Financial Questions from Members at OC AGM May 23, 2020

1. Do we foresee CRA being concerned when unrestricted funds get close to $90,000?

Teresa Habs advised she did not know the answer to that and would ask our accountant Judith Nettleton. (the financial statement as at March 31/20 indicates $30K operating funds and $56K GIC's)

Judith Nettleton provided this information:

CRA's main concern with not-for-profit (NFP) entities is the source of your income, not necessarily your financial position. To maintain NFP status, OC's income needs to be from NFP-focussed activities. With the current interest rates, the GICs earn just over $100, which is next to nothing in relation to OC's main activities.

The initial buildup of funds happened some years back when there was a membership fee increase following concern expressed by the members about the ability of OC to manage financing the deposits and upfront outlays required for various events, and since then there have been incremental ups and downs as annual budgets and related activities have generally been set so as to walk a reasonable line between a breakeven scenario given all possible expenditures, and allowing for a small deficit acknowledging both the normal year to year variations and that estimates for some expenditures just need to be kept on the radar but might not be required every year (e.g. CFUW National annual meeting).

Having extra funds available means that OC can withstand those years when there are unforeseen expenses, as well as being able to quickly provide needed assistance such as this past January's advance to the AGM 2020 LAC which required unexpected additional upfront funds to pay deposits required for securing the AGM venue (since refunded).

2. Why no formal audit?

Teresa Habs answered that our operation and therefore the financials were not complex, being that we collect about $30K in membership fees each year and spend that on Speakers Series and OC administration matters. She included that an Audit is much more costly than our current Notice to Reader statement and would consider it 'overkill' on the basis of what we do.

Judith Nettleton added:

There is no statutory requirement for OC to have an audit or a review, so it is up to the membership to decide if they feel there is any added value to having an audit or review, keeping in mind the increased cost. As mentioned, the OC activities are not overly complex, they are relatively consistent year to year, and of a fairly small volume. Also, all cheques require signatures from two executive members, and the treasurer gives the executive a financial update at every meeting.

Does your club have a question about the March 31, 2020 Notice to Reader Financial Statement or the Proposed Budget for 2020-2021? Please send it directly to Teresa Habs at tahabs@sympatico.ca