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**OUACHITA ECONOMIC
DEVELOPMENT CORPORATION**

**FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8/18/04

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL REPORT
DECEMBER 31, 2003 AND 2002

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MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 388-0500
302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (318) 878-5573

Independent Auditors' Report

May 24, 2004

The Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the accompanying statements of financial position of Ouachita Economic Development Corporation (a Nonprofit Corporation) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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; Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. 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 Ouachita Economic Development Corporation as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 24, 2004, on our consideration of Ouachita Economic Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Board of Directors
Ouachita Economic Development Corporation
May 24, 2004
Page 2

Our audit was made for the purpose of forming an opinion on the basic financial statements referred to above taken as a whole. The accompanying financial information listed as Supplementary Information Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Corporation. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Martin, Harrison & Smallwood, LLP

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2003	2002
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 79,334	\$ 35,368
Investments	87,967	191,494
Accounts Receivable	55,000	2,490
Unconditional Promise to Give - Unrestricted	-	25,000
Interest Receivable	-	1,403
Prepaid Expenses	4,768	1,639
Total Current Assets	227,069	257,394
Temporarily Restricted Assets:		
Funding for Next Fiscal Year:		
Unconditional Promise to Give	75,000	-
Total Temporarily Restricted Assets	75,000	-
Fixed Assets:		
Office Furniture, Equipment, and Automobile	107,103	80,950
Less: Accumulated Depreciation	66,803	56,531
Net Fixed Assets	40,300	24,419
Other Assets:		
Security Deposit	-	450
Total Other Assets	-	450
TOTAL ASSETS	\$ 342,369	\$ 282,263
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,750	\$ 211
Accrued liabilities	421	863
Compensated absences	-	3,465
Notes Payable - Current	4,399	-
Total Current Liabilities	6,570	4,539
Long-Term Liabilities:		
Notes Payable - Long Term	16,893	-
Total Long-Term Liabilities	16,893	-
TOTAL LIABILITIES	23,463	4,539
NET ASSETS		
Unrestricted	243,906	277,724
Temporarily Restricted	75,000	-
Total Net Assets	318,906	277,724
TOTAL LIABILITIES AND NET ASSETS	\$ 342,369	\$ 282,263

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES

	DECEMBER 31,	
	2003	2002
UNRESTRICTED NET ASSETS		
City of Monroe	\$ 50,000	\$ 25,000
Ouachita Parish Police Jury	150,000	-
State of Louisiana - Renewal Community	64,000	15,000
Private Funding	61,450	35,500
Rivertown Revenue	12,925	12,990
Ouachita Enterprise Community	25,000	-
Renewal Community, Private & Other	4,200	5,400
Interest Income	3,529	10,510
Other Income	2,798	-
	<u>373,902</u>	<u>104,400</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Ouachita Parish Police Jury Funding	-	25,000
	<u>-</u>	<u>25,000</u>
Total Reclassifications	-	25,000
	<u>-</u>	<u>25,000</u>
Total Unrestricted Support, Revenue, and Reclassifications	<u>373,902</u>	<u>129,400</u>
EXPENSES		
Personnel Costs	267,733	227,749
Marketing and Communication	38,189	33,347
Research	7,969	10,731
Professional Development	1,828	5,028
Strategic Planning	19,240	-
Total Operating Expenses	<u>334,959</u>	<u>276,855</u>
Administrative Expenses	72,761	86,093
	<u>72,761</u>	<u>86,093</u>
Total Expenses	<u>407,720</u>	<u>362,948</u>
Decrease in Unrestricted Net Assets	(33,818)	(233,548)
TEMPORARILY RESTRICTED NET ASSETS		
Ouachita Parish Police Jury Funding	75,000	-
Reduction of Prior Year Ouachita Parish Police Jury Funding	-	(60,000)
Net Assets Released From Restrictions	-	(25,000)
Ouachita Parish Police Jury Funding	<u>-</u>	<u>(25,000)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>75,000</u>	<u>(85,000)</u>
INCREASE (DECREASE) IN NET ASSETS	41,182	(318,548)
NET ASSETS - BEGINNING OF YEAR	<u>277,724</u>	<u>596,272</u>
NET ASSETS - END OF YEAR	<u>\$ 318,906</u>	<u>\$ 277,724</u>

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS

	<u>DECEMBER 31,</u> <u>2003</u>	<u>2002</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ 41,182	\$ (233,548)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	10,272	18,352
Changes in Assets and Liabilities:		
Unconditional Promises to Give	(50,000)	(27,490)
Prepays and Other	(1,276)	8,217
Accounts Receivable	(52,510)	-
Accounts Payable	1,539	(126)
Accrued Liabilities	(442)	302
Compensated Absences	(3,465)	-
Total Adjustments	<u>(95,882)</u>	<u>(745)</u>
Net Cash (Used in) Operating Activities	<u>(54,700)</u>	<u>(234,293)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Proceeds of Investments	103,527	68,771
Purchase of Furniture and Equipment	<u>(26,153)</u>	<u>(4,557)</u>
Net Cash Provided by Investing Activities	<u>77,374</u>	<u>64,214</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from Long-Term Debt	23,753	-
Payments on Long-Term Debt	<u>(2,461)</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>21,292</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,966	(170,079)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>35,368</u>	<u>205,447</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 79,334</u>	<u>\$ 35,368</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 729</u>	<u>\$ -</u>

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Ouachita Economic Development Corporation (the Corporation) is a nonprofit organization, which was incorporated on April 26, 1989, as the Ouachita Enterprise Corporation, for the purpose of "promoting the Parish of Ouachita and further to promote and develop economic development in the Parish of Ouachita.

On June 18, 1997, the name of the Corporation was changed to Ouachita Economic Development Corporation to more accurately reflect the purpose of the non-profit organization.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements of the Corporation have been prepared on the accrual basis of accounting. The significant accounting policies followed by the Corporation are described below to enhance the usefulness of the financial statements to the reader.

REVENUE RECOGNITION

Support from local governmental entities is paid throughout each entity's fiscal year. It is the Corporation's policy to recognize this support in the period declared. Support from local businesses is recognized in the period received.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost if purchased or estimated fair market value if donated. Expenditures for maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed for financial statement purposes on the straight-line basis over the estimated useful lives of the related assets, which generally are either eight years for furniture and fixtures and five years for office equipment.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERVASIVENESS 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 TAX STATUS

The Corporation is a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

ACCOUNTING PRONOUNCEMENTS

The Corporation adopted Statements of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and No. 117, Financial Statements of Not-For-Profit Organizations effective January 1, 1996. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature and/or existence of any donor-imposed restrictions. SFAS 116 requires that such contributions be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the related time restriction. Under SFAS No. 117, the Corporation 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.

STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Agency transactions for flow-thru grants are included in the Statement of Cash Flows.

NOTE 2 – CASH AND INVESTMENTS

The Corporation's cash and investments consist of funds on deposit with area financial institutions. The investment amounts at December 31, 2003 and 2002, are \$87,967 and \$191,494 respectively. These investments consist of certificates of deposits with interest rates of 1.19% for 2003, and 1.69% and 2.42% for 2002. The carrying values of these investments approximate their market value.

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 3 – UNCONDITIONAL PROMISED TO GIVE

Unconditional promises to give consists of \$75,000 to be received from the Ouachita Parish Police Jury at December 31, 2003, which is presented as “temporarily restricted asset” and \$25,000 to be received from the City of Monroe at December 31, 2002, which is presented as an unrestricted asset.

NOTE 4 – OPERATING LEASES

The Corporation has a five-year operating lease with an effective date of June 1, 2002, for its office space. The monthly payment is \$1,538. Future minimum lease payments under this lease are \$18,834 in 2003, \$19,757 in 2004, \$20,679 in 2005, \$21,602 in 2006, and \$12,915 in 2007.

NOTE 5 – NOTES PAYABLE

On June 10, 2003, the Corporation entered into a five-year loan with Ford Motor Credit Company in monthly installments of \$451. The loan is secured by 2003 Ford Crown Victoria. The principal balance outstanding at December 31, 2003, is \$21,293. Principal reduction of the note totals \$4,399 in 2004, \$4,636 in 2005, \$4,885 in 2006, \$5,147 in 2007, and \$2,226 in 2008.

The Corporation’s obligation under this note payable consist of the following:

5.25% note payable, due in monthly installments of \$451.00, including interest, through July 10, 2008, secured by a lien on a 2003 Ford Crown Victoria.	<u>\$23,903</u>
Total Notes Payable	<u>\$23,903</u>

The future scheduled maturities of long-term debt are as follows:

Years ending December 31:	
2004	\$ 5,412
2005	5,412
2006	5,412
2007	5,412
2008	<u>2,255</u>
	<u>\$23,903</u>

OUACHITA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

At December 31, 2003 and 2002, the Corporation had funds on deposit with a single financial institution that exceeded the amount covered through the FDIC by \$0 and \$6,086 respectively.

Approximately 53% and 39% of the revenues recognized in 2003 and 2002 were from the local governments, being the City of Monroe and the Ouachita Parish Police Jury. One hundred percent of the unconditional promises to give at December 31, 2003 and 2002 were from the same funding sources. The Corporation does not require any collateral in support of promises to give.

NOTE 7 - EMPLOYEE PENSION PLAN

The Corporation provides a simplified employee pension plan for eligible employees. To participate in the plan, employees must be at least 21 years of age, employed one year and have received at least \$396 in compensation for services during the current year. The Corporation contributes 6% of participating employees' earnings. The Corporation contributed \$6,661 and \$5,215 for the years ended December 31, 2003 and 2002 respectively.

SUPPLEMENTARY INFORMATION SCHEDULES

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF OPERATING EXPENSES

	DECEMBER 31,	
	<u>2003</u>	<u>2002</u>
PERSONNEL COSTS		
Wages and Salaries	\$ 216,310	\$ 195,822
Temporary Office Help	7,200	719
Payroll Taxes	15,819	15,423
Retirement	6,661	5,215
Insurance	21,743	10,570
Total Personnel Costs	<u>267,733</u>	<u>227,749</u>
MARKETING AND COMMUNICATION		
Materials	80	1,363
Rivertown	14,037	12,044
Advertising	6,727	7,505
Travel and Lodging	7,617	9,573
Allied Operations	3,115	2,862
Professional Services	6,570	-
Miscellaneous	43	-
Total Marketing and Communication	<u>38,189</u>	<u>33,347</u>
RESEARCH		
Ongoing Research	4,840	4,518
Publications	-	1,167
On-Line Charges	3,129	5,046
Total Research	<u>7,969</u>	<u>10,731</u>
PROFESSIONAL DEVELOPMENT		
Travel and Lodging	344	3,978
Tuition and Fees	1,484	1,050
Total Professional Development	<u>1,828</u>	<u>5,028</u>
STRATEGIC PLANNING		
Meetings	5,739	-
Consultants	10,518	-
Supplies	2,983	-
Total Strategic Planning	<u>19,240</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 334,959</u></u>	<u><u>\$ 276,855</u></u>

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

OUACHITA ECONOMIC DEVELOPMENT CORPORATION
SCHEDULES OF ADMINISTRATIVE EXPENSES

	DECEMBER 31,	
	2003	2002
OFFICE EXPENSES		
Rent	\$ 18,988	\$ 15,763
Telephone	7,812	8,629
Bank Charges	238	139
Postage	1,911	1,533
Supplies	4,837	8,222
Dues and Subscriptions	1,540	3,327
Insurance - Office	4,829	4,146
Legal and Professional Fees	9,593	11,529
Total Office Expenses	<u>49,748</u>	<u>53,288</u>
 AUTO LEASE	 <u>2,296</u>	 <u>5,450</u>
 EQUIPMENT MAINTENANCE AND RENTAL	 <u>413</u>	 <u>1,780</u>
 TRAVEL AND MEETINGS		
Travel	4,932	3,105
Insurance - Auto	4,371	2,294
Interest - Auto	729	-
Meetings	-	1,633
Total Travel and Meetings	<u>10,032</u>	<u>7,032</u>
 OTHER EXPENSES		
Depreciation	10,272	18,352
Miscellaneous	-	187
Taxes and Licenses	-	4
Total Other Expenses	<u>10,272</u>	<u>18,543</u>
 TOTAL ADMINISTRATIVE EXPENSES	 <u>\$ 72,761</u>	 <u>\$ 86,093</u>

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

OTHER INDEPENDENT AUDITORS' REPORT

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 388-0500
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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

May 24, 2004

The Board of Directors
Ouachita Economic Development Corporation

We have audited the financial statements of Ouachita Economic Development Corporation as of and for the year ended December 31, 2003 and 2002, and have issued our report thereon dated May 24, 2004. We conducted our audit 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 the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether Ouachita Economic Development Corporation'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 Ouachita Economic Development Corporation'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.

The Board of Directors
Ouachita Economic Development Corporation
May 24, 2004
Page Two

Our consideration of the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Ouachita Economic Development Corporation in a separate letter dated May 24, 2004.

This report is intended solely for the information and use of the board of directors, management, and the agencies granting funds to the Corporation, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Martin, Harrison & Smalleywood, LLP

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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May 24, 2004

Board of Directors
Ouachita Economic Development Corporation
Monroe, Louisiana

We have audited the financial statements of the Ouachita Economic Development Corporation as of and for the year ended December 31, 2003, and have issued our report thereon dated May 24, 2004. 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.

As part of our examination, we have issued our report on the financial statements, dated May 24, 2004, and our report on internal control and compliance with laws, regulations, and contracts, dated May 24, 2004.

During the course of our examination, we became aware of the following matters, which represent suggestions for improved internal controls.

FINDING # 1

Our review of expense reimbursements revealed that certain reimbursement requests are not reviewed and approved by management.

RECOMMENDATION

All expense reimbursements should be reviewed by a member of management who is independent of the one submitting the reimbursement request, and should be signed noting that the reimbursement was reviewed.

Martin, Harrison & Smallwood, L.L.P.

May 24, 2004

Page 2

FINDING # 2

Review of payroll activities revealed that the executive director has use of an automobile for travel and commuting purposes, and it does not appear that a percentage for personal use was included in his wages.

RECOMMENDATION

An agreement should be made between the board and the executive director about how much the automobile is used for personal use and commuting, and should be included in the executive director's wages.

We are available to further explain the above findings and to help implement the recommendations. Please feel free to contact us at any time if we may be of any assistance. We appreciate the cooperation and courtesy extended to us during the course of the audit.

Respectfully,

MARTIN, HARRISON & SMALLWOOD, L.L.P.



Mike M. Martin

Certified Public Accountant



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Economic Development Corporation
Ouachita Parish, Louisiana

August 10, 2004

Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Audit findings and Corrective Actions for OEDC

Dear Sirs,

The certified public accounting firm of Martin, Harrison & Smallwood, L.L.P., has completed the annual audit for the year ended December 31, 2003, and a copy has been forwarded to you. There were two findings in the audit. The following are the findings and the actions that will be implemented to improve internal control:

FINDING # 1: Our review of expense reimbursements revealed that certain reimbursement requests are not reviewed and approved by management.

CORRECTIVE ACTION: All expense reimbursements will be reviewed and approved by a member of management or an officer of the corporation. The request will be signed indicating approval before reimbursements are made.

FINDING # 2: Review of payroll activities revealed that the executive director has use of an automobile for travel and commuting purposes, and it does not appear that a percentage for personal use was included in his wages.

CORRECTIVE ACTION: At the end of December the amount of personal use of the automobile will be calculated and will be included in the executive director's wages.

If additional information is needed in response to these findings, please advise.

Sincerely,

L. S. Spillers, Jr.