

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Presbytery of Mackinac  
2206 Mitchell Park Dr., Ste 15  
Petoskey, MI 49770

We have performed the procedures enumerated below, which were agreed to by the Budget & Finance Committee, solely to assist you with respect to the accounting records and related documents in relation to the general checking and restricted bank accounts, and financial records prepared in accordance with the accounting basis used by the Presbytery of Mackinac (the Presbytery) for the year ended December 31, 2016. The Presbytery's management is responsible for the organization's accounting records and related established procedures and controls. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

**Cash Accounts**

**1. Operating Checking Account**

**Procedure:** Obtain the year-end and 2 selected interim month bank account reconciliations and agree the bank balance to the operating account bank statement, while investigating any reconciling deposits in transit or outstanding checks.

**Findings:** We compared the balance shown on the bank account reconciliations maintained by the Presbytery of Mackinac and agreed the balance to the amount shown on the operating account bank statement for the months of April, October, and December of 2016. Also, we traced any reconciling items reflected on the months selected to the following months' bank statement to determine that they have cleared. We noted the following:

- a. Check #22359 of \$19,830 written on April 18, 2016 to Triennium was not properly voided out of QuickBooks; rather the check was adjusted to \$0. The check to Triennium was reissued on June 2, 2016 for \$18,820, less than the originally amount due to last minute cancellations by some of the youth.
- b. Check #'s 22698 and 22699 for \$101.88 each payable to the Presbytery of Mackinac were entered into QuickBooks in March 16, 2017 and backdated to show a date of 12/31/2016. Per the Administrative and Financial Assistant, the Presbytery wrote these checks to reimburse the peacemaking account, from which payments were made to the 2016 Youth Triennium program to cover a shortfall in the contributed funding for the event. These checks were to reimburse the peacemaking account and were backdated to keep all of the Triennium costs and reimbursements together. The backdating of a check is not regarded as a best practice, particularly since it was almost

117 S. State Avenue  
Alpena, MI 49707

www.bsrwcpas.com

Alpena (989) 356-9065  
Rogers City (989) 734-0981  
Fax (989) 356-0470  
info@bsrwcpas.com

James D. Boldrey, CPA  
Albert R. Senchuk, CPA  
Julie A. Rouleau, CPA  
Marie F. Williams, CPA

*Members American Institute  
of Certified Public Accountants  
and Michigan Association of  
Certified Public Accountants*

90 days after year-end, resulted in the book balance being understated at year-end and an improper accounting cut-off for year-end. As the Presbytery operates on a modified cash basis, journal entries can be utilized to track or accrue reimbursements or amounts due/from.

#### Basic Mission and Directed Offerings Checking Account

Procedure: Obtain the year-end and 2 selected interim month bank account reconciliations and agree the bank balance to the appropriate bank statement, while investigating any reconciling deposits in transit or outstanding checks.

Findings: We compared the bank balance shown on the bank account reconciliations maintained by the Presbytery and agreed the balance to the amount shown on the appropriate bank statement for the months of April, October, and December of 2016. Also, we traced any reconciling items reflected on the months selected to the following months' bank statement to determine that they have cleared. No findings.

#### Restricted Fund Checking Account

Procedure: Obtain the year-end and 2 selected interim month bank account reconciliations and agree the bank balance to the appropriate bank statement, while investigating any reconciling deposits in transit or outstanding checks

Findings: We compared the balance shown on the bank account reconciliations maintained by the Presbytery and agreed the balance to the amount shown on the appropriate bank statement for the months of April, October, and December of 2016. Also, we traced any reconciling items reflected on the months selected to the following months' bank statement to determine that they have cleared. No findings.

- Procedure: Review the amounts that are subject to donor restrictions and ascertain that designated assets are not comingled with restricted assets. Note any items for which there is no support as to restriction.

Findings: We reviewed the amounts that are subject to donor restrictions, while ascertaining that the designated assets were not comingled with restricted assets. No findings.

- Procedure: Select 3 transfers between bank accounts, and determine that both sides of the transfer have been recorded properly.

Findings: We selected 3 transfers between bank accounts to determine that the transaction was properly recorded. No findings. See Schedule A.

#### Accounts Receivable & Other Assets

- Procedure: Obtain support for any accounts receivable or other assets, while determining the amount listed on the general ledger appears to be a valid receivable or asset at December 31, 2016.

Findings: We reviewed the accounts receivable and other assets balance at December 31, 2016, while obtaining documents to support the amount listed on the general ledger. We noted the following:

- a. The "Other Receivables" account showing an amount of \$180.90 as of December 31, 2016 does not appear to be a valid receivable as of that date.
- b. The "Due to/from Operating Fund" asset account shows a balance of \$5 as of December 31, 2016, the organization does not have supporting documentation to validate the receivable's balance as of that date.

### Payroll and Other Liabilities

1. Procedure: Obtain a listing for any outstanding payroll liabilities and agree the amount to the subsequent payment in January of 2017.

Findings: We obtained the quarterly 941s and monthly State withholding reports, agreeing them to the outstanding payroll liability balance as of December 31, 2016 and the subsequent payment in January of 2017. No findings.

2. Procedure: Investigate any other liability balances and inquire as to the nature of such items. If possible, agree the liability to a loan document or other such support to verify the item at December 31, 2016.

Findings: We reviewed the balance in the Designated Mission account for \$449.81, and inquired as to the nature of this liability. This money was collected as an offering at a Presbytery meeting and is intended to support a mission to Iraqi Kurdistan, to participate in the Presbyterian Peace Fellowship delegation. Per the Administrative and Financial Assistant, the Presbytery is waiting for money transfer instructions from the Presbyterian Disaster Assistant. The amount is properly recorded as a liability as the amount was received to be forwarded to another church-related organization.

### Revenue

1. Procedure: Obtain the per-capita listing as of December 31, 2016 and trace amounts to the per capita revenue per the year-end statement of activities.

Findings: We obtained the per-capita listing report for the year-to-date through December 31, 2016 and traced the amount provided on the report to the per-capita revenue per year-end statement of activities. We noted the following:

- a. The revenue recorded on the statement of activities for the year ended December 31, 2016 was \$168,503.21. However, collections from the per-capita report totaled \$167,243.21 resulting in a variance between the income recorded and the amount collected of \$1,260. Per the Administrative and Financial Assistant, this variance was due to an overpayment in 2015, which was recorded as income in QuickBooks in 2016 and income on the per-capita report in 2015. Proper accounting practices would suggest that the overpayment be shown as temporarily restricted revenue on the financial statements for the year ended December 31, 2015, and be recognized as "unrestricted" on the per-capita report as it becomes available to be used by the Presbytery in 2016. If the Presbytery prefers to utilize the cash basis of accounting, the treatment of the contribution should be consistently reported.

2. Procedure: Recalculate the per-capita amounts due to determine the mathematical accuracy of the per-capita revenue report.

Findings: We recalculated the Presbytery's per-capita report to determine the mathematical accuracy of the balance due from each church. This process includes multiplying the total members from each church by the shared cost, and comparing that amount by the amount collected from each church. No findings.

3. Procedure: Compare the income reported per 1099 INT and 1099 B reports received to that listed on the year-end financial statements, while reporting any inconsistencies. Also, agree year-end balances on the trial balance to the year-end balances reported from the investment companies.

Findings: We compared the income reported on the investment companies (Presbyterian Foundation and New Covenant Funds) statements for the year ending December 31, 2016, with the amount of income reported on the year-end financial statements. Also, we compared the balances as of December 31, 2016 per the investment companies' statements with the balance recorded on the Presbytery's year-end financial statements. See Schedule B. No findings.

4. Procedure: Select five "General Mission" revenue deposits and trace them into the general ledger, while documenting which revenue account the deposits were posted too and determine whether the revenue account appears appropriate.

Findings: We selected and reviewed five "General Mission" revenue deposits from the respective bank statement and traced the deposits into the general ledger. Also, we documented the revenue account in which the deposit was recorded, and determined whether the account appears appropriate. No findings. See Schedule C.

### Expenses

1. Procedure: Select twelve checks written out of the operating bank account and review the support for each expense item, while noting proper approval and account coding.

Findings: We selected twelve checks written from the operating checking account and compared the amounts with those clearing the bank statements. We also reviewed the support for each expense item relative to approvals from the Treasurer. The Presbytery utilizes a dual signature approval process in which the check is prepared and signed by the Administrative & Financial Assistant and delivers it to the Treasurer. The Treasurer then reviews the supporting documentation and verifies the proper account coding before signing the check. We noted the following: See Schedule D-1 for additional information.

- a. Check #22308 written to Integrity Business Solutions for \$19.99 did not have two signatures present. However, invoice provided matched the amount that was recorded in the check register and the amount that cleared the bank.
2. Procedure: Select seven checks written out of the Mission checking account. For each check written out of the Mission checking account, note the reason for the disbursement and review the support for each item, while reviewing proper approval and account coding.

Findings: We selected seven checks written from the Mission checking account and compared the amounts with those clearing the bank statements. We also reviewed the support for each check, while noting proper approval and account coding. Checks written out of the Mission checking account are routinely transfers to the operating checking account to fund the purpose of the mission. No findings. See Schedule D-2 for additional information.

### General Procedure

1. Procedure: Review any entries to the "Opening Balance Equity" account and report any entries as findings.

Findings: We reviewed the "Opening Balance Equity" account. There was no activity in the account during the year ending December 31, 2016. No findings.

2. Procedure: Verify numbers quoted in the write-up of the internally prepared year-end financial statement highlights/notes and summaries, while documenting how the numbers were verified.

Findings: We read the internally prepared year-end financial statement highlights/notes and summaries provided by the Treasurer. We also verified the numbers quoted in the report by comparing numbers in the report, to the year-end financial statements. The Treasurer's report was separated between three types of funds; Operating Fund, Mission Fund, and Restricted Fund. The Presbytery has separate financial statements for each fund, and to verify the accuracy of the numbers quoted in the report, we compared the numbers listed under each fund in the Treasurer's report to their respective financial statements. We noted the following for each fund:

#### Operating Fund

- a. The Treasurer's report indicated that expenses exceeded revenues by \$56,479, stating that revenues totaled \$204,853 and expenses totaled \$261,332, both exclusive of the Mackinaw City settlement. The Mackinaw City settlement included \$56,390 of income and \$28,031 of expenses. Excluding this settlement would increase revenues to \$205,838 and increase expenses to \$261,338, netting to an overall increase of revenues over expenses of \$55,500. The variance between what was stated on the Treasurer's report and our calculations is an increase of \$979.

#### Mission Fund

- a. No findings.

#### Restricted Fund

- a. The Treasurer's report was issued before the fourth quarter statements from the Presbytery Foundation and the New Covenant Funds were received. If the fourth quarter activity of these investments were included in this report, it would state that the value of investments with the Presbyterian Foundation decreased by \$378, and the investments held with New Covenant Fund increased by \$4,209. Also, if the activity for these investments were included in this report, the Treasurer would state that the

Presbytery of Mackinac  
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value of all investments as of December 31, 2016 totaled approximately \$229,000 rather than \$233,000.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

*Boldrey, Senchuk, Rouleau & Williams CPAs PC*

Boldrey, Senchuk, Rouleau & Williams CPAs, P.C.

Alpena, Michigan  
November 21, 2017

**PRESBYTERY OF MACKINAC**  
**AGREED-UPON PROCEDURES REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**SCHEDULE A - BANK ACCOUNT TRANSFERS**

<b>Transfer Out Fund</b>	<b>Transfer In Fund</b>	<b>Transfer Out Date Per G/L</b>	<b>Transfer Out Date Per Bank</b>	<b>Transfer In Date Per G/L</b>	<b>Transfer In Date Per Bank</b>	<b>Amount</b>
Mission	Operating	5/31/2016	5/31/2016	5/31/2016	5/31/2016	\$ 3,144.22
Restricted	Operating	11/28/2016	11/28/2016	11/28/2016	11/28/2016	1,414.01
Mission	Operating	12/29/2016	12/29/2016	12/29/2016	12/29/2016	7,173.66

**PRESBYTERY OF MACKINAC**  
**AGREED-UPON PROCEDURES REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**SCHEDULE B - INVESTMENTS**

**INVESTMENTS**

<b>Investment Company</b>	<b>Name of Investment</b>	<b>Increase in Inv Value 2016</b>	<b>Income Per Stmt Of Activities</b>	<b>Value Per Inv Stmt 12/31/16</b>	<b>Balance Per G/L Account</b>
New Covenant	Campus Ministry	\$ 583.41	\$ 583.41	\$ 10,515.03	\$ 10,515.13
New Covenant	Church Development	3,332.14	3,332.14	60,056.66	60,056.66
New Covenant	Presby Point Camp	249.09	249.09	4,488.35	4,488.35
New Covenant	Faith Journey	44.04	44.04	1,064.01	1,064.01
Presbyterian Foundation	Campus Ministry	(94.21)	(94.21)	35,215.94	35,215.94
Presbyterian Foundation	Marilu VanDam	(81.84)	(81.84)	30,592.23	30,592.23
Presbyterian Foundation	R Walstrom/Boline	(198.49)	(198.49)	74,191.47	74,191.47
Presbyterian Foundation	Mawby Fund	(3.67)	(3.67)	1,365.61	1,365.61

See Accountant's Report  
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**PRESBYTERY OF MACKINAC**  
**AGREED-UPON PROCEDURES REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**SCHEDULE C - GENERAL MISSION REVENUE DEPOSITS**

**MISSION FUND CHECKING ACCOUNT**

<b>Deposit Date Per Bank</b>	<b>Deposit Date Per General Ledger</b>	<b>Deposit Amount Per Bank</b>	<b>Deposit Amount Per General Ledger</b>	<b>Revenue Account</b>	<b>Proper Revenue Account</b>
1/22/2016	1/22/2016	\$ 6,424.20	\$ 6,424.20	Basic Mission/Special Offerings	Yes
5/6/2016	05/06/2016	2,043.95	2,043.95	Basic Mission/Special Offerings	Yes
10/14/2016	10/14/2016	14,570.22	14,570.22	Basic Mission/Special Offerings	Yes
11/18/2016	11/18/2016	3,039.82	3,039.82	Basic Mission/Special Offerings/ Peacemaking	Yes
12/29/2016	12/29/2016	3,116.25	3,116.25	Basic Mission/Special Offerings/ Peacemaking	Yes

**PRESBYTERY OF MACKINAC**  
**AGREED-UPON PROCEDURES REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**SCHEDULE D-1 - SELECTED DISBURSEMENTS**

**OPERATING FUND CHECKING ACCOUNT**

Check #	Payee	Check Amount per Bank Statement	Check Amount Per Register	Dual Signatures	Check Amount Approved by Treasurer	Expense Account Approved by Treasurer
22273	James Halsey	\$ 86.14	\$ 86.14	Yes	Yes	Yes
22308	Integrity Business Solutions	19.99	19.99	No	No	No
22343	Charter Communications	189.70	189.70	Yes	Yes	Yes
22378	Petoskey City Treasurer	40.27	40.27	Yes	Yes	Yes
22413	Presbytery Point Camp	1,666.67	1,666.67	Yes	Yes	Yes
22448	Ewen Holmes	720.95	720.95	Yes	Yes	Yes
22484	Al Beamish	35.17	35.17	Yes	Yes	Yes
22518	Ewen Holmes	255.77	255.77	Yes	Yes	Yes
22553	State of Michigan	886.92	886.92	Yes	Yes	Yes
22588	Ewen Holmes	1,649.66	1,649.66	Yes	Yes	Yes
22622	Presbyterian Church (USA)	8,049.22	8,049.22	Yes	Yes	Yes
22704	Kay Morrill	401.16	401.16	Yes	Yes	Yes

**PRESBYTERY OF MACKINAC**  
**AGREED-UPON PROCEDURES REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**SCHEDULE D-2 - SELECTED DISBURSEMENTS**

**MISSION/RESTRICTED CHECKING ACCOUNT**

Check #	Payee	Check Amount per Bank Statement	Check Amount Per Register	Proper Approval	Check Amount Approved by Treasurer	Expense Account Approved by Treasurer
10025	Synod of the Covenant	\$ 589.02	\$ 589.02	Yes	Yes	Yes
10032	Presbytery of Mackinac	3,297.52	3,297.52	Yes	Yes	Yes
10039	Presbytery of Mackinac	VOID	VOID	N/A	N/A	N/A
10046	Synod of the Covenant	332.33	332.33	Yes	Yes	Yes
10053	Synod of the Covenant	890.58	890.58	Yes	Yes	Yes
10060	Presbyterian Church	1,466.11	1,466.11	Yes	Yes	Yes
10067	Presbytery of Mackinac	270.06	270.06	Yes	Yes	Yes
10074	Presbytery of Mackinac	VOID	VOID	N/A	N/A	N/A
10075	Presbytery of Mackinac	7,173.66	7,173.66	Yes	Yes	Yes

December 6, 2017

Attached you will find a copy of the financial review completed for the presbytery by the CPA firm, Boldrey, Senchuk, Rouleau & Williams. Both the previous Treasurer, John Fought, and myself collaborated to distinguish the background and reasoning to the findings stated in the review. We felt it would be appropriate to provide an explanation of said findings to all who would be reviewing the final financial review. The below information is labeled and described as it appears in the report:

#### Cash Accounts (Page 1)

Finding a: In Quickbooks, when a check issued during a prior month is voided during a subsequent month, all bank reconciliations for the intervening months are revised to remove the voided check. To avoid reconciliation restatement, the amount on the check in question was changed to zero.

Finding b: The two checks written in 2017 for \$101.88 that were backdated to 2016 were to specify intercompany receivables. This was done for two reasons. 1) to satisfy intercompany transactions and 2) to replenish the peacekeeping funds in the Restricted Account. Both in regards to Triennium. The backdating approach that we used has no impact on 2016 fund balance in the Operating Account and no impact on the Peacekeeping item in the Restricted Account. Though this may not be viewed as the best practice, we felt that keeping all of 2016 items together would help with 2016 reporting issues associated with Triennium and peacekeeping.

#### Accounts Receivable & Other assets (Page 3)

Finding a: The "other receivables" account being referred to in this finding is referencing the presbytery "1202 Pass Thru" account. This account is used when writing checks for amounts that the presbytery will be reimbursed for. The amount of \$180.90 in the account at the end of 2016 was the uncollected balance which was then collected in full during 2017.

#### Payroll and Other Liabilities (Page 3)

Finding 2: The check specified in this finding was held in a designated account awaiting disbursement instructions from GA. This was kept and held in the designated account until recently when the funds were disbursed to PC(USA) Missions.

#### Revenue (Page 3)

Finding 1a: This finding deals with a comparison between the monthly per capita report prepared by the Administrative and Financial Assistant and the per capita revenue recorded on the general ledger. The difference disclosed (\$1,260.00) was an amount received from one of our presbytery churches in 2015 for per capita in 2016. This was deposited and included as a receivable in 2016. This

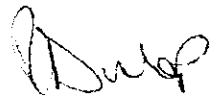
report is not meant to address prior year payments or any adjustments. This report is meant as a payment/reference disclosure that attempts to track per capita payments. It is typical to have overlapping transactions from one year to another.

Expenses (Page 4)

Finding: The absence of a second signature was an oversight. As stated in the report, the invoice matched the amount both recorded in the check register as well as the amount cleared at the bank.

General Procedures (Page 5)

Finding 2a: This finding deals with the monthly narrative report prepared by the Treasurer. Though these monthly reports are prepared from the books of record, they have no impact on the reliability of the financial statements. The amounts that were reflected on the financial statements inclusive and/or exclusive of the financial impact of the Mackinaw City settlement, are the correct amounts.

  
Admin - Financial Assistant