

Report of the Fiscal Management AR - 2016

The HDA Treasurer oversees all assets belonging to the Association and presents financial reports to the quarterly meetings of the Board of Trustees and the annual meeting of the House of Delegates. The HDA Financial Program is a program of the Fiscal Management AR under the direction of the HDA Treasurer.

HDA finances continue to be in satisfactory shape, but there were unanticipated expenses related to the Executive Director in 2016. The unbudgeted costs include the following:

1. Executive Director's separation and severance
2. 401K match on severance
3. Accrued Vacation and Sick Leave Liabilities
4. Increased CPA fees
5. Attorney fees for ED separation and search
6. Executive Director Search Firm

The 2017 budget is anticipated to stabilize as unusual unbudgeted items are taken care of. Income from membership dues, the Hawaii Dental Association Convention, and other revenue producing sources are all within projections.

The HDA Financial Program, comprised of Past President Lili Horton (chair), BOT member Michael Lutwin, Treasurer Dayton Lum, HDA CPA Sherri Tomishima (ex-officio) and President Steve Wilhite (ex-officio), reviewed existing policies and procedures related to budgeting and financial planning, reporting, internal controls and accountability policies, and audit. Recommendations for changes in the HDA Financial Policy and Procedure Manual, HDA Personnel Policy Manual and HDA Policy Manual were presented at the BOT meetings.

All rental units within the HDA building are leased. The Auditor has recommended establishing a six-month operational expense reserve for future maintenance expenses of our aging building.

This year, the BOT selected the CPA firm of Wikoff Combs & Co., LLC to conduct the annual audit. The management recommendation letter from the auditor identified many areas which need to be addressed. Areas of concern include basis of accounting, significant accounting adjustments, available cash, excess compensation, evaluation of staff, other benefit and staff issues and internal control. The Financial Program's recommendations to the BOT have addressed many of the issues identified by the auditor. At the recommendation of the CPA and auditors, there will be a complete change in the chart of accounts of the HDA accounting system. HDA plans to close the 2016 Quickbooks account and start a new one for 2017. In order to effectively and efficiently implement the recommendations, a two-year option to retain CPA Sherrie Tomishima was confirmed.

47 Respectfully Submitted,

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51 Dayton Q.L. Lum, D.D.S.

52 Treasurer

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54 **Recommendation of the HOD Reference task force on the Report of the Fiscal**
55 **Management AR:**

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57 The HOD Reference task force recommends that the report be accepted.

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60 **Action taken by the House:**

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63 **Resolution #2016-03**

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65 **Background:** In 2017 the Fiscal Management AR plans to exercise sound fiscal management
66 and requires appropriate funding to perform its program and task force responsibilities and
67 recommends adoption of the following resolution:

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69 **Resolved,** that the House of Delegates budget the sum of \$51,950 (income) and \$74,900
70 (expense) for conduct of the Fiscal Management AR activities in 2017.

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72 **Recommendation of the HOD Reference task force on the Fiscal Management AR**
73 **Resolution #2016-03:**

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75 The HOD Reference task force recommends that the resolution be adopted.

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77 **Action taken by the House:**

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