



**Finance Committee Report**  
**Prepared by: Ray Henning, Chair**  
**Date Submitted: September 22, 2016**

**The Finance Committee is charged with the following:**

**Basic Function:** Responsible for the overall direction and control of the finances of the organization.

**Responsibilities:**

- Coordinates the preparation of the annual budget
- Makes recommendation of annual budget to the board
- Reviews monthly financial reports
- Compares actual expenses to approved budgeted expenses and discuss variances, make recommendations as necessary
- Reviews budgets of special projects and makes recommendations to the board
- Reviews on an annual basis the sources of funding for the organization
- Recommends to the board the investment of funds and reports to the board on a regular basis the condition of such investments
- Reviews annually amount of insurance coverage
- Reviews credit card procedures annually
- Reports to the board other financial matters deemed appropriate by the board

**Related Strategic Initiatives:**

Goals:

- To provide overall direction and oversight of the finances of the TREE Fund
- To understand the oversight process in order to insure the integrity of our resources
- Fiscally responsible Board of Trustees

**Outcomes:**

- A financial plan which is supportive of our strategic plan
- Availability of sufficient liquid cash to support operations
- Financial reports which are accurate, comprehensive and informative
- Deposits equal to 30% of annual estimated operating budget in a reserve account

<b>Objective</b>	<b>Who</b>	<b>What</b>	<b>By When</b>	<b>Resources needed</b>
Prepare a 3-year financial forecast				
Identify a mechanism for building the reserve account.		\$180K	12/31/17	
Budget approved annually	Staff Committee Chair	Develop annual budget to support strategic initiatives	Annual meeting in December	trustee time executive staff time, bookkeeper time, committees' budgets, conference call \$
Financial recommendations at each board meeting	Treasurer	Present treasurer report at each board meeting and make recommendations for approval or revision as needed.	May August Dec. 30	trustee time, staff time,
Monitor CCT performance compliance w/policy	Full committee		May	investment policy, endowment policy Trustee Time
Report on Named Funds	President CEO	Purpose; Financial Goal; date for initial disbursement	May Board meeting	Balance Sheet Fund establishment documents Executive time Staff time

**Meetings:**

**Date:** May 26, 2016

**Participants:** Ray Henning, Terry McGonegle, J. Eric Smith, Tom Wolf

**Topics and actions:** Reviewed the April, 2016 financial statements. The Committee was updated on the May 2016 Board Meeting results. In the absence of our bookkeeper, business consulting services and interim bookkeeping is being provided by a non-profit consulting company. They will also be working on audit RFP and integrating GL with development database.

**Date:** July 1, 2016

**Participants:** Ray Henning; Rick Joyce; Terry McGonegle; J. Eric Smith; Tom Wolf

**Topics and actions:** Reviewed the April CCT Statement and the May financial statements. Insurance Policy review indicated need for increased coverage via umbrella policies for Corporate and Tour insurance. Committee agreed to separate Corporate and Tour insurance and approved adding \$2MM umbrella to corporate general insurance for \$650/year. Additional research is to be done on Tour insurance for August, 2016 Committee meeting. COL's by contractors to be verified.

**Date:** August 15, 2016

**Participants:** Ray Henning; Terry McGonegle; Bill Schleizer (via phone); J. Eric Smith; Tom Wolf

**Topics and actions:** Reviewed the June CCT Statement and the July financial statements. As a result of the Insurance Policy review the Committee approved adding \$1.0 million umbrella policy specific to Tour des Trees at price of approximately \$1,500 per year. This supplements existing Tour liability (\$1.0 million) and casualty (\$100,000) policies. Staff is developing standard terms and conditions for Certificates of Insurance for all TREE Fund vendors, and is currently working to make sure that all current vendors have valid and compliant certificates where applicable.

**Date:** September 20, 2016

**Participants:** Ray Henning; Terry McGonegle; Bill Schleizer; J. Eric Smith; Tom Wolf

**Topics and actions:** Reviewed the July CCT Statement and the August financial statements. August was a strong month. It appears that once the UAA check for \$240K is received, the revenue goal will have been met with three months remaining to year end. ISA Conference event came in under budget and over projected income; new event was a successful model. An offer has been made and accepted for the vacant bookkeeper position. The position will be filled as an independent contractor working in the office approximately 24 hours per week. The agreement for services will be through December 2017.

**Next Meeting Date:** October 17, 2016



## Finance Committee Meeting Minutes

**Date & time of meeting:** May 26, 2016, 1:00pm Central Time via conference call

**Attending:** Ray Henning, Treasurer; Terry McGonegle; J. Eric Smith; Tom Wolf

**Excused:** Rick Joyce, Bill Schleizer

Ray Henning called the meeting to order at 1:05pm.

Confirm Minutes from April 27, 2016 meeting: Committee members were asked whether they had any edits to the minutes. None were cited. Motion was made by Tom Wolf to approve the minutes. Motion was seconded by Terry McGonegle. Motion carried.

CCT March Statement: Eric reiterated that the CCT distribution check for ~\$50,000 was received in error from CCT in March and was returned in April. This money was added to our spending reserve and may be used to fund 2017 grants. All 2016 grants will be paid from operating surplus.

Investments Managed by CCT: Per board vote, the funds previously classified as Temporarily Restricted and Unrestricted will be hereafter classified as Permanently Restricted. This does not include the spending reserve.

April Financial Statements: Eric reviewed P&L and Balance Sheet. Payments sent to CCT have been added to the end of the P&L. Future Balance Sheets will show the investments at CCT as Permanently Restricted.

Grants Payable: Awards were made at May board meeting for ~\$163,000.

Old Business: Tasks from April 27 meeting were reviewed. Finance Committee meeting schedule will be reviewed in August. Eric is in the process of evaluating the benefits of having the endowment at CCT. Eric is working on RFP for audit services. Eric reviewed board meeting topics: Board approved 10% cap on overhead for research grants; updated language for RFPs is in progress; Board approved funding for three Hyland Johns Grants, three Arboriculture Education Grants and three Felix Scholarships; TREE Fund sent \$2500 to ISA for Tree Biomechanics Week sponsorship and requested they submit a grant application for future requests of \$10,000. Barb will add a tickler to her calendar to remind them.

New Business: Business consulting services and interim bookkeeping is being provided by a non-profit consulting company. They will also be working on audit RFP and integrating GL with development database.

Motion to adjourn was made by Tom Wolf and seconded by Terry McGonegle. Motion carried. Meeting adjourned at 1:35pm Central Time. Next meeting has been scheduled on July 1 at 10am Central Time.

<b>Task</b>		<b>Assigned to</b>		<b>Due date</b>
Re-evaluate Finance Committee meeting schedule		Committee		August 2016
Evaluate benefits of having endowment at CCT		Eric		July 1, 2016
Explore options other than CCT to hold funds		Eric		July 1, 2016
Issue RFP for audit services		Eric		July 1, 2016



## Finance Committee Meeting Minutes

**Date & time of meeting:** July 1, 2016, 10:00am Central Time via conference call

**Attending:** Ray Henning, Treasurer; Rick Joyce, Terry McGonegle; J. Eric Smith; Tom Wolf

**Excused:** Bill Schleizer

Treasurer Henning called the meeting to order at 10:05pm.

Confirm Minutes from May 26, 2016 meeting: Committee members were asked whether they had any edits to the minutes. Tom Wolf noted the Finance Committee Meeting in Fort Worth, Texas which was added to Old Business. Motion was made by Rick Joyce to approve the minutes. Motion was seconded by Terry McGonegle. Motion carried.

CCT April Statement: Eric reviewed the April Statement: UARF money will be added to CCT pool. The Board will vote whether money for any new programs will go to CCT or a traditional investment fund. Eric will research alternatives.

Investments Managed by CCT: Beginning with June report, all funds at CCT will be classified at Permanently Restricted, per Board vote. "Other Unrestricted Funds" will be now be shown as "Unallocated Funds."

May Financial Statements: Income for Sponsored Grants/Scholarships: \$200K from UAA was budgeted to be received in May; however, it has been delayed until July. Expenses for Grants and Contracts: Spring grant cycle contacts were not received until June and therefore, payables do not appear on P&L. Professional Fees were high due to contracted accounting services. Tour expenses increase is due to flow issues.

Grants Payable: Spring grant cycle awards will appear on June report, as contracts were not received until June. This report reflects active grants with outstanding payments.

Old Business: Insurance Policy review: need increased coverage via umbrella policies for Corporate and Tour insurance. COI's are required from contractors. There is no current policy; Eric will investigate. Tour is currently \$100K per incident. \$1MM umbrella with current broker would be \$3500/year. Corporate umbrella general liability for \$2MM would cost \$650/year. Rick recommends breaking Tour out as a separate fundraising entity. Motion was made by Rick Joyce to add \$2MM umbrella to corporate general insurance for \$650/year. Motion was seconded by Terry McGonegle. Motion carried. Eric will proceed with policy. Since increase in coverage is not in current budget, Eric needed to discuss with Finance Committee. Eric will research other organization's coverage for bike rides/races. Eric will email Paul Wood's insurance policy to Committee. Eric will put together language for policy with contractor

requirements, indemnification agreement and additional insured requirements for board approval at October webinar. Decision on Tour umbrella will be made at August 15 meeting in Fort Worth.

Next Finance Committee meeting will be in Fort Worth, Texas on August 15 from 11am-noon.

New Business: Eric will send June financials to Committee with talking points. Eric will inquire about variance in cost of Tour insurance based upon number of riders.

Motion to adjourn was made by Rick Joyce and seconded by all. Motion carried. Meeting adjourned at 11:08am Central Time. Next meeting has been scheduled on August 15 at 11:00am local time in Fort Worth, Texas Convention Center.

Task	Assigned to	Due date
Research alternatives to endowment fund at CCT	Eric	8/15/16
Investigate policy relating to COI's from contractors	Eric	8/15/16
Acquire Corporate general insurance umbrella for \$2MM	Eric	8/15/16
Research bike ride/race insurance coverage for other organizations	Eric	8/15/16
Email Paul Wood's insurance policy to Finance Committee	Eric	8/15/16
Prepare language for policy with contractor requirements, indemnification agreement and additional insured requirements for board approval at October webinar.	Eric	8/15/16
Agenda for August 15, 2016 Finance Committee Meeting: Decision on Tour umbrella	Ray	8/15/16
Send June financials to Finance Committee with talking points	Eric	8/15/16
Inquire about variance in cost of Tour insurance based upon number of riders	Eric	8/15/16



## Finance Committee Meeting Minutes

**Date & time of meeting:** August 15, 2016, 11:00am Central Time at Fort Worth Convention Center

**Attending:** Ray Henning, Treasurer; Rick Joyce; Terry McGonegle; Bill Schleizer (via phone); J. Eric Smith; Tom Wolf

**Excused:** Rick Joyce

Call To Order: Treasurer Henning called the meeting to order at 11:05am.

Confirm Minutes from July 1, 2016 meeting: Mr. McGonegle moved to approve minutes, and with a second from Mr. Wolf and no discussion, they were approved unanimously.

July 2016 Financial Statements: Mr. Smith summarized the various operating statements. Overall, we are doing better than budget year-to-date on both revenues and net income. Expenses are higher than budgeted year-to-date, primarily due to contracted professional fees associated with accounting, management, and real estate consultants engaged to support accounting operations, as well as needed system improvements and documentation. This work should taper off by October if we are able to hire a bookkeeper as planned. The Feasibility Study contractor (CCS) will be engaged and paid in full before year end, so this line item will continue to increase over budget. Despite this, Mr. Smith is very comfortable that revenues will increase by a greater amount and budget will be met or exceeded overall. Mr. McGonegle asked about the Service Fees line and Mr. Smith noted it is tied to online gift processing, and that he will look into why it is higher than expected. Mr. Smith noted that we have transferred over \$300,000 to CCT, and will be sending more at end of August. He also noted that we have not yet received the expected \$200,000+ from UAA, but that Phil Charlton indicated they are close to sending it. The Grants Payable report has been simplified to just show amount paid and amount due on all open grants. Mr. McGonegle questioned whether these items should all be included in Current Liabilities on the Balance Sheet if they are not to be paid within the next year, but also include out-year payments. Mr. Smith committed to investigate rules with auditor as part of year-end close.

CCT statements: Mr. Smith reviewed the CCT detailed and summary reports, reminding committee members that they are one month behind the operating reports. Mr. Smith will request CCT to provide an annual report to the Finance Committee before the December Trustees meeting, since several committee members are not on the Board. Treasurer Henning can then present results to Board, as is done with Audit, Research and other standing committees.



Old Business: Committee approved adding \$1.0 million umbrella policy specific to STIHL Tour des Trees at price of approximately \$1,500 per year. This supplements existing Tour liability (\$1.0 million) and casualty (\$100,000) policies. Mr. Smith is still working on standard terms and conditions for Certificates of Insurance for all TREE Fund vendors, and is also working to make sure that all current vendors have valid and compliant certificates where applicable. He is also still evaluating alternatives to CCT for future new endowment funds. Contributions made to funds already established within CCT will continue to be directed to CCT, rather than splitting them. New funds established under the Endowment Building Campaign will be presented to Board of Trustees with a recommendation as to whether they should be placed with CCT or an alternate steward.

New Business: Mr. Smith reported on the Audit RFP process underway and on the completed RFP for a Feasibility Study contractor. CCS will be engaged at a cost not to exceed of \$55,000, which is within the \$65,000 cited at the May Trustees meeting.

On motion by Mr. Wolf and second by Mr. McGonegle, the meeting adjourned at 11:55 am. Next meeting is scheduled September 20, 2016 at noon central time via conference call.

<b>Task</b>	<b>Assigned to</b>	<b>Due date</b>
Investigate increase in Service Fees	Eric	9/20/16
Discuss with auditor the rules about reporting outstanding grant payments as Current Liabilities on the Balance Sheet if not to be paid within the next year	Eric	Year end
Request CCT to provide an annual report to the Finance Committee before the December Trustee meeting	Eric	11/15/16
Confirm that all vendors have valid and compliant COIs	Eric	ongoing
Evaluate alternatives to CCT for endowment funds	Eric	ongoing



## Finance Committee Meeting Minutes

**Date & time of meeting:** September 20, 2016, Noon Central Time via conference call

**Attending:** Ray Henning, Treasurer; Terry McGonegle; Bill Schleizer; J. Eric Smith; Tom Wolf

**Excused:** Rick Joyce

Call To Order: Treasurer Henning called the meeting to order at 12:03pm Central Time.

Confirm Minutes from August 15, 2016 meeting: Treasurer Henning asked whether anyone had any comments or changes to the minutes. None were mentioned. Motion was made by Mr. McGonegle to approve the minutes; motion was seconded by Mr. Wolf. With no discussion, they were approved unanimously.

August 2016 Financial Statements: Mr. Smith stated that August was a strong month. The UAA check has not yet arrived, but we have confirmation that it is on the way. Once this check has been received, the revenue goal will have been met with three months remaining to year end. ISA Conference event came in under budget and over projected income; new event was a successful model. Tour revenue is coming in steadily. Mr. McGonegle followed up on Service Fee classification which has been corrected on August financials. Also, Grants Payable show \$2500 differential between Grants Payable Report and Balance Sheet. Eric will investigate and reconcile. Possibly \$2500 paid to Susan Day, Virginia Tech on 8/25/16. Grants Payable report reflects payments outstanding on Board approved obligations having multi-year payments.

July CCT Reports: Payment made to CCT in late July had not yet been posted on CCT Statement. TREE Fund's relationship with CCT is via enforceable contract, an instrument of gift. As new endowment funds are established, Mr. Smith will recommend best new custodian to the Board.

### Old Business:

- Audit Firm RFP Update – Sassetti LLC has been approved by Audit Committee as TREE Fund's new auditor. Vote will be taken at October 3 Trustee Meeting to approve.
- Feasibility Study RFP Update: CCS has been engaged. Mr. Smith met with "embedded staff member." Interviews are being scheduled. CCS will present an interim report to the Executive Committee and make a presentation to the Board in December.
- Consultant and Hiring Update: Laura Flamion accepted an offer for the bookkeeper position and will submit an agreement as an independent contractor for services through December 2017. She will work in the office approximately 24 hours per week.
- Tasks from prior meeting:

- Investigate increase in service fees: completed
- Discuss with auditor rules about reporting outstanding grant payments: to be completed with Sassetti prior to year end
- Request CCT to provide annual report to Finance Committee prior to December Trustee Meeting: has been requested
- Confirm that all vendors have valid and compliant COI's: completed for 2016. Mr. Smith is creating template for future use
- Evaluate alternatives to CCT: Mr. Smith met with Bellwether Consulting and is waiting for their response. He will also make another inquiry.

New Business: Governance Committee has reviewed TREE Fund Trust Agreement for updates and changes. Next step is legal review. Revisions will be presented to Board for approval at December Trustee Meeting.

On motion by Mr. Schleizer and second by Mr. McGonegle, the meeting adjourned at 12:30pm Central Time. Next meeting is scheduled October 17 at noon central time via conference call.

<b>Task</b>	<b>Assigned to</b>	<b>Due date</b>
Discuss rules about reporting outstanding grant payments with Sassetti	Eric Smith	Prior to year end
Create template for COI requirements	Eric Smith	Prior to year end
Suggest alternatives to CCT	Eric Smith	Prior to year end