

FINANCIAL ASSESSMENT FOR CALENDAR YEAR 2022

In lieu of an Audit or Review by a Certified Public Accountant, a financial assessment may be performed on an annual basis in accordance with the Penn West Conference, United Church of Christ Fiscal Policy Guidelines. A financial assessment is to be performed by independent persons of the Conference using the "Financial Assessment Procedure."

- To begin the Assessment process, the following documents were provided to the Assessment team:
- A copy of the Fiscal Policy Guidelines.
- A copy of the balance sheet and revenue and expense statement for the 2022 year.
- Copies of all year-end bank statements, including December 31, 2022 reconciliations to the balance sheet.
- Investment statements covering the entire year.
- A copy of the 2022 W-3, along with accompanying supporting W-2's.
- E-mails and other documents supporting changes in Donor Restricted funds.
- Access to the general ledger detail for the 2022 year.

The detailed procedures (identified and approved by the Penn West Conference, United Church of Christ) listed below were performed. The results are in summary form below the procedure.

1. Review the general ledger activity and obtain explanation as to any large or unusual transactions noted.

Results: As per independent review by each assessment team member, we analyzed various account balances for large and unusual transactions. We requested explanations for those variances and were satisfied with the responses.

2. Review the comparative balance sheet and revenue and expense statement and obtain explanation of any large differences when current year balances are compared to those in the prior year.

Results: We were able to review comparative balance sheets and income statements. We reviewed and investigated any large differences. In some instances, new funds were created for new initiatives within the conference, such as "the Birmingham checking" and "New Church Start."

Other balance sheet account reconciliations were reviewed with no exceptions noted. Annual meeting revenue/expense increases were questioned and adequate explanation given as the previous year had been under COVID restrictions. Other expense changes were reviewed with no exceptions noted.

3. Review all cash and investment statements and tie totals to balance sheet. Obtain an explanation for any large or unusual entries on those statements.

Results: We reviewed all cash and investment statements, along with accompanying reconciliations and agreed to the trial balance. No exceptions were noted.

4. Obtain an explanation for any large changes in fixed asset accounts (Leasehold improvements and furniture and fixtures).

Results: There were no changes in fixed asset accounts. It appears depreciation is properly recorded.

5. Review loan agreement for any new student loans and tie them to the balance sheet.

Results: We noted no new student loan agreements. We did question whether the recipients are serving in the Penn West Conference as required, and that the loans are removed as forgiven at the appropriate time periods.. We were informed all but one were serving. According to conference staff, the one that is not serving in the Conference is currently being billed on a monthly basis, and payments from that individual are being received sporadically.

6. Investigate any new liability accounts such as reserve funds.

Results: We reviewed for new liability accounts, along with reserve funds. None were noted. However, we noted payments charged against the reserve for CM sabbatical as the expenses were incurred and an additional amount reserved for General Synod Delegates. We believe the amounts to be properly recorded.

7. Review documents for any new increases in restricted fund or any large decreases in balances of existing funds when compared to balance in prior year.

Results: We noted a new fund created, "New Church Start", with a substantial increase in balance.

We also noted a fund, the "Killius fund" listed as restricted. Upon investigation into the fund documents, it was found to be unrestricted, with Board designations. Therefore, a recommendation of change was suggested for proper presentation on the balance sheet.

8. Restricted balances that DO NOT increase with investment earnings – trace investment earnings to current year fund expenditures.

Results: We noted fund balance increases, due to investment earnings, as well as market value increases over the prior year.

9. Review Fiscal Policy Guidelines and review documents for compliance with these guidelines.

Results: It appears, based upon information available at the time of assessment, that Fiscal Policy Guidelines are being followed by the Conference Administration.

We randomly selected several invoices and mileage reimbursements to determine proper compliance with the Fiscal Policy Guidelines. We reviewed bank statements, as well as check signatures. We noted nothing unusual. We reviewed the W-3 filed for the 2022 year, along

with the supporting Forms W-2. We were able to tie the W-2 wage balances to agreement with the expense reports. No exceptions noted.

10. Any unusual items noted during the assessment should be traced to source documents related to these items.

Results: As noted in prior years, there seems to be a lag in year end deposits. Accounting best practices dictate that all deposits should be made intact on a timely basis. We suggest a more concerted effort be made to make timely deposits.

Financial Stewards shall report the Assessment results to the Conference Board of Directors. This report should include any recommendations the Assessment Team has to improve financial stewardship.

Results: We are scheduled to meet with the Financial Stewards to review our report on April 24, 2025.

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