**REPORT ABOUT THE REVISION OF ACCOUNTING STATEMENTS**

Dear Members of the Management Committee of the FEDERATION OF CONSERVATIVE JUDAISM COMMUNITIES.

Legal address: José Hernández 1750 - Ciudad Autónoma de Buenos Aires CUIT 30-70834082-7

# Report of the accounting statements

We reviewed the accounting statements of the Federation of Conservative Judaism Communities, consisting of Equity Situation Status, Expenses and Resources Status, Net Equity Evolution Status, and Cash Flow Status, all at 31 March 2018, and other explicative information included in notes 1 to 4 and annexes I to III.

1. **Responsibility of the auditor**

Our responsibility consists in expressing an opinion about the accounting statements based on our audit. We have carried out our exam according to the auditing guidelines established in Technical Resolution No. 37 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas, as approved by the CPCECABA. The professional guidelines require compliance with the ethical requirements established in the current Ethics Code in the jurisdiction of the mentioned Council, as well as that the audit must be planned and carried out to attain reasonable security that the accounting statements are free of significant mistakes.

An audit includes the application of procedures to obtain objective facts about the figures and the information presented in the accounting statements. The selected procedures depend on the decision of the auditor, including the evaluation of significant mistakes in the accounting statements. When evaluating the risk, the auditor takes into account pertinent internal controls for the preparation and presentation by the entity of the accounting statements to design the audit procedures that are adequate according to the circumstances and not with the aim of expressing an opinion about the efficiency of internal control by the entity. An audit also includes the evaluation of the adequacy of applied accounting policies and of the reasonableness of accounting estimations made by the management of the entity, as well as the evaluation of the presentation of all the accounting statements.

We consider that the objective facts we have obtained provide enough and adequate basis for our auditing opinion.

# Report

For correct reading, this report is divided into different sections, which can be identified because they are highlighted in “bold” letters and numbered.

## Legal books

In that regarding compulsory Books, the entity complies with that established by Resolution (I.G.J.) 7/2015 (Art. 381 and 382), providing all the legally required books, and these are up to the date of the last accounting year. The following books were presented:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Book** | **Book number** | **Stamp number** | **Date of stamp** | **Last folio copied** | **Date** |
| Daily  | 1 | 41942-02 | 08/08/2002 | 70 of 200 | 31/03/2018 |
| Inventories and balances | 1 | 41938-02 | 08/08/2002 | 142 of 200 | 31/03/2018 |
| Cash | 1 | 75831-10 | 01/12/2010 | 88 of 100 | 31/03/2018 |

## Accounting statements

During the accounting year 16, closed on 31/03/2018, the Assets were $572,890.38, the Liabilities were $427,230.43, and the accounting surplus of the year was $68,079.84. This is indicated by an audit report without exceptions and a favourable opinion by the Public Accountant Beatriz Mazzaferri.

We have noticed the following in the mentioned series of Accounting Statements:

The Cash Flow Statement is made by the so-called “Indirect method”, but due to not being a non-profit body, the same should be made by the so-called “Direct method” according to that established by the Technical resolution (F.A.C.P.C.E.) 11, second part, chapter IV *“in fine”*, this situation is a deviation in the application of the current professional accounting normative.

No annex of assets and liabilities in foreign currency has been provided.

## Accounting

* The arithmetic sum of the “Cash” account indicated in the general ledger is not correct. The same is settled (to “zero”) at the end of most months of the year, when from the mentioned sum, this is seen as impossible.
* The numbering of the accounting items is not in chronological order.
* The fixed assets are not individually indicated showing their original value on one hand and the accumulated depreciation on the other, instead a residual value is made.
* The business capital account and the resulting capitalisation from the previous year is not indicated. This is all engrossed in the “Net equity” account.

## Controls performed on the income

A final difference of $15,765.23 is reached from the control made of the entity income by studying the available receipts and bank extracts, representing 0.64% of the total income indicated in the Accounting Statements.

## Controls performed on the expenses

The following series of considerable irregularities is detected by the control made of the operational expenses of the entity indicated by available internal documents, receipts, and bank extracts:

A difference of $328,560.17 was obtained in all the operational expenses shown in the Accounting Statements, net of those derived from banking operations and non-collectables, compared with the documentation made available, and which is not shown in any type of document or annotation, meaning a difference of 15% in the accounted expenses.

There is a total sum of banking dispositions for the concept of salaries of $323,240. This value is obtained from the internal forms made available by the entity and the banking movements. At

this point, we should clarify that the entity is not registered as employer with the pertinent authorities, neither is there any official receipt for these services. Therefore, there was no other possibility for verifying this situation, other than the internal form made available and verbal declarations of the authorities offered when studying the supporting documentation.

In addition, dispositions without valid receipts have been detected for $120,190.50.

Lastly, there are payments by checks for $260,184, of which the concepts for payment cannot be identified based on the documentation provided.

## Documentation not supplied

All the bank movements cannot be verified because all the supporting extracts have not been provided. The following has not been provided:

Current account in US dollars in the Banco Macro number 2-518-0946166148-3. Periods from 04/2017 to 02/2018. Later, a summary for 2017 was provided, but this is not legible. There is only documentation since 26/02/2018 for this account.

Banco Macro savings account in Pesos (no information of account number). There is no documentation provided about this account. It was discovered during the analysis of the accounting information from the entity.

Information about this documentation was requested from the entity on 30/10/2018, but on 26/11/2018, documentation reception letter, there had not been any news of the same.

We should clarify that all the movements of Banco Macro current account in Pesos number 3-518-0940043022-0 were made available, indicating most bank movements of the entity.

## 6.- Bank account 4-518-0946166149-6

On 15/11/2018 we received from the entity, in response to the request for information dated 30/10/2018, a list of movements in the special current account in Pesos No. 4-518-0946166149-6 of which no movements have been included in the accounting information of the entity.

## Limitations in the scope

* Because we were contracted for this task at a date after closing the accounting year, we have not been able to validate the “cash” dispositions by balancing the same or another alternative procedure.
* The fact is that the entity accounts for part of its operations without maintaining the pertinent support documentation or without having the same also means a limitation of the scope.

# Opinion about the accounting statements

In our opinion, due to the importance of the effects of the situations described in section C.5 and in less measure the clarifications made in points C.2 and C.6, the Accounting Statements do not reasonably show the equity situation of the FEDERACIÓN DE COMUNIDADES DEL JUDAÍSMO CONSERVADOR at 31 March 2018, or its results, the evolution of the net equity, or the cash flow corresponding to the accounting year finished on that date, according to the established Argentine professional accounting normative.

# Report of other legal and regulatory requirements

According to the accounting records of the entity, the liabilities accrued at 31 March 2018, in favour of Argentine Provisional Integrated System in the concept of provisions and provisional contributions added up to $14,517.1, being totally payable on that date.

City of Buenos Aires, 03 December 2018.

