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**Minutes of the Board of Trustees**

**April 21, 2020**

*Zoom Online Meeting*

**Present:**

Trustee Chair – PDG Karin Gaffney

Trustee IPDG – Steve Sager

Trustee DGE 20-21– Diana Nestorova

Trustee DGN 21-22– Cliff Rober

Trustee DGND 22-23 – Victor Tom

Treasurer – PDG Jim Fusco

Trustee TE 2020 – John Tata

Trustee TE 2021 – Lindsey Morris

Trustee TE 2022 – Rick Vallee

Trustee TE 2022 – Mark Wright

Trustee Nominee TE 2023 – Jacky Foster Secretary – PAG Bob Wicks (non-voting)

**Absent:**

Trustee District Governor – Pam Anastasi

Trustee TE 2021 – Penny Hamel

Trustee TE 2020 – Roger Hartley

Trustee Nominee TE 2023 – Ed Tarquinio

**Guests:** Mike Ellis, PDG and Jason Camuti, Investment Manager

**WELCOME AND INTRODUCTIONS** – Karin Gaffney

Karin Gaffney called the meeting to order at 6:35 pm.

She welcomed and introduced our guests, and thanked Steve Sager for filling in at the last meeting.

**SECRETARY REPORT** – Bob Wicks

Bob asked if there were any comments concerning the January 24 Minutes that were distributed on February 3. There being none:

A **Motion** to approve the January 14 Minutes was made and seconded. *Approved unanimously.*

**ACTION ITEMS** – Bob Wicks

The Sager Assessment was completed and reported by Assessment Committee Chair Mike Ellis. The committee voted to approve the report. Details appear below. Due to the chaos of the past two months, Treasurer Jim Fusco has not had time to address the remaining open items.

Four new items were added. Three of these are based on procedural recommendations from the Sager Assessment committee. The fourth item relates to unpaid dues from the now defunct Auburn Club, as discussed during the Treasurer’s report. The updated Action Items list is attached.

**TREASURER REPORT** – JimFusco

Discussing Accounts Receivable, Jim noted that the total of unpaid January 1, 2020 dues owed to the District was reduced to $700 from two clubs: Southborough and Lowell. Both are expected to make payment shortly. Their RI dues are paid. In addition, the disbanded Auburn club still has outstanding dues from July, 2019 which they previously agreed to pay. This item was added to the Action Items list.

As of the current reports, DG Pam is $24,000 in the black. Since most activity for the remainder of her year has been cancelled, no significant change is expected. DGE Diana is $20,000 in the red, which is normal at this point. Projections indicate that she also will end up her year under budget.

Jim also discussed the process he used for processing refunds. Advance reservations for the District Conference were refunded by means of credit charge reversals. At the same time, the Hawthorne graciously relieved us of our obligations to them.

Regarding the Balance Sheets, Jim noted that RYLA deposits paid by clubs have not been deposited pending a final decision on cancellation. A $20,000 deposit was paid to Fitchburg State. Mike asked if there was a danger of checks expiring, to which Jim responded that checks typically are negotiable for 6 months.

John asked about postage expense which is not being occurred during the shutdown. It was suggested that line 683 “Office Supplies and Postage” be relabeled to remove the word “Postage”.

**Motion** to approve the Treasurer’s Report, made and seconded. *Approved unanimously.*

**SAGER ASSESSMENT** – Mike Ellis

Assessment Committee Chair reported in glowing terms the results of the Sager Assessment. There were no negative findings.

Major expenses over $2000 were reviewed and others were sampled. All checks were found to be well documented. All income and expenses were approved and appropriate to the RI By-Laws. The committee performed a detailed sampling of three grants that exceeded $3,000. They found “robust” documentation and there were no exceptions to receipts. It was “exceptionally easy” to access the QuickBooks and documentation. The accounting in QuickBooks was very well organized. The review also was facilitated by prompt and thorough responses from Steve.

Mike commended the work of the other committee members (Tom Polito, Jeff Galant, and Alan Bowers), and Treasurer Jim Fusco. He concluded by cautioning that a review is not an audit.

**Motion** to accept the report was made and seconded. *Approved unanimously*.

Karin thanked Mike and his committee for his excellent report, and noted that IPDG assessment is still subject to approval at the annual Business Meeting. With the live Conference cancelled this year, it is pending as to how that will be handled.

Karin asked Jim for a final number, which he reported as a surplus of $13,279.11. Jim noted that the usual method of disposition is 2/3 to the Permanent Fund and 1/3 to the Special Purpose Fund. The transfer is not dependent on the Business Meeting and, according to District By-Laws, should occur 90 days after the term ends. Regardless, we always wait until the assessment is complete.

It was proposed that the Treasurer transfer the surplus immediately, moving $8,852.74 to the Operating Account and $4,426.37 to the Special Purpose Fund, a total of $13,279.11.

**Motion** to transfer the funds as outlined above was made and seconded. *Approved unanimously.*

After presenting the assessment report, Mike discussed three recommendations that also appear in the Sager report. None of these recommendations pertain directly to the Sager assessment. Instead, they are observations of procedural deficiencies that were noted during the process.

1. The District Financial Team should develop a system of financial management that provides for separation of duties as provided for in the Fiscal Management Plan (MOU between Rotary International and District 7910) and as recommended by the Generally Accepted Accounting Principles. At a minimum, the Assessment Committee recommends that the reconciliation of accounts and the check writing duties be separated.
2. The District should develop a written policy to transfer custody of the bank accounts and accounting system and functions to a new leadership team in the event of an unexpected or sudden change in District Leadership per the Fiscal Management Plan (MOU between Rotary International and District 7910) and as recommended by the Generally Accepted Accounting Principles.
3. The District should establish an inventory system for equipment and other assets purchased with District operating, charity or grant fund, and maintain records for items that are purchased, produced or distributed with operational, charity or grant funds.

Rick asked about inventory storage. Mike responded that the District has a trailer and added that long term use inventory should be recorded on our books.

By unanimous agreement of the committee, these recommendations were added to the Action Items list for follow up.

**INVESTMENT SUB-COMMITTEE** – Rick and Jason

Jason reported on the latest Morgan Stanley report. To date this year, our portfolio is down 11.4%. By comparison, the Dow has dropped 15% and other indices are down as much as 20%. Jason does not expect the market lows seen earlier this month to be repeated, but at the same time, he feels that current market upswing is “a bit ahead of itself”.

Energy stocks have been hit hard, but we do not have any holdings in that sector. Our holdings are overweight in technology and biotech which offers us some protection. Our focus continues to be preservation and growth rather than market speculation. Our emphasis is on large companies and more predictable government backed securities. Our cash and fixed income position currently totals $43,000, providing liquidity. We should notify Jason if we want to modify our liquidity.

Rick closed this segment by noting that our performance to date is in line with our investment policies.

Karin thanked Jason and Rick for this thorough and informative update.

**UPDATE ON DISTRICT FINANCES** – Jim, for DG Pam

Events cancelled so far include the District Conference, The District Assembly, and the District Installation. As of the meeting, a decision about RYLA was still pending.

Cancellations to the Conference began arriving in early March. Registrations totaling $18,000 were refunded by reversing the credit card charges. To cover those payments, funds were transferred from the Operating Account to the Credit Card Account. We did have to absorb the 5% credit card company processing fee of $900, bringing our total loss to $1,300. Fortunately, the Hawthorne Hotel let us out of our contracts, greatly reducing our liability.

Eight individuals had registered for the Assembly at $20 each, for a total of $160. These payments were refunded by check from the Operating Account.

No registrations for the District Installation had been processed at the time of the shutdown.

Awards nominations have been extended to the end of June.

**POSTPONED DISTRICT EVENTS** – Diana

Diana reported that the online Zoom **Assembly** has been very successful. Seven sessions were offered over a four-week period and attendance has exceeded the traditional average at live Assembly’s. A scholarship to RLI will be drawn after the final session scheduled for the next day. Two factors suggest that future Assembly’s may follow this model: lower cost and higher attendance. The sessions were very well received by the participants.

She still hopes to hold **New Member Orientation** in the Fall. Diana and Membership Chair Ron Bott will continue to monitor the situation. If held, there will be two sessions, one each in the eastern and western parts of our District. The audience will be new members with less than three years of Rotary service.

If possible, the **District Installation** will be rescheduled for late Summer or early Fall. The District Awards, normally presented at the Conference, might be presented at the installation.

**2020-21 DISTRICT TRUSTEES** – Steve

At least at the start, Trustee meetings will be conducted on Zoom. The schedule is July 20, October 26, February 3, and April 28. Training and coordination will be conducted prior to the July meeting.

Steve will follow up with the members seeking volunteers for the 2020-21 sub-committees. At this point, he has identified three committees:

* Investments – to continue with a liaison to be named
* Budget – chaired by Cliff and Victor, with other members to be named
* Process Improvements – to address the recommendations of the Sager Assessment team

Before closing this final meeting of the year, Karin took a moment to recognize the departing members. Committee members Roger Hartley and John Tata, along with District Secretary Bob Wicks, were thanked for their service.

The first meeting of the 2020-21 Committee will be held on July 20, 2020 on Zoom.

Karin adjourned the meeting at 7:40 pm.

*Respectfully submitted,*

*Robert Wicks*

*District 7910 Secretary, 2019-20*