

**The High Desert Amateur Radio Club  
Review and Audit of 2018 Financial Records  
5 February 2019**

In accordance with and by direction of club By-Laws, the Chairman of the Board of Directors established an audit committee for the purpose of conducting the annual review and audit of the official club financial records. The By-Laws direct the audit be completed by January 31<sup>st</sup> each year. However, this review was delayed until February 5<sup>th</sup> due to unforeseen circumstances. A special dispensation for the additional time required was approved by the general club membership at the 19 January 2019 meeting.

The following members comprised the official audit committee:

1. Bill Firth – Chairman of the Board of Directors, presiding official
2. Frank Kelley – Vice President
3. Robert Witter – Treasurer
4. Dave Johnson – Club Member

Observers attending were:

1. Jerry Aceto – President
2. Larry Elkin – Club Member

The committee audited the accompanying consolidated financial statement of the High Desert Amateur Radio Club, which comprise the consolidated financial statements as of December 31, 2018 and the related consolidated statements of revenues, expenses, and changes in net position, and cash.

*Senior Officer's Responsibility for the Financial Statements* - The Senior Officer and Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility* – The committee's responsibility is to express an opinion on these financial statements based on the audit. The committee conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require the committee to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures outline in the By-Laws, section 11, items 11a(i) through 11a(ix) were used in conducting this audit. The audit also includes the assessment of the risks of material misstatement, internal control relevant to the entity's preparation and fair presentation. An evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Senior leaders, Directors and the Treasurer, as well as

**The High Desert Amateur Radio Club  
Review and Audit of 2018 Financial Records  
5 February 2019**

evaluating the overall presentation of the consolidated financial statements have been addressed.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

*Opinion on the Financial Statements* - In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the High Desert Amateur Radio Club as of December 31, 2018 and its revenues, expenses, and changes in net position, and cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

This audit has been reviewed and approved. All discrepancies with action items will remain open pending resolution of the discrepancies by the Club officers and Board of Directors.

/s/ *Bill Firth*

Bill Firth  
Chairman, Board of Directors  
High Desert Amateur Radio Club, Inc.

**The High Desert Amateur Radio Club  
Review and Audit of 2018 Financial Records  
5 February 2019**

*Report on the Financial Statements* - The audit checklist contained in the By-Laws, section 11, items 11a(i) through 11a(ix) were used to conduct the audit. Discrepancies observed are addressed under each heading with a recommended abatement action suggested.

*Item i. Check cash receipts against deposit slips and amounts shown on bank statements and make sure all money received has been accounted for.* No discrepancies noted. Club income and expense records balance with all bank statements and are properly accounted for.

*Item ii. Verify that a receipt was issued for all monies received.* No discrepancies noted. Club income records balance with all bank statements and are properly accounted for.

*Item iii. Check disbursements in the records against bank statements and attached cancelled checks.* No discrepancies in club income records balancing with all bank statements with regards to checks. **However, procedures for addressing electronic records are not currently part of the by-laws or Standard Operating Guide (SOG) even though the club has a debit card. While electronic disbursements are accounted for in the treasurer's records, procedures to address the debit card use and spending limits needs to be written.**

**Action Item: Club officers and Board of Directors - By-Laws and SOG revisions as required.**

*Item iv. Verify that supporting receipts are attached for all disbursements.* No discrepancies noted. A review of monthly records showed proper accounting and receipts for all disbursements.

*Item v. Verify that checks have been properly signed and countersigned.* Current treasury records showed no discrepancies for this inspection item. **However, concerns were expressed on the bank processing of club checks. It was pointed out that in the past there may have been occasions where the bank processed club checks containing only one authorized signature. This led to the question if the club really needed two signatures on club check considering the check processing procedures in the Club's standard operating guide. Further discussion regarding the proper use of the club debit card (also noted in item iii above). It was determined that the bank should be contacted to address the requirements for check signatures. Pending the results of the inquiry, By-Laws and SOG revisions require additional updating.**

**Action Item: Club Treasurer – Bank contact for proper procedures on club checking and debit processing.**

**Action Item: Club officers and Board of Directors - By-Laws and SOG revisions as required.**

**The High Desert Amateur Radio Club  
Review and Audit of 2018 Financial Records  
5 February 2019**

*Item vi. Verify that monthly record totals are in balance with the bank statements. No discrepancies noted. Club income and expense records balance with all bank statements and are properly accounted for.*

*Item vii. Confirm that all expenditures were authorized. Without clear definition on what constitutes an official or authorized expense it is difficult to rectify some identified expenses such as lunches as being authorized or not. Clear guidance on such matters is required.*

**Action Item: Club officers and Board of Directors - By-Laws and SOG revisions as required.**

*Item viii. Verify that inventory list is current and accurate. – There were two discrepancies noted:*

- 1. The inventory available as not accurate. Not all property purchased was on the inventory. Additionally, it did not contain all the information required in the by-laws, section XX, items XX. A new inventory inspection is needed to ensure all club property is properly accounted for. Additionally, guidance needs to be written to address life cycle of property and procedures for proper disposal of property that exceeds its life cycle.**

**Action Item: Club officers and Board of Directors – Inventory update and By-Laws and SOG revisions as require.**

- 2. The treasurer did not have a current copy of the club inventory property. This is attributed to the passing of incomplete treasury records from the previous treasurer to the current treasurer. A new inventory list addressing all club property needs to be provided to the treasurer. Or a club position of property custodian needs to be created and by-laws revised to address the new position that removes inventory responsibilities from the treasurer.**

**Action Item: Club officers and Board of Directors - By-Laws and SOG revisions as required.**

*Item ix. Request from the treasurer those reports that would assist the audit committee in completing the audit. With the exception of item viii noted above, there were no other discrepancies. The treasurer provided all other required records for the audit.*

**Audit Report for 2017 – One action item remained open. “Some new procedures need to be written and added to the SOG for cash and check handling.” During this current audit, club records reveal that no updating of the SOG regarding cash and check handling has taken place.**

**Action Item: Club officers and Board of Directors - SOG revisions as required.**