

TO: OHIO Masters Board  
FROM: Keith Owen, Treasurer  
RE: Some thoughts about club money administration  
DATE: March 2, 2018

Having been at this job for nine months now, I'm feeling pretty at home with all the moving parts. As I've become knowledgeable, a few questions about our financial practices have arisen. I'd like to consider some changes in those practices, and look to the Board for advice, suggestions and, eventually, concurrence.

I find no evidence that there has ever been any kind of formal audit of our books. There is absolutely no need for us to go to the expense of inviting a full CPA formal audit, but we should have some independent review process. I would suggest the appointment of a committee of the Board, of two or three members, who could perform an annual review of the books after the close of the fiscal year. It would take no more than a couple hours of work. These folks could also be given view only privileges to our various on-line accounts, thereby being able to see (but not manipulate) in real time how the money comes and goes.

OMSC treasurers have been using the Quickbooks accounting software program since 2006. Quickbooks is fine, but vastly more software power than we actually use or need. Currently, your treasurers need to install this on their computer. Quickbooks has moved to a subscriber service now, requiring annual subscription fees for software use. We do not need to do that, and can just continue to use the software we have, but future support and ability to switch to a new treasurer or new computer will be limited if not impossible.

Furthermore, the single most compelling reason to use Quickbooks is that it enables easy compliance with generally accepted accounting principles. Specifically, in Quickbooks one is supposed to do monthly and annual "reconciliations" to formally close the accounting period. Once the books are "closed," changes cannot be made retroactively (in order to obscure shenanigans). Thus, Quickbooks provides a clear "audit trail" for CPA types to follow when they are doing their very expensive audits. Unfortunately, I cannot see that full-scale reconciliations have ever been done with our books. Previous treasurers have basically used Quickbooks as any of us would use our checkbooks. Indeed, there were handwritten check registers kept, then the information was logged into Quickbooks. For long stretches of time, there were not even checkbook reconciliations done on Quickbooks, though they seemed to have been done with the hand-kept registers. There is nothing wrong with doing it this way, it is just highly inefficient and prone to error. I have moved all checkbook processes onto Quickbooks, and am not maintaining handwritten registers any longer.

Our balance sheet currently shows three funds in addition to our Huntington checking account. Two of those funds actually do not exist. One is the "Coachs' Fund." This is \$1000 meant to enable our coaches to make purchases for the club they deem necessary. This is actually just money in our checking account, and it has not been touched in years. There is a second fund of \$100 under "Fifth Third" account. This represents someone's memory that we once had another account at Fifth Third Bank, but neither Eve nor I have ever been able to locate it. Finally, there is a Fifth Third account in which we have \$10,300+ sitting. It was put there to earn interest, but the rate is a paltry .01%.

So, based on all those observations, I would like to move in these directions:

1. I would like to eliminate the Coachs' Fund and the mystery \$100 account entirely from our balance sheet. I'd recommend we simply insert a budget line \$1000 each year for our coaches to make purchases.
2. I'd further like to get Board permission to shop around and find a better way to park our surplus funds.
3. I'd like to review the several open source "freeware" accounting programs available online and move our accounting onto a platform that better meets our needs than does Quickbooks.
4. I recommend that an order of business at the first meeting of the Board after the Annual Meeting that an audit committee of two or three members be appointed. Membership of this committee should change annually. A full review of the fiscal year records should be done in August of each year, and committee members should do informal reviews throughout the year.
5. I anticipate keeping things as they are through the end of FY2018, and incorporating any of these changes effective July 1.

It is important to state clearly that there is no evidence at all of any kind of past misbehavior by any previous treasurers. We are a mostly informal little group, so our accounting practices need not be elaborate. However, we will always rely on volunteer treasurers, few of whom will be trained accountants. So, we need to balance simplicity of processes with prudent controls.

If these ideas meet with your approval in principle, then I will begin working to get formal decisions ready to act on at our next meeting.

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03/01/18

Accrual Basis

O\*H\*I\*O Masters Swim Club

Balance Sheet

As of March 1, 2018

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	<u>Mar 1, 18</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Coaches Fund	1,000.00
Fifth Third CD	10,324.27
fifth third checking	100.00
Huntington Bank Checking Account	33,139.70
<b>Total Checking/Savings</b>	<u>44,563.97</u>
<b>Total Current Assets</b>	<u>44,563.97</u>
<b>TOTAL ASSETS</b>	<b><u>44,563.97</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
Opening Bal Equity	22,456.16
Retained Earnings	21,629.49
Net Income	478.32
<b>Total Equity</b>	<u>44,563.97</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>44,563.97</u></b>

## O\*H\*I\*O Masters Swim Club

## Profit &amp; Loss

July 1, 2017 through March 1, 2018

	<u>Jul 1, '17 - Mar 1, 18</u>	
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>Meetings &amp; Parties Income</b>		
2017 Annual Meeting	425.00	
FY 2018 Socials	138.42	
<b>Total Meetings &amp; Parties Income</b>		563.42
<b>Meets &amp; Events Income</b>		
2017-Avon	1,648.50	
2017 CSU Meet	1,280.00	
2017 Hudson Meet	1,290.00	
2017 One Hour Postal Event	200.00	
2017 Open Water Race	5,131.10	
2017 Stowe Meet	798.00	
2018 Lakewood Meet	1,901.50	
<b>Total Meets &amp; Events Income</b>		12,249.10
<b>Programs Income</b>		
Coupon Redemption	5.50	
Merchandise Re-Sale	63.78	
Swim Outlet Commissions	102.53	
<b>Total Programs Income</b>		171.81
<b>Registration Income</b>		
Club Registration	351.00	
Individual Membership	540.00	
<b>Total Registration Income</b>		891.00
<b>Workout Groups Income</b>		
Lakewood	17,906.00	
Orange	5,629.00	
<b>Total Workout Groups Income</b>		23,535.00
<b>Total Income</b>		37,410.33
<b>Expense</b>		
<b>Administration Expense</b>		
Admin.,Supplies, Postage	706.55	
Gifts & Memorials	57.90	
Miscellaneous Expenses	62.11	
Workout Equipment	141.90	
<b>Total Administration Expense</b>		968.46
<b>Awards Expense</b>		
Awards - General	1,104.23	
Redeemed OMSC Coupons	116.75	
<b>Total Awards Expense</b>		1,220.98
<b>Meetings &amp; Parties Expense</b>		
2017 Annual Meeting	54.38	
Board Meetings	39.62	
FY 2018 Socials	691.91	
<b>Total Meetings &amp; Parties Expense</b>		785.91

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03/01/18

Accrual Basis

**O\*H\*I\*O Masters Swim Club**  
**Profit & Loss**  
**July 1, 2017 through March 1, 2018**

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	<u>Jul 1, '17 - Mar 1, 18</u>
<b>Meets &amp; Events Expense</b>	
2017-Avon Meet	1,813.30
2017 - Stowe	724.94
2017 CSU Meet	70.00
2017 Hudson Meet	1,539.01
2017 One Hour Postal Event	441.48
2017 Open Water Race	3,762.15
2018 Lakewood Meet	2,133.43
2018 Open Water Meet	436.81
Misc. Meet Expenses	360.95
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<b>Total Meets &amp; Events Expense</b>	11,282.07
<b>Programs Expense</b>	
Coupon Redemption	165.50
Grant Fund	380.00
Member Grant Fund	400.00
Merchandise Re-Sale	699.50
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<b>Total Programs Expense</b>	1,645.00
<b>Registration Expense</b>	
Club Registration	43.00
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<b>Total Registration Expense</b>	43.00
<b>Workout Groups Expense</b>	
Lakewood	15,317.59
Orange	5,563.00
Other groups expense	106.00
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<b>Total Workout Groups Expense</b>	20,986.59
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<b>Total Expense</b>	36,932.01
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<b>Net Ordinary Income</b>	478.32
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<b>Net Income</b>	<b>478.32</b>