

# **C. DEWITT FOARD & COMPANY, P.A.**

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CERTIFIED PUBLIC ACCOUNTANTS  
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## **AUDITORS' REPRESENTATIONS LETTER**

November 8, 2021

To the Board of Directors of  
Cornelius Arts and Community Center, Inc.  
d/b/a Cain Center for the Arts  
Cornelius, North Carolina

We have audited the financial statements of Cornelius Arts and Community Center, Inc., d/b/a Cain Center for the Arts (the "Center") for the year ended June 30, 2021, and will issue our report thereon dated November 8, 2021. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated July 21, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in the notes of the financial statements. Other than the adoption of ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)," which had no impact on the Center's 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 Center during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### **Accounting Estimates**

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 are:

- Depreciation expense, which is based on the estimated useful lives of the Center's fixed assets.

- The allocation of functional expenses, which is based on estimated time spent performing certain functions and other relevant factors.
- The bad debt allowance, which is based on the future collectability of the Center's receivables.
- The present value discount, which is based on prevailing interest rates.

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.

#### **Financial Statement Disclosures**

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any disclosures affecting the financial statements that we considered to be particularly sensitive.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit. We wish to express our appreciation to management and staff for their cooperation and assistance during the course of 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. A complete listing of all adjustments, if any, which we identified during our audit is attached to this letter. We have classified these entries as follows:

Closing Entries Management may provide certain information that has not already been incorporated into the financial statements or request that we propose entries based on our computations. We consider the computation and posting of these entries to be a normal part of our audit process and not a misstatement in the financial statements. Management has reviewed the information underlying these adjustments and takes full responsibility for the accuracy of these amounts.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as 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 November 8, 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 Center'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

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d/b/a Cain Center for the Arts  
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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 Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the management and staff within the Center and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

C. DeWitt Foard and Company, PA  
Certified Public Accountants

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***Cornelius Arts and Community Center, Inc. d/b/a Cain Center for the Arts***

**Normal Closing Entries**

**June 30, 2021**

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<b>Name</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
CIP - Pre-Construction	15530	426,532.70	
Restricted Net Assets - Capital	35140	81,316.67	
Restricted Capital Pledges	44120	1,756,203.94	
Capital Campaign Grants Receivable	12070		1,756,203.94
Account Payable Accrued	22190		426,532.70
Unrestricted Net Assets	35120		81,316.67

*Client provided adjusting journal entry*

Present Value Discount	12091	7,494.94	
Unrestricted Net Assets	35120	7,494.94	
Restricted Net Assets - Capital	35140		7,494.94
Restricted Capital Pledges	44120		7,494.94

*Record PV discount provided by client*

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