

COMMUNITY REBUILDERS, INC.
(A Non-Profit Organization)

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009

COMMUNITY REBUILDERS, INC.

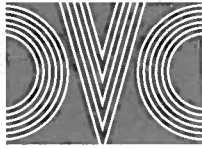
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DOLINKA, VANNOORD & COMPANY

A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

C e r t i f i e d P u b l i c A c c o u n t a n t s

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Community Rebuilders, Inc.
Grand Rapids, Michigan

We have audited the financial statements of Community Rebuilders, Inc. as of and for the year ended December 31, 2009 and have issued our report thereon dated June 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Rebuilders, Inc.'s internal control over financial reporting as a basis for designing our audit 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questions costs that we consider to be significant deficiencies in internal control over financial reporting. (Finding 2009-1) A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Rebuilders, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2009-1.

Community Rebuilders, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Community Rebuilders, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

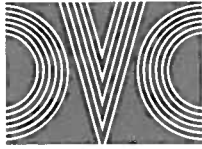
Respectfully submitted,

DOLINKA, VANNOORD & COMPANY, PLLP

A handwritten signature in cursive script that reads "Dolinka, Van Noord & Co., PLLP".

Certified Public Accountants

June 16, 2010



DOLINKA, VANNOORD & COMPANY

A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

C e r t i f i e d P u b l i c A c c o u n t a n t s

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Community Rebuilders, Inc.
Grand Rapids, Michigan

Compliance

We have audited the compliance of Community Rebuilders, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. Community Rebuilders, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Community Rebuilders, Inc.'s management. Our responsibility is to express an opinion on Community Rebuilders, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurances about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Rebuilders, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Community Rebuilders, Inc.'s compliance with those requirements.

In our opinion, Community Rebuilders, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2009-1.

Internal Control Over Compliance

The management of Community Rebuilders, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Rebuilders, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not

See auditors' report.

express an opinion on the effectiveness of Community Rebuilders, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2009-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Community Rebuilders, Inc. as of and for the year ended December 31, 2009 and have issued our report thereon dated June 16, 2010. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Community Rebuilders, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Community Rebuilders, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

DOLINKA, VANNOORD & COMPANY, PLLP



Certified Public Accountants

June 16, 2010

See auditors' report.

COMMUNITY REBUILDERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal and Pass Through Grantor / Program Title/Project Number	CFDA Number	Approved Awards Amount	Program Year	Expenditures
U.S. Department of Housing and Urban Development				
Supportive Housing Program				
Families in Transition:				
MI-28B70-6015 (2008-2009)	14.235	\$ 598,575	7/1/08 - 6/30/09	\$ 396,671
MI-0159B5F-060801 (2009-2010)	14.235	607,695	7/1/09 - 6/30/10	<u>182,662</u>
Total Families in Transition				<u>\$ 579,333</u>
GAP Supportive Services				
MI-28B70-6013 (2008-2009)	14.235	\$ 260,310	6/1/08 - 5/31/09	\$ 170,944
MI-0161B5F-060801 (2009-2010)	14.235	260,310	6/1/09 - 5/31/10	<u>79,877</u>
Total GAP Support Services				<u>\$ 250,821</u>
Resources in Support of Empowerment (RISE):				
MI-28B70-6014 (2008-2009)	14.235	\$ 252,840	3/1/08 - 2/28/09	\$ 138,229
MI-0172B5F-060801 (2009-2010)	14.235	256,080	3/1/09 - 2/28/10	<u>166,092</u>
Total Resources in Support of Empowerment				<u>\$ 304,321</u>
Total Supportive Housing Program				<u>\$ 1,134,475</u>
Passed-Through Michigan State Housing Authority				
Emergency Shelter Grants Program:				
HML-2008-0579-ESF	14.231	\$ 64,705	4/1/08 - 3/31/09	\$ 23,786
HML-2009-0579-ESF	14.231	97,730	4/1/09 - 3/31/10	<u>70,121</u>
Total Emergency Shelter Grants Program				<u>\$ 93,907</u>
Housing Opportunities for Persons with Aids				
2009 2334-1	14.241	\$ 75,000	1/1/09 - 9/30/09	\$ 75,000
2010 0725	14.241	\$ 100,000	10/01/09 - 9/30/10	\$ 41,157
Total Housing Opportunities for Persons with Aids				<u>\$ 116,157</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,344,539</u></u>

See auditors' report.

COMMUNITY REBUILDERS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Rebuilders, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements due to different classifications used for financial statements purposes.

**COMMUNITY REBUILDERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditor's Report Issued	Unqualified on Financial Statements	
Internal controls over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> yes	_____ none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____ <u>X</u> yes	_____ no

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Housing Program
Dollar threshold used to distinguish between Type A and Type B programs:	_____ <u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	_____ yes _____ <u>X</u> no

See auditors' report.

**COMMUNITY REBUILDERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 2009-1 (Significant Deficiency)

Internal Control over the Preparation of GAAP basis Financial Statements

Criteria:

Community Rebuilders, Inc. is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Organization's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing and summarizing accounting data, and (2) preparation of financial statements, including the related footnote disclosures.

Finding:

As is the case with many smaller and medium-sized entities, the Organization has historically relied on its independent auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, the Organization's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Organization's internal controls.

Questioned Cost: None

Effect:

The financial statements and related footnotes and schedule of expenditures of federal awards were prepared by the auditors, but have been reviewed, approved and accepted by management.

Recommendation/ Comment:

Management should consider the cost and benefits for implementing this control procedure.

Views of Responsible Officials and Planned Corrective Action:

The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

See auditors' report.

COMMUNITY REBUILDERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2008-1

Condition: The Organization did not have the adequate controls over the preparation of GAAP based financial statements.

Status: Corrective action was considered sufficient. (Refer to finding 2009-1)