

Financial Review Committee's Annual Report to the Rotary Club of  
Belleville  
June 2020

When the committee was formed in the fall of 2019, there were a couple of main things to try to resolve.

1. Financial reports for the board meetings were not being received on a timely basis and they were difficult to understand.
2. There was confusion regarding what was being called the capital accounts. It was not often clear what the real value of these accounts were.
3. There was confusion about how much of the so called capital accounts could be spent in a given year, with many believing up to 10% of the capital accounts could be spent. When someone asked 10% of 'what', there was no clear answer.

The committee is pleased to report that financial reports are being provided by the accounting firm QBA by the 10th business day after the month end. Furthermore they are being provided in a format that seems to be easy to understand. We now easily see, a) income and expenses for service and operating accounts, separately, and in comparison to budgeted amounts; b) we now see total assets reported monthly -- all bank accounts, and 'capital' accounts, which will now be called Investment accounts.

**On the Investment accounts:**

The committee spent considerable time clarifying these.

First of all, they are misnamed as 'Trust' funds. When the committee started looking at these accounts it had this information:

Values at year end, June 30, 2019

Parrot # 1.	49,761
Parrot # 2.	367,551
In Memorium	50,935
Wt Hawkins/J Marker	<u>29,869</u>
Total	498,116

Parrot #1. Market value June 30/19 49,761 (originated 2005)  
Parrot Music Festival began \$50,000 (originated 2005)  
-- pays out \$2,500/yr, Marion Smith donated 4,913.

Parrott #2. Market value June 30-2019 \$367,551  
Parrot donated \$250,000 in 2005  
with request that funds be kept for 3 years,  
after that, it's up to the club how to use the funds.  
At the time, the club said it would spend  
10% of this per year.

Oct 2010 \$30,000 contributed from the club's account excess  
To be set aside for the 100th anniv  
Oct 2016 \$50,000 contributed from service Bank account

<u>Rotary Charitable Trust</u>	Market Value: June 30-2019 \$50,935
<u>In memoriam: Glynn</u>	35,000 contributed in 2013, plus \$7,552
<u>Reynolds And Ann</u>	to fund 'music lessons'
<u>Leverton.</u>	\$787/ year being paid out.

<u>W T Hawkins/Jim</u>	Market Value June 30-2019 \$29,869 (originally \$75,000)
<u>Marker</u>	Nothing being paid out , but should be

The bulk of these investment accounts began with donations from the Parrott Trust foundation in 2005. \$250,000 was given with donor preferring that the funds not be spent for 3 yrs, but after that it was at the club's discretion. This was the Parrot 2 account. \$50,000 was given with donor asking that the funds be used to support the music festival, and \$2500/yr has been distributed accordingly. This is the Parrott 1 account.

The in Memoriam account pays out \$787 /yr for music lessons.

The Hawkins/Marker account had not paid out funds for some time.

The question about 10% of the investment account was discussed. Should it be 10% of the original donation(s) or 10% of the value of the accounts, at the end/beginning of each year. If followed then, 'what was the value of donated amounts vs the amounts that were contributed to the Parrot 2 account from the Service and General bank accounts.

In the Parrot 2 account, there was the original donation, plus \$50,000 deposited from the Service bank account, plus \$30,000 from the general account. Also dividends from investments went in. Those were the 'ingo'. The 'outgo' were numerous payments for good causes. All making it very difficult to determine what number should be used as a basis for calculating the desired 10%.

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**A meeting was held on Mar 31:**

Attendees: Cory Mackay, Karen Baker, Peter Malone, Darrell Smith, Doug Peterson, Randy Coker

Considerable discussion regarding the “investment” funds. Among other things:

- As previously discussed extensively, the up to 10% was agreed to by the club early on, possibly around 2005. But it is not a requirement. Changes to this should be put to the club
- Guidelines for distributing funds from the Investment accounts should be reviewed in context of overall goals of the club. Peter Malone pointed out this is poignant given that the club is very fortunate to be celebrating it's 100th birthday.

**Motion:** moved by Cory Mackay, seconded by Karen Baker.

**“This committee will recommend to the Budget committee, that “Investment” accounts be managed and allocated with the intent of maintaining capital and long term sustainability.”**

**Carried. Unanimously.**

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So, the investment accounts, now are as follows:

	Original Donation	Current Value
Parrot 1 *	54,913	45,386
Parrot 2 **	<u>250,000</u>	<u>292,942</u>
"Parrot accounts"	304,913	338,328
Memorial**	42,553	47,769
Hawkins	<u>25,000</u>	<u>26,540</u>
Other Invests	67,553	74,309
<b>Total Investments</b>	<b><u>372,466</u></b>	<b><u>412,637</u></b>

Conclusions and remaining items:

1. The recommendation as outlined in the motion above remains. And this summarizes the work of the committee.
2. Defining the "capital" amount to be maintained remains outstanding.
3. We are not sure the Memorial account is being dealt with. Perhaps the money should be turned over to Harnden music studio... for lessons.
4. The Hawkins/Marker fund is not being distributed. It needs to be dealt with.

Chair, Randy Coker, with gratitude to a dedicated committee.

