

# Summary Report of Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Basis for Statement Preparation	Total Net Assets	Memorandums of Understanding
<b>Appalachian State University</b>							
ASU Foundation, Inc.	6/30/06	Yes	Dixon Hughes, PLLC	No	GAAP*	\$71,294,419	Yes
ASU Student Housing Corporation	6/30/06	Yes	Apple, Koceja, & Associates, PA	No	GAAP	\$3,781,614	Yes
<b>East Carolina University</b>							
ECU Alumni Association, Inc.	6/30/06	Yes	McGladrey & Pullen, LLP	No	GAAP	\$660,223	Yes
ECU Educational Foundation, Inc.	6/30/06	Yes	McGladrey & Pullen, LLP	No	GAAP	\$17,564,605	Yes
ECU Foundation, Inc. and Consolidated Affiliate	6/30/06	Yes	McGladrey & Pullen, LLP	No	GAAP	\$67,235,597	Yes
The Medical Foundation of ECU, Inc.	6/30/06	Yes	McGladrey & Pullen, LLP	No	GAAP	\$28,442,269	Yes
<b>Elizabeth City State University</b>							
ECSU Foundation, Inc.	6/30/06	Yes	Goodman & Company, LLP	No	GAAP	\$6,131,729	Yes
ECSU National Alumni Association	12/31/05	No****	William Sylvester Robinson, CPA	Yes*****	GAAP	\$120,195	Yes
<b>Fayetteville State University</b>							
FSU Athletic Club	6/30/07	Yes	N-Vision Enterprises, Inc.***	No	Modified Cash**	\$15,767	Yes
FSU Development Corporation	6/30/06	Yes	Buie, Norman, & Company, PA	No	GAAP	\$831,649	Yes
FSU Foundation, Inc. and Subsidiary	6/30/06	Yes	Buie, Norman, & Company, PA	No	GAAP	\$3,085,720	Yes
FSU National Alumni Association, Inc.	6/30/06	Yes	Buie, Norman, & Company, PA	No	GAAP	\$95,031	Yes
The Fayetteville Sate University Housing Foundation, LLC	6/30/06	Yes	Buie, Norman, & Company, PA	No	GAAP	\$95,031	Yes

\* GAAP - General Accepted Accounting Principles

\*\* Modified Cash - This basis of accounting can take many forms. However, the typical differences of this basis of accounting versus General Accepted Accounting Principles is that certain revenues would be recognized when received instead of when earned and certain expenses would be recognized when paid instead of when incurred.

\*\*\*Dbas - N-Vision Accounting & Management Services This is not a CPA firm but an Accounting firm.

\*\*\*\*\* Disclaimer-Independent Public Accounting firm was unable to form an opinion on the completeness and reliability of Management's financial statements.

\*\*\*\*\* Findings and actions taken found on page 8.

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<b>North Carolina A &amp; T State University</b>							
NCA&T National Aggie Club, Inc.	6/30/06	Yes	James E. Avent, Jr., CPA	Yes <sup>1</sup>	GAAP	\$200,254	Yes
NCA&T University Alumni Association, Inc.	6/30/06	Yes	James E. Avent, Jr., CPA	Yes <sup>1</sup>	GAAP	\$2,318,759	Yes
NCA&T University Foundation, Inc.	6/30/06	Yes	Oliver W. Bowie, CPA	No	GAAP	\$7,707,703	Yes
The Victory Club Foundation, Inc.	6/30/06	Yes	Oliver W. Bowie, CPA	No	GAAP	\$988,732	Yes
<b>North Carolina Central University</b>							
NCCU Alumni Association, Inc.	6/30/05	Yes	David C. Hinton, CPA, PA	No	GAAP*	\$414,499	Yes
NCCU Educational Advancement Foundation, Inc. ("Eagle Club")	6/30/06	Yes	Ty Cox & Co., CPAs, PLLC	Yes**	GAAP	\$194,640	Yes
NCCU Foundation, Inc.	6/30/06	Yes	McGladrey & Pullen, LLP	No	GAAP	\$10,083,650	Yes
NCCU Real Estate Foundation	6/30/06	Yes	Blackman & Sloop, CPAs, PA	No	GAAP	(\$1,207,166)	Yes
<b>North Carolina School of the Arts</b>							
N.C. School of the Arts Foundation, Inc.	6/30/07	Yes	Butler & Burke, LLP	No	GAAP	\$27,739,781	Yes
NCSA Housing Corporation	6/30/06	Yes	Butler & Burke, LLP	No	GAAP	(\$546,409)	Yes
NCSA Program Support Corporation	6/30/06	Yes	Butler & Burke, LLP	No	GAAP	\$1,193,078	Yes
River Run Film Festival	12/31/06	Yes	Butler & Burke, LLP	No	GAAP	\$230,483	Yes
The Foreign Art Study Foundation of North Carolina, Inc.	6/30/06	Yes	Butler & Burke, LLP	No	GAAP	\$637,498	Yes
The Semans Art Fund, Inc.	6/30/06	Yes	Butler & Burke, LLP	No	GAAP	\$700,209	Yes
The Student Creative Arts Foundation of North Carolina, Inc.	6/30/06	Yes	Butler & Burke, LLP	No	GAAP	\$618,312	Yes

\* GAAP - General Accepted Accounting Principles

\*\* Findings and actions taken found on page 8.

<sup>1</sup> See attachment 2.

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<b>North Carolina State University</b>							
N.C. Agricultural Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash**	\$56,840,592	Yes
N.C. State Engineering Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash	\$47,160,395	Yes
N.C. State Forestry Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash	\$12,737,188	Yes
N.C. State Investment Fund, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	GAAP*	\$296,910,803	Yes
N.C. State University Alumni Association	6/30/06	Yes	Batchelor, Tillery, & Roberts, LLP	No	GAAP	\$44,397,012	Yes
N.C. State Alumni Club, Inc.	12/1/06	Yes	Batchelor, Tillery, & Roberts, LLP	No	GAAP	\$342,714	Yes
N.C. State University Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	GAAP	\$73,456,582	Yes
N.C. State University Physical & Mathematical Sciences Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash	\$15,478,088	Yes
N.C. Textile Foundation, Inc.	6/30/06	Yes	McGladrey & Pullen	Yes***	Modified Cash	\$27,507,114	Yes
N.C. Tobacco Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash	\$3,791,150	Yes
N.C. Veterinary Medical Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash	\$18,683,800	Yes
NCSU Student Aid Association, Inc.	6/30/06	Yes	Koonce, Wooten, & Haywood, LLP	No	GAAP	\$71,075,459	Yes
North Carolina State University Club	12/31/06	Yes	Batchelor, Tillery, & Roberts, LLP	No	GAAP	\$1,086,165	Yes
Pulp and Paper Foundation, Inc.	6/30/06	Yes	Williams, Overman, Pierce, LLP	No	Modified Cash	\$9,769,517	Yes
<b>The University of North Carolina at Asheville</b>							
The University Botanical Gardens at Asheville, Inc.	12/31/06	Yes	Crawley, Lee, & Company, PA	No	GAAP*	\$932,165	Yes
UNC Asheville Foundation, Inc.	6/30/06	Yes	Burleson Earley & Keel, PLLC	No	GAAP	\$19,023,100	Yes

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\*\*\* Findings and actions taken found on page 8.

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Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Basis for Statement Preparation	Total Net Assets	Memorandums of Understanding
<b>The University of North Carolina at Chapel Hill</b>							
Carolina for Kibera, Inc.	12/31/06	Yes	Chung CPA, PA	Yes***	GAAP	\$314,698	Yes
Law Alumni Association of UNC, Inc. and UNC Law Foundation, Inc.	6/30/06	Yes	McGladrey & Pullen, LLP	Yes***	Modified Cash**	\$22,174,480	Yes
Morehead Scholarship Foundation	6/30/06	Yes	Batchelor, Tillery & Roberts, LLP	No	GAAP	\$9,522,091	Yes
The Dental Foundation of N.C., Inc.	6/30/06	Yes	Koonce, Wooten, & Haywood, LLP	Yes***	GAAP	\$28,749,667	Yes
The Educational Foundation, Inc.	6/30/06	Yes	Deloitte & Touche LLP	No	GAAP	\$34,932,213	Yes
The Kenan Flagler Business School Foundation	6/30/06	Yes	Bernard, Robinson, & Company, LLP	No	GAAP	\$68,442,505	Yes
The Medical Foundation of N.C., Inc.	6/30/06	Yes	Stancil & Company	Yes***	GAAP	\$200,814,685	Yes
The Pharmacy Foundation of N.C., Inc.	6/30/06	Yes	Koonce, Wooten, & Haywood, LLP	No	GAAP*	\$40,514,109	Yes
The School of Education Foundation, Inc.	6/30/06	Yes	Blackman & Sloop, CPAs, PA	Yes***	GAAP	\$1,733,088	Yes
The School of Government Foundation, Inc.	6/30/06	Yes	Blackman & Sloop, CPAs, PA	No	GAAP	\$8,623,645	Yes
The School of Journalism & Mass Communications Foundation of North Carolina, Inc.	12/31/05	Yes	Blackman & Sloop, CPAs, PA	No	GAAP	\$14,946,912	Yes
The School of Social Work Foundation, Inc.	6/30/06	Yes	Blackman & Sloop, CPAs, PA	Yes***	GAAP	\$6,908,007	Yes
The University of North Carolina at Chapel Hill Arts & Sciences Foundation, Inc.	6/30/06	Yes	Blackman & Sloop, CPAs, PA	No	GAAP	\$134,442,602	Yes
The University of North Carolina at Chapel Hill Foundation Investment Fund	6/30/06	Yes	KPMG, LLP	No	GAAP	\$1,478,988,508	Yes
The University of North Carolina at Chapel Hill Foundation, Inc.	6/30/06	Yes	KPMG, LLP	No	GAAP	\$205,886,619	Yes
The University of North Carolina at Chapel Hill School of Nursing Foundation, Inc.	6/30/06	Yes	Blackman & Sloop, CPAs, PA	Yes***	GAAP	\$6,193,711	Yes

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Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Basis for Statement Preparation	Total Net Assets	Memorandums of Understanding
<b>The University of North Carolina at Chapel Hill (cont'd)</b>							
UNC Management Company, Inc.	6/30/06	Yes	KPMG, LLP	Yes***	GAAP	\$3,920,918	Yes
The University of North Carolina at Chapel Hill Public Health Foundation, Inc.	6/30/06	Yes	Blackman & Sloop, CPAs, PA	No	GAAP	\$18,812,322	Yes
<b>The University of North Carolina at Charlotte</b>							
The Athletic Foundation of The University of North Carolina at Charlotte	6/30/06	Yes	Greer & Walker, LLP	No	GAAP*	\$17,404,649	Yes
The Ben Craig Center	6/30/06	Yes	Greer & Walker, LLP	No	GAAP	\$962,300	Yes
The Foundation of the University of North Carolina at Charlotte, Inc.	6/30/06	Yes	Greer & Walker, LLP	No	GAAP	\$88,151,768	Yes
The University of North Carolina at Charlotte Investment Foundation, Inc.	6/30/06	Yes	Greer & Walker, LLP	No	GAAP	\$0	Yes
<b>University of North Carolina at Greensboro</b>							
Capital Facilities Foundation, Inc.	6/30/06	Yes	McGladrey & Pullen	No	GAAP	\$775,842	Yes
Serve, Inc.	11/30/06	Yes	Bernard, Robinson, & Company, LLP	No	GAAP	\$633,321	Yes
The Alumni Association of the University of North Carolina at Greensboro, Inc.	6/30/06	Yes	Bernard, Robinson, & Company, LLP	No	Modified Cash**	\$2,610,847	Yes
The UNCG Excellence Foundation	6/30/06	Yes	McGladrey & Pullen	No	GAAP	\$70,143,707	Yes
The UNCG Human Environmental Sciences Foundation, Inc.	6/30/06	Yes	McGladrey & Pullen	No	GAAP	\$6,822,974	Yes
The Weatherspoon Art Foundation	6/30/06	Yes	Internal Audit <sup>1</sup>	No	N/A	\$19,756,305	Yes
The Weatherspoon Art Museum Association	6/30/06	Yes	McGladrey & Pullen	No	GAAP	\$355,566	Yes
UNCG Investment Fund, Inc.	6/30/06	Yes	McGladrey & Pullen	No	GAAP	\$155,642,459	Yes

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<sup>1</sup> Internal audit reviewed the value and internal controls over the art work owned by the foundation. This foundation's only assets are the works of art. The art values are based on cost if purchased or fair value at the time of donation, if donated.

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<b>The University of North Carolina at Pembroke</b>							
The UNCP University Foundation, LLC	6/30/06	Yes	Reznick Group	No	GAAP*	(\$1,788,742)	Yes
UNCP Foundation, Inc.	6/30/06	Yes	Nelson, Price & Associates, PA	No	GAAP	\$2,803,010	Yes
UNCP Student Housing, LLC	6/30/06	Yes	Nelson, Price & Associates, PA	No	GAAP	\$240,107	Yes
<b>The University of North Carolina at Wilmington</b>							
Cameron Foundation	6/30/06	Yes	Internal Audit	No	GAAP	\$487,469	Yes
Donald R. Watson Foundation, Inc.	6/30/06	Yes	Michael Durham, CPA	No	GAAP	1,605,999	Yes
Friends of UNCW	6/30/06	Yes	Internal Audit	No	GAAP	\$4,669	Yes
The Foundation of UNCW, Inc.	6/30/06	Yes	McGladery & Pullen, LLP	No	GAAP	\$3,282,896	Yes
The UNCW Alumni Association	6/30/06	Yes	McGladery & Pullen, LLP	No	GAAP	\$533,545	Yes
The UNCW Student Aid Association	6/30/06	Yes	McGladery & Pullen, LLP	No	GAAP	\$1,400,932	Yes
UNCW Corporation	6/30/06	Yes	McGladery & Pullen, LLP	No	GAAP	(\$2,505)	Yes
<b>Western Carolina University</b>							
Western Carolina University Foundation	6/30/06	Yes	Burleson, Earley, & Keel, PLLC	No	GAAP	\$15,097,058	Yes
Western Carolina University Research and Development Corporation	6/30/06	Yes	Burleson, Earley, & Keel, PLLC	No	GAAP	\$325,486	Yes

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# Summary Report of Associated Entities

Campus	Fiscal Year End	Unqualified Audit Opinion	Audit Performed By	Management Letter/Report Issues	Basis for Statement Preparation	Total Net Assets	Memorandums of Understanding
<b>Winston-Salem State University</b>							
Simon Green Atkins Community Development Corporation	6/30/06	Yes	Preston, Sims, & Darden, PA	No	GAAP*	\$82,678	Yes
Winston-Salem State University Foundation, Inc. and Subsidiary	6/30/06	Yes	Butler & Burke, LLP	No	GAAP	\$12,237,644	Yes
Winston-Salem State University National Alumni Association, Inc.	6/30/06	Yes	Butler & Burke, LLP	No	GAAP	\$157,820	Yes
<b>The University of North Carolina-General Administration</b>							
Development Foundation for N.C. Center for Advancement of Teaching	6/30/06	Yes	Dixon Hughes, PLLC	No	GAAP	\$1,273,944	Yes
The Highlands Biological Foundation, Inc.	5/31/06	Yes	Curtis J. Matthews, CPA PC	No	GAAP	\$786,981	Yes
The James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc.	6/30/06	Yes	Dixon Hughes, PLLC	No	GAAP	\$1,642,653	Yes
The North Carolina Arboretum Society	6/30/06	Yes	Gabler Molis & Company, PA	No	GAAP	\$981,795	Yes
The North Carolina Public Television Foundation, Inc.	6/30/06	Yes	McGladrey & Pullen, LLP	No	GAAP	\$715,090	Yes
The University of North Carolina Foundation, Inc.	6/30/06	Yes	Koonce, Wooten, & Haywood, LLP	No	GAAP	\$65,260	Yes

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# Summary Report of Associated Entities

Campus	Findings	Corrective Actions
<b>Elizabeth City State University:</b> National Alumni Association of Elizabeth City State University	(1) Cash receipts were inadequate to ensure or determine a complete deposit of all receipts (2) Cash disbursement process did not ensure that funds were expended solely for NAA purposes and in a manner that ensures compliance with regulatory reporting requirements (3) Accounting functions were not performed by persons familiar with generally accepted accounting principles	(1) An audit committee of the board of directors has been appointed and delegated the ongoing responsibilities of fiscal policy development, which revised and adopted cash receipts and cash disbursement policies (2) Cease use of debit card for routine purchases and replaced it with a low limit credit card, which is subject to monthly reconciliation (3) Seeking recovery of all indentified questioned costs from the responsibility party (4) All accounting will be performed by persons trained in GAAP (5) The accountant will provide quarterly financial reports to the Audit Committee - Monthly bank reconciliations will be prepared by staff and independently reviewed by the Chairman of the Alumni Board of Directors
<b>North Carolina A &amp; T State University:</b> NCA&T Alumni Association, Inc.	See attachment 2.	See attachment 2.
NCA&T National Aggie Club, Inc.	See attachment 2.	See attachment 2.
<b>North Carolina Central University:</b> North Carolina Central University Educational Advancement Foundation, Inc. ("Eagle Club")	(1) Vouchers were paid without proper authorization. (2) Pre-numbered vouchers in a sequential order were not used (3) Lack of proper documentation to support all expenditures prior to payment (4) Lack of proper documentation to support all receipts.	Per NCCU Eagle Club Foundation members, these issues have been corrected or in the process of being corrected
<b>North Carolina State University:</b> N.C. Textile Foundation, Inc.	(1) Journal entries prepared by the outsourced accountant were not being reviewed or approved by management	Responses of corrective actions have not been submitted yet
<b>The University of North Carolina at Chapel Hill:</b> Carolina for Kibera, Inc.	(1) The lack of segregation of duties of the disbursement of funds (2) Approval and cancellation of invoices - no policy requiring documentation (3) Formal expense reimbursement policy - does not exist (4) Procedures surrounding approval and payment of grants - should be improved (5) Sales tax refunds for amounts paid - forms should be filed	Per the CFK Board of Directors, procedures have been revised
Law Alumni Association of UNC, Inc. and UNC Law Foundation, Inc.	(1) Associated Entity is in the process of providing information on any audit findings	Responses of corrective actions have not been submitted yet
The Dental Foundation of North Carolina, Inc.	(1) Reconciliations-Investments, pledges and cash accounts were not properly or timely reconciled due to the Foundation was without a permanent, full-time bookkeeper at the end of FY 2006 and beginning of FY 2007	Responses of corrective actions have not been submitted yet
The Medical Foundation of North Carolina, Inc.	(1) The lack of segregation of duties of the disbursement of funds	Per the Auditor, the management is currently revising its procedures
The University of North Carolina at Chapel Hill School of Education Foundation, Inc.	(1) Monitoring of Restricted Funds and Approval of Invoices - no methodology existed for tracking (2) Approval of Invoices - several invoices were not approved by Foundation staff and supporting documents were not properly reviewed, (3) Accounting Policies and Procedures - no formal documentation (4) Investment Policy - a formal Investment policy to enhance the use of available cash to be developed.	Per the memo from the School of Education procedures have been adopted



North Carolina A&T National Aggie Club  
P.O. Box 21653  
Greensboro, North Carolina 27420

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April 17, 2006

Mr. Willie T. Ellis, Jr.  
Vice Chancellor for Business and Finance  
North Carolina A&T State University  
Dowdy Building  
Greensboro, NC 27411

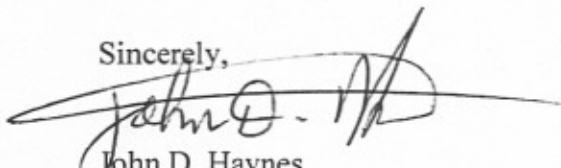
Dear Mr. Ellis:

Our exit conference for our audit was performed on March 24, 2006 with Mr. James E. Avent, CPA. We are providing you with a written response to the Audit Findings and Recommendations.

We are committed to the continued viability and fiscal integrity of the North Carolina A&T National Aggie Club.

If you require additional information, please let us know.

Sincerely,



John D. Haynes  
Financial Secretary

cc: Mr. James E. Avent, Jr., CPA  
Mr. James Pender, President, North Carolina A&T National Aggie Club

**North Carolina A&T National Aggie Club**  
**P.O. Box 21653**  
**Greensboro, North Carolina 27420**

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**AUDIT FINDINGS AND RECOMMENDATIONS**

**Audit Finding -1**

The organization's board minutes excluded documentation indicating the specific action(s) taken by the club on items required by the constitution.

**Recommendation**

The club should immediately ensure that all policies and procedures that are adopted by the club are in compliance with those governing documents. I further recommend that the club consider appointing the members of the "revised" constitution committee to a "compliance committee" to effectively monitor the constitution.

**Audit Response**

We concur. Due to the fact that some discussion was not agenda items they were not recorded. We will ask the president to expand his agenda to cover all items of discussion at subsequent board meetings. I will also recommend to the executive board at the next scheduled national meeting that a compliance committee be appointed to monitor the constitution of the NCA&T National Aggie Club Executive Board, Inc.

**Audit Finding – 2**

The organization has not adopted or approved in the minutes a formal accounting manual documenting the procedures for fiscal operations.

**Recommendation**

I recommend that operating guidelines for fiscal activities be prepared including a description of each fiscal procedure. The accounting manual in "draft" form may be adopted and approved by the organization as appropriate.

**Audit Response**

We concur. An accounting manual was compiled by the financial secretary and presented to the executive board at its meeting on September 24, 2005. The board accepted the accounting manual as in draft form to be discussed in detail at the next executive board meeting.

**Audit Finding - 3**

I noted that the club management did prepare, but did not adopt or approve in the minutes, an operating budget for the year ending June 30, 2005; however, I could find evidence during the audit that actual results of operations were reviewed against the budget, although the budget was not adopted or approved in the minutes of the organization.

**Recommendation**

I recommend that the management of the organization continue to closely monitor and adopt the budget in comparison with actual results, investigate and analyze significant operating budget variances with actual results and take appropriate corrective action as circumstances dictate.

**Audit Response**

We concur. The operating budget for fiscal year ending June 2005 was approved and adopted at the executive board meeting on September 4, 2004. The financial secretary reviews the budget in comparison with actual results so that the committee can analyze significant budget variances and make suggestions to the executive board.

**Audit Finding – 4**

The club management does not have written policies and procedures that specify what action is to be taken when the club has a need to secure an extension of credit from a financial institution.

**Recommendation**

I recommend that the club management devise written policies and procedures that specify what action is to be taken when the club has a need to secure an extension of credit from a financial institution with emphasis on persons authorized to complete the draft accounting manual and subsequently adopt the accounting manual to preclude repetition of the problems encountered during this audit and standardize the approach to fundraising and credit procurement in the future.

**Audit Response**

We concur. A written policy will be added to the accounting manual specifying what action is to be taken when the club has a need to secure an extension of credit from a financial institution. In addition the executive board will ensure complete concurrence when and if an extension of credit is sought.