

# **Job Description**

## **Audit Committee Chair**

The Prairie Club (Club) is a non-profit, volunteer organization founded in 1908. A critical element of the Club's success over its 100+ year history has been the willingness of its members to volunteer for the various officer, director and committee positions necessary to achieve the Club's operational success in a cost effective manner. The Prairie Club greatly appreciates the willingness of its members to serve in those various capacities and whose volunteer spirit makes The Prairie Club the club it is today.

### **Background on Prairie Club Need for an Audit of its Financial Statements**

The Prairie Club Board of Directors and its Officers have overall responsibility for the financial statements.

The Prairie Club by-laws provide that an audit of the books and records of the Club may be conducted upon the authorization of the Board of Directors. Given that the Prairie Club is not required under any securities laws or bank agreements to have an annual audit performed by an independent auditor, the Board of Directors in recent years has determined that a more cost effective way to exercise appropriate governance over the financial reporting function would be to have a member of the Prairie Club with a basic knowledge of accounting and financial reporting perform a financial review.

### **Basic Elements of the Financial Review**

The financial review would consist of performing certain procedures to determine that receipts are recorded appropriately and timely, disbursements are authorized for payment and recorded appropriately, bank reconciliations are performed on a timely basis, funds are invested in accordance with the Prairie Club Investment Policy, the financial statements properly report the operations of the Prairie Club and appropriate books and records are maintained. For purposes of this job description, we will refer to this engagement as a financial review.

The Audit Committee Chair, with the approval of the Board of Directors, is responsible for performing or identifying a Prairie Club member to perform the financial review as set forth in Exhibit #13, Scope of Agreed Upon Procedures Engagement in the Prairie Club Accounting Policies and Procedures Manual. The Prairie Club member performing such an engagement need not be a member of the accounting profession but should have a basic knowledge of accounting and financial reporting. The financial review report, describing the procedures performed and findings, should be delivered to the President and the Treasurer upon completion of the engagement. The financial review should be performed in a timeframe (preferably April or May) that will allow for the conclusions portion of the financial review report to be included in the materials for the annual meeting of Prairie Club members. That annual meeting is held prior to six months after the end of the fiscal year.

The Prairie Club financial statements are prepared primarily for the benefit of the Board of Directors as a management and budgeting tool. As a result, the primary focus of the financial statements (on an annual and interim basis) is the cash basis. Various accounting conventions required under generally accepted accounting principles are not adopted to recognize cash receipts and disbursements on an accrual basis. For example, real estate taxes are recorded when paid and not accrued on a monthly basis. Member dues are recognized when collected rather than recognized over the membership period. Deposits on rental properties are recognized as revenue when received rather than deferred and recognized when the rental occurs. Interclass transactions are not eliminated. As a result of these conventions, performing these procedures in the financial review must acknowledge how the Prairie Club has determined to account for certain transactions more on a cash basis.

The financial review does not constitute an audit that would be conducted in accordance with generally accepted auditing standards. Furthermore, the results of the procedures will be reported in a procedures and findings report. The goal of performing these procedures is to determine that the Prairie Club is maintaining appropriate books and records, is complying with applicable (cash-basis) accounting standards and legal requirements and is maintaining an appropriate internal control environment that follows sound business practices and has clearly defined roles, responsibilities and accountabilities.

Updated: January 2021