

## Audit Steps

### 1 Check the Balance Sheet:

- Net worth at this-year end should match bank statements corrected for clearance
- Last-year net worth should be unchanged -- no revisionist accounting

### 2 Check the Math:

- Last-year net worth + this-year net income = this-year net worth
- If not, get this fixed before doing anything else

### 3 Check the P&L for Red Flags:

- Dues or tax income should match a budget consistent with the basis
- Major variance from budget or previous trend should be explained

### 4 Check the paper trail:

- Based upon #3, review invoices associated with a sampling of P&L entries
- Flag missing items or self-dealing

### 5 Check the facts:

- Based upon #4, confirm a sampling of actual work
- Independently obtain bank statement