

TO: The Executive Board of The Art Guild of Fairfield Glade

FROM: The Financial Review Committee

DATE: November 10, 2015

SUBJECT: Financial Audit Report for Calendar Year 2014

The Art Guild at Fairfield Glade is a non-profit organization governed by a Charter, By-Laws and Standing Rules. A purchasing agent and treasurer have authority to expend funds designated by a yearly budget that has been approved by its Executive Board and then by the general membership.

An Audit Committee independent of all other functions and operations was appointed by The President to conduct an internal audit for the year 2014. It was granted access to all systems and necessary documents to evaluate controls to safeguard Guild assets, for both receipts of funds and for expenditures. Based on this audit, the Audit Committee is of the opinion that monies received and expenditures made have been recorded and administered in accordance with standard accounting practices, approved budgets, and the organization's policies and procedures.

The members of this Audit Committee Al Hansen, Claudia Kirkpatrick and Jean Liberty found their experience to be interesting and rewarding.

Respectfully submitted, _____, Committee Chair
Sandra Liberty

AUDIT NOTES

Our purpose as an internal Audit Committee for the calendar year 2014 was to:

1. Detect any misappropriation of funds (our most important focus, due to a change in treasurers for the organization during the period);
2. Ensure requirements are being met for reports to governments (local, state, federal) for taxes, non-profit status, etc;
3. Monitor the bookkeeping process for Art Guild income (especially cash) and for expensing.

Our protocol for this internal audit was (in part) to check random receipts and income and expense entries for multiple months.

All questions identified by the Committee were satisfactorily answered through investigation and interviews. We found no evidence of malfeasance or misappropriation. In fact, the Audit Committee applauds the Art Guild's Treasurer, Dawn Robb, for the difficulty of her task in 2014, during which she had to work/deal with multiple bookkeepers (one of which became ill and unable to work on a regular basis). Her work, which is voluntary, required adjusting a system that had been created by a former treasurer and correcting numerous entries by volunteer bookkeepers who were being trained and/or absent as noted.

With the experienced professionals as treasurer and permanent bookkeeper (Vickie Enos) we do not expect any similar issues in the future.

RECOMMENDATIONS

1. There should be a time limit for completion of an internal audit after a change of treasurer. We recommend four (4) months, to ensure timely detection of malfeasance or misappropriation. For this reason, we recommend an audit committee automatically be appointed whenever a change of treasurers is anticipated.
2. It is recommended that The Treasurer establish an automatic notification system that will alert her of the upcoming need for necessary actions, such as paying State sales taxes, annual fees or expenses, filing of returns and so forth. This will prevent any unnecessary late fees and penalties.