

UNITED WAY OF SUWANNEE VALLEY, INC.

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

UNITED WAY OF SUWANNEE VALLEY, INC.

FINANCIAL REPORT

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BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Suwannee Valley, Inc.
Lake City, Florida

We have audited the accompanying financial statements of the United Way of Suwannee Valley, Inc., a non-profit organization, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness or significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Suwannee Valley, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2014, on our consideration of United Way of Suwannee Valley, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Suwannee Valley's internal control over financial reporting and compliance.

POWELL & JONES
Lake City, Florida
January 6, 2014

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS	
Cash and cash equivalents	\$ 534,957
Contributions receivable, net	186,003
Due from governmental units	16,534
Prepaid expenses	452
Certificates of deposit	54,205
Equipment	24,366
Less: accumulated depreciation	(18,680)
Total assets	<u>\$ 797,837</u>
LIABILITIES	
Accounts payable	\$ 860
Accrued expenses	3,808
Total liabilities	<u>4,668</u>
NET ASSETS	
Unrestricted, undesignated	591,280
Temporarily restricted	201,889
Total net assets	<u>793,169</u>
Total liabilities and net assets	<u>\$ 797,837</u>

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
REVENUE AND OTHER SUPPORT			
Campaign revenue, net	\$ 478,721	\$ -	\$ 478,721
Governmental grants	135,468	-	135,468
Long-term recovery income	155,827	102,618	258,445
Local government donations	4,500	-	4,500
Donated facilities	18,835	-	18,835
Investment income	1,380	246	1,626
Fundraising	945	-	945
Donations	4,629	750	5,379
Endowment	14,398	-	14,398
Miscellaneous income	514	-	514
Total revenue and other support	<u>815,217</u>	<u>103,614</u>	<u>918,831</u>
EXPENSES			
Program services			
Community services	694,483	32,651	727,134
Supporting services			
General and administrative	57,346	-	57,346
Fundraising	249	-	249
Total expenses	<u>752,078</u>	<u>32,651</u>	<u>784,729</u>
Change in net assets	63,139	70,963	134,102
Net assets, beginning of year	<u>472,597</u>	<u>186,470</u>	<u>659,067</u>
Release of temporary restrictions	<u>55,544</u>	<u>(55,544)</u>	<u>-</u>
Net assets, end of year	<u>\$ 591,280</u>	<u>\$201,889</u>	<u>\$ 793,169</u>

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended June 30, 2013

	Program Services		Supporting Services		Totals Memorandum Only
	Community Service	General and Administrative	Fundraising		
Personnel Services					
Salaries and wages	\$ 14,129	\$ 38,463	\$ -	\$	52,592
Employee benefits	816	948	-		1,764
Payroll taxes	2,777	3,684	-		6,461
Total personnel services	<u>17,722</u>	<u>43,095</u>	<u>-</u>		<u>60,817</u>
Operating expenses					
HUD HMIS program	32,146	-	-		32,146
Emergency solutions	7,480	-	-		7,480
Homeless Coalition	66,667	-	-		66,667
Best Neighborhood	29,175	-	-		29,175
FSECC	1,907	-	-		1,907
2-1-1 program	2,325	-	-		2,325
Long-term recovery	152,026	-	-		152,026
Assistance to individuals	23,966	-	-		23,966
Agency funding	360,819	-	-		360,819
Supplies	678	226	-		904
Telephone	1,768	589	-		2,357
Postage and shipping	693	231	-		924
Insurance	2,021	674	-		2,695
Rental and maintenance of equipment	386	129	-		515
Fundraising events	-	-	249		249
Occupancy	16,318	5,439	-		21,757
Printing and publications	1,660	553	-		2,213
Travel/training	917	305	-		1,222
Conferences, conventions and meetings	609	-	-		609
Professional fees	-	4,800	-		4,800
Membership dues	6,541	-	-		6,541
Miscellaneous	-	868	-		868
Total operating expenses	<u>708,102</u>	<u>13,814</u>	<u>249</u>		<u>722,165</u>
Total expenses before depreciation	725,824	56,909	249		782,982
Depreciation	1,310	437	-		1,747
Total expenses	<u>\$ 727,134</u>	<u>\$ 57,346</u>	<u>\$ 249</u>		<u>\$ 784,729</u>

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Support and revenues collected	
Campaign revenue, net	\$ 468,906
Government grants	142,995
Long-term recovery income	258,445
Donation	9,879
Investment income	1,626
Fundraising	945
Endowment income	14,398
Miscellaneous income	514
Payments for expenses	
Compensation and related benefits	(62,372)
Suppliers and charitable expenses	(709,410)
Net cash provided by operating activities	<u>125,926</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(1,571)
Net purchase and redemption of certificates of deposits	<u>(573)</u>
Net cash used by investing activities	<u>(2,144)</u>
Net increase in cash and cash equivalents	123,782
Cash and cash equivalents, beginning of year	<u>411,175</u>
Cash and cash equivalents, end of year	<u>\$ 534,957</u>
Change in net assets	<u>\$ 134,102</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,747
Decrease in prepaid expenses	40
Increase in receivables, net	(2,288)
Decrease in current liabilities	<u>(7,675)</u>
Total adjustments	<u>(8,176)</u>
Net cash provided by operating activities	<u>\$ 125,926</u>

See notes to financial statements.

UNITED WAY OF SUWANNEE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Suwannee Valley, Inc. (the Organization) is a non-profit voluntary health and welfare organization that receives funding in the form of contributions from individuals and businesses. The Organization provides funds to approved health and welfare organizations in the Suwannee Valley Basin which includes Columbia, Suwannee, Lafayette and Hamilton counties.

Basis of Accounting

United Way of Suwannee Valley, Inc. follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

Financial Statement Presentation

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, the Organization 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) based upon the existence or absence of donor-imposed restrictions.

United Way of Suwannee Valley, Inc. also follows FASB ASC 958 regarding accounting for contributions made and received. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All assets and all liabilities associated with the operation of the Organization are included on the statement of financial position. The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the statement of activities.

Cash and Short-Term Investments

For purposes of the statement of cash flows, cash consists of cash in bank in the form of checking and money market funds. The Organization also held short-term investments in the form of certificates of deposit at June 30, 2013. Short-term investments are stated at fair value.

Promises to Give

Contributions are recognized when the donor makes a promise to give (a pledge) to the Organization that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the pledges are recognized. All other donor-restricted pledges are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization has established an allowance for uncollectible pledges. The allowance is an estimate based on management's analysis and prior experience with the collectability of outstanding pledges.

Deferred Revenue

The Organization reports deferred revenue, if applicable, on its statement of financial position. Deferred revenues arise when resources are received by the Organization before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Organization has a legal claim to due resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

Property and Equipment

The facilities used by the Organization are donated. In-kind rent and a contribution of donated facilities have been recognized in the statement of activities. Property and equipment consists of donated and purchased furnishings and equipment which have been capitalized at fair market value at time of donation or cost, if greater than \$500, and are depreciated using the straight line method over their estimated useful lives.

Contributed Services and Facilities

During the year ended June 30, 2013, the value of contributed services meeting the requirements for recognition in the financial statements was not historically material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in planning and conducting United Way affairs. \$43,161 in volunteer time was donated by various individuals. These either gave their time/services voluntarily or they were required to volunteer under a community service court-order or to fulfill a graduation requirement. This amount does not meet the criteria for recognition in the financial statements and accordingly has not been recorded. Contributed space has been recorded at estimated value of \$18,835 for the office location at 325 NE Hernando Street.

Fair Value of Financial Instruments

Cash, cash equivalents, short-term investments, and promises to give are reported in the statement of financial position at approximate fair values.

Income Taxes

The Organization is not a private foundation and is exempt from income tax under Internal Revenue Code section 501(c)(3). As such no provision for income tax is reflected in these financial statements. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax," with the Internal Revenue Service. The returns for 2012, 2011 and 2010 are subject to review and adjustment by the Internal Revenue Service.

Estimates

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

Memorandum Only - Total Columns

The total column on the Statement of Functional Expenses is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not

present results of operations or functional expenses in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2. PROMISES TO GIVE (CONTRIBUTIONS) RECEIVABLE

Contributions receivable at June 30, 2013, consist of the following:

	<u>Unrestricted</u>
Long-term recovery donations	\$ 16,708
2012-13 Campaign Year	205,295
Less allowance for uncollectible pledges	(36,000)
	<u>\$ 186,003</u>

All amounts are due within one year.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Furniture and equipment	\$ 24,366
Less accumulated depreciation	(18,680)
	<u>\$ 5,686</u>

Depreciation expense for the year was \$1,747.

NOTE 4. PENSION PLAN

The Organization has adopted a tax sheltered retirement plan. This plan is a qualified defined contribution plan under Section 403(b)(7) of the Internal Revenue Code. Under this defined contribution type of plan, the Organization may make contributions to the plan on behalf of eligible employees or employees may make contributions. Employee benefit levels have been currently established at \$1,200 annually for all permanent full-time employees. Total payments to the employees for the year ended June 30, 2013, were \$6,000.

Since this is a defined contribution plan, there is no unfunded liability, normal cost, past or prior service cost, nor any current effects on pension costs under ERISA. None of the benefits exceed the total value of the pension fund since this is a defined contribution type plan. The plan is administered by the Organization through a contractual agreement with a servicing company.

NOTE 5. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

NOTE 6. CONTINGENCIES AND COMMITMENTS

Contingencies - There is a contingent liability due to the fact that all possible regulatory audits of the Organization have not been fully completed for the year ended June 30, 2013. Under provisions of the funding agreements, any eventual expenditures determined to be not in compliance with grant regulations could be subject to repayment by the Organization. The

Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

Operating Leases – The Organization has one operating lease with non-cancelable terms for office equipment. The future minimum lease payments for this lease at June 30, 2013 are as follows:

<u>June 30</u>	<u>Minimum Lease Payments</u>
2014	\$ 2,734
2015	2,734
2016	2,734
2017	456
	<u>\$ 8,658</u>

NOTE 7. CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in local banks which may at times exceed the FDIC limits. At June 30, 2013, the total bank balances were \$534,957 of which all was covered by federal depository insurance.

NOTE 8. INVENTORIES/PREPAID EXPENSES

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 6, 2013, the date the financial statements were available to be issued.

COMPLIANCE SECTION

UNITED WAY OF SUWANNEE VALLEY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 2013

Program	CFDA #	Grant Number	Award Amount	Reported in Prior Year	Fund Balance/		Revenue Recognized Drawn	Disbursements	Fund Balance/ Deferred Revenue June 30, 2013
					Deferred Revenue July 1, 2012				
FEDERAL AWARDS									
Nonmajor Programs:									
U.S. Department of HUD									
Homeless Management Information System	14.235	FL0158L4H181205	\$ 32,146	\$ -	\$ -	\$ -	\$ 32,146	\$ 32,146	\$ -
Passed through Florida Department of Children and Families									
Emergency Solutions Grant	14.231	CPZ02	100,000	-	-	7,480	7,480	39,626	-
Total federal awards			\$ 132,146	\$ -	\$ -	\$ 39,626	\$ 39,626	\$ 39,626	\$ -
STATE FINANCIAL ASSISTANCE									
Nonmajor Programs:									
Florida Department of Children and Families									
Homeless Coalition	60.021	GS301	\$ 66,667	\$ -	\$ -	\$ 66,667	\$ 66,667	\$ 66,667	\$ -
B.E.S.T. Neighborhoods Grant	94.021	10VG1.18289	50,000	10,795	-	29,175	29,175	29,175	-
Total state financial assistance			116,667	10,795	-	95,842	95,842	95,842	-
Total state and federal financial assistance			\$ 248,813	\$ 10,795	\$ -	\$ 135,468	\$ 135,468	\$ 135,468	\$ -

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

UNITED WAY OF SUWANNEE VALLEY, INC.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the United Way of Suwannee Valley, Inc. (the Organization) have been designed to conform to generally accepted accounting principles as applicable to non-profit organizations, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133.

A. Reporting Entity

This reporting entity consists of the United Way of Suwannee Valley, Inc. The Organization includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the accrual basis, revenues are recognized when they are earned. Expenses generally are recorded when a liability is incurred.

C. Grant Awards

As required by OMB Circular A-133, federal grant awards drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
United Way of Suwannee Valley, Inc.

We have audited the basic financial statements of United Way of Suwannee Valley, Inc. as of and for the period ended June 30, 2013, and have issued our report thereon dated January 6, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of United Way of Suwannee Valley, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered United Way of Suwannee Valley, Inc.'s internal control over financial reporting 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 United Way of Suwannee Valley, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way of Suwannee Valley, Inc.'s internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in the internal control over financial reporting.

Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency exists when the Organization does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances

where the Organization is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement preparation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the United Way of Suwannee Valley, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Directors, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

POWELL & JONES
January 6, 2014

MANAGEMENT LETTER

To the Board of Directors of
United Way of Suwannee Valley, Inc.

We have audited the financial statements of United Way of Suwannee Valley, Inc. as of and for the year ended June 30, 2013, and have issued our report thereon dated January 6, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated January 6, 2014, should be considered in conjunction with this management letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior period.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

CONCLUSION

We very much enjoyed the challenges and experiences associated with this year's audit of the Organization. We appreciate the helpful assistance and courtesy afforded us by the employees and look forward to working with you in the future.

POWELL & JONES

Certified Public Accountants
January 6, 2014