

June 2017

Attention: BC Soccer Youth District and Adult League Members and affiliated soccer clubs

From: BC Soccer's Finance Department

Memo re: Notice to Reader FAQs

Notice to Reader Requirement

In line with BC Soccer Strategic Objective to "Ensure 100% of members and clubs have annual financial reviews....", at BC Soccer 2016 Annual General Meeting the association's membership approved amendments to the bylaws requiring each affiliated youth soccer club, each youth district association and adult league to have at a minimum Notice to Reader Financial statements prepared annually.

1. What is the difference between a Notice to Reader, Review Engagement and Audit?

Briefly, here is a summary of the three types of engagements a public accountant may perform for financial statements.

Notice to Reader/Compilation

The lowest level of assurance provided by a CPA.

A notice to reader or compilation is simply a compiling of information into financial statements, based on information provided by their client. Since the financial statement has not been audited or reviewed, it does not have the level of reliability associated with audits or review engagements. A CPA would not be associated with notice to reader financial statements if they included false or misleading information.

Review Engagement

The next level of assurance a CPA can provide is a review engagement. A review engagement is only meant to ascertain whether or not the financial statements are believable or plausible.

A review provides limited assurance that the financial statements conform to generally accepted accounting principles. This type of assurance is known as negative assurance. This means that as the CPA is only providing assurance that nothing has come to their attention that would indicate the financial information is not presented in accordance with Canadian accounting standards for not-for-profit organizations. Review engagements typically include the CPA analytical review on the financial statements which provide insight into the member's operations and may highlight anomalies. A CPA would not be associated with notice to reader financial statements if they included false or misleading information.

Audit Engagement

The highest level of assurance a Chartered Professional Accountant (CPA) can provide is an audit opinion. An audit engagement includes a detailed examination of the records and this type of engagement requires the most amount of work, and therefore is the most expensive. It may include confirming balances with third parties, counting inventory, and tests of internal controls. The benefit to the members is an independent opinion the financial statements are not materially misstated and that the financial statements have undergone a higher level of scrutiny. A CPA would not be associated with notice to reader financial statements if they included false or misleading information.

2. When is a Notice to Reader conducted?

These engagements are conducted after the association/client completes their fiscal year-end accounting.

3. What documents/statements do I need to prepare for a Notice to Reader?

Some documents the firm may ask for include the trial balance, general ledger, balance sheet and income statement. Your CPA firm will set out what is required for the Notice to Reader engagement.

4. How much does a Notice to Reader engagement cost?

The cost will depend on the individual firms performing the work. Before commencing the work, it is recommended that you receive a fee quote from the CPA firm and an outline of what information is required to complete the engagement. You should expect to pay a minimum of \$1,000 for Notice to Reader financial statements.

5. What does CPA mean?

CPA is a Chartered Professional Accountant. CPAs in BC are regulated by the Chartered Professional Accountants of BC who are responsible for regulating and professional development of its members and students. They are also responsible for the training of CPA students.

6. How do I find out if someone is a CPA?

The website for the Chartered Professional Accountants of BC provides this information. The website is www.bccpa.ca.

7. Can someone within my organization who has the CPA designation complete the Notice to Reader?



A CPA can conduct the Notice to Reader engagement, but must make a declaration to the organization that the individual is a Partner in the firm and they compiled the Notice to Reader knowing this and did the appropriate diligence as required. If the declaration made AND the Notice to Reader has been presented and discussed and approved by the Club's, District's, or League's membership at their AGM, the engagement may be done by that individual.

If a registered CPA is a Treasurer of a ongoing business operation where a Review or Audit is required then neither he/she or their firm can conduct this form of review. This is clearly defined in the BCCPA rules and regulations.

Should you have any questions regarding this, please contact Stephen Wurz, BC Soccer's Acting Director of Finance at stephenwurz@bcsoccer.net.