



Audit/Finance Committee Report
Prepared by: Ray Henning, Chair
Date Submitted: September 4, 2018

Meetings:

Date: May, 2018

Participants:

Topics and actions: No meeting was held due to the closeness of the May Board meeting held in Chicago. Financial Reports were sent to all committee members for review.

Date: June 19, 2018

Participants: Ray Henning, Treasurer; Jacques Brunswick; Rick Joyce; John Signorini; Tom Wolf; J. Eric Smith

Topics and actions: Reviewed the April 2018 CCT statement and May 2018 financial statements. Sponsored Grant revenue is up due to the multi-year Davey endowment pledge made this year for 2019-2023. It will go up further this month with the anticipated payment from Aslpundh for the Penn State University one year contract at about \$127,000. Special Event revenue is lower due to timing of Partnerships coming in, and Tour participants requesting their donors to restrict gifts to endowment funds. We continue to draw down unallocated funds held by Chicago Community Trust and are not sending monthly transfers to CCT at this time; we will evaluate whether to resume doing so after we close second quarter. Received first of two annual endowment payments from CCT of ~\$77K. Skiera Fund is about to reach its goal and will be announced at ISA conference; will begin making awards in 2019. Grants Payable reflects payments for awards made at May Trustee Meeting. A budget is now being required with interim grant reports and interim payments will be made based upon their budget.

Jacques Brunswick will discuss the monthly Profit and Loss reports with President and CEO Smith to develop a format that more clearly distinguishes current and future year revenue (all shown now under accrual format), and also more clearly distinguishes restricted and unrestricted revenue.

Per Strategic Plan deliverables, a review of insurance coverage was completed in June. Business insurance is adequate. Since 2016, we've added \$1 million Hired and Non-Owned vehicle coverage for Tour vehicles, an umbrella for Tour liability of \$1 million, and an overall umbrella for business operations of \$1 million. The committee requested that staff get competitive quotes from broker to add \$1 million excess liability to Tour since this is one of our greatest risks and send to committee for consideration and approval. Medical insurance will be re-evaluated for 2019.

Date: July 17, 2018

Participants: Ray Henning, Treasurer; Jacques Brunswick; Terry McGonegle; Will Nutter; J. Eric Smith

Topics and actions: Reviewed the May 2018 CCT statement and June 2018 financial statements. Will award two Kimmel Grants at \$10,000 each and one Duling grant at \$25,000 in December. Working with Sonoma State to add third year to contract ending 2020.

Karen Lindell will be leaving at end of August and we expect her to continue on a part-time basis with communications.

We continue to draw down formerly unrestricted funds at CCT to meet donor restrictions on endowment gifts. We should deplete this pool by October and begin making transfers to CCT again at that time.

Discussed improvements in financial reporting with Mr. Brunswick to produce a more traditional operating budget report than we currently use as part of 2019 budget process. President and CEO Smith will recast current year budget for review at September meeting for new budget preparation.

The Skiera Fund Campaign has met its \$500,000 goal and will be announced at ISA International Conference. President and CEO Smith has requested that the annual ISA Endowment Gift now be re-directed to support the White Fund in 2018/2019; if ISA Board approves, this will complete this campaign as well. Dr. Franco-Lara's 2017 Kimmel Grant Agreement was signed on the deadline date of June 30 and payment of \$9,200 was sent in early July; it will appear on the next report. Dr. Pavao-Zuckerman has not yet submitted his interim report for his Research Fellowship; will review his financial assessment and make adjusted payments if applicable. Dr. Fini moved from University of Florence to University of Milan, and we are working to transfer his Research Fellowship payments with full cooperation of both institutions.

Upon the e-mail approval of the Committee, added \$1 Million liability policy to Tour des Trees.

Date: August, 2018

Participants:

Topics and actions: No meeting was held in August due to conflicts with the Tour and ISA Annual Conference. Financial Reports were sent to all committee members for review.

Accomplishments: The Audit/Finance Committee has provided overall direction and oversight of the finances of the TREE Fund to insure the integrity of our resources. We have provided a financial plan which is supportive of our strategic plan; ensured the availability of sufficient liquid cash to support operations; prepared financial reports which are accurate, comprehensive and informative and maintained a reserve equal to 30% of annual estimated operating budget. In addition the Audit/Finance Committee has; facilitated the completion of the 2017 audit, reviewed all TREE Fund insurance policies, reviewed the monthly CCT and financial statements and have continued to meet monthly.

- **Objectives for the next 3 months:** Maintain the financial integrity of the TREE Fund by monitoring the monthly financial statements and implementation of the following Strategic plan items: Evaluate and document a cash reserve policy as part of 2019 budget review; Review CEO proposed budget for 2019 with goal of positive net unrestricted income; Evaluate CCT Growth Pool results; Prepare a high-level five-year financial plan built on 2019 budget, incorporating Endowment Building Plan and any proposed changes to Tour or other events; Complete audit engagement process; Submit budget to Trustees for final approval.

Next Meeting Date: September 18, 2018



TREE Fund
Budget vs. Actual: FY2018
January - August, 2018 ACCRUAL

	Total			Annual Budget
	Actual	Budget	over Budget	
Revenue				
4001.00 Annual Oper Campaign Unrestrict	128,650	127,650	1,000	185,000
4100.00 Other Income	1,885	3,200	(1,315)	5,000
4700.00 Program Restricted Revenue	527,555	257,500	270,055	515,000
4900.00 Special Events	408,082	525,000	(116,918)	625,000
5999.00 Earnings From CCT to Operations	77,551	77,000	551	154,000
Total Revenue	\$ 1,143,723	\$ 990,350	\$ 153,373	\$ 1,484,000
Gross Profit	\$ 1,143,723	\$ 990,350	\$ 153,373	\$ 1,484,000
Expenditures				
6010.00 Board & Liason Expense	4,897	4,500	397	15,000
6020.00 Grants and Contracts	256,810	151,900	104,910	217,000
6050.00 Occupancy & Equipment Expense	20,065	17,920	2,145	28,000
6100.00 Office Expense	14,851	14,000	851	20,000
6150.00 Personnel Expenses	225,606	229,840	(4,234)	338,000
6200.00 Professional Fees	28,392	30,940	(2,548)	45,500
6300.00 Service Fees	2,959	7,000	(4,041)	10,000
6900.01 Special Event	206,092	189,570	16,522	213,000
7000.00 Technology Expense	3,135	4,000	(865)	10,000
7100.00 Travel & Meetings	17,316	15,120	2,196	21,000
7200.00 Communications	18,605	28,000	(9,395)	40,000
Total Expenditures	\$ 798,728	\$ 692,790	\$ 105,938	\$ 957,500
Net Operating Revenue	\$ 344,995	\$ 297,560	\$ 47,435	\$ 526,500
Planned Transfers to CCT	0	202,500	(202,500)	450,000

Note: In lieu of planned transfers to CCT, we are drawing down formerly unrestricted funds already at CCT to meet donor restrictions as donor restricted gifts come in; through August 31, we have permanently restricted \$101,726 toward endowment pools in this fashion. Approximately \$18,000 remains available at CCT before transfers from operating to CCT resume.



The TREE Fund
Statement of Financial Position
As of August 31, 2018

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
1003 Petty cash	553.00
1006 Wintrust	141,242.48
Total Bank Accounts	\$ 141,795.48
Accounts Receivable	
1410.00 Grant Receivable	35,000.00
1510 Pledge Receivables	466,453.00
Total Accounts Receivable	\$ 501,453.00
Other Current Assets	
Investments held at CCT	4,510,150.56
Total Other Current Assets	\$ 4,510,150.56
Total Current Assets	\$ 5,153,399.04
Fixed Assets	
1600 Fixed Assets	3,678.00
1699 Accum Depreciation	-735.60
Total Fixed Assets	\$ 2,942.40
TOTAL ASSETS	\$ 5,156,341.44
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	55,561.06
2050 Grants Payable	277,660.00
Total Accounts Payable	\$ 333,221.06
Credit Cards	
2210 First National Bank of Om-KL	516.86
2220 First National Bank of Om - BAD	14,205.62
2230 First National Bank of Om - JES	832.31
2240 First National Bank Om-MO	2,393.17
Total Credit Cards	\$ 17,947.96
Other Current Liabilities	
2400 403b Deductions Payable	2,250.00
2450 Accrued PTO	15,955.61
Total Other Current Liabilities	\$ 18,205.61
Total Current Liabilities	\$ 369,374.63
Total Liabilities	\$ 369,374.63
Equity	
3200 Unrestricted-Operating	16,375.00
3600 Temporarily Restricted	271,030.00
3800 Permanently Restricted	4,429,586.00
3900 Retained Earnings	-359,473.12
Net Revenue	429,448.93
Total Equity	\$ 4,786,966.81
TOTAL LIABILITIES AND EQUITY	\$ 5,156,341.44