

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

Subject: Financial Audit period ended 12/31/22

Requested by: Treasurer Jerry Jones

Audit by Carl Engelhart 4/12/23

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-Clinton-CT as well as past Treasurer Board of Trustees NYAC, past 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, 2022 and the changes in cash from January 1, 2022 are reasonable and true. Cash and investment accounts are the only known and stated assets 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. Executive Director Wayne Lavender stated that the organization is one and the same, VA & CT. The most recent 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.

Jerry Jones, Treasurer began in FY22 to formally record cash receipts and disbursements. This is a great enhancement to the accounting for F4O. The FY 22 audit was essentially taken from the Treasurer's reports and e-copies of all bank statements.

Documentation includes; bank statements, donor check copies, bank account transfer detail, W-2 form, donor/disbursement account analysis prepared by Treasurer, 1/11/23 board of director minutes approving total annual income/spending. All documents were received by USPS or E-mail from Treasurer and are believed to be true and accurate copies.

Donations/deposits were analyzed by donor, date ACH, to justify deposit amounts. Contributor "thank you notes" acknowledged donations as per IRS reporting requirements to report donations of \$250+.

Donations must be categorized by restricted and un-restricted. This analysis was prepared by Treasurer from receipt, expense records. The 12/31/22 restricted/un-restricted account balances likewise were drawn from Treasurer reports.

Disbursements were analyzed by payee and discussed with Treasurer to determine reasons for the expenditures (fund raiser, travel, printing etc). Source documents such as invoices, expense reports etc were made available as requested.

Treasurer Report of Income 2022 board approved 1/26/23 Of \$384,173.21 wa edited by audit to \$377,919.04.

Treasurer report for Expenses 2022 board approved 1/26/23 of \$180,211.21 was edited by audit to \$177,282.04.

Travel agendas are discussed in advance and approved by the board. In addition, the annual travel expense of \$17,823.91 was approved by the 1/26/23 board minutes.

Salary expense of \$33,000 included Ex Dir and Web Techs

Schedules, notes backup material:

- A) Financial Statement for period ending 12/31/22
- B) Donor Schedule
- C) Expense Schedule
- D) 1/26/23 Board of Directors minutes
- E) Webster Bank statements; on-file with auditor; summary attached
- F) UMC Fund Balance Report

Recommendations for 1/1/23-12/30/23:

- A) Monthly and Year-to-date Financial Statements should be available for, approved and recorded in minutes by board to include dollar totals for Income/Expense.
- B) Financial Statement comments, suggestions, issues, action required should be included in minutes.
- C) As noted, the addition of Jerry Jones as Treasure is a major step toward enhanced Internal Control.