



STATE OF INDIANA
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January 28, 2010

Board of Directors
Huntington County Convention
& Visitors Bureau, Inc.
P.O. Box 212
Huntington, IN 46750

We have reviewed the audit report prepared by David Culp & Co., LLP, Independent Public Accountants, for the period January 1, 2007 to December 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Huntington County Convention & Visitors Bureau, Inc., as of December 31, 2008 and 2007, and the results of its operations for the periods then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

AUDIT REPORT

DECEMBER 31, 2008 AND 2007

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To the Board of Directors
Huntington County Visitor & Convention
Bureau, Inc.
Huntington, Indiana

Independent Auditor's Report

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of Huntington County Visitor & Convention Bureau, Inc. (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of support, revenues, expenses and change in net assets - modified cash basis and functional expenses - modified cash basis for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Huntington County Visitor & Convention Bureau, Inc. as of December 31, 2008 and 2007, and the changes in its net assets for the years then ended in conformity with the basis of accounting described in Note 1.

David Culp & Co. LLP
Certified Public Accountants

Huntington, Indiana
July 6, 2009

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -

MODIFIED CASH BASIS

DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and cash equivalent - Note 1	\$ 50,281	\$ 85,644
Certificate of deposit	37,522	8,236
Investments - Note 1	<u>19,500</u>	<u>-</u>
Total current assets	<u>107,303</u>	<u>93,880</u>
<u>Fixed Assets - Note 1:</u>		
Buildings	93,819	93,819
Furniture and equipment	11,410	11,410
Construction in progress	<u>42,128</u>	<u>-</u>
	147,357	105,229
<u>Less: Accumulated depreciation</u>	<u>22,783</u>	<u>18,965</u>
Total fixed assets	<u>124,574</u>	<u>86,264</u>
Total assets	\$231,877 =====	\$180,144 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
<u>Current Liabilities:</u>		
Current portion of long-term debt	\$ 4,651	\$ 4,458
Payroll liabilities	<u>1,813</u>	<u>1,671</u>
Total current liabilities	<u>6,464</u>	<u>6,129</u>
<u>Long-Term Liabilities:</u>		
Note payable - Note 2	54,089	58,334
<u>Less:</u> Current portion of long-term debt included in current liabilities	<u>4,651</u>	<u>4,458</u>
Total long-term liabilities	<u>49,438</u>	<u>53,876</u>
Total liabilities	<u>55,902</u>	<u>60,005</u>
<u>Net Assets:</u>		
Unrestricted	119,375	120,139
Temporarily restricted	<u>56,600</u>	<u>-</u>
Total net assets	<u>175,975</u>	<u>120,139</u>
Total liabilities and net assets	<u>\$231,877</u> =====	<u>\$180,144</u> =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

STATEMENT OF SUPPORT, REVENUES, EXPENSES AND

CHANGE IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support, revenues and gains -</u>			
Tax share	\$ 152,250	\$ -	\$152,250
Special events -			
Proceeds	11,971	-	11,971
Less: Direct benefit to donors	(8,086)	-	(8,086)
Grants	-	56,600	56,600
Interest income	2,259	-	2,259
Miscellaneous income	<u>261</u>	<u>-</u>	<u>261</u>
	158,655	56,600	215,255
<u>Net assets released from restrictions -</u>			
Satisfaction of program requirements	<u>-</u>	<u>-</u>	<u>-</u>
Total support, revenues and gains	<u>158,655</u>	<u>56,600</u>	<u>215,255</u>
<u>Expenses -</u>			
Program	99,099	-	99,099
Management and general	41,535	-	41,535
Fundraising	<u>18,785</u>	<u>-</u>	<u>18,785</u>
Total expenses	<u>159,419</u>	<u>-</u>	<u>159,419</u>
<u>Change in net assets</u>	(764)	56,600	55,836
<u>Net Assets:</u>			
Beginning of year	<u>120,139</u>	<u>-</u>	<u>120,139</u>
End of year	\$ 119,375 =====	\$ 56,600 =====	\$175,975 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

STATEMENT OF SUPPORT, REVENUES, EXPENSES AND

CHANGE IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support, revenues and gains -</u>			
Tax share	\$ 157,080	\$ -	\$157,080
Special events -			
Proceeds	8,913	-	8,913
Less: Direct benefit to donors	(8,633)	-	(8,633)
Grants	-	-	-
Interest income	1,386	-	1,386
Miscellaneous income	<u>-</u>	<u>-</u>	<u>-</u>
	158,746	-	158,746
<u>Net assets released from restrictions -</u>			
Satisfaction of program requirements	<u>-</u>	<u>-</u>	<u>-</u>
Total support, revenues and gains	<u>158,746</u>	<u>-</u>	<u>158,746</u>
<u>Expenses -</u>			
Program	71,992	-	71,992
Management and general	31,575	-	31,575
Fundraising	<u>15,578</u>	<u>-</u>	<u>15,578</u>
Total expenses	<u>119,145</u>	<u>-</u>	<u>119,145</u>
<u>Change in net assets</u>	39,601	-	39,601
<u>Net Assets:</u>			
Beginning of year	<u>80,538</u>	<u>-</u>	<u>80,538</u>
End of year	\$ 120,139 =====	\$ - =====	\$120,139 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program</u>	<u>Manage- ment And General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 30,002	\$ 20,002	\$16,668	\$ 66,672
Payroll taxes	2,591	1,728	1,440	5,759
Employee benefits - Note 6	<u>1,218</u>	<u>812</u>	<u>677</u>	<u>2,707</u>
 Total salaries and related expenses	 33,811	 22,542	 18,785	 75,138
 Printing and publications	 17,870	 -	 -	 17,870
Advertising and promotion - Note 1	4,510	-	-	4,510
Telephone	3,469	-	-	3,469
Repairs and maintenance	-	1,490	-	1,490
Depreciation - Note 1	-	3,817	-	3,817
Supplies	4,956	-	-	4,956
Travel and entertainment	5,832	-	-	5,832
Utilities	4,105	-	-	4,105
Interest	-	2,674	-	2,674
Insurance	-	2,811	-	2,811
Legal and professional	-	8,101	-	8,101
Grants	4,000	-	-	4,000
Postage	1,823	-	-	1,823
Equipment rental - Note 3	653	-	-	653
Dues and subscriptions	2,066	-	-	2,066
Education	3,234	-	-	3,234
Brochure distribution	11,752	-	-	11,752
Small equipment	729	-	-	729
Miscellaneous expense	289	-	-	289
Bank charges	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
 Total functional expenses	 \$ 99,099 =====	 \$ 41,535 =====	 \$18,785 =====	 \$159,419 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program</u>	<u>Manage- ment And General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 24,913	\$ 16,609	\$13,841	\$ 55,363
Payroll taxes	2,153	1,436	1,196	4,785
Employee benefits - Note 6	<u>975</u>	<u>650</u>	<u>541</u>	<u>2,166</u>
 Total salaries and related expenses	 28,041	 18,695	 15,578	 62,314
 Printing and publications	 19,628	 -	 -	 19,628
Advertising and promotion - Note 1	2,546	-	-	2,546
Telephone	3,186	-	-	3,186
Repairs and maintenance	-	848	-	848
Depreciation - Note 1	-	4,338	-	4,338
Supplies	3,190	-	-	3,190
Travel and entertainment	4,216	-	-	4,216
Utilities	3,345	-	-	3,345
Interest	-	2,766	-	2,766
Insurance	-	2,710	-	2,710
Legal and professional	-	2,092	-	2,092
Grants	2,406	-	-	2,406
Postage	1,870	-	-	1,870
Equipment rental - Note 3	1,247	-	-	1,247
Dues and subscriptions	2,188	-	-	2,188
Education	-	-	-	-
Brochure distribution	-	-	-	-
Small equipment	-	-	-	-
Miscellaneous expense	129	-	-	129
Bank charges	<u>-</u>	<u>126</u>	<u>-</u>	<u>126</u>
 Total functional expenses	 \$ 71,992 =====	 \$ 31,575 =====	 \$15,578 =====	 \$119,145 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

NOTES TO COMPARATIVE FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies -

Organization - Huntington County Visitor & Convention Bureau, Inc. (the Organization) is a non-profit corporation organized for the purpose of the promotion and encouragement of conventions, trade shows, visitors, tourism, festivals, and other special events in Huntington County, State of Indiana. The Organization derives its revenue from the Huntington County Innkeepers Tax. It is therefore dependent on travel activity in Huntington County.

Basis of accounting - The Organization's policy is to prepare its financial statements on the modified cash basis of accounting. Accordingly, certain revenues and the related assets are recognized when received rather than when promised or earned, and certain expenses are recognized when paid rather than when the obligation is incurred. The modifications to the cash basis of accounting are the recording of investments at fair value, capitalization of property and equipment and recording of depreciation, recording of payroll liabilities, and recording of long-term debt obligations. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Interest earned on certificates of deposit is considered received when credited by the banks.

In the accompanying statements of financial position, the net assets that have similar characteristics are presented based on donor restrictions as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Donor-imposed restrictions are reported as unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

Temporarily restricted - Net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Assets, Liabilities and Net Assets - Modified Cash Basis as "net assets released from restrictions".

- David Culp & Co. LLP, Certified Public Accountants -

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies
(Continued) -

Cash and cash equivalents - The Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments - Investments are carried at fair value. Substantially all investments have readily determinable values.

Property and equipment - Property and equipment are stated at cost. Donated property is recorded at its estimated fair value at the date of receipt. Depreciation is computed on the straight-line method based on the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5- 7
Buildings	15-39

Depreciation expense totaled \$3,817 and \$4,338 for the years ended December 31, 2008 and 2007, respectively.

The carrying value of long-lived and intangible assets is reviewed annually to determine if facts and circumstances suggest that the assets may be impaired or that the useful life may need to be changed. The Organization considers internal and external factors relating to each asset in making this determination. If these factors and the projected undiscounted cash flows of the business over the remaining useful life indicate that the asset will not be recoverable, the carrying value will be adjusted to the estimated fair value.

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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses and changes in net assets during the reporting period. Actual results could differ from those estimated.

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies (Continued) -

Federal income taxes - The Organization is exempt from income tax under Section 501(c)(6) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Donated services - A substantial number of volunteers donate significant amounts of time in providing the Organization's services. No amounts have been recognized in the financial statements for these services because the criteria for recognition of such volunteer effort as contributed services has not been satisfied.

Advertising - Advertising costs are charged to operations as incurred. Total advertising costs expensed during the years ended December 31, 2008 and 2007 was \$4,510 and \$2,546, respectively.

Note 2: Note payable - The note payable consists of the following as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Mortgage note payable - Wells Fargo Bank, payable \$576 per month, including interest at 4.5% due 2013, secured by real estate.	\$54,089	\$58,334
	=====	=====

Payments due on long-term debt for the years following December 31, 2008 are as follows:

Year ending December 31:

2009	\$ 4,651
2010	\$ 4,793
2011	\$ 5,013
2012	\$ 5,243
2013	\$34,389

Note 3: Operating leases - The Organization leases equipment under a month-to-month operating lease. Total rent expense under this lease was \$653 and \$1,247 as at December 31, 2008 and 2007, respectively.

HUNTINGTON COUNTY VISITOR & CONVENTION BUREAU, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 4: Related parties - The Organization paid \$495 and \$693 for fixed assets and maintenance to a company owned by a board member as at December 31, 2008 and 2007, respectively.

The Organization also paid \$650 and \$1,300 to a cleaning company operated by the Executive Director's daughter as at December 31, 2008 and 2007, respectively.

Note 5: Concentrations - The Organization received 71% of its support and revenues from the Huntington County Innkeepers Tax as at December 31, 2008 and 99% as at December 31, 2007. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's future programs and activities.

Note 6: Employee benefits - The Organization contributes to the personal retirement plan of the Executive Director and project manager. Contributions to the Plan are based on a board approved amount, plus applicable taxes. Contributions made by the Organization totaled \$2,707 and \$2,166 for the years ended December 31, 2008 and 2007, respectively.

July 6, 2009

To the Board of Directors
Huntington County Visitor & Convention Bureau, Inc.
407 North Jefferson Street
Huntington, Indiana 46750

We have audited the financial statements of Huntington County Visitor & Convention Bureau, Inc. (the Organization) for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 6, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. As part of our audit, we considered the internal control of Huntington County Visitor & Convention Bureau, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
3. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the Executive Director in our meeting about planning matters on May 18, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Huntington County Visitor & Convention Bureau, Inc. 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 2008. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The correcting entries are attached.

To the Board of Directors
Huntington County Visitor & Convention Bureau, Inc.
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July 6, 2009

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 6, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Huntington County Visitor & Convention Bureau, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

David Culp & Co. LLP
Certified Public Accountants

Enclosure

Board of Directors
Huntington County Visitor & Convention Bureau, Inc.
407 North Jefferson Street
Huntington, Indiana 46750

In planning and performing our audit of the financial statements of Huntington County Visitor & Convention Bureau, Inc. (the Organization) as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Organization does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in organizations of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control. We believe that the following deficiency constitutes a material weakness:

1. During the audit, we identified and recommended a material adjusting entry to the financial statements that was not identified by the Organization's internal control. The entry was an adjustment that should have been recorded during the year and prior to the audit. We believe that the Organization should review and evaluate transactions monthly or quarterly for proper reporting.

This communication is intended solely for the information and use of management, the board of directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

David Culp & Co. LLP
Certified Public Accountants

July 6, 2009