

RECEIVED
LEGISLATIVE AUDITOR

98 SEP 22 AM 9:29

18

**OFFICIAL
FILE COPY**
DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99200306

5319

MCNEESE STATE UNIVERSITY
ALUMNI ASSOCIATION

Financial Report

June 30, 1998
(with comparative totals for 1997)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 23 1998

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2-3
STATEMENT OF ACTIVITIES	4-5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-10
SUPPLEMENTAL INFORMATION	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	12-13
INDEPENDENT AUDITORS REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	14



A CORPORATION OF
CERTIFIED PUBLIC ACCOUNTANTS

LEO L. SCALISI, CPA
H. DALE MYERS, JR., CPA, CVA
LISA NOLEN WHITE, CPA

LEO A. "BUDDY" PARKER, JR., CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

675 WEST COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605

P.O. Box 1445
LAKE CHARLES, LOUISIANA 70602

(318) 477-6363
(318) 477-6364 FAX
E-Mail: info@smwcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of McNeese State University Alumni Association (a nonprofit organization) as of June 30, 1998, and the related statements of activity, and cash flows for the year 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 generally accepted auditing standards and 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 audit provides 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 McNeese State University Alumni Association as of June 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

August 27, 1998

McNeese State University Alumni Association

STATEMENT OF FINANCIAL POSITION

June 30, 1998
(with comparative totals for 1997)

ASSETS

	<u>1998</u>	(Memorandum Only) <u>1997</u>
CURRENT ASSETS		
Cash on hand	\$ 40	\$ 40
Cash in bank	151,695	89,049
Certificates of deposit	37,756	36,086
Restricted cash	21,826	20,871
Prepaid expenses	<u>0</u>	<u>2,018</u>
Total current assets	211,317	148,064
PROPERTY AND EQUIPMENT, at cost (Note B-1 and D)		
Building improvements	1,473	1,473
Office equipment	<u>49,395</u>	<u>48,278</u>
	50,868	49,751
Less accumulated depreciation	<u>24,916</u>	<u>23,474</u>
	<u>25,952</u>	<u>26,277</u>
	<u>\$ 237,269</u>	<u>\$ 174,341</u>

The accompanying notes are an integral part of these financial statements.
Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

LIABILITIES AND NET ASSETS

(Memorandum Only)

	<u>1998</u>	<u>1997</u>
CURRENT LIABILITIES		
Accounts payable	\$ 5,187	\$ 2,328
Income taxes payable (Note B-2)	<u>358</u>	<u>855</u>
Total current liabilities	5,545	3,183
NET ASSETS		
Unrestricted		
Board designated	1,640	9,590
Operating	147,178	102,883
Fixed assets	<u>25,952</u>	<u>26,277</u>
Total unrestricted	174,770	138,750
Temporarily restricted (Note E)	35,128	11,537
Permanently restricted (Note F)	<u>21,826</u>	<u>20,871</u>
Total net assets	<u>231,724</u>	<u>171,158</u>
Total liabilities and net assets	<u>\$ 237,269</u>	<u>\$ 174,341</u>

McNeese State University Alumni Association

STATEMENT OF ACTIVITIES

Year Ended June 30, 1998
(with comparative totals for 1997)

	1998			(Memorandum Only)	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>1997</u> <u>Total</u>
Public Support, Revenues and Reclassifications					
Public Support:					
Contributions	\$ 63,588	\$ 30,552	\$ 685	\$ 94,825	\$ 83,712
Pass-through contribution	0	0	0	0	350,000
Dues	<u>0</u>	<u>280</u>	<u>0</u>	<u>280</u>	<u>650</u>
	63,588	30,832	685	95,105	434,362
Revenues and Reclassifications					
Coke machine	86	0	0	86	27
Homecoming	21,196	0	0	21,196	16,783
Interest	5,460	0	955	6,415	5,705
License plate revenue	0	3,325	0	3,325	3,025
Loss on disposal of assets	(67)	0	0	(67)	0
ML Golf Tournament	0	17,780	0	17,780	0
Miscellaneous programs	3,941	0	0	3,941	1,018
Rent income	300	0	0	300	530
Sales income	505	0	0	505	309
Telephone income	1,514	780	0	2,294	2,668
Visa card income	<u>19,527</u>	<u>0</u>	<u>0</u>	<u>19,527</u>	<u>17,134</u>
	52,462	21,885	955	75,302	47,199
Net assets released from restrictions: (Note E)					
Satisfaction of program restrictions	<u>0</u>	<u>(28,774)</u>	<u>0</u>	<u>(28,774)</u>	<u>(379,359)</u>
Total public support and revenues	<u>116,050</u>	<u>23,943</u>	<u>1,640</u>	<u>141,633</u>	<u>102,202</u>
Expenses:					
Program services:					
Alumni events	14,997	0	0	14,997	5,442
Awards	1,948	0	0	1,948	1,272
Homecoming	16,470	0	0	16,470	13,499
MSU donations	1,509	0	0	1,509	4,340
Scholarships	2,500	0	900	3,400	900
Work grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60</u>
	37,424	0	900	38,324	25,513
Supporting services:					
General administration:					
Auditing and accounting	1,400	0	0	1,400	1,300
Auto expense	2,925	0	0	2,925	3,900

The accompanying notes are an integral part of these financial statements.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

(Memorandum Only)

	1998			1997	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Supporting services - continued					
Community support	1,233	0	0	1,233	0
Computer expenses	2,000	0	0	2,000	2,598
Depreciation (Note B-1)	3,604	0	0	3,604	3,305
Dues	84	0	0	84	0
Entertainment	190	0	0	190	0
Labor	2,858	0	0	2,858	615
Legislative expense	318	0	0	318	1,914
Meetings	2,200	0	0	2,200	1,001
Office	3,705	0	0	3,705	1,635
Printing	3,090	0	0	3,090	298
Promotion	3,331	0	0	3,331	5,764
Recruiting	1,484	0	0	1,484	0
Repairs	112	0	0	112	80
Rent	170	0	0	170	95
Supplies	2,483	0	0	2,483	2,845
Travel	820	0	0	820	4,416
	<u>32,007</u>	<u>0</u>	<u>0</u>	<u>32,007</u>	<u>29,766</u>
Fund raising	<u>7,613</u>	<u>0</u>	<u>0</u>	<u>7,613</u>	<u>10,366</u>
Total support services	<u>39,620</u>	<u>0</u>	<u>0</u>	<u>39,620</u>	<u>40,132</u>
Total expenses	<u>77,044</u>	<u>0</u>	<u>900</u>	<u>77,944</u>	<u>65,645</u>
Change in net assets before income taxes	39,006	23,943	740	63,689	36,557
Income taxes, current portion (Note B-2)	<u>2,986</u>	<u>137</u>	<u>0</u>	<u>3,123</u>	<u>2,955</u>
Change in net assets	36,020	23,806	740	60,566	33,602
Net assets beginning of year	138,750	11,537	20,871	171,158	137,556
Transfer to endowed scholarship	<u>0</u>	<u>(215)</u>	<u>215</u>	<u>0</u>	<u>0</u>
Net assets end of year	<u>\$ 174,770</u>	<u>\$ 35,128</u>	<u>\$ 21,826</u>	<u>\$ 231,724</u>	<u>\$ 171,158</u>

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

McNeese State University Alumni Association

STATEMENT OF CASH FLOWS

Year Ended June 30, 1998
(with comparative totals for 1997)

	(Memorandum Only)	
	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATION ACTIVITIES		
Contributions and dues	\$ 95,105	\$ 84,362
Interest received	6,415	5,705
Miscellaneous revenues collected	68,954	41,494
Cash paid for program services to satisfy donor restrictions	(63,782)	(64,273)
Cash paid for supporting services	(26,604)	(27,229)
Cash paid for fundraising	(7,613)	(10,366)
Income taxes paid	<u>(3,620)</u>	<u>(2,294)</u>
Net cash provided by operating activities (Note G)	68,855	27,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(3,584)</u>	<u>(9,794)</u>
Net cash used in investing activities	<u>(3,584)</u>	<u>(9,794)</u>
Net increase in cash and cash equivalents	65,271	17,605
Cash and cash equivalents, beginning of period	<u>146,046</u>	<u>128,441</u>
Cash and cash equivalents, end of period	<u>\$ 211,317</u>	<u>\$ 146,046</u>

The accompanying notes are an integral part of these financial statements.

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA

McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

McNeese State University Alumni Association is a non-profit organization organized to *stimulate and nurture alumni interest in McNeese State University in order to enhance the university in its mission to provide support for students in the education and training needed to participate more effectively in the intellectual, economic, social and cultural life of our society.* The Association's support comes primarily from individual donor's contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Property and Equipment

Property and equipment are stated at cost or fair market value at date of gift. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years. Depreciation amounted to \$3,604 for the year ended June 30, 1998. The Association follows the practice of capitalizing all expenditures for property and equipment in excess of \$100.

2. Income Taxes

McNeese State University Alumni Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. The organization is subject to income tax on unrelated business income which includes the Visa card and long distance telephone programs. Income tax amounted to \$3,123 for the year ended June 30, 1998.

3. Contributed Facilities, Supplies and Personnel

McNeese State University (the University) owns the facility that houses the McNeese State University Alumni Association (the Association). The office space is provided at no cost to the Association. The University collects a \$1 assessment from each student to supplement their cost of providing postage, supplies, etc. to the Association. The University also pays the salaries of the two full-time positions at the Association. The estimated fair value of these contributed items is not recorded.

McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1998

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's 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.

NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE D - CHANGES IN PROPERTY AND EQUIPMENT

Office Equipment, beginning of period	\$ 48,278
Purchases of Office Equipment - at cost	3,584
Dispositions of equipment - at cost	<u>(2,467)</u>
Office Equipment, end of period	<u>\$ 49,395</u>

McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1998

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

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

Periods after June 30, 1998	\$ 34,328
Program activities:	
Louisiana License Plate Program - Scholarships	<u>800</u>
Total temporarily restricted net assets	<u>\$ 35,128</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished	
Alumni Chapters	\$ 1,544
MSU Donations	21,635
Scholarships	3,175
Merrill Lynch Golf Tournament Expense	<u>2,420</u>
	<u>\$ 28,774</u>

NOTE F - PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes at June 30, 1998:

Endowed Scholarship	<u>\$ 21,826</u>
---------------------	------------------

McNeese State University Alumni Association

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1998

NOTE G - STATEMENTS OF CASH FLOWS

Reconciliation of excess support over expenses to net cash provided by operating activities.

	<u>1998</u>	<u>1997</u>
Excess of support over expenses	\$ 60,566	\$ 33,602
Adjustments to reconcile excess of support over expenses to net cash provided by operating activities:		
Depreciation	3,604	3,305
Donations of assets	239	0
In-kind donations	67	0
Net (increase) decrease in:		
Prepaid expenses	2,018	(2,018)
Net increase (decrease) in:		
Accounts payable	2,858	(8,151)
Income tax payable	<u>(497)</u>	<u>661</u>
Net cash provided by operating activities	<u>\$ 68,855</u>	<u>\$ 27,399</u>

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

SUPPLEMENTAL INFORMATION

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA



A CORPORATION OF
CERTIFIED PUBLIC ACCOUNTANTS

LEO L. SCAUSI, CPA
H. DALE MYERS, JR., CPA, CVA
LISA NOLEN WHITE, CPA

LEO A. "BUDDY" PARKER, JR., CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

675 WEST COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605

P.O. Box 1445
LAKE CHARLES, LOUISIANA 70602

(318) 477-6363
(318) 477-6364 FAX
E-Mail: info@smwcpa.com

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana

We have audited the financial statements of McNeese State University Alumni Association (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated August 27, 1998.

We conducted our audit in accordance with generally accepted auditing standards, and 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.

The management of McNeese State University Alumni Association is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of McNeese State University Alumni Association for the year ended June 30, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Due to the small size of MSU Alumni Association's office staff it is not possible to have, segregation of duties consistent with appropriate control objectives.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.

Scalisi, Myers & White (APC)

August 27, 1998

Scalisi, Myers & White (APC)
LAKE CHARLES, LOUISIANA



A CORPORATION OF
CERTIFIED PUBLIC ACCOUNTANTS

LEO L. SCALISI, CPA

H. DALE MYERS, JR., CPA, CVA

LISA NOLEN WHITE, CPA

LEO A. "BUDDY" PARKER, JR., CPA

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

675 WEST COLLEGE STREET

LAKE CHARLES, LOUISIANA 70605

P.O. BOX 1445

LAKE CHARLES, LOUISIANA 70602

(318) 477-6363

(318) 477-6364 FAX

E-MAIL: info@smwcpa.com

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana

We have audited the financial statements of McNeese State University Alumni Association (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated August 27, 1998.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to McNeese State University Alumni Association is the responsibility of McNeese State University Alumni Association's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of McNeese State University Alumni Association's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the board of directors, management, and the legislative auditor. However, this report is a matter of public record, and its distribution is not limited.

Scalisi, Myers & White (APC)
August 27, 1998



A CORPORATION OF
CERTIFIED PUBLIC ACCOUNTANTS

LEO L. SCALISI, CPA

H. DALE MYERS, JR., CPA, CVA

LISA NOLLEN WHITE, CPA

LEO A. "BUDDY" PARKER, JR., CPA

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

675 WEST COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605

P.O. Box 1445
LAKE CHARLES, LOUISIANA 70602

(318) 477-6363

(318) 477-6364 FAX

E-Mail: info@smwcpa.com

Board of Directors
McNeese State University Alumni Association
Lake Charles, Louisiana

We have audited the financial statements of McNeese State University Alumni Association for the year ended June 30, 1998 and have issued our report thereon dated August 27, 1998. As part of our audit, we made a study and evaluation of the Association's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Association's financial statements. Our study and evaluation were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of McNeese State University Alumni Association is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of the inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, the system of internal accounting control of McNeese State University Alumni Association was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial statements. However, we did note several areas which we feel warrant comment.

During the June 30, 1997 audit, we noted that mileage logs were not available to substantiate the monthly auto allowance. We recommended and management agreed that mileage logs needed to be prepared monthly. The Board decided in March, 1998 to change the monthly auto allowance to salary effective April 1, 1998. Therefore, mileage logs are no longer necessary.

These conditions were considered in determining the nature, timing and extent of the tests to be applied in our examination of the June, 1998 financial statements and this report does not affect our report on these financial statements dated August 27, 1998.

No items were noted during the June 30, 1998 audit that we feel warrant comment.

Scalisi, Myers & White (APC)

August 27, 1998