

Date: September 28, 2016
To: Caledonian Club Board of Directors
From: Sandra Peck
Subject: **Treasurer's Report**

I. Contract for Pat Schroeder, CPA

In the past year, two CPAs reviewed the books and financial procedures and determined that there are significant internal control weaknesses in the recordkeeping and business practices of the Caledonian Club (the Club). Based on my review over the past 3 months, I have come to the same conclusion.

I am in the process of identifying internal control weaknesses and recommending changes in internal controls in all Club operations.

The most work on internal controls will be in the Games, due to their complex program and significant dollar amounts. To review all existing controls and develop a procedures manual documenting these controls is about 120 hours of work.

Due to my workload, I am requesting a contract for Pat Schroeder, CPA to provide 35 hours of assistance in this project. Pat will complete this work by April 1, 2017; total contract \$1,575.

Action Required: Board of Directors Approval

II. Status of Closing the Books for the 2015-2016 Fiscal Year

The Club hired Pat Schroeder, CPA in 2015 to correct the books which had not been posted by the previous treasurer. Pat reconstructed the books for the 2013-2014 and 2014-2015 fiscal years. Pat left in November 2015 and the two previous treasurers posted the books for 2015-2016.

In July 2016, I began reviewing the books for 2015-2016 and making necessary corrections. In September 2016, I had almost completed closing the books for 2015-2016 and called Pat Schroeder to discuss some items that appeared to go back to the 2014-2015 year.

While discussing these items, Pat and I determined that the books which were on the Club's computer when I picked it up in June 2016 were not the corrected books that Pat had prepared and given to the previous treasurer.

Pat provided the corrected books to me from her computer on September 26, 2016. This problem will necessitate my re-entering most of the transactions for the 2015-2016 fiscal year into Pat's correct books.

I have notified our tax accountant that the Club will need to file its 2015-2016 fiscal year tax return late pending the closing of the books. The tax accountant will file an extension on our behalf.

This problem will delay the closing of the books until November 2016.

Action Required: None – Information Only.

III. Approval of the Club Budget for Fiscal Year 2016-2017

The Caledonian Club has three distinct financial components – the Club, the Games, and the Caledonian Fund. The Club and the Games must have an annual budget; a budget for the Caledonian Fund is not necessary due to the small number of expenses each year and the significant funds available as compared to the annual expenses.

The budget for the Club for 2016-2017 is presented on page 3 of this report.

Once the budget is approved, only non-budgeted items need to be presented to the Board of Directors for approval (SR 6.4.1).

Action Required: Board of Directors Approval