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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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November 23, 2009

Board of Directors
The Reclamation Project, Inc.
2614 South Calhoun St.
Fort Wayne, IN 46807

We have reviewed the audit report prepared by Leonard J. Andorfer & Co., LLP, Independent Public Accountants, for the period January 1, 2006 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of The Reclamation Project, Inc., as of December 31, 2007 and 2006, and the results of its operations for the periods then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the finding in the report. The management letter contains one comment.

STATE BOARD OF ACCOUNTS

THE RECLAMATION PROJECT, INC.

FORT WAYNE, INDIANA

Financial Statements

as of December 31, 2007 and 2006

CONTENTS

LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

Park Lake Medical Building
2410 Lake Avenue - P. O. Box 5486 - Fort Wayne, Indiana 46895-5486
260-423-9405

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Reclamation Project, Inc.
Fort Wayne, Indiana

We have audited the accompanying statements of financial position of The Reclamation Project, Inc. (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Reclamation Project, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Leonard J. Andorfer & Co LLP

LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

September 24, 2008

THE RECLAMATION PROJECT, INC.

Statements of Financial Position

ASSETS	December 31 2007	December 31 2006
CURRENT ASSETS		
Cash and cash equivalents	$ 28,554	$ 19,143
Pledges receivable	450	8,580
Grant receivable	53,018	50,000
Prepaid expenses	7,015	-
Prepaid rent	5,333	5,333
Book inventory	-	672
Total Current Assets	94,370	83,728
PROPERTY AND EQUIPMENT		
Land	40,150	40,000
Buildings and improvements	342,697	126,515
Equipment	1,910	1,610
Furniture and fixtures	7,903	2,856
Less: accumulated depreciation	(21,966)	(13,016)
Total Property and Equipment (Net)	370,694	157,965
OTHER ASSETS		
Prepaid rent	65,329	70,662
Construction work in process	7,383	163,086
Total Other Assets	72,712	233,748
TOTAL ASSETS	$ 537,776	$ 475,441

(Continued)

The Notes to Financial Statements
are an integral part of the statements.

THE RECLAMATION PROJECT, INC.

Statements of Financial Position (Continued)

LIABILITIES AND NET ASSETS	December 31 2007	December 31 2006
CURRENT LIABILITIES		
Current maturities of noncurrent liabilities	$ 5,860	$ 5,596
Line of credit agreement	41,913	-
Accounts payable	2,609	-
Accrued expenses		
Payroll withholdings	457	247
Total Current Liabilities	50,839	5,843
NONCURRENT LIABILITIES		
Mortgage payable	141,649	147,120
Less: current maturities	(5,860)	(5,596)
Total Noncurrent Liabilities	135,789	141,524
TOTAL LIABILITIES	186,628	147,367
NET ASSETS		
Unrestricted	262,828	263,074
Temporarily restricted	88,320	65,000
Permanently restricted	-	-
Total Net Assets	351,148	328,074
TOTAL LIABILITIES AND NET ASSETS	$ 537,776	$ 475,441

The Notes to Financial Statements
are an integral part of the statements.

THE RECLAMATION PROJECT, INC.

Statement of Activities and Net Assets
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Total
SUPPORT AND REVENUE				
Support				
City of Fort Wayne Housing Development				
Home Avenue rehab project	$ 986	$ 15,000	$	$ 15,986
Monroe rehab project		55,000		55,000
HUD Funds through IAECD	12,500			12,500
Foundation Grants	7,400	3,000		10,400
Contributions				
Individual	25,560			25,560
Church	7,615	25,000		32,615
Revenue				
Home Avenue rehab project income		69,900		69,900
Other Income				
Miscellaneous	359			359
Interest income	199			199
Total Support and Revenue	54,619	167,900		222,519
Net Assets Released From Restrictions	144,580	(144,580)		-
TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	199,199	23,320		222,519
EXPENSES				
Program services	184,847			184,847
Supporting services				
Management and general	12,170			12,170
Fund raising	2,428			2,428
Total Expenses	199,445			199,445
CHANGE IN NET ASSETS	(246)	23,320		23,074
NET ASSETS - BEGINNING OF YEAR	263,074	65,000		328,074
NET ASSETS - END OF YEAR	$ 262,828	$ 88,320	$ 0	$ 351,148

The Notes to Financial Statements
are an integral part of the statements.

THE RECLAMATION PROJECT, INC.

Statement of Activities and Net Assets
For the Year Ended December 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Total
SUPPORT AND REVENUE				
Support				
City of Fort Wayne Housing Development				
Transitional housing	$ 86,400	$	$	$ 86,400
Home Avenue rehab project		50,000		50,000
HUD Funds through IAECD	7,500			7,500
CDBG Funds	61,147			61,147
CEDIT Funds	10,000			10,000
Foundation Grants	1,115			1,115
Contributions				
Individual	27,506			27,506
Business	9,401			9,401
Church	5,820			5,820
Other Income				
Miscellaneous	3,792			3,792
Total Support and Revenue	212,681	50,000		262,681
Net Assets Released From Restrictions	25,904	(25,904)		-
TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	238,585	24,096		262,681
EXPENSES				
Program services	53,563			53,563
Supporting services				
Management and general	9,292			9,292
Fund raising	9,508			9,508
Total Expenses	72,363			72,363
CHANGE IN NET ASSETS	166,222	24,096		190,318
NET ASSETS - BEGINNING OF YEAR	96,852	40,904		137,756
NET ASSETS - END OF YEAR	$ 263,074	$ 65,000	$ 0	$ 328,074

The Notes to Financial Statements
are an integral part of the statements.

THE RECLAMATION PROJECT, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2007

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total 2007 Expenses
Employee Compensation				
Salaries	$ 16,500	$ 6,500	$ 2,000	$ 25,000
Payroll taxes	1,157	456	140	1,753
Total Employee Compensation	17,657	6,956	2,140	26,753
Other Expenses				
Computer		1,235		1,235
Dues	661			661
Insurance	5,187	428		5,615
Interest	15,769			15,769
Legal and professional	429	1,350		1,779
Meeting	776			776
Miscellaneous	316			316
Office	834	58	288	1,180
Refugee programming	1,779			1,779
Rehab project	111,479			111,479
Rent	5,333			5,333
Repairs and maintenance	5,613			5,613
Security		240		240
Supplies	688	1,684		2,372
Telephone	2,738			2,738
Travel and conferences	1,248			1,248
Utilities	4,132			4,132
Volunteer	1,477			1,477
Total Other Expenses	158,459	4,995	288	163,742
Total Expenses Before Depreciation	176,116	11,951	2,428	190,495
Depreciation	8,731	219		8,950
Total Expenses	$ 184,847	$ 12,170	$ 2,428	$ 199,445

The Notes to Financial Statements
are an integral part of the statements.

THE RECLAMATION PROJECT, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2006

	Program Services	Supporting Services: Management and General	Supporting Services: Fund Raising	Total 2006 Expenses
Employee Compensation				
Salaries	$ 8,000	$ 6,334	$ 6,333	$ 20,667
Payroll taxes	791	395	395	1,581
Total Employee Compensation	8,791	6,729	6,728	22,248
Other Expenses				
Advertising			806	806
Dues	86	18	18	122
Insurance	4,542	1,947		6,489
Interest	11,467			11,467
Legal and professional	1,358	518	518	2,394
Licenses	2,338			2,338
Meals	565			565
Miscellaneous	2,579			2,579
Office	1,430	80	80	1,590
Refugee programming	399			399
Rehab project	5,000			5,000
Rent	4,005			4,005
Repairs and maintenance	3,502			3,502
Supplies			1,358	1,358
Telephone	1,490			1,490
Utilities	1,900			1,900
Total Other Expenses	40,661	2,563	2,780	46,004
Total Expenses Before Depreciation	49,452	9,292	9,508	68,252
Depreciation	4,111			4,111
Total Expenses	$ 53,563	$ 9,292	$ 9,508	$ 72,363

The Notes to Financial Statements
are an integral part of the statements.

THE RECLAMATION PROJECT, INC.

Statements of Cash Flows

	For the Years Ended December 31 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 23,074	$ 190,318
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	8,950	4,111
Changes in operating assets and liabilities		
Decrease in pledges receivable	8,130	5,100
Increase in grants receivable	(3,018)	(50,000)
Increase in prepaid expenses	(1,682)	(75,995)
(Increase) decrease in book inventory	672	(672)
Increase (decrease) in accounts payable	2,819	(6,525)
Net Cash Provided by Operating Activities	38,945	66,337
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment acquisitions	(221,679)	-
(Increase) decrease in construction in process	155,703	(76,511)
Net Cash Used for Investing Activities	(65,976)	(76,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	41,913	-
Payments on long-term debt	(5,471)	(1,551)
Net Cash Provided by (Used for) Financing Activities	36,442	(1,551)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,411	(11,725)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	19,143	30,868
CASH AND CASH EQUIVALENTS- END OF YEAR	$ 28,554	$ 19,143

The Notes to Financial Statements
are an integral part of the statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities

The mission of The Reclamation Project, Inc. is to reclaim the potential of the Rialto and to embrace and empower the international refugee community of Fort Wayne, Indiana. Their dream is that the redemption of the Rialto and its rebirth as the Rialto World Café and Cultural Center will serve as a catalyst for local awareness, but more importantly, that it will bring about opportunities for Fort Wayne residents to demonstrate compassion for our new American friends as they adapt to the demands of language and cultural assimilation.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of The Reclamation Project, Inc. and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of The Reclamation Project, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net unrestricted assets if the restriction expires or is met in the reported period in which the support is recognized.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by The Reclamation Project, Inc.. Generally, the donors of these assets permit The Reclamation Project, Inc. to use all or part of the income earned on any related investments for general or specific purposes.

Financial Statement Presentation - The organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

Promise to Give - Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Contributions - The organization has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and /or nature of any donor restrictions.

Contributed Services and Gifts in Kind – Qualified in-kind contributions of services, equipment and supplies are recognized as revenue and expense or capital assets and are recorded at market value on the date received. As of December 31, 2007 and 2006 there were no qualified in-kind contributions recorded; however, a substantial number of volunteers did donate significant amounts of time in providing the Organization's services which do not meet the accounting guidelines for reporting.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Receivables – If considered necessary, the Organization provides an allowance for doubtful receivables which is based on management's estimate of losses that will be incurred in the collection of all receivables. At December 31, 2007 and 2006 no allowance was deemed necessary.

Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method.

Functional Expenses - The Reclamation Project, Inc. allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to both functions are allocated by various statistical bases.

Income Taxes - The Reclamation Project, Inc. is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the 50% charitable contribution limitation.

Advertising Costs - Advertising and promotional programs are charged to expense during the period in which they are incurred.

Compensated Absences - The organization's employee base is made up of full-time and part-time employees. No liability for compensated absences has been recorded in the financial statements. Any liability that may exist is deemed immaterial.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – Pledges receivable

Pledges receivable represent unconditional promises to give and are due within one year.

NOTE 4 - Grant Receivable

The Reclamation Project, Inc. incurs expenses and then submits requests for reimbursement by third-party grantors. The reimbursement requests are reviewed by the grantor, taking into consideration the purpose of the expenditures, the amount of the original grant and the provisions set forth. Grants receivable under these terms amounted to $53,018 and $50,000 as of December 31, 2007 and 2006, respectively.

NOTE 5 – Prepaid Rent

The Organization entered into a 99 year lease agreement on March 17, 2006 for affordable housing property. They received $80,000 from the City of Fort Wayne to prepay rent for 15 years for this property. The annual lease expense was $5,333 and $4,005 for the years ending December 31, 2007 and 2006, respectively. Prepaid rent expense in excess of one year is $65,329 and $71,990 for the years ending December 31, 2007 and 2006, respectively.

Future minimum lease payments are as follows:

December 31	Rent Expense	Prepaid Rent
2008	$ 5,333	$ 5,333
2009	5,333	5,333
2010	5,333	5,333
2011	5,333	5,333
2012	5,333	5,333
Thereafter		43,997
		$ 70,662

NOTE 6 – Line of Credit

On February 16, 2007, The Reclamation Project, Inc. obtained a short-term line of credit from JP Morgan Chase Bank, NA in the amount of $50,000. The note is unsecured, calls for interest at the prime rate of JP Morgan Chase Bank, NA, and is payable on demand. The amount outstanding as of December 31, 2007 was $41,913.

NOTE 7 – Mortgage Payable

Mortgage payable consists of the following:

	Total	Current	Monthly Payment	Interest Rate
December 31, 2007				
Chase Bank	$ 141,649	$ 5,860	$ 1,382	$ 7.60%
December 31, 2006				
Chase Bank	147,120	5,596	1,382	7.60%

The mortgage payable to JP Morgan Chase Bank, NA bears interest at a fixed rate of 7.60% until December 10, 2011, and is secured by the building. The organization expects to refinance the remaining balance on or before December 10, 2011. Estimated minimum future principle payments over the remaining terms of the mortgage are as follows:

December 31	Amount
2008	$ 5,860
2009	6,328
2010	6,833
2011	122,734

NOTE 8 – Restrictions on Assets

Temporarily restricted net asset are available for the following purposes:

	Balance at December 31, 2006	Additions	Reductions	Balance at December 31, 2007
City of Fort Wayne -				
HOME - Home Avenue	$ 50,000	$ 84,900	$ 116,837	$ 18,063
Baade Foundation - Rialto Façade	15,000		15,000	-
City of Fort Wayne -				
HOME - Monroe		50,000	1,982	48,018
CHDO - Monroe		5,000		5,000
Fellowship Missionary Church-				
Rialto Phase II		25,000	9,441	15,559
AON Foundation - Driving School		3,000	1,320	1,680
	$ 65,000	$ 167,900	$ 144,580	$ 88,320

NOTE 8 – Restrictions on Assets (Continued)

	Balance at December 31, 2005	Additions	Reductions	Balance at December 31, 2006
Individuals and Businesses	$ 20,904	$	$ 20,904	$ -
Fellowship Missionary Church	5,000		5,000	-
Baade Foundation - Rialto Façade	15,000			15,000
City of Fort Wayne - HOME - Home Avenue		50,000		50,000
	$ 40,904	$ 50,000	$ 25,904	$ 65,000

LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

Park Lake Medical Building
2410 Lake Avenue - P. O. Box 5486 - Fort Wayne, Indiana 46895-5486
260-423-9405

September 24, 2008

To the Board of Directors
The Reclamation Project, Inc.
Fort Wayne, IN

We have audited the financial statements of The Reclamation Project, Inc. for the years ending December 31, 2007 and 2006, and have issued our report thereon dated September 24, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented in all material respects in conformity with generally accepted accounting principles of the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of The Reclamation Project, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 28, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by The Reclamation Project, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ending December 31, 2007 and 2006. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 24, 2008.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of The Reclamation Project, Inc. and is not intended to be and should not be used by anyone other than these specific parties.

Very truly yours,

Leonard J. Andorfer & Co. LLP

LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

Park Lake Medical Building
2410 Lake Avenue - P. O. Box 5486 - Fort Wayne, Indiana 46895-5486
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To the Board of Directors and
Kristie Jacobson, Executive Director
The Reclamation Project, Inc.
2614 S. Calhoun Street
Fort Wayne, IN 46807

In planning and performing our audit of the financial statements of The Reclamation Project, Inc. as of and for the years ended December 31, 2007 and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered The Reclamation Project, Inc.'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

The organization does not have many, if any, controls in place. The executive director has control over all aspects of the organization. There are no segregation of duties and no official approval processes.

This communication is intended solely for the information and use of management, the board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,
Leonard J. Andorfer & Co. LLP

LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

September 24, 2008

LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

Park Lake Medical Building
2410 Lake Avenue - P. O. Box 5486 - Fort Wayne, Indiana 46895-5486
260-423-9405

September 24, 2008

To the Board of Directors
The Reclamation Project, Inc.
2614 S. Calhoun Street
Fort Wayne, IN 46807

In planning and performing our audit of the financial statements of The Reclamation Project, Inc. for the years ended December 31, 2007 and 2006, we considered The Reclamation Project, Inc.'s internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, 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 September 24, 2008 on the financial statements of The Reclamation Project, Inc. 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:

Segregation of Duties

Due to the limited number of people working in the office, many critical duties are combined. Presently, a single individual prepares and signs checks, reconciles bank accounts, and maintains the general ledger. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system possible. We feel segregation could be improved if The Reclamation Project, Inc. were to implement the following procedures:

- Different employees should perform the separate duties of signing checks, processing cash receipts and cash disbursements, and maintaining the original books of entry.
- The person who opens the mail should restrictively endorse all checks, create a control log (perhaps an adding machine tape or photo copies) of the total amount of checks, and send the control log directly to the individual responsible for reconciling the bank account.
- Segregate bank account reconciliation duties from cash receipts and/or cash disbursement duties.

We believe that the implementation of these recommendations will provide The Reclamation Project, Inc. with a stronger system of internal accounting control while also making its operations more efficient. This report is intended solely for the information and use of the audit committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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