

**ORGANIZATION OF LIBERIANS IN MINNESOTA (OLM)**

**FINANCIAL REVIEW FOR THE YEAR END - 2008 & 2009**

**FINAL REPORT**

**SUBMITTED BY THE FINANCE COMMITTEE**

**MAY 12, 2010**

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Depreciation Schedules, general ledgers, Journals designed by the Committee are attached as an Excel documents.

## **Scope of the Review**

The scope of the committee's operation is to provide management review and advisory services based on the Board's resolution as indicated and referenced in the engagement letter. The Finance Committee's review will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and to obtain "limited assurance" that such financial statements were prepared in accordance with accounting principles generally accepted in the US. Consequently, the Committee will use its own judgment based on best industry practices about the number of transactions to be examined and the areas to be tested. Also, the Committee will plan and perform the review to obtain reasonable assurance about whether the financial statements are free of material misstatement

## Executive Summary of Committee Review

May 12, 2010

The Board of Directors  
Organization of Liberian in Minnesota (OLM)  
7001 Kentucky Ave.  
Brooklyn Park, MN

We have reviewed the accompanying balance sheets of OLM as of December 31, 2008, and 2009, and the related statements of activities and cash flows for the years then ended, in accordance with statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit, in accordance with generally accepted auditing standards, the objective of the latter which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly we do not express such an opinion.

The objective of our review is to express “limited assurance” about whether the organization’s (OLM) financial statements are fairly presented, in all material respects, in accordance with statements on standards for accounting and review services generally accepted in the US. Our review included tests of the organization’s internal control, accounting records and other procedures we consider necessary to enable us to express a limited assurance.

Based on our review, we discovered that the organization lacks a basic functioning accounting system that would adequately account for the organization’s financial transactions. Even though the organization purchased accounting software on February 25, 2008, that software is yet to be put in operation. We discovered that the current structure lacks the basic components of accounting system needed for accurate and timely reporting. For instance, the current structures lacks a chart of accounts, general ledgers, cash disbursement and cash receipts journals, general and special journals, trial balance. And in most cases, transactions lack relevant supporting documents other than cancelled checks to substantiate funds disbursements. Most of the information we gathered pertaining to payee names and reasons for disbursement were taken from copies of cancelled checks.

The general ledger is the core of any entity's financial records. It constitutes the central book of an organization's accounting system, and every transaction flows through it. The records on the general ledger remain as a permanent track of the history of all financial transactions since day one of the life of the organization.

Information for the two primary financial statements (Balance sheet and Statement of Activities) is drawn directly from the general ledger. The order of how the numerical balances appear is determined by the chart of accounts, but all entries that are entered will appear. The general ledger accrues the balances that make up the line items on these reports, and the changes are reflected in the statement of activities. The absence of these relevant accounting books in any organization makes it difficult or impossible to review or audit.

We also discovered that major fixed assets such as the building, furniture, and computers purchased by the organization were expensed and then capitalized at the same time in the third and fourth quarters of 2009. The organization doesn't have a fixed asset schedule nor is there a depreciation schedule for all fixed assets. Furthermore, there was no evidence that payroll taxes were withheld for October payroll which was paid in November. If payroll taxes were withheld, it should have been reflected on the fourth quarter balance sheet as a liability. There's no evidence from the balance sheet that the liability was accrued. Also, there was no evidence from the bank statements for the period under review that payroll services were out source for all payroll checks listed below which were signed by Mr. Dwanyen and Mr. Parker. There was no evidence from the bank statements that payroll taxes were remitted to the relevant authority. See below for payroll payment details obtain from November cancelled checks:

Check #	Date Issued	Employee Names	Amounts	Purpose
4467	11/20/2009	Kerper Dwayen	1,847.00	Salary-for Oct.09
4468	11/20/2009	John Bartee	1,398.12	Salary-for Oct.09
4469	11/20/2009	Kulah Parker	821.50	Salary-for Oct.09
4470	11/20/2009	Christian Harris	969.93	Salary-for Oct.09

**5,036.55**

Base on our review, there was no structure in place to track payments to vendors or individuals for amounts over \$600.00 which will necessitate the issuance of 1099-misc to the IRS. As such, the organization might be exposed to possible tax violations if the vendors or individuals fail to pay the required taxes on revenue received from the organization. Based on the above mentioned lapses in the current structure, we are convinced that material modifications should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The information contained in the accompanying schedules of operating expenses and bank related activities is presented for supplementary analysis purposes. Based on the review we have put forth recommendations that will restructure the current system.

### **Major concerns -2009:**

By law, OLM as an entity must keep financial records which are reliable and provide an accurate view of its activities. Internal Revenue Code Section 6001 requires organizations or businesses to keep records appropriate to their programs or business. The IRS has the right to view these records in the event they want to audit the organization activities or tax returns. If they (IRS) do not like what they find, the penalties can be severe to an organization like the OLM and its leadership. In addition to the IRS's ability to audit an organization books, States often have laws requiring such records to be maintained, and surprise auditors who show up unannounced could insist on seeing these records.

During our review process, one of the committee's members was questioned by three FBI officers regarding the nature of our review and what the results were. From our understanding, it's evident that the organization is under the radar of the authority for some allegations reported by a former board member to the FBI. It's therefore necessary that the organization take immediate steps to address these lapses in the current system. There are laws governing the activities of every organization operating within the U.S. and OLM is no exception.

In 2009, the organization was awarded a grant (\$248,000.00) to acquire and furnish a community center. During our review, we noticed that there were no documents to show how the bidding process was done to award contracts to vendors under this grants as required by the financial policy. The finance committee was informed that the Chairman of the Building Committee was the realtor. If the information is correct, then that creates a conflict of interest. Furthermore, the organization doesn't have in its possession an appraisal for the acquired building. The review committee also requested for a copy of the approved grant to determine its terms, but all efforts prove futile.

From our review, we discovered that supporting documents of expenditures were not properly coded; as such, it was difficult to form an audit trail for most of the organization's transactions. For instance, a payment of fifteen thousands \$15,000.00 was made to Bush Chicken but the invoice (# 002456) issued by Bush Chicken total fourteen thousands eight hundred sixteen dollars and nineteen cent(\$14,816.91). The invoice amount is \$183.09 less than the total amount paid by the organization.

November 3, 2009 check # 4395 was paid to Mr. Kerper Dwanyen for office Carpet. Besides the cancelled check, the committee could not find other supporting documents regarding this transaction. These were some of the numerous difficulties the committee encountered during the review process. Tracing a transaction from the invoice or other source documents was a major challenge because either invoices didn't exist or they were not coded properly to form an audit trail.

Proper documentations are essential tools that validate that donor's funds are being handled and spent in compliance with the grant requirements and federal laws. From our review, it's evident that the organization will run into problem if the donors were to conduct an unannounced audit. The committee recommends that all supporting documents related to grants and other revenues sources be identified and properly filed.

See below for a copy of Bush Chicken invoice issue to OLM for office furniture, computers and printer. The committee didn't see copies of invoices from the supplier. Bush Chicken was the middle man in this transaction; it would have been prudent for the administration to request for copies of the supplier's invoices to determine the true cost of the items the organization paid. Due diligence should have also been applied to the contract (\$8,159.97) awarded to Mr. Ivan Brown for computer and Mr. R. Sayon Morris (\$4,000.00) for projector and White board screen installation.



**BCMG, Inc.**  
 7648 Humboldt Ave N  
 Brooklyn Park, MN  
 763-560-9912  
 763-560-9987

CK # 4611 # 13,000.00 9/23/09

**INVOICE**

Invoice Number: 002456

09/17/2009

Customer Information:

Billing Address:		Shipping Address:	
Company:	BCMG, Inc	Company:	Organization of Liberians in Minnesota
Name:	Stanford Peabody	Name:	
Address:	7648 Humboldt Ave	Address:	7648 Humboldt Ave N
City/State/Zip	Brooklyn Park, MN, 55444	City/State/Zip	Brooklyn Park, MN, 55444

Shipping Method: Ground

Qty	Product Description	Amount Each	Amount
3 <i>Revised 2</i>	IBM Think Centre M51 8143-24U Desktop Computer - Intel Pentium 4 3GHz, 1GB DDR, 40GB HDD, Combo, Windows XP	\$589.99	\$1769.97
2 ✓	2 IBM TP T43 2.0/1GB/80GB/Combo/14 "/XPP	\$500.00	\$1500.00
3 ✓	Executive Desk, 30 1/2"H x 65 1/2"W x 30"D, Dark Alder	\$800.00	\$2400.00
5	High-Back Bonded Leather Chair	\$200.00	\$1000.00
3	File Cabinets, Legal-Size File Cabinet, 4-Drawer, Putty	\$450.00	1350.00
1	Canon image CLASS D1150 Multifunction Mono Laser Printer - 1200 x 600 dpi, 30 ppm, Scanning, Copying, Fax, 10/100	\$899.99	\$899.99
3 ✓	Bookshelves Basic Bookcase, 5-Shelf, 70 1/8"H x 27 3/4"W x 11 1/2"D, Black	\$200.00	\$600.00
3	Telephones IP Business Phone System Item # 861630	\$100.99	\$302.97
6	Reception chairs Office ✓	\$50.00	\$300.00
1	Conference Room Table ✓	999.99	\$999.99
8	Conference Room Chairs ✓	\$179.99	\$1432.00
5	Conference Table chairs ✓	\$175.99	\$879.95
		Subtotal:	\$13434.37
		Tax:	1007.57
		Shipping:	\$375.00
		<b>Grand Total:</b>	<b>\$14816.91</b>

*diff 183.09*  
*SKB*

The committee did not review or verify expenditures incurred from January 2009 thru April 2009 because of the unavailability of canceled checks and supporting documents. The committee could not determine the names of the payees nor the reasons for the disbursements. The total amount disbursed within the periods in question is \$9,283.07 as per the bank statement. We recommend that the administration explore all available means to retrieve and file these documents for future reference and audit trail.

From our review, the committee discovered that in addition to the general operating account (TCF Ck Account # 9852098798) the organization also had another account (TCF Account #7852234541). The latter account could not be verified by the committee because of the lack of banks statement and other relevant documents. As a result, the committee could not determine the balance and possible exposures regarding bank charges and other fees.

Based on our review, it was determined that monthly bank reconciliations were never done by the finance director. As a consequence, the organization was unable to track outstanding checks and possible bank errors on a monthly basis. This lapse cost the organization \$385 in bank charges for Not-sufficient-fund (NSF) in December 2009. Cash is the most liquid asset of any organization; as such, it's essential that the finance director establish processes that will safe guard the organization funds at all times. We recommend that the finance director begin and complete all bank reconciliation for 2008 and 2009 for future reference. See below for listing of bank charges:

**Bank Charges for December 2009**

Date	Fees	Reasons	
12/2/2009	35.00	Bank charges	NSF
12/3/2009	70.00	Bank charges	NSF
12/7/2009	70.00	Bank charges	NSF
12/8/2009	35.00	Bank charges	NSF
12/14/2009	35.00	Bank charges	NSF
12/15/2009	35.00	Bank charges	NSF
12/23/2009	35.00	Bank charges	NSF
12/29/2009	35.00	Bank charges	NSF
12/31/2009	35.00	Bank charges	NSF
	<b>\$ 385.00</b>		

As per the November expenditures schedule listed below, the organization total cash disbursement was \$36,372.65. The large amount is mostly due to the purchase of equipments, payment for building improvement, salaries, salary advances, employee's reimbursement and volunteer's stipend. From the review, the committee discovered that numerous payments were made to employees as reimbursement for bills or services but we couldn't verify most of these payments because of the lack of supporting documents like receipts or invoices. While it's true that staff members can be reimbursed by an entity for official business expenses, it's vital that such payments be supported by receipts and other forms of documentations.

From our review, it was evident that the organization doesn't have a policy in place regarding reimbursable expenses. There were instances where calling post (phone services) charges were paid directly to the finance director or the former President instead of the entity providing the service. The committee was informed that sometimes staff members were using personal credit cards to pay the organization bills and then get reimbursement later on. From an internal control perspective, we recommend that such practice be abolished. We also recommend that the organization request for a bank card that can be used for online payment of the organization bills or purchases. The administration in conjunction with the board can work out a policy regarding the use of the organization bank card. Furthermore, the organization recurring expenses should flow through the normal voucher system supported by documentations (receipt, invoices, etc).

In October 2009, a decision was made by the administration to begin paying salaries to staff members. In November five thousands thirty six dollars and fifty five cent (\$5,036.55 ) was paid to four staff members including the President for October and one thousand four hundred dollars (\$1,400.00) was paid to staff members as stipends. However, the December balance sheet shows a liability (salary payable) of nine thousands four hundred and fifty (\$9,450.00) for November and December outstanding payroll. From our review of the November bank statement, we discovered stipend being paid to salary employees. For instance, check # 4391 issued 10/30/2009 for \$300.00 was paid to the finance director as stipends while check # 4389 for \$300.00 was also paid to the President as stipend. In the absence of supporting documents we couldn't verify whether salaried employees also qualify for stipends. In November, two thousands dollars (\$2,000.00) was paid to the Acting Executive directors as salary advance. In the absence of documents we couldn't verify the approval process and the terms for repayment.

Going forward, it's important that the Board decides how salaries will be paid since it's a monthly recurring expenses. The organization will have to find a revenue source to finance its personnel cost.

The committee also discovered an additional payment of one thousand five hundred and fifty dollars (\$1,550.00) to several individuals as stipends but couldn't validate the amounts because of the lack log sheet that tracks the services performed, date and hours of works or receipt from the individual receiving payments. The committee recommends the establishment of the logging system that will track all volunteering services.

See November expenditures breakdown schedule below for the listing of payments:

**OLM- Expenditures Breakdown**

**Nov-  
09**

<b>Check #</b>	<b>Date Issued</b>	<b>Date Paid</b>	<b>Amount</b>	<b>Payee</b>	<b>Description/Reason</b>
4778	11/21/2009	11/23/2009	300.00	Abu Massally	Ecom Security
4779	11/21/2009	11/23/2009	300.00	Abu Massally	Ecom Security
4443	11/14/2009	11/16/2009	50.00	Abu Massally	Volunteer Stipend
4804	11/29/2009	11/30/2009	50.00	Abu Massally	Moving Services
4790	11/23/2009	11/27/2009	300.00	Andrew Tehmeh	Volunteer Stipend
4471	11/20/2009	11/25/2009	200.00	Beatrice Young	Volunteer Stipend
4460	11/16/2009	11/23/2009	236.80	Ben T. Giple	Reimbursement
4458	11/16/2009	11/23/2009	25.00	Benjamin Jones	Volunteer Stipend-Elect. Comm
4788	11/21/2009	11/25/2009	25.00	Benjamin Jones	Honorarium
4795	11/25/2009	11/27/2009	50.00	Benjamin Jones	Honorarium
4470	11/20/2009	11/30/2009	969.93	Christian Harris	Salary-for Oct.09
4439	11/9/2009	11/18/2009	215.76	Comcast	Telephone & Internet
4791	11/24/2009	11/30/2009	289.31	Di Printing	Letterhead & Envelopes
4797	11/25/2009	11/27/2009	250.00	Esther Giple	Cleaning Services
4393	10/30/2009	11/4/2009	300.00	Esther Thomas	Volunteer Stipend
4462	11/17/2009	11/24/2009	300.00	Esther Thomas	Volunteer Stipend
4450	11/16/2009	11/23/2009	50.00	Gabriel Daniels	Volunteer Stipend

4784	11/21/2009	11/27/2009	50.00	Gabriel Daniels	Honorarium
4425	11/4/2009	11/16/2009	8,159.97	Ivan Brown	Equipments
4464	11/16/2009	11/30/2009	600.00	Ivan Brown	Ballots Printing
4777	11/21/2009	11/23/2009	<b>275.00</b>	<b>James Horace</b>	<b>Ecom Food/Ballot Boxes</b>
4432	11/9/2009	11/9/2009	<b>300.00</b>	<b>James Horace</b>	<b>Petty Cash</b>
4441	11/29/2009	11/10/2009	<b>300.00</b>	<b>James Horace</b>	<b>Petty Cash</b>
4465	11/19/2009	11/20/2009	<b>270.00</b>	<b>James Horace</b>	<b>Uniform/Petty Cash</b>
4798	11/25/2009	11/27/2009	<b>100.00</b>	<b>James Horace</b>	<b>Petty Cash</b>
4386	10/29/2009	11/5/2009	<b>125.00</b>	<b>James Horace</b>	<b>Printing</b>
4430	11/7/2009	11/9/2009	<b>150.00</b>	<b>James Horace</b>	<b>Flyers</b>
4384	10/29/2009	11/5/2009	<b>969.80</b>	<b>James Horace</b>	<b>Reimbursement &amp; Copying</b>
4435	11/9/2009	11/13/2009	<b>43.47</b>	<b>James Horace</b>	<b>Reimbursement</b>
4428	11/7/2009	11/9/2009	<b>200.00</b>	<b>James Horace</b>	<b>Volunteer Stipend</b>
4452	11/16/2009	11/18/2009	<b>50.00</b>	<b>James Horace</b>	<b>Volunteer Stipend</b>
4782	11/21/2009	11/25/2009	<b>50.00</b>	<b>James Horace</b>	<b>Honorarium</b>
4792	11/24/2009	11/24/2009	<b>300.00</b>	<b>James Horace</b>	<b>Volunteer Stipend</b>
4385	10/29/2009	11/2/2009	425.00	Jeab Erickson	Rent -Deposit Refund
4388	10/30/2009	11/2/2009	<b>3,000.00</b>	<b>Jeffery Gbor</b>	<b>Renovation &amp; Improvement</b>
4442	11/14/2009	11/16/2009	<b>1,721.00</b>	<b>Jeffery Gbor</b>	<b>Renovation &amp; Improvement</b>
4796	11/25/2009	11/25/2009	50.00	Jerome Diabe	Honorarium
4427	11/6/2009	11/9/2009	201.42	<b>John Bartee</b>	<b>Reimbursement</b>

4801	11/26/2009	11/30/2009	150.00	John Bartee	lock change
4468	11/20/2009	11/23/2009	<b>1,398.12</b>	John Bartee	Salary-for Oct.09
4397	11/3/2009	11//4/2009	1,500.00	John Bartee	Salary Advance
4799	11/25/2009	11/30/2009	500.00	John Bartee	Salary Advance
4392	10/30/2009	11/2/2009	300.00	John Bartee	Travel Expense
4459	11/16/2009	11/25/2009	25.00	Joseph Noah	Volunteer Stipend-Ecom
4789	11/21/2009	11/25/2009	25.00	Joseph Noah	Honorarium
4395	11/3/2009	11/4/2009	<b>1,400.00</b>	Kerper Dwayen	Office Carpet
4448	11/16/2009	11/17/2009	<b>200.00</b>	Kerper Dwayen	Reimbursement
<b>4467</b>	<b>11/20/2009</b>	<b>11/24/2009</b>	<b>1,847.00</b>	<b>Kerper Dwayen</b>	<b>Salary-for Oct.09</b>
4389	10/30/2009	11/2/2009	<b>300.00</b>	Kerper Dwayen	Volunteer Stipend

Check #	Date Issued	Date Paid	Amount	Payee	Description/Reason
4426	11/7/2009	11/9/2009	<b>89.95</b>	Kulah Parker	Calling Post Reimbursement
4434	11/9/2009	11/10/2009	<b>89.79</b>	Kulah Parker	Calling Post Reimbursement
4433	11/9/2009	11/10/2009	<b>252.48</b>	Kulah Parker	Reimbursement
4466	11/19/2009	11/20/2009	<b>89.95</b>	Kulah Parker	Reimbursement-Calling Post
<b>4469</b>	<b>11/20/2009</b>	<b>11/20/2009</b>	<b>821.50</b>	<b>Kulah Parker</b>	<b>Salary-for Oct.09</b>
<b>4391</b>	<b>10/30/2009</b>	<b>11/2/2009</b>	<b>300.00</b>	<b>Kulah Parker</b>	<b>Volunteer Stipend</b>
4794	11/25/2009	11/25/2009	100.00	Meah Dorbor	Honorarium
4431	11/7/2009	11/10/2009	300.00	Patrick Chea	Database construction& Maint.
4475	11/21/2009	11/23/2009		Patrick Chea	Database construction& Maint.

			300.00		
4803	11/28/2009	11/30/2009	275.00	Paul Satie	Carpet Cleaning & Painting
4444	11/14/2009	11/18/2009	127.60	Public Storage	Storage # 553
4453	11/16/2009	11/23/2009	50.00	Rev. Kwiah Roberts	Volunteer Stipend
4785	11/21/2009	11/23/2009	50.00	Rev. Kwiah Roberts	Honorarium
4399	11/4/2009	11/5/2009	4,000.00	Robert Sayon Morris	Projector White board screen & Installation
4461	11/17/2009	11/20/2009	58.44	UHAUL	UHAUL
4446	11/14/2009	11/16/2009	100.00	UNICCO	Support/Donation
4429	11/7/2009	11/12/2009	50.00	Varney	
4420	10/15/2009	11/2/2009	275.00	Vasko Roll-Off	Garbage Disposal
4419	10/14/2009	11/5/2009	38.00	Vicky Place	Entertainment
			107.36		Check Printing Charge

**Total**                      **36,372.65**

**Organization of Liberians in Minnesota  
Statement of Financial Position  
As of September 30, 2009**

ASSETS:

CURRENT ASSETS:

CASH	\$6,454.79
COMMUNITY CENTER PROJECT FUND BALANCE RECEIVABLE	\$18,208.00
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$24,662.79</u></b>

FIXED ASSETS:

BUILDING/PROPERTY	<b>\$208,085.65</b>	??
FURNITURE & EQUIPMENT	<b>\$20,925.48</b>	??
<b>TOTAL FIXED ASSETS</b>	<b><u>\$229,011.13</u></b>	

<b>TOTAL ASSETS</b>	<b><u>\$256,098.92</u></b>
LIABILITIES & NET ASSETS:	
RENT DEPOSIT PAYABLE	\$2,425.00
<b>TOTAL LIABILITIES</b>	<b><u>\$2,425.00</u></b>
NET ASSETS:	
NET ASSETS ( UNRESTRICTED)	\$6,454.79
NET ASSETS (RESTRICTED)	<u>\$247,219.13</u>
TOTAL ASSETS	<b><u>\$253,673.92</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$256,098.92</u></b>

**Organization of Liberians In Minnesota**  
**Statement of Activities**  
**As of September 30, 2009**

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REVENUES, GAINS & SUPPORT:		
DEPARTMENT OF HOUSING	\$229,792.00	
BLUE CROOS/AAP	\$2,000.00	
JCA	\$1,500.00	
GMCC	\$800.00	
ASIAN CHIROPRACTIC	\$476.55	
TRADITIONAL THAI MASSAGE	\$184.00	
TRADITIONAL THAI MASSAGE	\$425.00	
ALLINA CHIROPRACTIC	\$2,000.00	
<b>TOTAL REVENUES, GAIN &amp; SUPPORT</b>	<b><u>\$237,177.55</u></b>	
<b>EXPENSES:</b>		
COMMUNITY CENTER PROJECT (SEE SCHEDULE 2)	<b>\$208,085.65</b>	??
GENERAL & ADMINISTRATIVE ( SEE SCHEDULE 3)	\$7,209.98	
FURNITURE SEE SCHEDULE 4)	<b>\$13,902.55</b>	??
COMPUTERS, SOFTWARE & PERIPHERAL (SEE SCHEDULE 5)	<b>\$7,022.93</b>	??
<b>TOTAL EXPENSES &amp; LOSSES</b>	<b><u>\$236,221.11</u></b>	
CHANGE IN NET ASSETS:		
NET ASSETS END OF THE QUARTER	<b><u>\$956.44</u></b>	??

**SCHEDULE 1: REVENUES, GAINS & SUPPORT**

ITEMS				AMOUNT	TOTAL
DEPARTMENT OF HOUSING				\$229,792.00	\$229,792.00
BLUE CROSS/AAP				\$2,000.00	\$2,000.00
JCA				\$1,500.00	\$1,500.00
GMCC				\$800.00	\$800.00
ASIAN CHIROPRACTIC				\$476.55	\$476.55
TRADITIONAL THAI MASSAGE				\$184.00	\$184.00
ALLINA CHIROPRACTIC INC				\$2,000.00	\$2,000.00
TRADITIONAL THAI MASSAGE				\$425.00	\$425.00
TOTAL				\$237,177.55	\$237,177.55

**SCHEDULE 2: COMMUNITY CENTER PROJECT**

ITEMS			QTY	AMOUNT	TOTAL
COMMUNITY CENTER PURCHASE				\$205,000.00	\$205,000.00
CLOSING COST/TAXES				\$3,085.65	\$3,085.65
TOTAL				\$208,085.65	\$208,085.65

**SCHEDULE 3: GENERAL & ADMINISTRATION**

ITEMS			QTY	AMOUNT	TOTAL
RENT				\$500.00	\$500.00
LEGAL FEES				\$1,077.94	\$1,077.94
ULAA DUE & CONVENTION FEES				\$450.00	\$450.00
PRINTINTINGS & DESIGN				\$434.21	\$434.21
TRAVEL & ENTERTAINMENT				\$1,732.83	\$1,732.83
TELEPHONE				\$215.00	\$215.00
VOLUNTEER STIPEND				\$2,050.00	\$2,050.00

VOLUNTEER STIPEND- STRATEGIC PLANNING					\$450.00	\$450.00
CALLING POST					\$200.00	\$200.00
PROFESSIONAL FEES					\$100.00	\$100.00
<b>TOTAL</b>					<b>\$7,209.98</b>	<b>\$7,209.98</b>

#### SCHEDULE 4: FURNITURE

ITEMS			QTY	PRODUCTION DESCRIPTION	AMOUNT	TOTAL
EXECUTIVE DESK			3	ALDER	\$2,400.00	\$2,400.00
EXECUTIVE DESK			2		\$1,390.00	\$1,390.00
EXECUTIVE DESK			1	CREDENZA	\$595.00	\$595.00
SECRETARY DESK			1		\$410.00	\$410.00
EXECUTIVE CHAIR			5		\$879.95	\$879.95
SECRETARY CHAIR			1		\$100.00	\$100.00
HIGH BACKBONDED LEATHER CHAIR			5		\$1,000.00	\$1,000.00
FILE CABINET			3	LEGAL SIZE	\$1,350.00	\$1,350.00
BOOK SHELVES			3		\$600.00	\$600.00
RECEPTIONIST CHAIR			6		\$300.00	\$300.00
CONFERENCE TABLE			1		\$999.99	\$999.99
CONFERENCE ROOM CHAIR			8		\$1,432.00	\$1,432.00
CONFERENCE TABLE CHAIR			5		\$879.95	\$879.95
SHIPPING					\$375.00	\$375.00
SALE TAX					\$1,007.57	\$1,007.57
MISCELLANEOUS					\$183.09	\$183.09
<b>TOTAL</b>					<b>\$13,902.55</b>	<b>\$13,902.55</b>

#### SCHEDULE 5: COMPUTERS, SOFTWARE & PERIPHERAL

ITEMS			QTY	PRODUCTION DESCRIPTION	AMOUNT	TOTAL
DESKTOP			3	IBM INTEL PENTIUM 4	\$1,769.97	\$1,769.97
DESKTOP			3	DELL INSPIRON 537	\$2,550.00	\$2,550.00
LAPTOP			2		\$1,500.00	\$1,500.00
CANON LASER PRINTER			1		\$899.99	\$899.99

TELEPHONE IP BUSINESS PH SYS					\$302.97	\$302.97
TOTAL					\$7,022.93	\$7,022.93

**Restatement of Balance sheet and Statement of Activities:**

As per the third Quarter Balance Sheet and Statement of Activities listed above, we found out that expenses are over stated because all the fixed assets are expensed. The community center acquired for \$208,085.65 should have been capitalized and the same applies to the furniture and equipment acquired for \$20,925.48. All assets meeting the definition of fixed assets are considered long-term assets and should be capitalized and depreciated over their useful life. The current treatment of fixed assets in third quarter violates both GAAP and the organization policy regarding the treatment of fixed. We recommend the adjustment of the financials to reflect these changes.

**ORGANIZATION OF LIBERIANS IN MINNESOTA  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2009**

<b>ASSETS:</b>	
<b>CURRENT ASSETS:</b>	
CASH	\$607.25
PLEGGED REVENUES RECEIVABLE -AAP)	\$450.00
PLEGGED REVENUES RECEIVABLE - AAP)	\$12,543.86
PLEGGED REVENUES RECEIVABLE ( WILDER FOUNDATION)	<u>\$1,750.00</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$15,351.11</u></b>
<b>FIXED ASSETS:</b>	
BUILDING/PROPERTY	\$208,085.65
BUILDING IMPROVEMENT & RENOVATION (CAPITALIZED)	\$6,416.00
FURNITURE & EQUIPMENT	<u>\$34,178.74</u>
<b>TOTAL FIXED ASSETS</b>	<b><u>\$248,680.39</u></b>
<b>TOTAL ASSETS</b>	<b><u><u>\$275,481.50</u></u></b>

LIABILITIES & NET ASSETS:	
PAYROLL PAYABLE( SALARIES AREARS FOR NOVEMBER & DECEMBER)	\$9,450.00
RENT DEPOSIT PAYABLE	<u>\$2,000.00</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$11,450.00</u></b>
NET ASSETS:	
NET ASSETS ( UNRESTRICTED)	\$15,351.11
NET ASSETS (RESTRICTED)	<u>\$248,680.39</u>
<b>TOTAL ASSETS</b>	<b><u>\$264,031.50</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u><u>\$275,481.50</u></u></b>

**ORGANIZATION OF LIBERIANS IN MINNESOTA  
STATEMENT OF ACTIVITIES  
AS OF DECEMBER 31, 2009**

REVENUES, GAINS & SUPPORT:	
DEPARTMENT OF HOUSING	\$18,208.00
BOARD'S ELECTION	\$7,835.00
RSS CONTRACT/AAP	\$5,040.00
BLUE CROSS/BLUE SHIELD	\$2,500.00
RES CONTRACT/AAP	\$2,764.84
JEWISH COMMUNITY ACTION	\$1,500.00
WILDER RESEARCH FOUNDATION	\$1,000.00
BROOKDALE CHIROPRACTIC	\$500.00
RENTAL INCOME (OCT & NOV)	\$2,200.00
PLEDGED REVENUES (UNPAID OCT INVOICE TO AAP)	\$450.00
PLEDGED REVENUES(UNPAID NOV RSS & RES INVOICES TO AAP)	\$6,254.93
PLEDGED REVENUES(UNPAID DEC RSS & RES INVOICES TO AAP)	\$6,288.93
PLEDGED REVENUES (WILDER FOUNDATION)	<u>\$1,750.00</u>
<b>TOTAL REVENUES, GAIN &amp; SUPPORT</b>	<b><u><u>\$56,291.70</u></u></b>

**EXPENSES & LOSSES:**

COMMUNITY CENTER PROJECT (SEE CHEDULE 2)	\$7,884.29
GENERAL & ADMINISTRATIVE ( SEE SCHEDULE 3)	\$14,074.33
AUDIO VISUAL EQUIPMENT(SEE SCHEDULE 4)	\$6,199.97
NETWORK(SCHEDULE 5)	\$5,585.00
BOARD'S ELECTION (SEE SCHEDULE 6)	\$4,520.00
BOARD'S INSTALLATION(SEE SCHEDULE 7)	\$2,187.00
SUPPORT TO LOCAL ORGANIZATIONS(SEE SCHEDULE 8)	\$540.00
<b>TOTAL EXPENSES &amp; LOSSES</b>	<b><u>\$40,990.59</u></b>

CHANGE IN NET ASSETS:

<b>NET ASSETS END OF THE QUARTER</b>	<b><u>\$15,301.11</u></b>
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**SCHEDULE 1:REVENUES,GAINS & SUPPORT**

ITEMS	AMOUNT	TOTAL
HUD GRANT	\$18,208.00	\$18,208.00
BOARD'S ELECTION (VOTERS' REGISTRATION)	\$3,925.00	\$3,925.00
BOARD'S ELECTION (CANDIDATES' REGISTRATION)	\$2,380.00	\$2,380.00
BOARD'S ELECTION(CANDIDATES' ANNUAL DUE)	\$1,530.00	\$1,530.00
RSS CONTRACTUAL/AAP	\$5,040.00	\$5,040.00
RES CONTRACTUAL/AAP	\$2,764.84	\$2,764.84
BLUE CROSS/BLUE SHIELD	\$2,500.00	\$2,500.00
JEWISH COMMUNITY ACTION(FORECLOSURE PROGRAM)	\$1,500.00	\$1,500.00
WILDER RESEARCH FOUNDATION	\$1,000.00	\$1,000.00
BROOKDALE CHIROPRACTIC	\$500.00	\$500.00
RENT RECEIVED FOR OCTOBER (ASIAN CHIROPRACTIC)	\$1,100.00	\$1,100.00
RENT RECEIVED FOR NOVEMBER (ASIAN CHIROPRACTIC)	\$1,100.00	\$1,100.00
PLEDGED REVENUES ( UNPAID OCT INVOICE TO AAP)	\$450.00	\$450.00
PLEDGED REVENUES ( UNPAID NOV RES & RSS INVOICES TO AAP)	\$6,254.93	\$6,254.93
PLEDGED REVENUES (UNPAID DEC RES & RSS INVOICES TO AAP)	\$6,288.93	\$6,288.93
PLEDGED REVENUES ( WILDER FOUNDATION)	\$1,750.00	\$1,750.00
<b>TOTAL</b>	<b>\$56,291.70</b>	<b>\$56,291.70</b>

**SCHEDULE 2: GENERAL & ADMINISTRATION**

ITEMS	AMOUNT	TOTAL
PAYROLL	\$7,875.00	\$7,875.00
VOLUNTEER STIPEND	\$1,610.00	\$1,610.00
OFFICE RENT & PRINTINGS (GMCC)	\$969.80	\$969.80
OFFICE SUPPLIES	\$655.56	\$655.56
RENT DEPOSIT REFUND TO THAI MASSAGE	\$425.00	\$425.00
ASSOCIATION FEES	\$581.00	\$581.00
PETTY CASH	\$750.00	\$750.00
ENTERTAINMENT (BUILDING DEDICATION)	\$338.00	\$338.00
BUILDING DEDICATION(FOOD)	\$150.00	\$150.00
BUILDING DEDICATION(BROCHURE))	\$324.31	\$324.31
TELEPHONE	\$215.76	\$215.76
CALLING POST	\$179.90	\$179.90
BANK CHARGES	\$370.61	\$370.61
TOTAL	\$14,074.33	\$14,074.33

**SCHEDULE 3: COMMUNITY CENTER PROJECT**

ITEMS	AMOUNT	TOTAL
RENOVATION & IMPROVEMENT	\$4,721.00	\$4,721.00
WIRELESS ROUTER, CARD & LABOR	\$400.00	\$400.00
DO RITE CONSTRUCTION	\$327.05	\$327.05
LOCK REPAIR/REPLACEMENT	\$240.00	\$240.00
CONSTRUCTION DEBRIS REMOVAL	\$275.00	\$275.00
COAXIAL CABLE	\$150.00	\$150.00
PUBLIC STORAGE	\$382.80	\$382.80
OFFICE CARPET	\$1,055.00	\$1,055.00
OFFICE CARPET CLEANING & PAINTING	\$275.00	\$275.00
UHAUL	\$58.44	\$58.44
TOTAL	\$7,884.29	\$7,884.29

**SCHEDULE 4: AUDIO VISUAL EQUIPMENT**

ITEMS	AMOUNT	TOTAL
PROJECTOR	\$2,500.00	\$2,500.00
PROJECTOR SCREEN	\$675.00	\$675.00
WHITEBOARD	\$300.00	\$300.00

INSTALLATION (PROJECTOR, WHITEBOARD & PROJECTOR SCREEN)	\$525.00	\$525.00
FULL HDTV ( DYNAMIC)	\$1,499.99	\$1,499.99
DVD/VCR PLAYER	\$199.99	\$199.99
GEEK SQUAD MOUNTING PACKAGE	\$499.99	\$499.99
<b>TOTAL</b>	<b>\$6,199.97</b>	<b>\$6,199.97</b>

**SCHEDULE 5: NETWORK**

ITEMS	AMOUNT	TOTAL
SERVER	\$1,499.99	\$1,499.99
SOFTWARE	\$859.99	\$859.99
PATCH PANEL	\$200.00	\$200.00
PLATFORM ROUTER	\$399.99	\$399.99
CLIENT ACCESS LICENSES	\$599.99	\$599.99
CABLE & CONNECTERS	\$500.00	\$500.00
ACCESSORIES	\$250.05	\$250.05
OUTLETS	\$49.99	\$49.99
LABOR	\$1,000.00	\$1,000.00
HANDLING & TAXES	\$225.00	\$225.00
<b>TOTAL</b>	<b>\$5,585.00</b>	<b>\$5,585.00</b>

**SCHEDULE 6: BOARD ELECTION**

ITEMS	AMOUNT	TOTAL
PRINTINTINGS, DESIGN & FLYERS	\$750.00	\$750.00
BALLOT BOXES	\$100.00	\$100.00
ELECTION COMMISSION (REFRESHMENT)	\$170.00	\$170.00
PUBLICITY	\$400.00	\$400.00
ELECTION DEBATE	\$150.00	\$150.00
VOLUNTEER STIPEND	\$1,400.00	\$1,400.00
CLEANING SERVICES	\$250.00	\$250.00
SECURITY	\$600.00	\$600.00
PETTY CASH	\$100.00	\$100.00
DATABASE	\$600.00	\$600.00
<b>TOTAL</b>	<b>\$4,520.00</b>	<b>\$4,520.00</b>

**SCHEDULE 7: BOARD INSTALLATION**

ITEMS	AMOUNT	TOTAL
HALL RENTAL ( GRAND RIOS)	\$361.15	\$361.15
FLORAL ARRANGEMENT	\$53.50	\$53.50

PLAQUES	\$749.88	\$749.88
CERTIFICATES	\$225.00	\$225.00
DICK JOCKEY SERVICES	\$200.00	\$200.00
BROCHURE	\$298.50	\$298.50
CALLING POST	\$149.00	\$149.00
STIPEND	\$150.00	\$150.00
TOTAL	\$2,187.03	\$2,187.03

**SCHEDULE 8: SUPPORT TO LOCAL ORGANIZATION(S)**

ITEMS	AMOUNT	TOTAL
PRO USA	\$100.00	\$100.00
SINOE COUNTY ASSOCIATION	\$240.00	\$240.00
UNNICO	\$100.00	\$100.00
NEKTAA	\$100.00	\$100.00
TOTAL	\$540.00	\$540.00

**2008 Review Summary:**

The committee also discovered the absence basic accounting component such as general ledger, trial balance, journals, chart of accounts and bank reconciliations that can be utilized to conduct a professional review or an audit.

From a quick review utilizing the bank statements, a total of \$41,719.41 was disbursed. However, only 33% (\$13,570.54) of the total expenditures have an audit trail or supporting documents while 67% (\$28,148.87) cannot be verified. Initially in 2008, the organization instituted the voucher system with supporting documents but as time progressed, vouchers were approved without invoices or other supporting documents. Given the limited time frame that the committee was given to complete this assignment, we decided to concentrate on putting a process in place that will alleviate the lapses in the current system. See below for the summary of 2008 bank statement summary.

**OLM Bank Balances  
For the Year Ended 2008**

Month	Deposit	Withdrawal	Monthly Ending Bal	Bank Bal	Balance as per OLM Bal Sheet	Diff.
2007						
Bal				588.99		
Jan	4,774.65	(184.75)	4,589.90	5,178.89		
Feb	5,533.00	(4,826.22)	706.78	5,885.67		
Mar	12,855.00	(12,666.62)	188.38	6,074.05	7,992.00	(1,917.95)
Apr	7,339.17	(7,434.77)	(95.60)	5,978.45		
May	2,634.00	(4,320.62)	(1,686.62)	4,291.83		
June	660.00	(569.95)	90.05	4,381.88		
July	5,184.00	(7,004.79)	(1,820.79)	2,561.09		
Aug	2,320.00	(1,316.75)	1,003.25	3,564.34		
Sept	100.00	(844.95)	(744.95)	2,819.39	2,819.39	
Oct.	-	(919.99)	(919.99)	1,899.40		
Nov	-	(1,530.00)	(1,530.00)	369.40		
Dec	-	(100.00)	(100.00)	269.40	5,380.20	(5,110.80)
<b>Total</b>	<b>41,399.82</b>	<b>(41,719.41)</b>	<b>(319.59)</b>	<b>269.40</b>		

See below for 2008 expenditures listing with or without supporting documents

**Organization of Liberians in Minnesota  
2008 Cash Disbursement Journal**

Ck #	Amount	Payment Description	Supporting Documents	Check cleared
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	184.75	Qwest Communication	Yes	Yes
4367	304.95	Invitation Printing	Yes	Yes
4363	319.95	Accounting Software	Yes	Yes
4369	8.52	Receipt Book	Yes	Yes
4513	1,250.00	Printing Program	Yes	Yes
4373	1,750.00	Hall Rental	Yes	Yes
	356.50	Qwest Communication	Yes	Yes
4520	182.12	Tech Support	Yes	Yes
4357	290.85	Stationery	Yes	Yes
4523	905.00	ULAA Immigration Confab	Yes	Yes
4532	99.95	Call Post- ULAA	Yes	Yes
4534	440.29	Farewell Brunch-ULAA Confab	Yes	Yes
4536	450.00	ULAA Immigration Confab	Yes	Yes
4538	1,073.41	ULAA Immigration Confab	Yes	Yes
4563	99.95	Call Post	Yes	Yes
4575	163.47	Qwest Communication	Yes	Yes
4579	365.91	County Meet-Sport	Yes	Yes
4585	2,548.17	July 26 Event- Hall Rental	Yes	Yes
	166.75	Qwest Communication	Yes	Yes
	260.00	Qwest Communication	Yes	Yes
	100.00	Qwest Communication	Yes	Yes
4350	<u>2,250.00</u>	Printing Program	Yes	Yes
	<b><u>13,570.54</u></b>	<b>Total Payments with Receipts</b>		

4351	400.00	Website Development	No	Yes
4352	250.00	Ticket Printing	No	Yes
4358	24.95	Inaugural -Tickets	No	Yes
4356	124.95	Inaugural -Flyers	No	Yes
4360	270.00	Reimbursement-Kulah Parker	No	Yes
4361	500.00	LPRC	No	Yes
4368	350.00	LPRC Confab	No	Yes
4364	100.00	LPRC Confab-Promotion-R. Morris	No	Yes
4366	100.00	LPRC Confab-Promotion-Bush Chicken	No	Yes
4370	75.00	LPRC Confab	No	Yes
4371	350.00	LPRC Confab	No	Yes
4372	80.00	LPRC Confab	No	Yes
4374	378.05	Software Installation	No	Yes
4500?	200.00	Constitution Committee	No	Yes
4502	300.00		No	Yes
4503	2,500.00	Catering	No	Yes
4504	1,375.00	Hall Rental	No	Yes
4505	300.00	Publicity- Red Carpet	No	Yes
4508	650.00	Inaugural -Drinks	No	Yes
4508	300.00	Inaugural -Security	No	Yes
4510	100.00	Keith Ellison Gown	No	Yes
4512	200.00		No	Yes
4515		Drinks	No	Yes

	900.00			
4517	380.00	Inaugural- Red Carpet- Payon	No	Yes
4518	200.00	AD Security Batches(BCMG)	No	Yes
4519	350.00	Dare to Dream Outing & Inaugural Cmtt. Appreciation	No	Yes
4521	200.00	Website Development	No	Yes
4524	25.60		No	Yes
4526	40.00	Security-Town Hall Meeting	No	Yes
4527	58.58	Tickets Printing-ULAA Confab	No	Yes
4530	340.99	TownHall Meeting- Mass Call & Printing	No	Yes
4528	250.00	No Disbursement voucher	No	Yes
4529	200.00	Website	No	Yes
4531	99.95	Call Post- ULAA	No	Yes
4533	500.00	ULAA Immigration Confab	No	Yes
4535	300.00		No	Yes
4537	205.00		No	Yes
4540	684.00	ULAA Board Travel-Tickets(Kesselly & Tehmeh)	No	Yes
4541	50.00	Presentation-Sierra Leone Events	No	Yes
4542	100.00	Stationery & Postage	No	Yes
4543	1,500.00	Delegation to DC-Immigration	No	Yes
4544	150.00	ULAA Board Travel-Kesselly	No	Yes
4545	100.00	ULAA Board Travel-Tehmeh	No	Yes
4546	163.62	Qwest Communication	No	Yes
4547	550.00	Delegation to DC-Robert Freeman	No	Yes
4551		Immigration DVD-BCMG	No	Yes

	420.00			
4552	397.00	Immigration Travel Exp. -President	No	Yes
4553	200.00	Immigration Travel Exp. -Richard Parker	No	Yes
4555	400.00	Immigration Travel Exp. -Robert Freeman	No	Yes
4548	200.00	Delegation to DC-W. Yonly	No	Yes
4549	200.00	Delegation to DC-	No	Yes
4556	200.00	Immigration Exp. -Alexander Collins	No	Yes
4557	50.00	Donation to BWI	No	Yes
4558	700.00	Uniforms	No	Yes
4559	90.00	City of Brooklyn Park	No	Yes
4562	200.00	Publicity- R. Morris	No	Yes
4561	250.00	Memo Day Tournament-Van Brown	No	Yes
4564	200.00		No	Yes
4565	200.00	TRC Reception- Food & Drinks	No	Yes
4566	20.00	Transportation	No	Yes
4567	200.00	Call Post-Reimbursement-Tehmend	No	Yes
4568	180.00	Facility Usage	No	Yes
4569	100.51	July 26 Events- Tickets	No	Yes
4571	500.00	July 26 Event- Hall Rental	No	Yes
4573	215.00	Reimbursement-Executive	No	Yes
4574	360.00	City of Brooklyn Park-Facility Rental	No	Yes
4577	50.00	Brooklyn Center -Food Permit	No	Yes
4578	50.00	Event Committee	No	Yes
4581	125.00	BCMG	No	Yes

4582	352.00	RJ Ahmann Company	No	Yes
4583	250.00	County Meet-Sport(Referee fees)	No	Yes
4584	180.00		No	Yes
4587	369.67		No	Yes
4589	175.00		No	Yes
4590	150.00		No	Yes
4591	250.00		No	Yes
4592	220.00		No	Yes
4593	200.00		No	Yes
4595	200.00	ULAA Tournament-Registration	No	Yes
4597	400.00	Players Transportation	No	Yes
4598	200.00	Payment to Hawa Kamara	No	Yes
4599	100.00	Payment to Jerry Prall	No	Yes
4580	100.00	Monica Faux Memorial Fund	No	Yes
4588	350.00		No	Yes
4594	100.00		No	Yes
4570	60.00		No	Yes
4600	100.00		No	Yes
4603	50.00		No	Yes
4604	75.00		No	Yes
4606	150.00		No	Yes
4608	60.00		No	Yes
4609	49.95		No	Yes

4605	35.80	No	Yes
4611	200.00	No	Yes
4612	200.00	No	Yes
4613	50.00	No	Yes
4614	80.00	No	Yes
4617	60.00	No	Yes
4619	34.19	No	Yes
4616	324.00	No	Yes
4618	86.00	No	Yes
4620	125.00	No	Yes
	34.06	No	Yes
4621	100.00	No	Yes
4622	100.00	No	Yes
4623	100.00	No	Yes
4624	500.00	No	Yes
4725	<u>195.00</u>	No	Yes
	<b><u>28,148.87</u></b>	<b>Total without Receipts</b>	
<b>Total Expenditures</b>	<b><u>41,719.41</u></b>		

**33% Supporting Documents**

**67% No Supporting Documents**

### **Committee's Recommendations:**

Behind every successful organization or business entity there is an accounting system feeding decision makers with timely and accurate financial information. The most profitable decisions are based on informed decisions. A good accounting system includes checks and balances to avoid tempting both trust worthy and the not so trust worthy employees. It's vital that OLM established a well organized accounting system that is cost efficient and help safe the organization assets. Over all, the responsibility to achieve this goal rest squarely with the board of directors.

#### **A. Software**

There are numerous accounting software out there but given the size of the organization, we recommend the use of quick book accounting software. This software is user friendly and can handle the activities of the organization.

#### **B. New Format of OLM Financial Statements - Recommended:**

The Committee recommends the use of the following format for the Statement of Activities. This format divides the revenue sources into three categories:

1. Unrestricted: The portion of net assets that is not restricted by donor-imposed stipulations.
2. Temporarily Restricted: The portion of the net assets that are limited by donor-imposed Stipulations that either expire with time or can be fulfilled by actions of the or organization.
3. Permanently Restricted: The portion of the net assets that are limited by donor-imposed stipulations that will not expire with time or be fulfilled by actions of the organization. An endowment is an example of permanently restricted funds.

See below for report format: (An excel version is also available)

**Organization of Liberian In Minnesota(OLM)  
Statement of Activities  
For the Year Ended December 31, 2009**

Changes in Unrestricted Net Assets:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Gains:				
Public Contributions (Net)	x	x	x	x
Program Service Revenue	x	x	x	x
Investment Income	x	x	x	x
Net Assets Released from Restrictions	x	x	x	x
<b>Total Revenue, Gains, Other Support</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
Expenses and Losses:				
Program Services	x	x	x	x
General Administration	x	x	x	x
Fund- Raising	x	x	x	x
<b>Total Expenses</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>Increase(Decrease) in Net Assets</b>				
Net Assets at Beginning of Year	x	x	x	x
Net Assets at End of Year	x	x	x	x

The focus of OLM should be to fulfill its mission, and that should be reflected in its activities and programs. As such, it is vital that the finance director prepares a Statement of Functional Expenses in addition to the Statement of Activities. This report depicts how total expenses are distributed amongst the three functional areas: Program Expenses, Fund Raising Expenses and Administrative Expenses. The allocation of expenses amongst these three areas will provide a clearer reflection, and would enable policy makers to easily compare OLM's activities to the organization's mission, values, success, and accounting practices. See below for a sample of the Statement of Functional Expenses (a excel spreadsheet is also available).

**Organization of Liberian In Minnesota  
Statement of Functional Expenses  
For the Year Ended December 31, 2009**

	Program Services		Supporting Services		
	Community Outreach	New Immigrant Development	General Administration	Fund Raising	Total Expenses
Salaries	x	x	x	x	x
Employees Benefits	x	x	x	x	x
Payroll Taxes	x	x	x	x	x
<b>Total Personnel Costs</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
Professional Fees	x	x	x	x	x
Supplies	x	x	x	x	x
Telephone	x	x	x	x	x
Building Repairs and Maintenance	x	x	x	x	x
Postage	x	x	x	x	x
Rent/Occupancy Cost	x	x	x	x	x
Equipment Rental & Maintenance	x	x	x	x	x
Printing and Publications	x	x	x	x	x
Travel	x	x	x	x	x
Conference and Meeting	x	x	x	x	x
Interest on Loans			x		x
<b>Total Before Depreciation</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>Depreciation Expense</b>			x		
<b>Total Expenses</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>

### C. Journals Backup, Ledgers, Others

Electronic versions of journals, journal controls procedures, ledgers, and other relevant accounting structures are available, and some have been attached for the organization use. However, although it is recommended the organization utilize the quick book accounting software, it is imperative that we first establish a well defined functional manual system for the year ended 2009. All balances noted in the 2009 published financial statement will be transfer into the manual accounting system and subsequently transfer into the Quick Book accounting software.

### D. Other Recommendations:

OLM must practice sound financial management principles and comply with a diverse array of legal and regulatory requirements. The organization's financial system should ensure that accurate financial records are kept and that the organization's financial resources are used in furtherance of its charitable purposes. To accomplish this goal, the finance committee is pleased to make the following below listed recommendations:

1. Utilized manual accounting system and later install and use Quick book accounting software. Ensure that both systems run parallel for about two to three months before discontinuing manual system.
2. Ensure that the software accounting system is tested and working.
3. Complete the bank reconciliation for 2008 and 2009 and ensure that monthly bank reconciliation is done.
4. Setup up a task force to retrieve all the organization's documents and file appropriately.
5. Assess the current financial policy of the organization and make the relevant amendments.
6. Enforce the OLM financial policy
7. Appoint an independent internal auditor that will report directly to the board.
8. Create a document storage system both on and off the premises of the organization.

9. Established a voucher system and ensure that no payment be made without an approved voucher.
10. Every voucher should have supporting documents prior to approval.
11. Establish a petty cash policy and ensure petty cash funds are used solely for the organization's purpose. All petty cash disbursements should be supported by receipts and should be properly coded.
12. Establish a cash disbursement limit for the administrative staff.
13. Amounts in excess of the disbursement limit should be approved by the board or its designate.
14. Establish a cash reimbursement policy.
15. Ensure the timely filing of all tax return (Form 990-N). Deadline May 15<sup>th</sup>.
16. Financial reports should be prepared monthly and quarterly; however, quarterly report should be reviewed by the internal auditor and approved by the board.
17. Ensure that all financial transaction are within the approved budget except in cases of emergency, and all such transaction should be approved by the board or its designate.
18. All financial transactions should be properly coded with the account numbers and the fund source.
19. All expenses should fall within one of these categories (Program, Administrative or Fund Raising).
20. Establish a system to track personnel hour of work for all employees.
21. Implement a mileage logging system and ensure that all mileage/ reimbursements fall within IRS approved guidelines.
22. Properly tag the organization fixed assets and establish a policy that will prevent theft.

Generally, if a nonprofit organization receives \$300,000 in federal awards either directly or indirectly; it is subject to a special *A-133 audit*. The Office of Management and Budget (OMB) Circular #133 prescribes the audit requirements which include a traditional financial audit as well as an audit to examine an organization's internal control structure in more detail, to verify that the federal funds were handled and spent in compliance with the grant, and to assess whether the organization is in compliance with various federal laws. These audits must be conducted by CPAs or a reputable accounting firm.

Although, the total amount received directly in federal grant is below the threshold, the committee recommends an audit of the organization financials and internal controls. Audited financial statements of the organization is used to provide financial accountability and accuracy to federal and state governments from which it receive funding from, constituents whom are dependent on the programs, as well as board members and other people with an interest in the organization. An audit serves as a “seal of approval” that OLM is responsible in the handling of its financial and other resources.

### **Conclusion:**

A financial system that functions well provides reliable, timely, and useful management information. This information can help make key decisions that determine the direction of the organization. Poor accounting can thwart fundraising attempts, lead to poor decisions, and generally choke the mission of the organization. OLM has long way to go to improve the accuracy and reliability of its financial data. It’s possible to achieve this goal, but it will take a proactive board and strong leadership to make a difference. The success of OLM depends upon public confidence and broad public support. Our goal as a committee is to identify the strength, lapses and make the necessary recommendations. Our findings are based purely on what we discovered in our review and nothing else. Our effort is not intended to incriminate or pass judgment on anyone but identify areas of strength and weaknesses within the financial system of the organization.

How the general public views OLM can translate into lots of support in much needed funds. Good and successful nonprofits organizations spend time creating an image and keeping it polished. OLM needs to create its own public identity and image, and this is possible.

The finance committee would like to extend its thanks and appreciation for the opportunity to serve the community in this endeavor.

Sincerely Your,

John Horton (Member) -----

George Yuoh (Member) -----

Richard Dayway (Member) -----

Edwin Bombo (Member) -----

David Koffa (Chairman) -----

**Resources:**

**Penalty for not filing:**

Failure to file required returns such as Form 990 (Return of Organization Exempt from Income Tax) may result in monetary fines of up to \$250,000 per year. Exempt or political organizations (excluding churches or similar religious entities) must make their returns, reports, notices, and exempt applications available for public inspection.

**ORGANIZATION OF LIBERIAN IN MINNESOTA (OLM)**

## Chart of Account

### Account Numbering

10000	-	1999	Asset
20000	-	2999	Liability
30000	-	3999	Net Asset
40000	-	4999	Revenue
60000	-	7999	Expenses
80000	-	8999	Others

## Chart of Account

### Assets

#### Current Assets:

##### Cash & Cash Equivalents:

1000	Cash
1010	Petty Cash
1020	Checking Account
1030	Payroll checking Account
1040	Savings Account/Temporary Restricted Grants
1050	Savings: Restricted Grants
1060	Investments - Money Markets
1070	Investments - Certificates of Deposit

##### Receivables:

1100	Programs Service fees Receivables(Clients/tenants)s
1110	Programs Service fees Receivables(Government Contracts)
1120	Payroll Advances
1130	Grants Receivable
1190	Allowance for uncollectible Receivable
1200	Prepaid Expenses

##### Investments

1300	Mutual fund
1310	Common Stock
1320	Other Investments

##### Fixed Assts:

1400	Furniture and Fixtures
1410	Equipment
1420	Vehicles
1430	Software
1440	Leasehold Improvements
1450	Building
1460	Building Improvements
1470	Land
1500	Accumulated Depreciation, Furniture and Fixtures
1510	Accumulated Depreciation, Equipment

	1520	Accumulated Depreciation, Vehicles
	1530	Accumulated Depreciation, Software
	1540	Accumulated Amortization, Leasehold
	1550	Accumulated Depreciation, Buildings
	1560	Accumulated Depreciation, Building Improvement
Other Assets		
	1900	Security Deposits
	1990	Other Non-Current Assets
Liabilities		
Current Liabilities:		
	2000	Accounts Payable
	2300	Accrued Expenses
	2320	Salary/Wage Payable
	2330	403(b)- Deduction Payable
	2335	Health Insurance Payable
	2340	Federal Payroll Taxes Payable
	2350	FUTA Tax Payable
	2360	State Payroll Taxes Payable
	2370	SUTA Payable
	2380	Local Payroll Taxes Payable
	2390	Income Taxes Payable
	2400	Accrued Vacation payable
	2410	Employee Benefit Payable
	2420	Current Portion of Long -Term Debt
	2440	Deposits From Customers ( Security Deposit)
	2480	Other Taxes Payable
Long - Term Liabilities:		
	2700	Notes Payable
	2706	Vehicle Payable
	2708	Bank Loans Payable
	2740	Mortgage -Payable
Net Assets:		
	3000	Unrestricted Net Assets
	3100	Temporarily Restricted Net Assets
	3200	Permanently Restricted Net Assets
Revenue & Support:		
	4000	Contribution- Individual (Members)
	4100	Contribution- Individual (Non Members)
	4200	Contribution- Foundations
	4300	Contribution- Religious Group
	4400	Contribution- Corporation
	4500	Grants- Federal Government
	4600	Grants-State Government

4700	Grants- Local & City Government
4800	Transfer to/from temporarily restricted funds
4900	In-kind Contributions- Goods
4950	In-kind Contributions- Services
4980	Program Service fees
5000	Special Events #1
5100	Special Events #2
5200	Dividend and Interest
5300	Realized gain/loss on sale
5400	Miscellaneous revenue
5500	Miscellaneous Support

**Expenses:**

6000	Salaries & Wages
6010	Payroll Taxes
6050	FICA
6100	FUTA
6150	Workers Compensation
6200	Retirement Contribution
6250	Health Insurance
6300	Bank Fees
6350	Publication
6400	Travel & Mileage
6450	Telephone
6500	Utilities
6510	Staff Training
6520	Repair & Maintenance-Building
6530	Repair & Maintenance- Non Building
6550	Rent
6600	Fund Raising
6650	Printing
6660	Publicity
6670	Office Supplies
67000	Postage
6710	License and Fees
6750	Legal Fees
6800	IT Support
6850	Interest
6900	Insurance
6950	In-Kind expense- Goods
7000	In-Kind expense- Services
7050	Depreciation
7100	Community Events
7200	Miscellaneous
7250	Audit Fees

7300	Professional Services
7350	Volunteer Stipend
7400	Convention fees
7450	Chapter Dues
7460	Storage
7550	Donations
7600	Committee expense
7620	Garbage Disposal
7650	
7700	
7750	
7800	
7810	
8900	
9000	