

AUDITORS' REPORT

To The Congregation of
Scarboro United Church

I have audited the balance sheet of Scarboro United Church as at December 31, 2016, 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, 2016 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Calgary, Alberta

February 5, 2017



Richard Gaskell, Member of the Congregation

Appendix for the Board

About the Financial Review for year ending 2016

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, the Balance Sheet, Income Statement and the Financial Analysis presented at each board meeting and I am satisfied that the Treasurer's Reports at the meetings faithfully portrayed the financial status.

I inspected the T3010B Registered Charity Information Return for 2015 submitted in June 2016. It shows all Assets, Liabilities, Revenue and Expenditures were evaluated as declared.

Detailed Balance Sheet – Dec 31, 2016

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 2017 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 in January 2017.
 - 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 25, 2017.
 - g. Agree Prepaid Expense breakdown report to Balance Sheet, General Ledger and confirm cheques.

- h. Agreed supporting invoices for 2016 to invoice schedule and Historical Grant Claim form. I confirmed the cheque and bank statements for 2016.
- i. Agree in the updated Balance Sheet, the Estimated Heritage Grant receivable is accounted for correctly as a Designated Asset.
- j. Agree insurance paid (for roof) through bank statements.

2. Liabilities

- a. Agreed Accounts Payable for construction invoices #1 to #6 inclusive.
- b. Agree Designated Funds on Balance Sheet, summary numbers on **Designated Funds** for December 31, 2016, to source documents. Checked all transactions in the Refugee Fund and the deposits to the Benevolent Fund for December.
- c. Agree all transactions on Deferred Pledges (pledges made in 2016 for 2017) to bank deposits.
- d. Security Deposit Payable was vouched in 2016 audit. There was no change from the prior year as there was no change in renter.
- e. Checked Accounts Payable as of December 31, 2016 and cheques cleared by January 25, 2017.
- f. Checked the records of notes payable to support Building in Faith Loans Payable.

Statement of Receipts & Disbursements by Function for Year Ending December 31, 2016

3. Receipts

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

- a. Building in Faith (all)
- b. PAR report and bank deposit for April and December,
- c. #4200 "Open Collection" for December,
- d. #4100 "Church collections – Pledges", for December,
- e. #4550.01 "Fall Faire" in October,
- f. #4550.04 "Time & Talent" for April and May,
- g. #4550.06 "Black and White" in May,
- h. #4650 "Rentals" for December, and
- i. #4910.16 "Adventure Canada" (supporting Building in Faith) evening in May.

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

4. Disbursements

To test the Disbursements, I selected to review the following accounts. I chose a mixture of operating accounts and Designated Funds to review.

- a. #5050 Office Equipment,
- b. #5090 Telephone,
- c. #5110 Wages & salaries
- d. #5120 Contractor fees
- e. #5450 Insurance, (Note: also checked for payment of construction insurance included in #5950.06)
- f. #5530 Fuel (Enmax),
- g. #5540 Light and water (for power, both Enmax and Sponsor Energy),
- h. #5650 Maintenance-Church,
- i. #5670 Mission and Service,

- j. #5620 Conference & presbytery dues,
- k. #5750 Weddings and Funerals,
- l. #5950.01 Benevolent fund,
- m. #5950.04 Refugee fund,
- n. #5950.06 Building in Faith disbursements for construction invoices #1 – 6 and holdbacks for same,

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

I reviewed totals for all other accounts in the fiscal year for reasonableness.