

## **Billing and Exchange Rate information**

At the 2016 Optimist International Convention in Quebec City, there were two proposed changes to the Optimist International bylaws to improve the way that Canadian Clubs were billed. The first proposal, to set the rate of exchange at par, was withdrawn. The second, to set the exchange rate to a cap of 1.20 was tabled after much debate. At that time, Optimist International President Dave Bruns stated that he agreed that there were issues that needed to be addressed.

Some of these were:

1. The fact that the economies of the United States and Canada were in constant fluctuation causing each country's currency to range from par, \$1.00 CDN = \$1.00 US, to as much as \$1.45 CDN = \$1.00 US
2. The usual way that Canadian Clubs were billed was based on the exchange rate at the beginning of the quarter and it caused a fluctuation in the quarterly billing for the Clubs, which made it difficult for the Clubs to adequately budget their Members' dues.
3. During periods of higher exchange rates, it became difficult to recruit and retain Members.
4. The financial impact on the organization and on the budget of Optimist International was becoming more serious.

The Board also received another request from the delegates concerning the billing of the Optimist Clubs in the Caribbean countries and President Dave Bruns assured the Members present that he would establish an Ad Hoc Committee representing all interest at stake that would research these issues. Both matters were submitted to the Audit and Finance Committees and with the support of the incoming administration, they were dealt by both the existing and incoming Audit and Finance Committees in a timely fashion. A first meeting was held on August 10 with both committees, followed by three Ad Hoc Committee meetings and four other Audit and Finance Committees before a proposal was presented to the Optimist International Board of Directors.

The Ad Hoc Committee Members were Pauline Langelier from the St. Lawrence Region, Jim Oliver from the West Coast Region, and Patrick Prendergast from the Southeast Region. While reviewing the situation, it was discovered that not all operations were handled and paid out through the Canadian Service Centre. Other costs associated with the Board of Directors, International Vice Presidents, Leadership Development, Junior Optimist International, communication services (primarily web services), recruiting, and new Club building were to be considered in the analysis. Due to the current structure, it would have been difficult to allocate these costs to Canadian and non-Canadian Clubs since some of the Districts were covering Clubs with membership on both sides of the USA/Canada border.

In order to alleviate the one problem of fluctuating quarterly invoices, it was determined that there had to be a fixed annual rate, and that rate would need to be adjusted at the beginning of an Optimist year. In order to determine the fixed rate, an average of the actual exchange rate was examined using periods of 20, 10, 5, 3 and 2 years, as well as the then current method, the quarterly invoicing date. It was determined that the most accurate and least cumbersome method would be to use the last twenty-four (24) month period.

At the December 2016 meeting, the Optimist International Board of Directors reviewed Policy ICD -11 and enacted a revision on how the exchange rate was calculated and how Canadian Clubs were to be billed.

This change makes it possible for Canadian Clubs to have more stable billing throughout the Optimist year. It allows for the Chief Financial Officer and the Board of Directors to review and adjust the rate of currency exchange annually. This adjustment is presently based on the average of the exchange rate over the last eight (8) quarters period (24 months). This provides a means to smooth out the adjustments in billing. Canadian Clubs at times will be paying at a rate below what the current exchange rate is then as the actual exchange rate moves towards par, the fixed rate will be a bit higher, thus offsetting the deficit created when the fixed rate is below the actual exchange rate.

Nicole Paquette  
Optimist International Board of Directors

Jim Kondrasuk  
Optimist International President

### **Billing ICD-11**

Canadian Clubs are to be billed in Canadian dollars.

Annually, at the beginning of the Optimist year, the Optimist International Board and CFO shall review the preceding eight quarters to set a cap currency exchange rate for the incoming fiscal year based on the Bank of Canada data.

The yearly cap for the Canadian dollar for the fiscal year shall be set as a cap of 1.27 for the 2016-2017 year.(statement can be dropped after the 16-17 year).

For billing, Tier 1 countries are recognized as developed countries and will be billed at Tier 1 rates. Tier 2 and 3 countries are recognized as developing countries as determined by the United Nations and will be billed at Tier 3 rates.

(Mar 1989; Mar 1991; Jun 1992; Dec 1996; March 2009; Dec 2015; Dec 2016)