

### **THE BULLETIN** of The Rotary Club of Calgary South

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## 2018/2019 Mid Year Address

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## Do you want to watch this week's meeting? CLICK HERE: <u>https://bit.ly/2IKLIVc</u>

This week **President Ron** took the rest of the meeting to provide his Mid Year address. After a few introductory remarks he started right into his presentation under the following Broad Headings.

#### **Strategic Planning**

After several years of being dormant the Strategic Planning Committee was revived in June of 2017. It met to review the results of the District Survey and our club's results specifically.

In the fall of 2017 the Strategic Planning Committee met several times to determine what critical goals and specific objectives the club would need to focus on to sustain itself and move forward.

A one page summary of the Strategic Plan is on the table for you to review. This also led to the current committee structure (see reverse side).

The long form Strategic Plan was created from this and provides for specific action steps for many committees to work on. That is organized by director portfolio and by committee.

At this point, it is time to start the Strategic Plan review for the year 2019-2020.

The President – Elect as the director in charge and the Chair Len Hamm will be commencing the review shortly. They will be meeting with each Director and the committee chairs to:

- Determine Progress
- Assess obstacles
- Add or delete objectives and action steps.

You will note that in **Strategic Goal #1** specific objectives were:

- Retention and Engagement
- Membership Growth

I'll come back to this point in a moment.

**Strategic Goal #2:** a specific objective was to improve our financial accounting practices (i.e. become compliant with CRA requirements and report appropriately so as not to expose the club to excessive fines and penalties).

We have had a lot of feedback and criticism regarding the changes to our budgeting and financial management processes. President Ron then asked Penny Leckie to provide a detailed report on the Club's financial position. The following is an abridged edition of her comments.



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#### **Financial Measures**

It has been some time since a report on the finances of our Club have been presented. As I will describe later, there have been reasons for this.

The Club Executive wants to provide full disclosure and to have complete transparency. They have asked me to provide you with an update on certain financial information.

I am speaking to you today as an independent accounting/tax professional. I have consulted to and advised the Board and the Executive, but I have not been on the Board in the period I will refer to. The items I will be speaking to have covered multiple Presidential years, multiple Club Treasurers, and multiple external accountants. It was felt by the Executive that an independent report would provide the best information to Club Members.

Because we have a number of new Members, and to refresh everyone's memory, I am going to start with Club Finances 101.

#### **TWO FUNDS**

Our Rotary Club has traditionally flowed cash through two funds, a Club Fund and a Community Service Fund. In addition, we have the Stay in School Fund, as well as World Community Service and some smaller funds, which I will not speak to today. Conceptually, these would all fall under the umbrella of Community Service Fund.

I want to speak strictly about the concepts of Club Service Fund and Community Service Fund.

Simply stated, the Club Service Fund receives funds that do not have "strings attached", ie, they can be used for any purpose. The main source of funds are membership dues, proceeds from the New Members' event and funds raised at lunches, including 50/50 and Sergeant at Arms. St. Mary's Parking and the proceeds from Country Thunder are also treated as proceeds for the Club Service Fund.

The Club Service Fund is used to pay for our Club's administrative costs and is where funds for meals and events flow through.

Again, simply stated, The Community Service Fund receives funds where there is accountability to a third party and regulatory limitations on how funds may be spent. The main source of funds are Dream Home proceeds, casinos, charitable donations and CRCF funding.

These funds are used to fund our gifts to the community through small grants, large grants, legacy projects and through our involvement with the Partners.

As previously noted, the Stay in School Fund, World Community Service and other smaller funds would fall into the Community Service "pot" as well.

I have reviewed the cash inflows and outflows of the Club Service Fund as stated on externally prepared financial statements for the fiscal years ended June 30, 2013 through 2017, a five year period. The external financial statements for the fiscal year ended June 30, 2018 are not yet finalized. I will speak to that later in my presentation.

#### **MEMBERSHIP**

For the same period, I have confirmed the change in membership of our Club. In July, 2013 we had 151 members compared to 128 members in July, 2018. It is pretty simple math to multiply the decrease of 23 members by our annual dues of \$450 to know our membership dues have decreased by approximately \$10,000 over the last few years.

A further decrease in Club Service revenues occurred when focus of the New Members Event shifted from fundraising to fellowship. It is my understanding the New Members Committee reported to the Board it was their observation the majority of funds received from the New Members event came from representatives of two or three families. The New Members Committee did not feel it was in the Rotary way to have two or three families essentially subsidize the whole club. Their point seems reasonable, and the results reflect the shift in focus. In the period I reviewed, the proceeds from the New Members event has gone from a high of \$33,000 to a low of \$22,000. Essentially, another loss of \$10,000 in Club Service revenue.



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During the same period, administrative costs have increased. My observation is that the Club has been operating at a deficiency of about \$25,000 per year for the last few years.

This deficiency has been masked by the proceeds the Club received for its involvement in Country Thunder. As everyone is aware, for a variety of reasons, the Board determined it was not in the best interests of the Club, and it made the decision to discontinue its involvement with the Country Thunder organization.

The deficiency I observed, of about \$25,000 per year, is consistent with the deficiency in the Club Service Fund projected in the Budget prepared and released by the current Board. I will speak to the Budget later in my presentation.

At this point, for full disclosure, and for greater understanding, I want to inform you of separate financial matters addressed by the Board.

Recognizing the financial challenges of the Club Service Fund, having been through an audit of our charity return with Canada Revenue where comments were made by the auditor that our organization's administrative costs appeared low, and through grapevine rumblings that it would be considered appropriate to allocate amounts from the community proceeds to cover certain administrative costs of the Club Service Fund, the Board felt it would be appropriate to investigate and conduct appropriate due diligence with respect to this.

Frankly, their choice was to investigate allocations between funds, or increase dues by \$25,000 divided by the number of members, ie 128 for an increase in membership dues of just under \$200 putting annual dues around \$650. This option had the potential of reducing membership further, creating a spiral which might put the Club at risk. We need a large membership to fulfill our commitments to Dream Home and to commit to other projects which require a substantial number of volunteers.

The Board engaged an external lawyer who I can confirm is recognized as a leader in Charity Law and Taxation of Charities in our community. During a review by the lawyer, it was determined our Club is not actually two funds, but rather, in fact, is two separate legal entities.

The Rotary Club of Calgary South was chartered as a Rotary Club in 1955 and then registered as a Society on October 20, 1994. I do not have any insights regarding why the decision was made to become a society and I have not investigated further, because it is what it is.

On January 10<sup>th</sup>, 1980 the Club created a Trust, as a separate legal entity, for the purposes of qualifying as a registered Canadian charitable organization. The name of the Trust is South Calgary Rotary Club – Community Service Fund.

The Trust was granted status as a charity on the same day. As a sidebar I can't help but marvel how the Trust was created and charitable status was granted on the same date. Things were a lot different in 1980.

I also note from the timeline on our Club's website the New Members' auction commenced in 1980, the same year as charitable status was obtained. This implies to me that the Members of the day understood they needed to fund Club administration from separate sources.

#### REPORTING

Penny went on to explain the complexity of the filing of Charity Information Returns between the two organizations and the publication of one Financial Statement. Considerable effort and time was spent last year sorting out these issues. In the meantime the external accountants had received the 2017 financial info and were trying to prepare a reasonable set of financial statements. It was determined the 2017 financial statements would be prepared on a basis consistent with prior years, and include a note disclosing the issue had been identified but was being dealt with on a proactive basis. These Statements are now on the website and the Auditors Note 9 Subsequent Events explains the two structures and confirms that both entities have fully complied with their tax reporting obligations.

Penny advised that the external accountants are close to finishing the financial statements for the fiscal year ended June 30, 2018. However, because they are now being separated into the correct legal entities, it is requiring some additional work. We expect to receive them soon and will put them on the website once they are available.



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#### ADDRESSING THE DEFICIENCY

Your Board; and in particular the Club's Treasurers worked very hard throughout fiscal 2018, to address the issues identified by the charity/tax lawyer, but still needed to address the Club's operating deficiency.

When the Trust/Charity was created, the terms of the Trust deed provide for proper costs, charges and expenses of and incidental to the management and administration to be defrayed out of the Trust Fund, in recognition of the costs incurred to administer the charity funds.

Given this terminology in the Trust deed that created the Charity and having passed muster in a CRA audit, the Board had a certain level of comfort in determining it would be reasonable to allocate certain Club costs to the Community Fund.

Further research was done to determine an appropriate approach for allocations. Publications related to best practices for charities were reviewed. A detailed analysis of how Kathyann's time is spent was conducted, as well as a review of other Club expenses to identify which ones relate directly to Club service and which ones relate directly to Community service.

Based on this, an approach was developed and protocols established to offset the deficiency in the Club's operations. I believe your Executive conducted substantial due diligence to ensure any approaches it took were reasonable and consistent with approaches by similar organizations. While you may not agree with the approach taken, and it's possible there could be alternative approaches or solutions, I want to note the decisions made were not made lightly.

I am hopeful that with the background information I have provided, and an understanding of the financial matters your Board and, in particular the Club's Executive, have been dealing with, some tolerance might be granted to the Board.

Rather than enter into a detailed analysis of the allocation methodology, I believe it would be prudent for representatives of committees impacted by the allocation approach to meet with the Executive, and have a conversation which hopefully will clear up any misunderstandings. I am pleased to attend and assist in any of these conversations.

Finally, I hope my explanation of the Club's finances and the different revenue streams provides some insights to Members about why we always want to maintain our member numbers at a certain level, why the New Members event is critical to our Club, and why we are always looking for new "no strings attached" revenue streams such as St. Mary's parking and Country Thunder to fund our Club operations so we may put more money back in the community.

President Ron thanked Penny for all the work she put into this report. He mentioned that while the numbers and measures taken are important the more important message is that the Club for the year ending June 30<sup>th</sup> 2018 will be compliant with CRA reporting requirements.

#### <u>Membership</u>

During my inaugural address I told you that the two primary goals for the year are:

#### MEMBERSHIP RETENTION AND GROWTH

July 1, 2018 – 133 July - August 2018 – 128 (loss of 5, -1 passed, 1 dissatisfaction, 1 personal family issues vs Rotary expectations, 2 lunch hours) October – add one

Will be adding one in January (Spencer Tomkinson)

#### TOTAL 130



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#### The Good News

Currently we have over 20 potential new members in consideration / pipeline who have not been processed through to membership.

Throughout the remainder of this year it is my hope that we can add 10-12 new members.

Throughout this year we have run a number of focus groups to obtain feedback at the club level as concerns for retention of our members and how we can best attract new members. We have learned quite a bit as a result of those sessions –

- Improve the "On-Boarding" process for new members (Dilan Perera and I are working on this)
- Expand what might be allowed for attendance credit.
- Membership that is strong, engaged and healthy is the life blood of the club. Without it we will not be able to sustain our ability to support our community that we have had in the past.
- Many of our committees are working on projects and action steps that support a vibrant and engaged membership. (Social, volunteering)

#### What's on the Horizon

Work will continue to bring our financial house in order and to report the year ending June 30, 2018 as required.

Very shortly you will be learning about a new legacy project. And a bequest contribution.

I have had some feedback from some of you regarding areas of the Bylaw that could use a review. The deadline for input to Sherry Austin is January 28. Each Director has been asked for their input. Additionally, with adoption of the new Constitution and Council on Legislation there are many adjustments that can be made (including writing in the Strategic Planning Committee into the bylaws.).

Work will also continue updating and improving the "On-boarding" process.

The Member Handbook (edition #1) will be finalized by Bev and Gene in the very near future. (A comprehensive guide to the club's history, how it is structured, key policies and projects and procedures).

Work is advancing on the club's communication and public image so as to improve internal as well as external communications.

#### In Closing

I want to especially thank the Board for its wisdom and support. We have accomplished a lot and made some critical decisions.

Our committees have been working hard and I commend the Chairs of each committee for their leadership and efforts.

And to our members – I sincerely hope you are enjoying what Rotary has to offer and that your needs and interests are being fulfilled.

Sorry ...while I had intended to take questions we are now over our time but we will all be available after the meeting to discuss any of these issues.



## **THE BULLETIN** of The Rotary Club of Calgary South Club News





**President Ron** welcomed some 80 Members plus 12 guests to the Rotary Club of Calgary South for January 3<sup>rd</sup>, 2019.

Keep the smile, Leave the tear, Hold the laugh, Leave the pain, Think of joy, Forget the fear. Be joyous, because it's a New Year.

Please join Lisa Fernandes in the singing of O' Canada and Rotary Grace

Head Table: Penny Leckie, Bill LeClair, Don Mintz, Chas Filipski, Sandy Dougall, Norm Legare

Bulletin Editor: Sandy Dougall Photographer: Paul Brick

50/50 Draw: Michael Zacharki looked after the draw today for \$180.00 and the winner was a guest named Michael Vandezande

**Paul Harris Fellow Award: Myrna Dube-Thompson** took the podium and provided the following introduction of Murray McCann:



A Calgary entrepreneur and philanthropist, who established the McCann Family Foundation to fund several initiatives that have positive effects in Calgary and around the world, Murray was honoured for his humanitarian efforts last year as Citizen of the Year.

Although most of his efforts over many years fly beneath the radar, he is notably recognized for the *Field of Crosses Memorial Project* launched in 2009. The projects honours southern Alberta soldiers who died in the line of duty.

Murray's passion to assist and recognise those people that made a vow to keep us safe is a living mega project successfully being realized through his *Homes for Heroes* initiative. Already two villages are underway in Calgary and Murray tells us they are on their way now in Edmonton.

This most comprehensive initiative that covers every base in terms of support and housing for homeless veterans was recognized by our Club last year as a recipient of a Large Grant.



Jack and I are awed by the difference he has made in our community and would like to honor Murray, a true community builder and thanks to the generosity of an anonymous donor, with a Paul Harris Fellow Award.

**President Ron** then presented the Paul Harris to Murray who thanked the Club. He was most appreciative of the continuing support of this Club to his various initiatives on behalf of veterans. Murray received a standing ovation from the club.

**Cleven Award: Norm Legare: Cleven Awards Chair** mentioned that **John Shield** was out of town when his award was presented on December 20<sup>th</sup>. **Bill Sumner** to say a few words and present the award to John.

The full comments are in the Bulletin of December 20<sup>th</sup> but Bill summarized (or is that "*Sumnerized*") for us again that "*I firmly believe that John is a wor-thy choice for this award. He quietly takes on tasks in the club, does an excellent job and doesn't expect recognition*".







#### **NEW MEMBER PROPOSAL**

Please be advised that **Spencer Tomkinson** has been proposed for active membership in the Rotary Club of Calgary South as Sponsored by John Shield and Seconded by David Read with a proposed Classification of Realtor-Residential/Dev

Spencer's membership has been approved by the Board of Directors on the basis of the recommendation of the Membership, Qualifications and Classifications Committee subject to completion of a formal application and communication of his name and proposed classification to the membership.

If any Member objects to Spencer Tomkinson joining our Club or to his proposed classification an objection must be filed in writing with the Club Secretary at larrystein@shaw.ca prior to January 17th, 2019.



Thank you to all members who made a donation to the Calgary Rotary Clubs Foundation in 2018. All donations made by cheque have been recorded by the Foundation and tax receipts issued. Those who made an on-line donation through ATB would have received a tax receipt by return email.

Unfortunately ATB failed to advise the Foundation of the name of some donors, so while we have the funds we are unable to give credit to those members. If you made one of the following donations would you please advise me so we can keep Calgary South records up to date.

October 4	\$100	November 14	\$200
October 18	\$150	November 19	\$250
November 5	\$300	November 22	\$100
November 10	\$100	November 23	\$20
November13	\$50	November 27	\$1000
November13	\$50		

We will get notice of December donations made through ATB in a few days, so hopefully the records will be complete for that period.

Neil Fraser: 403 680-7550 nefraser@telusplanet.net

#### Volunteers Needed



MUSTARD SEED DINNER RONALD McDONALD DINNERS CASINO





MUSTARD SEED: Wednesday January 16th we are preparing and serving the meal at the East Foothills Location of the Mustard Seed. 8 volunteers are required to prepare the meal from 4 to 6 pm. 10 volunteers are required to serve the meal from 6:30 pm to 8:30 pm. Our club will contribute \$1,300. toward the cost of the meal.

RONALD McDONALD DINNERS: There are two Ronald McDonald dinners scheduled. The first is: Monday January 28th and the second is: Tuesday February 5th. Commitment is from 3 pm to 7 pm. We design the meal, prepare it and serve it. A maximum of 5 volunteers is needed for each date. Typically, we serve about 40-50 meals at a cost of approximately \$500. per date.

CASINO: Casino is scheduled for Saturday February 2nd and Sunday February 3rd at Cowboys Casino. This is a significant fundraiser. We expect proceeds to exceed \$70,000. Casinos are pooled per quarter with all casinos in Calgary. Morning shift (11 am to 7:30 pm) requires 6 volunteers per day. Evening shift (6:30pm 3:30 am) requires 6 volunteers per day. Count room requires 7 volunteers per day from 10:30pm to 3:30am. We require 19 volunteers per day or 38 in total. Each volunteer shift equals approximately \$2,000 to the Club.

Please contact Harry Pelton at: Cell: (403) 585 - 2625 Home: (403) 244 - 9140 if you can help out.

#### Thanks for volunteering



## **THE BULLETIN** of The Rotary Club of Calgary South 2019 Larry Kwong Memorial Chinese New Year Dinner







**THE BULLETIN** of The Rotary Club of Calgary South Rotaract: Calgary Hitmen Night









**THE BULLETIN** of The Rotary Club of Calgary South 2019 District Conference





### **ATA**

## Let's come together and do what we do best: build comm-unity!





But let's not just focus on our efforts out in the world. Let's look inwards

- Let's strengthen our ties and our resolve. But let us also build the most
- important part: unity.
- Let's come together now and strive to stay together tomorrow.
- Let's open our doors and be more inclusive.
- Let's open our arms to our club members, our own communities and every
- other region.

Details, registration and everything else you need can be found here:

## https://discon2019.com/



## **THE BULLETIN** of The Rotary Club of Calgary South Liisa's Literary Lore



Before Christmas I went to a Chinese lunch with Tony Ng and it was interesting and the food was great! I enjoy trying new things and that was definitely something I haven't experienced before.



I celebrated Christmas with my host family and relatives. I prepared a few traditional Finnish Christmas foods, rice porridge for breakfast and cured salmon for dinner. Everyone liked those and I enjoyed the Canadian Christmas dinner.



I went to see the zoo lights with my friends and we all want to thank the South Calgary Rotary Club who got us the tickets. My host dad took me and my host sister to downhill skiing trip to Lake Louise, and it was beautiful!

I visited another Finnish exchange student in Edmonton and we went to see the Canada vs Finland u20 hockey game to a sports restaurant. We got many angry looks from the Canadians when we cheered for Finland...

Here's all the games my team will have in Calgary in January. You're welcome to come and watch - if you cheer for the South Calgary ringette team! (and I'm number 10) All of our games last for 1h 15min.

9th: 9pm, Flames Community Arena, the Blue rink 18th: 7:15pm, Don Hartman NE Sportsplex 19th (2 games): 12:15pm, Canada Olympic Park WinSport Arena and at 7:15pm, Don Hartman NE Sportsplex 23rd: 9pm, Flames Community Arena, the Blue rink

Liisa



### THE BULLETIN of The Rotary Club of Calgary South RCCS Calendar





## Health, Wellness & Transportation for January and February 2019

Contact **Earl Huson** at: <u>eshuslink@telusplanet.net</u> or: **403 686-0828** if you know of anyone that is not well, that could use a visit or a ride to a Rotary Meeting.





#### Weekly Meetings & Bulletin Requirements

If you are asked or request to speak at a weekly meeting please note the following:

- Advise President Ron that you wish to make an announcement on Monday before the meeting by email
- Provide a digital copy of your notes to the Bulletin Editor and/or Kathyann Reginato in advance of the meeting. If you can't then immediately after the meeting
- At a minimum please give the Editor your hand written notes after you speak

This is for Speakers, Intro Speakers, Thankers and anyone making announcements at the Podium.

We cannot guarantee that your announcement can be made if you don't provide this information.

Thank you for your assistance with this. It is very difficult for the Bulletin Editors to take so many notes at a busy and loud meeting so let's help them out

Rotary Club of Calgary South Rotary International President: Barry Rassin District 5360 Governor: Dan Doherty

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Visit us at: www.rotarycs.org

## Office Administrator: Kathyann Reginato email: <u>kathyann@rotarycs.org</u>

### 2018 2019 Club Officers

President: Ron Prokosch: President-Elect: Chas Filipski Past President: Bill LeClair Club Secretary: Larry Stein Treasurer: Don Mintz

### 2018 2019 Directors

Club Service: Operations: Len Kushner Club Service: Membership and Social: Glen Godlonton Club Service: Ways & Means: David Young Community Service: Jim Hutchens Community Service: Ways & Means: Dana Hunter International & Vocational Service: Kevin MacLeod Youth Service: Dorothea Schaab

#### **Other Important Contacts**

Audit Chair: Penny Leckie Communications & Public Image Chair: Toby Oswald-Felker Constitution, Bylaws and Governance: Sherry Austin Dream Home Chair: Jim Bladon Health Wellness & Transportation Chair: Don O'Dwyer Large Grants Chair: Myrna Dube-Thompson Small Grants Chair: Mark Ambrose Social Committee Chair: Keith Davis Stay In School Golf Tournament: Ted Stack Stay In School Scholarship Program Chair: Bill Sumner Programs and Tours Chair: Jim Fitzowich World Community Service Chair: Jamie Moorhouse

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