B35568

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 20, 2010

Board of Directors
Boys & Girls Club of Harrison County, Inc.
d/b/a Furthering Youth, Inc.
d/b/a Gerdon Youth Center
600 E. Chestnut
P.O. Box 215
Corydon, IN 47112

We have reviewed the audit report prepared by Rodefer Moss & Co., PLLC, Independent Public Accountants, for the period July 1, 2007 to June 30, 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 Boys & Girls Club of Harrison County, Inc. d/b/a Furthering Youth, Inc. d/b/a Gerdon Youth Center, as of June 30, 2008, and the results of its operations for the period 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 seven comments.

STATE BOARD OF ACCOUNTS

Audited Financial Statements
Boys & Girls Club of Harrison County, Inc.
dba Furthering Youth, Inc.
dba Gerdon Youth Center
June 30, 2008

CONTENTS

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• Business Advisors

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RODEFER MOSS & CO, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Club of Harrison County, Inc.
dba Furthering Youth, Inc.
dba Gerdon Youth Center
P.O. Box 215
Corydon, Indiana 47112

We have audited the accompanying statement of financial position of Boys & Girls Club of Harrison County, Inc. dba Furthering Youth, Inc. dba Gerdon Youth Center (an Indiana not-for-profit corporation) as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 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 Boys & Girls Club of Harrison County, Inc. dba Furthering Youth, Inc. dba Gerdon Youth Center as of June 30, 2008, 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.

Rodefer Moss & Co, PLLC
New Albany, Indiana
December 12, 2008

BOYS & GIRLS CLUB OF HARRISON COUNTY, INC.
DBA FURTHERING YOUTH, INC.
DBA GERDON YOUTH CENTER
(An Indiana Not-For-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2008

ASSETS		
CURRENT ASSETS		
Cash	$	138,937
Accounts Receivable		366
Grants Receivable		15,994
Prepaid Expenses		5,103
Inventory		421
TOTAL CURRENT ASSETS		160,821
Property and Equipment, Net		389,015
TOTAL ASSETS	$	549,836
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$	4,684
Credit Cards Payable		2,999
Deferred Revenue		700
Accrued Salaries		6,085
Payroll and Sales Tax Payable		742
Accrued Compensated Absences		5,191
Restricted - Staff Recognition		203
Current Portion of Long-Term Debt		1,119
TOTAL CURRENT LIABILITIES		21,723
Long-Term Debt, Less Current Portion		47,251
TOTAL LIABILITIES		68,974
NET ASSETS		
Unrestricted		480,862
TOTAL LIABILITIES AND NET ASSETS	$	549,836

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF HARRISON COUNTY, INC.
DBA FURTHERING YOUTH, INC.
DBA GERDON YOUTH CENTER
(An Indiana Not-For-Profit Corporation)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

UNRESTRICTED NET ASSETS	
REVENUES AND OTHER SUPPORT	
Grants	
Metro United Way	$ 11,499
Our Place, Inc.	20,470
Arts Council of Southern Indiana	3,755
Harrison County Community Foundation	5,213
FSSA - Division of Family and Children	40,000
Contributions	
Treasurer of Harrison County	150,000
Other	4,768
Youth Fund Raising	9,713
Program Income	10,306
Vending Machine and Arcade Income	4,831
Interest Income	1,537
Membership Income	2,899
Rental Income	6,715
Other	3,899
TOTAL UNRESTRICTED SUPPORT	275,605
EXPENSES	
Program Services	218,691
Fundraising	5,001
General and Administrative	61,222
TOTAL EXPENSES	284,914
DECREASE IN NET ASSETS	(9,309)
NET ASSETS, BEGINNING OF YEAR	490,171
NET ASSETS, END OF YEAR	$ 480,862

See Notes to Financial Statements.

BOYS & GIRLS CLUB OF HARRISON COUNTY, INC.
DBA FURTHERING YOUTH, INC.
DBA GERDON YOUTH CENTER
(An Indiana Not-For-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2008

	Program Services	Fundraising	General and Administrative	Total
Accounting Services	$ -	$ -	$ 5,600	$ 5,600
Advertising & Promotion	3,673	-	-	3,673
Afternoon's ROCK	1,631	-	-	1,631
Amortization Expense	230	-	12	242
Art/Music Program Expense	4,454	-	-	4,454
Bad Debt Write-off	-	-	365	365
Bank Service Charges	-	-	18	18
Board Development Expense	-	-	81	81
Building Repair & Maintenance	2,733	-	144	2,877
Cash Over/Short	-	-	1	1
Charitable Contributions	-	-	75	75
Computer Tech Expense	-	-	40	40
Cops for Kids Expense	350	-	-	350
Credit Card Fees	-	-	82	82
Dance Expenses	-	4,862	-	4,862
Depreciation Expense	26,353	-	1,387	27,740
Directors Liability	2,845	-	150	2,995
Dues & Subscriptions	3,242	-	171	3,413
Explorers Post Expense	28	-	-	28
Finance Charges	-	-	24	24
General Administration	-	-	105	105
General Liability & Property	11,010	-	579	11,589
Group Disability	1,848	-	755	2,603
Group Life	264	-	108	372
Group Medical	9,410	-	3,844	13,254
Harp Program Expenses	53	-	-	53
Health Savings Employer Contrib	107	-	44	151
Holiday Pay	849	-	347	1,196
Hotel/Motel Expense	2,114	-	111	2,225
Incentive Program Expense	520	-	-	520
Interest Expense	-	-	4,118	4,118
Internet Provider Expense	512	-	27	539
Janitorial Supplies	1,575	-	83	1,658
Lawn Care Expense	316	-	17	333
Lawn Maintenance	380	-	20	400
Legal Services	-	-	188	188
Licenses & Fees	691	-	89	780
Meals Expense	217	-	11	228
Mileage Reimbursement - Local	1,651	-	-	1,651
Mileage Reimbursement - Travel	197	-	-	197
Miscellaneous Expense	-	-	4	4
Office Supplies	1,828	-	96	1,924
Open Recreation	163	-	-	163
Other GYC Program Expense	415	-	-	415
Payroll Taxes - FICA	7,219	-	2,807	10,026
Payroll Taxes - SUTA	1,287	-	500	1,787
Penalties	-	-	125	125
Postage Expense	148	-	8	156
Professional Services	114	-	6	120

BOYS & GIRLS CLUB OF HARRISON COUNTY, INC.
DBA FURTHERING YOUTH, INC.
DBA GERDON YOUTH CENTER
(An Indiana Not-For-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
For The Year Ended June 30, 2008

	Program Services	Fundraising	General and Administrative	Total
Salaries - Admin Management	30,145	-	16,232	46,377
Salaries - Executive Management	18,830	-	18,830	37,660
Salaries - Seasonal Staff	3,208	-	-	3,208
Salaries -Maintenance & Janitor	40,406	-	2,127	42,533
Salaries -Recreation Assistants	986	-	-	986
Small Tools & Supplies	446	-	23	469
Summer Enrichment Expense	4,379	-	-	4,379
Telephone Expense	1,380	-	73	1,453
Training/Conf - Registration	2,062	-	109	2,171
Transportation	211	-	-	211
Utilities - Electricity	8,247	-	434	8,681
Utilities - Gas	7,895	-	416	8,311
Utilities - Water & Sewer	1,180	-	62	1,242
Vehicle - Fuel Expense	1,132	-	-	1,132
Vehicle Expense	45	-	-	45
Vehicle Maintenance -1999 Dodge	860	-	-	860
Vehicle Maintenance -2004 GMC	6	-	-	6
Vending - Sodas	4,429	-	-	4,429
Website Expense	991	-	-	991
Workers Comp	1,895	-	774	2,669
Youth Council Expense	1,531	139	-	1,670
Total Expense	$ 218,691	$ 5,001	$ 61,222	$ 284,914

BOYS & GIRLS CLUB OF HARRISON COUNTY, INC.
DBA FURTHERING YOUTH, INC.
DBA GERDON YOUTH CENTER
(An Indiana Not-For-Profit Corporation)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$	(9,309)
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation and amortization		27,982
(Increase) decrease in operating assets:		
Accounts receivable		321
Grants receivable		57,315
Prepaid expenses		927
Inventory		304
Increase (decrease) in operating liabilities:		
Accounts payable		(11,064)
Deferred revenue		700
Accrued salaries		(314)
Payroll and sales taxes payable		(412)
Accrued compensated absences		(462)
Net cash provided by operating activities		65,988
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property and equipment		(2,560)
Net cash used by investing activities		(2,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt		(1,224)
Net cash used by financing activities		(1,224)
NET INCREASE IN CASH AND CASH EQUIVALENTS		62,204
CASH, BEGINNING OF YEAR		76,733
CASH, END OF YEAR	$	138,937

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization
The Organization is a not-for-profit corporation formed to establish and operate a youth center to help further the positive, emotional, educational, physical and spiritual development of the youth living in Harrison County. The Organization is supported primarily through donor contributions and grants.

Accounting Method
The accounting records of the Organization are maintained on the accrual basis. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Use of 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 (and disclosure of contingent assets and liabilities, if any) 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.

Promises to Give
Unconditional Promises to give are recognized as revenues or gains in the period promised and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment
The Organization capitalizes all expenditures for property and equipment in excess of $500. Property and equipment purchased are stated at cost and any property contributed to the Organization is recorded at fair market value at the time of donation. Maintenance and repairs are charged to expense as incurred; all renewals and betterments which extend the useful life of assets are capitalized. Depreciation is provided for using primarily the straight-line method over the estimated useful life of the assets. These estimated lives are 39 years for building and improvements, 15 years for parking lots and 5 to 7 years for furniture, fixtures, equipments, computers and vehicles. Software is amortized over 3 years.

General and Administrative Expense Allocation
A portion of certain indirect costs incurred have been allocated to General and Administrative Expense using a methodology that in management's opinion is appropriate to each individual expense type.

Advertising
Advertising costs for the Organization's promotion are charged to operations as incurred. Total advertising costs charged to operations was $3,673 for the year ended June 30, 2008.

Financial Statement Presentation
The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)
classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

Inventory
Inventories consist of vending machine products and are stated at cost. Cost is determined using the first-in; first-out method.

Contributed Services
During the year ended June 30, 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization's program services.

NOTE 2 – ACCOUNTS AND GRANTS RECEIVABLE

Accounts Receivable, totaling $366 and Grants Receivable, totaling $15,994 as of June 30, 2008, consist of amounts due from the federal, state and local agencies for various programs and Organization support. The Organization utilizes the allowance method for recording bad debts. Management has determined that no allowance was required for the year ended June 30, 2008.

NOTE 3 – PROPERTY AND EQUIPMENT

As of June 30, 2008, property and equipment consisted of the following:

Building	$ 196,651
Building Improvements	208,444
Parking Lots	102,681
Furniture and Equipment	96,216
Vehicles	45,035
Software	3,216
Subtotal	652,243
Less: Accumulated Depreciation	(260,255)
Less: Accumulated Amortization	(2,973)
	$ 389,015

NOTE 4 – INCOME TAX STATUS

The Organization qualifies as a tax-exempt Not-for-Profit Organization under Section 501(c)(3) of the Internal Revenue Code and with the State of Indiana. Therefore, there is no provision for federal or state income taxes.

NOTE 5 – ACCRUED COMPENSATED ABSENCES

The Organization permits employees to accrue paid time off. If an employee terminates in good standing, they are entitled to receive, in addition to all wages earned, payment at their current salary rate for all personal and sick days accrued and for all unused vacation days earned for the current year. The amount of such accrued compensated absences at June 30, 2008 was $5,191.

NOTE 6 – LONG-TERM DEBT

The Organization's long-term debt consists of the following:

Note payable to First Harrison Bank, due in monthly installments of $411 monthly including interest at a rate of 7.750%, maturing January 15, 2012, secured by building located at 600 East Chestnut Street, Corydon, Indiana	$ 48,370

Future scheduled maturities of long-term debt are as follows:

Years ending June 30:	
2009	$ 1,119
2010	$ 1,315
2011	$ 1,420
2012	$ 44,516

NOTE 7 – CONCENTRATION OF REVENUE SOURCES

Approximately 55% of the Organization's total support and revenues is provided the Treasurer of Harrison County.

NOTE 8 – SUBSEQUENT EVENTS

The organization adopted a SIMPLE IRA on August 1, 2008. The plan provides that the organization will match employee contributions dollar for dollar up to 3% of eligible wages. The estimated expense for the year ending June 30, 2009 is approximately $4,080.

On September 22, 2008, the organization paid down the note payable to First Harrison Bank in the amount of $27,500. The organization is also considering refinancing the loan with First Harrison Bank.

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RODEFER MOSS & CO, PLLC

December 12, 2008

Officers and Directors
BOYS & GIRLS CLUB OF HARRISON COUNTY, INC.
dba FURTHERING YOUTH, INC. dba GERDON YOUTH CENTER
600 East Chestnut Street
P.O. Box 215
Corydon, IN 47112

In planning and performing our audit of the financial statements of **THE BOYS AND GIRLS CLUB OF HARRISON COUNTY, INC. dba FURTHERING YOUTH, INC. dba GERDON YOUTH CENTER** as of and for the year ended June 30,2008, in accordance with auditing standards generally accepted in the United States of America, we considered **THE BOYS AND GIRL'S CLUB OF HARRISON COUNTY, INC. dba FURTHERING YOUTH, INC. dba GERDON YOUTH CENTER**'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.

Significant Deficiencies

Development of a Formal Disaster Recovery Plan

The Organization does not have a written disaster recovery plan, and there are no formal arrangements for the use of another computer system in the event of a fire or other disaster. As a result, in the event of a disaster affecting the computer systems, the Organization may be subject to an extended delay before substitute processing capabilities become available. This could result in significant losses to the Organization. The most effective approach to ensure a rapid recovery from a catastrophe is to have a written and tested recovery plan. We recommend management develop a disaster recovery plan that addresses the following:

(1) Identification of critical applications
(2) Step-by-step instructions that define the responsibilities of each functional area
(3) Locations where computer operations can be re-established and continued
(4) Network back-up (if necessary)
(5) Specific security controls that will be needed during the recovery process
(6) Alternative manual procedures required to maintain the records and continue operations

(7) Impact of disruptions on customers and alternative systems for continued contact

As part of the recovery plan, we recommend the Organization investigate and negotiate a back-up agreement. Many companies with compatible equipment are willing to enter into reciprocal back-up agreements to ensure continuity of operations in the event of a disaster. If such equipment is available, it will be important to formalize an agreement and perform a test to ensure that the equipment functions properly with your software and files.

Substantiation and Disclosure Requirements for Charitable Contributions

While the Organization periodically sends acknowledgment to donors, there is no formal policy adhered to by management. Donors who contribute $250 or more cannot take an income tax deduction unless the donor obtains the Organization's acknowledgement to substantiate the contribution. The IRS has several requirements that must be met for donations of $250 or more. The acknowledgement from the recipient Organization must be written, contemporaneous, state the amount of cash received, state whether or not the Organization gave the donor any intangible religious benefits, whether or not the Organization gave the donor any goods or services in return for the donor's contribution, and provide a description of the goods or services the Organization received (no valuation needed) or gave (good faith estimate needed).

We recommend that management develop and implement a policy to acknowledge contributions in accordance with the guidelines listed above. Additionally, copies of such acknowledgements should be maintained by the Organization in a secure location.

Segregation of Duties over Cash

Although the small size of the Organization's office staff limits the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

One of the most critical areas of separation is cash. Currently, financial manager (Sandy Hottell) prepares the deposit slip, posts receipts to the accounting system and reconciles the monthly bank statements. The bank reconciliations are currently reviewed and signed off on by another staff member (Jennifer Best) other than financial manager.

We recommend having another staff or board member other than the financial manager (preferably the individual who reviews the disbursement posting and is the check signer) open the bank statements and scan the statements for any unusual activity before giving the statements to financial manager to reconcile. The treasurer or board member should denote that they reviewed the bank statement and related transactions and initial and date prior to giving to financial manager. The same treasurer or board member would then review financial manager's reconciliation and sign off on it. This will provide comfort that cash accounts are being correctly reconciled on a monthly basis and that no unusual activity is occurring.

Additionally, we noted that one individual is responsible for disbursing and replenishing petty cash. We recommend that periodically, someone other than the custodian review the petty cash log and reconcile the petty cash.

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 entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Material Weaknesses

Preparation of Financial Statements and Audit Adjustments

A recently issued auditing standard clarifies management's responsibility to have internal controls in place to provide appropriate and reliable financial reports and to select and apply appropriate accounting principles. A system of internal control over financial reporting includes controls over the general ledger as well as over the preparation of the financial statements. The Organization currently does not prepare its financial statements, including note disclosures. As a result, complete financial statements are not available for use by management that would prevent or detect misstatements in a timely manner. Absence of such reports indicates a material weakness under SAS No. 112 *Communicating Internal Control Matters Identified in an Audit.* While management is not required to prepare the financial reports, they need to demonstrate a level of qualification and training necessary to prepare their financial reports in accordance with generally accepted accounting principles. During our audit, we proposed adjustments to management which have been recorded, including those to record depreciation and disposal of assets. We recommend that management enhance its knowledge of accounting standards applicable to your Organization in order to improve the internal control system over the preparation of financial reports and the selection and application of accounting principles. Additionally, management could utilize a checklist of accounting and reporting requirements in order to identify accounting rules that may apply to the preparation of financial reports for the Organization.

Control Deficiencies

Cash

During the review of the cash receipts transaction cycle, we noted that the cash box is in a closet available to all staff members who have a key. There is no policy on how the money is properly recorded. Amounts can be paid for daily visits, monthly, or annually. Staff members are supposed to perform ending and beginning cash counts during each shift, but this is not always done.

Allocation of General Expenses

The organization should consider developing a methodology for allocating general expenses to the various programs in order to more accurately reflect the costs of these efforts. Currently, the approach is not as well defined as it could be; we recommend that the organization develop written policies allowing for the reasonable allocation of appropriate administrative expenses. The allocation should be incorporated into the budget and the financial record keeping system.

Budgets

During the course of the audit it was noted that the Organization does not effectively budget for all aspects of its operations. This makes it very difficult to determine how the Organization as a whole is performing compared to the budget. It was also noted that the internal financial statements cannot easily be compared to the budget without significant time being spent regrouping accounts. We recommend that the Organization implement a system that will enable a budget to actual comparison and be generated as part of the monthly internal financial statements.

This communication is intended solely for the information and use of management, 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.

Rodefer Moss & Co, PLLC

New Albany, IN

December 12, 2008

• Certified Public Accountants
• Business Advisors

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RODEFER MOSS & CO. PLLC

December 12, 2008

To the Board of Directors
of Boys & Girls Club of Harrison County, Inc.
dba Furthering Youth, Inc, dba Gerdon Youth Center

We have audited the financial statements of Boys & Girls Club of Harrison County, Inc. dba Furthering Youth, Inc., dba Gerdon Youth Center for the year ended June 30, 2008, and have issued our report thereon dated December 12, 2008. 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 21, 2007, 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 U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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 Boys and Girls Club of Harrison County, Inc. dba Furthering Youth, Inc., dba Gerdon Youth Center 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 the fiscal year ended June 30, 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. The most sensitive disclosure affecting the financial statements was:

> The disclosure of the concentration of revenue sources in Note 7 to the financial statements. Approximately 55% of the Organization's total support and revenues is provided by the Treasurer of Harrison County.

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.

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 December 12, 2008.

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 if Directors and management of Boys and Girls Club of Harrison County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rodefer Moss & Co, PLLC