

Memorandum

Date: 1/23/2014
To: Mayor Riley
From: Chris Kirk
Human Resources/Accounting Technician
Re: Valley Community Development Corporation

I have completed my review of the financial documents of the Valley Community Development Corporation.

After reviewing all of the documents provided and discussing a couple of particular items with Mrs. Marcia Blackstock, I do not feel there are any missing funds nor do I feel there was any misuse of funds. I do think the management of the VCDC could have implemented better business practices and procedures in the management of the business. The lack of effective business practices resulted in missing receipts, illegible receipts, employees being paid cash for extra duties, and personal credit cards being used to make purchases for the VCDC. Each of these issues made it difficult to audit the financial documents provided.

I have attached the following:

Appendix A - Income statements for the fiscal years of 2008, 2009, 2010, 2011, 2012, and the partial year for 2013. They had a cumulative **reported** net income for the years of 2008 – 2012 of \$23,765.90. For the partial year of 2013 through April 30, 2013, they had a net loss of \$18,349.94. As noted on the statements, there was a cumulative net loss of \$154,747.45 (for the fiscal years of 2008, 2009, 2010, 2011, 2012, and the partial year of 2013) after removing the funds given by the City of Valley to assist the VCDC with their operations. As you requested, I also showed the total amount paid by Easter Seals to directly to VCDC workers. If the workers were paid the local market rate for the jobs they were performing, this amount would have resulted in a further loss of income for the VCDC. The addition of this amount brought the cumulative net loss (for the fiscal years of 2008, 2009, 2010, 2011, 2012, and the partial year of 2013) to \$243,833.69.

Appendix B – Listing of reimbursements to Martha Cato

Appendix C – Listing of reimbursements to Jim Jones

Appendix D - Listing of gross payroll for Jim Jones

Appendix E – Listing of items from review that I never received receipts for or the receipts were not legible.

Please let me know if you need any further information regarding this matter.

Valley Community Develop Corp
Income Statements

Appendix A

	10/1/2007 - 09/30/2008	10/1/2008 - 09/30/2009	10/1/2009 - 09/30/2010	10/1/2010 - 09/30/2011	10/1/2011 - 09/30/2012	10/1/2012 - 04/30/2013
Revenues						
Grant Income	\$ 5,170.12	\$ 42,000.00	\$ 17,928.70	\$ 1,500.00	\$ -	\$ -
City of Valley Assistance	3,000.00	45,020.00	26,143.41	21,000.00	65,000.00	0.00
Carpet Bags	0.00	0.00	15,290.00	4,920.87	1,561.75	190.65
Interface Flooring	0.00	0.00	17,260.00	52,530.00	57,850.00	6,960.00
Leed House	0.00	10,000.00	1,000.00	0.00	0.00	0.00
State of Alabama	0.00	2,500.00	3,310.00	4,074.00	0.00	0.00
Farmers Market	0.00	2,713.50	1,855.50	2,830.00	2,624.25	0.00
Misc. Donations	0.00	1,167.24	3,450.00	0.00	380.00	0.00
Total Revenues	\$ 8,170.12	\$ 103,400.74	\$ 86,237.61	\$ 86,854.87	\$ 127,416.00	\$ 7,150.65
Cost of Sales						
Farmers Market	0.00	1,018.09	108.73	928.00	0.00	0.00
Carpet Bags	0.00	0.00	7,980.87	5,131.59	15,752.47	0.00
Freight	0.00	0.00	7.15	0.00	0.00	0.00
Leed House	0.00	121.91	10,374.03	0.00	0.00	0.00
Total Cost of Sales	\$ -	\$ 1,140.00	\$ 18,470.78	\$ 6,059.59	\$ 15,752.47	\$ -
Gross Profit	\$ 8,170.12	\$ 102,260.74	\$ 67,766.83	\$ 80,795.28	\$ 111,663.53	\$ 7,150.65
Expenses						
Advertising	0.00	538.76	828.13	30.00	1,737.59	0.00
Bank Fees	0.00	0.00	0.00	127.81	234.89	33.69
Board Meetings	0.00	900.79	2,076.28	839.27	900.00	0.00
Conferences	0.00	1,318.30	215.13	0.00	0.00	0.00
Dues and Subscriptions	300.00	325.00	224.00	0.00	0.00	0.00
Farmer's Market	0.00	4,289.41	2,229.69	175.01	761.18	0.00
Gifts	73.67	641.44	0.00	27.77	44.00	0.00
Insurance	0.00	0.00	1,755.49	2,969.15	4,033.50	(193.98)
Langdale Mill Project	0.00	0.00	496.22	19.62	411.88	0.00
Legal and Accounting	0.00	300.00	200.00	100.00	550.00	2,020.00
Maintenance and Repairs	0.00	105.93	0.00	0.00	0.00	0.00
Office Supplies	211.97	228.48	264.35	47.42	0.00	0.00
Payroll	0.00	61,250.07	35,000.04	8,750.01	29,166.70	23,333.36

Valley Community Develop Corp
Income Statements

Appendix A

	10/1/2007 - 09/30/2008	10/1/2008 - 09/30/2009	10/1/2009 - 09/30/2010	10/1/2010 - 09/30/2011	10/1/2011 - 09/30/2012	10/1/2012 - 04/30/2013
Carpet Bags Production	0.00	0.00	21,349.97	60,037.59	64,944.33	0.00
Postage	0.00	0.00	0.00	16.15	23.42	0.00
Printing	837.24	812.50	135.15	515.17	0.00	0.00
Supplies	412.00	378.26	92.48	0.00	0.00	0.00
Taxes - Payroll	0.00	8,366.26	4,645.69	5,287.09	6,830.19	1,857.52
Travel - Meals	0.00	303.47	236.72	0.00	0.00	0.00
Travel - Mileage	0.00	2,928.71	3,500.99	145.87	92.40	0.00
Utilities	0.00	0.00	300.00	0.00	0.00	0.00
Gain/Loss from Sale of Assets	0.00	0.00	0.00	0.00	0.00	(1,550.00)
Total Expenses	<u>\$ 1,834.88</u>	<u>\$ 82,687.38</u>	<u>\$ 73,550.33</u>	<u>\$ 79,087.93</u>	<u>\$ 109,730.08</u>	<u>\$ 25,500.59</u>
Reported Net Income (Loss)	<u>\$ 6,335.24</u>	<u>\$ 19,573.36</u>	<u>\$ (5,783.50)</u>	<u>\$ 1,707.35</u>	<u>\$ 1,933.45</u>	<u>\$ (18,349.94)</u>
Less City of Valley Assistance	<u>\$ 3,000.00</u>	<u>\$ 45,020.00</u>	<u>\$ 26,143.41</u>	<u>\$ 21,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ -</u>
Actual Net Income (Loss)	<u><u>\$ 3,335.24</u></u>	<u><u>\$ (25,446.64)</u></u>	<u><u>\$ (31,926.91)</u></u>	<u><u>\$ (19,292.65)</u></u>	<u><u>\$ (63,066.55)</u></u>	<u><u>\$ (18,349.94)</u></u>
Actual Net Income (Loss) - Cumulative						<u><u>(154,747.45)</u></u>
Easter Seals Payments to Employees						
Calendar Year 2010						(13,983.44)
Calendar Year 2011						(42,847.54)
Calendar Year 2012						(32,255.26)
Total Easter Seals Pymts to EE's						<u><u>(89,086.24)</u></u>
Actual Net Income (Loss) - Cumulative plus Easter Seals Payments						<u><u>(243,833.69)</u></u>
Grant Income						<u><u>(66,598.82)</u></u>
Actual Net Income (Loss) - Cumulative plus Easter Seals Payments and Grant Income						<u><u>(310,432.51)</u></u>

Acct ID	Account Description	Date	Ref	Jrnl	Trans Description	Debit Amt
580	Travel/Mileage	12/19/08	262	CDJ	Martha Cato	73.88
580	Travel/Mileage	2/28/09	285	CDJ	Martha Cato - EPA Presentation, Atlanta	50.00
580	Travel/Mileage	1/16/09	270	CDJ	Martha Cato - Mileage - 820 mi x .55	451.00
580	Travel/Mileage	6/23/09	316	CDJ	Martha Cato - Mileage - Brownfield	92.40
580	Travel/Mileage	7/13/09	323	CDJ	Martha Cato - Postage	17.50
580	Travel/Mileage	1/16/09	270	CDJ	Martha Cato - Southern Textile Heritage Meeting - Hotel	122.98
580	Travel/Mileage	1/16/09	270	CDJ	Martha Cato - Southern Textile Heritage Meeting-Meals	38.05
560	Office Supplies	7/23/09	328	CDJ	Martha Cato - Tip to those delivering free chairs	16.00
580	Travel/Mileage	11/19/09	354	CDJ	Martha Cato - National Brownfield trip to New Orleans	509.60
					Total Reimbursements	1,371.41

Acct ID	Account Description	Date	Ref	Jrnl	Trans Description	Debit Amt
580	Travel/Mileage	11/20/08	258	CDJ	Jim Jones - North Carolina	132.86
580	Travel/Mileage	11/20/08	259	CDJ	Jim Jones - Tuskegee	53.82
510	Board Meetings	2/28/09	281	CDJ	Jim Jones - Board of Directors Meeting Expense	242.86
420	Leed House	5/19/09	296	CDJ	Jim Jones - Langdale Mill Guest House	55.77
420	Leed House	5/19/09	296	CDJ	Jim Jones - Langdale Mill Guest House - Students	66.14
572	Supplies	5/20/09	297	CDJ	Jim Jones - Langdale Project - Flash Lights	59.73
518	Farmers' Market	5/28/09	299	CDJ	Jim Jones - Tents & Tables for Farmers' Market	1,796.77
572	Supplies	6/16/09	308	CDJ	Jim Jones - Sam's	96.52
572	Supplies	6/16/09	308	CDJ	Jim Jones - Supplies	59.73
572	Supplies	6/16/09	308	CDJ	Jim Jones - Supplies	40.60
518	Farmers' Market	7/6/09	321	CDJ	Jim Jones - Farmers Market	602.01
580	Travel/Mileage	8/3/09	333	CDJ	Jim Jones - Brownfield Workshop - Ashville, NC	753.59
518	Farmers' Market	8/3/09	332	CDJ	Jim Jones - Farmers Market	440.49
510	Board Meetings	10/15/09	342	CDJ	Jim Jones - Meeting Supplies	41.12
420	Leed House	10/28/09	349	CDJ	Jim Jones - Sinker Nails - Marvin's	30.67
580	Travel/Mileage	11/5/09	351	CDJ	Jim Jones	96.25
580	Travel/Mileage	11/5/09	351	CDJ	Jim Jones	90.00
579	Travel - Meals	11/5/09	351	CDJ	Jim Jones - Brownfield related trip to Montgomery	40.46
580	Travel/Mileage	11/19/09	355	CDJ	Jim Jones - National Brownfield trip to New Orleans	77.03
525	Langdale Mill Project	12/31/09	362	CDJ	Jim Jones - Memory Sticks	53.85
580	Travel/Mileage	6/7/10	385	CDJ	Jim Jones - EARPD - Anniston - Grant - 160 mi @ .55	88.00
579	Travel - Meals	6/7/10	385	CDJ	Jim Jones - Meals	39.30
566	Carpet Bags Production	6/7/10	5010	CDJ	Jim Jones - Supplies, misc - new sewing room, Langdale Mill	239.32
518	Farmers' Market	6/10/10	387	CDJ	Jim Jones - Farmers Market	27.74
510	Board Meetings	6/10/10	388	CDJ	Jim Jones - Food for Community Service & Supplies	31.02
518	Farmers' Market	6/10/10	389	CDJ	Jim Jones - Food for Farmers Market	22.21
415	Carpet Bags	6/10/10	5013	CDJ	Jim Jones - Marvins	17.08
580	Travel/Mileage	6/10/10	5013	CDJ	Jim Jones - Mileage	99.00
415	Carpet Bags	6/10/10	5013	CDJ	Jim Jones - Sewing Room Supplies	72.21
415	Carpet Bags	6/10/10	5013	CDJ	Jim Jones - Timeclock & Sam's Membership	258.13
566	Carpet Bags Production	6/14/10	5016	CDJ	Jim Jones - Materials For Work Tables	145.90
566	Carpet Bags Production	6/14/10	5016	CDJ	Jim Jones - Sewing Room Supplies	203.54
566	Carpet Bags Production	6/22/10	5020	CDJ	Jim Jones - Carpet Bag supplies	28.27
566	Carpet Bags Production	6/22/10	5020	CDJ	Jim Jones - Employee appreciation Day	157.88
566	Carpet Bags Production	6/22/10	5020	CDJ	Jim Jones - Fans for Carpet Bag Project	207.10
518	Farmers' Market	6/22/10	392	CDJ	Jim Jones - Farmers Market-Supplies-tomato sandwich day	139.67
566	Carpet Bags Production	7/20/10	5029	CDJ	Jim Jones - Boxes	26.00
566	Carpet Bags Production	7/20/10	5029	CDJ	Jim Jones - Sewing Supplies	62.83
566	Carpet Bags Production	7/20/10	5029	CDJ	Jim Jones - U-Haul Boxes	50.00
518	Farmers' Market	7/30/10	399	CDJ	Jim Jones - Farmers Market	192.42
415	Carpet Bags	7/30/10	5035	CDJ	Jim Jones - Sewing Room Supplies - Carpet Bags	22.69
415	Carpet Bags	8/6/10	5037	CDJ	Jim Jones - Carpet Bag Supplies	63.33

Acct ID	Account Description	Date	Ref	Jrnl	Trans Description	Debit Amt
518	Farmers' Market	8/6/10	401	CDJ	Jim Jones - Farmers Market	29.03
572	Supplies	8/30/10	407	CDJ	Jim Jones - Supplies	35.94
566	Carpet Bags Production	8/30/10	5047	CDJ	Jim Jones - Supplies for Carpet Bags	75.60
415	Carpet Bags	9/14/10	5054	CDJ	Jim Jones - Carpet Bag material	35.66
415	Carpet Bags	9/14/10	5055	CDJ	Jim Jones - Carpet Bag Material	51.36
579	Travel - Meals	9/14/10	5055	CDJ	Jim Jones - Meals	37.58
505	Advertising	9/28/10	5064	CDJ	Jim Jones - Carpet Bags - Displays	162.00
505	Advertising	9/28/10	5064	CDJ	Jim Jones - Carpet Bags - Displays	32.40
415	Carpet Bags	9/28/10	5064	CDJ	Jim Jones - Carpet Bags - Sewing Supplies	98.24
415	Carpet Bags	9/28/10	5064	CDJ	Jim Jones - Carpet Bags - Sewing Supplies	24.17
416	Freight	9/28/10	5064	CDJ	Jim Jones - Carpet Bags - shipping	7.15
415	Carpet Bags	12/3/10	5089	CDJ	Jim Jones - Carpet Bag Supplies	133.75
415	Carpet Bags	12/3/10	5089	CDJ	Jim Jones - Carpet Bag Supplies	31.03
415	Carpet Bags	12/3/10	5089	CDJ	Jim Jones - Carpet Bag Supplies	398.80
566	Carpet Bags Production	12/3/10	5089	CDJ	Jim Jones - Carpet Bag Supplies - Business	143.80
566	Carpet Bags Production	12/3/10	5089	CDJ	Jim Jones - Carpet Bag Supplies - Business	117.62
566	Carpet Bags Production	12/3/10	5089	CDJ	Jim Jones - Carpet Bag Supplies - Business	19.44
525	Langdale Mill Project	1/17/11	418	CDJ	Jim Jones - ADEM & EPA Meeting	19.62
415	Carpet Bags	1/17/11	5105	CDJ	Jim Jones - Carpet Bag Supplies from Wal-Mart	184.71
415	Carpet Bags	1/17/11	5105	CDJ	Jim Jones - Loading Truck	40.00
415	Carpet Bags	1/17/11	5105	CDJ	Jim Jones - Material for Carpet Bags	192.60
415	Carpet Bags	1/17/11	5105	CDJ	Jim Jones - Materials from ahh.boz	732.66
580	Travel/Mileage	1/17/11	5105	CDJ	Jim Jones - Mileage for Ed	20.00
520	Gifts	1/17/11	418	CDJ	Jim Jones - Supplies - Art Bag for Cheryl Morgan	27.77
415	Carpet Bags	4/22/11	5148	CDJ	Jim Jones - Bag Material	500.00
225	N/P Misc	8/8/11	434	CDJ	Jim Jones - Reimbursement	1,500.00
566	Carpet Bags Production	10/4/11	5211	CDJ	Jim Jones - Reimbursement	2,500.00
566	Carpet Bags Production	11/9/11	5235	CDJ	Jim Jones - Payment on Credit Card Account	2,000.00
415	Carpet Bags	12/21/11	5255	CDJ	Jim Jones - Partial Reimbursement	2,000.00
415	Carpet Bags	12/27/11	5257	CDJ	Jim Jones - Carpet Bags	3,818.85
415	Carpet Bags	2/22/12	5279	CDJ	Jim Jones - Sewing Supplies	271.75
525	Langdale Mill Project	3/27/12	5292	CDJ	Jim Jones - Deconstruction of Warehouses 1&2	411.88
566	Carpet Bags Production	6/21/12	5332	CDJ	Jim Jones - Supplies - Carpet Bags	2,173.19
520	Gifts	6/28/12	5335	CDJ	Jim Jones - Floral Gift	44.00
566	Carpet Bags Production	6/28/12	5335	CDJ	Jim Jones - Supplies for Bag Project	33.14
518	Farmers' Market	6/28/12	5335	CDJ	Jim Jones - Supplies for Farmers Market-tomato Day	416.97
415	Carpet Bags	8/1/12	5359	CDJ	Jim Jones - Carpet Bags	186.69
518	Farmers' Market	8/1/12	5359	CDJ	Jim Jones - Farmers Market	244.21
107	Capital City - Carpet Bags	7/21/11		GEN	Jim Jones - Loan repayment	500.00
107	Capital City - Carpet Bags	8/5/11		GEN	Jim Jones - Loan repayment	1,500.00
					Total Reimbursements to Jim Jones	27,775.52

Acct ID	Account Description	Date	Ref	Jrnl	Trans Description	Debit Amt
	Payroll	11/21/08	260	PRJ	Jim L. Jones	14,583.35
					Gross Earnings for calendar year of 2008	14,583.35
	Payroll	2/20/09	280	PRJ	Jim L. Jones	17,500.02
	Payroll	3/16/09	287	PRJ	Jim L. Jones	5,833.34
	Payroll	5/19/09	295	PRJ	Jim L. Jones	5,833.34
	Payroll	6/15/09	302	PRJ	Jim L. Jones	17,500.02
565	Payroll	10/28/09	348	PRJ	Jim L. Jones	2,916.67
565	Payroll	11/19/09	357	PRJ	Jim L. Jones	2,916.67
565	Payroll	12/4/09	358	PRJ	Jim L. Jones	2,916.67
					Gross Earnings for calendar year of 2009	55,416.73
565	Payroll	1/11/10	364	PRJ	Jim L. Jones	2,916.67
565	Payroll	1/20/10	366	PRJ	Jim L. Jones	2,916.67
565	Payroll	2/4/10	370	PRJ	Jim L. Jones	2,916.67
565	Payroll	3/23/10	377	PRJ	Jim L. Jones	2,916.67
565	Payroll	5/3/10	380	PRJ	Jim L. Jones	2,916.67
565	Payroll	6/4/10	384	PRJ	Jim L. Jones	2,916.67
565	Payroll	7/1/10	395	PRJ	Jim L. Jones	2,916.67
565	Payroll	8/23/10	404	PRJ	Jim L. Jones	5,833.34
565	Payroll	10/11/10	412	PRJ	Jim L. Jones	2,916.67
565	Payroll	12/3/10	415	PRJ	Jim L. Jones	2,916.67
					Gross Earnings for calendar year of 2010	32,083.37
565	Payroll	1/7/11	417	PRJ	Jim L. Jones	2,916.67
					Gross Earnings for calendar year of 2011	2,916.67
565	Payroll	2/21/12	5278	PRJ	Jim L. Jones	8,750.01
565	Payroll	4/5/12	448	PRJ	Jim L. Jones	2,916.67
565	Payroll	5/10/12	5309	PRJ	Jim L. Jones	2,916.67
565	Payroll	8/2/12	5358	PRJ	Jim L. Jones	2,916.67
565	Payroll	8/30/12	5370	PRJ	Jim L. Jones	2,916.67
565	Payroll	9/13/12	5376	PRJ	Jim L. Jones	2,916.67
565	Payroll	9/27/12	5382	PRJ	Jim L. Jones	2,916.67
565	Payroll	9/29/12	5390	PRJ	Jim L. Jones	2,916.67
565	Payroll	11/2/12	452	PRJ	Jim L. Jones	2,916.67
565	Payroll	11/28/12	454	PRJ	Jim L. Jones	20,416.69
					Gross Earnings for calendar year of 2012	52,500.06
					Total Gross Earnings paid to Jim Jones in 2008 - 2012	157,500.18

Acct ID	Account Description	Date	Ref	Jrnl	Trans Description	Debit Amt	Credit Amt	Comments / Questions	Marsha's Comment/Response / COV Comment in RED	Amount still in question
580	Travel/Mileage	8/3/09	333	CDJ	Jim Jones - Brownfield Workshop - Ashville, NC	753.59		How was the mileage reimbursement calculated? Is the 294.40 the reimbursement or the total number of miles? The two receipts for meals are not legible. Please provide better copies.	294.40 was mileage, not \$ amt. Should be \$161.92. / Jim was overpaid \$132.48 for mileage. Receipts totalling \$53.97 were not legible	186.45
572	Supplies	8/30/10	407	CDJ	Jim Jones - Supplies	35.94		receipt not legible, need better copy	Provided another copy - best I have / The receipt is from Walmart. Cannot determine what was purchased.	35.94
579	Travel - Meals	9/14/10	5055	CDJ	Jim Jones - Meals	37.58		receipt not legible, need better copy	Provided another copy - best I have / Cannot determine what was purchased or where it was purchased	37.58
415	Carpet Bags	1/17/11	5105	CDJ	Jim Jones - Loading Truck	40.00		Who was the \$40.00 paid to? Need documentation	Paid one of the workers cash to load truck / Employee should have been paid this amount through payroll.	40.00
580	Travel/Mileage	1/17/11	5105	CDJ	Jim Jones - Mileage for Ed	20.00		Who is Ed? What documentation did he provide for his mileage? Need this documentation.	Ed was bag work supervisor - Gave him cash to go to Phenix City / Employee should have been paid this amount through payroll	20.00
415	Carpet Bags	2/22/12	5279	CDJ	Jim Jones - Sewing Supplies	271.75		need receipt for \$29.41 listed on summary sheet for check	Cannot find receipt for \$29.41	29.41
		12/27/11	444		Jim Jones	3,818.85		These three checks seem to be lumped together. Why are there not distinct expense reports and documentation for each check?	These three checks were paid over a period of time for a group of submitted invoices. Checks were issued as money became available.	
566	Carpet Bags Production	11/9/11	5235	CDJ	Jim Jones - Payment on Credit Card Account	2,000.00				
415	Carpet Bags	12/21/11	5255	CDJ	Jim Jones - Partial Reimbursement	2,000.00				
								Questions regarding these three checks:		
								1. For the expense report totalling \$509.21, there is no receipt for the \$40.00 tip and \$20.00 gas. Who were these amounts paid to? Need copies of receipts.	Expense report totalling \$509.21 - \$40 tip & \$20 for gas were cash, no receipt available / No receipt for gas provided. Tip to employee should have been paid through payroll.	60.00
								2. For the expense report totalling \$834.46, the receipt for \$15.72 for Hobby Lobby and the receipt for \$16.69 for Walmart are not legible.	Expense report totalling \$834.46 - additional receipts for Hobby Lobby & Wal-Mart attached (best I have) / Provided better copy of Hobby Lobby receipt. Can't determine what was purchased from Walmart for \$16.69	16.69
								3. For the expense report totalling \$206.27, the receipts attached don't add up to \$206.27. Please resubmit all receipts for this expense report.	Receipts received - however, the items purchased on receipt from Walmart for \$32.66 are not visable. Don't know what was purchased.	32.66
										458.73