

# MASON, KAMMERMANN & ROHRBACK, P.C.

---

*Certified Public Accountants*

Velda K. Kammermann  
Todd P. Rohrback

---

Established 1988  
www.northmicpa.com

Corey R. Bascom

May 7, 2019

To the Board of Trustees of the  
Charlevoix County Community Foundation

In planning and performing our audit of the financial statements of the Charlevoix County Community Foundation, 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 the Charlevoix County Community Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

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 Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Foundation's internal control to be material weaknesses:

*~ Boyne City ~*

115A S. Lake Street  
Boyne City, MI 49712  
p: 231-582-7211

*~ Charlevoix ~*

110 Park Avenue  
Charlevoix, MI 49720  
p: 231-547-4911

*~ Petoskey ~*

2780 Charlevoix Avenue – Unit 16  
Petoskey, MI 49770  
p: 231-348-6930

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments, and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

Preparation of Financial Statements

As is common with smaller organizations, management has limited technical expertise to prepare the Foundation's financial statements and notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of the Foundation's financial statements and footnotes is the responsibility of management. Management is also responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, activities, and cash flows, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

The Foundation has historically relied on its independent external auditors to assist in the preparation of its nonprofit financial statements and footnotes as part of its external financial reporting process. Accordingly, the Foundation's ability to prepare financial statements is based, in part, on its reliance on its external auditors who cannot, by definition, be considered part of the Foundation's internal controls.

The result of this condition is that the Foundation lacks internal controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and instead relies, in part, on its external auditors for assistance with this task.

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.

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

Very truly yours,

*Mason, Kammermann & Rohrback, P.C.*

# MASON, KAMMERMANN & ROHRBACK, P.C.

---

*Certified Public Accountants*

Velda K. Kammermann  
Todd P. Rohrback

---

Established 1988  
www.northmicpa.com

Corey R. Bascom

May 7, 2019

To the Board of Trustees of  
Charlevoix County Community Foundation:

We have audited the financial statements of Charlevoix County Community Foundation for the year ended December 31, 2018, and have issued our report thereon dated May 7, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated February 1, 2019. Professional standards also require that we communicate to you the following information related to our audit.

## Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Charlevoix County Community Foundation are described in Note A to the financial statements. As described in Note A, the Foundation changes accounting policies related to net assets by adopting FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* in 2018. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

## Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

~ Boyne City ~

115A S. Lake Street  
Boyne City, MI 49712  
p: 231-582-7211

~ Charlevoix ~

110 Park Avenue  
Charlevoix, MI 49720  
p: 231-547-4911

~ Petoskey ~

2780 Charlevoix Avenue – Unit 16  
Petoskey, MI 49770  
p: 231-348-6930

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 7, 2019.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters (Continued)

This information is intended solely for the use of the Board of Trustees and management of Charlevoix County Community Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Mason, Kammermann & Rohrback, P.C.*