

Audit Report of Cheaha Creative Arts Center, Inc.

After reviewing financial reporting instruments, bank statements (including cancelled checks), paid invoices, and receipts, I have determined that the financial system that was in place for Cheaha Creative Arts Center, Inc. was in accordance with general accounting assumptions and principles.

The **accounting assumptions** associated with this type of entity include:

1. *Going Concern*—the business/entity appears to have the ability to operate in the foreseeable future.
2. *Stable Monetary Unit*—the main currency of the entity.
3. *Fixed Time Period*---the information is prepared and reported periodically to board members, etc.

The basic **accounting principles** associated with this type of entity include:

1. *Matching*---the matching of revenues and expenses in the period earned and incurred.
2. *Revenue Recognition*---revenue is recognized (reported on the books as received).
3. *Full disclosure*---all of the information about the business entity that is needed by users is disclosed in an understandable form.

Take these assumptions and principles into account, my findings are as follows:

Assumptions:

1. Going concern---It is my belief that this business/entity will continue to operate in the future as noted by the various organizations and individuals that consistently donate their time and money every month throughout the entire reporting year.
2. Stable Monetary Unit---The United States dollar is the only currency noted and reported. This was confirmed by the examination of the monthly bank statements.
3. Fixed Time Period---all of the documents and financial reports that were examined were for a specified time period, January 1, 2013-December 31, 2013.

Principles:

1. Matching---The matching of revenues and expenditures for the time period was consistent and easily accessible and available from the entity's monthly reports and ledger/check records that were made available to this examiner.
2. Revenue Recognition---Revenue was realized and recorded/reported on the books as it was received and was recognized when deposit slips from the bank were returned.

3. Full Disclosure---All of the financial information about the entity that may be required or requested by users or interest holders is disclosed in an understandable format as noted by reviewing the financial reports.

Additional Information Noted

Separation of Duties/Controls: Adequate controls are in place within the entity. The financial tracking and payment system in place consists of an adequate separation of duties which includes the center director as carrying the primary responsibility of expenditure tracking, another member that the responsibility of making bank deposits, and checking writing/disbursement responsibilities are not allowed by either member.

Another control and safeguarding of funds system that is in place that grants the center director the authority to endorse checks, however there is the requirement that one other board member must also endorse. Thus, two endorsements are required in order for the instrument to be valid.

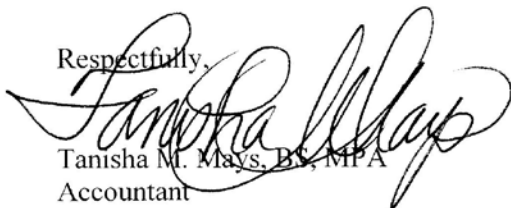
Review Method and Conclusion

This review was performed by examining and reviewing the documents, thoroughly, in two different methods. The first method included comparing the banks statements and cancelled checks to the financial report. This method determined that all checks and deposits were adequately posted and sufficient documentation of each transaction was dually noted in the ledger/"Check Record". The second method included reviewing paid invoices, receipts, and reimbursements and tracing them back to the documented expenditures and disbursements in the ledger. The third and final method included reviewing to determine if the proper entries were properly documented in the QuickBooks software.

All three methods revealed similar information and thus allowed me to arrive at the same consistent conclusion that all expenditures are adequately tracked and maintained in a very comprehensible ledger or tracking instrument and that all funding sources are adequately accounted for and documented.

This concludes my evaluation and examination of financial records and reporting systems of the Cheaha Creative Arts Center, Inc. If additional information is needed or if I can be of any further assistance please contact me at 256-452-4152.

Respectfully,



Tanisha M. Mays, BS, MPA
Accountant

Completed: September 11, 2014

- **Audit Checklist: Cheaha Creative Arts**

- **Accounting Requirements**

- Are proper books and records kept of all transactions?
- Do the accounts comply with requirements for external scrutiny?
- Are accounts formally approved at an annual meeting?

- **Budgets**

- Are annual budgets prepared and approved to cover both income and expenditure?
- Is performance measured against budgets at regular intervals?

- **Banking and Custody Procedures**

- Are incoming receipts banked promptly and regularly?
- Is the safe custody ensured for all valuables held on premises?
- Are there controls over receipt books?

- **Checks of Income Records**

- Are regular checks made to ensure records are accurate?
- Are regular checks made to ensure no discrepancies between records?
- Are checks made by someone other than the original recording officer?
- Are any restrictions placed on donated income identified and observed?
- Controls over expenditure
- Are all expenditures properly authorized?
- Is there supporting documentation required and maintained for all expenditures?
- Are check books kept in secure place with access only by nominated persons?

- Is the preparation of payments undertaken by someone other than the authorizing officer?

- **Controls over purchases**

- Are invoices checked against orders made?
- Is the quality and quantity of goods supplied checked against orders made?
- Are payments only made against original invoices?

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- **Bank accounts**

- Are secure records held of all accounts?
- Are regular bank reconciliations carried out?
- Are checks made to ensure that there are no dormant accounts?
- Are bank statements regularly inspected by officers not assigned bookkeeping duties?
- Are cross checks made between bank records and the income and expenditure records?