

## **Archdiocese of Canada**

### **Audit Committee Report to Archdiocesan Assembly**

**August 11, 2013**

Your Grace, Dear Brothers and Sisters in Christ,

Over the past three years, 2010 – 2013, the audit committee has been mandated to achieve the goal of preparing the Archdiocese books for external audit. This is especially critical since, as mentioned in the Treasurer's report; both Canada Revenue Agency as well as financial institutions require periodic standardized financial reporting that is compliant with accounting standards and signed off by Archdiocese officers. Having a commercial mortgage in place reiterates this need. Over this period, significant steps towards achieving our goal have been made, however, more needs to be done before we are ready to be audited by an external party. Given the stage at which the books were when the current committee took over and to save cost, steps beyond scope of usual audit committee activities, such as rolling out QuickBooks and preparing financial statements, were taken. Working with the Treasurer, Treasurer Assistant, and Archdiocese Administration as a whole, has been very open, positive and productive.

The following tasks have been so far accomplished:

1. Quickbooks accounting software has been rolled out and adopted. Significant progress has been made in using Quickbooks between 2010 and now
2. Review of 2010 / 2011 books has been carried out and recommendation issued. This included improvements to internal controls, such as using expense forms, as well as improved record keeping standards.
3. 2010 / 2011 GAAP / ASPE Compliant Financial Statements have been prepared under Notice to Reader, signed off, and submitted to Archdiocese bank. Feedback from the bank has been received, and the party has been very helpful and understanding of Archdiocese situation.
4. Review of 2012 books and preparing 2012 GAAP / ASPE Compliant Financial Statements is under way

In our view, the following tasks remain to be completed before the Archdiocese is ready for external audit:

1. Complete review of 2012 books and issue recommendation
2. Finalize 2012 financial statements under Notice to Reader
3. Work with the bank to resolve any possible issues and misunderstandings
4. Prepare and carry out 2013 books review engagement

Given our progress and pace so far, we are hoping to have a full review engagement carried out for 2013 books, thus advancing further than Notice to Reader financial statements. This in turn is expected to prepare us for external audit, depending on the following factors: state of 2013 books and resource availability. We believe that engaging an external auditor earlier is premature, primarily because estimated cost of audit is going to be several times higher than normal.

Having externally audited financial statements with an unqualified opinion will give Archdiocese the following opportunities:

1. Improved access to commercial financing sources (e.g. mortgages, line of credit, etc) as well as potentially decrease the current financial costs
2. Improved access to government grants as well as non-profit financing sources
3. Ability to better compare financial results of the Archdiocese to other similar organizations, thus providing for more informed management decisions

On a more personal note, I would like to thank Archdiocese Administration, Treasurer, Assistant Treasurer, and especially members of the audit committee, Doug Petarsky and Fr. Rodion Luciuk, for their continued patience and support. I am hoping that our relationship continues, and that with God's help our goals are achieved.

In Christ,

German (Herman) Ovodov  
Audit Committee Chair