

Resolution on business and financial controls

WHEREAS:

1. It is a requirement of the Corporations Act that not-for-profit corporation such as the PDFMA have annual audited financial statements prepared by a professional accounting firm licensed to prepare and issue audited financial statements in the Province of Ontario unless:
 - (a) the annual income of the organization is less than \$100,000; **and**
 - (b) ALL of the member's consent, in writing, to the exemption in respect of the particular year;
2. The Not-for-Profit Corporations Act, 2010, which has not been proclaimed in force and which is not likely to be proclaimed in force earlier than 2020 will provide that a corporation such as PDFMA which has annual revenue of more than \$100,000 per year or such other greater amount as may be prescribed by the Ontario government by regulation, but less than \$500,000, may by an extraordinary resolution either consented to by 100% of the members or approved at a special meeting of the members duly called for the considering of the resolution and passed at the meeting by at least 80% of the votes cast;
3. The Not-for-Profit Corporations Act provides that a corporation such as PDFMA may exempt itself from having either an audited financial statement or a review engagement statement by way of an extraordinary resolution as explained above but only if the corporation's revenue for the particular year is less than \$100,000 or such greater amount as may later be prescribed by regulation of the Ontario government.
4. The PDFMA typically has annual revenue in excess of \$100,000.00.
5. The members of PDFMA have learned that in order for a professional accounting firm to prepare an audited financial statement for a not-for-profit corporation the corporation must have in place business and financial processes including checks and balances that the auditing firm could rely on in order to certify that the financial statements completed by the corporation with the assistance of the auditing firm reliably reflect the financial operations of the corporation;
6. It is likely that a review engagement statement could not be obtained from a professional accounting firm for the PDFMA given the degree of a lack of documented business processes and financial controls;
7. The members have realized that PDFMA has not put in place the necessary business and financial processes and controls in order that a professional accounting firm could audit its financial statement;

MOVED by _____ and SECONDED by _____ that the
Board of PDFMA take all necessary and reasonable action required in order to:

1. Obtain not later than July 15, 2017 an opinion in writing from a public accounting firm permitted to conduct an audit or review engagement of the PDFMA under the Public Accounting Act, 2004, and which firm is independent of the corporation advising the Board of the PDFMA:

- (a) what, if any, changes in the existing business processes and financial controls of the PDFMA would be necessary in order for such a public accounting firm to prepare annually for the PDFMA:
 - (i) an audited financial statement;
 - (ii) a review engagement financial statement;
- (b) The approximate annual cost to PDFMA to have such public accounting firm prepare;
 - (i) an audited financial statement; and, alternatively,
 - (ii) a review engagement financial statement.

2. Implement not later than September 30, 2017, all necessary changes to the PDFMA's existing business processes and financial controls in order that a public accounting firm could provide the PDFMA annually at least a review engagement financial statement.