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Wilson Price Barranco Blankenship & Billingsley P.C.

Certified Public Accountants & Consultants

July 23, 2004

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Principals:

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Scholar in Residence

Thomas A. Ratcliffe, Ph.D.

To the Board of Directors
Center Services, Inc.
Troy, Alabama

In planning and performing our audit of the financial statements of Center Services, Inc. for the year ended August 31, 2003, we considered its internal control system in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal controls. Our assessment of the internal control system was limited to obtaining an understanding of internal controls sufficient to plan our audit and did not include tests of control policies and procedures. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal controls that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

REPORTABLE CONDITIONS

Segregation of Duties

There is lack of segregation of duties in the responsibilities of recording transactions and maintaining custody of assets. This condition is inherent due to the limited number of personnel available to carry out these functions. In addition, the cost of eliminating this situation may outweigh the benefits received.

Lack of Board Oversight

There is a lack of board oversight in that there were no board meetings during the most recent fiscal year. Board meetings are important for internal control and establishing direction for the organization. Regular review of financial reports including investment activity and program service activities provides oversight necessary for an organization of the size of Center Services, Inc. We suggest the board resume regular meetings – at least on an annual basis.

OTHER RECOMMENDATIONS

Compliance Reporting

During our examination of cash disbursements, we noted several checks paid to individuals in amounts that would require reporting to the Internal Revenue Service. We recommend the Organization make the determination of whether these individuals are employees or independent contractors and file the appropriate forms.

Insurance Coverage

In the conduct of our audit, we discovered that equipment owned by Center Services, Inc. is not insured. We recommend the Organization obtain coverage to mitigate any losses.

Revenue Recognition

During audit procedures on the Managing Education Program, we determined that membership fees earned through participation in the program are not being recognized as revenue during the year. These amounts are reported as a liability of the Organization and then corrected during the audit process. We recommend membership fees be coded to the appropriate revenue account when earned.

This report is intended solely for the information and use of the Board of Directors and management of Center Services, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Price, Bannock, Blankenship & Billingsley, P.C.

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