

REPORT FOR THE DEPARTMENT OF GEORGIA

FINANCE COMMITTEE

MARCH 22, 2024

As required by the Department of Georgia by Laws, the Department Finance Committee submits the following report on the handling of funds and how they conform to the official Budget as approved by the Department Executive Committee and the results of audits of the Department financial records.

CURRENT ASSETS

A review of checking accounts, money market accounts, and certificates of deposit with Ameris Bank related to the Department EIN number, revealed fifteen (15) associated accounts.

As of February 13, 2024 these accounts and their designation and amounts are as follows:

0463	main Dept. checking account	\$35,953	unrestricted
0474	money market savings account	\$264,499	unrestricted
1508	SAL checking account	\$3,890	restricted
1519	SAL checking account	\$40,473	restricted
3918	Post 310 checking account	\$102,942	restricted
3613	money market account	\$ 0	unrestricted
3738	Checking -SAL leadership camp	\$8,657	restricted
5666	money market—reserve account	\$76,244	restricted
5674	money market- held post 262++	\$395,750	restricted
5682	money market-held post 521/534	\$100,898	restricted
5569	money market-held post 521/534	\$27,252	restricted
5281	checking account- fund raising	\$19,613	restricted
6192	certificate of deposit-SAL	\$10,257	restricted
0642	CD medical research	\$0	restricted
8186	CD general fund	\$116,272	unrestricted

Unrestricted accounts (\$ 416,724) are available for general use in the operation of the Department while restricted accounts (\$ 785,976) are held for post, SAL, or other uses defined by the Constitution or the DEC. Total funds held at Ameris Bank are \$ 1,202,700 as of February 13,2024.

The Department has undeposited funds in the amount of \$271,690 which belongs to Medical Research.

The Department maintains six (6) accounts with Edward Jones Brokerage. Those accounts along with the amounts and status are as follows:

15809-1-8	general use account	\$289,618	unrestricted
05643-1-9	fund raising account	\$5,000	restricted
15810-1-5	Commanders fund	\$13,354	restricted
15811-1-4	building fund	\$1,144,686	restricted
15812-1-3	Medical research	\$78,134	restricted
25943-1-4	Vanguard investments	\$201,844	restricted

Total funds in the E. Jones investment portfolio are \$ 1,732,638.

The Department has in the past granted loans to post, a practice that was discontinued by the DEC in 2022. Outstanding loan balances for the various loans are as follows:

Post	Balance	status	last payment date	monthly payment
12-Rockmart	\$ 0	paid in full		
63- Winder	\$8,000	current	2-24-24	210
70-Villa Rica	\$35,297	current	3-5-24	463
Sheriff Road	\$10,455	property for sale to secure debt		
145-Douglasville	\$88,420	current	2-2-24	1491
264- Mableton	\$ 0	paid in full		
296-Marietta	\$46,640	delinquent	11-23	1000
505-Agusta	\$49,954	delinquent	7-23	100
519-thomasville	\$7,105	delinquent	11-20-23	200
544- Cario	\$13,888	current	1-7-24	100
577- Barnesville	\$4,879	post closed		
594-Turner	\$30,600	current	1-29-24	700

Total outstanding loan amount is \$295,238

There are two known properties owned by the Department, Sherrif Road and Macon. Both properties were listed for sale by the former Adjutant's wife. The Department is attempting to have these properties released and relisted with new real estate agents.

PROFIT & LOSS STATEMENT

As reported in last year's audit report, the Department has operated with expenses exceeding income for the last 5 years. This year will be no exception with current losses as reported in the January financial report at \$ -115,891. A review of those funds that are not restricted or being held for a DEC specified use, revealed usable unrestricted funds deposited with E. Jones of \$ 289,618 and deposited with Americ Bank of \$ 416,724 for a total of \$ 706,342. If the Department continues to sustain yearly losses averaging \$150,000, the Department will face a financial crisis within the next 4-5 years.

Significant progress has been made in establishing a bookkeeping system that can provide all parties with current and accurate monthly statements of income and expenditure along with their transaction. Additional progress is possible as the Finance Committee works to overcome remaining objections. Issues with items being improperly classified have been greatly diminished.

BALANCE SHEET

The balance sheet reflects the overall strength of the Department. The 2023 audit report found several internal IOU's used by the previous bookkeeper which have not been corrected. These will have no effect of the bottom line numbers but will only reallocate funds into the proper classifications. There exist a need review the manner and method used by bookkeeping to acquire asset numbers to more accurately reflect actual values.

OTHER ITEMS & RECOMMENDATIONS

Contracts- A review of contracts found two major issues. First, for those contracts that were reviewed, it appeared that the Adjutant entered those contracts without formal approval of the DEC. For those occasions where the Committee was told there was a contract, no written contract could be produced. This produces a pediment in the Committee's ability to accurately evaluate if the services are being performed and proper value is being received.

RECOMMENDATION- all contracts binding on the Department should be approved by the DEC and signed by the Department commander. Verbal contracts should be memorialized in writing, approved and filed for audit purposes. This should apply to IT services, maintenance services, etc.

Minutes- Minutes of DEC meetings seemed to be nonexistent. It becomes impossible to verify the validity of transactions without written minutes showing proper authorization. This weakens the audit process by having to rely on verbal recounting of actions of the DEC .

RECOMMENDATION- All DEC meetings both in person and via electronic means should be recorded and those results distributed in written form to all parties concerned and copies appropriately filed for future use.

DUES- Membership dues for the Department are currently the lowest among all the Departments. A \$5.00 increase in dues will generate \$175,000 based on a membership of 35,000 members.

RECOMMENDATION- the Committee suggest the DEC seriously look at dues increase in order to partially fill the gap between revenue and expenses of the Department.

Reserve account- As pointed out in the 2023 audit, the Department has not made a contribution into the reserve account as required by our bylaws. Mr. Sims kept an IOU on the books which amounted to \$41,849 in 2018 which the general account owed the reserve account. There is an additional amount of \$10,350 which has accrued.

RECOMMENDATION- the DEC should authorize the transfer of monies due the reserve fund from the general fund.

Building account- A similar situation was reported in the 2023 audit with respect to the building fund. There is \$55,243 in funds improperly deposited evidenced by a IOU on the books recorded by Mr. Sims.

RECOMMENDATION- The DEC should authorize the transfer of these funds into the proper account.

Two signatures- The audit found multiple incidents of only one signature on documents and checks or a signature along with a stamp reproduction of a second signature. The importance of two sets of eyes on all documents and checks cannot be emphasized enough. The bylaws are clear on this issue.

RECOMMENDATION- By laws must be followed.

Human Recourses- The audit found job descriptions to be vague and not very meaningful. There are no policies regarding employee vacations, personal time off etc. There is no documentation of hourly employees' daily time worked. There is no published code of conduct.

RECOMMENDATION- The Department must establish an employee handbook outlining all regulations concerning employment to prevent possible issues with labor laws.

Investment Committee- the Investment Committee was created by the DEC to provide guidance and work with professional investment advisors to maximize the return on Department assets. The Committee has been hampered in their work due to the need to find consensus and a vote among DEC members as to specific trades or movement of funds to be invested.

RECOMMENDATION- The DEC approved an investment policy which gave broad authority to the investment Committee on their ability to make investments. The DEC should review that policy and give clear guidance to the Investment Committee as to their ability to manage the investment portfolio.

Commanders' Project- The audit raised questions concerning the funds for the Commanders' Project. The 2023 audit indicated a balance of \$12,468. There have been no additions to this account for the past year other than interest accruing to the account. Without minutes of conferences and conventions, it becomes difficult to trace amounts that should have been deposited and into what account they may have been deposited.

RECOMMENDATION- The Finance Committee should continue to research this issue to determine when and where these funds may have been deposited. This will require securing the video tapes of meetings and attempting to reconstruct donations.

Post Loans- the audit found loans as recorded in individual loan folders verses the loan balances recorded on the Department balance sheet and those recorded on employee's lap top computer varied in amounts due. This has resulted in overstatement of notes receivable from some post as reflected on the balance sheet.

RECOMMENDATION- Department staff should adhere to the recording procedures initiated after the 2023 audit in recording loan payments and coordinate with bookkeeping to provide timely numbers on loan balances.

Bank relationships- The 2023 audit addressed the amount of deposits with Ameris Bank which are in excess of the Federally insured amount of \$250,000. The deposit amount has increased over the 2023 numbers.

RECOMMENDATION- Funds held in low yield accounts should be moved to maximize the return on capital. A goal to reduce exposure in one bank should be adopted.