

Foundations 4 Orphans, Inc (F4O), 81 Clintonville Road, North Haven, CT 06473, 203-417-7362

Subject: Financial Audit period ended 6/30/19

Requested by: Executive Director Reverend Wayne Lavender (ExDir)

Audit by Carl Engelhart 12/31/19

*CWE* 31 Dec 19

This audit was prepared under the auspices of the "Local Church Guide" published by the "General Council on Finance and Administration of the United Methodist Church". The audit would be considered a small entity with minimal funding (less than \$500,000) and asset balances. Under these guidelines, a qualified volunteer from another UMC unit can perform audit procedures, evaluate internal controls and report the results directly to the entity's board of directors.

Carl Engelhart is a member of UMC-Clinton CT, has over 50 years' experience in manufacturing management and financial controllership, prepared the 2015, 17,18 audits and is Finance Chairman for UMC-CT as well as Treasurer of Habitat for Humanity, Cleveland County NC. No compensation has been granted nor is any expected for this volunteer audit of F4O.

As Auditor, Carl Engelhart states that the attached financial statements fairly represent the financial position of Foundations 4 Orphans, Inc as of June 30, 2019 and the changes in cash from July 1, 2018 are reasonable and true. Cash is the only known and stated asset and there are no liabilities made known to the auditor.

F4O incorporation in VA, previously operated from Virginia Beach VA and transferred operations to CT. ExDir stated that the organization is one and the same, VA & CT.

All F4O financial reporting up through 6/30/18 has been submitted as un-audited in annual reports etc. There are no formal accounting nor internal control procedures for the report period 7/1/18-6/30/19. Thus, there was a need to improvise to lock down financial details and gather post activity approvals from the board

Documentation includes; bank statements, donor check copies, bank account transfer detail, W-2 form, donor/disbursement account analysis prepared by ExDir, 12/21/19 board of director minutes approving total annual spending. All documents were received by hand from ExDir on 12/23/19, 12/31/19 and are believed to be true and accurate copies.

Donations/deposits were analyzed by major donors, ACH, minor receipts to justify deposit amounts. A transfer of \$32,272.65 from ABNB FCU to Webster Bank 10/12/19 consolidated all assets into one bank account. Contributor "thank you notes" acknowledged donations as per IRS reporting requirements to report donations of \$250+. Ninety-nine percent (99%) of deposits were vouched for in the audit.

Donations must be categorized by restricted and un-restricted. This analysis was prepared by ExDir from notes and other informal records. The 6/30/19 restricted/un-restricted account balances likewise were drawn from ExDir notes/informal reports. This methodology was required to provide a reasonable representation of restricted/unrestricted balances as of 6/30/19.

It should be noted that only a token amount of available cash is un-restricted @ 6/30/19. F4O had a \$5,000 pledge towards operating expenses which booked in August 2019.

Disbursements were analyzed by payee and discussed with ExDir to determine reasons for the expenditures (fund raiser, travel, printing etc). Source documents such as invoices, expense reports etc were not available.

Seven vendors supplying operational goods/services (supplies, printing, website etc) paid >\$1,000 totaled \$24,000+ for the audit period. The ExDir stated that no F4O board members have any other business or personal connections with any of these vendors.

Travel agendas are discussed in advance and approved by the board. In addition, the annual travel expense of \$20,800 was approved by the 12/21/19 board minutes.

Salary paid during 2018 & 2019 is the same. The 2018 W-2 confirmed salary paid. ACH IRS payments documented withheld FICA, Medicare etc. In addition the annual Salary/fringe expense of \$12,900 was approved by the 12/21/19 board minutes.

Schedules, notes backup material:

- A) Financial Statement for periods ending 6/30/18 & 6/30/19.
- B) Donor Schedule
- C) Disbursement Schedule
- D) Revenue monthly, audit reconciliation
- E) Disbursements by month and account, audit reconciliation
- F) 12/21/19 A4O Board of Director minutes
- G) 2018 W-2
- H) Webster Bank statements; 7/1/18 & 6/30/19 H-1, H-2
- I) ABNB FCU statements; 6/30/18, 11/15/18 I-1, I-2
- J) UMC Fund Balance Report J-1, J-2

Recommendations for 7/1/19-6/30/20:

- A) Bank statements should be reconciled monthly and approved by board.
- B) Monthly and Year-to-date Financial Statements should be available for, approved and recorded in minutes by board.
- C) Financial Statement comments, suggestions, issues, action required should be included in minutes.
- D) Detailed disbursement report by item, account, amount with backup material should be reviewed at each board meetings and approved by minutes.
- E) Supplemental reports should summarize total cost of Fund raisers, Travel agendas and other projects that tally up to more than \$2,500. These should be specifically noted in minutes.
- F) Two signatories should be on-record for checks and ACH transaction approvals
- G) Checks, payroll, ACH made payable to ExDir must be signed by alternate signatory.
- H) Board should approve by minutes annual salary arrangements.
- I) It is suggested that quarterly audits be prepared to maintain continuity.

Foundations 4 Orphans, Inc	6/30/2018	Consolidated Statement		
		Webster Bank	ABNB FCU	6/30/2019
<b>Beginning Balance:</b>	\$ 65,996.94	\$ 26,410.27	\$ 32,600.54	\$ 59,010.81
<b>Transfer Oct19:</b>		\$ 32,272.65	\$ (32,272.65)	\$ -
<b>Donations In:</b>	\$ 50,372.37	\$ 105,299.46	\$ -	\$ 105,299.46
Bank Charges	\$ (29.20)	\$ -	\$ -	\$ -
Services/Website	\$ (2,946.34)	\$ (5,967.00)	\$ -	\$ (5,967.00)
Supplies	\$ (671.53)	\$ (2,133.78)	\$ -	\$ (2,133.78)
Printing & Copying	\$ (965.90)	\$ (5,497.34)	\$ -	\$ (5,497.34)
Honoraria	\$ (950.00)	\$ (210.00)	\$ -	\$ (210.00)
Salaries	\$ (12,000.00)	\$ (11,082.00)	\$ -	\$ (11,082.00)
Travel	\$ (11,978.03)	\$ (20,763.97)	\$ -	\$ (20,763.97)
Payroll Taxes	\$ (4,313.92)	\$ (1,836.00)	\$ -	\$ (1,836.00)
Annual Report	\$ (1,200.00)	\$ (2,340.00)	\$ -	\$ (2,340.00)
Fees	\$ (268.37)	\$ -	\$ -	\$ -
Postage	\$ -	\$ (333.50)	\$ -	\$ (333.50)
Miscellaneous	\$ -	\$ (240.34)	\$ (327.89)	\$ (568.23)
Dondo Construction/Repair	\$ (20,000.00)	\$ (34,050.00)	\$ -	\$ (34,050.00)
Equipment	\$ (785.21)	\$ -	\$ -	\$ -
Fundraising Events	\$ (1,250.00)	\$ (11,953.16)	\$ -	\$ (11,953.16)
<b>Total Disbursed:</b>	<u>\$ (57,358.50)</u>	<u>\$ (96,407.09)</u>	<u>\$ (327.89)</u>	<u>\$ (96,734.98)</u>
<b>Net Operating:</b>	\$ (6,986.13)	\$ 8,892.37	\$ (327.89)	\$ 8,564.48
<b>Ending Balance:</b>	<u>\$ 59,010.81</u>	<u>\$ 67,575.29</u>	<u>\$ -</u>	<u>\$ 67,575.29</u>
Webster Bank Acc't	\$ 26,410.27	\$ -	\$ -	\$ -
ABNB Federal credit Union	\$ 32,600.54	\$ 67,575.29	\$ -	\$ 67,575.29
	<u>\$ 59,010.81</u>	<u>\$ 67,575.29</u>	<u>\$ -</u>	<u>\$ 67,575.29</u>
Dondo Construction	\$ 17,000.00	\$ -	\$ -	\$ -
DRC	\$ 26,975.00	\$ 26,975.00	\$ -	\$ 26,975.00
Dondo repair	\$ -	\$ 858.00	\$ -	\$ 858.00
Lichinga	\$ -	\$ 39,629.70	\$ -	\$ 39,629.70
Sub-total Restricted	<u>\$ 43,975.00</u>	<u>\$ 67,462.70</u>	<u>\$ -</u>	<u>\$ 67,462.70</u>
Un-restricted	\$ 15,035.81	\$ 112.59	\$ -	\$ 112.59
Bank Balance-Webster Bank xxx8210	<u>\$ 59,010.81</u>	<u>\$ 67,575.29</u>	<u>\$ -</u>	<u>\$ 67,575.29</u>

Donors  
1/1/2020

Amount	Donor	
\$ 10,000.00	<b>birdsong Total</b>	
\$ 1,000.00	<b>bpmartin Total</b>	
\$ 1,000.00	<b>cmiller Total</b>	
\$ 2,500.00	<b>cpstathis Total</b>	
\$ 500.00	<b>dpphyther Total</b>	
\$ 11,020.00	<b>firstumc id Total</b>	
\$ 10,000.00	<b>firstumc or Total</b>	
\$ 2,632.00	<b>jlmemumc Total</b>	
\$ 2,363.00	<b>kkpineman Total</b>	
\$ 2,000.00	<b>klwolf Total</b>	
\$ 4,000.00	<b>mozaorph Total</b>	
\$ 750.00	<b>mrstanley Total</b>	
\$ 11,767.11	<b>nkcappiel Total</b>	
\$ 10,000.00	<b>nyac Total</b>	
\$ 8,000.00	<b>rcwarfield Total</b>	
\$ 2,000.00	<b>rnorman Total</b>	
\$ 500.00	<b>spartaumc Total</b>	
\$ 2,000.00	<b>vanguardchar Total</b>	
\$ 1,000.00	<b>wall-smith Total</b>	
\$ 3,500.00	<b>yourcause Total</b>	
\$ 86,532.11	>\$1,000	82%
\$ 17,320.72	ACH	16%
\$ 1,446.63	Other	1%
<u>\$ 105,299.46</u>		100%

Schedule B:

Carl Engelhart @ 12/31/19 complete