

**MINUTES- KTC Executive Meeting**  
Wednesday, September 14, 2016, 7:00pm  
Rick's Home

**Present:** Jocelyn Purdie, Sam Faris, Dave Stocks, Paula Loh, Lynne Hanson, Rick Donaldson, Isabelle Pollock, Tom Thayer, Flame Eadie, Doug Bowie

**Regrets:** Ginette Blais

**1. Minutes Approved** for Wednesday, August 10, 2016

**2. Treasurer's Report** (Tom) [see Appendix A & B for reports]

- Tom has recommended hiring a bookkeeper to do the accounts – the cost is relatively low, and it might make the treasurer position more attractive to others in the future. Tom moved, and Rick seconded, that we hire a bookkeeper. Carried unanimously.
- There was some discussion about the cost of using credit cards, but it is very convenient for members. We also need to keep Interac at the club because young people don't usually carry cash. Camp payroll costs were significantly higher in August than in July. Explanation supplied by the camp director is that two new instructors were trained, combined with low instructor:camper ratios due to small groups of a certain age.
- We have a lot of camp T-shirts left over, but this was because we ran out in July and needed to order more. There was some discussion as to how this should be handled in the future.

**3. Capital Project (Paula)**

- The Ontario150 grant submission for \$250,000 in funding has gone forward, and processing takes 3-4 months. Infrastructure work covered by the submission: removing concrete slabs from three courts and rebuilding four courts (Courts 1, 2, 3 & 7); installing lights on Courts 2 & 3; replacing fencing.
- Since the Board has decided to proceed with the capital project, we need to think about timelines if we do get the money because we would need to move ahead in a timely fashion. This means we need to get a geotechnical survey done before the ground freezes – this was already approved last year, and is estimated to cost \$6,200.00. Regarding the grant, there was some discussion as to whether we will receive the money beforehand or if we have to wait until the project is completed.

- There was some discussion as to whether we need a vote on the new project at the AGM. Some members thought we should report on the capital project at the meeting and ask for feedback at that time. We will send out information on the capital project before the AGM, so that membership will have a chance to respond. The project is much more attractive given that we may have a large amount of grant money to support the project and the cost of the final project will be much less.

#### **4. Governance [see Appendix C for report]**

- Jocelyn provided an update on the status of the by-laws. Queen's Business Law Clinic contacted Jocelyn today, and they should have a response for us by the end of next week. This is not going to be ready for the AGM because the Board hasn't seen it yet and the AGM requires 21 days notice. Jocelyn suggested that we might have a special meeting in the spring, and Jocelyn is willing to carry on with this task even if she is not on the Board. Alternatively, we might try to look at what they come up with and have a virtual meeting to approve – this might make it possible to meet the deadline for the AGM.
- Working within our by-laws, we need to work out dates for posting lists for nominations. This way, members can put their names forward earlier, since we are not supposed to accept nominations from the floor.
- On timing for notices to membership for the AGM, Paula noted that we need to prepare the annual report for the AGM. Board members to submit their reports to Lynne by October 14. The report will be sent out after we receive the audited financial statements. The AGM is October 26, and we will send out notice to the membership next week which includes information regarding nominations. Doug will provide a summary and send it to Paula next week.
  - October 1<sup>st</sup> - the nominating committee will file its nominations with the board;
  - October 3 - the board will send out the slate of nominations to the membership;
  - October 9 - any additional nominations from the membership are due;
  - October 10 - the final list of nominations will be distributed to the membership.
- Proxy voting will be available; Lynne to oversee.

#### **5. Season-End Party (Flame)**

- The cost to members will be \$45 each. The Yacht Club can accommodate 120 people; we would like to have at least 80 people. It will be a buffet dinner and we plan to hire a DJ. Attendees are encouraged to form their own tables of 6, 7 or 8 people.

## **6. Club Manager Position (Flame)**

[Tom Thayer excused himself from the meeting prior to discussion of this item]

- Flame researched a lot of different clubs and found that there are two types of positions. One type is a person who is both a pro and a club manager who oversees socials, tournaments, etc. Here, the ideal candidate would be a tennis pro who is also accomplished in administration. The second type of position would be an operations manager who would look after membership, finances, maintenance, and other aspects. This person would delegate to employees and would report to the Board.
- Alma Thayer indicated that she would be willing to act as a steward supervisor until we put a more formal managerial structure into place. We agreed that this is an important role, but it would be practical to include this in a club manager position so that the person could fulfill a number of roles.
- There was a lot of discussion as to whether we are ready to establish a club manager position and what the cost would be. This could be a great job for someone mid-career or who is semi-retired. There are challenges if the job is limited to March to November, as some might want full-time employment. However, this schedule would work for some people. Flame and Dave will work on the job description along with potential salary costs and administrative savings to present at the next board meeting. The goal is to work towards having the position in place for March.

**7. Next meeting date & location** - Wed, October 12, 2016 at David Stocks' house.

**8. No Other Business**

**9. Meeting Adjourned 9:48 p.m.**

## **Appendix A**

### **Treasurer's Report** September 14, 2016

#### **Hiring a Bookkeeper:**

We talked at recent meetings about hiring a part-time bookkeeper. I think we should give this serious consideration for the following reasons:

- It would provide a constant, professional service
- Institutional memory
- Free up Treasurer to work on other things such as capital project II, budget, etc.
- Currently, there is a very small number of people who have the time, inclination and skill to do the Treasurer's job. If you take away the bookkeeping component, the position would be attractive to more people.

I spoke to Karen Beers in August. She spent 21 years working for Collins Blay as an accounting technician. Her clients were mostly small enterprises and individuals and her duties covered all aspects of accounting – bookkeeping, audits, tax, and valuations. She is currently semi-retired and does the books for a small number of not for profit organizations.

We spoke in general terms of what KTC would require: approximately six months of time, around 250 hours of work, keeping KTC records up to date on QuickBooks, reconciling the banks on a regular basis, preparing payroll, paying bills, preparing for the audit, etc.

I believe that she would be interested in the job. Her rate is \$20 per hour. I estimated that she would work approximately 40 hours/month in March, April, and October; and approximately 25 hours/month May – September. These are rough estimates.

I expect any agreement with Karen would be made with the next executive. There are lots of things to work out – whether she wants a six + month position; how her work would “mesh” with that of the new treasurer; where she would work from; expenses on top of the hourly charge; etc.

If this meeting could approve this in principal, it would allow the new Treasurer to work out details and hopefully things could be up and running by next March.

#### **Audit**

I have given the auditors our financial records for the 11 months ended August 31. The goal is that they complete most of the audit in September. In early October they will audit the month of September and finalise the audit and produce

statements in time for the Annual General Meeting on October 26. That is the goal.

Two things that are likely to come up in the audit:

Costs of Capital Project I: we have spent about \$45,000 (half on design costs) on this project and it has been recorded as an asset. The auditors will argue that the design will not be used so the costs will be written off to expense, reducing our profit for the year by \$20,000 plus. We'll argue that a lot of the design costs involved Michael Preston's time while we explained our needs and he experimented with different concepts. The design for the new club house will represent a revision to existing plans rather than a complete do over therefore we should not write off anything. I suspect we'll compromise at \$10,000. So profit may be down by \$10,000 from the amount estimated in the attached financial estimate. There will be no effect on cash.

Are We Endangering our Non Profit Status by Earning Significant Profits?

We have discussed this with the auditors in the past. We certainly don't want to pay taxes on the fund we are building up for Capital Project II.

Interpretation Bulletin IT 496R sets out the conditions that a club must meet to qualify as a NPO and comments on some of the factors which are taken into consideration in determining whether an organization is tax-exempt. The only condition that we do not meet clearly is that we have generated substantial profits for several years running. However, paragraph 9 of the bulletin states:

“...accumulating funds in excess of its current needs may affect the association's status as a tax exempt NPO. However, in certain cases when an association requires a time period in excess of the current and prior year to accumulate the funds needed to acquire a capital property that will be used to achieve its declared exempt activities, the association's tax-exempt status may not be affected. For example, this could be the case if an association annually sets aside funds to provide for a special project such as the construction of a new building to replace an existing building when it deteriorates and no longer meets the association's needs. In such a case, any funds accumulated for this purpose should be clearly identified and any transactions concerning a special project should be clearly set out in the associations accounting records. Provided the funds set out for a special project are used for that project, an associations tax-exempt status should not be affected.”

With this in mind, we may change our financial statements to reflect that we are accumulating funds to spend on a special project.

## **Financial Results**

More than 90% of the Club's revenue and expenses are complete. I expect that in 2016 the Club will make a profit of approximately \$116,500 (vs \$89,593 in 2015).

Our cash in the bank will increase to almost \$300,000 (at September 30, 2015 the bank balance was \$183,000). In some respects this represents a pretty good year, however almost \$40,000 of the 2016 profit came from the HST refund and the fact that we are not paying HST on Camp revenue. Without the HST windfall, the Club's profit in 2016 would be \$13,000 less than 2015.

A detailed financial report is attached separately.

**Advice to New Treasurer:**

My completely unsolicited advice to new treasurer:

- Hire a bookkeeper: a skilled bookkeeper can do in 10 hours what takes me 25 hours. No lie.
- Invest time in training and follow up with stewards and pros: they are your best friend and worst enemy.
- Do a budget in collaboration with the people affected.
- Examine every operating aspect of the Club. There is the equivalent of 10 – 30 adult membership fees in the details.

## Appendix B

### Detailed Financial Report

#### Estimated results for 2016 (as of September 12, 2016)

	<u>Estimated Sep 30, 2016</u>	<u>Audited Sep 30, 2015</u>
Revenue		
Membership fees	\$121,450	\$113,555
HST refund	32,096	0
Junior camp	79,609	73,950
Lessons(net)	7,504	12,654
Guest fees	2,738	3,248
Club sales	4,984	4,253
Other contributions	1,563	2,801
Social and tournaments	3,763	3,912
Interest income	1,105	1,281
Wage subsidy	<u>0</u>	<u>1,800</u>
Total revenue	\$254,812	\$217,454
Expenses		
Bank and credit card charges	\$ 5,915	\$ 1,957
Canteen	4,299	3,919
HST expense	13,694	18,652
Insurance	2,264	2,334
Junior camp expenses	6,705	9,646
Property taxes	9,716	8,961
Repairs and maintenance	11,054	5,119
Software cost	4,522	850
Social and tournaments	2,879	3,461
Utilities	4,221	4,039
Wages	60,893	57,546
Other expenses	11,898	11,376
Total expenses	<u>\$138,060</u>	<u>\$127,861</u>
<b>Revenue minus expenses</b>	<b>\$116,752</b>	<b>\$89,593</b>

**Notes and comments:**

Membership fees: gross membership fees amount to \$123,830, but medical refunds totalled \$2,380.

HST refund received and deposited September 2

Junior camp:

	Estimated Sep 30, 2016	Audited Sep 30,2015
Revenue	\$79,609	\$73,950
Wages	35,425	30,033
Other expenses	<u>6,705</u>	<u>9,646</u>
	37,479	34,271
HST		<u>6,508</u>
Net	37,479	27,763

At one point, it appeared that the Camps would net almost \$45,000. However, in August attendance decreased, staff hours increased (below), and there were unexpected expenses. A \$37,000 net is not a disappointment, but we might have done better.

Camp staffing and attendance:

<u>Attendance</u>	<u>July</u>	<u>August</u>
Full day	88	55
Half day	112	107
<u>Staffing</u>		
Camp director	172	166
Camp staff	755	798

Bank Charges: (2015 figures are approximate)

	<u>2016</u>	<u>2015</u>
Credit card charges per transaction	\$4,670	\$900
Monthly fees and setup	811	554
Bank charges	<u>434</u>	<u>503</u>
Total	\$5,915	\$1,957



While the credit card per transaction charges are steep, the Club saved approximately \$1,100 and a lot of volunteer time by not mailing the spring brochure. Therefore, the net cost of collecting fees and other amounts by credit card was about \$3,000.

Software cost:

Jegysoft	\$3,362
Website development	600
Wix (annual website subscription)	212
Survey Monkey	<u>348</u>
Total	\$4,522

Repairs and maintenance (2015 figures are estimates):

	<u>2016</u>	<u>2015</u>
Opening/closing	\$ 832	\$ 783
Furniture, nets, etc	2,031	800
Painting	827	0
Repairs	2,000	759
Tree removal	3,221	565
Other ongoing/misc	<u>2,143</u>	<u>2,212</u>
Total	\$11,054	\$5,119

## **Appendix C**

### **Governance Committee Update Regarding By-Law Revision** September 6, 2016

Submitted by: Jocelyn Purdie for September 14<sup>th</sup> Board meeting  
Committee - Jocelyn Purdie (Chair), Paula Loh (President), Heidi Traulsen (club member), Tom Thayer (Treasurer -replacing Ginette Blais, Board member).

#### **Progress to date:**

Late November 2015- Paula and Jocelyn met with QBLC caseworker (Dara) and current By-Law was submitted for review and revisions to comply with CA (Corporations Act)

December 15<sup>th</sup> – QBLC office closed until January

March 3<sup>rd</sup>, 2016 – received 1<sup>st</sup> draft of the revised By-Law from QBLC

May-June - the governance committee several times to review the draft By-Law and make revisions

May- Dara completed his term at the end of May and we were assigned a new caseworker (Precia) who contacted me in June.

July 13<sup>th</sup> Board meeting – reviewed some of the key changes with the Board, (nominations process, nominations from the floor, quorum at AGM, votes required for changes to By-Law and dissolution).

June 28<sup>th</sup>- a revised draft of the By-Law was submitted to QBLC with a list of questions with the hope that we could have the second draft available for review by the Board in July or early August

July 13<sup>th</sup> Board meeting – reviewed and discussed some of the key changes with the Board, (nominations process, nominations from the floor, quorum at AGM, votes required for changes to By-Law and dissolution).

July 29<sup>th</sup> - Precia informed me that she was starting work on the By-Law that was submitted June 28

September 2<sup>nd</sup>– Precia submitted By-Law to her Director for review. She informed me that her term was up and we would be assigned another caseworker. I let her know that ideally we would like to be able to present the draft for approval by the membership at our AGM in late October and would need to have the document by early September in order for Board approval and to have enough time to circulate it to the membership.

September 2<sup>nd</sup> – Precia informed me that the new caseworker would make contact by September 19<sup>th</sup>.

**Next Steps:** It seems unlikely that we will have time to review the By-Law at the Board level and have enough time to circulate it to the membership to vote on at the AGM. I would suggest that the Board call a special meeting sometime in the spring to vote on the amended By-Law. This would give time to circulate the document and plenty of time for the membership to ask questions or propose amendments. If the Board does approve the By-Law in October or November (for example) it would effective from that date until it is voted on by the membership at a special meeting. If it were not approved we would revert back to the previous one until such time as amendments are approved.