

**the Polish Canadian Cultural Centre (PCC)
Report from auditor to PCA – December, 2013**

**Re: Audit of PCC Financial Statements for the years ending December 31, 2010, 2011
and 2012**

Provided to Marek Domaradzki, President

We were engaged to audit the financial statements of the Polish Canadian Centre, an unincorporated joint venture between the Polish Combatants Association in Canada (SPK) and the Polish Canadian Association of Calgary (PCA).

The engagement letter was signed in April and the planning started. Planning involves gathering a lot of documents and information so that we can be efficient in our audit. The planning was completed in July.

The audit procedures and financial statement drafting was completed in mainly September and October 2013 with first draft financial statements being issued on October 25 with board approval on November 19.

This was the first year of audit for PCC and we were auditing three years so a lot of information was not readily available. Documents that we needed were provided by different people at different times. Over the summer, the PCC bookkeeper was not able to be timely in answering questions, due to personal time commitments. There was also a concern that the bank reconciliations had not been properly completed with the proper adjustments to the general ledger with written documentation retained.

Although there were delays, we appreciate the cooperation of the staff of PCC and the patience of the board as we worked through all of the issues.

We have provided a communication to the board of the PCC and to management with our findings and our recommendations for improvement and good business practices for the PCC.

Findings reported to the board:

- The audit report noted that the previous year financial statement had not been audited, but other than the possible effects of that, the statements are fairly presented;

- Adjusting journal entries that were made to the financial information that had been provided to us for audit purposes;

- **Control weaknesses that we recommended to the board:**

 - **That the policies and procedures for all areas of the operation be documented**

- **The choice of accounting policies and financial statement disclosures were appropriate for the PCCC;**

- **We did not identify any factors that might suggest any fraud or illegal acts being carried out by the individuals involved in the PCC. We did not identify any illegal, improper or questionable payments or acts that appeared to be committed with intent to deceive, involving theft of assets or misrepresentation of financial information.**

Findings reported to management:

- Some transactions related to bank payments and receipts were not recorded;
 - Recommendation: All adjustments to be made when completing bank reconciliations.
- Year-end inventory was not counted;
 - Recommendation: That an inventory count be carried out on a regular basis, specifically at year end.
- Accounts receivable and client deposits had not been properly recorded to assets and liabilities;
 - Recommendation: Reconcile accounts receivable and client deposits with invoices on a timely basis.
- Visa and Mastercard merchant accounts were recorded with year-end balances when actually all money received through these accounts had been transferred to the general bank account;
 - Recommendation: Record cash based on actual bank transactions and the bank general ledger account be supported by related bank statements.
- The GST rebate balance is in the CRA account and has not been applied against the GST payable;
 - Recommendation: the outstanding rebate should be dealt with soon to avoid loss of the rebate.

Submitted by:

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