

DIOCESE OF THE WEST

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For The Period January 1, 2007 Through December 31, 2007

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To the Diocesan Assembly of
The Diocese of the West
San Francisco, California

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to these procedures of the Diocese of the West for the period from January 1, 2007 to December 31, 2007. The Diocese management is responsible for the accounting records. 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 the Diocese. 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:

1. Determine if accounts payable and accounts receivable have been handled properly.

No exceptions were found as a result of these procedures. However, it was noted that the Consolidated Balance Sheet contained the asset, "Assessment Receivable-Other" in the amount of (\$982.66). The amount was listed for at least the last two years but the general ledger nor the accounts receivable aging showed the balance.

We recommend that this amount be reviewed and if there is no reason to list this item, that this negative asset be eliminated from the Consolidated Balance Sheet.

Management's Response:

This item has been removed and no longer appears on the balance sheet.

2. Determine if the recording of credit card charges and the payment of the charges have been properly handled.

No exceptions were found in that all credit card charges appeared proper. However, it was noted that there were instances where the related receipt was not attached to the credit card billing for the month.

We recommend that when an individual fails to submit a receipt due to losing the receipt that a notation be made next to the related charge on the credit card invoice to document that follow up procedures were performed.

Management's Response:

This practice has been instituted with the June, 2008 American Express Statement.

3. Determine what related policies or procedures are still needed as of the date of the review.

It was noted in the report, Diocesan Audit dated June 28, 2008 that the Diocesan Auditing Committee recommended that the financial reports be simplified to provide a more easily understood report.

The QuickBooks software that is being used doesn't have the feature that the Diocesan Auditing Committee requests. However, we have produced a reformatted "Unrestricted Funds Profit and Loss" report from 4 pages in length to one page and the "Consolidated Balance Sheet" from two pages to one page using excel spreadsheets (see attached reports).

Management Response:

The Finance Committee has agreed to the simplified format but wants to see a P&L Budget versus Actual report instead of just a P&L report. The Treasurer has included the revised format beginning with the July, 2008 report.

4. Other matters that came to our attention.

It was noted that during prior periods various reviews were performed during a given fiscal year.

It may be to the benefit of the Diocese to have a full audit performed on an annual basis so that all material items of the financial statements are reviewed.

Management Response:

This suggestion will be presented to the Internal Audit Committee and the Diocesan Council.

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

This report is intended for the information and use of the Diocese and is not intended to be and should not be used by anyone other than this specified party.

Michael D. Grimes, CPA, PS

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Certified Public Accountants
August 11, 2008

THE DIOCESE OF THE WEST
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2007

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
ASSETS		
Current Assets		
Checking at UBOC	\$ -	\$ 26,109.70
Checking at WAMU	169,056.26	100,456.10
Operating Savings at ING	57,166.12	0.00
Restricted Funds	61,980.27	65,214.45
Total Checking/Savings	<u>288,202.65</u>	<u>191,780.25</u>
Accounts Receivable	50,306.50	46,895.50
Other Current Assets	66,719.47	96,093.21
Total Current Assets	405,228.62	334,768.96
Land	221,257.00	221,257.00
TOTAL ASSETS	<u><u>\$ 626,485.62</u></u>	<u><u>\$ 556,025.96</u></u>
LIABILITIES AND EQUITY		
Accounts Payable	\$ 389.42	\$ 612.97
Credit Cards	2,154.59	2,424.58
Direct Deposit	(3,696.16)	(2,497.50)
Payroll	(1,442.03)	0.00
Total Current Liabilities	<u>(2,594.18)</u>	<u>540.05</u>
Total Liabilities	(2,594.18)	540.05
Equity		
Opening Balance	313,536.26	313,536.26
Retained Operating Earnings	241,949.65	193,356.63
Net Income	73,593.89	48,593.02
Total Equity	<u>629,079.80</u>	<u>555,485.91</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 626,485.62</u></u>	<u><u>\$ 556,025.96</u></u>

THE DIOCESE OF THE WEST
20XX UNRESTRICTED FUNDS PROFIT & LOSS

Ordinary Income/Expense

Income:

Total Lights-on income	\$588,332.99	
Total Outreach (Stewards of the West)	29,238.78	
Total Pass-through income	764.55	
Total Income		\$618,336.32

Total cost of goods sold	(221.52)	
Gross Profit		\$618,114.8

Expenses:

Fair Share paid to OCA	(264,495.60)	
Total Wages & Benefits	(99,530.14)	
Travel	(42,034.45)	
Dean's Stipends	(24,000.00)	
Total Diocesan Assembly	(18,378.09)	
Total Office Expenses	(16,236.46)	
Total Property Expenses	(7,258.84)	
Total Dept. of Communications	(6,733.20)	
Total Lights-on expenses		(478,666.78)

Outreach Expenses:

Total Department of Missions	(47,121.97)	
Seminarian Financial Aid	(6,000.00)	
Total Department of Charties	(4,200.00)	
Total Youth	(3,166.11)	
Total Department of Stewardship	(2,640.56)	
Total Outreach Expenses		(63,128.64)

Total Pass Through Expenses	(764.55)	
Total Expenses		(542,559.97)

Net Income		<u>\$75,554.83</u>
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