



CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

TO: James Wilson, CPA, CA

AND TO: The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of professional misconduct against James Wilson, CPA, CA, a member of CPA Ontario:

1. THAT the said James Wilson, in or about the period December 1, 2019 to January 31, 2020, while acting as the engagement partner for the audit of the financial statements of WYC for the year ended December 31, 2019, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the Code of Professional Conduct (Code), in that:
 - a. He failed to report the required paragraph outlining the Basis for Opinion in the Independent Auditor's Report.
 - b. He failed to report total liabilities in the Statement of Financial Position.
 - c. He incorrectly reported Statement of Financial Position items "Unearned member fees and deposits 121,840" and "Debentures Contributed 261,400" as long-term debt rather than as current liabilities.
 - d. He failed to include the required Basis of Opinion paragraph in the sample Independent Auditor's Report attached to the engagement letter, dated January 12, 2020.
 - e. He failed to determine performance materiality for purpose of assessing the risks of material misstatements and how that would be used in the planning and evaluation of the audit results.
 - f. He failed to adequately document and disclose an appropriate analysis of internal controls for client systems.
 - g. He failed to adequately document and disclose procedures regarding the continuance of the client relationship and the audit engagement at the beginning of the audit.
 - h. He failed to adequately test, document and disclose an analysis of the internal controls for key accounting systems: approval process for invoice payment, cheque signing procedures, bar chit system, payroll system; and, for legal and regulatory compliance.

- i. He failed to adequately assess and disclose whether the engagement required an Engagement Quality Control Review by a suitably qualified external person.
 - j. He failed to adequately identify and assess the risk of material misstatement in the planning documentation for classes of transactions, account balances and disclosures to establish a basis for designing and performing further audit procedures.
 - k. He failed to identify the risk of material misstatement due to fraud related to revenue, based on a presumption that there is a risk of fraud in revenue recognition.
 - l. He failed to document and disclose appropriate audit evidence to support understatements of Statement of Financial Position items "Accounts receivable 78,404" and "Unearned storage fees 56,306."
 - m. He failed to obtain sufficient and appropriate audit evidence to support Statement of Financial Position item "Accounts payable and accrued 17,800."
 - n. He failed to obtain sufficient and appropriate audit evidence to support Statement of Financial Position item "Unearned members fees and deposits (Note 4) 121,840."
 - o. He failed to obtain sufficient and appropriate audit evidence to support Statement of Financial Position item "Debentures Contributed (Schedule G) 261,400."
 - p. He failed to obtain sufficient and appropriate audit evidence to support Statement of Operations and Members' Equity general ledger account for revenue items "Members' equity fees earned 41,350" and "Hall rentals 24,307."
 - q. He failed to obtain sufficient and appropriate audit evidence to support Statement of Operations and Members' Equity Financial Position general ledger account for revenue item "Membership dues 283,746."
 - r. He failed to adequately document audit testing of the bar chit system.
 - s. He failed to obtain sufficient and appropriate audit evidence to support Schedule F Statement of Bar Operations items "wages 29,796."
 - t. He failed to obtain sufficient and appropriate audit evidence to support the overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity, and
 - u. He failed to ensure that the client's letter of representation documented and acknowledged management's: knowledge of fraud, or suspected fraud, or any allegations thereof; responsibility for the internal controls to prevent and detect fraud; and disclosure of all known related parties and all related party relationships and transactions.
2. THAT the said James Wilson, in or about the period June 1, 2020 to September 15, 2020, while acting as the engagement partner for the audit of the financial statements of SC for the year ended June 30, 2020, failed to perform his professional services in accordance with

generally accepted standards of practice of the profession, contrary to Rule 206.1 of the Rules, in that:

- a. He failed to disclose and report as required: presentation currency; domicile of the entity and address of the registered office; date the financial statements were authorized for issue and who authorized the release; accounting policy for composition of cash and cash equivalents; amount of net losses on financial assets or liabilities; information related to liquidity risk; information related to market risk; key management personnel compensation; and, level of the fair value hierarchy within which fair value measurements are categorized.
 - b. He failed to adequately document and disclose procedures regarding the continuance of the client relationship and the audit engagement at the beginning of the audit.
 - c. He failed to identify the risk of material misstatement due to fraud related to revenue, based on a presumption that there is a risk of fraud in revenue recognition.
 - d. He failed to adequately assess and disclose whether the engagement required an Engagement Quality Control Review by a suitably qualified external person.
 - e. He failed to adequately document, disclose and test controls in his assessment of risk of material misstatements at the financial statement and the assertion levels to provide a basis for the audit procedures planned.
 - f. He failed to obtain sufficient and appropriate audit evidence to support Statement of Comprehensive Net (Loss) Income and Net Assets item "Salaries and management fees 98,385."
 - g. He failed to adequately document and disclose appropriate audit evidence to support Statement of Comprehensive Net (Loss) Income and Net Assets items "Legal 137,328" and "Audit and accounting 23,200", and
 - h. He failed to adequately document sufficient and appropriate audit evidence to support Statement of Financial Position "Accounts payable and accrued liabilities 11,283."
3. THAT the said James Wilson, in or about the period December 1, 2020 to March 18, 2021, while acting as the engagement partner for the audit of the financial statements of YRCC*79 for the year ended December 31, 2020, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the Rules, in that:
- a. He failed to include the required paragraph outlining the Basis for Opinion in the Independent Auditor's Report.
 - b. He failed to appropriately document and disclose as a "Other Matter" in the Independent Auditor's Report the Statement of Financial Position item "Due to Capital Reserve Fund 102,775."

- c. He failed to document and disclose in the notes to the financial statements the actual reserve fund allocations and expenses compared to the planned amounts according to the Board of Director's plan for funding the reserve fund.
 - d. He failed to document and disclose in the Statement of Operations and Fund Balances "unaudited" budget information for the general fund.
 - e. He failed report the nature of the Statement of Cash Flows item "Cash and Short-Term Investments- Capital Reserve Fund 124,667."
 - f. He failed to obtain sufficient and appropriate audit evidence to support compliance with the provisions of the *Condominium Act 1998* including, but not limited to, an evaluation of the current reserve fund study.
 - g. He failed to determine performance materiality for purposes of assessing the risks of material misstatements and how that would be used in the planning and evaluation of the audit results.
 - h. He failed to appropriately document and disclose an analysis of the internal controls for key accounting systems, specifically: the process of approval of payment for invoices and cheque signing procedures; and compliance with laws and regulations.
 - i. He failed to obtain sufficient and appropriate audit evidence to support Statement of Operations and Fund Balances item "Expenses 48,634."
 - j. He failed to assess potential of risk of fraud in the planning and evaluation of the audit and failed to communicate the risk of fraud with those in charge of governance.
 - k. He failed to obtain sufficient and appropriate audit evidence to support Statement of Operations and Fund Balances expense item "Landscaping and maintenance - Capital Reserve Fund 10,000."
 - l. He failed to document evidence of communication with those charged with governance regarding the findings of the audit.
 - m. He failed to obtain sufficient and appropriate audit evidence to support the overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity, and
 - n. He failed to sufficiently document audit procedures and obtain evidence of communication with those charged with governance to support subsequent events procedures performed up to the Independent Auditor's Report date of March 18, 2021.
4. THAT the said James Wilson, in or about the period December 1, 2020 to March 5, 2021, while acting as the engagement partner for the audit of the financial statements of AAC for the year ended December 31, 2020, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the Rules, in that:

- a. He failed to include the required paragraph outlining the Basis for Opinion in the Auditor's Report.
 - b. He failed to document and disclose in the notes to the financial statements the key terms and conditions of AAC's mortgage to support Statement of Financial Position items "Mortgage payable – Current portion 11,411" and "Stewards Canada Mortgage payable 115,928."
 - c. He failed to use the correct wording of the anticipated Independent Auditor's Report in the engagement letter dated February 19, 2021, and signed by the Chairman of the Board.
 - d. He failed to determine performance materiality for purposes of assessing the risks of material misstatements and how that would be used in the planning and evaluation of the audit results.
 - e. He failed to document his assessment that a qualification of his Independent Auditor's Report for ACC was not required.
 - f. In planning the audit, he failed to identify the risk of material misstatement due to fraud related to revenue, based on a presumption that there is a risk of fraud in revenue recognition.
 - g. He failed to obtain sufficient and appropriate audit evidence to support Statement of Operating Income and Expenses item "Income 232,38."
 - h. He failed to obtain sufficient and appropriate audit evidence to support Statement of Operating Income and Expenses item "Expenses 222,111."
 - i. He failed to sufficiently document audit procedures and obtain evidence of communication with those charged with governance to support subsequent events procedures performed up to the Independent Auditor's Report date of March 5, 2021.
 - j. He failed to document communications with those charged with governance regarding the findings of the audit, and
 - k. He failed to document his review of the minutes of meetings of those charged with governance of AAC.
5. THAT the said James Wilson, in or about the period December 1, 2019 to March 22, 2022 while engaged in the practice of public accounting through the firm James L. Wilson, Chartered Accountant, Chartered Professional Accountant, failed to perform his professional services in accordance with generally accepted standards of practice for the profession, contrary to Rule 206.1 of the CPA Code of Professional Conduct in that:
- a. He failed to perform an ongoing consideration and evaluation of his practice's system of quality control, did not include a cyclical inspection of a selection of completed assurance engagements as required by his practice's quality control policies and procedures, and his quality control did not provide reasonable assurance that his

practice complied with professional standards and applicable legal and regulatory requirements and that reports he issued were appropriate in the circumstances, and

- b. He failed to maintain suitable reference materials for engagements that require specialized reporting for International Financial Reporting Standards and Ontario condominium corporations to provide reasonable assurance that his practice complied with professional standards and applicable legal and regulatory requirements and that reports he issued were appropriate in the circumstances.

Dated at Toronto, Ontario this 4th day of July 2022.

Donna Wong

D.K.Y. WONG, CPA, CA – DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE