

REPORT OF FINANCIAL REVIEW

November 3, 2017

For the Period
July 1, 2016 through June 30, 2017

**LEAGUE OF WOMEN VOTERS OF
SAN LUIS OBISPO COUNTY**

INTRODUCTION AND SUMMARY

A review of the finances of the LWVSLO was conducted in accordance with Article IX, Section 5 of the Bylaws entitled, "Financial Reviews and Audits." A review is substantially less in scope than an audit. The ad hoc review/audit committee comprised Janice Carr (Chair) and members Sallie Harlan and Richard Moore. The review took place at the home of Mary Beth Armstrong, Treasurer. The review committee presents this report to the Board of Directors, along with a summary of procedures used by the committee to conduct the review and recommended actions to improve the procedures and processes used to conduct and report the financial operations of the League.

REVIEW REPORT

We have reviewed the accompanying statement of assets, liabilities and equity – cash basis, of LWVSLO (a nonprofit organization) as of June 30, 2017, and the related statement of revenue, and expenses – cash basis, for the year then ended. Our review included primarily applying analytical procedures to management's financial data and making inquiries of organization management.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

We conducted our review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require the performance of procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting.

Signed:

Janice Carr _____

Sallie Harlan _____

Richard Moore _____

SUMMARY OF PROCEDURES USED IN THE REVIEW

The committee members received the previous year's Financial Review Report and the LWVSLO's Internal Financial Policies and Procedures document prior to arriving at the Treasurer's home to review the financial statements. The Treasurer made available the League's general ledger and the documents supporting the receipts and disbursements for the year. Also available were the file for the League's Education Fund (a separate entity), the Minutes of the Board of Directors' meetings and all items indicated on the Internal Financial Policies and Procedures document.

The committee conducted the following examinations:

1. We examined 25% of the receipt/deposit transactions by matching entries in the Cash account in the General Ledger to the actual receipt documents and by matching receipt documents to the entries in the Cash account in the General Ledger, to determine if errors occurred in recording cash received. The receipts examined were selected at random. In the case of "split deposits" (a single deposit comprising checks for more than one account category) included in the random sample, totals were verified and matched to the designated accounts in the General Ledger.
2. We examined 25% of expense/disbursement transactions by matching entries in the Cash account of the General Ledger to the actual check copy and supporting document(s) and by matching check copies and support documents to the entries in the Cash account and corresponding account(s) in the General Ledger, to determine if errors occurred in recording disbursements. The disbursements examined were selected at random. In addition, large items (over \$1,000) were examined.
3. All General Journal entries representing Education Fund PMP offsets and corrections for posting errors were examined.
4. The file and all entries for the Education fund were examined.
5. Per Member Payments (PMP) to State and National LWV were examined.
6. Minutes of the Board of Directors were compared for authorizations affecting the financial statements.
7. Compared the current year's financial statements with the previous year's statements and the current year's budget for unusual differences.
8. Verified with the Treasurer that signature cards on the bank accounts are up to date.
9. Reviewed the change in tax-exempt status as approved by the Board and membership, which was to change from a Sec. 501(c)(4) to a Sec. 501(c)(3) classification retroactive to April 2017. Reviewed and determined that all activities remain consistent with the LWVSLO's established exempt purpose.
10. The committee verified that recommendations in the report for the period ended June 30, 2016 were approved and implemented with one exception (see Recommendations of Review Committee).

Documents examined in addition to the financial statements included the following:

11. Bank Statements and reconciliations were verified as accurately prepared.
12. Federal and State tax returns determined to be properly filed in a timely manner.
13. Directors and Officers Insurance policy determined to be up-to-date.

RECOMMENDATIONS OF REVIEW COMMITTEE

Recommendations of the Financial Review Committee for 2015-16 year end found not to be implemented:

1. Request that once a year (possibly at year-end) the financial statements include a note that presents the amount of expenditures incurred by Board members and other members attending State and National conventions, and any other non-local meetings. This will allow the Board and members to evaluate the individual costs of attending these functions.
Explanation: When the treasurer was asked if this information had been obtained in order to present it as a note to the financial statements for 2016-17, she indicated that it had not been obtained and that it might be difficult to do so. If the Board still feels this information would be helpful to members who might want to attend LWV conventions or other non-local events, a method of obtaining the information should be developed and implemented.

The committee recommends that the Board:

1. Amend the Internal Policies and Procedures document, item III. a. x. which refers to the preparation of a list of the League's non-monetary assets and their location and a copy of the list is kept by the treasurer and secretary. This year's financial review committee determined that the recommendation was approved and implemented. However, the committee felt that that the list should be updated on an annual basis as near as possible to the fiscal year-end, June 30th.
2. Approve the deletion from the Internal Policies and Procedures document of item III. a. ii. 3. and the deletion from the Financial Review Committee Procedures document item #7. Both items refer to the LWVSLO Education Fund which will no longer be necessary as a result of the new tax-exempt status.