

Founders District

Subject: 2015-2016 Founders District Year-end Audit

Date August 30th 2016

This report reflects the audit teams review of the founder's district financial records for the year 2015-2016.

As an audit team, we performed the audit in accordance with procedures outlined in the TI Audit Committee guidelines. After completion of the audit, the required supporting documents have been provided to TI. Included in the supporting documents are high-lighted expenses that we did not find copies of their receipts.

Audit Committee member

Eugene Okoreeh

Devin Huff

Dyllon Whitaker



Overview and Purpose

Areas, divisions and districts (all referred to hereafter as “district” or “districts”) are legally considered a part of Toastmasters International. Therefore, regardless of the source, district funds are considered funds of Toastmasters International. Members of the district audit committee are responsible for reviewing and substantiating whether district funds have been spent in accordance with the mission and governing documents of Toastmasters.

Each district treasurer is responsible for preparing the following 12 treasurer’s reports for the Toastmasters fiscal year that runs from July 1 through June 30 of the subsequent year:

- ▶ Monthly treasurer’s report — July
- ▶ Monthly treasurer’s report — August
- ▶ Quarter 1 Treasurer’s Report — September
- ▶ Monthly treasurer’s report — October
- ▶ Monthly treasurer’s report — November
- ▶ Mid-year Treasurer’s Report — December
- ▶ Monthly treasurer’s report — January
- ▶ Monthly treasurer’s report — February
- ▶ Quarter 3 Treasurer’s Report — March
- ▶ Monthly treasurer’s report — April
- ▶ Monthly treasurer’s report — May
- ▶ Year-end Treasurer’s Report — June

These reports provide valuable information about the financial activities of the district and its performance compared to the budget. In addition, the information in these reports is used in Toastmasters International’s audited financial statements, and federal and state nonprofit tax returns.

Because district leaders, World Headquarters staff, external auditors and tax authorities rely on these monthly treasurer’s reports, it is essential that they be complete and accurate. The treasurer’s primary role is to complete these reports. The audit committee’s role is to provide an independent and objective assessment of the reliability of the data contained in the district reports by applying the guidelines outlined in this document twice a year: on the Mid-year Treasurer’s Report and the Year-end Treasurer’s Report. Additionally, the audit committee is responsible for assessing the district’s compliance with Toastmasters International governing documents.

Membership on the District Audit Committee

Per the District Administrative Bylaws, the audit committee must include at least three (3) individual members who are:

- ▶ Annually appointed by the district governor
- ▶ Trained in basic accounting or have accounting experience
- ▶ Not part of the District Executive Committee (district governor, lieutenant governor education and training, lieutenant governor marketing, public relations officer, secretary, treasurer, division governors, area governors, and immediate past district governor.)

Audit Committee Responsibilities

The audit committee has a responsibility to ensure that the Mid-year and Year-end Treasurer's Reports accurately reflect district income and expenses. Both district audits are included in the World Headquarters tax information filed with the U.S. Internal Revenue Service every year. Incorrect or inappropriate expenses may result in the loss of Toastmasters International's tax-exempt status.

Any unauthorized use of district funds that is not consistent with the district mission is a violation of the California Charitable Trust Act and is illegal. Even if the district is not in California, a diversion of charitable trust funds puts the organization at risk, because districts worldwide are administrative arms of Toastmasters International and are subject to the same laws and guidelines.

If the audit committee becomes aware of any financial irregularities or a diversion of funds that is either unauthorized and/or does not serve a business purpose consistent with the district mission, the committee is obligated to report the matter to the District Finance team at World Headquarters immediately.

Preparing for the Audit

The audit committee must obtain the following from the district treasurer:

- ▶ All monthly treasurer's reports supporting the mid-year or year-end report being reviewed.
- ▶ All documents (bank statements, receipts, invoices, vouchers, etc.) supporting the transactions related to the aforementioned treasurer's reports.
- ▶ Receipts Register report.
- ▶ Payment (check) Register report.

With the exception of the mid-year and year-end reports, which have special due dates, Toastmasters International's policy requires that the district treasurer complete a treasurer's report within 30 days following the end of each month. It is recommended that the audit committee chair receives copies of the treasurer's reports on a monthly basis throughout the year.

Performing the Audit

The audit procedures can be summarized in the following three broad categories:

- ▶ Organization
- ▶ Substantiating transactions
- ▶ Policy review

The following Audit Committee Guidelines outline the detailed steps to be followed by the audit committee members. Once these procedures are completed, please sign the Audit Committee Guidelines as well as the Certification Page of the Mid-year(or Year-end Audit) Treasurer's Report and mail these documents to World Headquarters at the address listed below. Please be sure to include all documentation mentioned in the Preparing for the Audit section.

Toastmasters International
Attn: District Finance
23182 Arroyo Vista
Rancho Santa Margarita, CA 92688-2620





If you have questions, please email districtfinancialreports@toastmasters.org. The Mid-year Audit documents are due to World Headquarters by February 15 and the Year-end Audit documents are due by August 31.









Audit Committee Guidelines

District #: Founders

Circle one: **Mid-year Audit** or **Year-end Audit**

PROCEDURES TO BE COMPLETED	COMPLETED BY:
A. Organization	
<p>1. Obtain all supporting documents for the Mid-year or Year-end Treasurer's Report from the district treasurer, and sort the documents in the following manner:</p> <ul style="list-style-type: none"> • Stack #1: Sort treasurer's reports, bank statements and district reserve statements into separate groups, organize in chronological order and place in one stack. • Stack #2: Sort all other supporting documents in the order they appear on the Receipt Register and Payment Register. Receipt supporting documents should be placed behind the Receipt Register, and payment supporting documents should be placed behind the Payment Register. 	 
B. Substantiating Transactions	
<p>2. To ensure that all transactions are adequately supported, perform the following procedures:</p> <ul style="list-style-type: none"> • Trace and match all transactions on the Receipt Register and Payment Register to their respective supporting documentation. • Place a check mark (√) on the Receipt Register and Payment Register next to each transaction that has supporting documents. The only transactions that should not be check marked are the ones missing supporting documents. • For the transactions missing supporting documents, contact the district treasurer and ask if such documents exist. If they do, request copies. 	 
C. Policy Review	

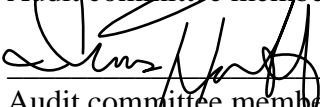
PROCEDURES TO BE COMPLETED	COMPLETED BY:
<p>3. To ensure that transactions were executed within the company policies, perform the following procedures:</p> <ul style="list-style-type: none"> Review all cancelled checks and verify that they were signed by both the district governor and district treasurer (checks made payable to the district governor or district treasurer should be signed or approved in writing by the lieutenant governor education and training or the lieutenant governor marketing). Review all reimbursement requests and verify that they were approved by the district governor. Ensure that all expenses on the request have adequate documentation (receipts or other supporting materials). Copies of credit card and/or bank statements are not valid receipts or documentation. Identify all payments in excess of USD \$500 and verify that each expense was properly approved by the district governor and at least one lieutenant governor. Any individual expense in excess of USD \$500 must be authorized in advance; there should be approval included in the supporting documentation and some indication of when the expense was approved (an email approving the expense is acceptable). Review all Debit Card transactions to ensure that all payments made by the district governor were authorized in advance in writing by the treasurer and at least one lieutenant governor. Payments made by the treasurer must be authorized in advance by the district governor and at least one lieutenant governor. Identify Other District Expenses (gifts, flowers, expressions of sympathy, etc.) to ensure they are not lavish or excessive and that they support the mission of the district. Tokens of appreciation are allowed up to \$25. Donations are not permitted in lieu of flowers or to any charitable fund. Review all meal expense reimbursements for District Leader August and Mid-year trainings to ensure the district governor, lieutenant governor education and training, and lieutenant governor marketing were reimbursed for their meals purchased, up to \$30 a day with supporting receipts. (Meal expenses are NOT covered by a per diem.) 	     



 Audit committee member signature

8/31/16


 Date



 Audit committee member signature

8/31/16

 Date



 Audit committee member signature

8/31/16

 Date

INSTRUCTIONS:

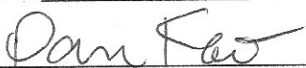
1. Complete all sections on the Narrative tab.
2. Fill in the white cells below with the appropriate information and print out this page.
3. Obtain related signature below. **Electronic signatures are not acceptable.**
4. Distribute monthly reports per Toastmasters International protocol 6.4, to the district governor and lieutenant governors within 30 days after the end of the month.
5. **Quarter reports due to World Headquarters:**
 - * September Report: **October 31**
 - * December (Audit) Report: **February 15**
 - * March Report: **April 30**
 - * June (Audit) Report: **August 31**
6. Submit approved narratives and certification page to World Headquarters by email or fax:
 - * Scan and email the PDF to **DistrictFinancialReports@toastmasters.org**
 - * Or fax to (949) 589-3456

NOTE: This certification form must be complete for the report to be accepted by World Headquarters. Reserve funds will not be released until World Headquarters receives the completed report.

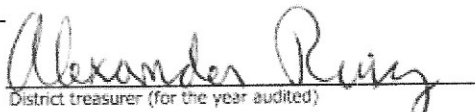
In Base Currency	USD
Monthly Net Income/(Loss)	(21,276.21)
Year to Date Net Income/(Loss)	20,845.91
Total Available Funds	144,912.20

1. We, the undersigned, certify that all district financial records have been made available to the audit committee for inspection and that any unpaid bills or other outstanding obligations for the 2015-2016 term have been reported to the audit committee and included in accruals section of this audit. We further certify that there are no other outstanding district obligations incurred for the 2015-2016 term.

Dated this 11th day of August



District governor (for the year audited)



District treasurer (for the year audited)

Complete only for the Mid-year Report and Year-end Report:

2. We, the undersigned members of the Audit Committee, have examined the records of District F for the 2015-2016 term in accordance with the Audit Committee Guidelines* and believe that this report properly reflects the operation for that term.

Dated this _____ day of August



Chairman



Member



Member

* Audit Committee Guidelines are available at the District Finance Corner www.toastmasters.org/AuditGuide

NOTE: Audit committee members cannot be members of the district executive committee (e.g., district governor, lieutenant governors, immediate past district governor, secretary, treasurer, public relations officer, division governors, area governors).