

**RECREATION CENTERS OF SUN CITY, INC.
FINANCE & BUDGET COMMITTEE MEETING SUMMARY**

January 31, 2024

At the Finance & Budget Committee meeting called to order by Chair Karen McAdam at 1:00pm on January 31, 2024 in the Lakeview Board Room, the following took place:

PRESENT: Chair Karen McAdam, Co-Chair Anita Borski and Committee Members Tom Foster, Dave Wieland, Kim Wanek, Les Bethany, Suchindran Chatterjee

RCSC BOARD: President Kat Fimmel, Secretary Jean Totten, Directors Jim Rough, Connie Jo Richtmyre

RCSC STAFF: Controller Angie Nelson, Director of Finance Kevin McCurdy

GUESTS: Cardholders Ruth Mackay, Patrick Gannon

Review/Amend Prior Meeting Summary: The January 11, 2024 Meeting Summary was accepted as amended. The meeting scheduled for May 15, 2024 was in conflict and was changed to May 14, 2024. (Subsequent to the meeting, it was determined that May 14, 2024 is not available, so the meeting has been re-scheduled to May 8, 2024 at 1 p.m.)

Discussion:

External Audit presentation by Sun City resident and Member Patrick Gannon. Patrick is a CPA with extensive audit experience in the non-profit sector.

Audit requirements and suggestions:

- Roles and responsibilities of everyone
- Relationships, clarity and nuances in auditing
- How to get value out of an audit, no surprises for anybody
- What's useful for external auditors
- Speak as if there's a separate audit committee of RCSC
- Main idea is if the audit function is the financial conscience of the organization
- Independent, arm's length
- Committee itself must be independent
- Auditor is your professional colleague, not your friend
- With no internal auditor, you've constant updating of internal controls
- Audit committee plays a pivotal role in oversight
- Meet twice a year, pre and post audit
- Relationship piece is very critical
- Prefer no qualified opinion
- Respectful relationship between all parties
- What if a previous audit is overruled by a new audit company
- It's never a blank check that all is well, never guaranteed 100% correct, only materially accurate
- There can be informal closed-door feedback in addition to the formal written feedback

- Composition of audit committee from Grant Thornton: 3 to 5, majority are Board Members, Board Treasurer must not be on the audit committee, conscience of the organization. No officer to be on the audit committee is an option. Check and balance
- To Chair McAdams question, Patrick suggested 2 Board and 3 non board members for the committee. Given our structure with Board Committees the composition of an audit committee could look different; it must be chaired by a Board member.
- Patrick recommends don't add to workload and understand internal control policies, no is the answer to another committee
- Write simple and thoughtful policies
- The controls are jointly implemented by board and management
- Should Director of Finance Kevin McCurdy give a presentation on internal controls?
- The role of the audit committee is not to challenge management or the board
- Another separation is a good idea
- Composition of the audit committee can be discussed later
- Value proposition: seeing with new eyes, they should be Johnny on the spot
- There is no industry standard on how often to change auditors, if getting good service doesn't change. Don't change just to change.
- Two years of information side by side, at least
- Our accounts receivables and payables don't change much between years.

The committee changed the May meeting date to the 14th. The agendas for the upcoming meetings till June were discussed and tentatively fixed to allow for better planning:

- The February 21st meeting would be CIF Wording policies (lead by Dave) and Reserve (lead by Tom), new incoming reserving staff member lady to attend this meeting; and the 5-year plan project (project Shalimar)
- The March 20th will be Audit (lead by Chat), we will not be changing auditors; and the 5-year plan
- The April 17th the 5-year plan
- The May 8th will be the Q1 Variance Analysis; and the 5-year plan
- The June 19th the 5-year plan

The 5-year plan project must be added to our committee discussion workload. It has direct implications for our 2025 budget and beyond and why Director of Finance McCurdy needs the information and layout by summer.

Adjournment: The meeting was adjourned at 2:24pm.

Next Meeting: Next scheduled meeting is February 21, 2024, at 1:00pm – Lakeview Center Board Room

Respectfully submitted,

Suchindran Chatterjee, Acting Secretary