

Reporting on Organizations Incorporated under the British Columbia Societies Act

The new *British Columbia Societies Act* (the “BC Societies Act”) came into effect on November 28, 2016 and applies to all societies as at this date with a two-year transition period which ends on November 28, 2018. The requirement for the Auditor to report that the accounting principles have been applied on a consistent basis with the prior year has carried forward into the new Act from the previous legislation.

Excerpt from the BC Societies Act:

Auditor's report

117(1) The auditor of a society must

- 1) prepare for the members of the society a report on the financial statements that are to be presented to the members at an annual general meeting, and*
- 2) state in the report referred to in paragraph (a) whether, in the auditor's opinion, the financial statements
 - a. fairly reflect, in all material respects, for the period under review, the financial position of the society and the results of its operations,*
 - b. were prepared in accordance with generally accepted accounting principles, and*
 - c. in the case of financial statements other than the first financial statements, were prepared on a basis consistent with the basis on which the financial statements that related to the preceding period were prepared.**
- 3) If an opinion given by an auditor in a report made under subsection (1) is subject to qualification, the auditor must state, in the report, the reasons for the qualification.*

This disclosure must be included on the Auditor’s Report (or alternatively the Practitioner’s Review Engagement Report) as a *Report on Other Legal and Regulatory Requirements* which should be located between the opinion paragraph and the date and signature. An example of the wording is provided in an illustrative Auditor’s Report on the next page.

See our [Clear-Cut: Disclosures Under the BC Societies Act](#) for further discussion and examples of financial statements disclosures required under the BC Societies Act.

Illustrative Auditor's Report with Report on Other Legal and Regulatory Requirements

INDEPENDENT AUDITOR'S REPORT

[Appropriate Addressee]

Report on the Financial Statements

We have audited the accompanying financial statements of ABC Society, which comprise the statement of financial position as at December 31, 20X1, and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion *[Presuming a qualification is not required]*

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC Society as at March 31, 20X1, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

[Auditor's signature]

[Date of the Auditor's Report]

[Auditor's address]