

PROJECT BUILD A FUTURE, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Project Build A Future, Inc.
Lake Charles, Louisiana

We have audited the accompanying financial statements of Project Build A Future, Inc. (a non-profit organization) as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise Project Build A Future, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Project Build A Future, Inc. as of December 31, 2013 and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Members

American Institute of Certified Public Accountants

Louisiana Society of Certified Public Accountants

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2014 on our consideration of Project Build A Future, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project Build a Future, Inc.'s internal control over financial reporting and compliance.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

June 11, 2014

PROJECT BUILD A FUTURE, INC.

STATEMENT OF FINANCIAL POSITION

**For the Year Ended December 31, 2013
with comparative totals for December 31, 2012**

	ASSETS	
	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 584,775	\$ 402,600
Grants Receivable - City of Lake Charles	51,200	26,194
Notes Receivable - AHPP	808,942	2,392,066
Notes Receivable - PBAF	327,000	104,500
Prepaid Insurance	18,829	33,231
Prepaid Amount	-	975
Total Current Assets	<u>1,790,746</u>	<u>2,959,566</u>
PROPERTY AND EQUIPMENT		
Equipment	3,713	2,806
Furniture and Fixtures	520	-
Less Accumulated Depreciation	(1,011)	(1,101)
Construction in Progress	178,525	-
Land	31,004	31,914
Residential Properties - AHPP	580,420	183,373
Net Property and Equipment	<u>793,171</u>	<u>216,992</u>
Total Assets	<u>\$ 2,583,917</u>	<u>\$ 3,176,558</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Escrow Funds for Rent, Deposits - AHPP	\$ 1,100	\$ -
Total Current Liabilities	<u>1,100</u>	<u>-</u>
NET ASSETS		
Unrestricted	628,385	440,164
Temporarily Restricted	1,954,432	2,736,394
Total Net Assets	<u>2,582,817</u>	<u>3,176,558</u>
Total Liabilities and Net Assets	<u>\$ 2,583,917</u>	<u>\$ 3,176,558</u>

The accompanying notes are an integral part of these statements

PROJECT BUILD A FUTURE, INC.

STATEMENT OF ACTIVITIES

For the Year ended December 31, 2013
with comparative totals for 2012

	2013			2012
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
PUBLIC SUPPORT AND REVENUES				
Sales to Homeowners	\$ 330,000	\$ -	\$ 330,000	\$ 420,000
Sales of Land	-	-	-	36,555
Grants	-	61,877	61,877	576
Contributions	3,815	2,950	6,765	28,175
In-kind Contributions	-	-	-	8,985
Interest Income	2,613	-	2,613	120
Miscellaneous Income	1,749	-	1,749	60,350
Rental Income - AHPP	53,083	-	53,083	7,093
Gain (Loss) on Sale of Homes - AHPP	-	(88,641)	(88,641)	(68,062)
Total Public Support and Revenues	<u>391,260</u>	<u>(23,814)</u>	<u>367,446</u>	<u>493,792</u>
Net Assets Released from Restrictions:	<u>359,870</u>	<u>(359,870)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	751,130	(383,684)	367,446	493,792
EXPENSES				
Program Service				
Construction, Supervision, and Support/ Homebuyer Counseling and Education	540,104	476,939	1,017,043	872,976
Management and General	22,805	-	22,805	23,086
Total Expenses	<u>562,909</u>	<u>476,939</u>	<u>1,039,848</u>	<u>896,062</u>
CHANGE IN NET ASSETS	188,221	(860,623)	(672,402)	(402,270)
NET ASSETS AT BEGINNING OF YEAR, AS ORIGINALLY REPORTED	440,164	2,736,394	3,176,558	3,556,841
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>78,661</u>	<u>78,661</u>	<u>21,987</u>
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>440,164</u>	<u>2,815,055</u>	<u>3,255,219</u>	<u>3,578,828</u>
NET ASSETS AT END OF YEAR	<u>\$ 628,385</u>	<u>\$ 1,954,432</u>	<u>\$ 2,582,817</u>	<u>\$ 3,176,558</u>

The accompanying notes are an integral part of these statements

PROJECT BUILD A FUTURE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013
with comparative totals for 2012

	Program Services	Supporting Services	Total	Total
	Construction - Supervision and Support/ Homebuyer Counseling and Education	Management and General	Services	Services
			2013	2012
Accounting	\$ 3,145	\$ 555	\$ 3,700	\$ 12,288
Bank Service Charges	108	19	127	139
Cost of Construction	309,464	-	309,464	427,191
Credit Restoration/Reports	840	-	840	939
Down Payment Assistance	472,600	-	472,600	217,311
Dues and Fees	1,059	187	1,246	-
Emergency Support	4,339	-	4,339	-
Insurance	37,631	-	37,631	23,763
Interest	13	-	13	-
Lawn Services	877	-	877	5,220
Licenses and Taxes	18	-	18	887
Marketing Costs	2,074	366	2,440	709
Meals and Entertainment	946	167	1,113	938
Miscellaneous	143	-	143	248
Office Expense and Supplies	5,630	993	6,623	3,276
Payroll Taxes	10,781	1,274	12,055	12,036
Professional Development	2,196	387	2,583	2,550
Rent	-	-	-	5,425
Repairs and Maintenance - Homes	5,134	-	5,134	4,029
Repairs and Maintenance - Other	1,856	328	2,184	1,222
Salaries and Wages	147,169	17,393	164,562	164,151
Security	1,755	-	1,755	572
Telephone	2,473	436	2,909	2,956
Travel	2,515	444	2,959	4,908
Utilities - Homes	1,400	-	1,400	1,422
Utilities - Other	1,016	179	1,195	3,084
Volunteer Expenses	1,427	-	1,427	378
Total Functional Expenses				
Before Depreciation and Discounts	1,016,609	22,728	1,039,337	895,642
Depreciation Expense	417	74	491	420
Loss on Disposal of Equipment	17	3	20	-
Total Functional Expenses	\$ 1,017,043	\$ 22,805	\$ 1,039,848	\$ 896,062

The accompanying notes are an integral part of these statements

PROJECT BUILD A FUTURE, INC.

STATEMENT OF CASH FLOWS

**For the Year ended December 31, 2013
with comparative totals for 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (672,402)	\$ (402,270)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (used) by Operating Activities:		
Depreciation	491	420
Down Payment Assistance	472,600	217,311
Loss on Disposal of Equipment	20	-
Loss on Sale of AHPP Homes	88,641	68,062
Payments Received on Notes Receivable and Proceeds from Closings at Lender	554,120	213,365
Net (Increase) Decrease in:		
Grants Receivable	(25,006)	88,437
Lawsuit Proceeds Receivable	-	351,350
Inventory, Houses Pending Sale	-	210,590
Houses Under Construction	(178,525)	-
Prepaid Amounts	15,377	34,206
Net Increase (Decrease) in:		
Deferred Support	-	(20,000)
Lawsuit Proceeds	-	(374,805)
Payroll Taxes Payable	-	(3,134)
Escrow Funds Held - AHPP	1,100	(7,757)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	256,416	375,775
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Storage Building/Equipment	(2,026)	(380)
Payment for Land and Related Expenses	(24,424)	(1,070)
Additions to Property Used as Office	(47,791)	-
Purchase of Land - Franklin St. Lot	-	(4,724)
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	(74,241)	(6,174)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on First Federal Bank Financing	-	(91,500)
Proceeds from First Federal Bank	-	-
	<hr/>	<hr/>
Net Cash Provided (Used) by Financing Activities	-	(91,500)
 Net Increase (Decrease) in Cash and Cash Equivalents	182,175	278,101
 Cash and Cash Equivalents, Beginning of Year	<hr/> 402,600	<hr/> 124,499
 Cash and Cash Equivalents, End of Year	\$ <u>584,775</u>	\$ <u>402,600</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest, Net of Amounts Capitalized	\$ <u>-</u>	\$ <u>4,321</u>

The accompanying notes are an integral part of these statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Project Build a Future, Inc. have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Organization and Purpose

Project Build a Future, Inc. (“the Organization”) is a non-profit corporation committed to building and selling quality, affordable housing. The program began in 2001 as a ministry of Sacred Heart Church in Lake Charles, Louisiana with a mission to improve and beautify the area surrounding Sacred Heart Church. The Organization was established as a separate 501(c) (3) and built its first home in 2004. In 2006, the Organization began planning additional projects to truly make a difference in the wakes of Hurricanes Rita and Katrina.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification 958-205-05-6. Under this reference, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

5. Property and Equipment

The Organization follows the practice of capitalizing all furniture and fixtures acquired in excess of \$500. Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$491 for the year ended December 31, 2013, based on an estimated useful life of five (5) to ten (10) years for equipment. Maintenance, repair costs, and minor replacements are charged to expense as incurred.

The land valued at \$31,004 represents the property owned by the Organization at 2121 Elder Street, Pryce and Franklin Streets, 131 Reid Street, 406 Goos Street and 628 S. Franklin Street in Lake Charles, Louisiana.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Public Support and Revenue

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted contributions are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

7. Houses Under Construction and Real Estate Owned

Real estate, building materials, and labor are recorded at cost when payment is made or at estimated fair market value when donated.

8. Contributed Services

A substantial number of volunteers have made significant contributions of their time to Project Build A Future, principally in the areas of house construction and administration. The value of non-professional contributed time is not reflected in the accompanying financial statements. However, Project Build A Future, values donated professional service based on the market value of the service being provided.

9. Income Taxes

Project Build A Future, Inc. was incorporated under the laws of the state of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code.

10. Advertising Costs

Advertising and marketing costs are charged to operations when incurred. For the year ended December 31, 2013, \$2,440 in such costs was incurred by the Organization.

11. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

NOTE B – COOPERATIVE ENDEAVOR AGREEMENT

On April 6, 2009, the Organization and Habitat for Humanity Calcasieu Area, Inc. entered into a cooperative endeavor agreement with the State of Louisiana, Division of Administration, Louisiana Recovery Authority where as the State agreed to partner with both Agencies to build single family housing units designed as part of the Alternative Housing Pilot Program (AHPP) units on properties owned by both Agencies. The State provided funding of \$419,079 of AHPP funds to both Agencies for the purchase of thirty six (36) lots upon which AHPP units would be constructed. The State entered into a Developer Service Agreement with another party to develop and construct the housing units on these lots owned by both Agencies. The two (2) Agencies would be the initial owners of all AHPP properties that were specifically constructed in Calcasieu Parish, Louisiana for sale to third parties. The two (2) Agencies will also retain the sales proceeds of the housing units and must use those proceeds for affordable home ownership programs for low and moderate-income people, in conformity with the mission of both Agencies.

The total costs associated with the lots were \$445,262. The amount of grant funds received through the cooperative endeavor in 2009 from the Louisiana Recovery Authority was \$528,605, with \$239,635 allocated to this Organization based upon the allocation of properties. Additionally, through this program, Conoco Phillips donated \$667,750 in 2009, of which this Organization's share was \$333,375, based on its share of the lots purchased with the proceeds. All other revenue and expenses under the AHPP are allocated equally between this Organization and Habitat for Humanity Calcasieu Area, Inc., unless it is for a specific property allocated to that Organization.

The fair values of the homes are recorded when the Organization completes observations of the units and accepts responsibility, then takes possession of the homes. As of December 31, 2011, the Organization had taken possession of nineteen (19) of these homes valued at \$1,531,533. The properties in the Fields Subdivision owned by the Organization include sixteen (16) homes valued at \$1,225,001. The costs for the homes are dependent upon the square footage of the property and are recorded at fair value as they are contributed to the Organization by the Louisiana Recovery Authority.

The Organization began offering these homes for sale to qualified homeowners through a lease with an option to purchase arrangement, with the rental payment being approximately the same as the estimated mortgage payment. Once the buyer is prepared for home ownership, they receive credit for those payments made in rent, less some expenses. The buyer then closes on a thirty (30) year fixed rate conventional loan with a lender. The balance of this lease to purchase option arrangements, recorded as notes receivable, was \$808,942 at December 31, 2013, and \$2,392,066 at December 31, 2012.

NOTE C – FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term unconditional promises to give, notes receivable, and notes payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization’s estimates of the relative proportion of various staff members’ time and effort between program and support services as well as the Organization’s estimates of the amount of each expense utilized for program or support service functions.

NOTE E - HOUSING ACTIVITIES

During the year ended December 31, 2013, Project Build A Future, Inc. completed and sold three (3) new houses. Completed houses were either sold at cost or held in inventory at cost, as real estate owned, pending sale. At December 31, 2013, the Organization had two (2) of houses in construction in progress.

NOTE F - COMPENSATED ABSENCES

The Organization does not provide for paid vacation or sick leave.

NOTE G – CONCENTRATION OF REVENUE AND SUPPORT

Some of the revenue for the Organization’s programs is provided by city and other grants (17%) used for homeowner down payments and other operating costs. If there were significant reductions in amounts received in funding, the operations of the Organization could be adversely impacted.

NOTE H – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and notes receivable for the lease to purchase option arrangements. The Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to the notes receivables are limited as the Organization retains ownership of the property if the homeowner defaults on payment. As of December 31, 2013, the Organization had no significant concentrations of credit risk.

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2013 are available for the following uses:

Purpose and time restrictions - AHPP Notes Receivable	\$ 808,941
Purpose and time restrictions - PBAF Notes Receivable	327,000
Purpose and time restrictions - City of Lake Charles grant allocation	51,200
Purpose and time restrictions - Contribution	1,711
Purpose and time restrictions - Construction in Progress	178,580
Purpose and time restrictions - AHPP Homes	580,420
Purpose and time restrictions - Land Purchases for Future Construction	6,580
Total temporarily restricted net assets	<u>\$ 1,954,432</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

NOTE J – INTEREST COST

The Organization capitalizes interest cost as a component of the cost of construction in progress. The amount of interest cost incurred during 2012 was \$4,321. No interest cost was incurred in 2013.

NOTE K – IN KIND CONTRIBUTIONS

Contributed services and space are recognized both as support and expenses and therefore do not affect the Organization's net assets. In kind contributions received during the year ended December 31, 2012 consist of contributed office space, telephone and utilities through June 30, 2012, valued at \$8,985. There were no in kind contributions in 2013.

NOTE L – SUBSEQUENT EVENT

Subsequent events were evaluated through June 11, 2014 which is the date the financial statements were available to be issued.

NOTE M – PRIOR PERIOD ADJUSTMENT

Some of the homes the Organization sold in the prior year under the lease to purchase agreements, the homeowner was unable to meet the final requirements, such as approval by a lender, and had to move out of the home. Therefore, the Organization regained possession of the property, and reversed the gain or loss recognized on the sale of the property. These transactions resulted in increases of \$23,826 to temporarily restricted net assets at December 31, 2013. In some cases, when the homeowner was unable to meet final requirements to close the house, the Organization, in accordance with the agreements, made reductions to the escrow balances on the properties. These amounts from prior years resulted in increases to temporarily restricted net assets of \$54,855 at December 31, 2013.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Project Build A Future, Inc.
Lake Charles, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Project Build A Future, Inc., which comprise the statement of financial position as of and for the year ended December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Build A Future, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion effectiveness of Project Build A Future, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will be not prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses [2013-1].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project Build A Future, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Project Build A Future, Inc.'s Response to Findings

Project Build A Future, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Project Build A Future, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion of it.

Purpose of this Report

The purpose of the report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

June 11, 2014

Project Build A Future, Inc.

SCHEDULE OF FINDINGS

Year Ended December 31, 2013

We have audited the financial statements of Project Build A Future, Inc. for the year ended December 31, 2013, and have issued our report thereon dated June 11, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2013 resulted in an unmodified opinion.

Section I – Summary of Auditor’s Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II – Financial Statement Findings

2013-1 The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization’s financial transactions or preparing its financial statements, including related notes.

Project Build A Future, Inc.
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2013

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements:			
<u>2012-1</u>	Unknown	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.	Unresolved
Section II - Management Letter Comments			
<u>ML-1</u>	2012	The Organization did not reconcile the general ledger balance to the details of accounts payable on a monthly basis.	Resolved

Project Build A Future, Inc.

CURRENT YEAR FINDINGS, RECOMMENDATIONS AND CORRECTIVE ACTION PLAN

Year Ended December 31, 2013

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>2013-1</u>	Unknown	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined it is best to continue to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Nicole Miller	N/A