

**REPORT TO THE  
OPTIMIST INTERNATIONAL  
BOARD OF DIRECTORS  
BY THE  
INTERNATIONAL AUDIT AND FINANCE COMMITTEE**

**JULY 2, 2011  
BALTIMORE, MARYLAND**

**REQUEST FOR BOARD ACTION:**

**A. BUDGET FOR FISCAL YEAR 2010-2011**

Rationale: The Audit and Finance Committee reviewed the fiscal year 2010-2011 budget.  
(See Exhibits A & B)

In regards to revenue, we have experienced a greater than projected loss of membership. For the current fiscal year, we had estimated a 3.5% loss in membership in contrast to the actual YTD loss in membership of 5.5%. Also, the appeal process for the GST tax rebate is taking longer than anticipated. So, we no longer expect to receive this tax rebate during the current fiscal year.

In regards to expenses, we are experiencing substantially lower than budgeted expenses in the expense categories of Club Insurance Premiums, Growth Services, and Communications.

In light of these changes, the Audit & Finance Committee recommends the following revisions be made to the attached 2010 – 2011 Budget:

**REVENUE:**

- **Line 13, Dues Revenue** (\$99,720)
- **Line 29, GST/QST Tax Rebate** (\$77,000)

**EXPENSES:**

- **Line 36, Club Insurance Premiums** (\$30,000)
- **Line 37, Growth Services** (\$40,000)
- **Line 42, Communications** (\$30,000)

**NET CHANGE TO BUDGET** (\$76,720)

*(See Exhibit A for the changes and the complete budget. See Exhibit B for Revenue Details.)*

After meeting the 4% reserve requirement, the proposed budget has a surplus of \$8,951.

**MOTION REQUESTED:**

**That the Board of Directors approves the Fiscal Year 2010-2011 Budget as presented in Exhibit A.**

**B. BUDGET FOR FISCAL YEAR 2011-2012**

Rationale: The Audit & Finance Committee, in consultation with the President-Elect, established initial premises for the draft budget at its February 2011 meeting. This information was presented to the International Board of Directors in March 2011. The budget includes an assumption for a decline in Membership of 2%. (See Exhibits C & D)

Subsequent to the March 2011 International Board of Directors Meeting, two items of significant impact to the 2011-2012 budget have occurred. First, during the current fiscal year, we have experienced a greater than projected loss of membership. For the current fiscal year, we had estimated a 3.5% loss in Membership in contrast to the actual YTD loss in membership of 5.5%. Second, the appeal process for the GST tax rebate is taking longer than anticipated. So, we no longer expect to receive this tax rebate during the current fiscal year.

As a result of the two aforementioned items, the Audit & Finance Committee recommends the following revisions be made to the attached 2011 – 2012 Budget:

- **Line 13, Dues Revenue** (\$85,000)
- **Line 29, GST Tax Rebate** \$77,000
- NET CHANGE TO BUDGET** (\$8,000)

*(See Exhibit C for the changes and the complete budget. See Exhibit D for Revenue Details.)*

After meeting the 4% reserve requirement, the submitted budget has a surplus of \$221.

**MOTION REQUESTED:**

**That the Board of Directors approves the Fiscal Year 2011-2012 Budget as presented in Exhibit C.**

**C. PROMOTIONS CORRALL AND TRIUMPH CONTRACT**

Rationale: The contract with Promotions Corral and Triumph Int’l Corp expires at the end of the current year. The Committee believes that proposals should be sought for this contract.

**MOTION REQUESTED:**

**That the Board of Directors directs staff to seek proposals for the merchandise contract.**

**D. TAX FORM 990 FOR FISCAL YEAR ENDED 9/30/2010**

Rationale: The new revised Form 990 requires the Board be provided a copy of the return and review the return before it is submitted to the IRS. (See Exhibit E)

**MOTION REQUESTED:**

**That the Board of Directors after reviewing Form 990 for the fiscal year ended 9/30/2010 approves the return for filing.**

**SECTION TWO: FOR BOARD INFORMATION**

**AA. PASO ROBLES OPTIMIST CLUB REQUEST**

The Club had requested support for their Sponsored Club in Nicaragua. In response to this request, the Club's Dues payment for their Sponsored Club in Nicaragua was refunded. Also, the status of the Nicaragua Club was changed to a Special Project of the Paso Robles Optimist Club.

**BB. SECOND YEAR CLUB ONE QUARTER DUES REIMBURSEMENT**

Due to the tight constraints of Optimist International's budget as well as the recordkeeping challenges associated with this proposal, the Audit & Finance Committee restates their recommendation that this proposal be denied.

**CC. PENSION PLAN UPDATE**

The Audit & Finance Committee continues to monitor the balances in the Defined Benefit Pension Plan. The total fair value of the Defined Benefit Pension Plan Assets as of 5/31/2011 was \$2,625,259 as compared to \$2,418,001 as of 9/30/2010.

Respectfully Submitted by,

Mike Allen, Chair, International Audit and Finance Committee  
Guy Templin, Member, International Audit and Finance Committee  
David X. Chavez, Member, International Audit and Finance Committee  
Samuel Kieffer, III Member, International Audit and Finance Committee  
Ron Huxley, Member, International Audit and Finance Committee