

## **Independent Accountant's Report**

**ACCF – 28 Jan 2024**

*to the ACCF Board of Directors*

### **Report on the Review of the Financial Statements**

**Michael D Bruce, CPA (Maryland State Board of Accountancy License #22520)**

#### ***Opinion***

I have audited the financial statements of Arlington County Civic Federation (ACCF), a Not-for-Profit Organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of uses and sources of cash, and balance sheet. ACCF uses a cash accounting for its activities.

In my opinion, the financial statements present fairly, in all material respects, the financial position of ACCF Not-for-Profit Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

I conducted the review in accordance with auditing standards generally accepted in the United States of America (GAAS). I am required to be independent of ACCF Not-for-Profit Organization and to meet ethical responsibilities, in accordance with the relevant ethical requirements relating to this review. I believe that the evidence obtained is sufficient and appropriate to provide a basis for a review.

#### ***Responsibilities of ACCF Board of Director for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACCF Not-for-Profit Organization's ability to continue as a going concern.

#### ***Reviewer's Responsibilities for the Review of the Financial Statements***

The objective is to ascertain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an report that includes an opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that a

review conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing a review in accordance with GAAS, the accountant:

- Exercised professional judgment and maintain professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtained an understanding of internal control relevant to the review in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACCF Not-for-Profit Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Concluded whether, in the accountant's judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACCF Not-for-Profit Organization's ability to continue as a going concern for a reasonable period of time.

# ACCF AUDIT REVIEW

## Items Reviewed for Compliance

<b>BY:</b>	<b>Michael Bruce, CPA</b>
<b>TITLE:</b>	<b>Independent Auditor</b>
<b>DATE:</b>	<b>28 Jan 2024</b>

		YES	NO
<b>1. OPERATIONS</b>			
<b>A.</b>	<b>Purchasing</b>		
	Does the organization have reliable and reasonably priced suppliers?	X	
	Does the organization have a purchasing program in place?	X	
NOTE: Organization has an annual budget approved by Executive Committee/Board. Most charges are regular recurring charges for operations (e.g., web site, insurance, email communications). One-time needs are approved by the board.			
	<b>Insurance</b>		
	Does the organization have an annual insurance review?	X	
	Are the proper risks covered?	X	
NOTE: Organization maintain liability insurance for Board Members			

		YES	NO
<b>2. FINANCIAL/ACCOUNTING</b>			
<b>A.</b>	<b>Financial Analysis and Procedures</b>		
	Is the organization financially strong or weak according to the financial ratio analyses?	X	
	What is the organization's working capital position? Is it sufficient?	X	
	Does the organization have good relationships with its creditors, banks, and members?	X	
	Do financial/accounting staff use appropriate financial/accounting tools and techniques?	X	
Note: Organization tracks against proposed and actual budget. Cash accounting basis. Budgets, operation practices changed to improve accountability for committee fees i.e., FOIA request pre-approvals)			
<b>B.</b>	<b>Bookeeping and Accounting</b>		
	Are the books adequate?	X	
	Are records easy to access?	X	
	Can the organization get information when the organization need it?	X	
	Does the organization have monthly P&Ls?	X	
	Does the organization have annual financial statements?	X	
<b>C.</b>	<b>Budgeting</b>		
	Has the organization established financial goals? Are they appropriate?	X	
	Does the organization use a cash flow budget?	X	
	Does the organization use deviation analysis monthly?	X	
	Are the organization's capital budgeting procedures effective?	X	
	Is there a match between the organization's sources and use of funds?	X	
<b>D.</b>	<b>Cost Control</b>		
	Are cost items managed?	X	

	Are high cost items treated separately?	X	
	Is the budget used as the primary cost control tool?	X	

		YES	NO
<b>E.</b>	<b>Credit Collection</b>		
	Does the organization know the credit and collection costs?	X	
	Is the current policy successful?	X	
	Does the organization review credit and collection policies regularly?	X	
	Does the organization have a receivables management policy?	X	
<b>F.</b>	<b>Raising Money</b>		
	Have the organization been successful in raising DUES from members when needed?	X	
<b>G.</b>	<b>Dealing with Banks and Other Financial Institutions</b>		
	Is the relationship with lead banker open and friendly?	X	
	Does the organization use more than one bank?	X	

<b>5. MANAGEMENT</b>			
<b>A.</b>	<b>Strategic Management</b>		
	Do organization OFFICERS manage strategically?	X	
	Are organizational goals clear and measurable? Are they communicated to organizational members?	X	
	Is the organization's structure appropriate?	X	
	Is the organization's culture well understood by employees? Does it support organizational goals and mission?	X	
<b>B.</b>	<b>Record Keeping</b>		
	Are records of past transactions and events easy to find?	X	
	Are records retained for at least the minimum legal time period?	X	
<b>C.</b>	<b>Decision Making Process</b>		
	Are the organization leaders decisive?	X	
	Is there a decision process (chain of command)?	X	
<b>F.</b>	<b>Leadership and Subordinates</b>		
	Does the organization actually take charge of the business and its employees?		
	If the organization leaders were to die or be suddenly disabled, is there a ready successor?		
<b>H.</b>	<b>Dealing with Professionals</b>		
	Does the organization have and use an accountant, attorney, business?		
	Note: Organization has these capabilities available pro bono from members		X
	Does the organization use outside advisors?	X	