

**LITERACY COUNCIL  
OF SOUTHWEST LOUISIANA, INC.**

**Reviewed Financial Statements**

**Year Ended December 31, 2006**

*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 9/5/07

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

Lake Charles, Louisiana

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Tax  
Accounting and Auditing  
Financial Planning and Forecasting  
Estate Planning  
Management Advisory Services  
Small Business Accounting Services

MEMBERS

## ACCOUNTANTS' REVIEW REPORT

Robert G. Dunn  
CPA

To the Board of Directors  
Literacy Council of Southwest Louisiana, Inc.  
Lake Charles, Louisiana

Sara A. Roberts  
CPA



DUNN, ROBERTS  
& COMPANY, LLC

We have reviewed the accompanying statement of financial position of Literacy Council of Southwest Louisiana, Inc. (a nonprofit organization) as of December 31, 2006, and the related statements of activities, cash flows, and functional expenses for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Literacy Council of Southwest Louisiana, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles

*Dunn, Robert F. Company, LLC*

DUNN, ROBERTS & COMPANY, LLC  
Lake Charles, Louisiana  
April 23, 2007

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2006

ASSETS

Cash	\$	160,221
Accounts Receivable Grants and Contracts		24,799
Inventory		52,575
Prepaid Expenses		2,178
Property and Equipment (net)		<u>57,142</u>
Total Assets	\$	<u>296,915</u>

LIABILITIES AND NET ASSETS

Liabilities:

Payables	\$	1,419
Accrued Liabilities		<u>8,418</u>
		9,837

Net Assets:

Unrestricted Net Assets:

Board Designated	89,888
Net Investment in Property and Equipment	57,142
Undesignated	<u>127,113</u>
	274,143

Temporarily Restricted Net Assets	<u>12,935</u>
	<u>287,078</u>

Total Liabilities and Net Assets	\$	<u>296,915</u>
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See accompanying notes and accountants' report.

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Grants	\$ 148,808	\$ -	\$ 148,808
Contributions	45,222	-	45,222
United Way Support	74,460	-	74,460
Local Funding Contract	2,676	-	2,676
Interest	1,808	-	1,808
Fund Raising	33,365	-	33,365
	<u>306,339</u>	<u>-</u>	<u>306,339</u>
Net Assets Released From Restrictions	<u>4,195</u>	<u>(4,195)</u>	<u>-</u>
Total Public Support, Revenue and Reclassifications	310,534	(4,195)	306,339
<b>EXPENSES</b>			
Program Services	193,129		193,129
Supporting Services:			
Management and General	75,461		75,461
Fund Raising Expenses	9,343		9,343
	<u>277,933</u>	<u>-</u>	<u>277,933</u>
Total Expenses	277,933	-	277,933
CHANGE IN NET ASSETS	32,601	(4,195)	28,406
NET ASSETS, BEGINNING OF YEAR	<u>241,542</u>	<u>17,130</u>	<u>258,672</u>
NET ASSETS, END OF YEAR	<u>\$ 274,143</u>	<u>\$ 12,935</u>	<u>\$ 287,078</u>

See accompanying notes and accountants' report.

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Federal and State Grants	\$ 168,743
Cash Received From Private Grants, Contracts, and Contributions	156,015
Cash Paid to Suppliers and Employees	(269,629)
Interest Received	1,808
Net Cash Provided By Operating Activities	<u>56,937</u>

Cash:

Beginning of Year	<u>103,284</u>
End of Year	<u>\$ 160,221</u>

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$ 28,406
Adjustments to Reconcile Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	14,642
(Increase) decrease in Accounts Receivable	20,228
(Increase) decrease in Prepaid Expenses	(1,084)
(Increase) decrease in Inventories	(6,604)
Increase (decrease) in Accounts Payable	237
Increase (decrease) in Accrued Liabilities	<u>1,112</u>
Net Cash Provided By Operating Activities	<u>\$ 56,937</u>

See accompanying notes and accountants' report.

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2006

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Advertising and Marketing	\$ 1,656	\$ 487	\$ 70	\$ 2,213
Book Purchases	33,958	-	-	33,958
Computer Expenses/Technology	2,473	-	-	2,473
Contract Services	4,300	-	-	4,300
Depreciation	8,785	5,125	732	14,642
Dues and Fees	518	302	43	863
Equipment Rental/Maintenance	994	152	22	1,168
Insurance - Health	7,760	1,216	74	9,050
Insurance - Other	1,647	961	137	2,745
Miscellaneous	3,356	939	134	4,429
Office Expense	3,590	1,572	225	5,387
Office Occupancy	2,913	278	40	3,231
Payroll Taxes	7,041	4,380	265	11,686
Postage	689	317	45	1,051
Printing and Publications	1,116	418	60	1,594
Professional Fees	3,060	1,785	255	5,100
Rent	10,805	1,252	179	12,236
Salaries	88,391	54,982	3,325	146,698
Telethon Expenses	-	-	3,553	3,553
Telephone	2,559	585	84	3,228
Travel	2,027	124	18	2,169
Training and Conferences	5,465	586	82	6,133
Volunteer Recruit and Recognition	26	-	-	26
<b>Total Expenses</b>	<b>\$ 193,129</b>	<b>\$ 75,461</b>	<b>\$ 9,343</b>	<b>\$ 277,933</b>

See accompanying notes and accountants' report.

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2006

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose:**

The Literacy Council of Southwest Louisiana, Inc. was organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing tutoring to the illiterate. The Council operates under a Board of Directors, which appoints an Executive Director and otherwise controls and guides the Council.

The United Way of Southwest Louisiana, Inc., federal and state grants, and private contributions provided the majority of the funding for the Council's 2006 programs.

The Council follows the standards of accounting and financial reporting for voluntary health and welfare agencies prescribed by the American Institute of Certified Public Accountants. The following significant accounting policies are in accordance with these standards.

**Basis of Accounting:**

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

**Financial Statement Presentation:**

The Council has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Council 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. As permitted by the statement, the Council does not use fund accounting.

**Unrestricted net assets** are not subject to donor-imposed stipulations and are composed of the following:

**Undesignated:** Net assets that are available for the various programs and administration of the Council.

**Board Designated:** Net assets that are established by the Board and represent unrestricted funds that have been set aside for future operations.

**Net Investment in Property and Equipment:** Net assets that represent amounts expended for property and equipment used in the operations of the Council, net of amounts borrowed, if any.

continued



LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2006

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Statement Presentation: (continued)

**Temporarily restricted net assets** consist of donor-restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose or for a particular period are recognized as revenue when the promise to give is received and such amounts are reported as temporarily restricted net 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted net assets** are those net assets subject to donor-imposed stipulations that the Council maintains them permanently. Generally, the donors of these assets permit the Council to use all or part of the income earned on any related investments for general or specific purposes.

Estimates:

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions:

The Council has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes:

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Currently, the Council engages in no activities that would be taxed as unrelated business income.

continued

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2006

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributed Goods and Services:

SFAS No. 116 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a nonfinancial asset or (b) be specialized skills, provided by entities or persons possessing those skills, that would be purchased if not donated. During the year ended December 31, 2006, the value of contributed services meeting the requirements for recognition in the financial statement was not material and has not been recorded. In addition, approximately 34,845 hours for the year ended December 31, 2006 were volunteered by tutors in the Council's programs, but these services do not meet the criteria for recognition as contributed services.

Also reflected in the financial statement for the year ended December 31, 2006 are various in-kind contributions of goods and equipment. The amount of donated goods reflected in the financial statement amounted to \$19,379.

Advertising Costs:

Advertising costs are charged to operations when incurred. Total advertising cost for the year ended December 31, 2006 amounted to \$2,213.

Property and Equipment:

It is the Council's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

continued

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2006

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents:

The Council considers all liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2006, the Council had no cash equivalents.

Prepaid Expenses:

Prepaid expenses consist primarily of expenses associated with the Council's health insurance for employees as well as postage and membership dues.

Accounts Receivable:

Grants, contracts, and contributions receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account. At December 31, 2006, the Council considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful amounts is required. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

Functional Expenses:

Expenses have been classified by specific functions where ascertainable. Those expenses that cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage.

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2006

**NOTE B - ACCOUNTS RECEIVABLE**

As of December 31, 2006, accounts receivable from grants and contracts was composed of:

U.S. Department of Education	
Passthrough Louisiana Department of Education	
Adult Education - Federal English Language/Civics	\$ 5,573
Adult Education - Federal	11,739
Adult Education - Federal Corrections	346
Louisiana Department of Education	
Adult Education - State	6,232
Adult Education - State Corrections	30
Calcasieu Parish Police Jury	
Calcasieu Parish One Stop Center	879
	<u>\$ 24,799</u>

All receivables are expected to be received within less than one year of the financial statement date.

**NOTE C - INVENTORY**

Inventory represents books maintained by the Council for use by program participants. Inventory is reported at cost or the estimated fair market values at the date they are received, if donated.

**NOTE D - PREPAID EXPENSES**

As of December 31, 2006, prepaid expenses were composed of:

Postage	\$ 122
Membership Dues	400
Health Insurance	<u>1,656</u>
	<u>\$ 2,178</u>

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2006

**NOTE E – PROPERTY AND EQUIPMENT**

As of December 31, 2006, property and equipment consisted of:

Furniture and Equipment	\$ 110,108
Leasehold Improvements	17,244
	<u>127,352</u>
Less Accumulated Depreciation	<u>(86,280)</u>
	41,072
Land	<u>16,070</u>
	<u>\$ 57,142</u>

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended December 31, 2006 was \$14,642.

**NOTE F – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2006 are available for the following purposes:

Restricted for property and equipment \$ 12,935

At December 31, 2006, temporarily restricted net assets consisted of \$12,935 of technology equipment donated by the Beaumont Foundation. According to donor specifications, this equipment must be maintained and used by the Council for five years before title will pass to the Council. At December 31, 2006, three years remained on this agreement.

**NOTE G – OPERATING LEASE COMMITMENT**

As of October 1, 1997, the Council entered into a five-year non-cancelable operating lease for its office facility requiring rent of \$821 per month. Over the lease term, monthly payments were adjusted to reflect changes in the space. Monthly payments during the year ended December 31, 2006 approximated \$1,122 per month.

As of December 31, 2006, there are no remaining operating lease payments under the non-cancelable operating lease. The lease expired on October 1, 2002. The Council continues to reside in its current location and rents the space on a month-to-month basis, with a 30-day notice required upon cancellation.

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENT

December 31, 2006

**NOTE H – FUNCTIONAL ALLOCATION OF EXPENSES**

Indirect expenses were allocated in the accompanying financial statements to program and supporting service functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Council's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

The allocation of indirect cost was based on the following 2006 percentages:

Program	60%
Management and General	35%
Fund Raising	5%

**NOTE I – CONCENTRATIONS**

The Council maintains cash at First Federal Bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Balances in excess of FDIC coverage at December 31, 2006 were \$59,921.

For the year ended December 31, 2006, the Council received 47% of its funding from federal and state grants. The operations of the Council are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies. Such administrative directives, rules, and regulations are subject to change by legislative acts or administrative changes. Such changes may occur with little notice or inadequate funding to pay the related cost, including additional administrative burden, to comply with a change.

LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.

Attestation Report

For the year ended December 31, 2006

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 Estate Planning  
 Management Advisory Services  
 Small Business Accounting Services

**INDEPENDENT ACCOUNTANTS' REPORT  
 ON APPLYING AGREED-UPON PROCEDURES**

**MEMBERS**

Board of Directors  
 Literacy Council of Southwest Louisiana, Inc. (a nonprofit  
 organization)  
 Lake Charles, Louisiana

Robert G. Dunn  
 CPA

Sara A. Roberts  
 CPA



**DUNN, ROBERTS  
 & COMPANY, LLC**

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Literacy Council of Southwest Louisiana, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Literacy Council of Southwest Louisiana, Inc.'s compliance with certain laws and regulations during the year ended December 31, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***Federal, State, and Local Awards***

- Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year. Literacy Council of Southwest Louisiana, Inc.'s state award expenditures for the fiscal year follow:

Grantor	CFDA	Period	Amount
Louisiana Department of Education	84.002A	2005-2006	\$ 81,711.58
		2006-2007	18,356.89
Louisiana Department of Education	N/A	2005-2006	\$ 13,671.54
		2006-2007	6,568.34
Other Local Grants	N/A	2005-2006	\$ 2,675.56

2. For each Federal, state, and local award, we randomly selected six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

All of the payments tested were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from the proper authorities.

Inspection of the documentation supporting all of the six selected disbursements indicated approval from the proper authority.

6. For items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in *the Compliance Supplement*) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

**Activities allowed or unallowed:**

We reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements were in compliance with the grant agreement.



DUNN, ROBERTS  
& COMPANY, LLC

**Eligibility:**

We reviewed the previously listed disbursements for eligibility requirements. All disbursements were in compliance with the grant agreement.

**Reporting:**

We reviewed the previously listed disbursements for reporting requirements. All disbursements were in compliance with the grant agreement.



**DUNN, ROBERTS  
& COMPANY, LLC**

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were no required close-out reports provided for the programs and period under examination.

***Meetings***

8. We examined evidence indicating agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Literacy Council of Southwest Louisiana, Inc. is only required to post notice of each meeting and the accompanying agenda on the door of the Council's office building. Management has asserted that notices and agendas are properly posted, however, we did not see any tangible proof of this assertion.

***Comprehensive Budget***

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Literacy Council of Southwest Louisiana, Inc. provided a comprehensive budget to the applicable state grantor agency for the program previously mentioned. This budget specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

#### **Prior Comments and Recommendations**

10. There were no incidents in the prior year that required comments or recommendation.



**DUNN, ROBERTS  
& COMPANY, LLC**

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Literacy Council of Southwest Louisiana, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dunn, Roberts & Company, LLC*

**DUNN, ROBERTS & COMPANY, LLC**

Lake Charles, Louisiana  
April 23, 2007

**LITERACY COUNCIL OF SOUTHWEST LOUISIANA, INC.  
LOUISIANA ATTESTATION QUESTIONNAIRE**

February 28, 2007

Dunn, Roberts & Company, LLC  
724 Kirby Street  
Lake Charles, Louisiana 70601

In connection with your review of our financial statements as of December 31, 2006 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

**Federal, State, and Local Awards**

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes  No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes  No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes  No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes  No

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes  No

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes  No

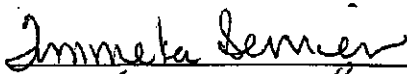
**Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes  No  N/A

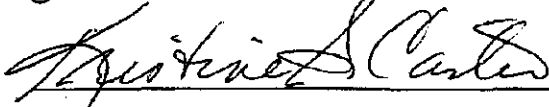
We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.



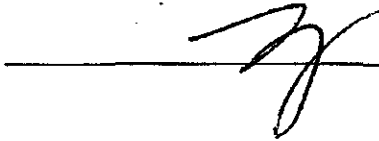
Executive Director

April 23, 2007



Treasurer

April 23, 2007



President

April 23, 2007