



Irene Gomez-Bethke Papers.

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Audit Committee

Jan. 3, 1980

Jake came in Sept. - 1 report

12-31-79 computer

1. ~~year~~ revenue and budget (Board did approve budget)

2. financial statement to reflect income

3. finance committee - responsible for fund raising
target date was Sept. Dec. was actual completion of audit

4. mt. of corporate contributors this mo.

Finance com. push plan to receive inst. from Jack to solicit funds from

sheet to reflect cash flow on monthly basis.

1-3 yrs Chamber of Commerce. bid reports

1

2 analysis of balance sheet

3. Board to move authority for clarification of Policy

4. Board to support E.C.'s position on Minority Business.
Fiscal plan

Problem.

Weatherization Prog.

1. Procedures / accounting systems.

2. Requests for Reimbursement / disbursement

C.C.C.

⑤ Petty cash receipts be required before groups petty cash fund is reimbursed.

(trial bal. sheet) ① Delay ② staffing ③ Weatherization - Delay in Report



EARL D. CRAIG, JR.

President

December 13, 1979

MEMORANDUM

TO: Stan Kano, Chair
Audit Committee

FROM: Earl D. Craig, Jr.

Below are my responses to your two sets of questions.

I. First the questions that you gave on November 14 to Jake Bishop.

1. Q. How are fundraising expenses, if any, accounted for and disclosed by the Urban Coalition?

A. There are no fundraising expenses, unless we count the postage, stationery and clerical time for sending out the 100 or so solicitation letters to our corporate contributors. We have annually indicated on the various required reports no fundraising expenses.

2. Q. Are operating and staff expenses allocated among functional (program) categories?

A. Presently operating and staff expenses are not allocated into programmatic categories. The only programmatic category refers to the use of restricted funds (i.e., Day Labor, Mediation, Education). It is a matter worth discussing with both the Audit Committee and Executive Committee whether such categorization is necessary, desirable or possible in the future. Further, we will itemize within the special programs (Day Labor, et al) major line items (salaries, printing, etc.).

3. Q. Are any funds held in securities or other investment forms? Where are cash deposits of any type held?

A. No funds are presently held in securities or any other investments. In the past when we have had a cash surplus, we have purchased certificates of deposit; and should our cash position return to such a point, we would (in consultation with the Finance Committee) do so again.

All Urban Coalition funds (regular account, payroll account, special programs and Weatherization) are in the First Plymouth Bank, which is a minority managed institution.

4. Q. Are there any occasions in which other organizations have amounts owing or due to the Coalition in the form of accounts receivable?

A. It is rare that other organizations owe us money; but when they do, such accounts are carried as accounts receivable.

In the future we will include in our report a statement of "pledges receivable." This will probably be further differentiated between pledges receivable in the current fiscal year and pledges still owed from past fiscal years.

5. Q. How is office equipment accounted for and inventoried? What methods are used to value inventory and to safeguard equipment and other portable items of tangible value?

A. We have not had, until now, in the regular Urban Coalition program an inventory control system. Such a system is now being set up, with all equipment properly marked and valued. Further, a depreciation schedule will be discussed with our auditors (Arthur Andersen & Company).

The Weatherization part of the Coalition has an extensive inventory control system, which over the last few weeks we have been investigating ways to strengthen.

6. Q. To what extent does the Coalition borrow funds for any purpose, either from lending institutions, individuals, other organizations or from special fund(s)?

A. The Urban Coalition of Minneapolis last fiscal year and this fiscal year has borrowed from First Plymouth Bank. Such loans were, and any future loans will be approved directly by the Board of Directors, and the notes have been and will be signed by appropriate Board members. That is the only borrowing that the Urban Coalition has done.

7. Q. What financial reporting requirements does the Coalition have to meet, including payroll taxes, IRS information, worker's compensation, personnel benefits and/or other income/expense statements?

A. The UCM meets the usual reporting requirements, such as payroll taxes, worker's compensation, unemployment compensation, etc., on a timely basis. The annual information return (Form 990) is prepared and submitted by the outside auditor. In addition, we submit all other similar reports (Charitable Organizations Registration Statement and the City's Solicitation Permit).

8. Q. Does the Coalition maintain bonding coverage, and, if so, for whom and in what amounts? What are the major policy protection provisions?

A. There are presently two insurance policies covering bonding and liability. One covers the UCM at 89 South 10th Street, and the other covers the Weatherization Program at 3400 Nicollet Ave. So. The Controller, Jake Bishop, has met with the agent (Insurance Service Center) and has scheduled a subsequent meeting on January 4 to review, update and possibly consolidate these policies.

It is my understanding that Jake Bishop has sent to you a copy of the index of the insurance folder.

9. Q. What accounting guides, such as those published by AICPA or GAFER are maintained for staff resource and planning?

A. None.

10. Q. Are there any possible litigations forthcoming which may materially affect the Coalition's financial statements and reporting?

A. The only thing which could possibly affect the UCM financial statement (to the best of our knowledge) are some expenditures in the Weatherization Program which were disallowed by the funding agencies. These items have been resubmitted and partially paid (MCAA). CETA has indicated that they, too, will pay the bulk, if not all, of amounts pertinent to them.

11. Q. Who has the authority to spend funds? How is this authority managed and administered?

A. The only person authorized to expend funds is the President. The only delegation made is to the Director of the Weatherization Program for the purchase of ordinary supplies and equipment. However, leases for office equipment and/or vehicles or other major items require the Weatherization Director to consult and receive approval from the President.

Orders for ordinary supplies at 89 South 10th Street are made by Cathy Allen. She consults with me on any significant supply purchases. Such purchases are then made on my approval. Every equipment purchase and/or lease is made directly and only upon my approval. This has been the case since I have been here. The only possible problem is that these equipment purchase approvals are not in writing, and we will start doing that now.

12. Q. What funds, if any, received by the Coalition are subject at any given time to any restrictions imposed by donors, governmental units or other contributing sources?

- A. All public funds we have received are for specific restricted purposes. During the last two years these public funds have been for the Weatherization Program, the Mediation Program, the City/Indian Liaison staff position and funds from the University of Minnesota for our Education Task Force. We have additionally received private funds for special items. During the last couple years these have been for the Education Task Force and the Tax Conference and Tax Education Program.

Public funds are reported to the appropriate funding agencies on a monthly basis. The expenditure of private special funds are reported to the donors at the completion of the special project. Regular corporate contributors to the Coalition have been reported to at annual meeting of contributors. This year that report will be done in a published annual report distributed to all contributors.

13. Q. What procedures are utilized to account for the control and collection of pledges? Are pledges reported as earned income or otherwise reported in any financial reports or accounting records?

- A. Pledges for regular corporate contributions will be processed by Cathy Allen, posted in a ledger she maintains, passed on to the President for review and sending of acknowledgement letter. This information is then sent to the Controller where pledges will be recorded as pledges receivable and billings made as required. As I indicated in #4 above, the monthly financial report to the Board of Directors will include a statement of pledges receivable.

14. Q. Is electronic data processing utilized to process any type of financial information by or for the Coalition?

- A. UCM utilizes the computer services of First Bank Minneapolis. After some adjustments to the input methods and a major change in numbering of accounts, it is our goal (starting in January) to provide print-outs of budget information, balance sheets and statements of income to the Board monthly.

II. Now the questions in your memo to me on December 7th.

- 1a. Q. Why are financial reports for the Weatherization Project not included in the Coalition's overall financial reports?

- A. Financial reports for the Weatherization Project will be included in the management's monthly reports to the Board of Directors.

- 1b. Q. To what extent, if any, does the Weatherization Project operate independently of your present accounting procedures for other Coalition financial accountabilities?

- A. Only to the extent that the Weatherization Project requires very specific financial reports to the City of Minneapolis.

MEMO TO: Stan Kano
Page Five
December 13, 1979

2a. Q. Is the Coalition prepared and/or planning to publish a complete financial balance sheet, specifically including a statement of assets and liabilities and a change in fund balance (equity)?

A. See response to question #4 above.

2b. Q. Why does the Coalition not file a financial report annually with the Minnesota Department of Commerce's Charities Registration Division?

A. This question makes a completely erroneous assumption (which I thought I had cleared up with you in our meeting). Every year since I have been here, and I presume before that, the Coalition has filed with the Charities Registration Division of the Minnesota Department of Commerce and included in that has always been a copy of our audit.

3a. Q. In addition to budgeting for expenses at the beginning of each fiscal year, in what way do you budget for income? Do you budget for a cash reserve?

A. The President in the spring of each year recommends a budget for the coming year (starting July 1), based upon a determination by the Finance Committee of what monies will probably be available from corporate contributions and other sources. Since 95% of our regular operating budget comes from corporate contributions, the Finance Committee (and subsequently the Board) sets a goal for corporate contributions. It is in essence budgeting for income.

We have never had the luxury for budgeting for a cash reserve.

3b. Q. How is the authority to manage and spend funds within the Coalition, including the Weatherization Project, administered? To what extent, if any, is that authority delegated in part or whole to others?

A. See response to question #11 above.

3c. Q. Are you planning to set up charts of accounts for assets, liabilities, income and expense?

A. In regard to the regular operations of the Coalition, refer to #14 above. In regard to the Weatherization Project, the UCM Controller and Mike Butler from Arthur Andersen and Company have agreed to set up a new chart of accounts.

If you have any questions, do not hesitate to contact me.

/cda

cc: Jack Pearson
Audit Committee



URBAN
COALITION
OF MINNEAPOLIS

- Action-Focused.
1. Weatherization
 2. Clarity and amount info
 3. Deficiencies in Accounting
 4. Need a Management Plan
 5. Revenue Accounting
 6. Budget year

MEMORANDUM

TO: Jake Bishop

FROM: Stan Kano, Audit Committee Chair

RE: Request for Financial Reporting Data

DATE: November 14, 1979

In preparation for our next Audit Committee meeting, I ask that you provide us with information concerning present practices and/or future plans in these areas:

- 1) How are fundraising expenses, if any, accounted for and disclosed by the Urban Coalition?
- 2) Are operating and staff expenses allocated among functional (program) categories?
- 3) Are any funds held in securities or other investment forms? —
Where are cash deposits of any type held?
- 4) Are there any occasions in which other organizations have amounts owing or due to the Coalition in the form of —
account receivables?
- 5) How is office equipment accounted for and inventoried? What methods are used to value inventory and to safeguard equipment and other portable items of tangible value?
- 6) To what extent does the Coalition borrow funds for any purpose, either from lending institutions, individuals, other organizations or from special funds(s)?
- 7) What financial reporting requirements does the Coalition have to meet, including payroll taxes, IRS information, worker's compensation, personnel benefits and/or other income/expense statements?
- 8) Does the Coalition maintain bonding coverage, and, if so, for whom and in what amounts? What are some of the major policy protection provisions?
- 9) What accounting guides, such as those published by AICPA or MCCA GAAP are maintained for staff response and planning?

No Balance sheet
No Revenue Budget
Cite funds.
Dec. 15, 1975
Accounts receivable
Physical inventory
18 - borrowed
3 times (Plymouth)
Bank

No open
line credit.
advance
to City + utilities
went up.
New Hampshire
Ins Co.
\$ 25,000
fire liability
auto use
get info
liability

all normal accounting
Dept. of Commerce
Are we in compliance as auditors
Summary sheet lists M. policy
response
Source

Suggestions - Weatherization

November 14, 1979

Liabilities

- 10) Are there are any possible litigations forthcoming which may materially affect the Coalition's financial statements and reporting?

liabilities for some disallowances capital requests? operational requests?

Presidential Fund 2 people sign

- 11) Who has the authority to spend funds? How is this authority managed and administered?

what arrangements for approval of spending expenses?

- 12) What funds, if any, received by the Coalition are subject at any given time to any restrictions imposed by donors, governmental units or other contributing sources?

institutions

spec. projects - ex ed. project etc. special reports

- 13) What procedures are utilized to account for the control and collection of pledges? Are pledges reported as earned income or otherwise reported in any financial reports or accounting records?

diffused income - pledges not paid - Plan to report to foundations should be implemented.

MCAA CETA

- 14) Is electronic data processing utilized to process any type of financial information by or for the Coalition?

Balance sheet.

I believe these questions should adequately inform the Committee of current activities and practices. Please provide us with plans you may be developing or changes in practices which you hope to make in the near future.

cc: John Pearson, UCM Chairperson
Audit Committee Members
Earl Craig, UCM President

purchase order -

Central Purchasing

voucher check written at same time

voucher to Earl n Muci

income statement 1,000,000. 46,000 MCAA CETA

accounting staff full time 2. Inventory clerk - 3

Report as on a cash basis

Earl & Kathy will handle

URBAN COALITION BOARD OF DIRECTORS AUDIT COMMITTEE AGENDA

Committee Members: Theodora Bird Bear
Bruce Dayton
Ron Edwards

Seymour Mansfield
Paul Sand
Irene Bethke
Stan Kano, Chair

1. December 5, 1979:

- a. Review of present accounting practices
- b. Review resource material for Committee Members on Audit Committees and their roles

*No Reverse Budget
city funds*

2. January, 1980: 10-30

- a. Review financial statements of UCM
- b. Review Auditor's Report for FY79 (ending June 30, 1979) and meet with UCM Auditor

3. February, 1980:

- a. Review legal obligations, compliance requirements, and other reporting requirements imposed on UCM by governmental agencies and authorities
- b. Update on proposed or actual changes in accounting practices

4. March, 1980:

- a. Review procedures and practices in determining economy and efficiency and program results, including organization of personnel, provisions for accountability, determining qualifications and performance of personnel, management plan
- b. Develop final 1980 Committee Agenda

5. April, 1980:

- a. Develop preliminary findings and recommendations
- b. Review resource material on accounting applications and procedures

6. May, 1980:

- a. Finalize findings and recommendations
- b. Review conclusions with UCM President
- c. Prepare final report to UCM Board of Directors

PLEASE BE PREPARED TO HELP CONTAIN ALL COMMITTEE MEETINGS WITHIN ONE HOUR. IF YOU WISH COPIES OF COMMITTEE RESOURCE MATERIAL, AGENDAS OR MINUTES, OR OTHER UCM FINANCIAL REPORTS OR RELATED INFORMATION, CONTACT: JAKE BISHOP AT UCM.

accounting and financial reporting.