

Keystone Trails Association, Treasurer's Report
January 7, 2017

Attached are my comments on financial reports of November, 2016, which were distributed to the board on December 5, 2016.:

Income:

Actual income for the two months ending November 30, 2016, was \$2,969.89. This is \$7,020.01 below the budgeted income for the period and \$4,349.94 below the year to date budget. The largest variance is in contributions (-\$2,698.09). Deposits were made following the close of the period that should close this gap. The second largest variance is in wholesale sales (-\$2,333.33); however, a payment for an order of approximately \$3000.00 was expected.

In December, a potential donor inquired about donating stock instead of cash. To accept gifts of stock, nonprofits need to maintain a brokerage account and arrange to accept the transfer. Once received, the stock is often liquidated immediately. While there is more complexity in accepting stock donations, it's often an attractive option for potential donors—particularly at the end of a tax year. I'd recommend the board refer the matter to the finance committee for investigation and to develop a policy regarding stock donation or recommend other appropriate action.

Expenses:

The largest variance is accounting fees at \$4,071.89 over budget. This was due to a larger than expected increase in audit expenses. One item for consideration is if we need to have a full annual audit. Under Pennsylvania law, we can have an audit, review, or compilation. While an audit is not required, it has advantages. Audits may be required by certain foundations and it is one of the factors that organizations like Guidestar will highlight. Two key questions to be addressed are 1) can we lower audit expenses, and 2) are we getting sufficient value for that expense.

The variance in salaries and wages reflects the decision at the last board meeting to award staff bonuses. These bonuses were awarded all in one month, where salaries and wages are budgeted in monthly increments. This makes the variance, a percentage of the year-to-date budget artificially high.

The Fall Meeting, Elk Quest and a small amount of expenses for the Trail Challenge hit in this fiscal year although income was captured in the last fiscal year.

Robert Altenburg