
Canadian Association of College and University Student Services

***Audit Findings Letter
For the year-ended
December 31, 2019***

February 26, 2020

Canadian Association of College and University Student Services
150 Eglinton Avenue E., Suite 402
Toronto, Ontario M4P 1E8

To the Board of Directors:

We are pleased to enclose our findings letter which details the results of the 2019 audit of the financial statements of Canadian Association of College and University Student Services (the "Association").

This information is intended solely for the use of the Board of Directors and also serves to comply with the Canadian auditing standards (CAS) 260 *Communications with those Charged with Governance*.

We wish to thank Redstone Agency, Angie Clarke and Jennifer Hamilton for their assistance in completing the audit. Norton McMullen values Canadian Association of College and University Student Services as a client and we are pleased to serve you in our capacity as auditor.

Yours truly,

Peter A. Simpson, CPA, CA, LPA

Partner

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1. Executive Summary

We have been engaged to conduct an external independent audit of your financial statements and prepare a reporting letter to the Board of Directors.

As auditors, we are required to communicate certain matters to the directors. The purpose of this document is to summarize the key matters including our audit plan for the financial statements.

	Summary	Page Reference
Audit approach	<ul style="list-style-type: none"> We used a substantive audit approach, meaning detailed testing with a combination of reliance on key controls where applicable. We are required to evaluate the internal controls that are in place regardless of our reliance on them 	Page 3
Audit approach – Risk Analysis	<ul style="list-style-type: none"> The areas of significant audit focus are as follows: <ul style="list-style-type: none"> Accuracy of deferred revenue and revenue Existence and validity of expenses 	Page 4
Audit approach – Materiality	<ul style="list-style-type: none"> We used a materiality of approximately \$30,000 (3% of revenues) We requested that corrections be made to identified misstatements in excess of \$1,500 and we have disclosed these to you 	Page 5
Financial Statement Highlights	<ul style="list-style-type: none"> We have included the overall highlights to the financial statements 	Page 6
Findings	<ul style="list-style-type: none"> We have noted findings for discussion and management consideration 	Page 7
Management Representation Letter	<ul style="list-style-type: none"> We have attached a draft of our management representation letter for your reference 	Page 9

2. Audit Approach

a. Our Audit Approach

The following is an overview of our audit approach. Our overall audit approach is substantive, with our key areas of focus being addressed in *Part b: Risk Analysis*

Execution

1. We performed year-end fieldwork between throughout February 2020
2. We reviewed minutes of the meetings of the Board of Directors.
3. We used a substantive audit approach as we did not identify areas where reliance can be placed on internal controls.
4. We obtained statements to verify the bank balance to the year-end statements.
5. We performed detail testing including the vouching of revenues and receivables and expenses and payables.
6. Examined on a test basis, evidence supporting the amounts and disclosures in the financial statements.
7. Prepared financial statements and related note disclosures.

Completion

8. Completion includes providing this letter to the Board of Directors and answering any questions related to this letter or the audited financial statements.
9. Finalization of the financial statements will be done once the draft is approved by the Board of Directors.

2. Audit Approach – Continued

b. Risk Analysis

Risk analysis considers the likelihood of material misstatement within classes of transactions, account balances and financial statement disclosures.

Financial statement areas or disclosures where significant risk of material misstatement could be present are those employing relatively high degrees of estimation, judgement or complexity, have a prior history of misstatement, or have high dollar values. With respect to the Association, we have not identified any specific financial statement areas or disclosures containing significant risk of material misstatement. However, we have identified the following areas of elevated risk which require our particular attention:

Risk area	Audit procedures
Accuracy of deferred revenue and revenue	<ul style="list-style-type: none"> - Substantively vouched to revenue invoice, bank statement and general ledger to ensure receipts for membership, conference and professional development were recorded in the correct period.
Existence and validity of expenses	<ul style="list-style-type: none"> - Substantively vouched to expense invoice, bank statement and general ledger to ensure the expense appears to be business related, is appropriately approved and is recorded in the correct period.

The following are areas that are considered significant risks under the Canadian Auditing Standards:

- Risk of material misstatement in revenue recognition
- Risk of material misstatement due to management override
- Risk of material misstatement due to significant estimates

We are required to design audit procedures in a manner that ensures the financial statements are free of material misstatement due to fraud or error. This includes:

- Testing the appropriateness of journal entries and other adjustments
- Review estimates for bias
- Evaluate the rationale for significant transactions outside the normal course of business
- Incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures.

No issues were noted as a result of performing procedures to address the above risks.

We understand that part of your governance role is also to consider the fraud risks facing the Association and the responses to those risks.

At this point we would ask that you share with us any instances of actual, alleged or suspected fraud.

2. *Audit Approach – continued*

c. **Materiality**

Materiality in an audit is used as a guide in planning the nature and extent of our audit procedures and for assessing the sufficiency of the audit evidence gathered. It is also used in evaluating any misstatements found during the audit.

The materiality used for the current year's financial statement audit is as follows:

	Basis	Amount
Overall materiality	3% of revenues	\$30,000
Unadjusted and adjusted items in excess of this amount will be reported to the Board of Directors	5% of overall materiality	\$1,500

We identified three reclassifying journal entries for financial presentation only. These do not need to be recorded in your accounting records.

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. We identified \$13,500 paid to Allison Polinsky in 2019 for the 2020 conference. While the costs relate to 2020, they represent a current period expense and should be expensed in 2019. The same thing was noted in 2018 and prior meaning that the statement of operations are not misstated.

3. Financial Statement Highlights

Key highlights to the financial statements for the year-ended December 31, 2019 are as follows:

1. **Cash and investments** – very strong financial position with significant cash and investments on hand at year-end. Due to timing of investments held at year-end, there is a greater cash position with no short-term investments.
2. **Prepaid expenses** – balance consists mainly of 2020 event planning and related venue deposits.
3. **Deferred revenue** – prepaid membership receipts were similar to last year. Prepaid conference fees were lower than the prior year.
4. **Revenues** – conference revenues increased due to an increase in attendance and the number of exhibitors. Membership increased in part due to a 5% rate increase for certain membership categories. Other revenues consist of job board income which increased \$16,000 over prior year.
5. **Expenses** – conference revenues increased in line with the increase in revenue (higher venue and food). In 2018, there was \$23,000 of shared revenue for the joint conference which did not occur in 2019. Technology coordinator hours were cut-back as budgeted.

4. Findings

Findings are those items that may have an accounting, audit, financial reporting or compliance impact. We noted one item that may be necessary for management and the Board of Directors to consider the impact of:

1. **Credit Card Review** – per discussion with Jennifer Hamilton, it was noted that she uses the credit card and approves of the posting and payment, which involves ensuring appropriate receipts are attached. In order to segregate key duties, we recommend that Angie Clarke review the credit card statements before payment to avoid situations where the purchaser approves their own payments.

Appendix: Management Representation Letter

Date to be determined

Canadian Association of College and University Student Services
150 Eglinton Avenue E., Suite 402
Toronto, Ontario M4P 1E8

Dear Sirs:

This representation letter is provided in connection with your audit of the financial statements of Canadian Association of College and University Student Services for the period ended December 31, 2019, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist. Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

1. Financial Statements

- a) We have fulfilled our responsibilities as set out in the terms of the audit engagement letter for:
- b) Preparing and fairly presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations;
- c) Providing you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as,
 - i. Accounting records, supporting data and other relevant documentation,

- ii. Minutes of meetings (such as board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
- iii. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
- b. Additional information that you have requested from us for the purpose of the audit; and
- c. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- d) Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- e) Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

2. Fraud and Non-Compliance

We have disclosed to you:

- a) All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements;
- b) All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c) All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d) All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e) The results of our risk assessments regarding possible fraud or error in the financial statements.

3. Related Parties

We confirm that there were no related-party relationships or transactions that occurred during the period.

4. Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Subsequent Events

All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations requires adjustment or disclosure have been adjusted or disclosed.

6. Commitments and Contingencies

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

7. Adjustments

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records as detailed in Appendix A. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

Yours truly,

Jennifer Hamilton, Executive Director