



Batts Morrison
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS®

Evangelical Presbyterian Church and Affiliates

Report on the Audit Process

For The Year Ended June 30, 2024

REPORT ON THE AUDIT PROCESS

The Board of Directors
Evangelical Presbyterian Church and Affiliates
Orlando, Florida

We have audited the combined financial statements of Evangelical Presbyterian Church and Affiliates (collectively referred to herein as "EPC") for the year ended June 30, 2024, and have issued our report thereon dated May 27, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter with you dated December 13, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Our firm meets applicable requirements for independence with respect to EPC.

SIGNIFICANT AUDIT MATTERS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by EPC are described in Note B to the combined financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by EPC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the combined financial statements in the proper period.

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The combined financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 27, 2025. A copy of that representation letter is attached as **Exhibit 1**.

Batts Morrison Wales & Lee, P.A. • Certified Public Accountants

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to EPC’s combined financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the EPC’s auditor. However, these discussions and/or correspondence occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of EPC, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Batts Morrison Wales & Lee, P.A.".

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida

May 27, 2025



May 27, 2025

Batts Morrison Wales & Lee, P.A.
801 North Orange Avenue, Suite 800
Orlando, Florida 32801

This representation letter is provided in connection with your audits of the combined financial statements of Evangelical Presbyterian Church and Affiliates (collectively referred to herein as “EPC”), which consist of the combined statements of financial position as of June 30, 2024 and 2023, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements, for the purpose of expressing an opinion as to whether the combined financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). We confirm that we are responsible for the preparation and fair presentation in the combined financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. GAAP.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, the following representations made to you during your audits.

Combined Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 13, 2023, including our responsibility for the preparation and fair presentation of the combined financial statements.
2. The combined financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. The combined financial statements include all assets and liabilities under EPC’s control.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
6. We acknowledge and affirm that if EPC utilizes one or more service providers to receive contributions for EPC and then transmit the funds received to EPC (e.g., service providers for online giving, mobile giving, caging operations, etc.), it is possible that funds transfers made by donors to one or more service providers may not be transferred in a timely manner to EPC and EPC may have no practical means of being aware of the service provider’s failure to transmit the funds it received. Accordingly, we affirm that EPC does not hold you responsible for failure to identify funds transmitted by donors to any of EPC’s service providers and which were not transmitted to EPC in a timely manner. Further, we specifically affirm the disclosure in Note B to the combined financial statements that cash contributions are recognized by EPC as revenue when the contributions are actually received by EPC itself. For example, contributions transferred by donors to one or more of EPC’s service providers but not transmitted by the service provider to EPC are not recognized as revenue by EPC in its combined financial statements.

7. EPC had net assets with donor restrictions at June 30, 2024 and 2023 of \$5,605,507 and \$4,758,421, respectively.
8. EPC had designated net assets without donor restrictions at June 30, 2024 and 2023 of \$6,703,968 and \$7,285,065, respectively.
9. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
10. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
11. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed in accordance with the requirements of U.S. GAAP.
12. All events subsequent to the date of the combined financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
13. We have reviewed and accepted all adjustments to the combined financial statements proposed by you in connection with your engagement and we agree to post them to our books and records.
14. The effects of all known actual or possible litigation, claims, assessments, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*, have been accounted for and disclosed, including:
 - a. Pending or anticipated tax assessments or refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
 - b. Written or oral guarantees, endorsements, or unused letters of credit;
 - c. Unusual guarantees; or
 - d. Labor claims or negotiations.

FASB ASC 450-20, *Loss Contingencies*, requires loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

15. Commitments have been accounted for and disclosed in accordance with U.S. GAAP, such as:
 - a. Major fixed asset purchase agreements;
 - b. More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
 - c. Deferred compensation, bonuses, pension plans, or severance pay; or
 - d. Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets, or securities of another entity.
16. Joint ventures or other participations, the detailed transactions of which are not carried on our books, have been accounted for and disclosed in accordance with U.S. GAAP.

17. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
18. Guarantees, whether written or oral, under which EPC is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
19. EPC has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
20. None of EPC's property is subject to any reverter provision, requirement, or agreement.
21. We have complied with all restrictions on resources (including donor restrictions) and all aspects of grant and contractual agreements, including debt covenants that would have a material effect on the combined financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
22. We do not plan to prepare a report that contains the audited combined financial statements and other information (such as an annual report).
23. We have reviewed the drafts of the combined financial statements and have found no inconsistencies or deficiencies in the drafts as compared with the information that we have made available to you.
24. We hereby confirm that management has addressed EPC's ability to continue as a going concern for a reasonable period of time, within one year after the date that the combined financial statements are available to be issued, and in the opinion of management, there is no significant risk that EPC will be unable to continue as a going concern.
25. Upon implementation of ASU 2014-09, revenue from contracts with customers has been appropriately accounted for and disclosed in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. All contracts with underlying revenue recognized in the combined financial statements have commercial substance and have been approved by appropriate parties. We have considered side agreements, implied promises, and unstated customary business practices in identifying performance obligations in the contracts. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amount and timing of revenue recognized in the combined financial statements.
26. Leases with an initial term of greater than twelve months which are immaterial to the overall combined financial statements and leases with an initial term of twelve months or less are not recorded on the EPC's combined statements of financial position.

Information Provided

27. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the combined financial statements, such as records, documentation, and other matters.
 - b. Minutes of the meetings of the Board of Directors that were held from July 1, 2023 to the date of this letter, and all committees requested or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial or tax reporting practices that could have a material effect on the combined financial statements, if any.
 - d. Additional information that you have requested from us for the purpose of the audits.
 - e. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

28. All material transactions have been recorded in the accounting records and are reflected in the combined financial statements.
29. We have disclosed to you the results of our assessment of the risk that the combined financial statements may be materially misstated as a result of fraud.
30. We have no knowledge of any fraud or suspected fraud that affects EPC and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the combined financial statements.
31. We have no knowledge of any allegations of fraud or suspected fraud affecting EPC's combined financial statements communicated by employees, former employees, grantors, regulators, law firms, predecessor accounting firms, other professionals, or others.
32. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing combined financial statements.
33. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the combined financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
34. We have no knowledge of designations of net assets that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the combined financial statements.
35. We have disclosed to you the identity of EPC's related parties and all the related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties.
36. EPC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, other than those about which you have been informed.
37. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us (including reports required to be filed by regulatory bodies (e.g., EPA, OCC, FDIC, DOL, Medicare, U.S. Customs Service, HIPAA, IRS, Dept. of Commerce, state and municipal authorities)); and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of combined financial statement amounts or other financial data significant to the audit objectives.
38. We have appointed Mr. Patrick Coelho to oversee your performance of nonattest services for EPC including, but not limited to, drafting combined financial statements, and any other nonattest services requested by us and performed by you.
39. Evangelical Presbyterian Church and EPC Benefit Resources, Inc. are exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Essential Solutions Group, LLC is a disregarded entity for income tax purposes. There are no activities of which we are aware that would jeopardize each entities' tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax have been disclosed to you. All required filings with tax authorities are up-to-date.
40. We have satisfied ourselves by means other than advice from you that all of the employee benefit plans maintained by EPC and its affiliates are in compliance with applicable laws and regulations. We acknowledge that your firm has not attested to such compliance.

41. We have consulted with legal and other advisors as we have deemed necessary and appropriate regarding EPC's compliance with healthcare laws (including but not limited to the Affordable Care Act), workforce safety laws, employment laws, environmental laws, and any other laws or regulations which may be applicable to EPC, and we are unaware of any violations of law or regulations by EPC that may result in material liabilities other than those which have been specifically disclosed to you and are recognized in the combined financial statements.
42. No discussions have taken place with your firm's personnel regarding employment with Evangelical Presbyterian Church and Affiliates.
43. The Board members of EPC Benefit Resources, Inc. and Essential Solutions Group, LLC are appointed annually by the General Assembly.

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES

Rev Dr. D. Dean Weaver

Dr. Dean Weaver
Stated Clerk

Patrick Coelho

Mr. Patrick Coelho
Chief Financial Officer