21	\$ 3,347.50	748	78	163	46	151	1186
June	21	\$ 3,854.66	717	120	149	52	185	1223
July	22	\$ 2,883.20	726	139	146	34	213	1258
August	21	\$ 3,786.00	706	155	157	38	202	1258
September	21	\$ 6,112.32	679	169	176	42	240	1306
October	23	\$ 4,106.96	715	208	207	19	240	1389
November	19	\$ 3,310.33	609	97	149	29	192	1076
December	22	\$ 3,354.55	485	101	181	24	149	940
Total	254	\$ 43,197.13	8240	1674	1956	364	149	14704
Daily Avg		\$ 170.07	32	7	8	1	1	58

Golden Rain Foundation
January 20, 2015 meeting of the Finance Committee
Controller's Report

Golden Rain Foundation
Budget Comparison Report
Finance - CC 31
For the Twelve Months Ending December 31, 2014

<u>YTD</u>				
<u>G/L Number</u>	<u>Description</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget Variance</u>
Expenses				
61000	Salaries & Wages	\$505,699	\$525,283	\$19,584
61400	Payroll Taxes	41,741	43,614	1,873
61420	Workers Compensation	6,523	7,202	679
61430	Group Insurance Medical	50,654	53,114	2,460
61433	Group Insurance - Dental	1,337	1,233	(104)
61435	Group Insurance - Vision	930	943	13
61440	Retirement Fund	10,015	15,913	5,898
61450	Group Insurance - Life	2,088	1,564	(524)
61460	Long Term Disability Insurance	1,923	2,896	973
64100	Materials & Supplies	24,629	25,440	811
64440	Equipment Rental	2,738	4,000	1,262
64750	Empl. Recruitment / Temp. Fees	17,806		(17,806)
64810	Continuing Education	470	480	10
64820	Mileage	45	60	15
64830	Dues & Memberships	134	550	416
64890	Uncollectible Accts/Misc W/Os	883		(883)
64940	Service Contracts	1,862	250	(1,612)
Total Expenses		669,478	682,542	13,064

Budget Variance Report - December 2014
Finance Department - CC #31

<u>GL Code</u>	<u>Account Description</u>	<u>Variance</u>	<u>Explanation</u>
61000	Salaries & Wages	19,584.00	A/P Clerk replaced with lower salary
61400	Payroll Taxes	1,873.00	A/P Clerk replaced with lower salary
61430	Group Insurance - Medical	2,460.00	Lower negotiated insurance plan for 2014
61440	Retirement Fund	5,898.00	New employee not eligible for participation
64750	Empl. Recruitment / Temp. Fees	(17,806.00)	A/P position replacement & A/P temporary replacement
Total Explained Variances		<u>12,009</u>	

Investments

- Purchased in December – 52-week CDAR for \$550,000
- Purchased in January – 52-week CDAR for \$500,000

General Audit Timeline

2014 Financial Statement Audit Timeline	
Mid December	Interim fieldwork begins - auditors onsite Walk-throughs, assess controls, review legal bills, develop the audit plan.
Dec 30	Physical inventory - auditors onsite to observe
Now	Send out audit confirmations: Attorneys & financial institutions
Jan 26 - Feb 6	Year-end fieldwork - auditors onsite
February	Finalize financial statements & prepare tax filings - Auditors offsite
Feb / Mar	Present audited financial statements to GRF & Mutual boards. Once board approves, make copies for newspaper distribution
Mar 16	Due date for tax filing (Finalize by Mar 3 - 7)
Apr 6 - 10	Provide News with financial statements for distribution
Apr 16	Distribute financial statements via Golden Rain News

Tangible Property Regulations Update

1. Tangible Property Regulations Update

- a. New IRS regulations set forth the framework for distinguishing capital expenditures from supplies, repairs & maintenance.
- b. Prior to this regulation, there were no specific conditions for a taxpayer to write off any dollar amount.
- c. Based on the new rule, GRF and Mutuals are required to have a written capitalization policy that defines the threshold purchase amount of a capital asset.
- d. The IRS defines this required adoption of the new regulation as a change in accounting method and must be reported by filing Form 3115.
- e. Required Action by GRF and Mutuals:
 - i. Establish and adopt a capitalization policy that is effective 1/1/2014 because although the regulation was just passed, it is retroactive to 1/1/2014.
 - ii. When filing the 2014 tax returns, include Form 3115. (NSBN will take care of this.)
 - iii. Review all fixed assets for each company and remove those assets from the books that are most likely no longer in use. (Example, if a computer acquired in 1986 exists on the books, most likely it is long gone.) A physical inventory of fixed assets has not been performed since prior to 2007.
- f. The above steps are required, however there will be no tax impact as a result of this regulation
 - i. GRF and the Mutuals fall under IRS Ruling 70-604 Sub-Chapter T which means that any income tax is determined on what is referred to as non-patronage income. Non-patronage income is basically investment income earned on CDARs and money market accounts (where interest is not tax exempt) offset by expenses directly related to this income (investment management advisory fees).
 - ii. Based on the above statement, depreciation does not reduce the tax liability for either GRF or the Mutuals.
- g. The reason why it is necessary to comply with the IRS regulation to show due diligence and cooperation should an IRS audit arises.
- h. Next step, staff to draft a capitalization policy that complies with the IRS regulation and bring to committee next month.

New Bank Structure

Current Structure

Designated Deposits:

Contingency Operating Fund	685,047
Trust Improvement Fund	920
Capital Improvement Fund	6,197,314
Liability Insurance Deductible Fund	1,029,125
Other Restricted Fund	465,045
Total Designated Funds	<u><u>8,377,451</u></u>

2015 Structure

Designated Deposits:

Rserve Fund	5,201,365
Capital Improvement Fund	1,825,994
Contingency Operating Fund	685,047
Liability Insurance Deductible Fund	200,000
Other Restricted Fund	465,045
Total Designated Funds	<u><u>8,377,451</u></u>

Jenark Conversion

1. 2012 Year-end balances, 2013 YTD activity and 2014 monthly activity through October have been loaded into Jenark for GRF and all Mutuals.
2. Continue with uploading 2012 - 2014 Budget data for both GRF and Mutuals. 2015 budget data still needs to be loaded.
3. Staff received training on building financial reports. The task of building reports continue. Reports need to be built before loading budget data into Jenark so that uploaded data can be validated.
4. Established transaction flows for all SRO bill codes so that charge codes can be established.
5. Created a preliminary file with inventory data to upload to MicroMain. Currently, scrubbing the inventory data for better descriptions and item numbers.
6. At January 2, 2015, the following was completed:
 - a. Upload the vendor database into Jenark
 - b. Upload Accounts Receivable (member) balances into Jenark
 - c. Began posting shareholder payments and miscellaneous income to Jenark.
 - d. Began issuing check payments from Jenark.