

AUDIT COMMUNICATION LETTER

September 23, 2021

To the Board of Directors
Columbia River Economic Development Council

We have audited the financial statements of Columbia River Economic Development Council (the Organization) as of and for the year ended December 31, 2020 and have issued our report thereon dated July 22, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April, 8, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Columbia River Economic Development Council are described in Note 2 to the financial statements. We noted no transactions entered into by the Organization 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 most sensitive estimates affecting the financial statements were:

Grants and investor funding receivable: Management believes accounts receivable are fully collectible and therefore, has not established an allowance for uncollectible accounts.

Depreciation: Management's estimate of depreciation is based on the estimated useful life of each asset.

Allocation of expenses: Management's estimate of the functional allocation of expenses is based on the Organization's cost allocation methodology and is based on estimated time and effort and direct program costs.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See attached schedule of audit adjustments detected as a result of audit procedures and corrected by management. The adjustments reflect the pass-through COVID relief grants as revenues and expenses for the Organization and had no impact on the change in net assets.

The attached schedule of passed adjustments summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and 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 July 22, 2021.

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 Organization’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 Organization’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 year, 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.

This information is intended solely for the use of the Board of Directors and management of Columbia River Economic Development Council and is not intended to be and should not be used by anyone other than these specified parties.

COLUMBIA RIVER ECONOMIC DEVELOPMENT COUNCIL
 SCHEDULE OF AUDIT ADJUSTMENTS
 For the year ended December 31, 2020

	Increase (Decrease)	
	Total Revenues	Total Expenses
Record Working Washington Small Business Emergency Grants revenues and expenses	\$ 451,320	\$ 451,320
Record Associated Development Organization revenues and expenses	432,068	432,068
Record Business COVID Assistance revenues and expenses	<u>2,391,213</u>	<u>2,391,213</u>
Impact of adjustments on:	<u>\$ 3,274,601</u>	<u>\$ 3,274,601</u>

COLUMBIA RIVER ECONOMIC DEVELOPMENT COUNCIL
SCHEDULE OF PASSED ADJUSTMENTS
For the year ended December 31, 2020

	Increase (Decrease)					
	Total Assets	Total Liabilities	Ending Net Assets	Total Revenues	Total Expenses	Beginning Net Assets
Record deferred lease liability	\$ -	\$ 13,639	\$ (13,639)	\$ -	\$ 3,019	\$ (10,620)
Remove uncleared deposits	(5,015)	-	(5,015)	-	-	(5,015)
Unrecorded payables-current year	-	6,812	(6,812)	-	6,812	-
Unrecorded payables-prior year	-	-	-	-	(4,006)	(4,006)
Adjust accounts receivable	-	-	-	(15,000)	-	15,000
Impact of adjustments on:	<u>\$ (5,015)</u>	<u>\$ 20,451</u>	<u>\$ (25,466)</u>	<u>\$ (15,000)</u>	<u>\$ 5,825</u>	<u>\$ (4,641)</u>