

**RADIO BILINGUE, INC.**  
Fresno, California

**FINANCIAL STATEMENTS**

**For the Years Ending  
September 30, 2008 and 2007**

**RADIO BILINGUE, INC.**  
Fresno, California

September 30, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Radio Bilingue, Inc.  
Fresno, California

We have audited the accompanying statements of financial position of Radio Bilingue, Inc., as of September 30, 2008 and 2007, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 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 Radio Bilingue, Inc. as of September 30, 2008 and 2007, and the results of its activities and its 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 February 16, 2009, on our consideration of Radio Bilingue, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Price Paige & Company*

February 16, 2009

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**RADIO BILINGUE, INC.**  
Fresno, California

**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2008 and 2007

**Assets**

	<u>2008</u>	<u>2007</u>
Cash and Equivalents	\$ 465,381	\$ 862,032
Accounts Receivable	61,507	10,118
Prepaid Expenses	80,409	34,964
Other Assets	6,913	17,483
Grants Receivable (Note 2)	229,897	185,666
Property and Equipment, Net of Accumulated Depreciation (Notes 1 and 3)	<u>1,036,877</u>	<u>1,056,839</u>
 Total Assets	 <u>\$ 1,880,984</u>	 <u>\$ 2,167,102</u>

**Liabilities and Net Assets**

Liabilities

Accounts Payable	\$ 70,085	\$ 51,392
Accrued Expenses	55,709	49,527
Contracts Payable	2,164	10,047
Other Liabilities	10,948	3,199
Unearned Revenue (Notes 1 and 2)	<u>723,708</u>	<u>804,045</u>
 Total Liabilities	 <u>862,614</u>	 <u>918,210</u>

Net Assets

Unrestricted	<u>1,018,370</u>	<u>1,248,892</u>
 Total Net Assets	 <u>1,018,370</u>	 <u>1,248,892</u>
 Total Liabilities and Net Assets	 <u>\$ 1,880,984</u>	 <u>\$ 2,167,102</u>

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

**RADIO BILINGUE, INC.**  
Fresno, California

**STATEMENTS OF ACTIVITIES**  
For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Revenue</u>		
Grant Revenue:		
Federal	\$ 80,480	\$ 64,543
CPB	828,188	695,658
Foundation	1,171,486	1,221,782
Local/Other	159,865	284,925
In-Kind Contributions	440,440	363,952
Fundraising	158,584	174,653
Underwriting	40,041	39,190
Contributions	5,402	2,204
Other Revenue	<u>26,567</u>	<u>59,824</u>
Total Revenue	2,911,053	2,906,731
 <u>Expenditures</u>		
Programming and Production	1,566,613	1,515,890
Broadcast	594,351	598,876
Grants Administration	64,942	70,297
Grants/Underwriting	382,061	240,097
Management and General	210,094	243,008
Fundraising	<u>323,514</u>	<u>226,201</u>
Total Expenditures	<u>3,141,575</u>	<u>2,894,368</u>
Change in Net Assets	(230,522)	12,363
Net Assets, Beginning of Year	<u>1,248,892</u>	<u>1,236,529</u>
Net Assets, End of Year	<u>\$ 1,018,370</u>	<u>\$ 1,248,892</u>

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

**RADIO BILINGUE, INC.**

Fresno, California

**STATEMENTS OF CASH FLOWS**

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (230,522)	\$ 12,363
Adjustments to Reconcile Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	80,780	76,498
(Increase) Decrease in Grant Receivable	(44,231)	(10,271)
(Increase) Decrease in Accounts Receivable	(51,389)	30,871
(Increase) Decrease in Prepaid Expenses	(45,445)	9,592
(Increase) Decrease in Other Assets	10,570	(25,967)
Increase (Decrease) in Accounts Payable	18,693	(57,789)
Increase (Decrease) in Other Liabilities	7,749	38,273
Increase (Decrease) in Accrued Liabilities	6,182	(1,857)
Increase (Decrease) in Unearned Revenue	<u>(80,337)</u>	<u>(225,512)</u>
Net Cash Provided by (Used in) Operations	<u>(327,950)</u>	<u>(153,799)</u>
Cash Used in Investing Activities:		
Purchase of Fixed Assets	<u>(60,818)</u>	<u>(385,029)</u>
Cash Used in Financing Activities:		
Payment on Contracts Payable	<u>(7,883)</u>	<u>(9,744)</u>
Increase (Decrease) in Cash	(396,651)	(548,572)
Cash and Equivalents, Beginning of Year	<u>862,032</u>	<u>1,410,604</u>
Cash and Equivalents, End of Year	<u>\$ 465,381</u>	<u>\$ 862,032</u>
 <u>Supplemental Cash Flow Information</u>		
Cash paid during the period for interest	<u>\$ 618</u>	<u>\$ 489</u>

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

**RADIO BILINGUE, INC.**

Fresno, California

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended September 30, 2008

	Programming and Production	Broadcast	Grant Administration	Grants and Underwriting	Management and General	Fundraising	Totals
<b><u>Operating Expenses</u></b>							
Salaries and Fringe Benefits	\$ 828,077	\$ 80,695	\$ 53,734	\$ 191,283	\$ 152,124	\$ 65,318	\$ 1,371,231
Professional Fees	173,928	-	-	90,999	11,233	3,075	279,235
Consumable Supplies	2,928	410	73	1,432	5,957	804	11,604
Telephone	84,319	6,837	5,085	14,937	10,363	272	121,813
Postage and Shipping	9,975	1,509	882	1,721	2,251	628	16,966
Rent	58,405	35,437	-	15,583	1,515	-	110,940
Buildings and Grounds	10,138	5,276	387	1,543	687	90	18,121
Utilities	17,194	48,180	1,008	4,098	2,305	-	72,785
Insurance	26,836	2,149	2,149	5,014	12,231	-	48,379
Equipment Rental and Maintenance	15,512	18,694	285	835	1,890	-	37,216
Depreciation	3,152	75,546	394	900	788	-	80,780
Printing and Publications	436	54	54	125	109	-	778
Conferences and Meetings	5,309	-	-	2,580	-	-	7,889
Travel	56,651	11,262	-	6,037	1,475	2,528	77,953
Production Expenses:							
Production Supplies	5,356	264	-	-	-	-	5,620
Satellite	-	30,000	-	-	-	-	30,000
Acquisitions and Distributions	90,676	-	-	2,061	-	-	92,737
Advertising and Marketing	88,150	10	-	-	169	-	88,329
Fundraising and Events	79	-	-	225	-	189,642	189,946
Membership and Dues	3,463	3,825	-	3,258	114	-	10,660
Interest and Miscellaneous	1,789	30	-	430	6,883	20	9,152
Equipment	-	15,733	891	790	-	1,467	18,881
Subtotal	<u>1,482,373</u>	<u>335,911</u>	<u>64,942</u>	<u>343,851</u>	<u>210,094</u>	<u>263,844</u>	<u>2,701,015</u>
<b><u>In-Kind Expenses</u></b>							
Volunteer Services	84,240	-	-	-	-	-	84,240
All Other Services	-	255,140	-	38,210	-	59,670	353,020
Property/Space	-	3,300	-	-	-	-	3,300
Subtotal	<u>84,240</u>	<u>258,440</u>	<u>-</u>	<u>38,210</u>	<u>-</u>	<u>59,670</u>	<u>440,560</u>
Total Expenses	<u>\$ 1,566,613</u>	<u>\$ 594,351</u>	<u>\$ 64,942</u>	<u>\$ 382,061</u>	<u>\$ 210,094</u>	<u>\$ 323,514</u>	<u>\$ 3,141,575</u>

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

**RADIO BILINGUE, INC.**

Fresno, California

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended September 30, 2007

	Programming and Production	Broadcast	Grant Administration	Grants and Underwriting	Management and General	Fundraising	Totals
<u>Operating Expenses</u>							
Salaries and Fringe Benefits	\$ 902,205	\$ 78,113	\$ 59,883	\$ 182,927	\$ 114,312	\$ 18,163	\$ 1,355,602
Professional Fees	95,357	23,684	-	8,550	51,489	168	179,248
Consumable Supplies	9,282	-	735	2,600	381	4	13,002
Telephone	68,378	6,037	4,967	12,458	14,729	164	106,733
Postage and Shipping	9,672	2,044	438	1,468	952	363	14,937
Rent	29,878	34,302	-	1,850	26,289	-	92,319
Buildings and Grounds	15,790	6,213	579	1,695	2,228	3	26,508
Utilities	12,245	45,201	997	2,188	5,043	-	65,674
Insurance	23,267	2,150	2,150	11,252	5,017	-	43,836
Equipment Rental and Maintenance	12,164	2,130	330	2,304	746	-	17,674
Depreciation	-	76,498	-	-	-	-	76,498
Printing and Publications	1,016	-	-	388	1,792	-	3,196
Conferences and Meetings	7,334	-	-	673	886	21	8,914
Travel	28,300	7,136	118	1,636	13,785	805	51,780
Production Expenses:							
Production Supplies	6,783	-	-	-	154	-	6,937
Satellite	-	30,000	-	-	-	-	30,000
Acquisitions and Distributions	89,622	-	-	-	90	-	89,712
Advertising and Marketing	77,217	-	-	-	650	125	77,992
Fundraising and Events	5,000	-	-	-	11	206,370	211,381
Membership and Dues	8,030	-	-	196	3,341	-	11,567
Interest and Miscellaneous	6,229	845	100	9,912	867	15	17,968
Equipment	23,257	5,435	-	-	246	-	28,938
Subtotal	<u>1,431,026</u>	<u>319,788</u>	<u>70,297</u>	<u>240,097</u>	<u>243,008</u>	<u>226,201</u>	<u>2,530,416</u>
<u>In-Kind Expenses</u>							
Volunteer Services	84,864	-	-	-	-	-	84,864
All Other Services	-	275,908	-	-	-	-	275,908
Property/Space	-	3,180	-	-	-	-	3,180
Subtotal	<u>84,864</u>	<u>279,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,952</u>
Total Expenses	<u>\$ 1,515,890</u>	<u>\$ 598,876</u>	<u>\$ 70,297</u>	<u>\$ 240,097</u>	<u>\$ 243,008</u>	<u>\$ 226,201</u>	<u>\$ 2,894,368</u>

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

**RADIO BILINGUE, INC.**  
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2008 and 2007

**Note 1 – Summary of Significant Accounting Policies**

Organization

Radio Bilingue, Inc. is a nonprofit California corporation which operates noncommercial public radio stations (KSJV-FM in Fresno, KMPO-FM in Modesto, KTQX-FM in Bakersfield, KUBO in El Centro, and KHDC in Salinas).

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue

Radio Bilingue, Inc. receives substantially all of its grant and contract revenue from the Corporation for Public Broadcasting, Foundations, Federal, State, and other governmental agencies. Radio Bilingue, Inc. recognizes contract revenue (up to the contract ceiling) from its contracts either on a pro-rata basis over a 12-month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by Radio Bilingue, Inc. with the terms of the grants/contracts.

Unearned Revenue

Radio Bilingue, Inc. records grant/contract revenue as unearned revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue. The balance in unearned revenue at September 30, 2008, represents amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the grant/contract period.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Radio Bilingue, Inc. has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted assets. Contributions for property, space and professional services are recorded at their fair market value of \$440,560 and \$363,952 for the years ended September 30, 2008 and 2007, respectively.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of receipt. Depreciation is computed using the straight-line method. Repairs and maintenance are charged to operating expenses as incurred. Individual items with the cost of \$3,000 or greater are capitalized.

Advertising Costs

Advertising costs are expensed as incurred.

**RADIO BILINGUE, INC.**  
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2008 and 2007

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Retirement Plan

Radio Bilingue, Inc. has a salary reduction plan (401k) in place, which is available to all employees who have worked more than 30 days with the Organization. The amount of salary reduction is paid directly to an independent administrator and applied directly to the employee retirement investment account.

Tax Exempt

Radio Bilingue, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, Radio Bilingue, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2008 and 2007.

Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

Cash and equivalents consist of cash held in a checking account at Wells Fargo Bank and a money market account, with a maturity of three months or less, held at The Vanguard Group.

Concentration of Credit Risk

Radio Bilingue, Inc. maintains one bank account at Wells Fargo Bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at Wells Fargo Bank exceeded federally insured limits. The amount in excess of the FDIC limit totaled \$31,267 and \$72,551 as of September 30, 2008 and 2007, respectively. Cash at Vanguard is not covered by any insurance program, therefore, the entire \$333,755, as of September 30, 2008, is not insured.

Functional Allocation of Expenses

The costs of providing the various programs, fundraising and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the various programs and fundraising activities which benefited.

**RADIO BILINGUE, INC.**  
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2008 and 2007

**Note 2 – Grants Receivable/Unearned Revenue**

At September 30, 2008 and 2007, net accounts receivable and unearned revenue from grants and contracts were comprised of the following:

<u>Source</u>	2008		2007	
	Receivable	Unearned	Receivable	Unearned
<u>Federal Government</u>				
Norte Dame DHSS	\$ 5,000	\$ -	\$ -	\$ -
NTIA - PTFP	75,023	-	29,543	-
Subtotal	80,023	-	29,543	-
<u>Local Government</u>				
First 5 Monterey County	\$ 12,376	\$ -	\$ 11,045	\$ -
First 5 Sonoma County	-	2,250	-	-
California Border Health	3,600	-	-	-
University of CA, SF: MC&A Health	-	21,300	-	-
Border Health	1,875	-	-	-
Imperial Co. Behavioral Health Services	6,750	-	6,500	-
Subtotal	24,601	23,550	17,545	-
<u>Community Based Organizations</u>				
TOAD	-	1,000	1,000	-
United Way Monterey Co.	-	-	-	4,286
Centro Binacional Indg. Oaxaqueno	-	-	-	375
California Human Development	-	-	1,500	-
ACTA	-	-	2,000	-
Subtotal	-	1,000	4,500	4,661
<u>Corporation for Public Broadcasting</u>				
CPB - Internet Service Acquisition	-	-	-	942
CPB - Digital Conversion KVUH	-	17,800	-	17,800
CPB - Digital Conversion KUBO	-	29,500	-	29,500
CPB - Digital Conversion KHDC	-	-	18,921	-
CPB - Digital Conversion KTQX	-	-	13,872	-
CPB - Elections 2008	66,533	-	-	-
CPB - Noticiero Latino	50,500	74,246	68,685	-
Subtotal	\$ 117,033	\$ 121,546	\$ 101,478	\$ 48,242

**RADIO BILINGUE, INC.**  
Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2008 and 2007

<u>Source</u>	2008		2007	
	Receivable	Unearned	Receivable	Unearned
<u>Foundations</u>				
James Irvine - Raices II	\$ -	\$ 74,025	\$ -	\$ -
The James Irvine Foundation	-	-	-	20,000
Irvine Foundation - Civic Engagement	-	85,655	-	79,605
Susan Komen Foundation	-	-	900	863
California Endowment	-	-	-	349,404
Packard Foundation	-	23,845	-	28,545
Hewlett Foundation	-	53,100	-	26,975
M. Kapor Foundation	-	4,700	-	-
Nathan Cummings Foundation	-	-	-	43,448
Assoc. of Farmworker Opportunity Programs	-	-	8,000	-
Community Foundation for Monterey County	-	8,000	-	-
Haas, Jr. Fund	-	2,074	-	37
Ford Foundation	-	133,700	-	-
Community Technology Foundation of CA	-	-	6,500	-
WA Gerbode Foundation	-	5,186	-	-
Gerbode Foundation	-	-	-	360
Wells Fargo Foundation	-	25,000	-	-
KQED - Health Dialogues	-	600	1,000	-
ZeroDivide	-	16,652	-	-
El Pajaro Community Development Corporation	500	-	-	-
Rios Co.	6,200	-	6,200	-
Marquerite Casey Foundation	-	91,667	-	191,667
Subtotal	<u>6,700</u>	<u>524,204</u>	<u>22,600</u>	<u>740,904</u>
<u>Business and Corporate</u>				
Blue Shield of California	-	27,808	-	3,450
AT&T	-	24,600	-	-
Public Radio Capital	-	-	-	3,588
Sound Vision Productions - DNA Files	-	-	-	200
Alonso Garcia	-	1,000	-	-
Target	-	-	-	3,000
SEIU United Health Worker	1,000	-	-	-
Rowan Entertainment	540	-	-	-
Hill & Knowlton - 5 a day	-	-	10,000	-
Subtotal	<u>1,540</u>	<u>53,408</u>	<u>10,000</u>	<u>10,238</u>
Total	<u>\$ 229,897</u>	<u>\$ 723,708</u>	<u>\$ 185,666</u>	<u>\$ 804,045</u>

**RADIO BILINGUE, INC.**

Fresno, California

**NOTES TO THE FINANCIAL STATEMENTS**

September 30, 2008 and 2007

**Note 3 – Property and Equipment**

	Beginning Balances 10/01/07	Additions	Deletions	Ending Balances 9/30/08
Land	\$ 88,033	\$ -	\$ -	\$ 88,033
Building and Improvements	261,864	185,417	-	447,281
Broadcasting Equipment	1,622,581	-	-	1,622,581
Furniture and Equipment	20,764	-	-	20,764
Construction In Progress	<u>124,599</u>	<u>-</u>	<u>(124,599)</u>	<u>-</u>
Total	2,117,841	185,417	(124,599)	2,178,659
Accumulated Depreciation	<u>(1,061,002)</u>	<u>(80,780)</u>	<u>-</u>	<u>(1,141,782)</u>
Net Assets	<u>\$ 1,056,839</u>	<u>\$ 104,637</u>	<u>\$ (124,599)</u>	<u>\$ 1,036,877</u>

**Note 4 – Contingencies**

Continued program funding is contingent upon the availability of funds from federal, State and local funding sources and project performance. Periodic audits may be performed by granting agencies and certain costs may be questioned as not being reimbursable under the terms of the contract. Such audits could lead to reimbursement to the granting agency. Until such audits have been completed, there exists a contingency to refund any amount received in excess of allowable costs.



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  
Radio Bilingue, Inc.  
Fresno, California

We have audited the compliance of Radio Bilingue, Inc., as of and for the year ended September 30, 2008, and have issued our report thereon dated February 16, 2009. 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**

In planning and performing our audit, we considered Radio Bilingue, 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 the Radio Bilingue, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Radio Bilingue, Inc.'s 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 affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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 internal control that might be 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Radio Bilingue, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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, the audit committee, and awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Price Pange & Company*

February 16, 2009

