Armanino LLP
6 Cityplace Drive
Suite 900
St. Louis, MO 63141-7194
314-983-1200 main
armanino.com

armanino

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To the Vision Team
Presbytery of Giddings-Lovejoy, Inc.

In planning and performing our audit of the financial statements of Presbytery of Giddings-Lovejoy, Inc. (the "Presbytery") as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Presbytery's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Presbytery's internal control. Accordingly, we do not express an opinion on the effectiveness of the Presbytery's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Presbytery's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies in the Presbytery's internal control to be material weaknesses:

SEGREGATION OF DUTIES

Internal controls are designed to safeguard assets and help to detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. Although the size of the Presbytery's accounting staff prohibits complete adherence to this concept, we believe that the following practices could be implemented to improve existing internal control and enhancing segregation of overlapping duties without impairing efficiency:

Cash receipts

- Logging all cash receipts upon receipt by individual opening the mail. This log can be used to later verify deposit and accounting completeness.
- Acknowledgement letters or statements should be sent when appropriate, as applicable.

Bank and other reconciliation duties

- Permanent account reconciliations and bank statements should be reviewed timely, i.e., monthly, by a member of management and signed off or other evidence to support the review process. Unusual items noted during the review should be investigated promptly.

Transfer entries

- Entries that create transfers between funds should be reviewed for accuracy and consistency in order to minimize errors in recording.
- As appropriate, transfers between funds need to be appropriately authorized.

ACCOUNTING AND FINANCIAL REPORTING

The Presbytery currently utilizes a very detailed fund accounting system, driven by the design of the chart of accounts, to account for transactions. This type of system and chart of account design is not in line with current accounting and financial reporting practice. Since fund accounting calls for consistent recording of certain transactions using transfer and due to/from accounts to keep the funds in balance, this system is very challenging to maintain and provides nominal benefit for the effort required.

Accounting standards have been updated for not-for-profit organizations that accommodates and encourages a wholistic approach to accounting for an organization's activities instead of a fund approach. As a result, we recommend the Presbytery evaluate the value of the fund accounting and financial reporting system and encourage adopting a chart of accounts that provides for recording transactions that follows current standards and practice in financial reporting.

RECORD RETENTION

In performing our audit procedures, we encountered difficulty in obtaining source documents to support various transactions, such as loan documents and investment statements. The delay in securing documentation resulted in a significant delay in completing the 2019 audit and is not compliant with regulations mandating that certain documents be maintained for specified periods of time. We recommend following prescribed record retention policies, as required by various authorities, to comply with current laws and regulations pertaining to organizational records.

BEGINNING INDIVIDUAL FUND BALANCES

Our comparison of beginning net asset balances at the individual fund level noted that in order to keep the funds balanced, the individual net asset fund balances had to inappropriately be changed for transfers between funds because the recording of the transactions did not include an entry to the due to/due from account. Accounting standards require that a not-for-profit show all changes in net assets through the statement of activities. We recommend implementing procedures ensuring that all transactions made involving multiple fund accounts include the appropriate due to/due from entry in order to eliminate errors created in the individual fund balances.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Presbytery's internal control to be a significant deficiency:

LOAN AGREEMENTS

Our testing of loans receivable noted that one of the agreements for a receivable involving real estate was not in writing and was the terms of the agreement were strictly communicated verbally and documented in the minutes. Lack of a written agreement creates limits on the Presbytery's ability to enforce the agreement. We recommend all agreements, particularly those involving real property, be required to have a written document describing the specific terms of the agreement and signed all parties involved.

This communication is intended solely for the information and use of management, The Vision Team, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

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St. Louis, Missouri