

**Iowa Center for Economic Success  
and Affiliate**

**Communications Letter**

**June 30, 2021**



## **Iowa Center for Economic Success and Affiliate Required Communication**

To the Board of Directors  
Iowa Center for Economic Success and Affiliate

We have audited the consolidated financial statements of Iowa Center for Economic Success and its affiliate, Iowa Center Loan Fund (hereafter referred to as the Organization), as of and for the year ended June 30, 2021 and have issued our report thereon dated January 10, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated October 18, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement. An audit of consolidated financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

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

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the consolidated financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the consolidated financial statements are:

- Management's allocation of functional expenses is based on periodic time and expense studies.
- Management's estimate of the allowance for doubtful accounts is based on the historical collection experience.
- Management's estimate of the fair value of the beneficial interest is based on information provided by the Community Foundation of Greater Des Moines.

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

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to consolidated financial statement users. The consolidated financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the consolidated financial statements as a whole. The following schedule summarizes uncorrected consolidated financial statement misstatements whose effects in the current period, as determined by management, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole:

Description	Unrecorded Adjusting Journal Entries - Debit (Credit)					Change in Net Assets
	Assets	Liabilities	Net Assets	Revenues	Expenses	
Prior year variances:						
Effect of prior year unrecorded adjustments on current year	\$ -	\$ -	\$ (18,912)	\$ 18,912	\$ -	\$ 18,912
Actual financial statement change in net assets						63,396
Financial statement change in net assets with effect of unrecorded adjustments						\$ 44,484
Actual financial statement net assets						852,139
Financial statement net assets with effect of unrecorded adjustments						\$ 852,139

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

## Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's consolidated financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated January 10, 2022.

## Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. During the year ended June 30, 2021, management did consult with another accountant regarding internal controls and revenue recognition application. Our audit did not identify any material weaknesses in internal controls. However, during our audit we did identify a change in revenue recognition as it relates to grants awarded from Iowa Center for Economic Success to Iowa Center Loan Fund. This change did not have a material impact on the consolidated financial statements.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

This report is intended solely for the information and use of the board of directors, and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

*BerganKDV, LTD.*

Waterloo, Iowa  
January 10, 2022