

What the file said, what the documents said, and every adjustment we made.

We did not open this file and start fixing things. We read the bank statements, the dealer system, the card detail and the payroll register, and we compared each one to what the books already claimed. Six places disagreed. Each one is below with the document that settled it, so you can check our work rather than take it on faith.

ILLUSTRATIVE SAMPLE · NOT A CLIENT FILE

SECTION ONE

Where the file and the documents disagreed

ACCT	WHAT WE FOUND	AMOUNT	WHAT WE DID
12200	Inventory — major units DX1 valuation showed four units carried at \$0. Cost was never keyed at intake.	41,180 Dr	Cost recovered from the purchase invoices and posted to the units.
11800	Contracts in transit Two lender fundings sat in the clearing account from the prior month.	18,240 Cr	Cleared to the deals they funded.
62500	Rent A wire to the landlord was absorbed into a clearing residual and never hit an expense account.	9,758 Dr	Reclassified. Without this the month showed a profit it did not earn.
25500	Sales tax payable Remittance was \$30 under the booked liability.	30 Cr	The Florida collection allowance, capped at \$30. Recognized as other income.
52500	Subcontracted services Four Zelle payments to the same payee were posted to owner draws.	6,415 Dr	Reclassified to COGS labor. These are 1099 payments.
53500	Freight Inbound shipping on nine units was expensed on arrival.	7,392 Cr	Capitalized to the units. Freight-in rides with the unit until it sells.

SECTION TWO

What we proved before we signed off

✓	Bank — operating	Beginning + activity = statement ending	to the penny
✓	Bank — payroll	Beginning + activity = statement ending	to the penny
✓	Credit card	Rolled and trued to the statement	cuts the 10th

✓	Inventory	Roll ties to the DX1 valuation	after the four \$0 units
✓	Sales tax	Liability = return filed = detail report	
—	Parts inventory	Tied to a dealer valuation report	report not provided — carried forward and flagged

ONE OF THESE DID NOT PASS, AND IT IS STAYING RED

Parts inventory is carried forward at last month's figure because the valuation report has not arrived. We could have called it tied — the balance sheet balances either way — and nobody would have noticed. A check that cannot fail is not a check, so it reads red until we have the report in hand.

SECTION THREE

What needs you, not us

- Four units had no cost in the dealer system**
 Entered now, but they will come in at \$0 again next month unless intake changes. We sent your manager the two-field fix.
- Parts inventory is carried forward, not tied**
 We need the parts valuation report. Until it arrives this balance is last month's number and we are saying so rather than implying it was checked.
- One payee is being paid by Zelle with no W-9**
 \$6,415 year to date. That is over the new \$2,000 threshold and it is a 1099 at year end. We need the W-9 before December.

Palacio, Palacio & Zimmerman, LLC · Prepared on the income-tax basis