

1 **Minutes of MDA Board Committee on Finance**
2 **Annual Session -Amethyst Room, Diamond Center**
3 **April 29, 2022 – 1:00PM**
4

5 **Present**

6 Eric Knudsen, DDS, Secretary/Treasurer
7 Chris Gorecki, DDS
8 Cheri Newman, DDS
9

Staff

Karen Burgess, MBA, CAE, Executive Director
Don Winn, CPA, Chief Financial Officer
Jennifer McFatridge, Finance Manager

10
11 **Excused**

12 Gigi Algenio, DDS
13 Erik Rupprecht, DDS
14

Guests

Jean Young, CPA, Plante Moran, Partner
Andrea Barnes, CPA, Plante Moran, Senior Manager

15 **Call to order**

16 The meeting was called to order at 1:07 p.m. by Dr. Knudsen. A quorum was present.
17

18 **Minutes**

19 The minutes were approved as presented.
20

21 **MDA 2021 full year audited financial statement**

22 Mr. Winn introduced the Plante Moran audit team members, Jean Young and Andrea Barnes. Ms.
23 Young summarized the contents of the cover letter required under audit standards to express an
24 opinion. She identified the section of the audit where various types of deficiencies are defined. This
25 section identifies a significant deficiency in the MDA Consolidated Audit. The deficiency is due to the
26 number of adjustment entries that were made by the MDA after the start of the audit in late March
27 2022. Ms. Young stated that there was improvement in this area compared to last year's audit. Mr.
28 Winn confirmed his commitment to ensuring that there would be minimal adjustments required in the
29 future.
30

31 Ms. Barnes reviewed the opinion letter, expressing a clean opinion, materially correct in accordance
32 with GAAS (Generally Accepted Auditing Standards). In Ms. Barnes' review of the Consolidated Balance
33 Sheet, she highlighted that Assets have increased 13% when compared to last year, supported by a good
34 performance in investments. Ms. Barnes shared Liabilities have increased 14% when compared to last
35 year. Ms. Barnes discussed the Paycheck Protection Program (PPP) loan forgiveness in the amounts of
36 \$504,300 for MDAIFG and \$471,700 for the MDA that was granted by the SBA (Small Business
37 Association) during 2021.
38

39 Ms. Barnes reviewed the Consolidated Income statement, noting the PPP loan forgiveness revenue of
40 \$976,000. Overall, 2021 revenue was up 20% when compared to 2020, expenses followed suit, being up
41 5% compared to 2020. Ms. Barnes reviewed the Consolidated Statement of Cash Flows which showed
42 an overall increase when compared to 2020. Ms. Barnes reviewed the Notes to the Financial
43 Statements. Finally, Ms. Barnes reviewed the Supplemental Information, which breaks the financial

44 information by entity. Ms. Barnes finished her review indicating the MDA is in an overall strong
45 operating position for 2021 with \$1,683, 276 increase in net assets and net income of \$466k.

46
47 Ms. Young commented that the PPP was a lifeline for many companies during COVID-19. The revenue
48 from a forgiven loan has caused many companies to figure out how to replace the income, the MDA is
49 not one of those companies. Ms. Burgess shared the MDA was conservative on revenue from the
50 beginning of the pandemic.

51
52 It was noted that neither the MDA Health Plan nor the PAC were included in the consolidated audit, and
53 the MDA Health Plan had its own audit earlier in 2022. The committee discussed whether the PAC
54 needed a review or an audit. It was noted that audit of the PAC can be cost prohibitive as the same
55 principles apply to the PAC as they would to a large corporation. Mr. Winn shared the PAC switched to a
56 review only back in 2020 and the PAC continues to approve reviews of their financials.

57

58 **Review of 2022 Q1 Results**

59 Mr. Winn distributed a balance sheet and income statement for the period ending March 31, 2022. Mr.
60 Winn reviewed the cash position as something that can fluctuate greatly. Funds for the ADA and
61 Component Societies can come into the MDA one day and be distributed to those entities the next day.
62 Mr. Winn shared we have experienced an approximate 5% reduction in the investments during the first
63 quarter of 2022. Ms. Burgess reminded the committee of the investment gains the MDA experienced in
64 2021; those can help offset the losses the MDA is experiencing to this point in time during 2022.

65

66 Mr. Winn reviewed the quarterly income statement identifying the 2022 budget is set to reflect a net
67 change in assets of \$296 at the end of the year. At the end of the first quarter of 2022, the MDA is
68 reflecting a change in net assets of \$1.657 million. Ms. Burgess reminded the committee the MDA has
69 nine months of expenses that are not yet experienced that will be added to this report. The Committee
70 discussed 2022 dues revenue and received information about membership numbers, non-renewals and
71 retirements between last quarter of 2021 and first quarter of 2022. Mr. Winn shared his review of the
72 financials does not indicate any risks in meeting revenue nor expenses not meeting budget. The
73 Committee questioned the high revenue shown in Educational Seminars and the relatively low revenue
74 shown for the Annual Session. Some revenue had been misallocated and this will be adjusted to reflect
75 the actual revenue in the appropriate area.

76

77 Mr. Winn shared a few examples of the new reporting QuickBooks Online. Mr. Winn shared that
78 moving forward financials would be available monthly. Prior year results will be available in the next
79 reporting. The next set of financial reports will be distributed to the new committee assignments
80 determined at the close of Annual Session.

81

82

83 **Adjournment**

84 The meeting was adjourned at 2:19 p.m.