PREPARING FOR AN AUDIT: A TEAM EFFORT

Gabby Parker • 02.18.2025
Genovations Accounting

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A little bit about me:

- Controller for Global Outreach Developments
  - Alumna of The Institute for GOD
  - Bachelors in Community Development
- Manager and Executive Accountant at Genovations Accounting
- From Indiana, now residing in Nashville, TN
- Married to Jameson Parker
- Love tennis and swimming
- Prefer the mountains over the beach

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Overview:

1. Grasping the breadth of materials to be prepared
2. Recruiting the team and making assignments
3. Pulling it all together and engaging with the audit team

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Why do we do this?

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An Audit as a Strategic Tool

- Identify Financial Vulnerabilities
- Enhance Transparency
- Align Financial Narratives

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The Importance of Your Story

More than ever, people need more than an invitation; they need assurance that supporting your institution's mission will make a meaningful impact.

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Key Questions

1. Do you know what story your audit and 990 are telling?
2. Does it match the narrative you present on your website and fundraising materials?
3. Are your KPIs and internal metrics in line with the financial reality reflected in your audit?

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Leadership Meetings

- March - initial audit review meeting
- May - follow-up audit review meeting
- July - year-end action items

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Payroll forms, 1099s, year-end donor statements

Leadership meeting to discuss any necessary financial changes before end of year

Year-end reconciliations completed and filed

01.31.2025 → **02.15.2025** → **03.15.2025** → **05.15.2025** → **07.15.2025**

Setup 2025 FY audit tasks and filing records

Follow-up leadership meeting to discuss scheduled financial changes

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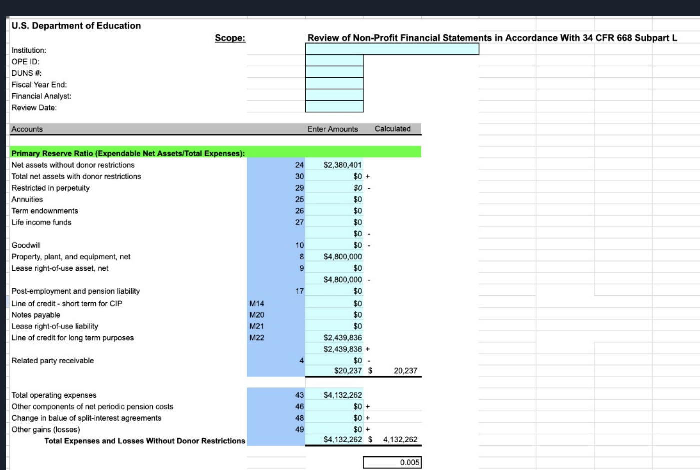
DOE Composite Score Calculator

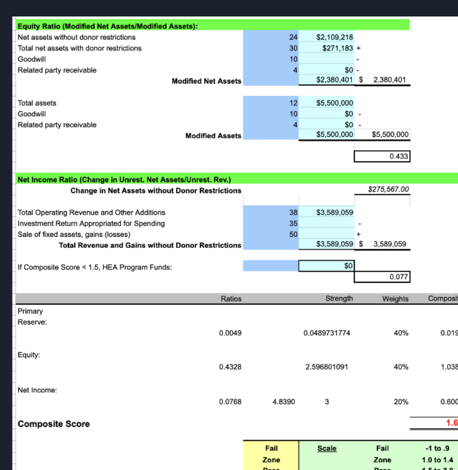


U.S. Department of Education

Scope: **Review of Non-Profit Financial Statements in Accordance With 34 CFR 668 Subpart L**

Institution:
OPE ID:
DUNS #:
Fiscal Year End:
Financial Analyst:
Review Date:

Accounts		Enter Amounts		Calculated
Primary Reserve Ratio (Expendable Net Assets/Total Expenses):				
Net assets without donor restrictions	24	$2,380,401		
Total net assets with donor restrictions	30	$0	+	
Restricted in perpetuity	29	$0	-	
Annuities	25	$0		
Term endownments	26	$0		
Life income funds	27	$0		
		$0	-	
Goodwill	10	$0	-	
Property, plant, and equipment, net	8	$4,800,000		
Lease right-of-use asset, net	9	$0		
		$4,800,000	-	
Post-employment and pension liability	17	$0		
Line of credit - short term for CIP	M14	$0		
Notes payable	M20	$0		
Lease right-of-use liability	M21	$0		
Line of credit for long term purposes	M22	$2,439,836		
		$2,439,836	+	
Related party receivable	4	$0	-	
		$20,237	$	20,237
Total operating expenses	43	$4,132,262		
Other components of net periodic pension costs	46	$0	+	
Change in balue of split-interest agreements	48	$0	+	
Other gains (losses)	49	$0	+	
Total Expenses and Losses Without Donor Restrictions		$4,132,262	$	4,132,262
				0.005



Equity Ratio (Modified Net Assets/Modified Assets):				
Net assets without donor restrictions	24	$2,109,218		
Total net assets with donor restrictions	30	$271,183	+	
Goodwill	10		-	
Related party receivable	4	$0	-	
Modified Net Assets		$2,380,401	$	2,380,401
Total assets	12	$5,500,000		
Goodwill	10	$0	-	
Related party receivable	4	$0	-	
Modified Assets		$5,500,000		$5,500,000
				0.433
Net Income Ratio (Change in Unrest. Net Assets/Unrest. Rev.)				
Change in Net Assets without Donor Restrictions				$275,567.00
Total Operating Revenue and Other Additions	38	$3,589,059		
Investment Return Appropriated for Spending	35		-	
Sale of fixed assets, gains (losses)	50		+	
Total Revenue and Gains without Donor Restrictions		$3,589,059	$	3,589,059
If Composite Score < 1.5, HEA Program Funds:		$0		
				0.077

	Ratios		Strength	Weights	Composite
Primary Reserve:	0.0049		0.0489731774	40%	0.0196
Equity:	0.4328		2.596801091	40%	1.0387
Net Income:	0.0768	4.8390	3	20%	0.6000
Composite Score					**1.66**

Fail Zone Pass	Scale		
		Fail	-1 to .9
		Zone	1.0 to 1.4
		Pass	1.5 to 3.0

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Building the Right Team

1. Finance personnel
2. Operations staff
3. Leadership members

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Delegating Responsibilities

1. Clearly defined roles and responsibilities
2. Setting realistic deadlines
3. Establishing accountability measures

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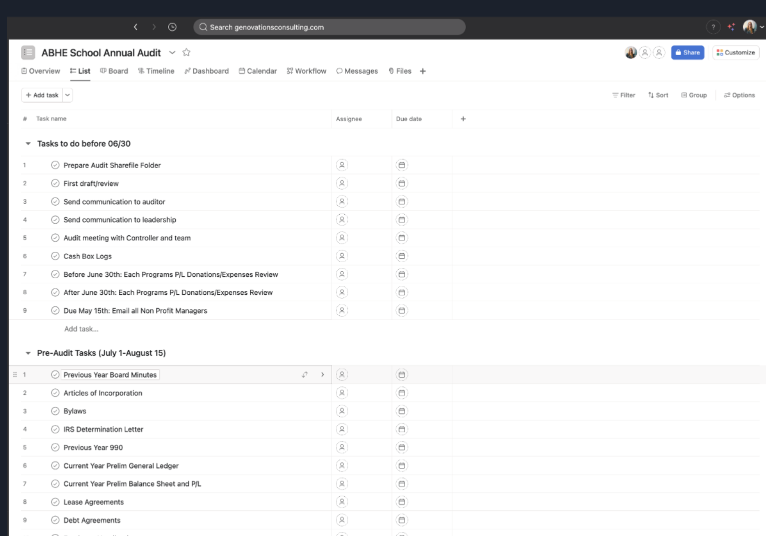
Delegating Tasks



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Calendarize

March	April	May	June	July
Initial audit review meeting	Implement action items	Follow-up audit review meeting	Implement action items	Year-End action items

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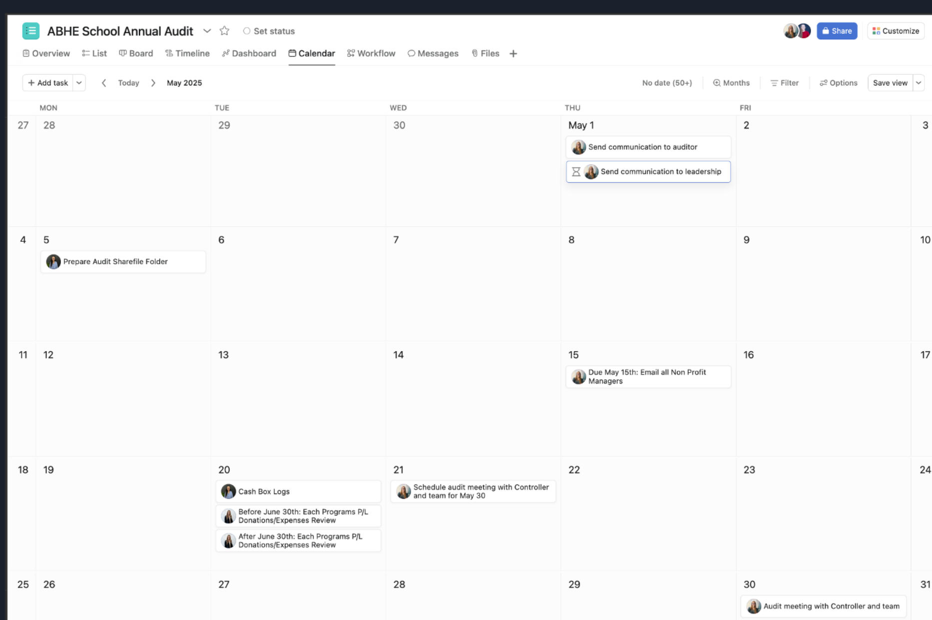

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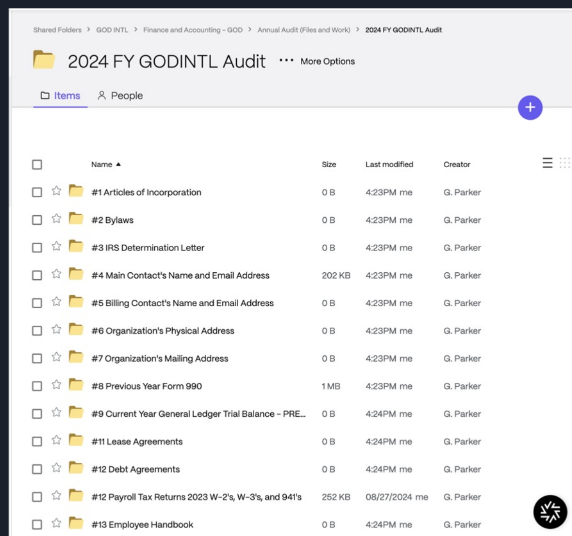
Document Retention



Shared Folders > GOD INTL > Finance and Accounting - GOD > Annual Audit (Files and Work) > 2024 FY GODINTL Audit

2024 FY GODINTL Audit ··· More Options

Items People

Name ▲	Size	Last modified	Creator
#1 Articles of Incorporation	0 B	4:23PM me	G. Parker
#2 Bylaws	0 B	4:23PM me	G. Parker
#3 IRS Determination Letter	0 B	4:23PM me	G. Parker
#4 Main Contact's Name and Email Address	202 KB	4:23PM me	G. Parker
#5 Billing Contact's Name and Email Address	0 B	4:23PM me	G. Parker
#6 Organization's Physical Address	0 B	4:23PM me	G. Parker
#7 Organization's Mailing Address	0 B	4:23PM me	G. Parker
#8 Previous Year Form 990	1 MB	4:23PM me	G. Parker
#9 Current Year General Ledger Trial Balance - PRE...	0 B	4:24PM me	G. Parker
#11 Lease Agreements	0 B	4:24PM me	G. Parker
#12 Debt Agreements	0 B	4:24PM me	G. Parker
#12 Payroll Tax Returns 2023 W-2's, W-3's, and 941's	252 KB	08/27/2024 me	G. Parker
#13 Employee Handbook	0 B	4:24PM me	G. Parker

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Document Retention

- Financial Statements & Reporting
- Budget Comparisons & Financial Planning
- Student Accounts & Revenue Documentation
- Tax & Regulatory Filings
- Facility & Capital Project Records
- Reconciliations
- Title IX & Federal Compliance Documents
- Internal Controls & Governance
- Payroll & Human Resources Records
- Accounts Payable & Expense Documentation

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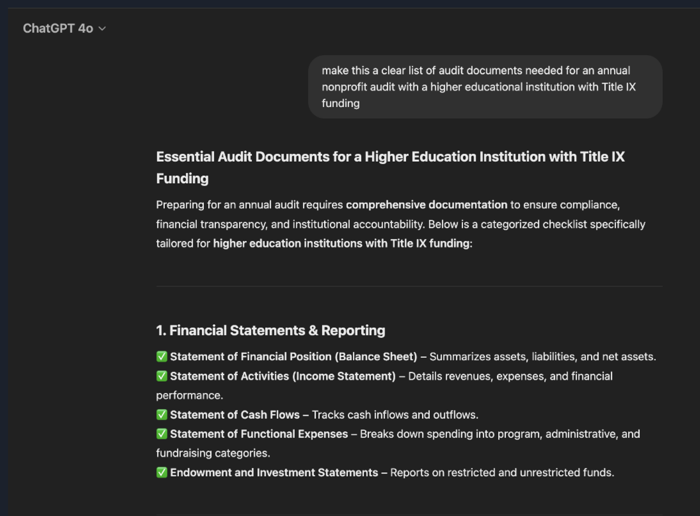
Document Retention



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Collaborating with Auditors

1. Prepare for the PBC list early
2. Maintain open communication with auditors
3. Document key financial decisions and internal controls

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Recent Lessons Learned

1. Proactive record-keeping is non-negotiable
2. Technology is your friend
3. Internal reviews save time

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Q&A

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Thank you!

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