



TO: ATOS Board of Directors

FROM: Michael Fellenzer, Treasurer

DATE: June 19, 2020

RE: Annual Report

Attached please find:

- Monthly banking statements, December 31, 2019, through May 31, 2020
- ATOS Account Balances summary
- Short Fiscal Year-End Statement of Activities December 31, 2019, comparison to same period 2018

As you'll see in the Account Balances summary, our investments did take a hit (along with the stock market in general) early this year. Given the conservative nature of our investments, we did not take as bad of a hit as the market. Also following the market, these funds have largely recovered their pre-dip values. There is always risk with investment funds. It is fair to expect a volatile market over the coming year.

The five-month Statement of Activities comparison shows that the last five months of 2019 were similar to 2018. While this report shows a significant difference in total, it is due to Endowment grants occurring in different months as well as strong stock market performance in 2019. Otherwise, expenses and revenues were similar.

Our accountant has experienced an unbelievable workload due to COVID related PPP and small business loan work. She has assured me that she will have all of our accounting up-to-date through May by the end of this weekend. I'll provide additional information as soon as her work is complete.

With the change of our fiscal year and the disruption of our annual activities, it is going to be very difficult to provide meaningful annual financial comparisons until we get through two full cycles. In the meantime, we can look at specific events and compare history and review various 12-month periods to give us an idea.

As a reminder, here are some program totals from the previous fiscal year as reported in the Journal.

	Revenue	Expense	Net
113 Young Theatre Organist Comp	2,321	6,209	-3,888
120 Theatre Organ Radio	656		656
132 Summer Youth Adventure	13,178	27,190	-14,012
133 Technical Experience	3,885	5,535	-1,650
140 Archives		11,477	-11,477
150 Scholarships	100	1,614	-1,514
160 Theatre Organ Journal	7,238	69,895	-62,657
200 Endowment Grant Payments	8,312	41,089	-32,777
610 Marketplace	6,518	3,572	2,946
620 Website		15,702	-15,702
643 Board Meetings/Convention	25,281	16,734	16,734
721 Convention CD	4,478	-10,357	-5,879

Generally speaking, we are in a good financial position.

Financial Review: earlier this year the board received information on some recommendations on how to proceed with future audits and financial reviews. Little feedback from that report was received. After conversations with CPA's, chapter treasurers and other interested parties, I'm recommending we do the following:

- Change the audit requirement to an annual Review or Compilation. The cost for this would run between \$2,000 and \$7,000 depending on the level of review, time period covered and who is actually doing the review.
- We should do a full Review now since we have not done anything for a few years covering four treasurers. This review would also generate a specific list of tasks to be reviewed in subsequent years. I.e., are payments actually going where reported, are any board/staff members being enriched, are expenses/payments reasonable, etc.
- Every year there should be two or three people (board member, chapter treasurer or those with financial background) recommended by the Treasurer and approved by the board to do a review with our accountant based on the task list generated by the first Review.
- Every time the treasurer changes, there should be a full Review by an independent accounting firm.
- The bottom line here is that we are looking for assurances that no one is being personally enriched through their association with ATOS. This is what other organizations who would have need to review our activities want to know. A Review will also demonstrate fiscal soundness to our members.
- Given the size of our organization there is no IRS or California requirement for a formal (and expensive \$12,000+) audit.

As always, I'm happy to answer any questions or provide additional information.

Respectfully submitted,

Michael Fellenzer, Treasurer