[redacted]

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND NO MATERIAL WEAKNESSES

To the Board of Directors
[redacted]
[redacted], Colorado

In planning and performing our audit of the financial statements of [redacted] as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered [redacted]'s internal control over financial reporting (internal control) 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 [redacted]'s internal control. Accordingly, we do not express an opinion on the effectiveness of the [redacted]'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in [redacted]'s internal control to be a significant deficiency:

- While [redacted] Management and the Board of Directors have implemented various mitigating internal accounting controls, [redacted] has limited staff and lacks the resources to design and have adequate segregation of duties over the organization's accounting processes. Specifically, the accountant has control over and access to most of the accounting system. A well designed and operational system of internal accounting controls would limit access to various aspects of the accounting processes so no one individual has access to custody of organizational assets, the revenue cycle, expenditures, reporting and the related reconciling procedures. The inability to have adequate segregation of duties is considered a significant deficiency in the internal accounting controls as there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis because of the lack of adequate segregation of duties.

  During the year ended December 31, 2018, we noted [redacted] implemented several improvements to its internal controls over the accounting function, including the creation of a finance committee and governance committee. The mitigating controls implemented by management and the Board are helpful and while they compensate for the lack of segregation, the mitigating controls do not overcome the deficiency in design in and of itself. While additional segregation of duties is difficult with the limited staff of the organization, management and the Board of Directors should be cognizant of the lack of adequate segregation of duties and continue to implement segregation procedures or mitigating controls when possible.

As part of our ongoing observations of tax-exempt organization activities and [redacted], we have the following information and recommendations for you. Specific items we have outlined below are not considered to be deficiencies in [redacted]'s internal control, but rather recommendations for consideration by the Board of Directors and Management and additional information as it relates to tax-exempt organizations in general:

- In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This new revenue recognition standard affects all entities, including public, private, and not-for-profit entities, that have contracts with customers, except where there is other specific revenue recognition guidance issued by the FASB.

  The new revenue recognition standard effectively eliminates the transaction-specific and industry-specific revenue recognition guidance under current accounting principles generally accepted in the United States of America (U.S. GAAP) and replaces it with a principles-based approach for determining an entity's revenue recognition policies. The core principle of the new revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  The effective date for this new revenue recognition standard for nonpublic entities is for annual reporting periods beginning after December 15, 2018. This means it will be effective for [redacted] for the year ending December 31, 2019.

  Based on our understanding of the organization's revenue streams, this ASU has the potential to cause major changes in revenue recognition of contracts with customers, such as grants, membership dues, and program service fees, and have significant effects on the financial statements. The organization should be prepared to update policies and procedures in 2019. Further assessment should be performed before making quantitative conclusions regarding the financial statement effect of Topic 606.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

[redacted]

[redacted] Colorado
April 12, 2019