



ST. JAMES ANGLICAN CHURCH OF CALEDON EAST

AUDIT FINAL REPORT TO THE CHURCH WARDENS AND INCUMBENT MEMBERS

February 14, 2020



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SUMMARY

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Church Wardens and Incumbent Members in fulfilling its responsibilities. This report has been prepared solely for the use of the Church Wardens and Incumbent Members and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2019 financial statements, pending completion of the following items:

- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to financial statement approval date
- ▶ Approval of financial statements by the Church Wardens and Incumbent Members

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

Except as described in this report, the scope of the work performed was substantially the same as that described in our Planning Report to the Church Wardens and Incumbent Members dated January 13, 2020.



Audit Findings

Our audit focused on the risks specific to your business and key accounts. Our discussion points below focus on areas of significant risks of material misstatement, or the following items:

- ▶ Revenue Recognition
- ▶ Management Override of Controls



Materiality

As communicated to you in our Planning Report to the Church Wardens and Incumbent Members, preliminary materiality was \$8,000. Final materiality remained unchanged from our preliminary assessment.



Internal Control Matters

We are required to report to you in writing, any significant deficiencies in internal control that we have identified. No control deficiencies were noted that, in our opinion, are of significant importance to discuss with those charged with governance.



Independence

Our annual letter confirming our independence was previously provided to you. We know of no circumstances that would cause us to amend the previously provided letter.



Adjusted and Unadjusted Differences

We have disclosed all significant adjusted differences through the course of our audit engagement. Each of these items has been discussed with management.

For purposes of our discussion, a summary of adjusted differences has been presented in [Appendix B](#).



Management Representations

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

A summary of the representation we have requested from management is set out in the representation letter included in [Appendix C](#) to the report.



Fraud Discussion

Through our planning process, and current and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the company.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the Church since our discussions held at planning, we request that you provide us with this information.

Please refer to the Auditor's Responsibilities for Detecting Fraud in the Planning Report to the Church Wardens and Incumbent Members.

AUDIT FINDINGS

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Church's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. In order to have a frank and open discussion, these matters will be discussed verbally with you. A summary of the key discussion points are as follows:

SIGNIFICANT RISKS OF MATERIAL MISSTATEMENT	RISKS NOTED	AUDIT FINDINGS
Revenue Recognition	Due to the nature of the revenue at the Church, there is a possibility of cash being misappropriated.	We reviewed the revenue recognition policy for consistency with professional standards and agreed revenue received to deposit books and bank statements. Based on the procedures performed, we did not identify any significant issues relating to revenue.
Management Override of Controls	Management has the ability to override controls operating at the Church.	We performed tests of controls and did not identify any deficiencies.

INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Church's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

As the purpose of the audit is for us to express an opinion on the Church's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss with those charged with governance.

OTHER REQUIRED COMMUNICATIONS

Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.

•BDO Response: None

Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern.

•BDO Response: None

Disagreements with management about matters that, individually or in the aggregate, could be significant to the entity's financial statements or our audit report.

•BDO Response: None

Matters involving non-compliance with laws and regulations.

•BDO Response: None

Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.

•BDO Response: None

Management consultation with other accountants about significant auditing and accounting matters.

•BDO Response: None

Other Matters

•BDO Response: None

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

APPENDICES

Appendix A: Independent auditor's report

Appendix B: Adjusted differences

Appendix C: Representation letter

Appendix D: BDO resources

APPENDIX A: INDEPENDENT AUDITOR'S REPORT

APPENDIX B: ADJUSTED DIFFERENCES

SUMMARY OF ADJUSTED DIFFERENCES

The following is a summary of differences that were corrected by management during the course of our audit engagement:

	Increase (Decrease)			
	Assets	Liabilities	Equity	Net Income
To record amortization expense	\$ (61,093)	\$	\$	\$ (61,093)
To recognize deferred revenue as income		(39,252)		39,252
To adjust prepaid balance to actual	663	663		
To record entry to revalue securities to market value - PBC	2,091			2,091
Total	(58,339)	(38,589)		(19,750)
Tax Effect				
Effect of Prior Year's Reversing Errors				
Total Adjusted Differences	\$ (58,339)	\$ (38,589)	\$	\$ (19,750)

APPENDIX C: REPRESENTATION LETTER

To be provided upon approval

APPENDIX D: BDO RESOURCES

BDO is a leading provider of professional services to clients of all sizes in virtually all business sectors. Our team delivers a comprehensive range of assurance, accounting, tax, and advisory services, complemented by a deep industry knowledge gained from nearly 100 years of working within local communities. As part of the global BDO network, we are able to provide seamless and consistent cross-border services to clients with global needs. Commitment to knowledge and best practice sharing ensures that expertise is easily shared across our global network and common methodologies and information technology ensures efficient and effective service delivery to our clients.

Outlined below is a summary of certain BDO resources, which may be of interest to the Church Wardens and Incumbent Members.

ASNPO PUBLICATIONS

The Organization applies Accounting Standards for Not-For-Profit Organizations (ASNPO). If the Organization would like additional information about the accounting standards or about the upcoming changes, please see the website below and review the BDO publications available to our clients. Publications relevant to the Organization would include the following:

How Non-For-Profit Can Secure Their Systems - And Their Data

<https://www.bdo.ca/en-ca/insights/industries/not-for-profit-education/how-nonprofits-secure-systems-data/>

Is Your Non-For-Profit Fraud Proof?

<https://www.bdo.ca/en-ca/insights/industries/not-for-profit-education/is-your-non-for-profit-fraud-proof/>

TAX BULLETINS, ALERTS AND NEWSLETTERS

BDO Canada's national tax department issues a number of bulletins, alerts and newsletters relating to corporate federal, personal, commodity, transfer pricing and international tax matters.

For additional information on tax matters and links to archived tax publications, please refer to the following link: [Tax Library | BDO Canada](#)

NEW AUDITOR REPORTING

In April 2017, the Auditing and Assurance Standards Board (AASB) in Canada approved the new and revised auditor reporting standards as Canadian Auditing Standards (CASs). These new standards are effective for audits of financial statements for periods ending on or after December 15, 2018 with early application permitted.

Highlights of the changes include:

- Re-ordering of the auditor's report, including moving the opinion paragraph to the first section;
- Expanded descriptions of each group's responsibilities;
- Disclosure of the name of the engagement partner for listed entities; and
- Optional description of key audit matters

For further information on this topic, please refer to the following link: [Navigating the Auditor Reporting Journey](#)