

August 25, 2006

To the Rector, Wardens, and Vestry of St Gregory's Episcopal Church, 6653 W. Chatfield Ave,
Littleton, CO 8018-5834

Subject: 2005 Audit of St Gregory's Episcopal Church

We have inspected the statement of financial position of St Gregory's Episcopal Church as of December 31, 2005, and the related statement of activities and cash flows for the year then ended. Our inspection was made in accordance with the audit guidelines of the *Manual of Business Methods in Church Affairs*. The financial statements' are prepared on an accrual basis in accordance with principles adopted by the Episcopal Church and approved by its General Convention.

Exceptions are as follows:

1. In past years we reported the lack of an inventory of fixed assets. In reviewing the vestry minutes we found the start of the process. This should be completed in time for next year's audit.
2. In the January vestry minutes we noted a tax action on behalf of Fr. Al. However the referenced document was not attached and there was not a reference indicating its location.
3. In some of the bank statement folders were letters from the bank informing the church that errors were found on the deposit statements. The accounts had been adjusted either in the positive or in the negative. The letters did not show that adjustments were made to the proper accounts. We think this type of letter requires some type of acknowledgment statement signed and dated.
4. We observed that checks from the St Gregory SHARE account require only one signature. We recommend that this account also follow the standard two signature policy used on the other accounts.
5. On the September 19 contribution deposit summary a \$107 change was made with out explanation, signature, or date. We recommend all changes be explained, signed, and dated. This also was observed on a November 28 statement.
6. General observation: In some files were receipts that were very small pieces of paper. We recommend that if required they should be taped to a standard sheet of paper to prevent them being lost.

We have taken steps to see that the accompanying financial statements present fairly, in all material respects, except as noted above, the financial position of the congregation at December 31, 2005. The changes in net assets and cash flows for the year that ended are in accordance with the principles authorized by General Convention of the Episcopal Church on a basis consistent with that of the preceding year.

Our inspection and certificate are not meant to be construed as an audit or opinion rendered by a certified public account.

Sincerely, Members of the Audit Committee.

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