

*Peto/Lynn: for your
information & file H.A.S.*

The Evergreen State College

March 11, 1977

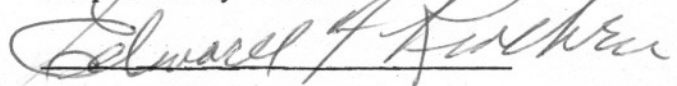
W. M. Knauss
Organic Farm Project Manager

RE: Audit of Expenditures to date

We have completed an audit of the books of account with respect to the amount of expenditures to date and the original documents in support of these accounts. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

In our opinion the accompanying budget report fairly and accurately present the financial position of the budget as of March 11, 1977, in conformity with generally accepted accounting procedures applied on a basis consistent with previous reports.

Respectfully submitted



Edward F. Kirchen

James Hester

.ORGANIC FARM HOUSE
BUDGET REPORT
March 11, 1977
Findings

The Organic Farm House Project was duly authorized by appropriate action in June of 1975. At the time of its authorization a budget of Twenty Thousand Dollars (\$20,000.00) was duly authorize and the necessary funds to support this budget were appropriated and reserved for this project.

At the time that the budget was approved sums in the following amounts were projected for the following stages of construction:

1) Footings and Rough Hardware	1800.00
2) Finished Lumber	1400.00
3) Rough Hardware	1000.00
4) Roofing and Insulation	800.00
5) Interior Finish	800.00
6) Windows, Doors and Hardware	1200.00
7) Sewer System	1000.00
8) Plumbing Fixtures	1700.00
9) Electric Heat and Power	1800.00
10) Electric Service	2000.00
11) Stoves and Appliances	800.00
12) Fire Protection	400.00
13) Miscellaneous	300.00
14) Contingencies	5000.00

As of this date there are debit balances in all of the accounts with the exception of the following: Footings and Rough Hardware which shows a credit balance of three hundred fifty-two dollars and fifty cents (\$352.50), Finished Lumber which shows a credit balance of two hundred sixty-eight dollars and seventy-three cents (\$268.73), Rough Hardware which shows a credit balance of one hundred and five dollars and eighty cents (\$105.80), and the miscellaneous account which shows a credit balance of two hundred and seventy-four dollars and seven cents (\$274.07).

To date there is a total of verified spent funds in the amount of seven thousand nine hundred seven dollars and fifty-five cents (\$7907.55) leaving a balance of twelve thousand ninety-two dollars and forty-five cents (\$12,092.45) of budgeted funds.

There are outstanding purchase orders which have not been paid and when paid, upon the receipt of the invoices, will reduce the remaining funds available for construction to the amount of ten thousand five hundred sixty dollars and fifty-nine cents (\$10,560.59)

COMMENTS

Cost overruns have been shown to exist in four accounts. This should not be construed as a reflection upon the present budget nor interpreted to mean that these apparent overruns in any way jeopardize the project as a whole. In point

of fact, the overruns would appear to be more apparent than actual and reflect the fact that correct accounting standards have not been applied in allocating expenditures to the proper account. Had proper principles been followed and proper allocations made only the miscellaneous account would show a cost overrun. The problem is not serious enough to warrant reallocating those items to conform to accepted standards.

RECOMMENDATIONS

Based upon the audit just completed we feel obligated to make several recommendations.

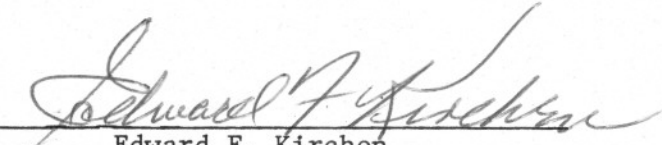
First: A new budget should be prepared. This would necessitate a complete analysis of the progress to date and a projection of costs of completion. Price changes since the original budget render the cost estimates upon which it was based untenable in light of the existing circumstances.

Second: The remaining funds should be budgeted in accordance with the findings of the new budget. This procedure will eliminate the credit balance in the existing accounts and re-establish debit balances therein.

CONCLUSIONS

An inspection of the project site reveals that the structure is approximately 60% completed and substantial amounts of building materials are available on the job site. All of the materials have been paid for and are available for use.

Based upon conferences with Mr. William Knauss it was learned that substantial progress toward completion is scheduled for the Spring Quarter. The electrical service hook-up is to be made, the electrical wiring completed and the plumbing will be commenced. It is not anticipated that all of the interior finish work can be completed and the structure finished within the next quarter but the amount of student interest and the availability of the necessary funds insure that successful completion will occur.


Edward F. Kirchen

James Hester