

Auditors' Report Summary

With each audit, the Board receives a report from the auditors on the state of the organization's accounts and accounting practices. This year's report from our auditors on our accounting practices for the fiscal year of 2013 was, again, quite favourable, and the auditors report no material weaknesses in our processes.

Recommendations

Even in well managed books it is common that the auditors will find processes that can be improved. DNS-OARC's auditors made two such suggestions during their review of the 2013 books, both of which were adopted.

In-Kind Donations

During 2013 DNS-OARC was the recipient of \$50,000 in donated computer hardware. The entry was posted in an account for "Donations." The auditors recommended creating a new account for "In-Kind Donations" to separate out non-cash donations.

Allowance for Doubtful Accounts

Due to the amount of overdue member fees being written off as uncollectible in 2013, the auditors recommended an increase in the Allowance for Doubtful Accounts to \$10,000.

General Ledger

In a typical audit it is usual for the auditors to enter eight to ten "adjusting journal entries" in the general ledger in order to account for oversights in account keeping. An audit with more than ten AJEs generally indicates a situation where books have not been properly maintained, and an audit with fewer than eight indicates an accounting system which has undergone close scrutiny. The 2013 audit contained a list of only three AJEs in DNS-OARC's books, which is well below the average.

Two AJEs were to move overdue membership dues which were written off from Bad Dept to an Allowance for Doubtful Accounts (and to increase the allowance), and the third was to reclassify an In-Kind Donation from a regular Donation.

Improvements from 2012

In the 2012 audit, there were a small number of invoices received which were not marked with complete tracking information (such as date received, project name, etc.). Improvements to our processes resulted in no such problems with our invoices in 2013.

The auditors additionally recommended in 2012 that our banking records be regularly reviewed by someone other than accounting. We implemented a procedure whereby the President will review banking records, and the auditors found no problem with a our review procedures in the 2013 audit.