

When a veteran and well-respected superintendent calls the GCSAA on the carpet for what he says are questionable accounting practices, heads are going to turn, ears are going to perk up and people are going to listen to what he has to say.

Of course, in today's world of greedy and deceitful Enrons and WorldComs, it's easy for most *anyone* to question the business practices of almost *any* company or organization. But certified superintendent Dennis Lyon, manager of municipal golf courses for Aurora, Colo., isn't just anyone. He was president of GCSAA in 1989-1990 and has been a superintendent for more than 25 years. That's why I wanted to talk to Lyon after he stated his concern that the GCSAA wasn't following Generally Accepted Accounting Practices (GAAP) in its annual report published in *Golf Course Management*.

GAAP means that financial statements and financial information should be presented in a specific and generally accepted manner. Lyon says GCSAA hasn't been doing that the past few years. And because GCSAA is dealing with superintendents — most who are capable money-keepers but not financial wizards — he says the association needs to be presenting information in a more concise manner for all to understand.

"I'm an agronomist, not an accountant," Lyon says. "The simpler you can make it for me to try and figure out what's going on, the better."

The past few years, Lyon had two issues with GCSAA's accounting procedures in accordance with the annual report published in the association's December magazine. First, Lyon says GCSAA should have accounted for its investments at fair market value, not cost, in the report. (GCSAA says investments were carried at cost unless market decline was determined to be permanent, in which case the investments were carried at the lower of cost or market.) Second, Lyon claims that GCSAA, according to GAAP, should not have placed \$1.65 million in a financial reserve with the intent of showing the revenue and expense in a future year.

Lyon says Julian Arredondo, GCSAA's chief financial officer, said the \$1.65 million was set aside in a reserve for future programming.

The GCSAA By The Numbers

BY LARRY AYLWARD



EX PRES CRITICIZES

ASSOCIATION'S

ACCOUNTING

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Arredondo said the information was disclosed in the more detailed audited financial statements which are available to members through the GCSAA's Web site and service center.

GCSAA says it does not try to hide the fact that it establishes financial reserves as a safety net. Lyon says he supports the idea of a reserve. His issue was the way the information was presented to the membership in the magazine.

"For example, if a member simply looked at the financial report for 2000/2001, he could assume the association had excess revenue over expenses of \$28,308," Lyon says. "What was not apparent was the fact that \$750,000 was also spent from the accrued reserve. A member had to go to the financial notes to discern this fact."

Lyon's question is: Why not just show things the way they are? "It gets muddy when you don't put everything on the balance sheet because people don't know what you're talking about," he says.

Being a superintendent for a municipality, Lyon says he's experienced in dealing with the public's money.

"As far as I'm concerned, this is similar to the public's money," Lyon says of the matter. "And in the public sector, we have to be upfront with everybody."

I talked with Arredondo about Lyon's claim. He thanked Lyon for scrutinizing the GCSAA's financial statement.

Arredondo says the GCSAA deviated from GAAP in the annual report published in *Golf Course Management*, but he stresses the association is not trying to hide any financial information from superintendents. "GAAP speaks to accounting methods, but there are also reporting standards that require you to disclose any departures from GAAP, which we do," he says.

Arredondo stresses that the GCSAA fully disclosed all information about its investments and

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the money it set aside for the financial reserve in the notes of the audited financial statements. Arredondo says GCSAA didn't publish the nuts-and-bolts information in the magazine because it's too detailed for many members' financial reading preferences. "They've said they don't want that kind of detail [in the magazine]," he adds.



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DENNIS LYON, MANAGER OF MUNICIPAL GOLF COURSES FOR AURORA, COLO.

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Arredondo says superintendents only needed to go to the GCSAA Web site or call the GCSAA service center for the detailed information. "Our members are intelligent people, and they can personally choose the way they wish to consume the information," he says.

What this boils down to is a matter of convenience, not intelligence. The bottom line is that many superintendents probably don't have time (or don't want to take the time) to go to GCSAA's Web site and download the detailed information or call the association to obtain a hard copy of it. So they aren't getting the more in-depth report.

GCSAA hasn't done anything wrong, but there's a problem here that it needs to address on behalf of Lyon's legitimate complaint. GCSAA needs to find out if it's serving its members properly according to this matter. It has to do with not making them think twice while reading the association's financial statement. The statement doesn't have to read like a Dr. Seuss book, but it has to read easily so they can all understand. Yes, the association's members are intelligent. But, as Lyon said, they're not accountants.

I spoke to Lyon in early December, and he said the GCSAA was going to find ways to present the information more clearly and conveniently, which it did in its latest report. Thankfully, this is a story with a good ending, not one filled with Enron- and WorldCom-like deceit.

"I feel good about it — that [the GCSAA] listened to one of its members," Lyon says.

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