



Jeffrey L Premo PA

Certified Public Accountant

PERSONAL * PRACTICAL * PROFESSIONAL

American Institute of CPAs

DE Society of CPAs

MD Association of CPAs

Past President of DE State Board of

Accountancy

Jan 29, 2026

To: David Hagelin:

Accountant's Report Based on Agreed Procedures. This report is for internal purposes.

1. Verified the reports of the treasurer(s) and or financial secretary for test period 2023.
2. Followed the money and tested how it was treated at different stages
3. Reviewed the donated and earned funds of the congregation to determine if the funds had been used as stipulated by the donors.
4. Reviewed the accounting controls (systems that reduce the possibility of loss, embezzlement, or errors).
5. Reviewed the segregation of duties (assurances that more than one person is involved in critical steps handling money for proper checks and balances).
6. Reviewed systems and procedures considering all factors, including the size of the church and budget.
7. Reviewed adequacy of insurance coverage.
8. Reviewed systems for retaining and accessing meeting minutes that have financial implications. (i.e. Finance Committee, Trustees, Charge Conference).
9. For the test period fiscal year end 2023 I chose Feb, May and Nov for the test months to examine records.
10. Performed a physical examination of the church properties to include building and cemetery.

Observations and recommendations.

These observations and recommendations are not in order of importance.

The food bank has no written policy in place and no known procedure for screening people utilizing the system. There are organizations that actively screen people to make sure they are in need and qualify for help. Consider partnering with one of them.

All filing systems should be maintained onsite.

Consider a cloud-based data system.

Financial policy and authority guidelines should be written and approved by the finance committee.

Assessment should be made regarding the replacement value of the church building. The historical cost was about 9.25 million dollars and is currently insured for 12 million dollars.

The church receives a substantial amount of rental income related to use of its facilities. Generally, this income is classified as passive and as such is not considered unrelated business income which would require the filing of a 990T and be subject to tax. Recommend putting this into your financial minutes.

Most of the online giving has a merchant fee associated with it. Often these fees are not recorded on books. This creates a discrepancy between the church's giving program and the amount of income recorded on QuickBooks (QB). Recommend a process be established where all contributions are recorded on the books at the "gross" giving amount. To record this amount on QB so that it agrees with the amount deposited you will credit the total giving and debit the net amount received to the deposit account and debit the fees to an expense account established for fees on the profit and loss statement.

In the test year the church had a type of loan program. It's my understanding that it no longer exists. Just be aware that it would be illegal for the church to loan money.

A special thanks to David, Bryan, and Tammy for all their help. It was a pleasure to meet and work with each of you.

Sincerely,

Jeffrey L. Premo
Jan-30-2026 07:19:29 PM

Jan-30-2026

Jeffrey L Premo CPA