

October 30, 2019

Members of the Board of Directors
Sheridan Student Union Inc.
1430 Trafalgar Road
Oakville ON L6H 2L1

Dear Members:

Re: Audit Findings

This letter has been prepared to assist you with your review of the financial statements of the Sheridan Student Union Inc. for the year ending April 30, 2019. We look forward to meeting with you and discussing the matters outlined below.

Audit Status

We have completed the audit of the financial statements, with the exception of the following items:

1. Receipt of a representation letter signed by the General Manager and the Senior Manager, Finance;
2. Obtaining evidence of the Board's approval of the financial statements;
3. Obtaining evidence of the approval of the adjusting entries which were recorded;

Once these items have been completed, we will date and sign our auditor's report.

Significant Matters Arising

Changes to the Audit Plan

There were no changes to the audit plan.

Other Matters

For fiscal 2019 there is a new Independent Auditor's report as we discussed at the planning phase of the audit.

Significant Difficulties Encountered

There were no significant issues encountered during the course of the audit.

Comments on Accounting Practices

Accounting Policies

The significant accounting policies used by the entity are outlined in Note 2 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

Significant Accounting Estimates

The following significant estimates judgements are contained in the financial statements:

- Accrued liabilities
- Book value of capital assets

Based on audit performed, we are satisfied with the estimates made by management.

Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgements that we believe should be specifically drawn to your attention.

Uncorrected Misstatements

We accumulated uncorrected misstatements that we identified during our audit and communicated them to management. There are no uncorrected items in the current year. With the reversal of the two items from fiscal 2018 the current surplus is overstated by \$15,204.

We are required to request management correct these misstatements. You have confirmed to us that the net amount you believe to be immaterial and no further adjustment needs to be made.

Significant Deficiencies in Internal Control

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Board of Directors.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We noted several matters for your consideration for fiscal 2020:

- The System Sales Summary report in the POS System is not providing consistent information within the report with respect to total net sales. In fiscal 2019 there were issues with the POS sales for one week in March which were not automatically uploaded to the general ledger. This should be investigated with the software provider so the system provides reliable accurate POS data.
- Food and Beverage sales and HST collected should be reported on a consistent basis. We noted that the sales number reported to CRA for the period February 1 to April 30, 2019 included approximately \$20,000 of year end receivables, however there was no related HST collected recorded. Current methodology makes it difficult to reconcile HST returns filed to the underlying accounting records to ensure all amounts are reported.





Written Representations

In a separate communication, the letter of representation, we have requested a number of written representations from members of the Board of Directors/Management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Other Audit Matters of Governance Interest

Independence

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards (GAAS) require us to communicate to the Board of Directors, at least annually, all relationships between MacGillivray Chartered Accountants and Sheridan Student Union Inc. that, in our professional judgment, may reasonably be thought to bear on our independence for the audit of the organization.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/order covering such matters as the following:

- holding of a financial interest, either directly or indirectly in a client;
- holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- economic dependence on a client; and
- provision of services in addition to the external audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the organization and us that, in our professional judgment may reasonably be thought to bear on our independence to date.

GAAS requires that we confirm our independence to the Board of Directors in the context of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario. Accordingly, we hereby confirm that we were independent with respect to Sheridan Student Union Inc. within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario as of October 30, 2019.

Fraudulent and Illegal Activities

Our audit procedures were performed for the purpose of forming an opinion of the financial statements and although they might bring possible fraudulent or illegal activities to our attention, our audit procedures were not designed to detect fraudulent or illegal activities.



In any event, we did not become aware of any fraudulent or illegal activities, or material misstatements resulting from fraudulent or illegal activities during our audit.

We would like to thank the Board of Directors and Management for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of the Board of Directors to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Yours truly,


MacGillivray
MacGillivray Chartered Accountants