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**Rapides Station Community Ministries, Inc.**

**Alexandria, Louisiana**

**Financial Statements**

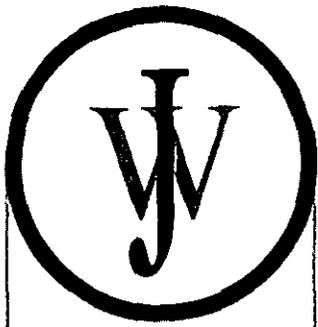
**December 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/6/10

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# JONALD J. WALKER III CPA LLC

MEMBER OF  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana

I have audited the accompanying statement of financial position of Rapides Station Community Ministries, Inc. (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rapides Station Community Ministries, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 29, 2010, on my consideration of Rapides Station Community Ministries, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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Board of Directors  
Rapides Station Community Ministries, Inc.  
Page 2 of 2

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Rapides Station Community Ministries, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Jonald J. Walker III CPA, LLC". The signature is written in a cursive style with a large initial "J".

Jonald J. Walker III CPA, LLC

Lake Charles, Louisiana  
September 29, 2010

Rapides Station Community Ministries, Inc.  
Statement of Financial Position  
December 31, 2009

Assets

<b>Current Assets</b>	
Cash and cash equivalents	\$ 144,825
Grants receivable	14,423
Inventory	<u>123,521</u>
Total Current Assets	282,769
Plant, Property and Equipment, net	24,565
<b>Other Assets</b>	
Restricted inventory	108,780
Restricted cash	<u>984,364</u>
Total Other Assets	<u>1,093,144</u>
<b>Total Assets</b>	<b><u>\$ 1,400,478</u></b>

Liabilities and Net Assets

<b>Current Liabilities</b>	
Accounts payable	\$ 763
Accrued payroll liabilities	<u>3,355</u>
	4,118
<b>Net Assets</b>	
Unrestricted	411,996
Temporarily restricted	<u>984,364</u>
Total Net Assets	<u>1,396,360</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,400,478</u></b>

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.  
Statement of Activities  
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Grants and contributions	\$ 132,425	\$ 395,424	\$ 527,849
Other income	11,567	-	11,567
Investment income	7,613	-	7,613
Program income - homebuyers program	-	984,364	984,364
Program income - rental activities	<u>27,794</u>	<u>-</u>	<u>27,794</u>
Total Revenues	179,399	1,379,788	1,559,187
 Net Assets Released from Restrictions	 1,846,104	 (1,846,104)	 -
<b>Functional Expenses</b>			
Program services	3,163,566	-	3,163,566
Management and general	206,362	-	206,362
Total Functional Expenses	<u>3,369,928</u>	<u>-</u>	<u>3,369,928</u>
 Change in Net Assets	 (1,344,425)	 (466,316)	 (1,810,741)
 Net Assets - Beginning of Year	 <u>1,756,421</u>	 <u>1,450,680</u>	 <u>3,207,101</u>
 Net Assets - End of Year	 <u>\$ 411,996</u>	 <u>\$ 984,364</u>	 <u>\$ 1,396,360</u>

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2009

Cash flows from operating activities	
Change in Net Assets	\$ (1,810,741)
Adjustments to reconcile changes in net assets to net cash proved (used) by operating activities:	
Depreciation	4,833
Changes in operating assets and liabilities	
Decrease in grants receivable	368,612
Decrease in inventory	1,404,760
Decrease in accounts payable	(19,685)
Decrease in payroll liabilities	<u>(1,558)</u>
Net Cash Provided by Operating activities	(53,779)
 Cash flows from financing activities:	
Repayment of debt	<u>(80,500)</u>
Net cash used in financing activities	<u>(80,500)</u>
 Net increase in cash and cash equivalents	(134,279)
 Cash and cash equivalents at beginning of year	<u>1,263,468</u>
 Cash and cash equivalents at end of year	<u>\$ 1,129,189</u>
 Reflected in the Statement of Financial Position as:	
Cash and cash equivalents	\$ 144,825
Restricted cash	<u>984,364</u>
Total	<u>\$ 1,129,189</u>
 Supplementary data:	
Cash equivalents include certificates of deposit with original maturities of one to three months -	

The accompanying notes are an integral part of the financial statements

Rapides Station Community Ministries, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2009

Program Services

	Rental Activities	Safe and Drug Free	21st Century	Community Housing Development Organization	Alsace Lorraine	Red River Rehab	Homebuyer Education	Total Program Services	Management and General	Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Bank Charges	-	-	-	-	-	-	-	-	-	160
Cleaning and Janitorial	-	-	-	-	-	-	-	-	25,500	25,500
Contract Labor - General	-	-	-	-	-	-	-	6,441	-	6,441
Contract Labor - Program	6,414	-	-	-	-	-	27	6,441	-	24,365
Purchased Professional & Technical Serv's	-	500	450	-	-	-	-	950	1,398	1,398
Purchased Property Services	-	-	-	-	-	-	-	-	-	280,998
Other Purchased Services	-	1,681	3,152	-	-	276,165	-	280,998	4,833	4,833
Depreciation	-	-	-	-	-	-	-	-	338	583
Office Expense	-	-	-	-	-	245	-	245	-	-
Cost of Sales	-	-	-	-	2,714,658	-	-	2,714,658	-	2,714,658
Salaries	19,860	10,850	63,973	14,979	-	13,688	-	123,350	86,086	209,436
Payroll Tax Expense	1,519	830	4,997	1,146	-	981	-	9,473	7,006	16,479
Postage, Shipping & Delivery	-	-	-	-	-	-	369	369	-	738
Utilities	-	-	-	-	-	-	-	1,204	3,218	4,422
Rent	-	-	-	8,875	613	-	-	11,833	8,434	20,267
Insurance	-	-	-	-	1,479	1,479	-	3,038	10,164	13,202
Supplies	-	19	1,382	-	3,038	-	-	1,836	1,737	3,573
Telephone & Telecommunications	-	-	2,181	-	-	-	435	2,181	4,868	7,049
Dues	-	-	-	-	-	-	75	75	-	75
Indirect Costs	27,793	1,110	-	-	10	160	5,635	6,915	28,836	35,751
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	27,793	14,990	76,135	25,000	2,719,798	276,916	22,934	3,163,566	206,362	3,369,928

Rapides Station Community Ministries, Inc.  
Notes to the Financial Statements  
December 31, 2009

**Note 1 – Nature of Activities and Significant Accounting Policies**

Organization

Rapides Station Community Ministries, Inc (Rapides Station) is a not-for-profit organization that provides academic assistance, enrichment, recreation, technology, tutoring, parental involvement and family literacy activities. Its mission also includes a comprehensive approach to education on affordable housing for low and moderate income families and developing property for sale or rent to low and moderate income families.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Rapides Station and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Rapides Station and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by Rapides Station. Generally, the donors of these assets permit Rapides Station to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all restricted monies in banks and highly liquid investments with original maturities of less than three months.

Rapides Station Community Ministries, Inc.  
Notes to the Financial Statements  
December 31, 2009

**Note 1 – Nature of Activities and Significant Accounting Policies (Continued)**

Revenue Recognition

Contributions and grants are recorded when awarded or pledged, except for reimbursements grants which are recorded as expenditures are incurred. All donor-restricted contributions and grants are reported as increases in temporarily 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.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Rapides Station is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

Inventory

Inventory consists of lots purchased for sale with homes built on them for low and moderate income families. Inventory is maintained on a cost basis and includes homes in process.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets' useful lives, which range from 3 to 39 years.

Grants Receivable

Grants are recorded at the time of the award, except for reimbursement grants which are recorded as expenditures are incurred. If a grant becomes uncollectible, then it is written off at that time. No allowance is recorded because management believes all grants to be collectable.

Donated Services

Volunteers are utilized extensively for both program and supporting services. Contributed services are recognized if the services require specialized skills.

Rapides Station Community Ministries, Inc.  
Notes to the Financial Statements  
December 31, 2009

**Note 2 – Grants Receivable**

As of December 31, 2009 grants receivable consisted of the following:

<u>Description</u>	<u>Amount</u>
21 <sup>st</sup> Century	\$ 14,423
Total	<u>\$ 14,423</u>

**Note 3 – Fixed Assets and Depreciation**

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of December 31, 2009:

<u>Description</u>	<u>Life</u>	<u>2009</u>
Land		\$ 4,433
Equipment	5 – 7 years	40,888
Less: Accumulated Description		<u>( 20,756)</u>
Net Fixed Assets:		<u>\$ 24,565</u>

Depreciation expense for the year ended December 31, 2009 was \$4,833.

**Note 4 – Restricted Cash**

As of December 31, 2009 restricted cash was made up of the following:

<u>Description</u>	<u>Amount</u>
Alsace Lorraine Project	<u>\$984,364</u>
Total	<u>\$984,364</u>

**Note 5 – Restricted Net Assets**

As of December 31, 2009 net assets in the amount \$984,364 were temporarily restricted for the following reasons:

<u>Description</u>	<u>Amount</u>
Alsace Lorraine Project	<u>\$984,364</u>
Total	<u>\$984,364</u>

As of December 31, 2009 Rapides Station had no permanently restricted net assets.

Rapides Station Community Ministries, Inc.  
Notes to the Financial Statements  
December 31, 2009

**Note 6 – Related Party Transactions**

Rapides Station rents a building that is owned by the Executive Director. In 2009 rent in the amount of \$17,760 was paid.

The contractor hired for the Alsace Lorraine project and a portion of the Red River Rehab project shares same building with Rapides Station.

**Note 7 – Concentrations of Risk**

As of December 31, 2009, funds on deposit with various financial institutions exceeded available Federal Deposit Insurance Coverage by \$740,837.

**Note 8 - Subsequent Events**

The management of Rapides Station evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 29, 2010, the date which the financial statements were available to be issued.

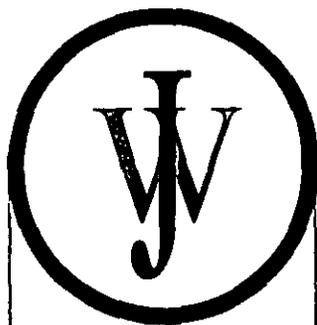
**Rapides Station Community Ministries, Inc.**  
**Schedule of Federal Awards**  
**For the Year Ended December 31, 2009**

<u>Schedule of Federal Awards</u>	<u>CFDA</u>	<u>Federal</u>	<u>Pass-</u>
U.S. Department of Housing and Urban Development	<u>Number</u>	<u>Identifying</u>	<u>through</u>
Indirect Program:		<u>Number</u>	<u>Federal</u>
HOME Program	14.239		<u>Expenditure</u>
<i>U. S. Department of Education</i>			
Indirect Programs:			
21 <sup>st</sup> Century	84.287		76,135
Safe and Drug Free	84.186		<u>14,990</u>
			<b>\$1,598,515</b>

**Rapides Station Community Ministries, Inc.**  
**Schedule of Federal Awards**  
**For the Year Ended December 31, 2009**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rapides Station Community Ministries, Inc. (Rapides Station) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of, the basic financial statements.



# JONALD J. WALKER III CPA LLC

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## **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  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana

I have audited the financial statement of Rapides Station Community Ministries, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated September 29, 2009. I conducted my 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.

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### **Internal Control over Financial Reporting**

In planning and performing my audit, I considered Rapides Station Community Ministries, Inc.'s internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of Rapides Station Community Ministries, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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, or detect and correct, misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, in internal control that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than

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inconsequential will not be prevented or detected by the organization's internal control. I consider the deficiencies described in 2009-01 through 2009-06 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

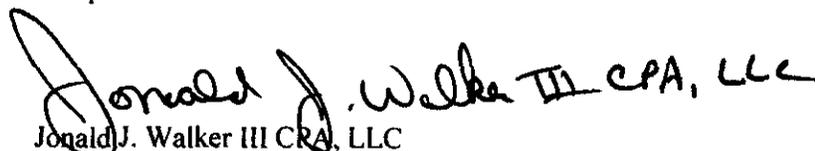
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I believe that all of the significant deficiencies described above are material weakness.

#### **Compliance and other Matters**

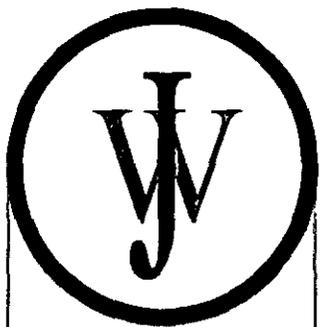
As part of obtaining reasonable assurance about whether Rapides Station Community Ministries, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing standards and which are described in the accompanying schedule of findings and questioned costs as item 2009-07.

Rapides Station Community Ministries, Inc.'s response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Rapides Station Community Ministries Inc.'s response and, accordingly I do not express an opinion on it.

This report is intended solely for the information and use of the board of directors, management of Rapides Station Community Ministries, Inc., the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.

  
Donald J. Walker III CPA, LLC

Lake Charles, Louisiana  
September 29, 2010



# JONALD J. WALKER III CPA

LLC

MEMBER OF  
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CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
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## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Directors  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana

### Compliance

I have audited the compliance of Rapides Station Community Ministries, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Rapides Station Community Ministries, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Rapides Station Community Ministries, Inc.'s management. My responsibility is to express an opinion on Rapides Station Community Ministries, Inc.'s compliance based on our audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rapides Station Community Ministries, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Rapides Station Community Ministries, Inc.'s compliance with those requirements.

In my opinion, Rapides Station Community Ministries, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

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### **Internal Control over Compliance**

Management of Rapides Station Community Ministries, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Rapides Station Community Ministries, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Rapides Station Community Ministries, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

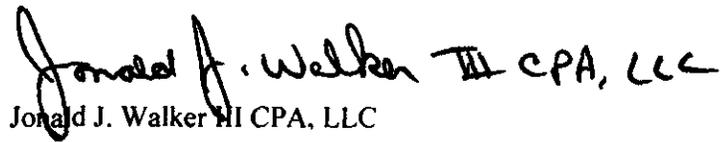
My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2009-03, 2009-05, 2009-06.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Rapides Station Community Ministries, Inc.'s responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Rapides Station Community Ministries, Inc.'s responses and, accordingly, I express no opinion on the responses.

Board of Directors  
Rapides Station Community Ministries, Inc.  
Page 3 of 3

This report is intended solely for the information and use of the board of directors, management of Rapides Station Community Ministries, Inc., the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.

  
Jonald J. Walker III CPA, LLC

Lake Charles, Louisiana  
September 29, 2010

Rapides Station Community Ministries, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009

**A. Summary of Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Rapides Station Community Ministries, Inc.
2. Six control deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditor's 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*. These six deficiencies are considered material weaknesses.
3. No instances of noncompliance material to the financial statements of Rapides Station Community Ministries, Inc. are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements And Internal Control Performed in Accordance with Government Auditing Standards*.
4. Three deficiencies in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB circular A-133*. These three deficiencies are considered significant deficiencies.
5. The auditor's report on compliance for the federal award program administered by Rapides Station Community Ministries, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Section C of this schedule.
7. The programs tested as major programs include:

HUD – HOME Program	<u>CFDA Number</u> 14.287
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8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Rapides Station Community Ministries, Inc. does not qualify as a low-risk auditee.

Rapides Station Community Ministries, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009

**B. Findings – Financial Statement Audit**

INTERNAL CONTROL AND COMPLIANCE FINDING

**2009-01 Receivable, Inventory, Fixed Assets and Payable Subsidiary Ledgers**

Condition:

Subsidiary ledgers for accounts receivable, inventory, fixed assets and accounts payable are not maintained and reconciled to the general ledger.

Criteria:

A subsidiary ledger should be maintained and reconciled back to the general ledger on a monthly basis and adjustments made as necessary.

Effect:

The financial reporting system used by Rapides Station for reporting activities of the Organization does not provide for integrated preparation of financial statements from transaction details. This results in delays in receiving the trial balance and reconciled supporting details for Rapides Station accounts.

Recommendation:

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

Response:

See Management's Corrective Action Plan for their response.

**2009-02 Notes Payable/Liabilities Classification**

Condition:

Notes payable are being recorded as income when received and expense when paid instead of a liability.

Criteria:

Notes payable should be recorded as a liability upon receipt of the funds and payments should reduce this liability as they are made. Notes payable should also be broken down between current and long-term according to the terms of the loan.

Rapides Station Community Ministries, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009

Effect:

The financial reporting system used by Rapides Station for reporting activities of the Organization does not provide for integrated preparation of financial statements from transaction details. These results in delays in receiving the trail balance and reconciled supporting details for Rapides Station accounts.

Cause:

Knowledge of accounting procedures by the bookkeeper and monitoring procedures are not in place to prevent improper recording.

Recommendation:

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

Response:

See Management's Corrective Action Plan for their response.

**2009-03 Revenues**

Condition:

Revenues are not recorded in the proper periods.

Criteria:

Contributions and grants are recorded when awarded or pledged. All donor-restricted contributions and grants are reported as increases in temporarily 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.

Effect:

The financial reporting system used by Rapides Station for reporting activities of the Organization does not provide for integrated preparation of financial statements from transaction details. This results in delays in receiving the trial balance and reconciled supporting details for Rapides Station accounts.

Cause:

Knowledge of accounting procedures by the bookkeeper and monitoring procedures are not in place to prevent improper recording.

Rapides Station Community Ministries, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009

Recommendation:

There should be education on proper recording for data entry person and implementation of monitoring procedures.

Response:

See Management's Corrective Action Plan for their response.

**2009-04 Net Assets**

Condition:

Net asset classifications are not recorded properly.

Criteria:

A schedule detailing the restrictions should be maintained and entries made to reconcile the general ledger to the schedule.

Effect:

Financial statements are misstated.

Recommendation:

Journal entries should be recorded and monitored to see that balances agree. A schedule detailing restrictions should be developed and reconciled to the general ledger.

Response:

See Management's Corrective Action Plan for their response.

**2009-05 Monitoring Procedures**

Condition:

There are no procedures in place to monitor and track grants.

Criteria:

Procedures should be implemented to ensure monitoring of grant requirements and compliance with grant requirements.

Effect:

Compliance components of grants are not being monitored.

Rapides Station Community Ministries, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009

Recommendation:

Develop and implement improved procedures for monitoring of compliance and tracking of grant expenses.

Response:

See Management's Corrective Action Plan for their response.

**2009-06 Segregation of Duties**

Condition:

Due to the limited number of available personnel, there was a general lack of segregation of duties within several accounting functions.

Criteria:

The objective of internal control over accounting transactions is to obtain control over authorizing and recording accounting transactions. To achieve this control, and to the extent implementation is practical, certain accounting duties should be handled by more than one member of the Organization's personnel.

Effect:

Financial functions and reporting lack controls that could cause inaccuracies to go undetected.

Recommendation:

Where optimal segregation of duties is not possible due to limited staffing, management and the board of directors should closely monitor, review, and approve transactions and financial statements.

Response:

See Management's Corrective Action Plan for their response.

**2009-07 Timely filing of report**

Condition:

Rapides Station did not file its audit report with the Louisiana Legislative Auditor by the last day of the sixth month after year end.

Criteria:

Louisiana Revised Statue 24:513 and the *Louisiana Government Audit Guide* requires all engagements to be completed and transmitted to the legislative auditor within six months of the close of the entity's fiscal year.

Rapides Station Community Ministries, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009

Effect:

The organization is not in compliance with state law.

Recommendation:

Rapides Station should implement procedures to retain proper grant documentation and information on compliance with this documentation to ensure that engagement can be completed timely.

Response:

See Management's Corrective Action Plan for their response.

**C. Findings and Questioned Costs – Major Federal Award Programs Audit**

Department of Housing and Urban Development  
Passed through Louisiana Housing Finance Agency

There were no findings or questioned costs found for the audit period ended December 31, 2009.

Rapides Station Community Ministries, Inc.  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2008

**1. Findings – Financial Statement Audit**

**INTERNAL CONTROL AND COMPLIANCE FINDING**

**2008-01 Large deposit held at year end**

Condition:

A bank account was closed in December, but the funds were not deposited into a new bank account until February of the following year and an account was not set up on the general ledger to keep track of these funds.

Recommendation:

Create a policy for handling deposits. Deposits should be made at least weekly and large amounts on a more frequent basis.

Current Status:

Resolved

**2008-02 Receivable, Inventory, Fixed Assets and Payable Subsidiary Ledgers**

Condition:

Subsidiary ledgers for accounts receivable, inventory, fixed assets and accounts payable are not maintained and reconciled to the general ledger.

Recommendation:

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are received and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

Current Status:

Unresolved

**2008-03 Notes Payable Classification**

Condition:

Notes payable are being recorded as income when received and expense when paid instead of a liability.

Rapides Station Community Ministries, Inc.  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2008

Recommendation:

There should be education on proper recording for data entry person and implementation of monitoring procedures.

Current Status:

Unresolved

**2008-04 Expenses**

Condition:

Expenses are not categorized properly for both functional and natural classifications

Recommendation:

There should be education on proper recording for data entry person and implementation of monitoring procedures.

Current Status:

Resolved

**2008-05 Revenues**

Condition:

Revenues are not recorded in the proper periods.

Recommendation:

There should be education on proper recording for data entry person and implementation of monitoring procedures.

Current Status:

Unresolved

**2008-06 Net Assets**

Condition:

Net asset classifications are not recorded properly and prior year journal entries were not made.

Recommendation:

Journal entries should be recorded and monitoring to see that balances agree should be done. A schedule should be developed and reconciled to the general ledger.

Rapides Station Community Ministries, Inc.  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2008

Current Status:

Unresolved

**2008-07 Presentation of Financial Statements**

Condition:

The year-end financial statements for audit are not prepared in accordance with generally accepted accounting principles.

Recommendation:

Rapides Station should engage another CPA firm or employ a qualified staff member to assist with accounting and preparation of financial statements.

Current Status:

Resolved

**2008-08 Segregation of Duties**

Condition:

Many of the financial functions are performed by one individual with no monitoring.

Recommendation:

Rapides Station should engage another CPA firm or employ a qualified staff member to assist with accounting and preparation of financial statements.

Current Status:

Unresolved

**2008-09 Monitoring Procedures**

Condition:

There are no procedures in place to monitor and track the grants.

Recommendation:

Develop procedures for monitoring of compliance and tracking of grant expenses.

Current Status:

Unresolved

Rapides Station Community Ministries, Inc.  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2008

**2008-10 Employee verses contract labor**

Condition:

Several individuals who would meet the criteria of employees were treated as contract labor. Furthermore, the amounts paid were reported incorrectly on Form 1099.

Recommendation:

The organization should gain understanding of Internal Revenue Code and follow the code as it relates to these payroll matters.

Current Status:

Resolved

**2008-11 Issuance of Forms 1099**

Condition:

Several entities should have received a Form 1099 for services performed or rent, but did not.

Recommendation:

The organization should gain understanding of Internal Revenue Code and follow the code as it relates to these matters.

Current Status:

Resolved

**2008-12 Timely filing of report**

Condition:

Rapides Station did not file its audit report with the Louisiana Legislative Auditor by the last day of the sixth month after year end.

Recommendation:

Rapides Station should implement procedures to retain proper grant documentation and information on compliance with this documentation to ensure that engagement can be completed timely.

Current Status:

Unresolved

Rapides Station Community Ministries, Inc.  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2008

**2. Findings and Questioned Costs – Major Federal Award Programs Audit**

**2008-13 Alsace Lorraine construction contract was not obtained through proper bidding**

Condition:

Bids were not obtained and used in the process of securing a contractor for this project.

Recommendation:

The organization should gain complete understanding of the grant agreements and put procedures in place to ensure that the agreements are followed.

Current Status:

Resolved

**2008-14 Alsace Lorraine weekly payroll review not performed**

Condition:

Weekly payroll reports were not submitted by the contractor or subcontractors and were not reviewed for prevailing wage by Rapides Station.

Recommendation:

The organization should gain complete understanding of the grant agreements and put procedures in place to ensure that the agreements are followed.

Current Status:

Resolved

Rapides Station Community Ministries, Inc.  
Management's Corrective Action Plan  
For the Year Ended December 31, 2009

**2009-01 Receivable, Inventory, Fixed Assets and Payable Subsidiary Ledgers**

**Recommendation:**

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

**Corrective Action:**

Management in December, 2009 engaged a CPA firm to assist with financial reporting issues including the development of subsidiary ledgers and monthly reconciliation of same. Additional procedures will be implemented to properly reconcile subsidiary ledgers.

**Implementation Date:**

June 01, 2010

**Contact Information:**

Rev. Joseph Green, Executive Director  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana 71306  
(318) 487-9254

**2009-02 Notes Payable Classification**

**Recommendation:**

Create subsidiary ledgers and implement procedures to see that these subsidiary ledgers are reviewed and updated. The subsidiary ledgers should then be compared to the general ledger and adjustments made as necessary.

**Corrective Action:**

Management has engaged a CPA firm to assist with financial reporting issues including the development of subsidiary ledgers and monthly reconciliation of same.

**Implementation Date:**

June 01, 2010

**Contact Information:**

Rev. Joseph Green, Executive Director  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana 71306  
(318) 487-9254

Rapides Station Community Ministries, Inc.  
Management's Corrective Action Plan  
For the Year Ended December 31, 2009

**2009-03 Revenues**

**Recommendation:**

There should be education on proper recording for data entry person and implementation of monitoring procedures.

**Corrective Action:**

Management has engaged a CPA firm to assist with financial reporting issues including the development of subsidiary ledgers and monthly reconciliation of same.

**Implementation Date:**

June 01, 2010

**Contact Information:**

Rev. Joseph Green, Executive Director  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana 71306  
(318) 487-9254

**2009-04 Net Assets**

**Recommendation:**

Journal entries should be recorded and monitored to see that balances agree. A schedule detailing restrictions should be developed and reconciled to the general ledger.

**Corrective Action:**

Management has engaged a CPA firm to assist with financial reporting issues including the development of subsidiary ledgers and monthly reconciliation of same.

**Implementation Date:**

June 01, 2010

**Contact Information:**

Rev. Joseph Green, Executive Director  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana 71306  
(318) 487-9254

Rapides Station Community Ministries, Inc.  
Management's Corrective Action Plan  
For the Year Ended December 31, 2009

**2009-05 Monitoring Procedures**

**Recommendation:**

Develop and implement improved procedures for monitoring of compliance and tracking of grant expenses.

**Corrective Action:**

Additional training will be provided to staff members to ensure they have knowledge necessary to track and monitor grants compliance. The scope of the CPA firm has been expanded to develop tracking and monitoring systems for implementation by staff for tracking of grant expenditures.

**Implementation Date:**

June 01, 2010

**Contact Information:**

Rev. Joseph Green, Executive Director  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana 71306  
(318) 487-9254

**2009-06 Segregation of Duties**

**Recommendation:**

Where optimal, segregation of duties is not possible due to limited staffing, management and the board of directors should closely monitor, review, and approve transactions and financial statements.

**Corrective Action:**

Management has engaged a CPA firm to assist with financial reporting issues including assistance with internal controls. Management has adopted and has implemented procedures to retain proper grant documentation and information on compliance with this documentation to ensure that audit engagement can be completed in a timely manner.

**Implementation Date:**

June 01, 2010

**Contact Information:**

Rev. Joseph Green, Executive Director  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana 71306  
(318) 487-9254

Rapides Station Community Ministries, Inc.  
Management's Corrective Action Plan  
For the Year Ended December 31, 2009

**2009-07 Timely filing of report**

**Recommendation:**

Rapides Station should implement procedures to retain proper grant documentation and information on compliance with this documentation to ensure that engagement can be completed timely.

**Corrective Action:**

CPA firm has been engaged to assist in the preparation of financial statements and to assist in the development of policies and procedures relating to grant compliance and document management. Management has adopted and implemented procedures to retain proper grant documentation and information on compliance with this documentation to ensure that engagement can be completed timely.

**Implementation Date:**

June 01, 2010

**Contact Information:**

Rev. Joseph Green, Executive Director  
Rapides Station Community Ministries, Inc.  
Alexandria, Louisiana 71306  
(318) 487-9254