

Audit Committee Meeting Minutes
Tuesday, June 8, 2021
11:00 am to 12:00 pm

In Attendance: Nancy Chamberlain, Allane Danchuk, Melissa Beaucage, Tuomas Minor, Kristen Spithoff (BDO Canada) and Julie Budd (BDO Canada)
Regrets: Katherine Couzelis
Recorder: Karen Scott

Discussion

In the past the Financial Statements would go to the Board for approval before the AGM but because of tight timelines, the Board empowered the Audit Committee to review and if there were no red flags, the committee would recommend the financial statements go directly to the AGM for approval.

Independent Auditor's Report

- It was noted Management is responsible for the day-to-day record keeping, looking at all of the internal controls and making sure the financial statements are free of material errors.
- Those charged with governance are responsible for overseeing the Organization's financial reporting process.
- Part of the process for the auditors is looking at areas of misstatement, making sure expenditures coincide with the funding agreements, looking at the internal controls and ensuring all the accounting policies are reasonable.

Review of Financial Statements – Kristin Spithoff

- The figures for assets and liabilities are considered a "snapshot in time".
- It was noted \$713,183 of cash is due from the Midwifery program, plus \$400,000 is set aside by the Board as internal restricted funds. The main operating account is approximately \$198,649 at the end of March 2021.
- Accounts receivable has a large balance mainly due to the Children's Community Network not spending a vast majority of funding which TBC had advanced. This connects with the deferred revenue as the organization received special permission from MCCSS to defer part of the surplus to 2021-22.
- Government remittances receivable is HST and is filed every six months for not-for-profit organizations. For 2021 the entire year worth of HST is sitting in receivables, in previous years it was showing six months outstanding.
- Prepaid expenses are those paid in advance and relates to the next fiscal year and consist mainly of insurance. The amount is larger in the previous year due to timing and prepaid wages.
- It was noted equipment has been written down to its netbook value.
- The Board of Directors passed a motion on May 17, 2021, meeting to increase the restricted surplus by \$60,000 to a total of \$400,000.
- Excess of revenue at year end is \$98,361 and was identified as a healthy financial position.

- Important to note what happened with Children's Community Network in Sudbury: TBC has been watching closely and are hoping to make a change with them. A meeting is scheduled with the Ministry and the CCN on June 10, 2021, as they have been difficult to manage.
- TBC was also very busy going after funding while at the same time had a leadership restructuring which they are still in the middle of. Moving forward the agency has budgeted to put money back into the organization.

Questions:

- Is it expected to see revenues downtrend? The agency believes it is safe for this fiscal period as we are still in the pandemic. The agency also recognizes there is a surge in mental health and intimate partner violence. When the government begins to recover, where will social services fit.
- What is driving the decline in fees from clients? Moving to virtual service and restricted access has impacted specific populations (i.e., non-insured health benefits).

Supplementary Schedules – Kristen Spithoff

- Kristen went through the schedules for the committee and noted they have been prepared in accordance with Canadian Standard on Related Services and are prepared to assist TBC to meet the requirements of their funders.
- Nancy mentioned there are several threats with the Credit Counselling Program. One threat is CRA is conducting audits on non-profit credit counselling agencies to determine whether they feel they are charitable. The agency's information went to CRA almost two years ago and if CRA decides we are not charitable, the agency will not continue with the risk of operating the credit counselling program. Another threat was coming from credit counselling in Toronto where they advised six months ago, they were upgrading their system. With this new system they could not continue to separate our clients in the system. Another conversation Nancy will be having with Toronto is to see whether they could take over that part of the credit counselling program and still leave a local entity. In future it could be changing how that program is operated in Thunder Bay. TBC has not been counting on this program to subsidise any of its centralized or administrative costs.

Final Report to Audit Committee - Julie Budd

- 95% of the audit has been completed.
- It was noted the auditors did not encounter any instances of fraud throughout the audit. The chair of the audit committee also noted they are not aware of any instances of fraud.
- The auditors highlighted they did not identify any significant deficiencies in internal controls review and have issued a "no issues" management letter.
- The auditors mentioned management does an excellent job with the books and records, the agency is in great shape financially with no issues noticed.