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June 17, 1997

The Reverend Allan D. Hood
Pastor
The Assumption of the Blessed Virgin Mary
Grafton, Ontario
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Dear Father Hood:

As requested by you, I have analyzed the transactions of the Parish for the period January 1, 1994 to March 31, 1997 during Father Buckley's financial incumbency.

For the purposes of this analysis I used the following sources of information:

- 1) Bank statements and cancelled cheques,
- 2) Financial records for the above period prepared by the Parish bookkeeper, Rebecca McVeigh, using the computer program Simply Accounting,
- 3) "Guidelines for the Clergy of the Diocese" prepared by the Diocese of Peterborough and dated April 30, 1994 ("Guidelines"),
- 4) Discussions with Rebecca McVeigh (Parish bookkeeper) and Mary Publicover (Parish secretary), and,
- 5) Discussions with Father Sercely (the Pastor at St. Michael's Church in Cobourg) and Father Hood.

ANALYSIS

(A) PAYMENTS

The following is a summary of the payments made using Parish cheques which appear to be personal expenses of Father Buckley or do not relate to parish business:

- a) Payments using Parish cheques, signed by Father Buckley, made to Prentice Shell totalling \$4,412.54 (Exhibit A) and made to Cobourg Nissan totalling \$6,689.44 (Exhibit B). It is my understanding, from discussions with Father Sercely and Father Hood, that vehicle expenses are personal expenses of the parish priest.
- b) Payments using Parish cheques, signed by Father Buckley, made for pet food and related pet expenses totalling \$2,069.32 (Exhibit C). The Guideline indicates that "any

pet expenses are personal to the owner".

- c) Payments using Parish cheques, signed by Father Buckley, made for expenses of pet stores owned by Father Buckley totalling \$1,259.66 (Exhibit D).
- d) Payments using Parish cheques, signed by Father Buckley, made for what appear to be a personal cottage owned by Father Buckley totalling \$6,356.39 (Exhibit E).
- e) Payments using Parish cheques, signed by Father Buckley, made payable to "cash" totalling \$8,259.02 (Exhibit F). No supporting expense reports were found for these payments.
- f) Payments using Parish cheques, signed by Father Buckley, which appear to be deposited to a Lakefield bank account owned by Father Buckley totalling \$5,645.45 (Exhibit G). No supporting expense reports were found for these payments.
- g) Payments using Parish cheques, signed by Father Buckley, which appear to be payments towards Visa and Mastercard bills for Father Buckley totalling \$13,720.77 (Exhibit H). No supporting expense reports were found for these payments.
- h) Payments using Parish cheques, signed by Father Buckley, which appear to be for personal expenses of Father Buckley totalling \$18,786.04 (Exhibit I). No supporting expense reports were found for these payments.
- i) Payments using Parish cheques, signed by Father Buckley, which do not appear to be for Parish business totalling \$3,150.56 (Exhibit J). No supporting expense reports were found for these payments.
- j) Payments using Parish cheques, signed by Father Buckley, for loans to a hair salon in Whitby, which do not appear to be for Parish business totalling \$3,500.00 (Exhibit K). No supporting loan agreements were found for these payments.

The preceding payments were agreed to cancelled cheques, but have not been discussed with Father Buckley.

B) DEPOSITS

It should be noted that during this time Father Buckley repaid \$6,385.28 to the Parish account (Exhibit L).

The amount shown on Father Buckley's 1996 T4 for CPP, EI and income tax deductions was \$3,944.46. The amount actually withheld from his wages during the year was \$1,773.36. This resulted in the Parish owing an additional \$2,171.10 to Revenue Canada when the T4's and T4 summary were submitted.

D) TELEPHONE BILLS

The telephone bills paid for the period January 1, 1994 to March 31, 1997 were \$15,882.07 or \$407 per month on average. According to the Guidelines, Parish priests are allowed \$25 per month in personal long distance calls. It would appear that the amount on the phone bills would exceed this amount. The supporting detailed phone bills could not be found for the majority of this period.

SUMMARY

The following is a summary of the above noted expenses and deposits which can be quantified:

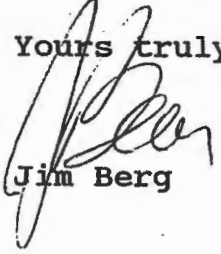
Payments made not relating to Parish business	\$73,849.19
Repayments to the Parish	(6,385.28)
1996 T4 differences	2,171.10
	<u>2,171.10</u>
	<u>\$69,635.01</u>

COMMENT AND CONCLUSION

The analysis indicates that there are a number of unusual transactions involving the Parish's funds. It should also be noted that these items have not been discussed with Father Buckley.

If you have any questions regarding this report, please do not hesitate to contact me.

Yours truly,


Jim Berg