

## AUDITORS' REPORT

To The Congregation of  
Scarboro United Church

I have audited the balance sheet of Scarboro United Church as at December 31, 2015, the statement of revenues and disbursements for the year then ended and the statement of designated funds. These financial statements are the responsibility of the Board of Scarboro United Church. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with section 6.3.1 of the United Church of Canada's publication: *Financial Handbook for Congregations* (2010). Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Scarboro United Church operating and designated funds as at December 31, 2015 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Calgary, Alberta

January 29, 2016



Richard Gaskell, Member of the Congregation

## ***Appendix for the Board***

### **About the Financial Review for year ending 2015**

The audit process followed the recommendations in section 6.3.1 of the United Church of Canada's publication: *Financial Handbook for Congregations* (2010) available at <http://www.united-church.ca/files/handbooks/financial.pdf>.

### **Accounting Procedures**

I used the Accounting Procedures Questionnaire from section 3.5 of the *Financial Handbook for Congregations* when I interviewed Betty Mitchell, Treasurer on the financial processes and procedures. I also observed that the recommendations in the *Handbook* were being followed during the inspection of the source documents and financial statements.

I have read the Scarboro United Church: Accounting Procedures & Controls from the 2012 review which describes the accounting procedures and processes and compared it with the Procedures Questionnaire. All of the items in the questionnaire were covered. There were only two comments:

The questionnaire item: "Has the bank been instructed to never cash cheques that are made payable to the church or to cash?" is not applicable since I believe there is adequate oversight of all cheques (any payments must be approved, two signatures are required for all cheques, and all cheques are inspected monthly).

The item: "Is an up-to-date inventory of securities, valuables, equipment, and other non-cash assets maintained and reviewed annually?" is outside the scope of this review.

I read the Minutes of the Official Board and am satisfied that the Treasurer's Reports at the meetings faithfully portrayed the financial status.

I inspected the T3010B Registered Charity Information Return for 2014 submitted in June 2015. It shows all Assets, Liabilities, Revenue and Expenditures were evaluated as declared.

### **Detailed Balance Sheet – Dec 31, 2015**

The review of the financial documents started with the Detailed Balance Sheet prepared with the breakdowns requested at the AGM.

1. Assets
  - a. Agree bank reconciliation to Bank Statement and to Balance Sheet and to General Ledger and confirmed cheques cleared in the January 2015 statement.
  - b. Did not inspect the \$50 of petty cash - insignificant.
  - c. Agree investments from Bank reports of GIC and Power Savings to Balance Sheet and to General Ledger for both Building in Faith and Special Reserve Funds.
  - d. I reviewed the GST return filed Jan 25, 2016.
  - e. Agree on the procedures for recording GST Receivable. Selected records are tested later during the inspection of the Income Statement.
  - f. I reviewed the Other Receivables to supporting documentation and vouched to January 10, 2016 deposit (insurance and Telus refund).
  - g. Agree Prepaid Expense breakdown report to Balance Sheet, General Ledger and confirm cheques.

- h. Agreed supporting invoices to invoice schedule and Historical Grant Claim form. I reviewed correspondence with Clint Robertson with City of Calgary re: grant. The Treasurer indicated that the Heritage grant receivable was overstated by \$225 due to error in the original claim made and showed the corrections.
- i. Agree in the updated Balance Sheet, the Estimated Heritage Grant receivable is accounted for correctly as a Designated Asset.

2. Liabilities

- a. Agree Designated Funds on Balance Sheet, summary numbers on **Designated Funds 31-Dec-15**, source documents.
- b. Agree all transactions on Deferred Pledges (pledges made in 2015 for 2016) to bank deposits.
- c. Checked changes in Security Deposit Payable to supporting documents.
- d. There were no Accounts Payable to check as of December 31, 2015.

**Statement of Receipts & Disbursements by Function for Year Ending December 31, 2015**

3. Receipts

To test the Receipts I selected to review a different month or months of receipts in each of:

- a. PAR report and bank deposit for August and December,
- b. #4200 "Open Collection" for August and December,
- c. #4100 "Church collections – Pledges", for December,
- d. #4300 "Special Appeal" for Lent (March 22) and Thanksgiving (October 11) ,
- e. #4550.01 "Fall Faire" in October,
- f. #4550.04 "Time & Talent" for April and May, and,
- g. #4650 "Rentals" for December.

I examined the source documents, the deposit sheet, and the bank statement for each transaction during the month to confirm they balanced.

4. Disbursements

To test the Disbursements, I selected to review the following accounts. I reviewed totals for all other accounts in the fiscal year for reasonableness.

- a. #5050 Office Equipment,
- b. #5090 Telephone,
- c. #5110 Wages & salaries
- d. #5120 Contractor fees
- e. #5130 Housing allowance
- f. #5170 and #5180 United Church insurance and pension
- g. #5450 Insurance,
- h. #5530 Fuel,
- i. #5540 Light and water,
- j. #5670 Mission and Service, and
- k. #5620 Conference & presbytery dues.

For each account above, I picked a month at random and inspected all the source documents, cheques, the General Journal and the bank records to confirm they agreed. For payroll accounts, I selected one month to examine the records for salaried, contracted and hourly staff. I examined the source documents, including timesheets, approval process, submission to ADP Services, and the bank statement.

**Designated Funds 31-Dec-15**

I reviewed all transactions (both receipts and disbursements) in all of the Designated Funds including all transactions in the Miscellaneous Liability Accounts. I inspected each transaction's original source documents, deposit report or cheque, and bank statement. All cheques showed an account breakdown and I inspected these transactions with account #5950 in the General Journal.