

TISC Financial Committee

Report for Fiscal Year ended October 31, 2019

TISC's By-law (#11) states,

The Club shall have a Financial Committee consisting of three members which shall oversee the preparation of the accounts of the Corporation. The Treasurer shall be an ex officio member of the Financial Committee which reports on the financial statements for the fiscal year during which the Treasurer holds office...

[It] shall present its report:

(a) to the Executive prior to the first required [i.e. Winter] General Meeting, and

(b) to the Members at the first required [i.e. Winter] General Meeting.

By-law (#4.5) states that the Treasurer shall

(a) be responsible for all monies, issue and sign cheques for payment of authorized expenditures, and faithfully keep accurate and detailed financial records;

(b) be prepared to report at the request of the Membership the state of the finances of the Club;

(c) submit financial records and vouchers to the Financial Committee annually;

(d) place in order the finances and monies of the Club before turning over the duties of his/her office at the end of his/her term to the new Treasurer (ordinarily on November 1);

(e) prepare and submit GST returns with payments as required by law; and

(f) arrange and administer Club investments to ensure adequate cash flow while maximizing investments, provided that the type of investments shall be previously approved by the Directors.

The external members of the Financial Committee ("FC") see their responsibilities as including:

) Throughout the year

- o Being a resource for the Treasurer and the Executive; and,
- o Giving advice, solicited or unsolicited, and information to the Treasurer and the Executive;

) After the year-end:

- o Overseeing to the extent necessary the preparation of TISC's accounts;
- o Scrutinizing the books of account and their supporting documentation for accuracy and reporting on the annual financial statements compiled therefrom; and,
- o Reporting on the appropriateness and performance of TISC's internal controls, and its financial practices and procedures

Their responsibilities do not include the performance of an audit as generally understood in Canada.

Given that the Treasurer should not review his or her books of account and actions during the year, in practice the Treasurer provides the other two FC members with support in their review.

Members of the Committee for 2019 were: Norman Calder, Neil Wilson, and (ex officio by reason of being the 2019 Treasurer) Andrew Turvey.

1. Overseeing the preparation of TISC's accounts

The FC through its three members is responsible for the presentation of the financial statements, while the Treasurer is responsible for preparing the underlying books of account and drafting the financial statements and notes thereto.

Changes in 2015 saw the introduction of a new online membership system, *Wild Apricot*®, together with the adoption of *PayPal*® as a complementary payments system. 2016 saw the adoption of QuickBooks Online (QBO), a subscription cloud-based version of the previous accounting package. QBO is linked to our bank and PayPal accounts such that new account activity is downloaded automatically for matching with (or entering into) QBO appropriately). Additionally, it provides an opportunity for the two independent members of the FC to review transactions on an ongoing basis, thus dealing with any issues as they arise and reducing the year-end work.

The auto-downloading of bank and PayPal transaction data has proved particularly labour-saving for recording PayPal transactions and INTERAC bank transfers (although still a drudge).

Changes in 2019 saw the introduction of AffiniPay, Wild Apricot's own payment processing system, at an opportune time, as PayPal had blocked our account pending filing with PayPal of information required by Canada's CRA (and PayPal's own difficulties in deciding what information they required). The PayPal issues were later resolved and the accumulated blocked funds transferred to the regular chequing account. We currently have both payment processing systems available to us.

Generally, the accounting system performs well and meets the needs of the 2019 accounting process although revenue data entry can be tedious. QBO has recently claimed it is now supporting import of revenue transactions but this has yet to be tested. If not, data entry help to the Treasurer, whether volunteer or, as in 2017, paid, is highly desirable.

The two independent FC members were provided with the QuickBooks accounting records and supporting receipt and expenditure vouchers, bank and investment statements, supporting resolutions of the Membership, and bank account documentation.

For practical reasons, the review procedures were divided between the two independent FC members:

-) Revenue verification and verification of revenue transactions, and verification of the integrity of the financial statements
-) Expenditure examination

During the course of our scrutiny, a small number of adjustments, mainly minor, were required. Additionally, we are pleased to report that the 2019 Executive were able to obtain from our landlord ("the Marina") invoices for the 2017 and 2018 amounts due for the Club's share of hydro and taxes (approximately \$3,500 per year for each of 2017 and 2018). Accruals were made for our budgeted amounts in order to ensure annual costs were represented reasonably in the annual financial statements. The final invoiced charges for the two years were received and paid in September 2019, resulting in savings to the Club of \$1,431 from the original amounts provided. The 2019 actual costs totalling \$2,872 have been paid.

2. Scrutinizing the books of account and reporting on the financial statements

The Executive is legally responsible for the preparation and fair presentation of the financial statements. The FC is responsible for scrutinizing those for correctness and consistency but does not audit them.

In compiling the financial statements for presentation to the members, the Committee recommended that the following adjustments be made to the initial financial statements:

-) Given the wording of the original motion authorizing expenditures from the Replacement Reserve, the budgeted net transfer of \$2,576 for the year was increased by \$1,598 to reflect the savings achieved on the Clubhouse lighting project. For clarity, the statements reflect the gross contribution budgeted of \$5,276 and the withdrawal of \$1,102 for the expenditures funded thereby.
-) Given the magnitude of the overprovision from 2017 and 2018 for previously unbilled Hydro and Taxes and its impact on the year's net surplus, the Committee thought it better to reflect such overprovision as a separate line item in the Statements of Operations.

These adjustments have been made.

3. Reporting on TISC's internal controls, and its practices and procedures

In earlier years, the FC's report has included a list showing its expectations and recommendations for the keeping of TISC's books and its findings as to whether they were followed. In 2013, the FC took the components of the 2012 report and developed the *Financial Committee Review Benchmarks* which sets out the financial responsibilities of the Executive as a whole and of certain individual members of the Executive. The FC is of the opinion that this has proved a valuable resource in briefing the new Executive as to their financial responsibilities and in performing the work of the FC. Only exceptions or failures need be considered for inclusion in our report.

Procedurally, we recommend the following as part of the FC's annual winter meeting with the Executive:

Recommended that each Executive formally adopt by resolution early in their term the *Financial Committee Review Benchmarks* for the coming year

4. Being a resource for the Treasurer and the Executive

During 2019 the two independent FC members consulted on a number of occasions with the Treasurer and vice versa. Any issues arising were resolved to the FC's satisfaction or are being resolved currently.

The two independent FC members liaised with the Treasurer across the summer as to the procedural difficulties with PayPal. While these have been resolved to a certain extent such that the Club has regained use of the blocked funds, nonetheless operation of the account remains administratively difficult. Given that Wild Apricot, our membership software provider, now offers payments processing through its affiliate AffiniPay, and that our 2019 dealings with them have gone smoothly without the drawbacks experienced with PayPal, we feel able to recommend that the Club closes out its arrangement with PayPal. The 2019 Treasurer is

comfortable that the new provider necessitates very little more data entry work than with PayPal.

In addition, we are pleased that the past two years' accounting difficulties with the Marina have been brought to a successful conclusion, such that the Club is once more in good standing.

Note: Corporate sales and income tax returns for 2019 will soon be prepared and filed.

Conclusions

Based on our scrutiny on behalf of the Members, we are satisfied that:

- The books of account are sufficient, and are well maintained;
- The Club's assets and liabilities, to the extent set out in the Notes that accompany the financial statements as at October 31, 2019, are as stated; and,
- The Club's recorded revenue and expenses for the fiscal year ended October 31, 2019 are properly supported and are in accordance with the Club's policies and procedures.

Respectfully,

Neil Wilson, Norman Calder and Andrew Turvey

Members of the 2019 Financial Committee
