

# ISA 520 Analytical Procedures — Expectation Documentation

Meridian Capital Group, LLC

24th February 2026 • WP-FE-001

---

## Practitioner Notice

The expectation narratives in this workpaper are authored entirely by the practitioner. Paciolus does not generate, suggest, or pre-populate expectation text. The observed variances are computed from uploaded trial balance data. ISA 520 requires the auditor to develop an expectation of recorded amounts before comparing to actual results. This memo documents that process.

## I. Scope

Source ... Flux Analysis — FY2024 vs FY2025 (meridian\_flux\_analysis.csv)

Period Tested ..... FY 2024 vs. FY 2025

Total Accounts Compared ..... 247

High Risk Items ..... 2

Medium Risk Items ..... 6

Materiality Threshold ..... \$50,000

Expectations Documented ..... 3

The automated flux analysis expectations documentation procedures documented in this workpaper were performed on the period-over-period flux analysis data provided by management for the period under examination. These procedures are designed to identify potential data anomalies that may warrant further investigation by the engagement team. The analysis was performed with reference to the FASB Accounting Standards Codification and applicable professional auditing standards.

## II. Practitioner Expectations vs. Observed Variances

### Revenue — Consulting Services (Revenue)

Prior	\$3,600,000.00
Current	\$4,250,000.00
Variance	\$650,000.00 (+18.1%)
Risk Level	HIGH
Indicators	material_change, exceeds_threshold

Practitioner Expectation:

Revenue was expected to increase approximately 10-15% based on the new enterprise client contracts signed in Q2 2025 and the expanded scope of the Apex Industries engagement.

**Explanation of Variance:**

The 18.1% increase exceeds initial expectations. Per discussion with management, the additional growth is attributable to two unplanned project extensions with Northwind Corp (\$180K) and early recognition of the Phase 2 deliverables on the Titan project. Management has provided supporting contracts and milestone documentation.

---

**Marketing & Advertising (Expense)**

<b>Prior</b>	\$120,000.00
<b>Current</b>	\$195,000.00
<b>Variance</b>	\$75,000.00 (+62.5%)
<b>Risk Level</b>	HIGH
<b>Indicators</b>	material_change, percentage_outlier

**Practitioner Expectation:**

Marketing spend was expected to remain flat or increase modestly (5-10%) based on the approved FY2025 budget.

**Explanation of Variance:**

The 62.5% increase is primarily driven by the Q3 brand repositioning campaign (\$45K) and the October industry conference sponsorship (\$22K). Both items were approved by the Board in July 2025 as an amendment to the original marketing budget. Supporting approvals have been obtained.

---

**Cash and Cash Equivalents (Asset)**

<b>Prior</b>	\$776,750.00
<b>Current</b>	\$1,245,000.00
<b>Variance</b>	\$468,250.00 (+60.3%)
<b>Risk Level</b>	MEDIUM
<b>Indicators</b>	material_change

**Practitioner Expectation:**

Cash was expected to increase moderately due to improved operating cash flow from revenue growth, partially offset by debt repayments.

**Explanation of Variance:**

The 60.3% increase is consistent with strong operating cash flows (\$1.3M) less capital expenditures (\$470K) and debt service (\$370K). The increase reconciles to the cash flow statement within \$0 variance.

---

**Interpretive Context:** The results presented herein reflect automated data analytics and are intended to support, not replace, professional judgment. Identified anomalies may indicate areas requiring additional inquiry but do not, in themselves, constitute evidence of error, fraud, or material misstatement. The engagement team should evaluate each flagged item in the context of the overall engagement risk assessment and perform corroborating procedures as deemed necessary under applicable professional standards.

## Authoritative References

Body	Reference	Topic	Status
FASB	ASC 250-10	Accounting Changes and Error Corrections — Overall	Current

## III. Workpaper Sign-Off

---

Paciolus Intelligence • Generated 24 Feb 2026 18:43 UTC • Meridian Capital Group, LLC • Period: FY 2024 vs. FY 2025

## IV. Disclaimer

---

This memo documents automated Flux & Variance Intelligence testing procedures per ISA 520 (Analytical Procedures) and ISA 330 (Auditor's Responses to Assessed Risks). Results represent data anomalies identified through analytics and are not conclusions regarding internal control effectiveness, fraud, or material misstatement risk. The auditor must evaluate each flagged item in the context of the engagement and perform additional procedures as necessary per professional standards. This memo does not constitute audit evidence sufficient to support an opinion without corroborating procedures. Generated by Paciolus — Zero-Storage Audit Intelligence.