

Audit - Reading Your Reports

All members should acquire a basic understanding of the various reports, especially the information on the Members Status Reports. If you are on the audit committee, these are the things to look for, in order of their importance:

1. The Cash account on the Valuation Statement must be the same as the amount of the Cash DR column on the Complete Journal Ledger report of the same date, and should reconcile at the end of the month with the Cash balance on hand at the broker.
2. The number of shares owned on the Valuation Statement must be the same as the quantities shown on the broker's statement at the end of the month.
3. The Total Cost of current stocks shown on the Valuation Statement should be the same as the Investment DR on the Complete Journal Ledger of the same date.
4. The Market Value of stocks shown on the Valuation Statement (if done on the last day of the month) will equal the Market Value of investments on the broker's statement at the end of the month. A word here, often one or more stocks will show a small difference. The NOCA/NCA system lifts day-end prices from one source, and the broker may use a different day-end source, or round off decimals on a different standard. Most of the time, they are identical, but basically, this value changes minute to minute during the trading day, and isn't that vital.
5. The Total Value of the portfolio shown on the Valuation Statement should balance with the Market Value shown on the Member Status report, and will also equal the total account value of the broker's statement. Occasionally, even if values are identical, they may vary a penny or so, because different systems carry prices out to different decimal points.
6. The Total number of units on the Valuation Statement should be the same as Total units on the Member Status report.
7. On the Member Status report, the Total paid in should reflect what each person has actually paid in to the club in monthly dues and fees. Dues buy units, fees do not, but the total still counts on your tax basis when your account is liquidated.
8. On the Member Status report, Total Paid In Plus Earnings (PIPE) should equal Paid in by Members CR on the Complete Journal Ledger. Individually, your Total PIPE represents your actual contribution (see 7), plus (or minus) each year's tax gain (or loss) reported on your K-1's.
9. The Transaction Summary report has check points that need to balance also. Under Dividends, this total for the year should equal the Dividend amount on the broker's income summary. Under Cash Income and Expenses, the Expense column total should equal the Misc. received CR figure on the Complete Journal Ledger. The Dividend column here refers to our Money Market cash dividend/interest, and should equal the amount shown on the broker's income summary.
10. Complete Journal Ledger columns have already been referenced in 1, 3, 8, and 9 above. In addition the Dividends and Interest Received CR column should be the same as the total on the broker's Income Summary.
11. On the Individual Valuation Units Ledger, check to see that the number of units purchased for members varies each month. Except at the very beginning when there have been no expenses and no stock purchased, these values will change each month, unless there has not been a valuation saved in between, which should be corrected.