



Intergroup BOT Meeting Minutes

Presented AUG 16, 2018 - from JUL 19, 2018 BOT Meeting

Attendees

Lester B, Roger B, Catherine D, David E, Brent F, Alton G, Kathleen T (SETA), Kelli R, Peter C

- I. Call to Order @ 7:00 PM Roger B
- II. Moment of Silence followed by Serenity Prayer
- III. Minutes Catherine D

MOTION to Approve Minutes, with correction, by Alton G, Seconded by David E.

IV. Reports

1. Treasurer's Report

Brent F

JULY Treasurers Report (JUNE Results)

• YTD Bookstore Income	\$ 161,964.48	(under budget -\$ 15,643.52)
• YTD Member Donations	\$ 73,663.35	(over plan \$ 27,599.11)
• YTD Total Income	\$ 261,032.73	(under budget -\$ 1,577.51)
• YTD Cost of Goods Sold	\$ 104,814.80	(over plan \$ 2,139.20)
• YTD Total Expenses	\$ 123,017.22	(under budget -\$ 25,435.56)
• YTD Net Income	\$ 33,200.71	(over plan \$ 21,718.85)

General Comments (Highlights)

Balance Sheet

- Cash on Hand is at an historical high-water mark
- Current Checking / Savings totals \$ 117K+--just under recommended POR
- Convention expenses have all been paid
- Website expenses (capital) still outstanding (1/2 still due in August) ~ \$ 7.5K
- A/C expenses still outstanding Ballpark \$ 15K - winter 2018 (?) expense
- Current Prudent Reserve was established within the last 24 months
- For example, Intergroup ended 2016 with less than \$50K cash-on-hand

Profit and Loss

- Bookstore Sales - significant gap between budget Vs actual for June
 - Bulk of June Bookstore shortfall attributed to missed budget on convention book sales
 - Convention sales off by ~ \$ 8,000 – (sold ~ \$ 4,000 Vs \$ 12,000 Budgeted sales)
 - Lower attendance than anticipated coupled with reduced 2018 book Price List
 - Brick and mortar sales, however, continue to trend in the high 80% of budget
- Convention Income – will discuss separately in detail
- Membership Donations – tracking closely – way ahead YTD
- Expenses – Intergroup Staff has done a great job of controlling expenses

YTD Profit and Loss

- Membership Donations – up \$ 27K Vs Budget
- Bookstore Sales off (10-12% under budget)
- Cost Control = great despite higher than anticipated convention costs

Convention Financial Report Highlights

- Key Numbers:
 - \$ 33,191.61 = Total Expenses
 - \$ 10,858 = loss (bottom line cost) to put on the event
 - \$ 13,161 = penalty for not meeting commitment of booked hotel room nights
 - 500 = Actual Attendance / 1000 = Planned Attendance
- Other Considerations
 - Spiritually the conference was a great success. Financially the goals were not achieved.
 - Most Significant negative budgetary impact (Budget Vs Actual) = low Registrations
 - High Number of last minute Cancellations (within 24 hours)
 - Higher registrations or more room nights would have brought closer to break even
 - Under Budget on many of the expenses that Intergroup could control (Speaker related costs, for example)
 - Expenses very similar to 5 years ago (from previous Profit and Loss Statement) but registrations and room nights were significantly lower than the prior event (which was held in March Vs Fathers' Day weekend)
 - Bottom line, Intergroup YTD "Net Income" is still over budget even after the convention loss, due to cost control and membership contributions
- Next Steps
 - Documentation of a Convention Recap including What Worked and Didn't Work, Lessons Learned, and Recommendations, to benefit any similar future endeavor

MOTION to Approve Treasurer's Report by Lester B, Seconded Catherine D. Report Approved.

2. Executive Secretary's Report

Kelli R

Total membership Contributions (from Groups & Individuals)

- \$7,051.27 2018 JUN Group Contributions (over plan \$ 51.27)
- \$ 175.00 2018 JUN Personal Contributions (under budget \$525.00)

NightWatch

Available Dates for 2018 Weekend NightWatch:

- Nov 21-26 (Thanksgiving)
- Dec 14-17 (Tentatively Scheduled for coverage by Serenity Group, The Woodlands)
- Dec 28-Jan 2, 2019 (New Year's Holiday plus Inventory Day)
- Nightwatch coverage issues

Bookstore

- \$ 29,166.45 = JUN 2018 sales (\$ 40,000 Budgeted)
- \$ 3,923.03 = total convention bookstore sales (\$ 12,000 Budgeted)
- Most sales occurred on Saturday. Some sales on Friday, none on Sunday.
- Convention book sales budget calculations were based on 1000 people X \$ 12

- Budget was in line with sales from previous convention
- Double Book Covers (\$25.40 ea.) were top 10 sellers by both price and quantity
- In the process of Stock Verification; matching the physical book store inventory to the QuickBooks inventory

Office & Real Estate Expenses (Cost Reduction Efforts)

- Hearing Impaired Signers – JUN Services of \$ 320.00 (paid JUN30)
- Postage Expenses
 - No report due to postage machine malfunction. Awaiting a replacement. The old machine was retrieved by the service provider before the usage could be noted.
 - Current contract expires SEP 2018, so Kelli is reviewing proposals, (leasing arrangements meet USPS regulations).
 - Quotes include utilizing the existing machine as well as upgrade options which are significantly higher. Kelli is leaning towards continuing with existing machine due to costs. (Cost / benefit ratio does not seem worth it plus upgrade requires new lengthy lease period).
- Real Estate Expense - 2018 Annual Maintenance Received Reconciliation Report (Invoice) for Common Real Estate Areas
 - \$ 2,103.57 in 2018 (was \$ 4,000 in 2017)
 - Kelli asking for approval prior to payment
 - Was not budgeted but should be;
 - Suggestion: Put \$ 2,000-3,000 in budget for AUG 2019
 - This expense is standard in a Triple Net Lease

Projects

- Personnel Opening - Administration position currently available
 - will advertise in the August Link and at Delegates Meeting
 - 2-year sobriety minimum
- Policies & Procedures Manual Completion and Printed Copies of the by SEP BOT Mtg
- Filing Overhaul – reorganization of vendor filing
- IG Seminar – Catherine to attend this seminar in Canada in SEP (budgeted)
 - Opportunity to connect with Meeting Guide App folks

3. Ad Hoc – Legacy Committee

Catherine D

Website Committee Activities

*Website is one of primary tools for carrying the message and major means of communication with the local AA community

Status Report

- Testing Phase is next step
- "MAP Function" of Meeting Guide App is plugged in
- Maintenance Proposal Revised and supplied to Kelli for approval
 - Original \$ 265/mo. (including hosting plus 2 hours of support)
 - Realized Need for increased Security and Fortifications after reviewing site traffic and threat potential

New Proposal /Monthly Costs

\$ 190 - Hosting and Site Costs

\$ 320 - Monthly support (4 hours)

\$ 510 - Total Monthly Expense

- (Note: Currently Monthly Maintenance Fee for existing site = \$ 250)
- Option to reduce programming support to 2 hours per month after Intergroup becomes more self-sufficient (Programming Support @ \$ 80 /hr.) (discounted rate)
- Privacy Policy & Terms and Conditions revised and supplied to vendor
- Feedback from Area 67 – Future Features and Content (post launch timing for additions)
 - Hearing Impaired Section (how to request services, e.g.)
 - Veterans Section (AA info pertaining to Veterans such as Veterans meeting, e.g.)
 - Additional Group Services (such as How to Start a Meeting, e.g.)
- SETA liaison (Kathleen) to review SETA suggestions & requests for website

MOTION to Approve Ad Hoc Committee Report, by Lester B, Seconded by Brent F, Report Approved.

4. SETA Liaison Report

Kathleen T

Assembly Recap

- Last Weekend's Assembly disrupted by power Saturday outage
- Assembly completely disbanded by Saturday night
- Decision to Reconvene on Friday afternoon prior to next Assembly

April GSO Conference Report

- Grapevine – Outside sales of Grapevine books and single-issue magazines now allowed (to recovery related organizations) (Amazon and Airport bookstores?)
 - Literature
 - Update Revisions to numerous pamphlets and videos
 - Refitting of some special group pamphlets
 - (e.g. to read Experience, Strength & Hope: LGBT Alcoholics in AA or Women in AA
 - Refitting applied to revised pamphlets
 - New Pamphlet coming out entitled Experience, Strength & Hope: AA for Alcoholics with Mental Health Issues and Their Sponsors (note: beyond medication issues)
 - Trustees to draft a new pamphlet for Spanish speaking women
 - Planning to adapt and publish the British pamphlet "The GOD word"
 - Finance
 - Annual Individual Contribution limit increased from \$3k to \$5k
 - 2017 Financial Comparison to 2016
 - 2017 contributions up 6% from 2016;
 - 2017 Literature sales were up 6% from previous year
 - 2017 Expenses were up 3% over prior year*
- *Note had been running a deficit into their Prudent Operating Reserve

V. Old Business

Peter C

Emergency Shelter Ad Hoc Committee Report

- History of Ad Hoc Committee Activity to address meetings at shelters
- Description of Problem and Solution / Effort and participating Organizations
 - 80 certified locations in Houston area not including Mattress Mac)
 - Shelters Certified by Red Cross
 - Shelter Inhabitants do not have transportation to outside meetings
 - Shelters are Happy to have AA bring meetings into shelters
 - Models include George R Brown (serves as example)
- Proposed Solution:
 - SETA and Intergroup coordinate / organize jointly
 - Find out from Red Cross which shelters will be open
 - Contact Shelter Manager to arrange time and space
 - Communication Flow (contact SETA DCM who in turn contacts a group/s within area to staff meetings
 - Materials (Big Books, Preamble and 12 & 12s) will be provided by Intergroup
- Organizational Roles
 - Intergroup – Central Communications Hub & Materials
 - SETA – Geographic Organization, Staffing and local communications
- Upcoming Plans
 - SETA formed Ad Hoc at April Quarterly Meeting
 - Objections include concerns about Open Meetings (attendance by non-AA Members) Note: Howard from Geo R Brown this did not create any issues
 - Ft Bend Emergency Preparation Council (at March meeting with Peter) requested presentation from CPC (Vern, Peter will present in Sept) (clearing house for meetings in Ft Bend
 - Hoping that SETA will vote at Oct Quarterly Meeting to coordinate with Intergroup
 - Peter is currently a SETA voting member (Group GSR)
- Material Supply Recommendation (Intergroup's Role):
 - Suggest Intergroup approve preparation of boxes of literature,
 - Emergency Shelter Meeting Kit
 - (One Each) Big Book, 12&12, Preamble, Script, Daily Reflections, and Meeting & Directory
 - For distribution to AA Clubs
 - to DCMs for distribution to Shelters
 - In the event of an Emergency / Natural Disaster
 - Kits stored in inexpensive, watertight plastic boxes
 - "Meeting Kit in a Box" – propose funding 10 – 20 Meeting Kits?
- Next Steps
 - Intergroup in favor of supporting SETA to carry meetings into shelters
 - Suggestions to review costs prior to next BOT meeting
 - Budget exercise would prepare Intergroup for taking supportive action in the event that SETA expresses interest in this approach
 - Table further discussion AUG next BOT meeting

VI. New Business

1. Audit Report

Roger B

- Purpose of an audit: to determine whether an organization is providing a fair and accurate representation of its financial position by examining information such as bank balances, bookkeeping records and financial transactions.
- Clause 7.07 of Intergroup's Bylaws requires periodic Audits be performed by a Certified Public Accountant. (CPA) The auditor's task is to express an opinion as to whether the financial statements present fairly the financial position of the organization, in conformity with accounting principles generally accepted in the US (GAAP).

General Comments

- There is no record of any completed audit process in the history of Intergroup
- However, CPAs have been engaged to perform accounting financial statement reviews
- An established record has been created for the current Audit (an Audit trail)
- The previous reviews were supported by the BOT Treasurer and Delegates
- BOT approved the FY 2015/2016 Audit "committee" approach
- This devolved into a single person effort (20 hrs. per week for 48 weeks)
- Bart Payne, CPA completed the Audit
- Created starting baseline; now have a starting point for next Audit (2017/2018 Audit)
- 2017/2018 Audit will be first Audit under current Executive Secretary
- Possible audit outcomes include four possible opinions (formal definitions)
- Outcome: "Disclaimer of Opinion"
- Essentially "no opinion" due to lack of information; can be rectified going forward
 - Unable to observe Inventory Process
 - Improper Accounting for Fixed Assets
- Books were only \$ 7,500 off over a two-year period due mostly to an inventory error

Results / Actions Items / Acceptance and Exceptions

- BOT are responsible for the Audit process and compliance with the results
- New Secretary and Bookkeeper have taken swift and immediate actions to remediate all issues in the Audit report
- 2017 990 will reflect the end of the 2016 Audit (reflecting all adjustments from the 2016/2017 Audit)
- Need resources (CPA advice) available on-demand for GAAP Advice
- Working to correct all non-GAAP compliant accounting processes
- Action Items
 - All GAAP Processes and Procedures identified by the Audit are accepted by Management with a few exceptions that are Operational in nature (not GAAP)
 - These exceptions must be ratified by the BOT
 - Recommendations:
 - 16 Categories of cited recommendations for Action Items
 - 4 Management Attention
 - Resulting in 31 Individual recommendations for Action Items
 - Exceptions are mainly related to Best Practices (non-GAAP related)
 - Only two material issues
 1. Legal filing compliance and GAAP issues related to contractors (Issuing W-9s and 1099s) exposing Intergroup to potential fines
 2. Fixed Asset Accounting errors have already been addressed - Capitalize and Amortize

Policy Items for BOT Ratification

- Accounting policy items need to BOT approval
 1. Long Term Asset – Capitalization and Amortization (\$ 500 or 1 yr. useful life)
 2. 1099 Filed for any contractor (\$ 600 or more in any given year)
 3. Treatment of Non-Cash Donations above \$ 500 (treat as income)
- Potentially Material Management Remedial Action decisions need BOT ratification
- Note: Ratified by Quorum of Trustees in Attendance at BOT Meeting
- Separate Motion to Approve each individual Exception (items in red on BOT Actions Checklist)

BOT Actions Checklist – Motions to Ratify Management Decision

- 1D - Incoming Mail Procedure – Segregation of Duties
Management has made the decision not to have Bookstore Clerk open the mail. Mgt has made the decision for the Admin Asst/ Exec Secy to be responsible for mail distribution. Exec Secy will open all mail until Admin Assist is hired.

MOTION to Ratify Decision as written, by Lester B, Seconded by David E., Decision Approved.

- 1E - Recording Receipts for donations (check and cash receipts)
“Receipts for Donations received by mail or in person in the form of Checks and Cash will be done in QuickBooks by Admin Assist or Executive Secretary. Bookstore Clerk will generate a hand-written receipt at the request of the Customer.”

MOTION to Ratify Decision, by Brent F, Seconded by Lester B., Decision Approved.

- 3 – Server Backup Frequency (recommend Daily)
Server is backed up to an external hard drive. Management will work with board member to review Server and Back Up procedure to ensure all is working and up to date. Accountant will back up to QuickBooks on weekly basis to flash drive to be taken home.

MOTION to Ratify Decision, by Brent F, Seconded by Catherine D., Decision Approved.

- 4A – Purchase Recommendation for Fireproof Cabinet
Management will purchase a fireproof locking file cabinet for safeguarding sensitive documents.

MOTION to Ratify Decision, by David E, Seconded Catherine D., Decision Approved.

- 4C – Check Stock Procedure
Management has made the decision to not log checks in/out. Current Bookkeeper and Exec Secretary keep track of the checks. All checks are voided and filed – no check is deleted or destroyed.

MOTION to Ratify Decision, by Lester B, Seconded by Brent F., Decision Approved.

- 7C – W-9 Processing Procedure

Management will have all service providers since 1/1/2018 fill out a W-9 at time of service and information will be entered in QuickBooks. Hearing impaired will remain on ADP until the end of year at which time his W-9 information will be entered in QuickBooks. All 1099ers will be entered in QuickBooks.

MOTION to Ratify Decision, by Catherine D, Seconded by Brent F., Decision Approved.

- 12 – Payment Processing Best Practice Recommendation
Management did not accept this recommendation and will continue to process payables as currently done. Not practical currently considering the current small number of transactions and small staff size.

MOTION to Ratify Decision, by Brent F, Seconded by Lester B., Decision Approved.

- 15 – Balance Adjustments to 2015 and 16 Financial Statements (Based on Auditor's Recommendations so that 2017 Financials will be compliant) (Adjustments will take place as of 7/31/18)

Auditors recommended adjustments to 2015/16 Financial Statements

Management has agreed to make the recommended adjustments as stated on the Audit: Statement of Financial Position. Prepare Balance sheet that reflects all the Audit Recommended balance adjustments. Management to forward Form 990 completion notes / explanations to future Auditors.

MOTION to Ratify Decision, by David E, Seconded by Brent F., Decision Approved.

- 6 – Capitalize and Amortize Long Term Assets (GAAP Requirement)
"Beginning 1/1/2018 and going forward, all Long-term assets with useful life of over one year and a cost greater than \$ 500 will be capitalized and amortized."

MOTION to Ratify Decision, by Catherine D, Seconded by David E., Decision Approved.

- 8 – Financial Reporting Forms for Contracted Services
"Beginning Jan 1, 201, all contractors must fill out a W-9 form from Intergroup. Any contractor who delivers more than \$ 600 in services during any given fiscal year, will receive a 1099 from Intergroup.

MOTION to Ratify Decision, by Brent F, Seconded by Lester B, Decision Approved.

8 – Due to Material Issues (990s and undocumented W4s and 1099s) Corrective remedial action is required. Recommendation to approve up to \$750 budget for Qualified Legal Advice on how to handle improper or overlooked filings for independent contractors prior to 1/1/2018.

MOTION to Approve Budget, by Lester B, Seconded by David E., Motion Approved.

- 14 – Treatment of Non-Cash Donations

Management has agreed to set up an income item for non-cash donations. Beginning 1/1/2017. Harvey Literature donations (Retail Value) will be recorded under non-cash donation. Auditor services will be recorded under non-cash donation.

MOTION to Ratify Decision, by Brent F, Seconded by Catherine D., Decision Approved.

- 16 – Management Representation Letter
Upon Approval of the BOT, Treasurer and Executive Secretary will execute the management Representative Letter and thus complete the 2015/2016 Audit Cycle.

MOTION to Ratify Decision, by Brent F, Seconded by David E., Decision Approved.

2. Workshop Committee

Kelli R

- Need for workshops
- Intergroup Position or Delegate Position?
- Workshop Committee from Delegates?
- Discuss further at another BOT meeting

VII. Adjourn and Close with the Lord's Prayer @ 10:10 PM

Roger B

Catherine D, Secretary