



**BOARD RESOLUTION
FY2022 AUDIT REPORT**

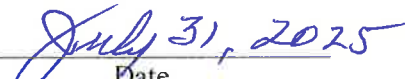
At the July 31, 2025, meeting of the Board of Directors of Society of St. Vincent de Paul Archdiocesan Council of St. Louis, the following Resolution was proposed and approved.

WHEREAS the Audit Committee met on July 17, 2025, received and reviewed the draft FY22 Audit Report from WIPFLI, LLP, and recommended the Finance Committee accept the FY2022 Audit Report from WIPFLI, LLP, and

WHEREAS the Finance Committee met on July 23, 2025, received and considered the Audit Committee's recommendation, and now recommends the Board accept the FY2022 audit report,

THEREFORE, BE IT RESOLVED, that the Board accepts the attached FY2022 audit report from WIPFLI, LLP.


Board Secretary


Date



Report of the Board of Directors

September 30, 2022

Society of St. Vincent De Paul Archdiocesan Council of St. Louis And Affiliate

Consolidated Financial Statements and
Supplementary Information

September 30, 2022

DRAFT

Independent Auditor's Report

Board of Directors
Society of St. Vincent De Paul Archdiocesan Council of St. Louis and Affiliate
St. Louis, Missouri

Qualified Opinion

We have audited the accompanying consolidated financial statements of Society of St. Vincent De Paul Archdiocesan Council of St. Louis and Affiliate (the "Organization"), a nonprofit organization, which comprise the consolidated statement of financial position as of September 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Society of St. Vincent De Paul Archdiocesan Council of St. Louis and Affiliate as of September 30, 2022, 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 ("GAAP").

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence to support net inventory - Society of St. Vincent de Paul stated at \$164,293 in the accompanying statement of financial position. As more fully described in Note 1 to the financial statements, the Organization has not recorded contributions for the fair value of donated items and the corresponding cost of goods sold for the subsequent sale of the donated items. In our opinion, accounting principles generally accepted in the United States require that when donations of inventory are received, they are recognized as contributions, and the subsequent sales record costs of goods sold associated with the donation. Quantification of the effects of that departure on the financial statements is not practicable.

We did not observe the taking of the physical inventories at September 30, 2022 (stated at \$164,293), since that date was prior to the time we were initially engaged as auditors for the Organization. We were unable to obtain sufficient appropriate audit evidence about inventory quantities by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Society of St. Vincent De Paul Archdiocesan Council of St. Louis and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Society of St. Vincent De Paul Archdiocesan Council of St. Louis and Affiliate's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Society of St. Vincent De Paul Archdiocesan Council of St. Louis and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Society of St. Vincent De Paul Archdiocesan Council of St. Louis and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

[Current Date]

Board of Directors

Society of St. Vincent De Paul Archdiocesan Council of St. Louis

1310 Papin St

St. Louis, Missouri 63103

Dear Members of the Board of Directors:

Internal Control Matters

In planning and performing our audit of the financial statements of Society of St. Vincent De Paul Archdiocesan Council of St. Louis as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses.

Reconcile Accounts to Supporting Documents Timely

This year's closing process was delayed because some important procedures were not performed on time. The results were delays in producing closing entries, trial balances, schedules, reconciliations, account analysis, and other financial reports needed by management and the auditors. In order to make the financial reports generated by the accounting system as meaningful as possible, the Organization should reconcile the general ledger accounts for cash, accounts receivable, investments, accounts payable, debt and any other significant accounts to supporting documentation on a monthly basis. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. The financial statements can then be used to help in the management decision-making process and for year-end planning. It was also noted the investment account reconciliations did not provide sufficient detailed

information needed for reporting purposes. The investment reconciliations should include details of the changes in the balances of each investment account instead of just listing the activity, and as previously mentioned, the activity should be agreed to the supporting information. This is especially important for the investments that are associated with endowments or other donor restricted funds to ensure that related spending policies are being adhered to by the Organization.

During the audit, it was noted that reconciliations and other supporting schedules were not being completed timely and were not being completed accurately. At multiple points during the audit, reconciliations were given back to the accounting department to update the reconciliation or schedule and general ledger to agree to supporting documentation. We recommend that the month end close/reconciliation process be completed timelier and fully reviewed for accuracy.

Controls over Conference and District Activities

During our audit, we noted a lack of controls over the financial reporting of the Conferences and Districts. Many conferences did not reconcile their bank accounts and investment statements or maintain proper supporting documentation that could be easily provided to the Council. We also noted that many were reluctant to provide financial information and supporting documentation. We recommend that the Organization update and enforce policies over financial reporting for the conferences and update policies for their required reporting of information, including supporting documentation, to the Council for accurate inclusion in the overall financial statements of the Organization.

It was also noted that the Conferences and Districts do not report specific contribution information to the Council. It is important that your financial reporting system provides for the proper recording and collection of contributions, including the identification of restrictions and the nature of the restrictions (for example, restricted for a donor-stipulated program) and to assure proper donor acknowledgement per IRS regulations. To accomplish this, you may need to revise some existing controls over contributions coming in through the Conferences. A system such as this facilitates the proper presentation of the contributions with donor restrictions in the financial statements and compliance with the donor-imposed restrictions and monitoring of compliance.

Donated Inventory Valuation Procedures

When the donations of inventory are received, they should be recognized as contributions, similar to other types of contributions. When they are subsequently sold, they should generally be reported as sales. Recording the contributed inventory only when it is sold does not comply with the requirement in FASB ASC 958-605 to recognize contributions when they are received. Subsequent sales of donated goods should be viewed as separate exchange transactions and should be reported as such. Many thrift stores do not maintain perpetual inventory systems for contributed inventory. Instead, they value and record inventory only at the end of each month using estimates based on subsequent sales. Then, they adjust the inventory at least once a year (typically at the end of the fiscal year) to an amount based on a physical inventory. The Organization should adopt a policy/methodology for recording contributed inventory and related cost of goods sold as well as determining the value of the contributed inventory at the end of its reporting period, which should be supported by a physical inventory of the contributed inventory.

Upgrade Outdated, Unsupported, and Uncontrollable Software - Conferences

The Organization's software application utilized for the Conferences was developed a number of years ago and is no longer supported by the developer. This means that the developer no longer provides software patches to correct security vulnerabilities that are discovered or fixes to errors

discovered in the software. The result is that the Organization's system is at risk of not functioning as intended, and it is also susceptible to attack by hackers and virus writers who exploit known vulnerabilities in networks. It was also noted that changes can be made to conference information in the system without any audit trail or notification of the change and prior periods cannot be locked down to prevent changes in a closed year. Also, the excel reports for each conference generated from the software are not protected to limit change. The system does not include requests to disclose and reconcile investment income, and it also does not request that information regarding restrictions on contributions received be submitted. It was noted that CARs can be submitted that are out of balance and the reconciliation differences were not resolved before being initially provided to the audit team. These all result in a lack of data integrity. For this reason, as well as to obtain efficiencies from improved functionality, we recommend that the Organization consider upgrading the outdated conference system and assuring that the new system will require the conferences to report all information needed by the Council for financial statement reporting.

Supporting Documentation Not Maintained

During our audit we noticed that accounting records frequently could not be located when needed. Supporting documentation was not provided for multiple testing selections. All transactions must be clearly documented, properly classified, and that documentation readily available for examination. We recommend that the Organization enforce policies surrounding the maintenance of accounting records that support the financial information of the Organization and maintain those records in accordance with the Organization's retention policy.

Timely Financial Close and Information Provided to Those Charged with Governance

As a result of the above noted material weaknesses, the Organization was not able to timely close the accounting records for each month and produce accurate monthly and year-end financial statements. Therefore, the Finance Committee and Board of Directors were not provided timely and accurate financial information about the Organization that is needed to properly support effective governance and strategic oversight. We recommend the Organization continue to focus on changes in the accounting department to promote timely and accurate monthly and yearend reporting.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Approve Bank Reconciliations

Although we were advised that all bank reconciliations are approved by a responsible employee, no indication of such review was evident on the reconciliations selected for review. We recommend that the reconciliations be signed as an indication of approval. Doing so would take little additional time and might even prevent time from being wasted by inadvertent review of reconciliations that had already been reviewed. We also recommend that the reconciliations be signed and dated by employees preparing them. As a prompt to the preparer and reviewer/approver to sign the reconciliation, preprinted reconciliation forms could include a signature block with space for the signatures, or a stamp with a signature block could be applied to the reconciliations or develop a means to sign electronically.

Staffing

It was apparent that the low level of accounting staff was putting a strain on the current staff to complete their responsibilities in a timely and accurate manner. For example, we noted that there was a significant increase in the time needed to close the books and records were not maintained accurately. We recommend that the Organization assess the staffing needs of the accounting department and plan for increasing capacity through hiring or reorganizing the current responsibilities.

Evaluate the Existing Accounting System – General Ledger System

The software program used to perform the general ledger accounting activity was acquired several years ago. Since that time, the size of the Organization has significantly affected its accounting requirements. Industry trends have produced more sophisticated tools to perform this function that align with the size of the Organization. At one point during the audit, data was corrupted due to size limitations within the system. We recommend that the Organization conduct an evaluation of the existing accounting system and an analysis of projected needs for the future. This evaluation should focus on ensuring that the Organization's financial systems maximize the productivity of its accounting staff and meet the future needs of management. The review could be done either internally or with assistance from outside consultants.

Reconcile the Accounts Payable Subsidiary Account to the General Ledger Accounts

The general ledger control account for accounts payable did not agree with the subsidiary ledger balances for most of the year. The difference was related mostly to computer entries and adjustments. That is, certain entries were not properly recorded by the Organization, including accounts payable processing. The overall total of the subledger was eventually reconciled with the general ledger, but additional clean up is needed to eliminate transactions remaining on the subledger that offset each other. We recommend the general ledger control accounts be reconciled to the subsidiary ledgers on a monthly basis.

Intercompany Transactions

Based on the structure and nature of the Organization, it is expected that there will be intercompany transactions between conferences, districts, and the Council. During the audit, it was noted that these transactions were not always well documented, which made determining the proper elimination of these intercompany transactions difficult. We recommend that additional information be gathered, tracked, and maintained to identify those intercompany transactions to allow for easier identification for the required elimination process when consolidating the different components of the overall Organization.

A consideration, which we determined to be of a lesser magnitude than a significant deficiency or material weakness, but is included for your consideration, consisted of the following:

Investment Policy Update

During our audit, we noted that the investment policy was last updated in 2020. We recommend that this policy be reviewed and updated if deemed necessary. The date of the review should be documented if it is determined that updates to the policy are not necessary.

Standard Operating Procedures Manual – Update and Enhance

We noted that the Organization does not have an accounting / standard operating procedures ("SOP") manual that covers all facets of the accounting processes in detail. During the audit period, many procedures were informally communicated or inconsistently applied, which can lead to inefficiencies, compliance risks, and onboarding challenges. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions management performs. The benefits include consistency, risk mitigation, audit readiness, onboarding and training, and overall efficiency. We recommend that management update and enhance the standard accounting and operating procedures manual outlining policies to be followed.

This communication is intended solely for the information and use of the board of directors, audit committee, finance committee and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to be of service to Society of St. Vincent De Paul Archdiocesan Council of St. Louis.

Sincerely,

Wipfli LLP
St. Louis, Missouri
Date