

**DE LA SALLE EDUCATION CENTER AND AFFILIATE
KANSAS CITY, MISSOURI**

COMMUNICATIONS WITH THE BOARD

June 30, 2019



COMMUNICATIONS WITH THE BOARD

To the Board of Directors of
DeLaSalle Education Center and Affiliate
Kansas City, Missouri

We have audited the consolidated financial statements of DeLaSalle Education Center and Affiliate (the “Organization”) for the year ended June 30, 2019, and have issued our report thereon dated December 13, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also required that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated July 12, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement, we performed tests of the Organization’s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility for the supplementary information accompanying the consolidated financial statements, as described by professional standards, was to evaluate the presentation of the supplementary information in relation to the consolidated financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the Organization.

Significant Audit Findings

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 2 to the consolidated financial statements.

As described in Note 2, the Organization implemented the presentation changes for nonprofits with the Financial Accounting Standards Board (FASB) Accounting Standards Update (“ASU”) No. 2016-14, as it relates to FASB’s Accounting Standards Codification (“ASC”) Topic 958-205, Not-for-Profit Entities: Presentation of Financial Statements, in 2019. The Organization is required to report information regarding its financial position and activities according to two classes of net assets – net assets with donor restrictions and net assets without donor restrictions. In addition, ASC 958-205 requires: 1) disclosing the amounts of expenses by both their natural classification and their functional classification; 2) presenting the return on investments net of related investment fees; and 3) disclosing the liquidity and availability of financial assets without donor or other restrictions limiting their use, within one year of the statement of financial position date. Accordingly, the presentation changes have been retrospectively applied to prior periods presented as if the policy had always been used.

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 consolidated 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 estimate affecting the consolidated financial statements was useful lives of capital assets.

Management’s estimate of the useful lives of depreciable assets is based on the guidance of the IRS for classification of the asset’s life and the expected period before disposal or sale. Management’s estimate of the allocation of functional expenses is based on the identification of specific expenses as well as an estimate of the time spent on each function. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure in Note 7 describing the new market tax credits transaction and affiliated entities.

The disclosures in the consolidated 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. 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, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which 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 December 13, 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 Organization's consolidated 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 consolidated 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 consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to be consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors charged with governance and management of DeLaSalle Education Center and Affiliate and is not intended to be and should not be used by anyone other than those specified parties.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 13, 2019