

**Calvary Missionary Baptist Church of Shreveport
The Learning Haven
(A Component Unit)
Audit Report
For the Year Ended
December 31, 2010**

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

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 AUG 22 2012

Contents

Independent Auditor's Report	2
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Cash Flow Statement	7
Notes to the Financial Statements	8
Schedule of Expenditures of Federal Awards	111
Notes to the Schedule of Expenditures of Federal Awards	122
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	133
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	155
Schedule of Findings and Questioned Costs	17
_Section I – Summary of Auditor's Report	17
_Section II – Financial Statement Findings	18
_Section III – Federal Awards Findings and Questioned Costs	22

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

To the Board of Directors
The Learning Haven
Calvary Missionary Baptist Church
Shreveport, Louisiana

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of programs administered by Calvary Missionary Baptist Church of Shreveport (a faith based organization) d/b/a The Learning Haven (a component unit of Calvary Missionary Baptist Church of Shreveport), as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Calvary Missionary Baptist Church of Shreveport – The Learning Haven'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. The general purpose financial statements of Calvary Missionary Baptist Church taken as a whole were not audited. 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 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 programs administered by Calvary Missionary Baptist Church of Shreveport – The Learning Haven (a component unit) as of December 31, 2010, 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 May 25, 2012 on my consideration of Calvary Missionary Baptist Church of Shreveport component unit, The Learning Haven'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.

My audit was performed for the purpose of forming an opinion on the basic financial statements of programs administered by Calvary Missionary Baptist Church of Shreveport – The Learning Haven (a component unit) 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



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation

May 25, 2012

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Statement of Financial Position
December 31, 2010

ASSETS

Current Assets

Checking/Savings \$ 26,471 00

Accounts Receivable 74,358 00

Total Current Assets 100,829 00

Fixed Assets 18,684 00

TOTAL ASSETS 119,513 00

LIABILITIES & NET ASSETS

Liabilities

Current Liabilities

Accounts Payable 63,559 00

Accrued Payroll Expense 6,028 00

Payroll Liabilities 10,661 00

Total Current Liabilities 80,248 00

Total Liabilities 80,248 00

Net Assets

Unrestricted Net Assets 39,265 00

Total Net Assets 39,265 00

TOTAL LIABILITIES & NET ASSETS \$119,513 00

The accompanying notes are an integral part of the financial statements

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

**Statement of Activities
For the year ended
December 31, 2010**

Revenues and Support	Unrestricted
Local Contracts	\$139,648 00
State Contracts	<u>789,139 00</u>
Total Revenues and Support	<u>928,787 00</u>
Expense	
Program Services	<u>912,246 00</u>
Total Expense	<u>912,246 00</u>
Increase in net assets	16,541 00
Net Assets, January 1, 2010	<u>9,040 00</u>
Net Assets, December 31, 2010	<u>\$ 39,265 00</u>

The accompanying notes are an integral part of the financial statements

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Statement of Functional Expenses
For the year ended
December 31, 2010

Expense	Teenage Pregnancy Prevention Program	Children's Defense Fund Freedom School	21st Century Learning Centers	Summer Feeding Program	Supplemental Educational Services		Total Functional Expenses
					Caddo Parish	Webster Parish	
Business Expenses	\$ 62 00	\$ -	\$ 5,314 00	\$ -	\$ -	\$ -	\$ 5,376 00
Contract Personnel & Services	9,220 00	76,761 00	313,474 00	23,526 00	67,500 00	13,377 00	507,858 00
Facilities and Equipment	3,200 00	4,800 00	50,644 00	5,000 00	9,000 00	-	72,644 00
Operations	918 00	42,432 00	51,256 00	18,996 00	10,763 00	4,714 00	129,079 00
Other Types of Expenses	-	54 00	5,472 00	-	640 00	204 00	6,370 00
Payroll Expenses	1,435 00	-	161,274 00	6,000 00	-	-	168,709 00
Travel and Meetings	-	12,923 00	8,585 00	-	684 00	18 00	22,210 00
Total Expense	\$ 14,835 00	\$ 136,970 00	\$ 596,019 00	\$ 53,522 00	\$ 88,587 00	\$ 22,313 00	\$ 912,246 00

The accompanying notes are an integral part of the financial statements
6

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

**Cash Flow Statement
For the year ended
December 31, 2010**

OPERATING ACTIVITIES	
Change in net assets	\$ 16,541 00
Adjustments to reconcile change in net assets to net cash provided by operations	
Increase in Accounts Receivable	(74,359 00)
Increase in Accounts Payable	63,559 00
Increase in Accrued Payroll Expense	6,028 00
Decrease in Payroll Liabilities	<u>(1,204 00)</u>
Net cash provided by Operating Activities	10,565 00
Net cash increase for period	10,565 00
Cash at beginning of period	<u>15,906 00</u>
Cash at end of period	<u>\$ 26,471 00</u>

The accompanying notes are an integral part of the financial statements

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven
Notes to the Financial Statements

Notes to the Financial Statements

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Calvary Missionary Baptist Church is a faith based organization incorporated under the laws of the State of Louisiana on March 26, 1998. The Organization established The Learning Haven as a component unit to administer contracts/grants to provide tutorial and educational support services to targeted persons or families in need. Funding from local and state contracts is utilized for this purpose.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958 (formerly SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. The Organization has elected to present a classified statement of financial position, under ASC 958, 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.

Uses of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Net Assets

Net Assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions:

- *Unrestricted Net Assets* - Net Assets not subject to donor-imposed restrictions
- *Temporarily restricted Net Assets* - Net assets subject to donor-imposed restrictions that may be met either by an action and/or through the passage of time. As of December 31, 2010, Net Assets included no temporarily restricted net assets.
- *Permanently restricted Net Assets* - Net Assets subject to donor-imposed restrictions that will not expire through the passage of time and/or an action. As of December 31, 2010, Net Assets included no permanently restricted net assets.

Economic Dependency

The Organization received approximately 85% of its federal funding from passed-through from the State of Louisiana, approximately 11% from passed-through from the Caddo Parish School System, and approximately 4% from the Webster Parish School System.

**Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven
Notes to the Financial Statements**

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, program expenses are specifically identified with or allocated to the Agency's various functions. Expenses requiring allocation include services provided by the Agency's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Income Tax Status

The Agency is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2).

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts (grants) receivable are amounts due from the grantor awarding agency as reimbursement of costs incurred to provide the services defined and agreed upon in the contracts (grants). Management considers all receivables at December 31, 2010 to be collectible. Therefore an allowance for doubtful accounts has not been established.

The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport had the following Accounts (grants) Receivable at December 31, 2010:

	<u>Amount</u>
Louisiana Department Of Education 21 st Century Community Learning Centers	\$ 43,840 00
Caddo Parish School System Supplemental Educational Services	30,518 00
	\$ 74,358 00

NOTE 3 - PROPERTY AND EQUIPMENT

All acquisitions of property and equipment in excess of \$500 00 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture	5 years
Office equipment	3 years

NOTE 5 - SUMMARY OF FUNDING

The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport administered contracts for the year ending 2010 as follows:

**Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven
Notes to the Financial Statements**

Note 5 - Summary of funding, continued,

	Contract Award
Louisiana Department Of Education	
21 st Century Community Learning Centers	\$ 770,400 00
Children's Defense Fund	
Freedom School	142,675 00
Caddo Parish School System	
Supplemental Education Services	103,248 00
Webster Parish School System	
Supplemental Education Services	36,400 00
State of Louisiana, Summer Feeding Program	43,722 00
Teenage Pregnancy Prevention Program	20,720 00

In some cases, the contracts overlay the Organization's fiscal year. In those cases, revenue and expenditures are recognized according to the Organization's fiscal year. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue as earned.

NOTE 6 - COMMITMENTS

The programs administered by the Calvary Missionary Baptist Church of Shreveport – The Learning Haven do not have any significant outstanding commitments as of December 31, 2010.

NOTE 7 - CONTINGENCIES

As of December 31, 2010, there were no matters relating to existing or possible litigation, questioned costs nor refunds of grant proceeds.

NOTE 8 - SUBSEQUENT EVENTS

Events subsequent to December 31, 2010, through the date of this audit report have been evaluated. There were no matters requiring disclosure.

Calvary Baptist Church d/b/a The Learning Haven

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>
<i>Child Nutrition Cluster-Cluster</i>			
United States Department of Agriculture Pass-Through Programs From Louisiana Department of Education-Summer Food Service Program for Children	10 559		43,722
Department of Health and Human Services Pass-Through Programs From Louisiana Department of Social Services, Office of Family Support-Temporary Assistance for Needy Families	93 558	687874	137,208
<i>Other Programs</i>			
Department of Education Pass-Through Programs From Caddo Parish School System-Twenty First Century Learning Centers - Supplemental Educational Services	84 287		103,248
LA Dept of Education-Twenty-First Century Community Learning Centers Webster Parish School System-Twenty-First Century Learning Centers - Supplemental Educational Services	84 287	676140, 662748	587,489
	84 287		36,400
<i>Total Department of Education Pass-Through Programs</i>			<hr/> 727,137
Department of Health and Human Services Pass-Through Programs From Louisiana Department of Social Services-Teenage Pregnancy Prevention Program	93 297		20,720
<i>Total Other Programs</i>			<hr/> 747,857
<i>Total Expenditures of Federal Awards</i>			<hr/> <hr/> 928,787

**Calvary Missionary Baptist Church
d/b/a Learning Haven**

**Notes to the Schedule of Expenditures of Federal Awards
December 31, 2010**

Note A – Significant Accounting Policies

The accompanying schedule of expenditures of federal awards of the Calvary Missionary Baptist Church - Learning Haven has been prepared utilizing the accrual basis of accounting. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in, the preparation of the general purpose financial statements.

Note B - Sub recipients

Of the federal expenditures presented in the schedule, Calvary Missionary Baptist Church - Learning Haven provided no federal awards to sub recipients.

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

To The Board of Directors
The Learning Haven (A component unit of)
Calvary Missionary Baptist Church of Shreveport
Shreveport, Louisiana

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

I have audited the financial statements of programs administered by Calvary Missionary Baptist Church of Shreveport (a faith based organization) The Learning Haven (a component unit) as of and for the year ended December 31, 2010, and have issued my report thereon dated May 25, 2012 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

Internal Control Over Financial Reporting

Management of Calvary Missionary Baptist Church - Learning Haven is responsible for establishing and maintaining effective internal control over financial reporting In planning and performing my audit, I considered Calvary Missionary Baptist Church of Shreveport - Learning Haven's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Calvary Missionary Baptist Church of Shreveport - Learning Haven'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies

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 or detect and correct misstatements on a timely basis *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis I consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-1 and 10-3, to be material weaknesses

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance I consider the deficiencies described in the schedule of findings and questioned costs as items 10-2 and 10-4, to be significant deficiencies

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calvary Missionary Baptist Church of Shreveport – The Learning Haven’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 matter that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs and as item 10-5 and 10-6.

Calvary Missionary Baptist Church of Shreveport – The Learning Haven’s responses to the findings identified in my audit are described in the accompany schedule of findings and questioned costs. I did not audit the responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, Calvary Missionary Baptist Church of Shreveport – The Learning Haven’s Board, others within the entity and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
May 25, 2012

**Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation**

Board of Directors
The Learning Haven (A component unit of)
Calvary Missionary Baptist Church of Shreveport
Shreveport, LA

**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**

I have audited the compliance of The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport (a faith based organization) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal program for the year ended December 31, 2010. The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport major federal program is 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 its major federal program is the responsibility of The Learning Haven's (a component unit of) Calvary Missionary Baptist Church of Shreveport management. My responsibility is to express an opinion on The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport compliance based on my 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 The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport compliance with those requirements and performing such other procedures as I 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 The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport compliance with those requirements.

As described in items 10-3 and 10-5, in the accompanying schedule of findings and questioned costs, The Learning Haven (a component unit of) Calvary Missionary Baptist Church did not comply with the requirements regarding cash management, payroll, and allowable costs that are applicable to its 21st Century Learning Centers. Compliance with such requirements is necessary, in my opinion, for The Learning Haven (a component unit of) Calvary Missionary Baptist Church to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, The Learning Haven (a component unit of) Calvary Missionary Baptist complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport is responsible for establishing and maintaining effective internal controls over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In

planning and performing my audit, I considered The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport 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 The Learning Haven (a component unit of) Calvary Missionary Baptist Church of Shreveport internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

A deficiency in 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 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-3, 10-4, and 10-5 to be material weaknesses.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-2.

The Learning Haven's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, The Learning Haven's (a component unit of Calvary Missionary Baptist Church of Shreveport) Board, others within the entity and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Talmadge E. Mitchel
Certified Public Accountant
A Professional Corporation
May 25, 2012

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Schedule of Findings and Questioned Costs
Section I – Summary of Auditor’s Report

Financial Statements

Type of auditor’s report issued - Unqualified

Internal Control over financial reporting

Material Weaknesses identified yes no

Significant deficiencies identified yes no

Noncompliance material to financial Statements noted yes no

Federal Awards

Internal control over major program

Material weakness(es) yes no

Significant deficiencies identified yes none reported

Type of auditor’s report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of OMB Circular A-133 yes no

Major program identified
21st Century CFDA 84 287
Community Learning Center

Dollar threshold used to distinguish between type A and type B programs \$500,000 00

Auditee qualified as a high risk auditee

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Section II – Financial Statement Findings

Item 10-1

Criteria or specific requirement

Effective internal controls requires a separation of incompatible duties

Condition

The bookkeeper handles all of the accounting functions of the organization. These duties include but are not limited to recording transactions, receiving the bank statements, compiling payroll, and reconciling cash accounts.

Context

This finding was obtained while obtaining an understanding of the internal controls of the organization.

Effect

A material error in the cash accounts per the general ledger was noted, because someone other than the bookkeeper did not review the resulting balances. In addition, without proper segregation of duties, fraud or other material misstatements could occur during the administration of the Organization's programs.

Cause

The Organization's management did not take appropriate steps to include additional personnel in its operations to provide for a proper separation of duties.

Recommendation

I recommend that if the Organization is financially unable to provide for additional personnel, management should at a minimum, review the bank statements prior to issuance to the bookkeeper. Management should also critically review bank reconciliations and reimbursement requests. In addition, management should assign someone other than the bookkeeper to compile payroll.

Views of responsible officials and planned corrective action

Contact Person Responsible Pamela Jackson, Project Director

Corrective Action Plan Management concurs with auditor's finding as noted. Management has implemented internal control processes which include cross training the bookkeeper and director to effectively and correctly assist each other in each job function to prevent any future non-compliance.

Anticipated Completion Date By the end of FY12

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Section II – Financial Statement Findings

Item 10-2

Criteria

Ineffective oversight of those charged with governance

Condition

Those charged with governance do not take an active part in the Organization's financial reporting, performance reporting, or internal control

Effect

Since those charged with governance are not active in the Organization's financial reporting, performance reporting, or internal control, the chance for the Organization to experience fraud or other material misstatements exist. In addition, risk areas are not assessed or monitored.

Context

This information was obtained while examining the minutes of the Board of Directors and obtaining and understanding of the internal controls of the Organization.

Cause

The Board of Directors is only required to meet bi-annually. An examination of the minutes of the Board of Directors indicated that only one meeting was held during the year ended December 31, 2010.

Recommendation

I recommend that the Board of Directors obtain and review financial statements of the operations of the programs administered by the Organization. Also, the Board of Directors should meet at least on a quarterly basis to review program operations, review the Organization's internal controls, and make risk assessments.

Views of responsible officials and planned corrective action

Contact Person Responsible: Pamela Jackson, Project Director

Corrective Action Plan: Management concurs with auditor's finding as noted. Management will implement Quarterly meetings with the Board of Directors and provide said Board with financial statements of the programs administered by the Organization.

Anticipated Completion Date: 08/26/12

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Section II – Financial Statement Findings

Item 10-3

Criteria

Timely Bank Reconciliations

Condition

Bank reconciliations were not performed in a timely manner

Effect

Because the preparation of bank reconciliations was deferred for long periods, the value of controls over cash was reduced

Context

This information was obtained while performing test of the cash accounts

Cause

Management did not review monthly reconciliations as a requirement of the policies and procedures of the Organization

Recommendation

I recommend that the cash accounts are reconciled on a monthly basis I also recommend that management review, verify and document that the reconciliations were performed In addition, someone other than the bookkeeper should obtain the bank statements and the bank reconciliations and compare the results to the book balances

Views of responsible officials and planned corrective action

Contact Person Responsible Lakesha Mosley, Bookkeeper

Corrective Action Plan Management concurs with auditor's finding as noted Management has implemented internal control processes that include assuring all accounts are reconciled on a monthly basis and that all reconciliations are checked and signed off by the Executive Director

Anticipated Completion Date 06/1/12

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Section II – Financial Statement Findings

Item 10-4

Criteria

Ineffective control systems over payroll processing

Condition

All of the Organization's staff personnel do not complete an individual time and attendance report. Some personnel utilize a time and attendance report and in other cases, personnel use a daily sign-in sheet.

Context

I obtained a sample of 61 items from a population of 753 items. From this sample 50 items related to personnel services. In my review of these items, I determined that payroll processing was not in accordance with the policies of the Organization.

Effect

Because the Organization utilizes different time reporting methods for personnel, there is a higher risk of overpayment or underpayment of personnel that use a daily sign-in sheet. These sheets include the name of all persons at a particular work site. The individual's time must be compiled from these sign-in sheets individually.

Cause

The Organization does not follow its fiscal policy and procedures manual, Section V, which states that "each hourly employee will be responsible for completing a time sheet on a monthly basis."

Recommendation

The Organization is required to have personnel complete a daily sign-in sheet, however, each employee should complete an individual time sheet as required in the Organization's fiscal policies and procedures manual. The time can then be compared to the daily sign-ins as an additional control procedure.

Views of responsible officials and planned corrective action

Contact Person Responsible: Pamela Jackson, Project Director

Corrective Action Plan: Management concurs with auditor's finding as noted. Management will ensure timely receipt and processing of time sheets in accordance with our Organization's fiscal policies and procedures manual.

Anticipated Completion Date: 05/26/12

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Section III – Federal Awards Findings and Questioned Costs

Item 10-5

Criteria

Non compliance with budget requirements

Condition

The approved budget specified rates of pay for staffing for personnel services. The rates of pay noted during the audit did not agree with the approved budget.

Questioned Costs

I have sampled 61 items from a total population of 753 items. Personnel services represented 50 of the items selected. Within this total, 18 items did not agree with budgetary requirements as it related to rates of pay. The total cost questioned was \$4,775.00. The sample covered services for the 12 month period, therefore likely questioned cost is \$57,300.00.

Effect

Because of the differences in the rates of pay, employees and contracted labor were overpaid. In one instance, the staff was underpaid.

Cause

The Organization did not comply with budgetary requirements.

Recommendation

Management should review budgetary requirements on a regular basis and ensure that expenditures are in accordance with the approved budget.

Views of responsible officials and planned corrective action

Contact Person Responsible: Pamela Jackson, Project Director

Corrective Action Plan: Management concurs with auditor's finding as noted. Management has previously worked with grantor and identified instances of overpayment. Management will continue to improve internal controls to ensure accuracy of meeting budgetary requirements.

Anticipated Completion Date: 05/26/12

Calvary Missionary Baptist Church of Shreveport d/b/a Learning Haven

Section III – Federal Awards Findings and Questioned Costs

Item 10-6

Criteria

Louisiana Revised Statute 24 513 require that an audited financial statement be submitted to the Legislative Auditor within six months of the close of the organization's fiscal year

Condition

The Organization's fiscal year ended December 31, 2010 and was required to submit an audit report by June 30, 2011

Questioned Costs

None

Effect

The Organization is not in compliance with State requirements

Cause

The Organization obtained the services of a person that was not on the approved list of auditors published by the Louisiana Legislative Auditor

Recommendation

The Organization should engage an auditor within 45 days of its year end In addition, the Organization should review the approved auditor's list to ensure that the person engaged for audit services is approved to provide audit services

Views of responsible officials and planned corrective action

Contact Person Responsible Pamela Jackson, Project Director

Corrective Action Plan Management concurs with auditor's finding as noted Management will ensure audits are conducted and reported in a timely manner

Anticipated Completion Date 10/26/12