

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Financial Statements and OMB Circular A-133 Reports

December 31, 2013

With Independent Auditor's Report Thereon

Independent Auditor's Report

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The Board of Directors
Georgia Center for Child Advocacy, Inc.:

Report on the Financial Statements

I have audited the accompanying financial statements of the Georgia Center for Child Advocacy, Inc. ("the Organization") which comprise the statement of financial position as of December 31, 2013 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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

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 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 from 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 the assessment of the risks 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 7, 2014 on my consideration of the Organization'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* in considering the Organization's internal control over financial reporting and compliance.

James Johnson, CPA

May 7, 2014

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Financial Position

December 31, 2013

Assets

Current assets:

Cash and cash equivalents	\$	581,174
Investments		24,759
Accounts receivable		120,081
Contributions receivable		72,856
Prepaid expenses		<u>19,832</u>

Total current assets 818,702

Contributions receivable less allowance of \$35,000 13,576

Fixed assets, less accumulated depreciation of \$305,808 40,813

Total assets \$ 873,091

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses \$ 78,598

Net assets:

Unrestricted (deficit) (82,976)

Temporarily restricted 877,469

Total net assets 794,493

Total liabilities and net assets \$ 873,091

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Activities

Year ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 211,703	475,875	687,578
Contracts	842,623	-	842,623
Special events, net of expenses	188,054	-	188,054
Contributed services	709	-	709
Investment income	8,420	-	8,420
Other	132,511	-	132,511
Net assets released from restrictions	<u>565,610</u>	<u>(565,610)</u>	<u>-</u>
Total	1,949,630	(89,735)	1,859,895
Expenses:			
Program services	1,527,182	-	1,527,182
Fund raising	285,036	-	285,036
Management and general	<u>135,098</u>	<u>-</u>	<u>135,098</u>
Total	<u>1,947,316</u>	<u>-</u>	<u>1,947,316</u>
(Decrease) in net assets	2,314	(89,735)	(87,421)
Net assets at beginning of year - (deficit)	<u>(85,290)</u>	<u>967,204</u>	<u>881,914</u>
Net assets at end of year - (deficit)	<u>\$ (82,976)</u>	<u>877,469</u>	<u>794,493</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Functional Expenses

Year ended December 31, 2013

	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Personnel and benefits	\$ 1,020,159	230,246	89,383	1,339,788
Program supplies	173,334	-	-	173,334
Occupancy	101,102	4,129	1,954	107,185
Depreciation	27,628	6,720	2,987	37,335
Professional fees and consultants	83,773	17,256	34,595	135,624
Information technology	14,289	3,476	1,545	19,310
Insurance	26,592	6,468	2,875	35,935
Marketing	-	288	-	288
Travel	28,483	2,598	134	31,215
Office expense	51,822	13,855	1,625	67,302
	<u>\$ 1,527,182</u>	<u>285,036</u>	<u>135,098</u>	<u>1,947,316</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Cash Flows

Year Ended December 31, 2013

Cash flows from operating activities:	
Change in net assets	\$ (87,421)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	37,335
Unrealized gain on investments	(6,620)
Decrease in accounts receivable	44,361
Increase in contributions receivables	(28,296)
Increase in prepaid expenses	(3,475)
Increase in contributions receivable - long term	(13,576)
Increase in accounts payable and accrued expenses	<u>8,474</u>
Net cash (used in) operating activities	<u>(49,218)</u>
Cash flows from investing activities:	
Purchase of equipment	<u>(4,998)</u>
Net cash (used in) investing activities	<u>(4,998)</u>
Net (decrease) in cash and cash equivalents	(54,216)
Cash and cash equivalents at beginning of year	<u>635,390</u>
Cash and cash equivalents at end of year	<u>\$ 581,174</u>

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies

(a) Organization

Georgia Center for Child Advocacy, Inc. (the "Organization") mission is to champion the needs of sexually and severely physically abused children through prevention, intervention, therapy, and collaboration. These services are provided at no cost to children who reside in DeKalb and Fulton County. The Organization's role throughout the criminal investigation is to focus on the child's needs, rather than focusing on the crime itself. The Organization was established as a private, non-profit agency in 1987. In 1992, the Organization was the 10th agency in the country to become an accredited member of the National Children's Alliance and the first in Georgia.

(b) Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as unrestricted, temporarily or permanently restricted.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its charter and bylaws.

Temporarily restricted net assets are those resources currently available for use, but expendable only for purposes specified by the donor or grantor. Such resources originate from grants and contributions restricted for specific purposes. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statement of activities as net assets released from restriction.

(c) Cash and Cash Equivalents

For the purpose of these statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and having original maturities of three months or less, when purchased

(d) Investments

Investments are stated at fair value. Securities are carried at market value, as quoted on major stock exchanges. Net realized and unrealized gains or losses on sales of investments are recognized in the period in which they occur.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2013

(e) *Property, equipment, and leasehold improvements*

Expenditures for furniture, equipment and leasehold improvements are capitalized at cost. Contributed assets are recorded at their fair value at the date of gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets as follows:

		<u>Life</u>
Furniture and fixtures	\$	5 - 7 years
Equipment		3 - 5 years
Leasehold improvements		6 - 7 years

(f) *Functional Allocation of Expense*

The costs of providing the various programs and other 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.

(g) *Tax Status*

The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The tax years ending 2012, 2011, and 2010 are still open to audit for both federal and state purposes. The organization is not classified as a private foundation.

(h) *Use of Estimates*

Management of the Organization has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(2) **Contributions Receivable**

Contributions receivable, net, are summarized as follows at December 31, 2013:

Unconditional promises expected to be collected in:	
Less than one year	\$ 72,856
One year to five years	48,576
Over five years	<u> -</u>
	121,432
Less allowances for uncollectible promises to give	<u>(35,000)</u>
	<u>\$ 86,432</u>

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2013

(3) Investments

At December 31, 2013, the fair value of investments is as follows:

	Fair value
Equity securities	\$ <u>24,759</u>

(4) Fair Value Measurements

The Organization follows the provisions of Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other significant observable inputs not quoted on active markets, but corroborated by market data.
- Level 3: Significant unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

The following table summarized the Organization's financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of December 31, 2013:

	Total	Level 1	Level 2	Level 3
Publicly traded securities	\$ 24,759	24,759	-	-

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2013

(5) Fixed Assets

Fixed assets consisted of the following at December 31, 2013:

Furniture and fixtures	\$ 90,330
Leasehold improvements	142,163
Equipment	<u>114,128</u>
	346,621
Less accumulated depreciation	<u>(305,808)</u>
	\$ <u>40,813</u>

(6) Contributed Services

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such skills. For 2013, contributed services consisted of the following:

Computer services:	
Administrative services	\$ <u>709</u>

(7) Restricted Net Assets

Temporarily restricted net assets at December 31, 2013 and consist of funds for the following:

Capital Improvement Fund	\$ 100,000
Prevention Program	712,784
General Operating Support	45,347
United Way	<u>19,338</u>
	\$ <u>877,469</u>

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2013

Temporarily restricted net assets released from donor restrictions during 2013 as a result of expenses being incurred to satisfy the restricted purposes specified by donors or the passage of time are as follows:

Prevention Program	\$516,222
General Operating Support	<u>49,388</u>
	<u>\$565,610</u>

(8) Commitments

The Organization leases office equipment and space under operating leases for various terms. The Organization's facility is subleased from another nonprofit agency in Atlanta, Georgia. Rent expense was \$59,463 for the year ended December 31, 2013.

Minimum lease payments under the terms of these leases are as follows:

2014	\$ 61,245
2015	63,085
2016	64,974
2017	61,193
	<u>\$250,497</u>

(9) Line of Credit

The Organization has a line of credit with a bank of \$100,000 which is secured by all of the Organization's assets. The line of credit carries a floating interest rate of the prime rate plus 1%. At December 31, 2013, there was no amount outstanding on this line of credit.

(10) Retirement Plan

The Organization provides a Simple IRA plan for all employees who have at least \$5,000 in wages in the prior year. An employee can contribute up to \$10,000 (\$12,000 if age 50 or older) annually. The Organization can match the employee's contribution up to 3% of the employee's contribution. The Organization's contribution for the year ended December 31, 2013 was \$19,174.

(11) Subsequent Events

Subsequent events have been evaluated through May 7, 2014 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2013

Federal grantor/program title	<u>Federal CFDA Number</u>	<u>Grant or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Project InterCSECT	93.243	1U79SM061107-01 & 5U79SM061107-02	\$ 343,796
Pass-Through Programs From:			
Board of Regents of Georgia State University: Substance Abuse and Mental Health Services	93.087	SP00011079-03	74,358
Georgia Department of Human Services: Safe and Stable Family Services	93.556	42700-040C	<u>8,287</u>
Total U.S. Department of Health and Human Services			426,441
U. S. Department of Justice:			
Pass-Through Programs From:			
Office of the Governor - Georgia Victims of Crime Act Grant Program	16.575	C12-8-064 & C11-8-221	<u>195,666</u>
Total Federal Expenditures			<u>\$ 622,107</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2013

(1) Summary of Significant Accounting Policies for Federal Award Expenditures

The accompanying schedule of expenditures of federal awards (the "Schedule") is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with provisions of Office of Management and Budget (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 in, or used in the preparation of the basic financial statements.

**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**

Independent Auditor's Report

The Board of Directors
Georgia Center for Child Advocacy, Inc.:

I have audited the financial statements, in accordance with auditing standards general 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 the Georgia Center for Child Advocacy, Inc. ("the Organization"), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements and have issued my report thereon dated May 7, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Johnson, CPA

May 7, 2014

**Report on Compliance For Each Major Federal Program
And on Internal Control Over Compliance Required by OMB Circular A-133**

Independent Auditor's Report

The Board of Directors
Georgia Center for Child Advocacy, Inc.:

Report on Compliance for Each Major Federal Program

I have audited the Georgia Center for Child Advocacy, Inc. ("the Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on my audit of the types of compliance requirements referred to above. 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 Organization's 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 on compliance for each major federal program. However, my audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In my opinion, Organization's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013 -1. My opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance finding identified in my audit is described in the accompanying corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Organization's internal control over compliance.

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 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. 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.

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James Johnson, CPA

May 7, 2014

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Schedule of Findings and Questioned Costs

Year ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: unqualified opinion

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

Identification of major programs: CFDA 93.243 Project InterCSECT

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Schedule of Findings and Questioned Costs

Year ended December 31, 2013

Section II – Financial Statement Findings

There were no findings related to the financial statements for the year ended December 31, 2013.

Section III – Federal Award Findings and Questioned Costs

Program: 93.243 Project InterCSECT

2013-1 Compliance Requirement: Allowable Costs/Costs Principles

Criteria and Condition: OMB Circular A-122, Attachment B, 8.m requires that the distribution of salaries and wages to awards must be supported by personal activity (time) reports. In the period tested, the executive director of the Organization charged time to the grant but did not prepare a time report. In addition, the program director prepared time sheets but they were not signed by a supervisor and an employee who is charged 100% to the grant did not prepare time sheets. The time sheets of the other four employees charging time to the grant were properly prepared and approved by their supervisor.

Context: Every employee salary and wage cost charged to a federal grant should be supported by a time sheet that accounts for 100% of the total compensated activities, and it should be signed by the employee and the employee's supervisor.

Cause: The Organization has never had an A-133 audit before and was unaware of the requirement.

Effect: Management requested draw down of funds that was not properly supported by employee time sheets.

Recommendation: I recommend that management insure that every employee salary and wage charge to a federal grant is supported by a properly prepared time sheet and is signed by the employee and their supervisor.

Questioned Costs: None

June 30, 2014

RE: Corrective Action Plan

Audit Period: Year ended December 31, 2013

2013 – 1 Finding

Program: 93.243 Project InterCSECT

Implementation Plan of Action(s);

Employees have received instruction regarding the proper preparation of time sheets and a review system has been implemented to ensure complete compliance.

Implementation Date: June 1, 2014