22

98900591
5777

METROVISION PARTNERSHIP FOUNDATION

Financial Statements for the Years Ended December 31, 1997 and 1996 and Schedule of Expenditures of Federal Awards for the Year Ended December 31, 1997 and Independent Auditors' Report

METROVISION PARTNERSHIP FOUNDATION

TABLE OF CONTENTS

Deloitte &
Touche LLP

Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

INDEPENDENT AUDITORS' REPORT

MetroVision Partnership Foundation:

We have audited the accompanying statements of financial position of MetroVision Partnership Foundation (the "Foundation") as of December 31, 1997 and 1996 and the related statements of unrestricted revenues, expenses and other changes in unrestricted net assets, changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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, such financial statements present fairly, in all material respects, the financial position of the Foundation at December 31, 1997 and 1996, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 1998 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of the Foundation's management. 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.

Deloitte & Touche LLP

July 15, 1998

Deloitte Touche
Tohmatsu

METROVISION PARTNERSHIP FOUNDATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1997 AND 1996

ASSETS	1997	1996
Cash and cash equivalents	$ 196,253	$ 322,332
Contributions and grants receivable	737,835	140,269
Prepaid expenses	13,227	7,753
Due from affiliates	24,117	-
Total current assets	971,432	470,354
PROPERTY AND EQUIPMENT:		
Furniture and office equipment	156,389	149,388
Less accumulated depreciation	(64,390)	(41,710)
Net property and equipment	91,999	107,678
TOTAL ASSETS	$ 1,063,431	$ 578,032
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 693,318	$ 248,611
Funds held for others	-	61,506
Due to Chamber of Commerce	288,018	65,130
Total liabilities	981,336	375,247
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS (LIABILITIES):		
Unrestricted	(62,905)	(68,715)
Temporarily restricted (Note 2)	145,000	271,500
Total net assets	82,095	202,785
TOTAL LIABILITIES AND NET ASSETS	$ 1,063,431	$ 578,032

See notes to financial statements.

METROVISION PARTNERSHIP FOUNDATION

STATEMENTS OF UNRESTRICTED REVENUES, EXPENSES AND OTHER CHANGES IN UNRESTRICTED NET ASSETS YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997	1996
UNRESTRICTED REVENUES:		
Contributions	$1,405,546	$1,212,746
Grants:		
Government	1,011,410	455,186
Private	183,445	-
Interest	13,555	35,744
Other	107,001	323,173
Total unrestricted revenues	2,720,957	2,026,849
NET ASSETS RELEASED FROM RESTRICTIONS:		
Expiration of time restrictions	171,500	280,000
Total unrestricted revenues, gains and other support	2,892,457	2,306,849
UNRESTRICTED EXPENSES:		
Payroll and fringe benefits	992,670	908,102
Allocated payroll	170,339	193,448
Allocated overhead	97,440	94,804
Postage and telephone	60,801	91,925
Stationery and supplies	134,632	17,412
Travel, meals, and meetings	223,892	283,946
Consultants, communication, and publications	959,552	652,921
General insurance	13,977	16,651
Sponsorships and contributions	19,025	17,422
Equipment	10,533	17,273
Rent	87,135	85,226
Depreciation	22,680	19,745
Miscellaneous	93,971	4,015
Total unrestricted expenses	2,886,647	2,402,890
CHANGE IN UNRESTRICTED NET ASSETS	5,810	(96,041)
UNRESTRICTED NET (LIABILITIES) ASSETS, BEGINNING OF YEAR	(68,715)	27,326
UNRESTRICTED NET (LIABILITIES), END OF YEAR	$ (62,905)	$ (68,715)

See notes to financial statements.

METROVISION PARTNERSHIP FOUNDATION

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997	1996
UNRESTRICTED NET ASSETS:		
Total unrestricted revenues	$ 2,720,957	$ 2,026,849
Net assets released from restrictions	171,500	280,000
Total unrestricted expenses	(2,886,647)	(2,402,890)
Increase (decrease) in unrestricted net assets	5,810	(96,041)
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	45,000	71,500
Net assets released from restrictions	(171,500)	(280,000)
Decrease in temporarily restricted net assets	(126,500)	(208,500)
DECREASE IN NET ASSETS	(120,690)	(304,541)
NET ASSETS, BEGINNING OF YEAR	202,785	507,326
NET ASSETS, END OF YEAR	$ 82,095	$ 202,785

See notes to financial statements.

METROVISION PARTNERSHIP FOUNDATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (120,690)	$ (304,541)
Adjustments to reconcile the change in net assets used in operating activities:		
Depreciation	22,680	19,745
Changes in operating assets and liabilities:		
Contributions and grants receivable	(597,566)	(98,281)
Prepaid expenses	(5,474)	(5,540)
Due from affiliates	(24,117)	-
Accounts payable	444,707	128,306
Due to Chamber of Commerce	222,888	65,130
Funds held for others	(61,506)	4,406
Net cash used in operating activities	(119,078)	(190,775)
CASH FLOWS FROM INVESTING ACTIVITIES - Purchases of property and equipment	(7,001)	(32,428)
DECREASE IN CASH AND CASH EQUIVALENTS	(126,079)	(223,203)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	322,332	545,535
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 196,253	$ 322,332

See notes to financial statements.

METROVISION PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The MetroVision Partnership Foundation ("the Foundation") is a Louisiana nonprofit corporation organized on a non-stock basis. The Foundation was created in order to provide a permanent structure through which the implementation of the economic development plan developed by its predecessor organization, the MetroVision Partnership, could be accomplished. The plan is intended to restructure the Metropolitan New Orleans area economy to provide an adequate base of employment opportunities into the 21st century.

Basis of Accounting - The Foundation maintains its accounting records and prepares its financial statements on the accrual basis.

The Foundation follows standards established for external financial reporting by not-for-profit organizations which requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net assets categories follows:

- **Unrestricted** - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

- **Temporarily Restricted** - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.

- **Permanently Restricted** - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 10 years.

Revenues - Revenues are provided primarily by contributions and grants. Contributions received, including unconditional promises to give, are recognized as revenues in the period received. Grant revenues are recognized in accordance with the terms of the grant.

Contributions Receivable - The Foundation considers contributions receivable to be fully collectible. Accordingly, no allowance for uncollectible contributions is required. If amounts become uncollectible, they will be written off when that determination is made. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of unrestricted revenues, expenses, and other changes in unrestricted net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Statement of Cash Flows - For the purpose of the statement of cash flows, the Foundation considers all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents.

Funds Held for Others - Funds held for others represents amounts collected on behalf of others in which the Foundation is acting as an intermediary organization or agent.

Paid Leave - All full-time classified employees of the Foundation are permitted to accrue a maximum of 30 days of paid leave (annual leave). Upon termination of employment, an employee is paid for accrued paid leave based on the respective current hourly rate of pay. All liabilities are accrued when incurred.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	1997	1996
For periods after December 31, 1997 and 1996	$ 145,000	$ 271,500
	$ 145,000	$ 271,500

3. RELATED PARTIES

Certain officers of the Foundation are also officers of the Chamber/New Orleans and the River Region (the Chamber).

In the ordinary course of operations, the Chamber has made available to the Foundation on a reimbursement basis specific assistance in the form of administrative support and use of facilities. A portion of the salaries and related fringe benefits of those individuals providing such support is allocated to the Foundation. Additionally, the Foundation pays a monthly fee to the Chamber for use of office space and overhead. All such allocated amounts are included in the Statements of Unrestricted Revenues, Expenses and Other Changes in Unrestricted Net Assets as "Allocated Payroll," "Allocated Overhead" and "Rent" and totaled $354,551 and $373,478 for the years ending December 31, 1997 and 1996, respectively.

The Foundation reimburses the Chamber for its portion of certain payments to vendors for operating and administrative expenditures incurred specifically on behalf of the Foundation.

4. COMMITMENTS AND CONTINGENCIES

Various lawsuits are pending against the Foundation. The Foundation's management, after reviewing these suits with outside counsel, considers that the aggregate liability, if any, will not be material to the financial statements.

5. FUNCTIONAL EXPENSES

Expenses incurred were for the following purposes:

	1997	1996
Program services	$2,258,394	$1,989,001
General and administrative	605,573	394,144
Depreciation	22,680	19,745
	$2,886,647	$2,402,890

* * * * * *

METROVISION PARTNERSHIP FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 1997

Description	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Pass-Through Programs From:			
The Office of the Governor			
Office of Workforce Development/			
Lifelong Learnings - State of Louisiana	84.278E	72-1177207	$614,939

See notes to Schedule of Expenditures of Federal Awards.

METROVISION PARTNERSHIP FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 1997

1. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

2. Federal pass through programs are presented by the entity through which the Foundation received the Federal financial assistance.

3. Contract or Catalog of Federal Domestic Assistance (CFDA) Number is presented for the individual award scheduled.

4. This Schedule consists of program expenditures for the School to Work Grant.

5. Of the federal expenditures presented in the Schedule, MetroVision Partnership Foundation provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
School-To-Work Grant	84.278E	$614,939

Deloitte & Touche LLP

Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

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

MetroVision Partnership Foundation:

We have audited the financial statements of the MetroVision Partnership Foundation (the "Foundation"), as of and for the year ended December 31, 1997, and have issued our report thereon dated June 25, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Foundation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information of the Board of Directors, management, and others within the Foundation, the State of Louisiana Legislative Auditor, and officials of the Department of Education. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

July 15, 1998

Deloitte &
Touche LLP

Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

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

MetroVision Partnership Foundation:

Compliance

We have audited the compliance of MetroVision Partnership Foundation (the "Foundation"), 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 program for the year ended December 31, 1997. The Foundation's major federal program is 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 program is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 assurance 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 the Foundation'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 on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1997.

Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program for the year ended December 31, 1997, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, and others within the Foundation, the State of Louisiana Legislative Auditor, and officials of the Department of Education. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

July 15, 1998

METROVISION PARTNERSHIP FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1997

SUMMARY OF THE AUDITORS' RESULTS

- An unqualified opinion was issued on the financial statements of the auditee.
- Our audit of the financial statements disclosed a reportable condition in internal controls. The reportable condition was not determined to be a material weakness.
- The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
- The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
- An unqualified opinion was issued on compliance for major programs.
- The audit disclosed no findings which are required to be reported under Section 510(a) of Circular A-133.
- Major program for the fiscal year ended December 31, 1997 was:
  - Department of Education - School to Work (CFDA #84.278E)
- The dollar threshold used to distinguish between Type A and Type B programs was $300,000.
- The auditee did not qualify as a low-risk auditee.

SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

97-1 Timely Issuance of Financial Reports and Preparation of Accounting Records

Criteria or specific requirement:

State Law requires that the Foundation issue its audited general purpose financial statements and all related reports within six months of the end of its fiscal year end.

Condition:

Primarily, as a result of turnover within the accounting department and the related condition of the accounting records, the Foundation was unable to prepare and issue its annual financial reports in a timely manner.

Effect:

Financial reports were not prepared in a timely manner.

Cause:

1) The senior grant accountant resigned prior to the commencement of audit field work.

2) In reviewing the general ledger detail we noted a significant amount of correcting entries. In addition, correcting entries were still being recorded during our audit field work, almost five months after year-end.

3) Our review of journal entries disclosed that many entries were not adequately supported and explained. In addition, there is no journal voucher system in place in order to provide support/detail for all of the journal entries in the general ledger.

Recommendation:

1) The senior grant accountant was subsequently replaced.

2) Due to the volume journal of entries, there is an indication of a lack of timely review procedures in recording amounts to the correct general ledger accounts and treatment of various general ledger transactions. All general ledger journal entries should be reviewed and approved prior to input in the general ledger. In addition, expense accounts should be reviewed for propriety on a timely basis in detail by various department heads whose departments incur these expenses. As an additional monitoring procedure and future budgeting tool, as all expenses are compared to budgeted amounts, we recommend that department heads analyze fluctuations from budget and submit a memo to accounting for expense amounts that exceed a specified threshold on a monthly basis.

3) Since journal entries are reflected on the company's records, they should be adequately documented in the form of a journal voucher that is initialed by the preparer and by the reviewer in order to verify the validity of the transaction. Journal vouchers should be numerically controlled and bound in permanent form.

Management's Response:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no items identified in the course of our testing during the current year required to be reported.

METROVISION PARTNERSHIP FOUNDATION

STATUS OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 1997

Not applicable as this is the first year the entity has received federal funding.

METROVISION PARTNERSHIP FOUNDATION

NEW ORLEANS, LOUISIANA

LEAD AUDITOR: CRAIG SILVA

TELEPHONE NUMBER: (504) 581-2727

The audit was performed between May 11, 1998, and June 25, 1998, at the Foundation's facilities as follows:

LOCATION	DESCRIPTION OF FACILITY	DATES VISITED
New Orleans, Louisiana	Accounting departments located at the Foundation's office, 601 Poydras Street Suite 1700, New Orleans, Louisiana	5/11/98 - 7/15/98

Records for the accounting and administration of the School to Work program is located in the accounting department, at the Foundation's office in New Orleans, Louisiana.

Deloitte & Touche LLP

Suite 3700
One Shell Square
701 Poydras Street
New Orleans, Louisiana 70139-3700

Telephone: (504) 581-2727
Facsimile: (504) 561-7293

RECEIVED
LEGISLATIVE AUDITOR
98 JUL 29 AM 10: 14

July 15, 1998

To the Board of Directors of
MetroVision Partnership Foundation
New Orleans, Louisiana

The approach of the year 2000 presents significant issues for many financial, information, and operational systems. Many systems in use today may not be able to interpret dates after December 31, 1999 appropriately, because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 2000, from January 1, 1900, which could have adverse consequences on the operations of the entity and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of MetroVision Partnership Foundation's ("the Foundation") financial statements for the year ended December 31, 1997, will not provide any assurances, nor will we express any opinion, that the Foundation's systems or any other systems, such as those of the Foundation's vendors, service providers, customers, or other third parties, are year 2000 compliant. In addition, we are not engaged to perform, nor will we perform as part of our audit engagement, any procedures to test whether the Foundation's systems or any other systems are year 2000 compliant or whether the plans and activities of the Foundation are sufficient to address and correct system or any other problems that might arise because of the year 2000, nor will we express any opinion or provide any assurances with respect to these matters.

However, during our audit, we made limited inquiries about the Foundation's activities to address the year 2000 issue. We have not performed any procedures to test the accuracy or completeness of the responses to our inquiries, but we have included our observations resulting from those inquiries in the following paragraphs. Our observations are appropriate as of the date of this letter. Because year 2000 activities are currently in process, we may have had additional observations had we made inquiries after the date of this letter. Accordingly, we encourage the management and Board to continue its oversight of the Foundation's year 2000 activities.

As Chief Financial Officer of the Company, Mr. Mack Matthews has responsibility for the Company's response to all Year 2000 issues. He reports directly to the Chief Executive Officer.

Our discussion with management indicated that the Foundation had assessed both the cost of addressing and the costs of consequences of incomplete or untimely resolution of the Year 2000 issue. The Foundation believes that most of the major systems have already been updated or replaced with applications, in the normal course of business, that are year 2000 compliant. Accordingly, the Foundation has determined that its estimated costs related to the year 2000 issues are not anticipated to be material to the Foundation's business, operations or financial condition.

In addition, the Foundation is in the process of initiating formal communications with its significant suppliers to determine the extent to which the Foundation is vulnerable to those third parties failure to remediate their own Year 2000 Issues. The Foundation can give no guarantee that the systems or other companies on which the Foundation's systems rely will be converted on time or that a failure to convert by another company would not have a material adverse effect on the Foundation.

This report is intended solely for the information and use of management, the Board, and others within the organization.

Yours truly,

Deloitte & Touche LLP