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August 12, 2022

Board of Directors  
Brown County Maple Leaf Management Group, Inc.  
Nashville, Indiana

Dear Members of the Board:

We have audited the financial statements of Brown County Maple Leaf Management Group, Inc. (the "Organization") for the year ended December 31, 2021, and have issued our report thereon dated as of the date of this letter. Professional standards require that we provide you with the following information related to our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 May 9, 2022. Professional standards also require that we communicate 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 the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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 upon 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:

- Management's estimate of the depreciation of property and equipment based on the estimated useful lives of the assets and the straight-line depreciation method.
- Management's estimate of the allocation of functional expenses based on the nature of each expense.

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 disclosures in the financial statements 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No material misstatements were detected as a result of audit procedures performed.

In addition, the attached schedule 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. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

### **DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, a disagreement with management is a disagreement on 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 the audit.

### **MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

### **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, methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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.

## **OUR RECOMMENDATIONS FOR YOUR ORGANIZATION**

During the course of an audit, we frequently become aware of matters which are opportunities to strengthen internal controls or improve operating efficiency or effectiveness.

### **CURRENT YEAR RECOMMENDATIONS**

During the course of our 2021 audit, we have developed the following additional recommendation for your consideration.

#### **Capital Lease Obligation**

During our current year audit, we noted through procedures performed the Organization did not appropriately classify one lease commitment as a capital lease obligation in the financial records. The lease was being expensed as payments were being paid; however, this lease qualified as a capital lease under generally accepted accounting principles (GAAP) and as such, should have included the related equipment on the books to be depreciated over the useful life of the equipment, along with the recording of a capital lease obligation liability that is reduced over the term of the lease with principal and interest payments. A correcting entry was proposed to management and made to correct the 2021 financial records. This entry did not have a material impact on the overall change in net assets for 2021, nor did it have a material impact on the beginning net assets balance. However, qualitatively the entry was recommended to appropriately reflect related assets and liabilities.

Moving forward, we recommend the Organization review all of its lease arrangements annually to ensure no other capital lease obligations are missing from the financials. Additionally, this exercise is further recommended given the required adoption of the new lease standard (as described in Note 1 to the financial statements) for the Organization that is required for its year ending December 31, 2022.

#### **Account Reconciliations**

As part of our current year audit, we noted certain account reconciliations are not being reviewed as part of month-end closing procedures. While there are many mitigating controls that exist in this area which include dual signatures on check copies, the approval process for invoices, monthly board financial review, and some board members having online access to the bank accounts, it is still a best practice to ensure the accuracy of the reconciliations and that they are free from errors to have it

reviewed by someone other than the preparer. Additionally, as part of our current year audit, potential adjustments were posted related to prepaids, payables, and accrued interest. Therefore, another benefit of having an involved, independent reviewer of the reconciliations, is to have another individual thinking through what might be missing from the month-end financial procedures that need recorded. While these potential entries were all immaterial individually and, in the aggregate, having these processes in place may help prevent these types of entries in the future.

### **Management Contract Compliance**

As part of our current year audit, we reviewed the Management Contract along with the related First Amendment that is in effect for the Organization. In our review of this agreement, it was noted that the Organization is supposed to be tracking its financial records into two funds, the first fund being the Operation and Maintenance fund (O&M) and the second fund being the Excess Cash fund. Each of these funds has certain compliance terms and provisions as agreed upon in the Management Contract. Based on our discussions with management and review of financials records, it does not appear a systematic tracking is being done of these funds separately to ensure that funds are being used as allowed and dictated by the agreement. Management did make us aware that some mitigating controls exist here with board financial review at every board meeting, which includes a six-month cash projection of expected expenses. The board financial review is particularly important as the board has appointed members from all parties who are involved in this Management Contract. It is our recommendation that this contract is first reconsidered to ensure that no revisions need made to it, and then to develop a formal systematic way of tracking these funds to ensure compliance with the agreement if that is still desired after this review takes place.

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This information is intended solely for the 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.

We appreciate this opportunity to be of service and extend our thanks to everyone at the Organization for their cooperation and assistance. We would be pleased to discuss any of the above matters with you at your convenience.

Very truly yours,

*Blue & Co., LLC*