

Reading Aero Club
2022 Audit Committee Report

Submitted to the Reading Aero Club Executive Board and General Membership: 6/1/2023

Committee Members: Dave Meade

Period of Audit Consideration: 2/1/2022 – 1/31/2023

The Club Financial Secretary, Assistant Financial Secretary, and Treasurer provided this Auditor access to all necessary tools and processes used to conduct the finances of the Club. The auditor was given full access to the Reading Aero Club accounts in the QuickBooks online bookkeeping system.

The Club Financial Secretary and Assistant Financial Secretary are responsible for collecting all invoices, bills, and member payments. The Club Treasurer is responsible for handling all bill paying, fund transfers and bank account reconciliation.

Accounting is handled by the QuickBooks online software tool. Within QuickBooks, various class codes are used to distinguish between transactions for different aircraft, insurance, capital improvements, hangar funds, etc.

The audit committee reviewed or tested all areas of Club business documentation in Quick Books including: bank deposits, received bills, bill payment, member expense reimbursement and individual flight records.

The Audit Procedure developed for the 2018 audit has been used to conduct the 2022 audit and is included in Attachments A and B. The Audit Committee requested review, approval and adoption of this procedure for all subsequent audits.

Bank Deposits

The Club currently uses VIST Bank, Riverfront Federal Credit Union and Customers Bank for financial transactions. The Club Financial Secretary prepares a QuickBooks report which indicates all checks for deposit. This report, along with the actual checks and a deposit slip, is taken to the bank. The bank then checks these materials for accuracy and generates a receipt.

A sampling of deposits was completed during the audit period. The sampling process verified the accuracy of documentation and consistency in the process. No discrepancies were identified.

Received Bills and Bill Payment

Bills that are received each month are prepared by the Financial Secretary. The bills are read for approval at either the Executive Board meeting and/or the membership meeting. Once approved, the Treasurer processes the payments and records them in QuickBooks. One hundred percent of bills were audited for accuracy and no discrepancies were noted.

Member Reimbursement

Club members are reimbursed for purchases of aircraft fuel. Members may also be reimbursed for other purchases that support Club activities such as food, cleaning supplies, clubhouse repair, aircraft supplies, etc. Typically, this is done by applying a credit to the member's club account or a check issued in some cases. These transactions are recorded in QuickBooks.

- End of year expense dollars are easily identified and available for review and discussion.
- Review of Club member reimbursements during the audit period found no discrepancies.

Individual Flight Records (also known as "Flight Slips")

Pilot members are required to complete an Individual Flight Record after each flight. The original copy (white paper) remains in the tablet while the carbon copy (yellow paper) is removed and taken by the pilot. Beginning and ending tachometer and Hobbs times are recorded on the flight record. The date, pilot name(s), departure time, return time, and airports landed are also recorded in the appropriate fields of the record. Space is provided at the bottom of the record for pilot comments.

A previous audit recommended that the pilot record on the flight slip the amount of fuel obtained when refueling is performed at RDG by our primary fuel source, Millennium Aviation. Cross-checking with bills from Millennium can then be performed by the Financial Secretary. This additional documentation on Flight Slips concerning fuel received was observed as consistent and accurate. With few exceptions, pilots are responding as requested. Maintenance flights for both aircraft were well documented.

Inconsistencies on individual flight record slips which were not caught by the finance team were noted on only 2 of the approximately 690 flight records in 2022. This resulted in 99.71 accuracy in flight slip records. Nice job fellow flying members and financial team on accuracy. The flight slip errors were for billable flight hours, and accounted for 1.1 flight hours not billed correctly. However, upon reconciling flight slip records with aircraft billing, it was found 3 flight slips were not recorded and 2 were recorded to the wrong aircraft. This resulted in 5 flight hours not being billed. The financial team was alerted and discrepancies corrected.

During the audit of Individual Flight Records the following discrepancies were noted:

IFR and Invoice Audit for 168F, Year 2022

- IFR Sheet 5680 Maintenance recorded under 73K as 2.1.8 hours
- IFR Sheet 5796 underbilled by .2 hours, financial secretary alerted and member billed
- IFR Sheet 4657 billed as 68F, actual 73K flight time Maintenance time

Actual Flight Hours = 476.6 Final reconciliation of flight hours vs billed hours revealed a discrepancy of 0 hours when corrections above were made.

IFR and Invoice audit for 2373K, Year 2022

- IFR Sheet 5680, billed as 73K, Actual 68F flight time Maintenance time
- IFR Sheet 4672, 2.0 Hours not billed, financial secretary alerted and member billed
- IFR Sheet 4671, 1 Hour not billed, financial secretary alerted and member billed
- IFR Sheet 4614, 1.1 Hours not billed, financial secretary alerted and member billed
- IFR Sheet 4615 underbilled by .9 hours, financial secretary alerted and member billed

Actual Flight hours = 392.7 Final reconciliation of flight hours versus billed hours revealed a discrepancy of 0 hours when corrections above were made.

IFR and Invoice audit for Redbird, Year 2022

Actual Sim Hours = 62.1 No discrepancies of flight hours versus billed hours were found during final reconciliation.

Observations and Recommendations

The detail and consistency in the accuracy of record keeping by the Financial Secretary and Treasurer is remarkable and very commendable. Their attention and level of detail indicates an excellent effort on the behalf of the Reading Aero Club. The transparency of the accounting process is apparent in the amount of financial report documentation provided to all members via email each month.

While there were some errors and oversights with approximately .1% of the Individual Flight Records as noted on page 2, this is not deemed a major significance in the overall financial scope of the Club. In Feb 2023 RAC implemented Flight Circle which should virtually eliminate all flight slip errors.

The financial team added and changed the institutions with which the Club banks. These changes were made to allow Club to realize stronger returns on assets until such time the funds are needed.

In closing this year's audit, the Audit Committee extends its sincere gratitude and appreciation to the members of the Financial Team for their efforts and hard work in tracking and maintaining such exceptional documentation of the RAC's finances. This level of detail greatly enhances decision making, cost control and ensuring the lowest cost level of flying in the area.

The Club leadership and members who volunteer their time and energy in managing club business are to be commended and acknowledged for their dedication to keeping our Clubhouse and aircraft ready and available to our members.

Attachment A

Audit Procedure

1. Secure Individual Flight Records for period from 2/1 of previous year to 1/31 of current year. Ensure slips are segregated into separate piles for each aircraft and are in numerical order.
2. Review each sheet and compare to previous sheet. Confirm:
 - a. Sheets are in numerical order
 - b. Hobbs' reading from previous "Time Land" matches subsequent sheet "Time Off." Note if discrepancy is found
 - c. Subtract "Time Off" from "Time Land" to get correct "Elapsed Time" and ensure Hobbs time is correctly recorded on the sheet.
 - d. Record discrepancies in calculations and note on Audit Report.
3. Using Quickbooks Online, Select "Memorized Reports" then "Flight Slips – Last Fiscal Year – (Aircraft)" Print Report.
4. Using Individual Flight Records compare "Elapsed Time" on IFR slip to "Quantity" on printed report. Check off each record on the report as it is reconciled. Record Discrepancies.
5. Add all flight hours for the year (Use Excel Spreadsheet) to determine the number of flight hours billed for the fiscal year.
6. Once all Flight Slips have been reviewed and compared to Quick books, calculate the total hours that were under-billed or overbilled.
7. On the Individual Flight Record Reconciliation Procedure form:
 - a. Record the "Time Off" from the very first IFR ticket
 - b. Record the "Time Land" from the very last IFR ticket
 - c. Subtract the "Time Off" on first ticket from the "Time Land" on the last ticket to find total hours flown for that aircraft for the fiscal year.
8. Compare flight hours to billed hours. Add or subtract hours that were miscalculated or recorded incorrectly. Flight hours should match billed hours. If not, find and correct discrepancies.
9. Using actual bank statements, compare actual deposits to recorded deposits in the Quickbooks transaction detail report.
10. Using actual bank statements compare actual bills paid to recorded debits and checks written in the Quickbooks transaction detail report.
- 11.

Attachment B

Individual Flight Record – Reconciliation Procedure

Aircraft 68F

- (A) Time Off from first Flight Record 6700.8
- (B) Time Land from final Flight Record 7177.4
- (C) Subtract (B) – (A) = Actual Time Flown 476.6
- (D) From QuickBooks “Flight Slips – Last Fiscal Year – Aircraft” add hours billed (use Excel)= 474.5
- (E) Hours Under-billed (not subtracted or recorded properly)= 2.3
- (F) Hours Overbilled (not subtracted or recorded properly)= 0
- (G) Corrected Billing = (D) + (E) - (F)= 476.6
- (H) Difference Corrected Billing vs. Actual (C) - (G)= 0
- (I) Difference should be 0.
- (J) Yes = Audit Complete. No= Find Error and Repeat

Individual Flight Record – Reconciliation Procedure

Aircraft 73K

- (K) Time Off from first Flight Record 7419.4
- (L) Time Land from final Flight Record 7812.1
- (M) Subtract (B) – (A) = Actual Time Flown 392.7
- (N) From QuickBooks “Flight Slips – Last Fiscal Year – Aircraft” add hours billed (use Excel)= 389.8
- (O) Hours Under-billed (not subtracted or recorded properly)= 5
- (P) Hours Overbilled (not subtracted or recorded properly)= 2.1
- (Q) Corrected Billing = (D) + (E) - (F)= 392.7
- (R) Difference Corrected Billing vs. Actual (C) - (G)= 0
- (S) Difference should be 0.
- (T) Yes = Audit Complete. No= Find Error and Repeat

Individual Flight Record – Reconciliation Procedure

Aircraft Redbird

- (U) Time Off from first Flight Record 290.2
- (V) Time Land from final Flight Record 352.3
- (W) Subtract (B) – (A) = Actual Time Flown 62.1
- (X) From QuickBooks “Flight Slips – Last Fiscal Year – Aircraft” add hours billed (use Excel)= 62.1
- (Y) Hours Under-billed (not subtracted or recorded properly)=0
- (Z) Hours Overbilled (not subtracted or recorded properly)=0
- (AA) Corrected Billing = (D) + (E) - (F)= _____ 62.1 _____
- (BB) Difference Corrected Billing vs. Actual (C) - (G)=0
- (CC) Difference should be 0.
- (DD) Yes = Audit Complete. No= Find Error and Repeat