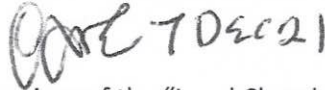


Foundations 4 Orphans, Inc (F4O), 90 Julian Drive, Hamden, CT 06518, 203-417-7362

Subject: Financial Audit period ended 12/31/20

Requested by: Executive Director Reverend Wayne Lavender (ExDir)

Audit by Carl Engelhart 12/7/21



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 Board of Trustees NYAC, 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 December 31, 2020 and the changes in cash from January 1, 2020 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. The previous CT address was 81 Clintonville Road, North haven CT 06473.

F4O changed the fiscal year from July 1 to June 30 to January 1 to December 31 effective 1/1/2020.

Disclaimer: The Financials as reported in the Foundation 4 Orphans (F4O) Annual Report for 1/1/20-12/31/20 were not audited by Carl Engelhart. The results of the audit completed by Carl Engelhart @ 12/7/21 differ substantially from the Annual Report. Refer to the 12/7/21 audit schedules for details. The remedy for this reporting discrepancy is that the FY2021 Annual Report must include the audited restated FY2020 Financials with appropriate footnotes to explain the reason for the restatement.

There are no formal accounting nor internal control procedures for the report period 1/1/20-12/31/20. 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, 11/30/21 board of director minutes approving total annual spending. All documents were received by hand or E-mail from ExDir and are believed to be true and accurate copies.

Donations/deposits were analyzed by major donors, ACH, minor receipts to justify deposit amounts. Contributor "thank you notes" acknowledged donations as per IRS reporting requirements to report donations of \$250+. Ninety-seven percent (97%) 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 12/31/21 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 12/31/21.

It should be noted that only a token amount, \$6,859, of available cash is un-restricted @ 12/31/21 to cover operational expenses of \$3-4,000/month.

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. Hiring of Aaron Lavender as Web-master approved by 4/14/20 minutes.

Travel agendas are discussed in advance and approved by the board. In addition, the annual travel expense of \$4,589 was approved by the 11/30/21 board minutes.

The 2020 W-2 confirmed salary paid. ACH IRS payments documented withheld FICA, Medicare etc. In addition, the annual salary/fringe expense of \$18,918 was approved by the 11/30/21 board minutes that also approved the annual salary increase from \$1,000 to \$2,000/month effective 7/2/20.

Schedules, notes backup material:

- A) Financial Statement for period ending 12/31/20
 - B) Donor Schedule
 - C) Expense Schedule
 - D) 11/30/21 Board of Directors minutes
 - E) Webster Bank statements; 7/1/18 & 6/30/19 E-1, E-2, E-3
 - F) 2020 W-2
 - G) UMC Fund Balance Report
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