

**BE A HELPING HAND FOUNDATION**  
**MANAGEMENT RECOMMENDATION LETTER**  
**DECEMBER 31, 2011**



February 26, 2013

To the Board of Directors  
Be A Helping Hand Foundation  
Nashville, Tennessee

In planning and performing our audit of the financial statements of Be A Helping Hand Foundation (the Foundation) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be material weakness.

- The Foundation does not have the expertise on staff to interpret generally accepted accounting principles and identify the risks of misstatement that might be relevant to the risks of preparation of reliable financial statements, including full disclosure in accordance with generally accepted accounting principles. Management hired a CPA in 2012 for monthly assistance and is currently interviewing for a part-time bookkeeper. Management of the Foundation does not believe it to be cost effective for the Foundation to draft the annual financial report and related notes. The Foundation did closely review, approve, and take responsibility for the annual financial report, but will continue to rely on the auditors to draft all the financial statements and related notes.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency to be significant deficiency in internal control.

- The Foundation needs to strengthen internal controls and procedures related to the segregation of duties. Management of the Foundation will be entering into an agreement with a CPA to perform related services as a Controller, and is currently interviewing for a part-time bookkeeper to perform all record keeping and reconciling functions. Management is also in the process of hiring a part-time office employee to assist in office administration and segregation of duties. During the next Board meeting, the Board will discuss creation of an accounting policies and procedures manual.

In addition, during our audit we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated February 26, 2013 on the financial statements of the Foundation. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

- During our audit, we noted that the Foundation does not have an accounting policies and procedures manual. We recommend that the Foundation develop a comprehensive accounting policies and procedures manual. In the process of developing the manual, we recommend a comprehensive review of the existing accounting system, offering management the opportunity to eliminate or improve procedures and thereby create a more efficient and effective system. The purposes of such a manual are to ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and that financial reports are produced in the form desired by management. A well-written accounting manual will aid in the training of new employees and will assist management in delegating and segregating duties. The manual should include:
  - Job descriptions, outlining duties and responsibilities, including the audit committee's responsibilities, and the Board's responsibilities regarding the review of the tax returns.
  - Descriptions of methods, procedures, and accounting principles to be followed including explanations and examples of principle transactions.
  - A chart of accounts with detailed explanation of the items to be included therein.
  - Written gift acceptance policy.
  - Written capitalization policy.
  - Any other documents or forms for which uniformity of use is desired.

- During our audit, we noted that there was no written gift acceptance policy. We recommend that the Foundation establish a formal gift acceptance policy. A formal gift acceptance policy will ensure that gifts are properly accepted and accurately recorded on the books.
- During our audit, several significant audit entries were proposed. Management should consider implementing a checklist for monthly and year-end closing procedures and obtaining a greater detail review of the general ledger and monthly and year-end statements and preparing schedules for the annual review or audit. Due dates would also be monitored so that the process stays on target for the established time deadline. These procedures would strengthen the design and operation of the Foundation's current system for recording and reviewing monthly and year-end journal entries and financial statements and audit preparation. Samples of these checklists would also be included in the accounting manual and the checklists should be completed in a timely manner, initialed, and retained.
- Currently, the Executive Director (ED) handles all parts of the cash receipts and cash disbursements processes and does not create a daily cash log. The limited size of the Foundation's personnel makes it impracticable to achieve an optimum segregation of duties. However, we believe there are several steps which could be added to strengthen controls. The Foundation is considering hiring a part-time bookkeeper and a part-time office assistant (OA), which could be incorporated with the segregation of duties. The OA or the ED can scan all receipts daily after restrictively marking them "For Deposit Only", type the total of the receipts at the top of the page, and save the file with the date in the name. The bookkeeper (BK) can be responsible for initialing and opening the monthly bank statements and reconciling the cash accounts, which would include tracing the daily deposits created by the OA or the ED to the deposit slips and to the bank statement. Currently, the bank statements do not cut-off at month end and copies of the bank reconciliations are not kept. We recommend that the Foundation change the bank statements to cut-off at month end. The BK can keep the copy of the reconciliation and list of outstanding checks with the bank statement or in an electronic file. Additional steps could include forwarding the bank statement and reconciliation to the Foundation's accountant that assists monthly to review the reconciliation and having a Board Member take the deposits to the bank. The reviewer should examine signatures on the checks, check the reconciliation for mathematical accuracy, and trace balances from the reconciliation to the general ledger and financial statements. The reconciliation process including the review step could be documented on a month-end closing checklist.
- Currently, invoices are filed by property as required by various funding agencies but, are therefore sometimes difficult to find. We recommend that original invoices be approved and initialed by the ED and that each invoice be coded to the general ledger by the BK. The original invoice along with the check copy or stub and any other supporting documentation should be filed alphabetically by vendor. A copy of the invoice can be filed by property as applicable. There should be approved invoices for all checks except

for items such as payroll and rent which have an annual approved contract. A verbal agreement should have some sort of written documentation and approval. Verbal agreements over a Board established dollar amount should not be allowed.

- We recommend that the Foundation implement the use of a standard expense reimbursement form to be completed by the ED, contract laborers, and Board members. This form, along with the receipts accompanying the expenses, should be required before the issuance of reimbursement payments. The forms should be approved by the ED or the Board President, but they should not approve their own form. This practice will help to specifically identify expenses and to establish much greater accounting consistency regarding reimbursements.
- During our audit procedures, it was noted that support for credit card charges is not attached to the payment vouchers of credit card statements. The support is filed according to function. This practice could result in the payment of unsupported credit card charges and thereby unauthorized expenses. We recommend that the procedures related to credit card charges be amended to require supporting documentation for all charges or written documentation stating the business purpose of charges if it is not practical to obtain a receipt be kept with the statement. A copy of the individual receipt could be filed by property as applicable. We believe an additional step of having the Board President document his approval of the credit card statement would also strengthen controls.
- During the audit, it was noted that most journal entries did not have documented approval and several did not have supporting documentation except for the entries regarding the purchase of the properties held for lease. We recommend that management categorize journal entries into recurring journal entries and nonrecurring journal entries, where authorization for recurring journal entries is established at the beginning of the year. Nonrecurring journal entries would require individual authorization by management. Journal entries should always be supported by appropriate documentation where possible and kept in a folder. Good documentation serves as an accounting record and facilitates future follow-up as well as additional insight for other users.
- During our audit, we noted that rents receivable and security deposits receivable, although immaterial at year-end, were not being tracked and recorded properly. We recommend that the BK maintain a rent schedule and record receivables. The ED should continue to be responsible for following up with the collection of any past due rent or deposits. As the Foundation continues to acquire property, this step will establish an additional internal control over revenue recognition.
- The State of Tennessee requires landlords of residential property to deposit all tenants' security deposits in an account used only for that purpose. We recommend the Board approve the opening of a separate security deposit account and properly fund the account.

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This communication is intended solely for the information and use of the Board of Directors, the Audit Committee, federal, state, and municipal awarding agencies, management, and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

*Puryear, Hamilton, Hausman & Wood, P.C.*

Franklin, Tennessee