Review of Harrisburgh Gay Men’s Chorus Financial Statement

Period:  1/1/2014 to 12/31/2014

5/22/2015

**Overview:**

Overall, documentation for calendar year 2014 is very good and a substantial improvement over 2013. There are copies of each monthly bank statement as well as copies of checks.  There is a monthly reconciliation from the HGMC accounting system to the bank statement.  Receipts and supporting documentation are included in the folder.  The organization’s income is improving over the course of the year.  There are a few areas which could be improved for clarity in the area of cash transactions.

**Review Detail:**

Bank Statements/Reconciliations:  HGMC accounts were at Members 1st throughout 2014.  Documentation was very good. The checking account contained a monthly reconciliation as well as a copy of all check and deposit receipts. Receipts or invoices were included for expenses paid from the account. Cash withdrawals for event cashboxes were identified on withdrawals as well as deposit slips. There is a regular transfer of money from the checking account to the savings account. The separate savings account allows for a more straightforward way to determine if savings for GALA are meeting targets.  There is an additional reconciliation for the PayPal account.

One area that could be improved is the documentation of deposits. It was not always possible to tell the source of the income. In some cases, it is cited in the documentation, for example “Sponsorships.” In many of the instances of cash deposits it is not possible to determine the source.

Accuracy and Completeness:  The Reconciliations were well structured and easy to follow. It was possible to compare the reconciliation with the bank statement with no difficulty. This was a significant improvement over the prior year.

Management of Cash Withdrawals:  As noted above, cash withdrawls were well document as were the return of the funds to the account.

Management of Cash Income:  As noted last year, small organizations like HGMC are encouraged to have at least two people involved in the accounting of cash income.  The person making the deposit should not be the only person with knowledge of the income amount, and there should be comparison of the income received at the event versus the income deposited.  For example, whoever counts the cash after an event should make a notation of that amount, have it co-signed, and a deposit of cash proceeds should match that figure.  The cash deposit can be the same transaction as the check deposits for that event since Members 1st breaks them out on the receipt, but the deposit should not include monies from other types of transactions (dues, donations, etc.).

**Summary:**

The banking transactions are documented and a regular reconciliation is performed on both the checking and savings accounts. The PayPal account is also reconciled. The fiscal health of the chorus appears to be good assuming that it can meet its financial obligations for GALA. The account balance, including checking and savings, was:

$6,929.12 January 1, 2014,

$11,089.18 June 30, 2014, and

$15,445.52 December 31, 2014

As of December 31, 2014, the balance in the savings account (included in the total above) was $7,416.21.

HGMC is confronted with the difficulty of keeping sufficient detail with no paid financial staff, and the volunteer staff are to be commended on their record keeping.  Based on this review, it appears that it would be possible to tighten up the accounting for cash received at events where there is a signature from a Chorus member, preferably a member of the Board, confirming the cash and check total from events which then would be deposited into the accounts. This step, if institutionalized, could be expected to survive current leadership and assure a process that would provide greater assurances to members, donors and grantors that the funds are being managed wisely.

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