

**RELIGIOUS COALITION FOR
COMMUNITY RENEWAL, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

December 31, 2012

DHHR - Finance

SEP 24 2013

Date Received



1516 Washington St E., Charleston, WV 25311 (304) 346-6398 • FAX (304) 346-6417

September 24, 2013

Kimberly D. Merritt, Director
Division of Compliance and Monitoring
One Davis Square, Suite 401
Charleston, WV 25301

Dear Kimberly,

Enclosed is our completed 2012 Audit. Our auditor completed a Single Audit since we exceeded the \$500,000 OMB Circular A-133 threshold for fiscal year ended December 31, 2012.

If you need any additional information, please let me know. My email address is payned@rccr.org and my phone number is 304-346-6349.

Thank you.
Sincerely,

Debra A. Payne
Executive Director

DHHR - Finance

SEP 24 2013

Date Received

Samaritan Inn
1117 Quarrier Street
Charleston, WV 25301
(304) 343-9632

Smith Street Station
801 Smith Street
Charleston, WV 25301
(304) 346-3055

Jubilee Housing
1516 Washington St. E.
Charleston, WV 25311
(304) 346-6398

www.rccr.org

CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6-11
SUPPLEMENTARY INFORMATION	
Schedule of Functional Expenses	12
Schedule of Expenditures of Federal Awards	13
Note to Schedule of Expenditures of Federal Awards	14
Schedule of Expenditures of State Awards	15
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16-17
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	18-19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	20-21
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	22-25

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Date Received



Blair & Company, A.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Religious Coalition for Community Renewal, Inc
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Religious Coalition for Community Renewal, Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, and statement of cash flows 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Religious Coalition for Community Renewal, Inc. as of December 31, 2012, 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

To the Board of Directors
Religious Coalition for Community Renewal, Inc

Report on Summarized Comparative Information

Religious Coalition for Community Renewal, Inc's 2011 financial statements were audited by other auditors, and their report dated September 18, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses at page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards at page 13 and 14 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*. The accompanying schedule of expenditures of state awards at page 15 is presented for purposes of additional analysis as required by West Virginia Department of Health and Human Resources. These schedules of expenditures are also 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 our 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*, we have also issued our report dated August 28, 2013, on our consideration of Religious Coalition for Community Renewal, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Religious Coalition for Community Renewal, Inc.'s internal control over financial reporting and compliance.



Charleston, West Virginia
August 28, 2013

DHHR - Finance

SEP 24 2013

Date Received

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2012, with Comparative Totals for 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	\$ 50,033	\$ 621
Grants receivable	58,140	63,915
Other receivables	9,672	5,501
Housing properties in-process	698,589	436,939
Other current assets	5,841	2,709
Total Current Assets	822,275	509,685
FIXED ASSETS, at cost		
Property and equipment	1,912,414	1,903,077
Less accumulated depreciation	(1,062,196)	(1,034,056)
	850,218	869,021
OTHER ASSETS		
Restricted cash, CHDO HOME Program	203,046	-
Forgivable CHDO HOME Program mortgage loans	424,323	284,412
Land held for investment	-	5,000
	627,369	289,412
	\$ 2,299,862	\$ 1,668,118
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Cash overdrafts and held checks	\$ 14,936	\$ 17,710
Current maturities of long-term debt	147,255	24,363
Accounts payable and accrued expenses	84,901	84,184
Accrued payroll, taxes, and vacation	16,888	28,786
Accrued liability for health claims	31,624	24,342
Forgivable construction loans, CHDO HOME Program	637,343	409,150
Deferred revenue and grants received in advance	3,443	3,443
Tenant security deposits	10,697	10,978
Total Current Liabilities	947,087	602,956
LONG-TERM DEBT , less current maturities	229,052	357,785
Total Liabilities	1,176,139	960,741
NET ASSETS		
Unrestricted	473,788	439,321
Temporarily restricted	649,935	268,056
	1,123,723	707,377
	\$ 2,299,862	\$ 1,668,118

The accompanying notes are an integral part of these financial statements

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2012, with Comparative Totals for 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
SUPPORT AND REVENUES				
<u>CHDO HOME Program Support and Revenues</u>				
HOME Program loan forgiveness	\$ 622,559	\$ -	\$ 622,559	\$ -
Proceeds from sale of HOME Program housing	26,733	473,267	500,000	-
Less: cost of home construction	<u>(629,310)</u>	<u>-</u>	<u>(629,310)</u>	<u>-</u>
	19,982	473,267	493,249	-
<u>Other Support</u>				
Government grants	242,125	-	242,125	265,746
Grants for housing counseling	35,605	-	35,605	40,104
Other grants and contributions	44,269	-	44,269	139,697
Special events and fund raising	<u>20,871</u>	<u>-</u>	<u>20,871</u>	<u>19,381</u>
	<u>342,870</u>	<u>-</u>	<u>342,870</u>	<u>464,928</u>
<u>Other Revenues</u>				
Rental income	154,833	-	154,833	153,337
Development income, HOME Program	77,028	-	77,028	-
Loss on disposal of operating assets	(9,002)	-	(9,002)	-
Realized and unrealized loss on land held for investment	<u>(2,200)</u>	<u>-</u>	<u>(2,200)</u>	<u>(25,000)</u>
Other income	<u>12,710</u>	<u>-</u>	<u>12,710</u>	<u>14,279</u>
	<u>233,369</u>	<u>-</u>	<u>233,369</u>	<u>142,616</u>
Net assets released from temporary restrictions	<u>91,388</u>	<u>(91,388)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>687,609</u>	<u>381,879</u>	<u>1,069,488</u>	<u>607,544</u>
EXPENSES				
Program services:				
Samaritan Inn	206,973	-	206,973	201,588
Smith Street Station	143,833	-	143,833	141,440
Housing counseling	58,222	-	58,222	-
Housing development	<u>100,515</u>	<u>-</u>	<u>100,515</u>	<u>96,402</u>
Total program services	509,543	-	509,543	439,430
Administrative and supporting services	124,582	-	124,582	163,236
Special events and fundraising costs	<u>19,017</u>	<u>-</u>	<u>19,017</u>	<u>8,820</u>
Total expenses	<u>653,142</u>	<u>-</u>	<u>653,142</u>	<u>611,486</u>
Changes in net assets	\$ 34,467	\$ 381,879	\$ 416,346	\$ (3,942)
NET ASSETS, BEGINNING OF YEAR	<u>439,321</u>	<u>268,056</u>	<u>707,377</u>	<u>711,319</u>
NET ASSETS, END OF YEAR	<u>\$ 473,788</u>	<u>\$ 649,935</u>	<u>\$ 1,123,723</u>	<u>\$ 707,377</u>

The accompanying notes are an integral part of these financial statements

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC

STATEMENT OF CASH FLOW

Year Ended December 31, 2012, with Comparative Totals for 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 416,346	\$ (3,942)
Adjustments necessary to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	59,929	56,636
Amortization of forgivable CHDO HOME mortgage loans receivable	43,089	36,246
Realized and unrealized loss on land held for investment	2,200	25,000
Loss on disposal of operating assets	9,002	-
Decrease (increase) in assets		
Grants receivable	5,775	(37,773)
Accounts and tax refunds receivable	(4,171)	(4,086)
Forgivable CHDO HOME mortgage loans made	(183,000)	-
Housing properties in-process	(261,650)	(402,197)
Other current assets	(3,132)	(2,709)
Restricted cash	(203,046)	-
Increase (decrease) in operating liabilities		
Cash overdrafts and checks held	(2,774)	17,710
Accounts payable	717	916
Accrued payroll, taxes and vacation	(11,898)	13,178
Accrued liability for health claims	7,282	10,926
Deferred revenue	-	(46,537)
Tenant security deposits	(281)	198
Net cash provided by (used in) operating activities	<u>(125,612)</u>	<u>(336,434)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	2,800	-
Purchase of property and equipment	<u>(50,128)</u>	<u>(26,980)</u>
Net cash (used in) investing activities	<u>(47,328)</u>	<u>(26,980)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	9,212	70,870
Proceeds from forgivable CHDO HOME Program construction loans	859,379	374,408
Principal payments on long-term debt	(15,054)	(34,308)
CHDO HOME Program construction loans forgiven	(631,185)	-
Repayments on short-term borrowings	<u>-</u>	<u>(48,154)</u>
Net cash provided by financing activities	<u>222,352</u>	<u>362,816</u>
Net increase (decrease) in cash and cash equivalents	49,412	(598)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>621</u>	<u>1,219</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 50,033</u>	<u>\$ 621</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 4,430</u>	<u>\$ 2,660</u>

The accompanying notes are an integral part of these financial statements

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1 ORGANIZATION

Religious Coalition for Community Renewal, Inc. (RCCR) is a not for profit corporation organized in 1986 under the laws of the State of West Virginia for the purpose of helping people find homes that are safe, decent and affordable. The Organization owns and operates real property in Charleston, West Virginia and provides transitional housing, permanent low to moderate income housing, and assistance to enable eligible individuals to purchase and retain their home. RCCR is a membership organization with over thirty (30) religious interfaith congregations comprising its membership. The Organization is supported by an all volunteer board, and receives its funding from its members; contributions from interested individuals, businesses, foundations, and trusts; and state, local and federal government grants. RCCR's significant programs include the following:

The Samaritan Inn - provides transitional residential living with supportive services for up to thirteen (13) homeless adult men at a time. Men may stay for up to twenty-four (24) months.

Smith Street Station - a twenty-nine (29) unit housing facility providing permanent independent one and two person furnished efficiency apartments for low to moderate income persons.

Housing Development and Counseling Programs - developed to encourage and support affordable, safe, and well maintained home ownership for individuals living in the service area of Kanawha, Boone, Putnam and Fayette counties whose income is eighty (80%) percent or below the median income of the area. Program services include home buying and ownership education, budget and credit counseling, foreclosure prevention and housing development; including assistance to low income home buyers in the form of counseling, low interest rate loans, down payment assistance, and the development of low income housing for buyers.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management of the Organization who are responsible for the integrity and objectivity of the financial statements. The accounting policies conform to the basis of accounting described below and have been consistently applied in the preparation of the financial statements.

Basis of Accounting — The Organization's accounts are maintained on the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses when incurred.

Revenue Recognition — All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated services are recognized only if the services either (a) create a non-financial asset; or (b) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if they were not donated. Contributions of materials, supplies, and property and equipment are recognized at fair market value at date of gift. For the year ended December 31, 2012, there were no donated services and contributed materials totaled \$25.

Grant revenue - Revenue is recognized to the extent of qualifying expenses. Grant funding received in advance with temporary restrictions that are met in the same reporting period are reported as unrestricted support and an increase in unrestricted net assets. Amounts designated for future periods are reported as temporarily restricted support and an increase in temporarily restricted net assets.

Use of estimates - The preparation of financial statements in conformity with the basis of accounting described above 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. Actual results could differ from those estimates.

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents — The Organization considers all highly liquid debt instruments available for current use and purchased with an initial maturity date of three months or less to be cash equivalents.

Grants Receivable — Grants receivable consists primarily of amounts due from federal, state and local government agencies. All amounts outstanding at December 31, 2012 are considered fully collectible, with no amount outstanding more than 90 days.

Housing properties in-process - RCCR, through its Housing Development Program, constructs residential single-family housing for resale to eligible families. Housing properties in-process are recorded at cost. At December 31, 2012, the Organization had acquired property and had homes under construction with total expenditures of \$698,588. There were no completed homes available for sale at year-end.

Property and equipment — Property and equipment are stated at cost, less accumulated depreciation. Depreciation is recognized primarily by the straight-line method over the estimated useful life of the asset, which ranges from 3-10 years for items of personal property and 10-40 years for real property. Expenditures for major additions and improvements in excess of \$500 are capitalized, and minor improvements, repairs and maintenance are charged to expense as incurred. Depreciation for the year ended December 31, 2012 was \$59,930.

Income taxes - Religious Coalition for Community Renewal, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation under Section 509(a)(2). Grants and contributions received from individual donors qualify for the 50% charitable contribution deduction. RCCR has no excise or unrelated business income subject to tax in 2012. The Organization's federal information return, Form 990, Return of Organization Exempt from Income Tax, is filed annually and is subject to examination by the Internal Revenue Service; generally for three years after the date filed. All tax filings are current and up-to-date.

NOTE 3 COMPARATIVE AMOUNTS

The amounts shown for 2011 in the financial statements are included to provide a basis for comparison with 2012 and are not intended to present all information necessary for a fair presentation of the 2011 financial statements on the basis of accounting described in Note 2.

NOTE 4 FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 5 CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The organization operates in heavily regulated environments. Substantially all funding of operations are subject to the administrative directives, rules and regulations of multiple federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by federal or state grant making and regulatory agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. If funding of the activities is not continued there is a significant possibility that those activities would not be continued.

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 5 CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS (Continued)

The organization maintains its cash balances with several financial institutions in Charleston, West Virginia. Accounts at the institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, plus unlimited coverage on amounts held in non-interest bearing accounts through December 31, 2012. As of December 31, 2012 the Organizations' cash balances were \$17,643 over the \$250,000 limit that on January 1, 2013 would be in uninsured excess of the FDIC limit.

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Religious Coalition for Community Renewal, Inc. receives grant funds through contracts requiring performance of the specified requirements of each contract. Net assets of the Organization were released from restrictions by expending the funds according to their restricted purpose:

	<u>Balance</u> <u>12/31/2011</u>	<u>Current</u> <u>Additions</u>	<u>Restriction</u> <u>Released</u>	<u>Balance</u> <u>12/31/2012</u>
HOME Pgm, initial proceeds	\$ -	\$ 290,267	\$ 36,493	\$ 253,774
HOME Pgm, mortg loans receivable	228,821	183,000	43,090	368,731
Affordable Housing Sewer Extension	27,430	-	-	27,430
Greater Kanawha Valley Foundation	11,805	-	11,805	-
	<u>\$ 268,056</u>	<u>\$ 473,267</u>	<u>\$ 91,388</u>	<u>\$ 649,935</u>

NOTE 7 COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) HOME PROGRAM

RCCR has been designated a Community Housing Development Organization (CHDO) pursuant to the requirements of the HOME Investment Partnerships Program (HOME Program) of the US Department of Housing and Urban Development (HUD). The HOME Program partners state and local governments with nonprofit organizations to develop affordable housing for low income households within an identified community (Participating Jurisdiction). Participating Jurisdictions may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing." The program is designed to require financial and home ownership counseling to qualify families for mortgages and prepare them for home acquisition and maintenance. Funding is provided by HUD through forgivable loans administered by the Participating Jurisdiction.

HOME Investment Partners (Participating Jurisdictions) - Currently, RCCR has partnered with both the City of Charleston (City) and the West Virginia Housing Development Fund (WVHDF) as administering entities of the HOME Program. Additional funds are made available to the Organization through the Community Development Block Grant Program administered by the City. Under these programs, RCCR constructs and partially finances new homes that are sold to first time homebuyers who are mortgage qualified and whose annual income is eighty (80%) percent or below the area median income.

Construction and sale of homes - Funding administered by the City and WVHDF as the Participating Jurisdictions under the HOME Program have enabled RCCR to acquire land and build homes for resale to qualifying individuals. RCCR receives no-interest construction loans from the City and WVHDF, which are recorded as liabilities in the Organization's books. When the home is sold to a qualifying homeowner, typically at a price that is less than the cost of construction, program revenue is recognized equal to the home sales price less the cost of construction, plus the full amount of the home construction loan, which is forgiven by the Participating Jurisdiction. Any expenses connected with the property sale are reported as a program expenditure.

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 7 CHDO HOME PROGRAM (Continued)

Use of proceeds from home sales - Under agreement with the City and WVHDF, proceeds from the sale of homes under the HOME Program are retained by RCCR as restricted funds to be applied to future eligible HOME Program projects. Approved uses of these restricted funds include the cost of a home's construction in excess of its sales price, funding of a forgivable second mortgage loan held by RCCR, and other HOME Program costs such as the expenses connected with the sale of program homes. Up to thirty (30%) of these restricted funds may be used to fund activities associated with credit counseling of low income families

Forgivable mortgage loans receivable - Under the HOME Program, RCCR is able to make zero (%) percent interest mortgage loans to qualifying individuals for a portion of their home purchase price that is subordinate in lien priority to a commercial mortgage. The RCCR second mortgage is forgiven if the new homeowner maintains the unit as his or her residence for a predetermined period of time, which range from ten (10) to twenty (20) years. However, if the home is sold prior to the conclusion of the agreed period, RCCR will receive an amortized portion of the original loan amount. These forgivable mortgage loans are recorded at cost on the Organization's statement of financial position without discount for present value of imputed interest. The mortgages are amortized annually over the agreed period with the amortized portion reported as a program expense on the statement of activities and changes in net assets.

Forgivable CHDO HOME Program construction loans -

City of Charleston, West Virginia - 0%, three (3) forgivable loans payable to the City; \$554,073 total, each having a term of two years; each to be used for the acquisition of property and construction of a single-family home within the City for sale to a eligible purchaser under the requirements of the Community Housing Development Organization (CHDO) HOME Program; each loan is secured by the project real estate and fixtures. The loan is repayable only if RCCR fails to provide affordable housing to low-income families in accordance with the HOME Program. At December 31, 2012, the Organization had forgivable loans totaling \$331,546 due the City

West Virginia Housing Development Funds (WVHDF) - 0%, forgivable loan payable to the WVHDF in the maximum amount of \$417,000, disbursable in installments and having a term of two years; to be used for the acquisition of property and construction of three (3) single-family homes for sale to eligible families in Putnam County, West Virginia under the requirements of the Community Housing Development Organization (CHDO) HOME Program; secured by the project real estate and fixtures. The loan is repayable only if RCCR fails to provide affordable housing to low-income families in accordance with the HOME Program. At December 31, 2012, the Organization had forgivable loans totaling \$305,798 due the WVHDF.

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 is comprised of the following:

	Total
Buildings and improvements	
Samaritan Inn	\$ 343,005
Smith Street Station	925,844
General Office	334,157
Land and improvements	208,298
Office furnishings and equipment	96,111
Vehicles	4,999
	1,912,414
Less accumulated depreciation	(1,062,196)
	\$ 850,218

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 9 LONG TERM DEBT

The Organization's long-term debt consists of the following at December 31, 2012:

0%, mortgage note payable to Charleston Urban Renewal Authority; originally \$350,000, due in monthly installments of \$972 through December 1, 2019, with any remaining principal balance due at that time; secured by real property located 801 Smith Street, Charleston, West Virginia; note payments were in arrears fourteen (14) months at year-end.	\$ 100,859
5.5%, mortgage note payable to Branch Banking & Trust; originally \$70,870, due in monthly installments of principal and interest of \$491 through November 10, 2013, with a balloon payment of the remaining principal balance due at that time; secured by a first priority lien on real property located at 1117 Quarrier Street, E, Charleston, West Virginia.	68,617
6.5%, mortgage note payable to Branch Banking & Trust; originally \$50,000, due in monthly installments of principal and interest of \$333 through April 15, 2013, with a balloon payment of the remaining principal balance due at that time; secured by a shared first priority lien on real property located at 1516 Washington Street, East, Charleston, West Virginia	13,817
0%, mortgage note payable to West Virginia Housing Development Fund; originally \$60,000, due in monthly installments of \$200 through December 2024, with any remaining principal balance due at that time; secured a shared first priority lien on real property located at 1516 Washington Street, East, Charleston, West Virginia	28,800
0%, promissory note payable to the City of Charleston M O E C D ; \$155,000 , due in monthly installments of \$646 beginning April 13, 2013 and continuing each month thereafter through April 13, 2033, with any remaining principal due at that time; secured by real property located at 1516 Washington Street, East, Charleston, West Virginia.	155,000
0%, promissory note payable to West Virginia Affordable Housing Trust Fund; originally not to exceed \$10,500 for reimbursable predevelopment costs; no repayment is required provided RCCR applies the funds to their intended purpose through November 9, 2012. The note was forgiven under its terms on April 23, 2013	<div style="text-align: right;"> <u>9,213</u> 376,306 (147,255) </div>
Less: current maturities of long-term debt	<div style="text-align: right;"> <u>\$ 229,051</u> </div>

Maturities of long-term debt are as follows:

<u>Year Ended December 31,</u>	
2013	\$ 147,255
2014	21,816
2015	21,816
2016	21,816
2017	21,816
Thereafter	<div style="text-align: right;"> <u>163,909</u> <u>\$ 398,428</u> </div>

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 10 PENSION PLAN

The Organization sponsors a defined contribution pension plan (SIMPLE IRA Plan) that covers all employees who have received compensation of \$5,000 or more during any two (2) prior years of employment, and who are also expected to receive compensation of at least \$5,000 in the current year. Under the Plan, Participants establish and control their own SIMPLE IRA to which RCCR makes contributions. All contributions, including earnings thereon, are fully vested at all times. Participants may elect to authorize the Organization to withhold and deposit a portion of their compensation to their SIMPLE IRA in lieu of cash compensation up to the limits established by Section 408(p)(2)(A) of the Internal Revenue Code; \$11,500 for 2012. RCCR has elected to make a required contribution of two (2%) percent of compensation annually to each Participant account. Pension expense for 2012 was \$4,304.

NOTE 11 MEDICAL REIMBURSEMENT PLAN

RCCR has established a medical reimbursement plan for the benefit of its employees that is intended to comply with the requirements of Section 105(h) of the Internal Revenue Code. The Plan covers all employees eligible to participate in the Organization's high deductible group medical plan, and requires RCCR to determine annually an equal amount to allocate to each employee participant's reimbursement account. To receive reimbursement, the employee must incur and present evidence of qualified medical expenses to the Plan administrator. Benefits under the Plan cease at such time the participant is no longer an eligible employee. At December 31, 2012, the Organization was exposed to claims of up to \$31,624 and had set aside \$2,859 in a cash account designated to pay Plan claims.

NOTE 12 SUBSEQUENT EVENTS

Events that occur after the balance sheet date must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events that reflect significant matters but which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes.

Management of Religious Coalition for Community Renewal, Inc. has evaluated the Organizations' activities and events through the date the financial statements were available to be issued and has concluded that no subsequent events have occurred that would require recognition in the financial statement or disclosure in the notes to the financial statements.

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012, with Comparative Totals for 2011

	Program Services			
	Samaritan Inn	Smith Street Station	Housing Counseling	Housing Development
Salaries	\$ 85,400	\$ 27,147	\$ 26,244	\$ 20,160
Payroll taxes and benefits	31,195	10,031	14,742	8,781
HOME Program and WVAHTF loans forgiven	-	-	-	43,090
Occupancy	17,877	54,376	-	175
Maintenance and repairs	7,061	11,192	68	-
Depreciation	14,412	30,825	-	-
Food, clothing, & other program expense	28,788	1,433	4,434	(2,003)
Professional fees	9,350	6,050	6,250	-
Other fees, permits and penalties	-	-	-	26,417
Interest expense	-	-	-	-
Office & supplies expense	1,949	791	1,112	-
Telephone	3,041	825	-	-
Insurance	3,269	607	-	2,853
Supplies	520	130	-	-
Travel and meetings	1,025	-	695	-
Marketing, memberships & publications	33	-	1,800	-
Miscellaneous	3,053	426	2,877	1,042
Total expenses	\$ 206,973	\$ 143,833	\$ 58,222	\$ 100,515

See Independent Auditors' Report

Total Program Expenses	Administrative and Support	Fundraising	Total Expenses	
			2012	2011
\$ 158,951	\$ 47,835	\$ 10,367	\$ 217,153	\$ 216,820
64,749	14,846	5,198	84,793	91,722
43,090	-	-	43,090	26,345
72,428	12,029	-	84,457	83,281
18,321	2,930	-	21,251	19,593
45,237	14,692	-	59,929	56,636
32,652	-	-	32,652	38,006
21,650	8,019	-	29,669	16,567
26,417	7,336	-	33,753	15,350
-	4,430	-	4,430	15,350
3,852	3,698	-	7,550	8,803
3,866	2,276	-	6,142	6,728
6,729	1,180	-	7,909	5,787
650	506	-	1,156	1,507
1,720	926	-	2,646	2,258
1,833	-	3,452	5,285	4,914
7,398	3,879	-	11,277	17,169
<u>\$ 509,543</u>	<u>\$ 124,582</u>	<u>\$ 19,017</u>	<u>\$ 653,142</u>	<u>\$ 626,836</u>

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs			
Supportive Housing Program	14 235	n/a	\$ 73,139
Pass-through from City of Charleston			
Supportive Housing Program - Outreach	14 235	unknown	17,344
Emergency Solutions Grant Fund - Samaritan Inn	14 231	unknown	13,603
Emergency Solutions Grant Fund - Samaritan Inn	14 231	unknown	20,310
Community Development Block Grants - Utilities	14 218	unknown	21,542
HOME Investment Partnership - CHDO	14 239	unknown	<u>600,163</u>
			<u>672,962</u>
Pass-through from West Virginia Housing Development Fund			
HOME Investment Partnership - CHDO	14 239	unknown	<u>322,625</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-through from WV Department of Health and Human Services			
Block grants for Prevention and Treatment of Substance Abuse - Transitional Living Program			
	93 959	G120144	29,256
	93 959	G130603	<u>9,683</u>
			<u>38,939</u>
Pass-through from Roark-Sullivan Lifeway Center, Inc.			
Block grant for Community Mental Health Services			
Offender Re-entry	93 958	unknown	<u>8,181</u>
Total Expenditures of Federal Awards			<u>\$ 1,115,846</u>

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2012

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Religious Coalition and Community Renewal, Inc and is presented on the accrual basis of accounting. The information 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 these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC

SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended December 31, 2012

<u>State Grantor/ Program Title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Amount Collected in Current Year</u>	<u>Net Disbursements/ Expenditures</u>
West Virginia Department of Health and Human Services				
<u>Transitional Living Program -Samaritan Inn</u>				
July 1, 2011 - June 30, 2012	G120144	\$ 112,500	\$ 52,661	\$ 52,661
July 1, 2012 - June 30, 2013	G130374	50,000	25,662	25,662
October 1, 2012 - June 30, 2013	G130603	<u>50,000</u>	<u>9,683</u>	<u>9,683</u>
		<u>\$ 212,500</u>	<u>\$ 88,006</u>	<u>\$ 88,006</u>



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

To the Board of Directors
Religious Coalition for Community Renewal, Inc
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Religious Coalition for Community Renewal, Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2013

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses (2012-1)

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 charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs to include significant deficiencies. (2012-1)

To the Board of Directors
Religious Coalition for Community Renewal, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Religious Coalition for Community Renewal, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Religious Coalition for Community Renewal, Inc.'s Response to Findings

Religious Coalition for Community Renewal, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Charleston, West Virginia
August 28, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Religious Coalition for Community Renewal, Inc.
Charleston, West Virginia

Report on Compliance for Each Major Federal Program

We have audited Religious Coalition for Community Renewal, Inc.'s 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, 2012. 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

Our responsibility is to express an opinion on compliance for each of Religious Coalition for Community Renewal, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we 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 we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Religious Coalition for Community Renewal, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Religious Coalition for Community Renewal, Inc. 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, 2012.

To the Board of Directors
Religious Coalition for Community Renewal, Inc.

Report on Internal Control Over Compliance

Management of Religious Coalition for Community Renewal, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we 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, we do not express an opinion on the effectiveness of Religious Coalition for Community Renewal, Inc.'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our 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.



Charleston, West Virginia
August 28, 2013

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness? Yes None reported

Type of auditors' report issued on compliance for the major federal award program(s) 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 program(s):

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14 239	Home Investment Partnership Program

The dollar threshold for distinguishing between Type A and Type B programs: \$300,000

- Auditee qualified as a low-risk auditee? Yes No

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Year Ended December 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

2012-1

INTERNAL CONTROL OVER FINANCIAL REPORTING

**Condition and
Criteria:**

The Religious Coalition For Community Renewal, Inc. internal control over financial reporting is not sufficient to ensure the financial statements are prepared in accordance with U.S. generally accepted accounting principles. Internal control should provide reasonable assurance the financial statements are fairly presented in all material aspects.

Effect:

There is a *more than remote likelihood* that material misstatements could occur in the financial statements that would not be prevented or detected by the Organization's internal control.

Cause:

Religious Coalition for Community Renewal, Inc. does not have standard periodic closing procedures in place to ensure all items are properly recorded in the general ledger and all supporting subledgers are properly reconciled to the general ledger. Consequently, the Organization's independent auditor is relied upon to maintain schedules and identify the more complex issues of financial reporting, which has resulted in significant financial statement adjustments being proposed by the auditor.

Recommendation:

We recommend the Religious Coalition for Community Renewal, Inc. increase its internal control over financial reporting through adoption of standard periodic closing procedures that includes a closing check list of items required to be reviewed, maintenance of subledgers, and reconciliation of all material balance sheet accounts to the general ledger.

**Management's
Response:**

Religious Coalition for Community Renewal, Inc. has adopted an implementation schedule to be complete by the fourth quarter of 2013 for monthly and annual financial reporting closing procedures that address financial reporting and grant reporting matters; includes a technical review of program compliance matters and adherence to U.S. generally accepted accounting principles; and documents management's approval of financial reporting procedures.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

SECTION I - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2011-1 COMPLIANCE WITH ERISA LAWS AND REGULATIONS

Condition and Criteria: Religious Coalition for Community Renewal, Inc. (RCCR) failed to make timely payments to its defined contribution pension plan as required by the Employee Retirement Income Security Act of 1974 (ERISA). During 2011, only two (2) months of withheld employee contributions were remitted to the plan. Further, the auditor found unpaid employer contributions extended back to May 2009. The total unremitted employee contributions totaled \$12,900 and unpaid employer contributions totaled \$12,030.

Recommendation: The auditor recommended the Organization consult qualified legal counsel to assist management in developing an appropriate plan of action. The auditor further recommended management develop a process to sufficiently prioritize and plan its cash requirements to remain in compliance with applicable pension laws and regulations.

Current Status: As of December 31, 2012, all prior year employee and employer contributions had been made to the pension plan. Further, all employee and employer contributions for 2012 were remitted to the plan prior to the end May 2013.

2011-2 SEGREGATION OF DUTIES

Condition and Criteria: An effective internal control environment provides a segregation of duties that restricts the ability for any one individual to initiate, approve, and process the same transaction. The auditor observed in 2011 that one individual controlled all of these procedures for processing and paying the Organization's payroll without a compensating control in place.

Recommendation: The auditor recommended the Organization improve its control over payroll processing by adding the approval of the appropriate level of management and including a funds release authorization prior to the electronic transmission of the payroll.

Current Status: The RCCR executive director now signs off on the complete payroll package, including the detailed payroll register and reviews the transfers from the bank in total.

2011-3 CHECK SIGNING AUTHORITY AND FINANCIAL REPORTING

Condition and Criteria: The auditor observed: (a) the Organization requires only one (1) signature for check disbursements regardless of the size or nature of the payment; (b) transactions are not consistently classified in the Organization's books; and (c) liabilities were not always recorded to the Organization's books in a timely manner. The result of the foregoing is the potential for incomplete and erroneous financial reports to management and those charged with governance.

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended December 31, 2012

SECTION I - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Recommendation: The auditor recommended RCCR revise its check signing policy to require a second signature on all checks above a Board determined minimum; and further recommended the Board approve a policy directing the appropriate staff to record each invoice or other obligation to the Organization's books as soon as it is received.

Current Status: A similar finding is reported in the 2012 Schedule of Findings and Questioned Cost

2011-4 ALLOCATION OF EMPLOYEE TIME

Condition and Criteria: OMB Circular A-122 requires salaries and wages charged to federal awards be based on personnel activity reports approved by a responsible official of the organization. The Organization's timesheets do not allow for employees whose labor benefits more than one grant to accurately report their time. Consequently, proper allocation of salaries and related costs was not possible in the financial records of the Organization or for grant reporting purposes.

Recommendation: The auditor recommended RCCR redesign its timesheets to allow an employee to apply time to more than one program or function during the reporting period to allow for the proper allocation of salaries and related costs, including time allocated to administrative and fundraising efforts.

Current Status: The Organization's timesheets have been revised as recommended and are currently being used for reporting employee time. Management has also developed a mechanism to track grant expenditures to prevent overlapping reimbursements.

2011-6 GRANT COMPLIANCE DOCUMENTATION AND MONITORING

Condition and Criteria: The Department of Health and Human Resources (DHHR) grant for the Samaritan Inn Transitional Living Program requires specific goals be met as a condition of the award. RCCR did not adequately document the nature of the services provided nor the individual's progress toward attaining the prescribed goals. Further, the Organization did not have a mechanism for monitoring compliance with the grant requirements.

Recommendation: The auditor recommended each residents' file should include the necessary documentation evidencing the services provided and the resident's progress toward successful attainment or failure of the prescribed program goals. The auditor further recommended RCCR adopt a monitoring program for the periodic audit of resident files to ensure the proper documentation was present.

Current Status: RCCR hired a contract counselor with the responsibility to ensure timely documentation of the compliance items in resident files. Management has also instituted a procedure for *periodically* monitoring documentation in resident files.

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended December 31, 2012

SECTION I - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2011-7

SUPPORTING DOCUMENTATION

**Condition and
Criteria:**

The Organization's controls and documentation supporting its fundraising activities was insufficient to ensure that all fundraising funds collected were properly recorded and deposited to RCCR accounts. Similarly, the Organization did not sufficiently monitor food purchased for the Samaritan Inn program using *Kroger Care Cards*. Documentation of expenditures was provided to the Organization at the time a card was refilled, but there was no reconciliation of expenditures to the card balance.

Recommendation:

The auditor recommended RCCR develop procedures to properly track the receipt of contributions and ticket sales and to provide oversight and accountability throughout the fundraising process. The auditor recommended *Kroger Care Cards* be refilled only for the amount of documented prior expenditures, and expenditures be reconciled to the card balance with significant or recurring shortages investigated at that time.

Current Status:

RCCR is has developed the procedures to track the receipt of contributions and ticket sales which was in place for the 2012 fund raiser. RCCR also is reconciling the actual receipts to the Kroger Care cards.

2011-8

FIDELITY BOND

**Condition and
Criteria:**

RCCR does not have a fidelity bond covering the potential loss of funds due to employee theft or fraud.

Recommendation:

The auditor recommended RCCR purchase a fidelity bond providing theft and fraud coverage of at least \$100,000.

Current Status:

The board evaluated the cost associated with a fidelity bond, determined the cost to be in excess of its perceived benefit, and elected not to purchase a bond at this time.

RELIGIOUS COALITION FOR COMMUNITY RENEWAL, INC.
 SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
 (Continued)
 Year Ended December 31, 2012

SECTION II - PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2011-5	<p>PROGRAM COSTS</p> <p>Federal Program Agency and Information: CFDA</p> <p>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</p> <p style="padding-left: 40px;">Supportive Housing Program 14.235</p> <hr/>
Condition and Criteria:	RCCR charged the same cost to multiple grant programs. Grant reporting was generally done by grant managers without review by the Organization's accountant. Further, the Organization does not include a reconciliation of grant reporting to its financial reporting system
Questioned Costs:	\$ 29,528
Recommendation:	The auditor recommended the Organization's accountant prepare the expenditures section of all grant reports, or review reports not so prepared. Further, the Organization should develop a process for tracking and reconciling all grant expenditures to the Organizations financial accounting records
Current Status:	Management has developed a tracking system to review grants and the expenditures on those grants monthly to make sure there is no overlap in reimbursements