

March 29, 2021

**AUDIT LETTER - Part I**

**Christian and Missionary Alliance - Canadian Pacific District  
AUDIT OVERVIEW AND INDEPENDENCE  
Year Ending December 31, 2020**

---

**OBJECTIVE, SCOPE AND LIMITATION OF EXAMINATION**

The objective of an audit of financial statements is to form an opinion as to whether the financial statements present fairly, in all material respects, the financial position of Christian and Missionary Alliance - Canadian Pacific District as at December 31, 2020 and the results of its activities and its cash flows for the year then ended, in accordance with Canadian Auditing Standards (CAS). More complete details of the objective, scope and limitation of our examination, as well as the accounting framework used, are outlined in the engagement letter sent to management at the commencement of this engagement. We advise that you consult the engagement letter in this matter.

**AUDIT APPROACH**

Financial statements are management's representations of the financial position, results of operations and cash flows of the organization and accordingly reflect the specific treatment and recording of the underlying assets, liabilities, transactions and events. The attainment of our audit objectives is achieved by obtaining sufficient appropriate audit evidence supporting the appropriateness of the accounting treatment selected and the accuracy of the recording of transactions. Our primary concern is not with individual transactions and balances but with the formation of an opinion on the fairness of the presentation of the financial statements as a whole. The examination is planned and performed to obtain reasonable, but not absolute assurance, that the financial statements are free from material misstatements.

Our audit strategy requires us to assess a number of areas, including various risk factors, the control environment, the level of testing that we will perform and materiality. Materiality is the term used to describe the significance of financial statement information to the decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances. This materiality level assists us in determining the nature and extent of our testing. We estimated materiality at \$50,000 for the organization.

**SIGNIFICANT RISKS**

Significant risks are those that require special audit consideration due to their high probability of or susceptibility to material misstatement.

For the current year, we did not identify any significant risks.

**CONDUCT OF THE AUDIT**

Our audit of Christian and Missionary Alliance - Canadian Pacific District can be summarized in two parts:

- (A) **Preliminary** - Audit procedures that are directed towards obtaining an understanding of current operations and reviewing key controls in effect. This phase of the audit includes:

- (i) Identification of internal control and accounting strengths and deficiencies in key aspects of the organization's information, accounting and control systems, including computerized controls.
- (ii) Evaluation of internal controls that are in place.
- (iii) Testing of the identified key controls through observation of control procedures (such as two signers on all cheques) and inspection and review of selected documents.

(B) **Year End** - This phase of the audit includes:

- (i) Tests of the validity of information concerning significant transactions and balances.
- (ii) Analytical reviews, confirmation of selected balances and other forms of verification.
- (iii) Review and testing of the annual financial statements and drafting of entity financial statements.

In addition to our statutory obligations and responsibilities under CAS, we are required to report to management and the board of directors any significant internal control and accounting deficiencies which have come to our attention.

### **KEY AUDIT MATTERS**

Key audit matters are those that, in our professional judgment, are of most significance in the audit of the financial statements of the current year. They can include:

- (i) Areas of very high risk of misstatement.
- (ii) Significant risks that require special consideration.
- (iii) Areas of considerable judgment and uncertainty.
- (iv) Events or transactions that have a substantial effect on the audit.

For the current year, we did not identify any key audit matters.

*This communication, which arises as a consequence of the completion of our audit of the financial statements of Christian and Missionary Alliance - Canadian Pacific District is prepared solely for the information of management and the Board of Directors, and is not intended for any other distribution. We do not accept responsibility to any third party who uses this information.*

March 29, 2021

AUDIT LETTER - Part II

**Christian and Missionary Alliance - Canadian Pacific District  
RECENT DEVELOPMENTS AND ACCOUNTING MATTERS  
Year Ending December 31, 2020**

---

Canadian Auditing Standards require that we communicate to you significant findings from the audit. These include:

- significant accounting issues relating to the accounting practices of the organization, including accounting policies, estimates and financial statement disclosures;
- circumstances that affect the form and content of the auditor's report;
- significant matters arising during the audit that were discussed with management
- significant difficulties encountered during the audit; and,
- other matters that are significant to the oversight of the financial reporting process.

We are pleased to report that no significant accounting issues, audit difficulties or other matters arose during the course of the audit.

*This communication, which arises as a consequence of the completion of our audit of the financial statements of Christian and Missionary Alliance - Canadian Pacific District is prepared solely for the information of management and the Board of Directors, and is not intended for any other distribution. We do not accept responsibility to any third party who uses this information.*

March 29, 2021

AUDIT LETTER - Part III

**Christian and Missionary Alliance - Canadian Pacific District**  
**MEMORANDUM AND RECOMMENDATIONS**  
**Accounting and control issues**  
**Year Ended December 31, 2020**

---

Internal controls include the policies adopted by the Board of Directors and the procedures implemented by the organization's management in order to provide for the orderly and efficient conduct of the organization's operations. The objectives of these policies and procedures are to provide reasonable, but not absolute, assurance as to the:

- safeguarding of assets of the organization;
- accurate and complete collecting, recording and processing of data;
- reporting the resulting information in an accurate and timely manner; and
- procedures intended to prevent and / or detect the possibility of fraud and errors in the data reported.

It should be noted that the responsibility for internal control belongs to management, and that the effectiveness of these controls can be compromised by frequent turnover of employees, misunderstanding of instructions, mistakes in judgment, employee carelessness, fraud or collusion. Consequently, our examination would not necessarily disclose all internal control and accounting deficiencies.

Our examination was conducted primarily to enable us to express an opinion on the financial statements, it is not designed and cannot necessarily be expected to disclose defalcations and other irregularities. Nevertheless, their discovery might well result from our examination.

In the course of conducting our audit, we may identify certain items for comment and observe procedures which could be changed or modified in order to strengthen your system of internal controls. Any comments which follow are directed towards improving the system of internal controls and are not intended to reflect upon the honesty or integrity of the organization's employees.

**Prior year**

We are pleased to note that all items noted in the prior year have been either agreed to or actioned in some way.

**Current year**

We draw your attention to the following issues that have arisen as a result of our current year audit:

- During our audit, we noted that the prior year adjusting journal entries were not recorded. This can result in misstated interim financial statements and additional cost to the Organization as various adjustments and reconciliation work is required at year end. We recommend that management address this issue.

We would again like to thank management for their assistance and help in this year's audit process. It continues to be a pleasure working together with them in ensuring the process is executed in a timely

and professional manner.

*This communication, which arises as a consequence of the completion of our audit of the financial statements of Christian and Missionary Alliance - Canadian Pacific District, is prepared solely for the information of management and the Board of Directors, and is not intended for any other distribution. We do not accept any responsibility to any third party who uses this information.*

Yours truly,

**LOEWEN KRUSE**

M. Loewen, CPA, CA