



Independent Accountant's Report

January 10th, 2022

Mike Milbourn
Christ Lincoln Church & Schools
4325 Sumner Street
Lincoln, NE 68506

We have performed the procedures enumerated below for the 18 months ending June 30, 2021. Mike Milbourn and the LLB of Christ Lincoln Church & Schools are responsible for selection of procedures.

Christ Lincoln Church & Schools has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the financial behavior and ensuring the proper presentation of the funds of Christ Lincoln Church & Schools as of June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

- Ensure separation of duties are divided among different people to reduce risk & prevent inappropriate behavior.
 - We performed the following procedures:
 - Interviewed the members of the accounting team to obtain their understanding of the duties.
 - Reviewed procedures for cash received.
 - Receipts were given, written in receipt books.
 - Documentation of cash received in Sunday offering compared to bank deposits.
 - Reviewed procedures for checks written.
 - Found appropriate separation of duties, which includes preapproval of expenses, approval of invoices, and separating check preparation from signing of checks.
 - Reviewed separation of duties in relation to the bank account.
 - The separation of duties for reconciling the bank account needs improvement. Ken Hobza is the signatory of the checks and is also the person who reconciles the bank account.
 - During the procedures review, Ken Hobza left the employment of Christ Lincoln. Now Mike Milbourn is the signatory and the treasurer reconciles the bank account. We find this to be a satisfactory separation of duties.
- Reconcile bank statements to check registers; reconcile cash on hand to balance sheet; reconcile payroll records to the general ledger or financial statements.
 - We performed the following procedures:

The procedures and the associated findings (continued):

- Reconciled Bank Statements to Balance Sheet
 - The regular checking account is being reconciled in ShelbyNext every month. However, it appears that the Sweep Account is not accurately being recorded in ShelbyNext. The Sweep Account instead is balanced outside of ShelbyNext and the interest is added to the financials through a Journal Entry.
 - It is suggested that the bank accounts listed in ShelbyNext be consolidated and the bank accounts be listed. To ensure the proper funding of the departments, we suggest that the financial team use transfer accounts instead of separating the bank account between funds.
 - The financial team is also planning on bringing the school fund under the general fund which would bring that cash balance back to the proper presentation on the balance sheet.
- Reconciled Cash to Balance Sheet
 - All Cash is deposited into Regular Checking as soon as possible. Minimal cash on hand on a regular basis.
- Reconciled Payroll Records to the financial statements.
 - Totals from the reports from Paycor Inc presented fairly in the financial statements.
- Ensure process of various receipts (cash, checks, etc) follow industry best practices.
 - The cash is collected from Sunday Services and kept in a safe that opens with 2 keys. One key is kept by the head counter and the other key is in the room where the safe is located.
 - i. A different spot, out of the same room as the safe, for the second key is suggested.
 - Cash received during the week is given to Kim. Kim writes a receipt; both Kim and the person who brought the cash signs the receipt. A copy of the receipt is kept with the deposit information and the other copy is given to the person who brought the cash in. This process is best industry standard. This practice should be encouraged and followed by the whole office. No one should be receiving cash without giving a receipt
 - Checks received are recorded by Kim and deposited as soon as possible. The deposit amount is compared to the count from Sunday and large discrepancies are investigated.
- Review all nonrecurring transactions greater than \$500 and sample those under \$500 to ensure all expenses tested were valid purchases for the church.
 - Reviewed all receipts over \$500 that were not monthly bills and 300 receipts under \$500 as well as a sample of the monthly bills and credit card statements.
 - Out of the receipts 500 receipts reviewed, we found only 20 with small issues.
 - 10 of those issues were approval of small receipts
 - Another issue that was discussed was Tuition Reimbursement. We suggest the client look into the policies associated with Tuition Reimbursement and the approvals necessary for the checks to be signed.

The procedures and the associated findings (continued):

- Lastly, we suggest that the School keep track of how gift cards are spent and submit the receipts when the gift cards are used. This will allow proper budgeting for times where gift cards are not available.

- Reconcile all notes with banks with related bank loan statements.
 - The PPP loan was fully forgiven and accurately accounted for.
 - The other notes are in relation to the mortgage, land, and construction loans. Please see response under #6 for findings.

- Ensure that the conversion from two books (building fund/general fund) to one was accurate and correct.
 - We found that the conversion of the building fund into ShelbyNext was not completed accurately and correctly. To correct this, Christ Lincoln Church & Schools has hired Harger CPA Group, P.C. to preform monthly accounting of the building fund. We anticipate to have accurate statements available in February 2022.

We were engaged by Christ Lincoln Church & Schools to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the agreed upon subjects listed above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We are required to be independent of Christ Lincoln Church & Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

HARGER CPA GROUP, P.C.



Karissa Brown, CPA

Acknowledged: _____

Title: _____

Date: _____