

Treasurer's Report **06/12/2022**

Public materials can be found on the NVC website nvcmaine.org.

- **Warrants**
 - April warrants were prepared by the NVC Office staff, President and Treasurer and provided to the Board for review and signature on June 8, 2022.
 - Lacking an office manager, the process continues to be time consuming for volunteers, specifically the Treasurer and President in assembling, reviewing and formatting the information.
 - The process was updated again this past month in order to continue to reduce errors including duplicate payments.
- **2022 and 2023 Budget**
 - Draft budgets are available in the 2023BudgetWorkshops Google Drive accessible to the Board and NVC staff.
 - The third 2023 Budget workshop was held on June 11, 2022 with the resulting budget to be available in the 2023BudgetWorkshops Google Drive.
- **NVC Business Office Functions**
 - Ability to added and delete accounts to facilitate both the 2020 audit and transition to the new accounting firm.
 - Only 2 accountant logins are allowed in addition to the ownership account (currently NR Bookkeeping) so NVC currently can NOT have both accounting firms (Wilke & Associates, Philbrook) and the auditors (Purdy Powers) access the system as the same time.
 - Without an Office Manager, NVC staff, contracted services and volunteers continue to work at capacity to support bookkeeping and finance manager duties until the office manager position is filled. Specific activities over the past month include:
 - Identifying and resolving overpaid or past due bills.
 - Finding and copying documents in support of the 2020 Audit.
- **Bookkeeping Transition**
 - Met with the Philbrook staff to start the onboarding process. Transition is currently on hold until an accountant login can be provided to them.
 - The office staff, volunteers and Wilke & Associates developed and paid the warrants for May. Process for June still needs to be determined.
 - The interim Office Manager continues to perform the finance manager duties until the approved Office Manager position is filled.
- **Audit**
 - Significant time was spent in May and early June (roughly 20 hours per week) in support of the 2020 Audit.
 - 2020 Audit is not complete. Expectation is to have the remaining outstanding items address by Monday, June 13th.
 - See below for a summary of the background issues associated with the audit.
 - Specific May/June activities included:

- Review of the 2020 Balance sheet to identify errors resulting in the imbalance between Assets and Liabilities between departments (General, Sewer, Water).
- Calculation of outstanding Due From and Due To in order to resolve identified balance sheet issues.
 - Specifically resolving payroll and split expenses typically paid out the General checking account.
 - Sewer and Water then owe General funds and the transactions must correct identify both Property and Class. This was not done correctly in 2020.
- Updating 2020 revenue to be booked on an accrual not cash basis. Included getting 2020 Tax and Utility billing information from the Northport Town Manager and Utilities Billing Clerk.
- Finding missing invoices from 2020. One, Tree Works, is still outstanding. Most missing invoices are from the first half of 2020 with many coinciding with the onset of COVID.
- Corresponding and meeting with Purdy Powers to discuss outstanding audit items.

2020 Audit Background Information and Update June 2022

NVC has not yet completed the 2020 audit due to a number of factors listed below. NVC cannot start the 2021 audit until the 2020 audit has been completed. Work on the 2020 Audit has been ongoing since February 2021 and has involved paid and volunteer support from a number of NVC staff, contractors and volunteers. Below is a summary of the 2020 Audit activities as background.

- August 2020 – NVC financial functions transitioned:
 - New Treasurer was elected (G. Huntoon), separating NVC’s Treasurer and paid Finance Manager responsibilities.
 - New Finance Manager was appointed (Nina Richards, NR Bookkeeping)
 - Bookkeeping functions were transitioned (NR Bookkeeping)
 - NR Bookkeeping continued to provide general office support.
- 2020 Audit Start (February 2021) – NR Bookkeeping provided the initial documents for Purdy Powers to review for the 2020 audit.
 - 2020 Balance Sheet balanced for NVC as a whole but not by Departments (Properties). While a single organization, the three departments (General, Sewer, Water) have separate audit requirements thus must be balanced as individual departments.
 - Audit was delayed in order to review/revise the financial documents.
- Financial Document Review (Spring/Summer 2021)
 - NR Bookkeeping and Purdy Powers identified underlying issues with the financial documents:
 - QB file used to start 2020 was corrupted and/or incomplete. At minimum it did not contain the Journal Entries made after the 2019 audit.
 - In the attempt to fix the 2020 General Ledger the following was observed:
 - 2020 QB Desktop file migrated to NR Bookkeeping in August 2020 was not complete.
 - Previous versions of the 2020 QB Desktop files were either corrupted so they could not be opened at all or could be loaded but would not unlock using the known username/password combination.
 - NR Bookkeeping migrated the 2020 General Ledger from QB Desktop to QB Online.
 - Purdy Powers provided the journal entries from 2019 for entry in the 2020 General Ledger.
- Onsite Audit (Fall 2021)
 - Purdy Powers came onsite in October to perform the onsite portion of the audit.
 - Identified invoices that were missing from the 2020 Warrants.
 - Identified outstanding General Ledger issues including:
 - Cash based instead of Accrual accounting of revenue.
 - Difference in Net Revenue based on Class vs Property.

- Balance sheet that still did not balance by Property.
 - List of Outstanding audit issues were identified by Purdy Powers that needed to be addressed before the 2020 audit could be completed.
 - Resolving Outstanding Audit Issues (Winter 2021/Spring 2022)
 - NR Bookkeeping began to address outstanding ledger issues but then submitted notice in November 2021 effective January 15, 2021 effectively stalling progress on the 2020 audit until new accounting support was identified.
 - Wilke & Associates was contracted with in December 2021 to specifically address the outstanding audit issues. Minimal progress was made.
 - Finance Committee and Board hired Wilke & Associates as the Interim Bookkeeper and searched for a new full time Bookkeeper.
 - Focus shifted from resolving outstanding 2020 Audit issues to maintaining day to day business office functions including managing payroll, bill paying, and monthly warrant functions.
 - 2020 Audit (June 2022)
 - Significant effort (Wilke & Associates, Treasurer) was put into correcting the outstanding 2020 audit issues, in particular resolving Due From/Due to imbalances. Efforts included
 - Treasurer converting QB reports into excel spreadsheets in order to identify Sewer and Water expenses that continued to be attributed to General as a Property.
 - Wilke & Associates updating General Ledger to reflect changes, including recognizing revenue on an accrual not cash basis; fixing Bond balances; fixing Due From/Due To
 - Wilke & Associates met multiple times with Purdy Powers in order to understand outstanding issues and then resolve them in the General Ledger.
 - 2020 Audit Status (Current)
 - Wilke & Associates is working on resolving the outstanding issues based on a call with Purdy Powers on Wednesday, June 8th. The goal is to have a correct Balance Sheet by Property (General, Sewer, Water) by Monday, June 13th.
 - Once the balance sheet is correct, the 2020 audit can be finalized.
 - Long Term
 - NVC should consider treating General, Sewer and Water as separate entities in QB, what Purdy Powers indicated NVC had done prior to 2020, and would have simplified the 2020 Audit process.
 - Purdy Powers and Wilke & Associates recommends NVC move in this direction. While it is not possible for 2022, it should be implemented in 2023.
 - General pays a significant number of bills for both Sewer and Water. This convention has the following issues associated with it:
 - In a combined General Ledger it makes generating a balance sheet by Properties (required for the yearly Audit) difficult.

- Increases the amount of accounting work required by the NVC business office:
 - Expenses need to be accounted for multiple ways – first when the bills are paid and then when payments between the department is reconciled.
 - Payroll was done quarterly but should be done monthly or weekly in order to maintain accurate books particular when migrating between bookkeeping firms as done in 2020, 2021 and 2022.
- The convention of splitting bills between General/Sewer/Water increases the amount of both office work and financial management needed by NVC. Specifically:
 - Not all bills are split 34/33/33 (General/Sewer/Water) resulting in additional work by staff or volunteers as well as increasing the chance of error.
 - Anytime a bill is split 2 or 3 ways, it required additional work by contractors, office staff or volunteers to: account for the expenses: QB entries; warrant preparation; copies of invoices.