

Finance Committee Minutes

September 9, 2024

Special Meeting to cover Allowance for Doubtful Accounts

1. Roll Call

Debbie Skaggs- Acting Chair
Kristen Peters
Patty Egan-D8/Treasurer
Patti Szot- Secretary
Mayelin Stillwell

Jennifer Meyers
Julie Rice
Lanell Lua- D6
Larry Torres (nonvoting)

absent- Keith Redman

Guest- Kari Hoffman -D5/President

2. Approve Agenda

Patty E moved to approve agenda, Kristin seconded. Unanimous vote.

Patty E explained why Debbie was chairing the meeting. Patty has stepped down from Board and Treasurer.

3. Minutes from August 26, 2024

Kristen moved to review at next regular meeting, Patty E seconded. Unanimous vote.

4. Discussion of Allowance for Doubtful Accounts

Kari Hoffman did a detailed analysis of the 2023 and 2024 Doubtful Accounts using the formula to calculate it in the past. She then presented the Doubtful Accounts for 2024 using a new formula that the new law allows organizations to use, now called Current Expected Credit Losses (CECL). The 2024 Doubtful Account was \$874,240.38. If the same formula was used for 2024, the Doubtful Account would be \$748,163.12. Using the new formula, the Doubtful Account will be \$456,014.41. The new formula breaks down the amount due in liens and the amount paid in full when members are notified of delinquency. A notice is not sent out until the amount due is greater than \$800 and many times when members are notified of the delinquency, they pay the amount in full.

Even using the revised formula, the budget will still be audited. Once the bond is paid off (January 2026) HPPOA will not require an audit for the budget.

A question was asked as to why it takes so long for the audit information to be prepared. The staff in the office have many other duties so it takes time for them to gather all the material to prepare the budget, plus monies are coming in all the time.

Another question was whether HPPOA was using small claims court to collect the money owed. It was indicated that small claims court WAS NOT USED. This issue can be addressed later.

A suggestion was made that when budget is mailed out to the membership it states on it that this is "PRELIMINARY" in addition to unaudited.

Kristen made the motion to allow Kari to adjust the formula to assess the Allowance for Doubtful Accounts.

Patty E seconded

7 yea/ 1 abstain

11. Next Meeting – Sept 23, 2024

12. Meeting Adjourned

Patti S made the motion to adjourn, Debbie seconded, unanimous vote

1:23pm

Patricia Szot
Secretary