

2012 Audit Committee Report

The Audit Committee met for a total of 10 hours over a two day period and reviewed Mobile Manor Inc. and Mobile Manor Water; 2012 General Ledger; all Invoices received and compared expenditures to the General Ledger.

Mobile Manor Inc. balances as of 1/1.2012 are as follows:

| | |
|-----------------|--------------|
| General Account | \$ 3,656.26 |
| Trust Account | \$ 35,396.36 |

Mobile Manor Inc. balance as of 12/31/12

| | |
|-----------------|--------------|
| General Account | \$ 10,448.80 |
| Trust Acct. | \$ 52.56 |

It appears that the \$39 890.60 in Legal Fees paid in 2012 depleted the Trust account.

| | |
|--|-------------------|
| <u>Mobile Manor Water balance as of 1/1/2012</u> | <u>\$9,477.41</u> |
| <u>As of 12/31/12</u> | <u>\$3,171.78</u> |

Mobile Manor Water books are in balance.

Mobile Manor Inc. books are in balance.*

- Irregularities were found regarding a payment to the Mobile Manor Social Club
Payment was made without invoice and improperly charged in 2012.

Findings

- Financial Sheets are being revised and not marked revised.
- Some numbers listed on “Actual Budget” as of 12/31/12 could not be reconciled.
- No invoices for some checks written.
- Incorrect codes listed on some invoices (esp. Water codes for Inc and vice versa) because of comingled entries.
- Hayden’s fee is being broken with 80% charged to MMI and 20% to MMW (\$1252/\$313) not 90/10 as we thought.
- Surprised how much Hayden billed above and beyond the contractual amount (\$525.85 to Inc and \$2529.01 to Water).
- The general accounting method being used to generate the general ledger seems to be far more complex than what we need.
- Some deposits and prepared income sheets are inconsistent.
- Paid a \$2.20 service charge on a credit card.

Recommendations:

1. All financial sheets when revised MUST be marked revised and dated.
2. When preparing the year end budget statement “actual” columns must coincide with the General Ledger.
3. All checks written must have an invoice.
4. Eliminate comingling of Water and Inc vouchers.
5. Look at methods to reduce “extra” payments to Hayden.
6. We prepare a deposit slip for each income sheet and instruct Hayden to make one deposit per income sheet.
7. Work with Hayden to simplify accounting method.
8. Pay credit card bills on time.
9. Finance Charges must be reviewed to see if they are correct.

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