

Longboat Roadrunners  
Treasurer's Response to the Audit Committee's Report  
June 20, 2017

**The audit committee met and ran several tests against the 2016 financial records....**

- o These tests included looking at the Revenues and Expenses for the club races to see if they were reported accurately,**
- o and looking at any accounts where that was a large change from 2015 to make sure we could find a reason for the change**

- We ran a test on Island Race Revenue, and are satisfied that it is accurately reported.**
- Having participant numbers from the races would help future Audit Committees verify that race revenues and expenses are accurate**

This is an issue for the race director / race coordinator to deal with. Inquiries should be directed towards the individuals concerned. The treasurer deals with the financial aspect.

- We looked at why The Sunset Shuffle expenses went from \$4619 to \$9806, which is a large increase.**
  - o The race's expenses went from 66% of revenue in 2015 to 96% of revenue in 2016.**
  - o The added expense was a \$5485 donation to Start2Finish**
- The club may want to consider listed Donations as separate items on the Financial report. This would make it easier to see how races are doing financially (From Donald)**

Donations were listed in the notes of the financial records presented at the last members meeting.

- When we make large donations, like the Sunset Shuffle Start2Finish donation, there should be a record of the approval of that donation with the audit materials. (i.e., the minutes of the executive meeting)**

The minutes of the executive meeting of April 5<sup>th</sup>, 2017 dealt with this topic. No decision was made to change the status quo but the longstanding tradition has been that net proceeds from the Sunset Shuffle are donated.

- With regard to Coaching expense of \$6600 and race director's fee of \$6500: This is income for the coaches.**
  - o No invoices were found for the coach contractors, so the expense cannot be verified.**

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The payments to coaches were based on a formula developed by the coaching coordinator. I will be bringing up the subject at a future executive meeting.

**o Furthermore CRA requires that any contractor earning more than \$500 annually must be issued a T4A.**

This issue has not arisen prior to this audit because in order to issue a T4A, the organization must have a business account with Canada Revenue Agency. Longboat through your treasurer is in the process of applying for an account which would also be used for reporting the harmonized sales tax (HST). Your treasurer has taken note and plans to ensure that T4A documents are issued for the 2017 tax year.

**o There is no apparent process seen to issue a T4A.**

No such process exists. Please refer to answer to previous point.

• **We looked into why coaching expense went up by \$2,800.**

**o Expenses in 2015 were under-reported,**

**o To correct this, \$1889 was charge to 2016 that should have been part of 2015's financial report**

• **We looked at why the club ran a deficit this year...**

**o This is partially accounted for by a significant write down in the book value of its inventory.**

**o This can reasonably be seen as making the "paper" value of the inventory reflect the real value.**

This issue has concerned the treasurer . Most equipment in the locker has depreciated to zero over the years and this depreciation should be reflected in a one-time writedown of value. New equipment should be written down as required.

The older clothing in inventory was reduced in price and sold; hence the one-time writedown as noted by the auditors.

• **The audit committee recommends that clothing and equipment inventory not be in the same expense account.**

Clothing and inventory valuations are reported separately on the balance sheet.

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The treasurer provided a breakdown of clothing and equipment expenses in the General Ledger listing for the account.

- **We did not see an end of year inventory count in the records, and recommend that these be added to future financial records.**

Your president made an inventory count at the end of December 2016 and sent it to the treasurer. It was available upon request. Next year it will be included in the material given to the Audit Committee.