

AUDIT REPORT FOR YEAR 2018

As a result of the audit of 2018 financial records, I found the following items not in accordance with the CBQG By-laws which states: The Treasurer shall maintain records of all funds, disburse funds as authorized, give financial statements quarterly at regular meetings and give a complete financial report at the January meeting.

1. The check register has no running balance.
2. Check information on the check register is incomplete. Check numbers are missing; amounts are missing; and payees are missing. Almost all of the dates are missing. Some of the checks, check card and paypal activity showing on the bank statements are not entered at all.
3. There is a total of \$434 in expenses showing no notation of what the expenditure was for.
4. There is a payment made to Netflix. Is this Guild business? If so, there is no receipt or other notation of what program it was for.
5. Deposit information is incomplete. There is no breakdown of what composed the deposits: who the checks are from or what they are for.
6. Documentation for checks written is incomplete. A number of receipts are missing. Many of the receipts do not include who is being reimbursed or what the expenditure is for.
7. There are no bank statement reconciliations.
8. All the Guild money was not deposited or held by the Treasurer. All the Guild expenditures were not reimbursed by the treasurer.
9. All the deposits were not made timely: many 2 to 3 months after they were written and submitted by members.

Recommendation: Anyone in the Treasurer position who finds for any reason that they cannot carry out the responsibilities assigned to them should pass that responsibility back to the board. The Board should nominate a new Treasurer, review their qualifications and have the members vote on the nomination.

Recommendation: In the future, any nominee for Treasurer should have some experience in accounting or running a business to qualify them for the responsibility for the Guild's financial records. The nominee should be able to maintain records of funds and ensure that disbursements are for bona fide Guild purposes as defined in the bylaws.

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Resulting from the audit are some general member concerns that should be addressed:

1. A debit card was used 5 times in 2018. There is no discussion of a debit card in the by-laws and unless the board of directors discussed the pros and cons of a debit card and voted to have one issued, then it should not have been issued or used. **Recommendation:** The Board of Directors should address the issue of a debit card as described above. If approved the card should stay in the hands of the Treasurer with proper request for expenditure and receipt or invoice to stand as documentation on each use.
2. The CBQG sponsored retreat made a profit of \$1,462 in 2018. It is my understanding as a member that the CBQG retreat is to be self-funded and is not a profit seeking entity. It would be impossible to end with zero profit or loss; however, the \$1,462 profit was excessive and would have reduced the fees paid by members by about \$36 each, assuming 40 participants. I believe the fees charged retreat participants for 2019 is greater than in 2018 which will result in a greater profit. The cost of the facility has not increased in 2019. **Recommendation:** There should be a closer look at retreat costs and possible revision of the amount charged for retreat. Perhaps collecting a deposit covering the room and meals in the beginning then when a headcount is established dividing the huge cost of the large sewing room by the number attending and collecting the rest.
3. The workshop held in June of 2018 had a loss of \$1,108. The general membership should not have to pay for workshop expenses if they choose not to participate. **Recommendation:** The fees for workshops should be increased to cover the cost of the facility, instructor and other miscellaneous expenses.
4. Based on the 2018 records, the deposits for meeting door prizes total \$75 and the expenditures total \$66.69. It appears that almost all the income and expenditures for this activity is done outside of the Treasurer's control. As stated, the treasurer shall maintain records of all fund collections and disbursements for the Guild. For 2018, there are no records for how much was collected or spent for the door prizes. **Recommendation:** The issue of door prizes should be revisited and voted on by the members and if they vote to keep them, limits be defined, and controls be set up by the treasurer for proper record keeping.
5. Toner cartridges were paid for by the Guild in the amount of \$114 with an additional \$111 paid in 2019 for 2018 expenses. There are numerous local places that will copy material for 8 cents a copy or less. At \$114 that would be 1,425 copies. **Recommendation:** Necessary handouts should be copied locally on the way to the meeting. Volunteers should be frugal with the Guild's money and not benefit from the position.

2018 Financial Review

	Bank Activity	Deposits	Deposits	Checks
Bal Fwd	5,886.76			
Income from Dues	1,800.50	1,800.50		
Net profit from retreat	1,462.51	12,858.22		(11,395.71)
Net loss from TS workshop	(1,108.73)	900.00	250.00	(2,258.73)
Net from doorprizes	8.31	75.00		(66.69)
Expenses for 2019 retreat	(101.39)	14.39		(115.78)
Program expenses	(684.40)			(684.40)
Website expenses	(266.18)			(266.18)
Toner expenses	(114.15)			(114.15)
Charity batting	(162.00)			(162.00)
Facility expense	(425.00)			(425.00)
Other misc expenses	(208.50)			(208.50)
Expenses not identified	(434.03)			(434.03)
End year balance	5,653.70	15,648.11	250.00	(16,131.17)
	5,653.70			

Workshop	
fees charged	900.00
facility expense	(315.00)
instructor expense	(1,426.82)
misc expenses	(266.91)
Net loss	(1,108.73)

Retreat			
		Deposits	Checks
fees charged	10,929.22	11,658.22	(729.00)
cash from doorprizes	700.00	700.00	
Facility fees	(9,103.73)	500.00	(9,603.73)
misc expenses	(620.98)		(620.98)
tshirts	(442.00)		(442.00)
Net profit	1,462.51		

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An audit is an examination of existing records and accounts to verify that Guild income and expenditures were properly spent and documented for anyone to examine, now or in the future.

Since the records and documentation for 2018 was limited or nonexistent, a true audit was not possible. However, information and copies were obtained from the bank and used to compile the financial review included in this report.

All deposit information including copies of deposited checks was obtained from the bank. Of the 148 checks and the cash deposited, purpose was inferred for checks without information on the memo line.

All the check amounts, check numbers, debit card payments and paypal payments were taken from the bank statements. There were some receipts, invoices, and written notations which had to be matched to the payments for documentation, but not all payments had documentation. The use or reason for each of the expenditures was guessed at in many cases with some completely unidentifiable.

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Additional concerns not related to the Financial audit.

1. There has been mention of revising the CBQG by-laws. The current by-laws should not be taken lightly as there was much thought and discussion and many hours of work put into them to protect the Guild and its members. Our current by-laws state that amendments to the by-laws may be recommended by a By-Law Review Committee, convened by the President no less than every five years beginning in 2007. The date of the current by-laws was late 2014, so only 4 years have lapsed since the last revision: 2015, 2016, 2017, and 2018. Therefore, these by-laws cannot be re-written for another year. In addition, any revisions require a Review Committee convened by the President and not done by the President and her board. Revised by-laws require many hours of meetings, research, discussion, and compromise by a mixed group of long time and short time members.
2. Both the January and the February meetings have had the business pushed to the end or not at all. It is fun to have programs and show and tell, but the members leave after that and there are not many left to hear about the Guild business or vote or make suggestions or have discussion. The Guild business does not take long and that is when the board can hear from the members that they serve, and the members can hear from the board and various committees. As a result, the members may feel that they are not a part of what happens in the Guild and that it is no longer their Guild. I suggest that we move the business part of the meeting back to the beginning.
3. All comments from members in the business meeting should be welcomed. Negative comments or complaints, however, should be accompanied by a suggestion or recommendation of how to make things better. Or even volunteer to help. Remember, all that do Guild work are volunteers. We need to all work together to make this a Great Quilt Guild.