

Greater Severna Park Council

Annual Financial Audit Report - FY 2017

To: Maureen Carr-York, President GSPC **September 25, 2018**
CC: GSPC Board of Directors

Official copy is on file with GSPC Secretary.

Approved by GSPC Board of Directors: **September 25, 2018**
Approved by GSPC Delegates: **October 9, 2018**

From: **GSPC Audit Committee:**

Anne DeMajistre, Chairperson, resident of Ben Oaks on the Severn, Accounting Studies
Lynne Rockenbauch, Delegate for Ben Oaks on the Severn
Cindi Mitchell, Delegate for Berrywood South

Summary

The GSPC President appointed the Audit Committee and asked them “to review the financial records and accounting procedures/practices, and present the findings at a designated meeting”, per the GSPC Dec. 2003 By-Laws Article IV, Section 3, a. Duties of the President.

This 2017 Audit Committee met **August 26, 2018** at the home of Anne DeMajistre and conducted this audit of only 2017 records, using last year’s Audit Report and process as a guide and checklist.

Anne DeMajistre has served as the Audit Committee Chair in calendar years 2009 - 2018. John Norville was the Audit Committee Chair in 2003 - 2008 and developed the processes used for this audit.

In our opinion the GSPC financial statements present fairly in all material respects the financial position and activities of the GSPC, and the 2017 Treasurer followed the proper procedures and processes, as determined by the best of our judgments.

Scope of the Audit

The audit included:

1. Examining each of the 2017 monthly **Treasurer's Reports** to the Delegates at the GSPC monthly meetings.
2. Comparing the Treasurer's Report data to the corresponding 2017 **Bank Statements for the BB&T checking account**.
3. Verifying that the Community Associations' dues and other receipts were **deposited** into the BB&T checking account. Observed that the \$1,995 total amount of deposits was equal to the anticipated amount, given that 57 dues payments were received in 2017 at the rate of \$35 (57 x \$35 = \$1,995). The Treasurer provided that there were 57 member communities at year end.
4. Noting checks that were written in 2017. Examining each of the checks that cleared in 2017, specifically **BB&T checkbook** checks **2234** through **2238** and **2240** for proper signature of the Treasurer. The check signatures were verified as correct. The front and back of each check was available for the committee to review, because the Treasurer helpfully printed them out. Evaluating that the **Payee and Purpose** of the checks seemed legitimate and authorized.

Checks 2233 and 2239 are absent from the sequence of checks that cleared, for reasons that were provided by the Treasurer and deemed satisfactory by the Committee. Check 2233 was destroyed/shredded by the Treasurer in recognition of an error. Check 2239 was written in 2017, but it cleared in 2018.

5. Verifying that each of the monthly BB&T account **statement amounts agreed with the amounts on the checks**.
6. Noting **other withdrawals** from the BB&T checking account in 2017. There was just one withdrawal, an Automated Clearing House (ACH) payment. The payee was State Farm, and the purpose as provided by the Treasurer was the liability insurance premium due in 2016. (The payment was authorized by phone in December 2016 and withdrawn from the checking account in January 2017.) The Committee evaluated that the Payee and Purpose of the ACH payment seemed legitimate and authorized.
7. Comparing the Treasurer's Report data to the corresponding 2017 **Brokerage Statements for the Morgan Stanley Smith Barney account**. Confirmed that the data matched as related to deposits, withdrawals, interest/dividends earned, opening/closing balance, and CDs purchased, and CDs that matured.
8. Verifying that **withdrawals** (if any) from the brokerage account were authorized by the Board. One withdrawal only was authorized in 2017 in the amount \$70 to pay the Custodial Fee.
9. Examining the Treasurer's 2017 **GSPC Balance Sheet** and the 2017 **Statement of Income and Expenses / P & L**. Confirmed that the data matches the 2017 Treasurer's Reports, and matches the bank statements for the BB&T Checking Account, and matches the brokerage statements issued by Morgan Stanley Smith Barney.
10. Verified that the GSPC Board approved the 2017 **Budget** during their monthly meeting of **February 28, 2017**. The Committee viewed the minutes of the Board meeting, as helpfully provided by the Treasurer, that document the approval.

11. Verifying that the 2017 **Personal Property Return** (Form 1), required annually by the State of Maryland Department of Assessments and Taxation, has been filed.
12. Verifying that the 2017 **Form 990-N (e-Postcard)**, required annually by the U. S. Internal Revenue Service, has been filed.

Review of Bank Accounts

One bank account and one brokerage account held by the GSPC were reviewed. (There are no additional accounts.)

A. BB&T Bank Checking Account (FDIC Insured)

Jan. 1, 2016 beginning balance per 2016 Audit Report:	\$2,779.36
Dec. 31, 2016 ending balance per 2016 Audit Report:	\$3,812.36
Jan. 1, 2017 beginning balance per the 1/31/2017 bank statement:	\$3,812.36
Dec. 31, 2017 ending balance per the 12/31/2017 bank statement:	\$4,280.36

Bank statements are received monthly on this account. Typical checks were for State Farm liability insurance, P.O. Box, web domain fees, and one payment for the GSPC honoree to attend the ASPIRE volunteer honors dinner.

One donation/sponsorship was authorized by the Board and dispersed in 2017, in the amount \$200.00 for National Night Out.

Two memberships were authorized by the Board and purchased in 2017: \$15 for Arnold Preservation Council membership, and \$200 for Growth Action Network membership.

The Committee observed that most of the checks were made out to organizations in direct payment of expenses, while one check was made out to an individual as reimbursement for expenses incurred on behalf of GSPC. The Committee discussed, to the satisfaction of all, each check made out to an individual, and clarified the person's connection with GSPC, and confirmed that the expense seemed legitimate. The Committee did not ask to view the request for reimbursement together with receipts, because this was deemed unnecessary under the circumstances.

The Committee commends the Treasurer for continuing the sound practice of writing purposes of checks in "Memo" spaces.

No irregularities were found.

B. Morgan Stanley Smith Barney Money Market and Certificates of Deposit (FDIC insured)

Money Market

2016 Beginning balance per 2016 Audit Report:	\$1,124.25
2016 Ending balance per 2016 Audit Report:	\$26,249.59
2017 Beginning balance per 1/31/2017 statement:	\$26,249.59
2017 Ending balance per 12/31/2017 statement:	\$16,332.49

Money-market interest was reinvested into the money-market account.

Certificates of Deposit

2016 Ending CD total principal amount per 2016 Audit Report:	zero
2017 Ending CD total principal amount per 12/31/2017 statement:	\$10,000

Maturity interest & dividend payments from all CDs were deposited into the Money Market account.

CD & money-market income totaled \$152.90. NOTE: The bank's method of calculating the total account value as shown on monthly statements was complex, but 2017 earnings were in accordance with the promised interest rates.

No CDs were held as of January 1, 2017. At the start of the year, the proceeds from the CDs that had matured in 2016 were held in the money-market account. Money-market funds were used to purchase five new CDs in March, 2017. Three of these matured in October, 2017. Two CDs were held as of December 31, 2017.

The following shows the details about the CDs that were held during 2017:

<u>CD Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
10/2/2017	6 months	0.8%	\$5,000.00
10/2/2017	6 months	0.8%	\$5,000.00
10/2/2017	6 months	0.8%	\$5,000.00
10/1/2018	18 months	1.35%	\$5,000.00
10/1/2018	18 months	1.5%	\$5,000.00
		TOTAL	\$25,000.00

\$70 Annual Custodial Fee was withdrawn from the Money Market Account in December, 2017. No other withdrawals, transfers or deposits were made in 2017 on this account.

No irregularities were found.

Tax Returns

The **Personal Property Return** (Form 1), required by the State of Maryland – Department of Assessments and Taxation is due annually.

The GSPC **By-Laws** Article **IV**, Section **3, d.** require that, “the Treasurer maintains the record file of such reports”, and this has been done.

The web site for the MD Dept. of Assessments and Taxation, Taxpayer Services Div. <https://egov.maryland.gov/BusinessExpress/EntitySearch> lists the GSPC “Dept. ID # **D00112672**” and states (as viewed on **August 25, 2018**) that “**This entity is in Good Standing**”. The Committee considers this page as positive evidence of the successful filing of all required paperwork as of that date.

The **IRS Form 990-N (e-Postcard)** is due annually.

Exempt Organizations Select Check is a search tool on the IRS website that allows users to search for and select an exempt organization and check certain information about its federal tax status and filings. The URL is <http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>

GSPC is included in the list of organizations that filed Form 990-N for tax year 2017 (as viewed on **August 25, 2018**). The Committee deems this as positive evidence of the successful filing of Form 990-N for 2017.

Additional Comments

The 2017 Audit Committee again commends Treasurer Steve Poland for maintaining superbly organized records and for having the annual financial statements prepared and ready for approval by the Board and the Delegates, thus facilitating the audit.

Disclaimer – None of the appointed committee members is a CPA.

The Chairman thanks the Audit Committee, the GSPC Treasurer, the Board, and the Delegates for their support.

Conclusion

In our opinion the GSPC financial statements present fairly in all material respects the financial position and activities of the GSPC, and the 2017 Treasurer followed the proper procedures and processes, as determined by the best of our judgments.

Respectfully submitted on **October 9, 2018** to the GSPC Delegates and Approved.

Signed:

Anne DeMajistre, Chairperson, resident of Ben Oaks on the Severn

Lynne Rockenbauch, Delegate for Ben Oaks on the Severn

Cindi Mitchell, Delegate for Berrywood South