

## Audit Report - Overview of Selection Process

Jan 2014	Mid-Year Board of Directors meeting in Fort Worth, TX; Board decides to undertake an audit.
Mar 2014	International Office (IO) starts reaching out to Board members for recommendations. - Pat Dickson (Immediate Past-President of USASBE) recommends local firm due to advantage of in-person meetings. USASBE recently audited. - GERALYN Franklin (SVP Finance and Control) recommends contacting key firms in the area due to expedited process.
Apr 2014	International Office (IO) reaches out to three firms who indicate they are interested in submitting a proposal: <ol style="list-style-type: none"> <li>1. Frank &amp; Company (<a href="http://www.frankandco.com/">http://www.frankandco.com/</a>) Main Contact: Robert Frank &lt;<a href="mailto:rfrank@frankandco.com">rfrank@frankandco.com</a>&gt; Estimate: \$5,000 - \$10,000 USD</li> <li>2. Renner &amp; Company (<a href="http://www.rennercpa.com/">http://www.rennercpa.com/</a>) Main Contact: Helen Lee &lt;<a href="mailto:hlee@rennercpa.com">hlee@rennercpa.com</a>&gt; Estimate: \$7,500 USD</li> <li>3. CST Group (<a href="http://www.cst-cpa.com/">http://www.cst-cpa.com/</a>) Main Contact: Mark Watts &lt;<a href="mailto:mwatts@cst-cpa.com">mwatts@cst-cpa.com</a>&gt; Estimate: \$5,000 - \$10,000 USD</li> </ol> Proposals received by April 25, 2014.
May 2014	Proposals received from Renner & Co and Frank & Co; CST indicates in email that they decline due to typically dealing with larger clients. Shared proposals with Executive Committee (J.Alves, G.Franklin, T.Cooney) ahead of conference call. Each provides independent ranking - all three have Renner as the best proposal.  International Office (IO) checks references for each firm: Robert & Co. <ol style="list-style-type: none"> <li>1. Jennifer at Fragrance Materials Association says Frank &amp; Co do a great, thorough job, and perform adequate checks against internal controls. methodical but not overreaching</li> <li>2. Carolyn at Council of American Ambassadors has been using them for 10 yrs, they are boutique firm specializing in non-profits, very responsive and would highly recommend.</li> </ol> Renner & Co. <ol style="list-style-type: none"> <li>1. Hector at American Society of Nephrology has used them for 10 yrs and very happy (they switched auditors but due to rotation policy of board after 10 yrs of service). Highly recommends</li> <li>2. Kathleen at Utilities Telecom Council worked with Joan/Helen for past 5 years and helped them find solutions - enjoyed working with them and highly recommend.</li> </ol> Executive Committee selects Renner & Co after consideration. Timeline indicates draft reports to be received by June 2.
Jun 2014	Draft reports received from Renner & Company on Friday, June 6, 2014.

## **Key Findings**

### **Significant Findings**

- No transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- The Organization did not have any sensitive estimates affecting the financial statements. The financial statement disclosures are neutral, consistent, and clear.
- We encountered no significant difficulties in dealing with management in performing and completing our audit.
- Schedule included in report summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- We are pleased to report that no such disagreements arose during the course of our audit.

### **Material Weaknesses**

#### ***Account Reconciliation & Adjustment***

Proposed adjusting entries to reconcile and adjust the beginning net assets and current year account balances. The summary of these adjustments is in the report. The majority of these adjustments were related to balance sheet accounts, such as cash, accounts receivable, accounts payable, intangible asset and deferred income.

#### ***Segregation of Duties***

Optimum internal control requires separation of duties between the authorization, execution and recording of transactions. In ICSB, as in any organization with a small staff and a high concentration of duties performed by a few employees, it is often necessary for a few persons to perform many functions within the accounting and financial reporting systems. Thus, the capability of ICSB to achieve complete separation of duties is limited.

#### ***Financial Reporting***

Recommend that the management and Board discuss ICSB's financial reporting system and reach an agreement as to what measures are available to expand current reporting. We are pleased to continue preparing the statement of cash flows and notes to the financial statements for your approval, from the information you provide, if you wish to continue asking us to do so.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Council for Small Business as of March 31, 2014 and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

\*Refer to report on [www.icsbwork.org](http://www.icsbwork.org) for complete statements.