

6218

RECEIVED
LEGISLATIVE AUDITOR

04 JUN 29 AM 11:07

ACCOUNTANT'S REPORT
CAMP FIRE USA - BIG RIVER COUNCIL, INC.
(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
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 9-15-04

ROBERT W. BROWN
CERTIFIED PUBLIC ACCOUNTANT

ACCOUNTANT'S REPORT
CAMP FIRE USA - BIG RIVER COUNCIL, INC.
(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position, December 31, 2003 and 2002	2
Statements of Activities, Years Ended December 31, 2003 and 2002	3
Statement of Functional Expenses, Year Ended December 31, 2003	4 - 5
Statement of Functional Expenses, Year Ended December 31, 2002	6 - 7
Statements of Cash Flows, Years Ended December 31, 2003 and 2002	8
Notes to Financial Statements, December 31, 2003 and 2002	9 - 12
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13 - 14

ROBERT W. BROWN

Certified Public Accountant

10289 Airline Highway
Baton Rouge, Louisiana 70816
Telephone: (225) 296-5577
Fax: (225) 296-0738

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Camp Fire USA - Big River Council, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of Camp Fire USA - Big River Council, Inc. (a not for profit organization) as of December 31, 2003 and 2002, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camp Fire USA - Big River Council, Inc. as of December 31, 2003 and 2002, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 9, 2004, on my consideration of the Organization's internal control over financial reporting and my 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 my audit.



Baton Rouge, Louisiana
June 9, 2004

Camp Fire USA - Big River Council, Inc.
(A Not For Profit Organization)
Baton Rouge, Louisiana

Statements of Financial Position
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
<u>ASSETS</u>		
Cash on hand and in banks	\$ 14,413	\$ 21,143
Certificates of deposit	0	10,000
Grants receivable	17,800	15,097
Awards and fellowships receivable	2,167	0
United Way allocation receivable	2,082	1,389
Prepaid expenses	13,095	12,784
Deposits	700	700
Buildings	292,340	290,914
Equipment	122,741	109,451
Accumulated depreciation	(280,703)	(263,959)
Land	<u>265,200</u>	<u>265,200</u>
Total assets	<u>\$ 449,835</u>	<u>\$ 462,719</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 3,436	\$ 350
Notes payable	20,920	5,500
Other liabilities	<u>2,261</u>	<u>1,381</u>
Total liabilities	26,617	7,231
Net assets	<u>423,218</u>	<u>455,488</u>
Total liabilities and net assets	<u>\$ 449,835</u>	<u>\$ 462,719</u>

The accompanying notes are an integral part of this statement.

Camp Fire USA - Big River Council, Inc.
(A Not For Profit Organization)
Baton Rouge, Louisiana

Statements of Activities
Years Ended December 31, 2003 and 2002

	2003	2002
<u>Revenues, gains and other support:</u>	<u>Unrestricted</u>	<u>Unrestricted</u>
Public support:		
Contributions	\$ 23,601	\$ 32,068
Fees and grants	75,935	72,488
Awards and fellowships	19,167	0
United Way allocation	212,489	201,831
Total public support	<u>331,192</u>	<u>306,387</u>
Other Revenue:		
Membership dues	1,140	1,447
Program service fees	117,036	128,035
Land rental	10,612	12,484
Investment income	290	400
Total other revenue	<u>129,078</u>	<u>142,366</u>
Total revenues, gains and other support	<u>460,270</u>	<u>448,753</u>
<u>Expenses:</u>		
Department 01 (Administration)	35,674	38,017
Department 02 (Camp)	189,083	187,886
Department 03 (Youth Legislature)	68,848	61,901
Department 04 (Self Reliance)	115,903	122,161
Department 05 (Community Programs)	64,439	45,720
Department 06 (Fund Raising)	18,593	14,225
	<u>492,540</u>	<u>469,910</u>
<u>Change in net assets</u>	(32,270)	(21,157)
Net assets, beginning of year	<u>455,488</u>	<u>476,645</u>
Net assets, end of year	<u>\$ 423,218</u>	<u>\$ 455,488</u>

The accompanying notes are an integral part of this statement.

Camp Fire USA - Big River Council, Inc.
 (A Not For Profit Organization)
 Baton Rouge, Louisiana

Statement of Functional Expenses
 Year Ended December 31, 2003

	01 (Admin)	02 (Camp)	03 (Youth Leg)	04 (Self Reliance)	05 (Community Programs)	06 (Fund Raising)	Total
Salaries	\$16,626	\$64,949	\$35,939	\$78,833	\$28,011	\$7,535	\$231,893
Payroll taxes	1,562	6,102	3,039	7,408	2,632	708	21,451
Employee health and retirement benefits	103	1,918	1,007	2,306	1,007	1,007	7,348
Total salaries and related expenses	18,291	72,969	39,985	88,547	31,650	9,250	260,692
Advertising	80	2,115	137	233	137	40	2,742
Bank charges	1,043	500	0	0	0	0	1,543
Charter fee	2,370	4,049	4,049	4,049	4,049	1,185	19,751
Conferences, conventions and meetings	92	1,238	158	158	308	46	2,000
Interest expense	438	47	0	0	0	0	485
Maintenance and repair	588	4,555	1,005	1,005	1,005	294	8,452
Membership dues	0	842	23	23	0	0	888
Miscellaneous	29	103	35	85	136	10	398
Occupancy and insurance	5,253	23,404	7,190	7,190	10,949	3,082	57,068
Postage and shipping	291	1,010	479	514	545	156	2,995
Printing and publications	201	2,481	2,492	6,797	343	101	12,415
Professional fees and contract service payments	1,971	19,431	2,249	2,429	2,249	2,934	31,263
Supplies and small equipment	1,925	32,992	9,389	2,782	3,328	511	50,927
Telephone	1,061	1,703	1,547	1,547	1,547	498	7,903
Travel	432	1,613	110	544	8,193	486	11,378
Total expenses before depreciation	34,065	169,052	68,848	115,903	64,439	18,593	470,900
Depreciation of building and equipment	1,609	20,031	0	0	0	0	21,640
Total Expenses - Year Ended December 31, 2003	\$35,674	\$189,083	\$68,848	\$115,903	\$64,439	\$18,593	\$492,540

The accompanying notes are an integral part of this statement.

Camp Fire USA - Big River Council, Inc.
(A Not For Profit Organization)
Baton Rouge, Louisiana

Statement of Functional Expenses
Year Ended December 31, 2002

	01 (Admin)	02 (Camp)	03 (Youth Leg)	04 (Self Reliance)	05 (Community Programs)	06 (Fund Raising)	Total
Salaries	\$18,210	\$68,407	\$33,956	\$80,234	\$15,767	\$6,767	\$223,341
Payroll taxes	1,787	6,711	3,332	7,871	1,547	663	21,911
Employee health and retirement benefits	2,411	767	683	2,588	898	565	7,912
Total salaries and related expenses	22,408	75,885	37,971	90,693	18,212	7,995	253,164
Advertising	84	2,120	138	322	138	42	2,844
Bank charges	1,142	0	0	0	0	0	1,142
Charter fee	2,262	3,590	3,260	5,350	3,260	1,131	18,853
Conferences, conventions and meetings	0	390	0	0	0	0	390
Interest expense	63	20	20	20	20	6	149
Maintenance and repair	496	4,009	657	1,056	657	226	7,101
Membership dues	0	1,202	0	0	0	0	1,202
Miscellaneous	288	103	0	128	0	0	519
Occupancy and insurance	4,576	25,076	6,556	9,480	10,132	2,563	58,383
Postage and shipping	204	876	232	398	226	88	2,024
Printing and publications	38	1,924	2,424	6,289	31	21	10,727
Professional fees and contract service payments	1,233	14,329	1,787	2,401	4,988	575	25,313
Supplies and small equipment	2,836	35,564	7,825	3,919	2,274	696	53,114
Telephone	449	1,912	914	1,474	914	318	5,981
Travel	418	2,710	117	631	4,868	564	9,308
Total expenses before depreciation	36,497	169,710	61,901	122,161	45,720	14,225	450,214
Depreciation of building and equipment	1,520	18,176	0	0	0	0	19,696
Total Expenses - Year Ended December 31, 2002	\$38,017	\$187,886	\$61,901	\$122,161	\$45,720	\$14,225	\$469,910

The accompanying notes are an integral part of this statement.

Camp Fire USA - Big River Council, Inc.
(A Not For Profit Organization)
Baton Rouge, Louisiana

Statements of Cash Flows
Years Ended December 31, 2003 and 2002

	2003	2002
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Funds received:		
United Way	\$211,796	\$188,156
Program service fees	117,036	128,035
Grants	73,232	71,766
Awards and fellowships	17,000	0
Camp rental	10,612	12,484
Contributions	23,601	32,068
Interest income	290	400
Membership dues	1,140	1,447
Funds paid:		
Salaries and employee benefits	(238,810)	(231,253)
Professional fees	(31,213)	(25,323)
Supplies	(49,980)	(54,820)
Insurance	(25,344)	(32,737)
Interest	(485)	(149)
Payment of charter fee to affiliate	(19,751)	(18,853)
Payroll taxes	(21,071)	(22,959)
Other operating expenses	(80,591)	(74,193)
Net cash provided by (used in) operating activities	(12,538)	(25,931)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net decrease (increase) in long term certificates of deposit	10,000	0
Acquisition of fixed assets and equipment	(19,612)	(22,948)
Net cash provided by (used in) investing activities	(9,612)	(22,948)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net borrowings under line of credit agreement	4,953	5,500
Proceeds from loan	13,460	0
Repayment of loan	(2,993)	0
Net cash provided by (used in) financing activities	15,420	5,500
<u>NET INCREASE (DECREASE) IN CASH</u>	(6,730)	(43,379)
Cash at beginning of year	21,143	64,522
Cash at end of year	\$14,413	\$21,143

The accompanying notes are an integral part of this statement.

CAMP FIRE USA - BIG RIVER COUNCIL, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. Summary of Significant Accounting Policies

Nature of Operations

Camp Fire USA - Big River Council, Inc. is a not for profit organization which provides programs for children and youth in southern Louisiana. Its programs offer opportunities for acquiring skills, socializing with peers and learning about the community and the environment. The Council operates under the provisions and within the territory covered by the charter granted to the Council by Camp Fire USA.

The Council provides opportunities for youth to establish supportive relationships with adults who act as models, mentors and leaders. Educational and outreach programs are offered to enhance the self-esteem of youth and provide support for special needs of families. These programs meet needs of youth in a changing society, and in so doing help prevent behaviors which require remedial actions. The Council's programs contribute to the development of well-adjusted citizens.

Council memberships are offered to individuals and families for an annual fee of \$15 and \$35, respectively.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAMP FIRE USA - BIG RIVER COUNCIL, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. Summary of Significant Accounting Policies (continued)

Land, Building, and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets (25 years for buildings and 3 to 7 years for equipment). Maintenance and repairs are charged to expenses and improvements are capitalized. Gains and losses from sales or retirements are recognized in the period of disposition.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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. Contributions received with donor restrictions that are met in the same reporting period are reported as unrestricted support. All grant revenue is classified as unrestricted because it is received from grantors as reimbursement of certain expenses already paid by the Council using unrestricted funds. The Council had no restricted assets in 2003 or 2002.

Contributed Services

The Council receives donated services from a variety of unpaid volunteers assisting in the Council's programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

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.

Income Tax Status

The Council is exempt from federal income taxation under Internal Revenue Code Section 501(c)(3).

CAMP FIRE USA - BIG RIVER COUNCIL, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

Fundraising

The Council sponsors fund-raising events in order to generate necessary operating funds. Income from special events is recognized as it is received, and is recorded net of related costs.

2. United Way Funding

A significant portion of funding received by the Council to fulfill its purpose is received from one source, the Capital Area United Way in Baton Rouge, Louisiana. The United Way allocation receivable as of December 31, 2003 and 2002 is deemed fully collectible by management.

3. Grants Receivable

Grants are received from state agencies reimbursing the Council for certain expenses related to self-reliance programs. Grants allocated to the Council totaled \$77,257 and \$82,152 for the twelve-month grant periods ended June 30, 2004 and June 30, 2003, respectively. Grants receivable are deemed fully collectible by management and are composed of the following amounts due at December 31, 2003 and 2002.

	<u>2003</u>	<u>2002</u>
Governor's Safe and Drug-Free Schools and Communities Grant	\$ 5,035	\$ 2,996
Louisiana Children's Trust Fund Grant	<u>12,765</u>	<u>12,101</u>
	<u>\$ 17,800</u>	<u>\$ 15,097</u>

4. Notes Payable

The notes payable consists of the following:

A small business unsecured line of credit with a credit limit of \$15,000. The interest rate is Wall Street Journal Prime Rate plus 3% floating per annum. The interest rate as of December 31, 2003 was 7.00%. The line of credit originated September 16, 2002. The Council is obligated to repay the unpaid principal balance of loan advances on a revolving line of credit basis. The unpaid balance on this line of credit was \$10,453 and \$5,500 as of December 31, 2003 and 2002, respectively.

CAMP FIRE USA - BIG RIVER COUNCIL, INC.
(A NOT FOR PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

4. Notes Payable (continued)

A note payable in the original amount of \$13,460 dated April 14, 2003 bearing 0% interest and payable in 36 monthly installments of \$374. This note payable is collateralized by equipment. The unpaid balance of this note payable was \$10,467 and \$0 as of December 31, 2003 and 2002, respectively.

5. Affiliation

The Council is affiliated with national Camp Fire USA. In accordance with the affiliation agreement, the Council paid fees in the amount of \$19,751 and \$18,853 for the years ended December 31, 2003 and 2002, respectively. The Council also buys a significant portion of its merchandise for resale from national Camp Fire USA.

6. Lease Expense

The Council's lease for office space, \$1,454 monthly, has been renewed for a term of one year expiring on July 31, 2004. Rent expense on this lease was \$17,448 and \$15,994 for the years ended December 31, 2003 and 2002, respectively.

7. Deferred Compensation Plan

A 403(b) deferred compensation plan is available to eligible employees. The Council does not provide matching contributions.

8. Reconciliation of Change in Net Assets to Net Cash Provided By (Used In) Operating Activities

	<i>2003</i>	<i>2002</i>
Change in Net Assets	<u>(\$32,270)</u>	<u>(\$21,157)</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21,640	19,696
Net decrease (increase) in accounts receivable	(5,563)	(14,397)
Net decrease (increase) in prepaid expenses	(311)	(5,962)
Net increase (decrease) in accounts payable (operating items)	3,086	(3,063)
Net increase (decrease) in other liabilities	880	<u>(1,048)</u>
	<u>19,732</u>	<u>(4,774)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(\$12,538)</u>	<u>(\$25,931)</u>

ROBERT W. BROWN

Certified Public Accountant

10289 Airline Highway
Baton Rouge, Louisiana 70816
Telephone: (225) 296-5577
Fax: (225) 296-0738

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

To the Board of Directors
Camp Fire USA - Big River Council, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of Camp Fire USA - Big River Council, Inc. (a not for profit organization) as of and for the years ended December 31, 2003 and 2002, and have issued my report thereon dated June 9, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I 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 amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Organization's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance in the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

However, I noted other matters involving the internal control over financial reporting, which I have reported to management of the Organization in a separate letter dated June 9, 2004.

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

Robert W. Brown, CPA

Baton Rouge, Louisiana
June 9, 2004

ROBERT W. BROWN

Certified Public Accountant

RECEIVED
LEGISLATIVE AUDITOR
04 JUN 29 AM 11:07

10289 Airline Highway
Baton Rouge, Louisiana 70816
Telephone: (225) 296-5577
Fax: (225) 296-0738

June 9, 2004

To the Board of Directors
Camp Fire USA - Big River Council, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of Camp Fire USA - Big River Council, Inc. (a not for profit organization) for the year ended December 31, 2003, and have issued my report thereon dated June 9, 2004. In accordance with *Government Auditing Standards*, I have also issued my report dated June 9, 2004, on my consideration of the Organization's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Professional standards require that I provide you with the following information, which should be read in conjunction with the aforementioned reports.

My Responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated December 31, 2003, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

As part of my audit, I considered the internal control of Camp Fire USA - Big River Council, Inc. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Organization's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted the following reportable condition relating to significant deficiencies in the design or operation of internal control that, in my 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.

Because of the small size of the Organization's full time staff, there is an inherent limitation in management's ability to assign the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets to different people within the Organization. In an organization with a limited number of employees, management is often presented with the

difficulties of adequate segregation of duties; therefore, direct oversight by management or qualified volunteers (such as the board of directors) can usually provide the necessary control. Based on discussions with management during the audit, I believe that management has a proper appreciation for the importance of maintaining adequate oversight policies in order to mitigate the lack of segregation of duties; however, because of the possibility of turnover of both staff and board members, it is appropriate for me to reiterate the importance of maintaining and monitoring the design and operation of controls.

My consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses, however, the reportable condition described above is not believed to be a material weakness.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization 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 2003. I noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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. The most sensitive estimate affecting the financial statements was the functional allocation of expenses among programs.

Management's estimate of the functional allocation of expenses is based on the actual benefit received by each program and past experience. I evaluated the key factors and assumptions used to develop the functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. All proposed audit adjustments were posted by management.

The significant audit adjustments posted as of December 31, 2003 and for the year then ended are as follows:

1. Because the monthly financial statements are maintained using the cash basis of accounting, audit adjustments are made each year to convert the financial statements to the accrual method in accordance with generally accepted accounting principles.
2. All accrual basis accounts (e.g., accounts receivable, prepaid assets, accounts payable) were adjusted to the correct balances.
3. Equipment purchased and the related note payable were properly set up on the general ledger.
4. The balance of notes payable were properly adjusted.
5. Various miscoded income and expense amounts were properly adjusted.
6. Capital expenditures coded to maintenance expenses were properly classified as fixed assets and set up for depreciation.
7. Various equipment purchases and notes payable payments were properly classified.
8. Depreciation was properly adjusted to depreciation schedules.
9. Various miscoded payroll tax payments were properly classified.

This information is intended solely for the use of the Board of Directors and management of Camp Fire USA - Big River Council, Inc. and should not be used for any other purpose.

Sincerely,



Robert W. Brown
Certified Public Accountant