

February 2023 Treasurer Report

1. The current balance in checking is 28,138.87. Payroll for February has posted which totaled \$8299.60.

The Payroll Breakdown is as follows:	Wages	6820.33
	Fed Tax	1270.18
	AZ Tax	209.09
	Total	8299.60

As a cost cutting measure we have reduced Range Officer manning levels during the week to 1 Range Officer on duty at a time.

2. We continue to discover obligations requiring unbudgeted for disbursements. The most recent example is a five year contract for a Yellow Pages ad initiated in 2019. The final payment on this ad was \$464.00. We do now have a current copy of the contract on file as well as an invoice. The contract was signed by a board member which is in violation of our bylaws and was drafted for a term of five years which is also in violation of our bylaws but we are legally bound to honor such contracts.

3. Transition to the new accounting firm is progressing, Quick Books files have been transferred and the new firm is currently working to make our General Ledger reflect real operating income and expenses. Currently the categories are so general as to not be useful in tracking income and expenses. As such we do not have the capability of generating a monthly financial report.

4. We still lack contracts to support income from various agencies and range users. Most contracts lapsed in June 2022 and were not renewed. We are in the process of renewing these contracts and will be prepared to present and sign contracts by June of 2023. Currently the board is establishing a uniform charges schedule applicable to all customers which will provide standardized range and clubhouse lease costs. Previously these costs appear to be assigned on an ad hoc basis with no standardization between lessees. We will correct this in the next round of leases.

5. The board and a few volunteers completed organizing the corporate financial and correspondence records or at least those that we can recover. The records we have been able to recover are now stored in the storage room of the clubhouse which serves as our corporate office for legal purposes. Official records will no longer be stored off site and will be reasonably accessible to those requiring access. We have waded through a virtual mountain of paper to recover contracts, invoices, financial statements and other important documents and have separated what we think is chaff in to eight banker boxes. At this point we will defer to an auditor prior to disposing of any corporate records. We are currently holding what appear to be expired and unnecessary documents dating all the way back to 2008. The club currently has no records retention policy but we are working from a best practices guide to retain documents pending audit.

6. We have been able to close out the last major issues relating to 2022 financial records. We do not have 1099 or W-9 statements to report expenses paid to some vendors and contractors. I am going to ask to fund a forensic audit of Tax Years 2019, 2020, 2021 and 2022. We need to know where we stand on previous filings and do what ever we can to prepare for an an audit. Our previous tax accountant characterized our financial management as “grossly incompetent”. We continue to receive a stream of monthly letters from the IRS concerning our 2021 Form 990 submission. Because our former accounting firm acted as ‘preparer only’ we are on our own should we be audited. I am not an

accountant nor am I a bookkeeper but I have it on good advice that our failure to properly record income and expenditures will be a point of question as will be our failure to provide our accounting services with necessary contracts and purchase agreements from which they could generate 1099 and W-9 statements. The board has discovered and now rectified verbal agreements on everything from RV space rental to range usage. Far too many people have been shooting “for free” which is a direct attack on our bottom line. We have also failed to properly document and report major capital expenditures and reflect those assets in our depreciation schedules. We are currently searching for those invoices and contracts. I have stood an audit at a gun club and have a cursory knowledge of the process. I have no confidence in our ability to withstand an audit. The best we can do is prepare, focus on tax year 2022 and 2021 first and prepare the best we can.

7. Moving forward we need to be mindful of inflationary pressures impacting our operating costs and cost of labor. In January of 2023 we faced yet one more increase to the Arizona Minimum Wage which will add \$1.21 per hour to the cost of maintaining Range Officers and other employees. We face another increase at the same rate in January of 2024. We are moving as quickly as we can to electronic banking to cut costs and eliminate friction in our accounts payable processes. We have moved payroll to a monthly basis to cut costs. In June of 2023 we will sign new contracts with tenant organizations which should give us an infusion of operating funds. Over the past three months we have operated at a net deficit of nearly \$10,000 due to low range usage, inflation in the cost of goods and services and the increase in the Arizona Minimum Wage. This is not sustainable.

8. Beginning in November of 2022 the Facilities Chair, Director Fred Bunge initiated and has now completed an inventory of all known deferred maintenance on the property. That list is now complete to the best of our knowledge but we have yet to assign cost estimates to many of the projects. The cost of labor will be a major impact on our ability to fund and execute long neglected repairs and maintenance on the property. Volunteer labor will be the key ingredient in making progress on this critical issue. Of note we have no Reserve Fund Study nor do we have any reserve funds beyond our checking account.

9. In closing I have to remind you that we are a 501(c)4 Corporation fully subject to Arizona and Federal law. We are hanging on by a thread. The board is doing what it can to rectify problems as we discover them but we can expect no mercy when it comes to dealing with Federal and State tax authorities as well as the Arizona Corporations Commission. I have successfully navigated the fines and process involved in submitting our 2022 Corporations Commission reports (Due May 2022), Submitted and accepted January 2023) and we are now fully updated and in good standing with the Commission. In New Business I will submit a motion to fund a forensic audit to be conducted as soon as possible and will as to be allocated not to exceed 5,000.00 to have such an audit conducted by a professional.