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Audit Planning – June 30, 2025

Agenda

- Audit scope and deliverables
- Audit timeline, process and responsibilities
- Governance input
- Industry insights



Scope and Deliverables

Financial statement audit



- Express an opinion in accordance with U.S. GAAP on the financial statements

Tax return preparation



- Federal Form 990 and related filings

Communications



- End of audit governance communications
- Internal control communications

Non-audit services



- Proposal of adjusting or correcting journal entries



Audit Plan Overview

Today's **audit planning** meeting starts the audit process. We use a **collaborative approach**, including seeking input from management and governance, to develop an audit plan focusing on **risk** areas and areas of **significance to the organization's stakeholders**.



Any items of significance arising warranting communication with governance will be promptly communicated. If you do not hear from us prior to the final audit presentation, everything went as planned and discussed here today.



Significant or fraud risks

(Other risks deemed significant or fraudulent in nature)

- Revenue recognition
- Management override of controls

Control risk

(Internal controls fail to prevent or detect a material misstatement)

- Review to validate proper design and perform tests are functioning as designed.

Audit Plan Overview

Inherent risk

(Due to the nature of the account)

- Contributions
- Net Assets
- Cash

Detection risk

(Audit procedures fail to detect a material misstatement)

- New tests annually to avoid familiarity with audit process
- Use of data analytics on large data volumes



Audit risk = the risk of an undetected material misstatement due to error or fraud.
Preliminary risk assessment to reduce the audit risk to an appropriately low level.





Responsibilities

Governance

- Strategic direction
- Accountability, including financial reporting

Management

- Internal controls
- Accounting policies
- Management decisions
- Fair presentation of financial statements
- Programs to prevent and detect fraud

Independent auditor

- Opinion on fair presentation of financial statements
- Audit in accordance with GAAS
- Reasonable, not absolute assurance
- Understanding of internal controls
- Risk based audit approach

Governance Input

Areas of focus?



- Significant or unusual transactions
- Specific activities to prioritize
- Individual account balances
- System or process changes

Other concerns?



- Budget to actual operating results
- Personnel changes

Fraud or Noncompliance?



- Knowledge of fraud or noncompliance



Industry Insights



OBBBA – Nonprofit impact

Individual Charitable
Contribution deduction
for non-itemizers
(2026)



Individual Charitable
Contribution .5% of
AGI Floor
(2026)



Corporate Charitable
Contribution 1% of
taxable income floor
(2026)



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