

**WACD Financial Report Comments  
May 2021**

**Statement of Financial Position - ASSETS**

- **Net Assets:** Net Income July through May: \$399,425.06
  - Executive Net Income (as of 05/31/21) \$ 26,106.87
  - Unrealized Gains (Edward Jones as of 05/31/21) \$280,662.77
  - Funded from Reserve Accounts (05/31/21) -\$ 16,058.00
  - PMC Net Income (as of 05/31/21) \$ 98,713.42  
\$399,425.06
  
- **Current Assets – PMC:** PMC assets (checking and savings) at Banner Bank are \$218,725.02 and PMC Savings at Edward Jones is \$206,021.30.
  
- **Current Assets – Executive:** Executive assets (checking and savings) at Wells Fargo are \$173,856.87.
  
- **Aged Receivables for PMC:** \$129,925.70

0 - 30 Days	\$ 7,612.98
31 - 60 Days	\$ 112,273.60
61 - 90 Days	\$ 9,360.83
Over 90 Days	\$ 678.25

- **Aged Receivables for Executive:** \$4,112.50 (contract with Commission)
  
- **Prepaid Expenses – PMC:** Per the recommendation from our accountant, we created a new Prepaid Expenses – this is for prepayment of our 2019 payment to the IRS. Larson Gross estimated what our 2019 income tax liability would be and recommended that it be paid quarterly to avoid penalties next year when we submit our 990T form.
  
- **Long Term Investments:** As of May 31<sup>st</sup>, the value of the Long-Term Investments was \$1,419,256.39 (up from \$1,326,844.92 in January).

**Statement of Financial Position – LIABILITIES AND ASSETS**

- **Prepaid Expenses - Executive:** This is a deposit for the 2021 annual meeting.
  
- **Current Liabilities – PMC:**
  - Unrecognized Tax Benefit Liability – Our previous accountant did not file the 990-T. Given that the statute of limitations does not begin until a 990-T is filed, then this liability will likely stay on the books in case the IRS decides to go back and audit us.

**Executive Operations Profit and Loss:**

- Revenue is at 98.66% and expenses are at 89.30% of the Fiscal Year 2020-21 budget. The Executive Operations has a Fiscal Year net income of \$36,106.87.
- Annual Meeting – Net income for the annual meeting fell short by \$1,146.09

	Budgeted	Actual
Revenue	\$15,000.00	\$11,300.00
Expenses	\$ 5,000.00	\$ 2,446.09
Net Income	\$10,000.00	\$ 8,853.91

- Fiscal Year-to-Date Breakdown of Consulting Services:

Martin Flynn Public Affairs	\$ 18,000.00
Larson Gross	\$ 475.00
James L. Huckabay and Associates	\$ 550.00
TOTAL	\$ 19,025.00

- Insurance expense exceeded the budget due to an increase in the D&O Insurance.
- Bank / Credit Cards exceeded the budgeted amount due to bank charges for automatic payments.
- Payroll Taxes (FUTA and L&I) exceed the original budgeted amount due to payroll tax increases in January.

**Plant Materials Center Profit and Loss**

- Revenue is at 105.97% and expenses are at 97.49% of the Fiscal Year 2020-21 budget. The Plant Materials Center has a YTD fiscal year net income of \$98713.42., this number does not include unrealized gains/losses.
- Accounting Expenses – We have been working with our accountant to determine our correct filing with the IRS. It is realistic that additional costs will be incurred.
- Bank / Credit Cards Charges has exceeded the budgeted expense. This is due to more customers paying with credit cards.
- License and Memberships – The overage is due to two chemical license recertification as opposed to one license.
- Brokered Stock has exceeded the budgeted expense. This will be offset by an increase in revenue.

- Packaging Supplies have exceeded the budget. This is due to increase in packaging supplies and smaller orders being shipped.
- Cold Storage exceeded the budget due to the need for additional cold storage units due to many customers waiting to take delivery of their plants later than usual.
- Shipping Outbound exceed the budget but is offset by an increase in revenue.
- Property Tax exceed the budget due to property tax increases in Skagit County.
- Seasonal Labor is up from last year due to the 2020 increase in minimum wage. We will probably exceed the budget for seasonal labor due to increased wages to retain workers. If the contract labor expenses are added in the total cost of seasonal labor is comparable to last year.
- IRS Penalty – We received a letter from the IRS claiming that we had an unpaid balance on our 2019 990T that included \$1210 in penalties and \$391 in interest charges. Jim spoke with the IRS and explained that we had filed an extension for the return and made advance payments on anticipated taxes in the amount of \$14,700 on 3/13/20 and \$4,900 on 6/15/20 for a total of \$19,600 which was shown on the CP161 letter. The person at the IRS informed us that payments needed to be made quarterly, but we made the payments according to the dates outlined by our accountants. Staff is working with Larson Gross and the IRS to clear up this issue. Payment was made so that additional fees would be occur. The PMC has started the process to get a Tax Advocate to look into this issue more as well as the full refund of taxes paid on the 2018 990T. A tax advocate has been assigned to the case and requested records which were sent. We are waiting to hear back.
- All of the other expenses are in line with where they need to be.
- **Plant Sales: Budget Goal - \$1,100,900.00**

	<b>Total</b>	<b>% Of Budget</b>	<b># Of Orders</b>
May 2021	\$1,162,885.06	106%	559
May 2020	\$1,127,415.07	102%	529

<b>May 2021</b>	<b>Total</b>	<b># Of Orders</b>	<b>% Of Sales</b>
District	\$ 266,502.03	63	23%
Non-District Sales	\$ 896,383.03	496	77%