



ARIZONA SENIOR ACADEMY
Board of Director's Meeting
September 6, 2023

Directors: Bruce Wright, Tom Travis, Gary Fenstermacher (ex officio), Stan Davis, Brad Anderson, John Carruth, Bill McCourt (Zoom), Virginia Richardson, Jennifer Broden (ex officio), Chris Eustis (ex officio),

Not Present: Chris Sheafe Susan Simmons, David Hook, Maria Dobozy, John Carruth

Approximately 60 members of the Arizona Senior Academy attended in the audience.

1. Call to Order: Bruce Wright, Chair of the ASA Board, called the meeting to order at 9:33 a.m. He welcomed the Board members and audience.
2. Minutes of 8/2/23 Meeting:
A motion to approve the 8/2/23 minutes was made, seconded, and unanimously approved by the ASA Board
3. OFFICER REPORTS

Jennifer Broden, Treasurer:

1. ASA Budget: Jennifer Broden introduced Melissa Tomlinson, the representative of the Tomlinson Financial Group to discuss the budget. Tomlinson made the following points:
 - Tomlinson was able to provide month by month information, as well as considering the year-to-date, and comparisons with last year.
 - Income is higher this year than last. This increase is related to both new members, as well as collection due to the ASA from members who have not been paying, and higher than budgeted donations.
 - Year to date revenue is \$164,401.
 - Year to date expenses were \$148,865--\$19,209 more than budget. Approximately \$16k is due to the bad debt expense of \$15,938 (non-cash) and programmatic expenses for instructor fees.
- **Gary Fenstermacher:** President of Academy Services
 1. "Save the Villas": Academy Village members donated a total of \$1,277,340.00 to the Academy Villas assisted living building that allowed for completely paying off the mortgage. Fenstermacher thanked villagers for their efforts and contributions in this very important process.

4. NEW BUSINESS

Schedule of ASA Board Meeting

- Tom Travis developed a Schedule for the upcoming ASA Board meetings: October 4, 2023; December 6, 2023; February 7, 2024; April 3, 2024

ASA Future Direction:

- Bruce Wright described the efforts being made by the Board to replace Tom Travis as President of the ASA. Several candidates have been interviewed. In addition, Board members are examining the results of the preference poll for new Board members to replace those who are leaving.
- Wright indicated that there is ongoing discussion concerning the future of the ASA including: Mission and purpose, volunteer or professional management; suggestions for programming; and a large concern being finance and whether the current model is sustainable in an aging facility. In addition, inflation will continue to drive up the maintenance cost as well as other elements of the operation.
- Tom Travis read his report that describes the difficulties of working on the financial issues in ASA, and what continues to be problematic in determining who should pay the monthly fees and the collection process. His address is attached to these minutes.

5. COMMENTS FROM THE AUDIENCE: Nine audience members responded to the invitation for ASA members to speak to those present about the Arizona Senior Academy.

The meeting was adjourned at 11: 04 a.m.

--Minutes prepared by Virginia Richardson, Secretary of the Board

ATTACHED:

Tom Travis: "President remarks on Addressing The Revenue Shortfall"

Melisa Tomlinson: "Highlights of Monthly and YTD Budgets"

Attachment 1

PRESIDENT REMARKS ON ADDRESSING THE REVENUE SHORTFALL

As the Arizona Senior Academy moved to post pandemic programming in late 2021, maintaining the pre pandemic quality and quantity of concerts and lectures was the guiding star. But ASA is facing a two-sided challenge.

- Increasing costs for labor and infrastructure are eroding the resources for concerts, lectures, and other ASA programming.
- The volunteer base has been unwilling to perform the necessary but mundane, administrative back-office tasks. ASA management is both inflexible and unreliable.

The 2024 preliminary draft budget shows we have reached the critical point where increasing costs have begun eating into maintaining product. Although the budget holds music and non music programs constant, the shortfall reflects increasing costs of infrastructure, labor and financial services. Without additional revenue, no good solution presents itself.

- Finding additional revenue through donations can be a solution, but the effort must be much larger than any ASA efforts I know about.
- Reducing the number of lectures and concerts would be a first step of a downward spiral.
- Reducing or trying to reduce labor costs would exacerbate problems with back-office efficiency and costs.
- Reducing the investment in financial services could threaten ASA viability.

Wouldn't it save money to have the President, Treasurer, and Operations

Manager do more of the bookkeeping for the ASA?

- Both the Treasurer and President are volunteer positions, and the Operations Manager has a wide range of duties, including support to ASA programming and maintaining the membership list.
- The President, Treasurer, and Operations Manager are not trained nor qualified to provide professional bookkeeping. Relying on these people has led to mistakes and missed opportunities.
- These three should be focused on executing the organization's mission to the best of their ability, not on struggling with problems they are not competent to address.

Before we contracted with a professional financial services firm, ASA internal controls on handling money did not meet required standards. **For example, one person could authorize an expenditure, approve the check to make the expenditure, and then record the expenditure. This unsatisfactory process opened the door for easy fraud, put paid staff at risk for accusations, and failed to meet obligations to our membership.**

Academy Village has experts from the financial and accounting field. Why can't they assist?

The volunteer structure in place before hiring the financial services firm did not identify the unsatisfactory processes, nor did it provide the oversight needed to prevent the near uselessness of ASA financial record keeping.

Additionally, volunteers have not stepped forward to assist with back-office operations, nor has the ASA been able to form a Finance Committee to provide advice and guidance to the management team and board.

Why have ASA bookkeeping services been complicated and costly, compared to other small nonprofits?

Before 2022:

- ASA used a borrowed version of QuickBooks. ASA did not have administrative control and was periodically unable to use it. Access to the software was only available on one computer, the business computer in the ASA office.
- Although acquainted with QuickBooks, neither the President nor the Treasurer were competent users.
- Chase Bank would not identify some members who used ACH transactions to pay. At one point this resulted in 16 members paying, but ASA not knowing they had paid and not being able to show them records of their contributions.
- Some members, protesting various ASA policies, refused to pay. Bookkeeping shortfalls prevented being able to pass these accounts to collections.
- ASA membership requirements were (**and remain**) unnecessarily complicated and changes in membership are difficult to monitor. An audit using a community address book and other unofficial sources identified many errors in the membership list. Potential costs due to errors were as high as \$60,000 per year.
- Poor rationalization of the categorization of expenses made budgeting expenses and providing financial reporting almost impossible.
- As a consequence, ASA could not provide members status of accounts or determine if accounts were overdue without going to bank statements and reconstructing the account.

Correcting these problems has required an overhaul of the bookkeeping structure, creation of an invoicing system, a significant revision of management team processes and procedures, and an effort to fix the membership list. Corrections had to be made without disrupting ASA programs during the recovery from COVID. We have made good progress, but we have not reached the end of the path.

What is the membership problem?

ASA documents provide membership requirements. Some are listed below:

- Owners of homes who are sixty or over and have moved into their home are members. If they reside in or occupy their home, they owe dues. If not, they do not pay dues for themselves.
- Non-owners, who are at or over sixty years old and reside in or occupy AV homes, are also members. Lot owners bear the responsibility to ensure payment for these non-owner members.
- Residents of assisted living within AV are members, but are not expected to pay.

Challenges and questions concerning the membership list include:

- **Billing Complexity:** Since residents are members but lot owners are responsible for payment, should billing be directed at members or those responsible for payment? ASA currently bills members while striving to keep owners informed of their financial obligations, necessitating difficult invoicing processes.
- **Access to Ownership Records:** ASA's negotiations with the Homeowners' Association (HOA) have led to an agreement to access ownership records. Before this agreement, ASA faced difficulties in obtaining ownership information.
- **Identification of Occupants:** Identifying non owners who occupy or reside in AV homes is challenging. ASA relies primarily on word-of-mouth or unofficial village directories.
- **Age.** ASA cannot learn an occupant's age except by asking.
- **Charging Owners for Renters:** Renters, particularly if renters are not permanent residents, are difficult to identify and follow.

The membership list is the foundation of ASA's revenue structure. Maintaining it adds a layer of complexity to back-office operations, including bookkeeping.¹

Are we overpaying for financial services?

Under the circumstances, we are paying a fair price. We should be able to reduce costs in a year or so as fixes are put in place and new processes and procedures are codified.

My desire is not to ask the Board to tell me “how to suck water.” Rather it is to help the directors understand the overall challenge to ASA.

¹Any changes to the membership requires an affirmative vote at least 2/5 of the members of the Academy

I hope that my successor can give input on how to address the shortfall before the budget is submitted at the annual meeting.

Attachment 2

ASA BUDGET TO DATE: TOMLINSON FINANCIAL GROUP

July 2023

Highlights-

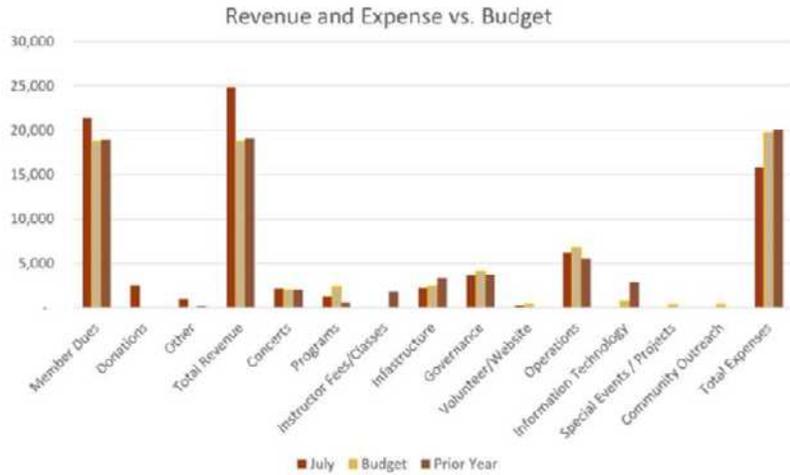
	July	Budget	PY
Revenue	24,821	18,750	19,115
Expenses	15,847	19,717	19,068
Net Revenue	8,974	(6,598)	47



Variance %:

33% Over Budget for Revenue
20% Under Budget for Expenses

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YTD 2023

Highlights-

	YTD	Budget	PY
Revenue	164,401	131,250	135,896
Expenses	148,865	129,656	132,622
Net Revenue	15,536	1,594	275



Variance %:

26% Over Budget for Revenue
15% Over Budget for Expenses

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