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**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**
Sorrento, Louisiana

FINANCIAL REPORT

December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/17/09

ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
Sorrento, Louisiana

TABLE OF CONTENTS

December 31, 2008

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
FINANCIAL STATEMENTS		
Consolidated Statements of Financial Position	A	2
Consolidated Statements of Activities	B	3
Consolidated Statements of Cash Flows	C	4
Consolidated Notes to Financial Statements	D	5
SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Independent Auditors' Report on Supplementary Information		9
Consolidating Statement of Financial Position	1	10
Consolidating Statement of Activities	2	11
SPECIAL INDEPENDENT AUDITORS' REPORTS		
Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		15
SCHEDULE OF PRIOR YEAR FINDINGS		17



INDEPENDENT AUDITORS' REPORT

Board of Directors
Ascension Economic Development Corporation
Ascension Economic Development Foundation
Sorrento, Louisiana

We have audited the accompanying consolidated statements of financial position of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** (non-profit organizations) as of December 31, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** as of December 31, 2008 and 2007, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 5, 2009, on our consideration of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of our audits performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
May 5, 2009

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash	\$ 94,137	\$ 73,023
Receivables, net	27,836	58,209
Prepaid assets	-	1,763
Total current assets	121,973	132,995
PROPERTY, net	90,834	53,811
Total assets	\$ 212,807	\$ 186,806
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,762	\$ 38,075
Accrued expenses	-	2,227
Total current liabilities	3,762	40,302
NOTE PAYABLE	25,500	25,500
Total liabilities	29,262	65,802
NET ASSETS		
Unrestricted	183,545	121,004
Total liabilities and net assets	\$ 212,807	\$ 186,806

The accompanying notes to consolidated financial statements
are an integral part of this statement.

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended December 31, 2008 and 2007

	2008	2007
REVENUES		
Contributions	\$ 391,000	\$ 423,700
Grants and incubator	248,537	190,067
Total revenues	639,537	613,767
EXPENSES		
Program services		
Salaries	217,051	241,385
Payroll taxes and benefits	25,424	20,100
Incubator	98,676	70,700
Special project funds	78,219	65,378
Travel and entertainment	35,852	38,827
Legal and professional fees	29,623	32,905
Marketing and research	24,967	13,731
Office	24,557	19,447
Depreciation	11,756	3,727
Insurance and utilities	10,844	9,614
Rent	8,949	8,749
Other	11,078	1,841
Total expenses	576,996	526,404
Increase in net assets	62,541	87,363
NET ASSETS		
Beginning of year	121,004	33,641
End of year	\$ 183,545	\$ 121,004

The accompanying notes to consolidated financial statements
are an integral part of this statement.

ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
 Sorrento, Louisiana

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 62,541	\$ 87,363
Adjustment for non-cash items:		
Depreciation	11,756	3,727
Change in operating assets and liabilities:		
Accounts receivable	30,373	(58,209)
Prepaid assets	1,763	380
Accounts payable and accrued expenses	<u>(36,540)</u>	<u>38,169</u>
Net cash provided by operating activities	69,893	71,430
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(48,779)	(48,996)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in note payable	<u>-</u>	<u>25,500</u>
Net increase in cash	21,114	47,934
CASH		
Beginning of year	<u>73,023</u>	<u>25,089</u>
End of year	<u>\$ 94,137</u>	<u>\$ 73,023</u>

The accompanying notes to consolidated financial statements
are an integral part of this statement.

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
Sorrento, Louisiana**

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Ascension Economic Development Corporation (the Corporation) is a non-profit corporation which was organized to promote economic development for the Parish of Ascension. Additionally, during 2006, the Corporation developed a business incubator, Louisiana Edible Creations (LECC), that allows entrepreneurs in the food industry use of a facility at reduced rental rates. The Corporation is a public-private partnership funded by the Parish of Ascension, the City of Gonzales and the business community in Ascension Parish.

The Corporation's board directors are appointed by the Parish of Ascension (3) and the Ascension Chamber of Commerce (4).

The Ascension Economic Development Foundation (the Foundation) is a non-profit corporation which was organized to support the Corporation through fundraising activities.

Basis of presentation

The consolidated financial statements of the Corporation and the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

The Corporation and the Foundation 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. There are no temporarily or permanently restricted net assets.

The consolidated statement of activities presents expenses functionally as program services.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities 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. Estimates are used primarily when accounting for depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Corporation and the Foundation consider all highly liquid investments with original maturities of three months or less to be cash equivalents. For purposes of the consolidated statement of cash flows, the Corporation and the Foundation consider all certificates of deposit, demand deposits, interest bearing demand deposits, and money market funds to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and 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. Management believes all receivables to be collectible and no valuation allowance has been recorded for 2008 or 2007.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with estimated lives between 5 and 15 years. When property is retired or otherwise disposed of, applicable amounts are removed from the related asset and accumulated depreciation accounts, and the resulting gain or loss is recognized.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. There were no restricted contributions received during 2008 or 2007.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant recognition

Grants that represent exchange transactions are recorded as a receivable when the grant costs are incurred and reimbursable.

Grants that represent contributed support are recognized in the same manner as contributions.

Income Taxes

The Corporation operates as a public charity under Section 501(c)(6) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes.

The Foundation is exempt from income taxes under Code Section 501(c)(3).

NOTE 2 - RECEIVABLES

At December 31, 2008 and 2007 receivables were as follows:

	2008	2007
Government contracts	\$ -	\$ 31,825
Pearce Foundry, Inc.	25,500	26,384
Other	2,336	-
	\$ 27,836	\$ 58,209

NOTE 3 - PROPERTY

Property transactions for 2008 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture and fixtures	\$ 36,779	\$ 42,015	\$ -	\$ 78,794
Leasehold improvements	21,922	6,764	-	28,686
	58,701	48,779	-	107,480
Less: accumulated depreciation	(4,890)	(11,756)	-	(16,646)
Property and equipment, net	\$ 53,811	\$ 37,023	\$ -	\$ 90,834

Depreciation expense was \$11,756 and \$3,727 for 2008 and 2007, respectively.

NOTE 4 - NOTE PAYABLE

During 2007, the Corporation received grant advances from the State of Louisiana of \$25,500 related to an economic development project. As stipulated in the grant agreement, the Corporation was required to execute a promissory note to the State of Louisiana for grant advances. The note bears interest at 5.37% and is due December 31, 2011.

As stipulated in the agreement, the note is reduced by \$2,000 for each job credit created under the project. Expenses incurred on behalf of the project beneficiary have been recorded as a receivable (\$25,500 at December 31, 2008 and 2007, respectively).

NOTE 5 - RELATED PARTY TRANSACTIONS

The Corporation receives contributions from the Foundation, a related party. The Foundation has been included in these consolidated financial statements. During 2008 and 2007, the Foundation contributed funds of approximately \$4,750 and \$22,650, respectively, to the Corporation to support various projects where costs were incurred relating to future economic development within Ascension Parish. These contributions have been eliminated in the consolidated financial statements.

During 2008, the Corporation paid legal fees to a board member of approximately \$3,600.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Corporation and the Foundation typically maintain cash and cash equivalents in local banks that may, at times, exceed the FDIC limits. Management believes that this risk is limited.

The Corporation received approximately 81% and 91% of its revenue from governmental sources in 2008 and 2007, respectively. Furthermore, the Parish of Ascension provided \$386,100 and \$371,000 in support in 2008 and 2007, respectively; as such, the Corporation is economically dependent on the Parish of Ascension.

NOTE 7 - SUBSEQUENT EVENT

Subsequent to December 31, 2008, the Corporation elected to discontinue operations of the Louisiana Edible Creations Center (LECC) due to the June 30, 2009 expiration of the lease for the facility in which it was located. Existing equipment will be contributed to a similar facility in Louisiana or sold.



**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Directors
Ascension Economic Development Corporation and
Ascension Economic Development Foundation
Sorrento, Louisiana

Our report on our audits of the consolidated financial statements of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** (the Corporation) and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** (the Foundation) appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The additional consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in cursive script that reads "Faulk & Winkler, LLC".

Certified Public Accountants

Baton Rouge, Louisiana
May 5, 2009

ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
 Sorrento, Louisiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2008

ASSETS

	<u>Corporation</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash	\$ 41,707	\$ 52,430	\$ -	\$ 94,137
Receivables, net	<u>27,836</u>	<u>-</u>	<u>-</u>	<u>27,836</u>
Total current assets	69,543	52,430	-	121,973
PROPERTY AND EQUIPMENT, net	<u>86,020</u>	<u>4,814</u>	<u>-</u>	<u>90,834</u>
Total assets	<u>\$ 155,563</u>	<u>\$ 57,244</u>	<u>\$ -</u>	<u>\$ 212,807</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable	\$ 3,762	\$ -	\$ -	\$ 3,762
NOTE PAYABLE	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Total liabilities	29,262	-	-	29,262
NET ASSETS				
Unrestricted	<u>126,301</u>	<u>57,244</u>	<u>-</u>	<u>183,545</u>
Total liabilities and net assets	<u>\$ 155,563</u>	<u>\$ 57,244</u>	<u>\$ -</u>	<u>\$ 212,807</u>

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended December 31, 2008

	<u>Corporation</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES				
Contributions	\$ 371,000	\$ 20,000	\$ -	\$ 391,000
Grants and incubator	248,287	5,000	(4,750)	248,537
Total revenues	<u>619,287</u>	<u>25,000</u>	<u>(4,750)</u>	<u>639,537</u>
EXPENSES				
Program services				
Salaries	217,051	-	-	217,051
Payroll taxes and benefits	25,424	-	-	25,424
Incubator	98,676	-	-	98,676
Special project funds	78,219	4,750	(4,750)	78,219
Travel and entertainment	35,852	-	-	35,852
Legal and professional fees	27,518	2,105	-	29,623
Marketing and research	24,967	-	-	24,967
Office	24,283	274	-	24,557
Depreciation	11,182	574	-	11,756
Insurance and utilities	10,844	-	-	10,844
Rent	8,949	-	-	8,949
Other	11,078	-	-	11,078
Total expenses	<u>574,043</u>	<u>7,703</u>	<u>(4,750)</u>	<u>576,996</u>
Increase in net assets	45,244	17,297	-	62,541
NET ASSETS				
Beginning of year	<u>81,057</u>	<u>39,947</u>	<u>-</u>	<u>121,004</u>
End of year	<u>\$ 126,301</u>	<u>\$ 57,244</u>	<u>\$ -</u>	<u>\$ 183,545</u>

Special Independent Auditors' Reports

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

December 31, 2008



**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**

Board of Directors
Ascension Economic Development Corporation
Ascension Economic Development Foundation
Sorrento, Louisiana

We have audited the consolidated financial statements of **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** (non-profit organizations) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 5, 2009. We conducted our audits 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

In planning and performing our audits, we considered the Organizations' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over financial reporting.

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 combination of control deficiencies, that adversely effects the Organizations' 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 Organizations' consolidated financial statements that is more than inconsequential will not be prevented or detected by the Organizations' internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

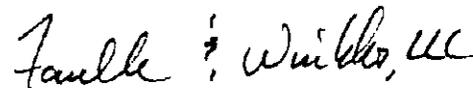
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described in the attached schedule of findings and questioned costs are also considered to be material weaknesses.

The Organizations' response to the findings identified in our audits are described in the accompanying schedule of findings and questioned costs. We did not audit the Organizations' response and, accordingly, we express no opinion on it.

Compliance

As part of obtaining reasonable assurance about whether the Organizations' consolidated 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana
May 5, 2009

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
Sorrento, Louisiana**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2008

A) SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the consolidated financial statements of Ascension Economic Development Corporation (Corporation) and Ascension Economic Development Foundation.
2. There were no instances of noncompliance material to the consolidated financial statements in relation to this audit.
3. There are two internal control findings that are described as Items 2008-1 and 2008-2.

B) FINDING - FINANCIAL STATEMENT AUDIT

2008-1 Documentation for Disbursements

Observation: During our review of disbursements, itemized receipts for two of seven employee expense reimbursement reports could not be located within the files of the Corporation. Expense reports with a description of the expense were saved electronically and were provided as supporting documentation. During 2009, the Corporation revised the expense reimbursement policy including issuing credit cards to certain employees.

Additionally, several vendor invoices included in our sample could not be located requiring the staff to contact vendors to provide supporting documentation for certain disbursements.

Recommendation: Itemized documentation should be maintained for all disbursements. Additionally, the board should consider expanding the current expense reimbursement policy to include guidelines on specific allowable and unallowable expenses.

Management's corrective action plan: Management will review this matter and revise current procedures in 2009.

2008-2 Segregation of duties

Observation: We observed that there is a lack of segregation of duties due to the limited number of employees involved in the accounting process for certain aspects of the Corporation's accounting structure.

In particular, we observed the following:

- Receipts are received by one individual who prepares the bank deposit and records the transaction in the general ledger. On the other hand, a significant portion of the Corporation's receipts are received electronically.
- A third-party contract accountant enters invoices into the accounting system, prepares check disbursements, and reconciles the bank statements.
- The President/CEO has check signing authority for disbursements under \$10,000. Furthermore, the credit card statements and President/CEO's expense reimbursement reports are not approved by a board member.

During 2009, the authority of signing checks was removed from the President/CEO and the chairman to the board (employee contracted by the board) began reviewing documentation and signing check disbursements; however, the bank reconciliations and bank statements are not reviewed independently of the third-party accountant.

Recommendation: We recommend that the Chairman to the board review the following on a periodic basis:

- Monthly bank statements, canceled checks and related reconciliations.
- Monthly detailed general ledger.

Management's corrective action plan: Management concurs with the observation and will explore the recommendation during 2009.

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
Sorrento, Louisiana**

SCHEDULE OF PRIOR YEAR FINDINGS

December 31, 2008

2007-1 Grant accounting (resolved)

Observation: During 2007, the Corporation received approximately \$150,000 in State funding from seven grant agreements. The grant receipts are recorded in the general ledger in six revenue accounts by grant project. However, some grant related receipts (approximately \$20,000) were recorded directly to expense accounts. Furthermore, grant expenses were not being recorded in the general ledger allowing for reconciliation to the related grant received.

Additionally, grant revenue and expense accruals were not recorded at year end. An adjustment of approximately \$29,000 was recorded to recognize unpaid grant reimbursements at December 31, 2007. Also, a grant expense accrual for the State EDAP grant of approximately \$16,000 was not recorded.

During 2008, grant activity was recorded correctly and there were no grant revenue or expense accruals required at year end. As a result, we consider this matter resolved.

2007-2 Segregation of duties

This finding has been reclassified as 2008-2.