

MEMORANDUM

TO:	The Administrative Committee, Synod of the Covenant
FROM:	Jen Malohn, Partner, DeMarco & Associates LLC, CPA's
DATE:	12/4/2020
SUBJECT:	Proposed Services – 2019 and 2020

Historical services provided for the Synod:

Historically, DeMarco & Associates has performed a Financial Statement Review in accordance with Generally Accepted Accounting Principles (GAAP). This type of engagement is less in scope than an audit of the financial statements but does provide negative assurance that nothing came to our attention that would need to be modified to be in accordance with GAAP. This is done primarily through client inquiries and analytical review of account balances and related account relationships.

Proposed services for 2019:

1. Assist management in preparation of a statement of financial position, statement of activities and a statement of functional expenses for the purpose of assisting the Administrative Committee and Management in preparing a budget for 2021. Our firm is unable to perform a Review of the Financial Statements without the availability of management that was in place during 2019 for inquiries, and the internal accounting system having unreconciled financial information.

- * This service would NOT include an accountant's report over the financial statements, a cash flow statement, or disclosures, but would provide management financial information in the form of a statement of position and results of activities.

- * This is a low level of service, whereas no assurance is provided whatsoever. The range of fees for this service largely depends on how much work (time) we spend reconciling accounts. We estimate fees to be between \$3,000 and \$4,500.

2. Perform an Agreed Upon Procedures engagement instead of a forensic audit, that would be more cost effective than a forensic audit. This type of engagement could be tailored specifically to an area of concern, for instance, cash disbursements. Cash receipts are not considered where the most risk exists, as they are not predictable with any precision, and are of several small amounts. Focusing on credit card and related party transactions recorded as expenses, rather than normal business transactions would be a more focused approach. We would review supporting documentation for these types of transactions, where a report of findings would be issued. This type of report would not include any assurances but would provide factual findings of unusual transactions that may need to be further investigated. The estimated fee for this engagement would be \$3,500.

Proposed services for 2020:

1. After client entered transactions are completed, the outside bookkeeper would take the information and perform the necessary reconciliations to clean up the accounts so that a Financial Statement Review engagement could be performed by DeMarco & Associates. This Review report would only include 2020 as a single year presentation. We would estimate fees to be similar to the prior year's fees for the Review (the last three year's fees average was approximately \$7,900). If additional time is required outside the normal review engagement, we will communicate directly to management.
2. As an additional agreed upon procedure, DeMarco & Associates would perform an analysis of the internal controls in place by interviewing relevant staff and examining certain processes and procedures. We would include a written letter of control recommendations that we feel should be implemented, to enable the Organization's records to be auditable for 2021. The estimated fees for this service would not exceed \$3,000.