

**House of Delegates Meeting
May 28, 2003
Finance Vice-Chairman Notes**

Background

Except for capitalized equipment, PVS's accounting records are maintained on a cash basis. Revenue is recognized when it is received and expenses are recognized when bills are paid. As such, revenue and expenses for one fiscal year may be reflected in the next fiscal year due to timing differences between when revenue is earned or expenses are incurred versus when revenue is actually received or expenses are actually paid. Capitalized equipment is depreciated over a three year period.

2001 – 2002 Financial Report Update

1. For the 2001 – 2002 fiscal year the LSC realized a \$78,000 budget surplus. The major areas where expenditures were less than budgeted were: Travel assistance (\$21,000), General Administration expenses (20,000), Committee expenses (\$8,000) and Camps (\$8,000).
2. We ended 2001 – 2002 with approximately \$293,000 in cash including \$4,700 in the Dave Davis Fund.

2002 - 2003 Financial Report

1. After closing the 2001 – 2002 books, a review of the PVS accounting activities, procedures and chart of accounts was conducted. The chart of accounts was modified to better reflect our operations and improve the readability of financial statements. Procedures were installed to ensure that revenues due PVS are collected, verified, deposited and accurately reflected in the accounting records in a timely manner. Similar procedures were developed to ensure that expenses are paid in a timely manner and are supported with appropriate documentation.
2. We recently completed a thorough inventory of PVS equipment, established depreciation schedules and estimates of useful life of each piece of equipment. This enables us to maintain a budget estimate of required replacement reserves. Based on the estimated useful life of our equipment as of December 2002, we should have approximately \$38,000 reserved for replacement of existing equipment.
3. We expect to end the 2002 – 2003 fiscal year with a budget surplus of approximately \$73,000 primarily due to an increase of \$59,000 in registration and meet revenue coupled with a \$14,000 reduction in expenses. Part of this surplus will be used to purchase \$25,000 of new capitalized equipment. We expect to end the year with a cash balance of approximately \$359,000 including the Dave Davis Fund.

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2003 – 2004 Budget

1. In your package you have a 2003 – 2004 budget proposal. This budget projects an operating deficit of approximately \$9,600. Based on this budget we should end 2003 – 2004 with a cash balance of \$349,000 including the Dave Davis Fund. This is equal to approximately 1 year of LSC operating expenses. Included with the budget proposal is a list of major changes from the prior year's budget. Except for the items with major changes, all other budget items represent our best estimates of funding that is required to maintain LSC services at current activity levels.