

**CONWAY INTERFAITH CLINIC, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

**CONWAY INTERFAITH CLINIC, INC.**

**JUNE 30, 2011**

**C O N T E N T S**

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CERTIFIED PUBLIC ACCOUNTANTS  
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CONWAY, ARKANSAS 72033

Board of Directors  
Conway Interfaith Clinic, Inc.  
Conway, Arkansas

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Statement of Financial Position of Conway Interfaith Clinic, Inc. (a non-profit organization) as of June 30, 2011, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the Clinic's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Clinic's June 30, 2010 financial statements and, in our report dated December 6, 2010, we expressed an unqualified opinion on those financial statements.

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 Conway Interfaith Clinic, Inc., as of June 30, 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information as listed in the table of contents 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.

*Conner & Sartain*

October 17, 2011

STATEMENT OF FINANCIAL POSITION

**CONWAY INTERFAITH CLINIC, INC.**  
**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2011**

ASSETS

	<u>2011</u>	<u>2010</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 162,202	\$ 97,402
Accounts receivable-Note 4	46,603	38,224
Total Current Assets	<u>208,805</u>	<u>135,626</u>
 <u>Property and Equipment - Note 1:</u>		
Building	287,498	134,295
Furniture, fixtures, and equipment	162,440	141,019
	449,938	275,314
Less: Accumulated depreciation	<u>(128,856)</u>	<u>(105,003)</u>
Total Property and Equipment	<u>321,082</u>	<u>170,311</u>
 Total Assets	 <u>\$ 529,887</u>	 <u>\$ 305,937</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts payable	\$ 4,030	\$ 150
Accrued taxes	3,683	2,182
Accrued other expenses payable	9,669	9,198
Notes payable - current portion - Note 6	44,749	4,011
Total Current Liabilities	<u>62,131</u>	<u>15,541</u>
 <u>Long-Term Liabilities:</u>		
Notes payable - Note 6	56,275	63,363
Less: current portion	<u>(44,749)</u>	<u>(4,011)</u>
Total Long-Term Liabilities	<u>11,526</u>	<u>59,352</u>
 Total Liabilities	 <u>73,657</u>	 <u>74,893</u>
 <u>Net Assets:</u>		
Unrestricted	422,146	231,044
Temporarily restricted	34,084	0
Permanently restricted	<u>0</u>	<u>0</u>
Total Net Assets	<u>456,230</u>	<u>231,044</u>
 Total Liabilities and Net Assets	 <u>\$ 529,887</u>	 <u>\$ 305,937</u>

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

**CONWAY INTERFAITH CLINIC, INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2011**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	2011 Total	2010 Total
<b><u>Support and Revenue:</u></b>					
Dental income-Medicaid	\$ 0	\$ 303,156	\$ 0	\$ 303,156	\$ 350,636
Dental income	176,327	0	0	176,327	137,176
Medical income	81,907	0	0	81,907	57,671
PAP income	9,660	0	0	9,660	10,205
State funding-Arkansas Minority Health	0	0	0	0	1,000
State funding-Foster Care	0	984	0	984	389
Contributions	162,618	0	0	162,618	14,755
Grant income-United Way	0	30,014	0	30,014	21,049
Grant income-Delta Dental	0	0	0	0	10,000
Grant income-Arkansas Community Foundation	0	7,130	0	7,130	3,854
Grant income-Taylor Foundation	0	1,158	0	1,158	3,800
Grant income-Conway City Development	0	134,000	0	134,000	0
Grant income-Blue & You	0	68,168	0	68,168	0
Grant income-Other	0	7,720	0	7,720	8,381
Interest income	228	0	0	228	333
Fund raising income	22,960	0	0	22,960	23,833
Other income	18,139	0	0	18,139	2,464
In-kind income	0	0	0	0	0
Net assets released from restriction:					
Satisfaction of program restriction	518,246	(518,246)	0	0	0
<b>Total Support and Revenue</b>	<b>990,085</b>	<b>34,084</b>	<b>0</b>	<b>1,024,169</b>	<b>645,546</b>
<b><u>Expenses:</u></b>					
Medical expense	181,030	0	0	181,030	111,682
Dental expense	384,549	0	0	384,549	325,630
PAP expense	40,116	0	0	40,116	37,969
General expense	187,044	0	0	187,044	130,840
Fund raising expense	6,244	0	0	6,244	5,650
<b>Total Expenses</b>	<b>798,983</b>	<b>0</b>	<b>0</b>	<b>798,983</b>	<b>611,771</b>
<b>Change in Net Assets</b>	<b>191,102</b>	<b>34,084</b>	<b>0</b>	<b>225,186</b>	<b>33,775</b>
<b>Net Assets - Beginning of Year</b>	<b>231,044</b>	<b>0</b>	<b>0</b>	<b>231,044</b>	<b>197,269</b>
<b>Net Assets - End of Year</b>	<b>\$ 422,146</b>	<b>\$ 34,084</b>	<b>\$ 0</b>	<b>\$ 456,230</b>	<b>\$ 231,044</b>

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

**CONWAY INTERFAITH CLINIC, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2011**

	MEDICAL EXPENSES	DENTAL EXPENSES	PAP EXPENSES	GENERAL EXPENSES	FUND RAISING EXPENSES	2011 TOTAL	2010 TOTAL
Salaries	\$ 110,259	\$ 244,621	\$ 26,244	\$ 102,100	\$ 0	\$ 483,224	\$ 401,935
Payroll taxes	7,902	15,068	1,919	7,639	0	32,528	29,824
Employee benefits	5,863	27,572	6,009	11,657	0	51,101	38,509
Americorp expense	377	691	63	126	0	1,257	5,028
Professional services	8,795	15,708	1,482	2,865	0	28,850	18,050
Lab expense	15,958	0	0	0	0	15,958	11,115
Computer expense	888	1,627	148	1,898	0	4,561	3,646
Supplies	8,826	46,046	1,574	9,266	0	65,712	45,204
Telephone	1,260	1,447	138	3,211	0	6,056	2,413
Postage and shipping	44	288	308	264	0	904	1,279
Equipment rental and maintenance	548	6,627	68	131	0	7,374	2,040
Miscellaneous expense	521	1,012	88	1,855	0	3,476	2,245
Rent	7,645	5,109	647	5,109	0	18,510	0
Utilities	3,168	5,835	346	3,195	0	12,544	6,086
Maintenance	2,149	1,818	248	6,999	0	11,214	2,305
Interest expense	817	1,497	136	759	0	3,209	3,023
Insurance	5,516	6,995	618	2,052	0	15,181	12,185
Membership dues	99	1,323	16	83	0	1,521	713
Staff development	0	440	0	0	0	440	133
Advertising	395	825	64	131	0	1,415	1,303
Fund raising fees	0	0	0	3,851	6,244	10,095	5,750
Depreciation expense	0	0	0	23,853	0	23,853	18,985
<b>Total</b>	<b>\$ 181,030</b>	<b>\$ 384,549</b>	<b>\$ 40,116</b>	<b>\$ 187,044</b>	<b>\$ 6,244</b>	<b>\$ 798,983</b>	<b>\$ 611,771</b>

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

**CONWAY INTERFAITH CLINIC, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in Net Assets	\$ 225,186	\$ 33,775
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operations:		
Depreciation expense	23,853	18,985
(Increase) Decrease in receivables	(8,379)	(13,570)
Increase (Decrease) in payables and accrued expenses	5,852	4,432
Net Cash Provided (Used) by Operating Activities	<u>246,512</u>	<u>43,622</u>
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of property and equipment	<u>(174,624)</u>	<u>(10,669)</u>
Net Cash Provided (Used) by Investing Activities	<u>(174,624)</u>	<u>(10,669)</u>
<b><u>Cash Flows from Financing Activities:</u></b>		
Proceeds from notes payable	9,585	0
Principal payments on notes payable	<u>(16,673)</u>	<u>(6,375)</u>
Net Cash Provided (Used) by Financing Activities	<u>(7,088)</u>	<u>(6,375)</u>
Net Increase (Decrease) in Cash	64,800	26,578
Cash - Beginning of Period	<u>97,402</u>	<u>70,824</u>
Cash - End of Period	<u>\$ 162,202</u>	<u>\$ 97,402</u>
<b><u>Supplemental Disclosures:</u></b>		
Cash paid during the year for:		
Interest	<u>\$ 3,217</u>	<u>\$ 2,960</u>
Taxes	<u>\$ N/A</u>	<u>\$ N/A</u>

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



**CONWAY INTERFAITH CLINIC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2011**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Activities**

Conway Interfaith Clinic, Inc. was organized as a non-profit corporation without capital stock under the laws of the State of Arkansas. The purpose of this Clinic is to meet the physical and dental needs of the uninsured, as well as to minister to their emotional and spiritual needs. With the services of health professionals and the Clinic staff, the Clinic provides affordable quality primary health care, pastoral counseling, and preventive medicine through health education and services.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, Section 205, *Presentation of Financial Statements of Not-for-Profit Organizations*. Under Topic 958-205, the Clinic 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.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Clinic considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Clinic that is, in substance, unconditional. Contributions 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 contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Clinic uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**CONWAY INTERFAITH CLINIC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):**

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

**Property and Equipment**

Buildings, furniture, fixtures, and equipment are capitalized when the expected useful life of the asset exceeds one year. These capitalized assets are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

**Donated Materials and Equipment**

Donated materials and equipment are recorded as contributions at their estimated fair market value at the date of donation. These contributions are reflected as in-kind revenue in the accompanying Statement of Activities.

**Contributed Services**

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**Compensated Absences**

The Clinic has not recorded a liability for compensated absences since, in management's opinion, the amounts cannot be reasonably determined.

**Income Taxes**

The Clinic has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state laws. As such, they are required to file IRS Form 990 on an annual basis. The Clinic is no longer subject to U.S. federal income tax examinations by taxing authorities for years before June 30, 2008.

**CONWAY INTERFAITH CLINIC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Income Taxes (Continued)**

The Clinic adopted the provisions of ASC Topic 740 dealing with uncertainty in income taxes. No amounts were recorded as a result of the adoption of Topic 740.

**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.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Clinic's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

**NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS:**

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**CONWAY INTERFAITH CLINIC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED):**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying Statement of Financial Position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

**Investments:**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stock, mutual funds and United States Treasury obligations. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The Clinic did not hold any level securities as of June 30, 2011.

**Other financial instruments:**

The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term investments, and promises to give due in less than one year: The carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments.

Long-term debt: The fair value of the notes and bonds payable is based on its carrying amount.

**NOTE 3 - COLLATERALIZATION OF CASH BALANCES:**

	<u>2011</u>	<u>2010</u>
Cash in Bank, Fully Insured by FDIC	\$ 168,739	\$ 102,274
Cash in Bank, Collateralized	0	0
Cash in Bank, Uninsured, Uncollateralized	<u>0</u>	<u>0</u>
	<u>\$ 168,739</u>	<u>\$ 102,274</u>

**CONWAY INTERFAITH CLINIC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**NOTE 4 - ACCOUNTS RECEIVABLE:**

Outstanding accounts receivable due to the Clinic and the related allowance for doubtful accounts at June 30, 2011, are as follows:

	<u>2011</u>	<u>2010</u>
Accounts receivable in less than one year	\$ 52,848	\$ 43,879
Less: allowance for doubtful accounts	<u>6,245</u>	<u>5,655</u>
Net receivable	<u>\$ 46,603</u>	<u>\$ 38,224</u>

**NOTE 5 - DEPRECIATION:**

Property and equipment, together with annual depreciation rates, consists of the following:

	<u>2011</u>	<u>Method and Years</u>
Building	\$ 287,498	SL 39
Office Equipment	<u>162,440</u>	SL 5 & 7
	<u>\$ 449,938</u>	

Depreciation expense charged to operations for the years ended June 30, 2011 and 2010 was \$23,853 and \$18,985, respectively.

**NOTE 6 - NOTES PAYABLE:**

Long-term debt at June 30, 2011 and June 30, 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
\$150,000 line of credit payable to Regions Bank, required to pay interest monthly, maturity date of October 28, 2011, interest rate of 3.25%, secured by substantially all assets and personally guaranteed by several board members.	\$ 38,814	\$ 50,169
Note payable to Patterson Financial, monthly payments of \$419.23 through June 2013, interest rate of 9.00%, secured by equipment.	9,178	13,194
Note payable to Patterson Financial, monthly payments of \$201.30 through September 2015, interest rate of 9.50%, secured by equipment.	<u>8,283</u>	<u>0</u>
Less: Current maturities	<u>56,275</u>	<u>63,363</u>
	<u>44,749</u>	<u>4,011</u>
Total Long-Term Debt	<u>\$ 11,526</u>	<u>\$ 59,352</u>

**CONWAY INTERFAITH CLINIC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**NOTE 7 - RETIREMENT PLAN:**

Conway Interfaith Clinic, Inc. has a Simplified Employee Pension (SEP) plan covering personnel after satisfying eligibility requirements. The contribution is based on a percentage of each eligible employee's salary. Retirement expense for the years ended June 30, 2011 and 2010, was \$24,689 and \$19,584, respectively.

**NOTE 8 - ARKANSAS COMMUNITY FOUNDATION:**

The Clinic is the designated beneficiary of the Conway Interfaith Clinic Operating Endowment (Endowment) that was set up in December of 2006 with the Arkansas Community Foundation. As the Clinic is only the beneficiary and not the owner of the Endowment, the Clinic is not entitled to list the Endowment as an asset. Accordingly, only the income received from the Endowment is recorded in the Clinic's financial statements.

**NOTE 9 - CONCENTRATIONS:**

The Clinic receives a large percentage of its support from the Medicaid program. If funding should cease, a negative impact would result on the Clinic and its ability to continue operations.

**NOTE 10 - SUBSEQUENT EVENTS:**

No events occurring subsequent to year end, having a direct and material effect on the financial statements for the year ended June 30, 2011, have been determined as of the date of the audit report.

SUPPLEMENTAL INFORMATION

**CONWAY INTERFAITH CLINIC, INC.**

**SCHEDULE OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2011**

	<u>Operations</u>	<u>Capital Campaign</u>	<u>2011 Total</u>
<b><u>Support and Revenue:</u></b>			
Dental income-Medicaid	\$ 303,156	\$ 0	\$ 303,156
Dental income	176,327	0	176,327
Medical income	81,907	0	81,907
PAP income	9,660	0	9,660
State funding-Foster Care	984	0	984
Contributions	10,445	152,173	162,618
Grant income-United Way	30,014	0	30,014
Grant income-Arkansas Community Foundation	7,130	0	7,130
Grant income-Taylor Foundation	1,158	0	1,158
Grant income-Conway City Development	0	134,000	134,000
Grant income-Blue & You	68,168	0	68,168
Grant income-Other	1,220	6,500	7,720
Interest income	0	228	228
Fund raising income	22,960	0	22,960
Other income	18,139	0	18,139
	<u>731,268</u>	<u>292,901</u>	<u>1,024,169</u>
<b>Total Support and Revenue</b>			
<b><u>Expenses:</u></b>			
Salaries	483,224	0	483,224
Payroll taxes	32,528	0	32,528
Employee benefits	51,101	0	51,101
Americorp expense	1,257	0	1,257
Professional services	28,850	0	28,850
Lab expense	15,958	0	15,958
Computer expense	2,958	1,603	4,561
Supplies	58,829	6,883	65,712
Telephone	3,122	2,934	6,056
Postage and shipping	904	0	904
Equipment rental and maintenance	4,586	2,788	7,374
Miscellaneous expense	3,476	0	3,476
Rent	18,510	0	18,510
Utilities	12,544	0	12,544
Maintenance	11,214	0	11,214
Interest expense	3,209	0	3,209
Insurance	15,181	0	15,181
Membership dues	1,521	0	1,521
Staff development	440	0	440
Advertising	1,415	0	1,415
Fund raising fees	7,513	2,582	10,095
Depreciation expense	23,853	0	23,853
	<u>782,193</u>	<u>16,790</u>	<u>798,983</u>
<b>Total Expenses</b>			
	<u>782,193</u>	<u>16,790</u>	<u>798,983</u>
Change in Net Assets	<u>\$ (50,925)</u>	<u>\$ 276,111</u>	<u>\$ 225,186</u>

See accountants' report on supplemental information



# Conner & Sartain

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MEMBERS - AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

Board of Directors  
Conway Interfaith Clinic, Inc.  
Conway, Arkansas 72032

In planning and performing our audit of the financial statements of Conway Interfaith Clinic, Inc. as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Conway Interfaith Clinic, Inc.'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.

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.

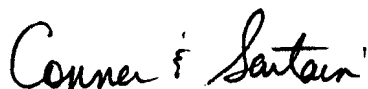
A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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

## Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

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.



October 17, 2011