



Year End Requirements & Financial Audit

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We have reached our last topic of the Year. However, you could argue it is the most important one. Community association's year-end financial statements will include whichever type of report set out in their official bylaws. They may include any of the following reports such as an auditor's report (highest level of assurance based upon procedures performed, a review engagement report (offers a moderate level of assurance and adds credibility to financial statements), a notice to reader compilation report (issued for an organization that does not require the assurance provided by an audit or review engagement), and report completed by two members other than your treasurer of your board or membership.

What is a Financial Audit?

It is an examination of the financial statements of a company or any other legal entity; resulting in the publication of an independent opinion on whether or not those financial statements are relevant, accurate, complete, fairly presented.

Moreover, an annual audit is critical as it adds credibility to the implied assertion by an organization's management that its financial statements fairly represent the organization position and performance to the firm's stakeholders. It is important to understand that before an Auditor can sign off the individual must obtain reasonable assurance whether the financial statements are free of material misstatement. For not-for-profit organization's materiality is defined as one-half percent to two percent of total revenue or total expenses.



End of year my seem like a daunting time for any bookkeeper or Treasurer, but it is important to make sure your books are in order...

Raid's Rant: I have recently witnessed a number of organization's that are not complying with file requirements such as the Statute Income Tax Act. Specifically, the T2 Corporate Return which should be completed annually within six months of fiscal year end, and T3010 Registered Charity Information return (for Registered Charities only) which as well should be completed annually within six months of fiscal year end. The biggest contributing factor to the organization's not following filling requirements usually falls in their lack of urgency to engage an auditor to get an audit complete. They typically wait a number of months after their fiscal year end to get their financial statements audited to the point where the filling requirements become overdue.