

August 11, 2020

Board of Directors
Community Foundation of
Morgan County, Inc.
56 North Main Street
Martinsville, IN 46151

We have audited the financial statements of Community Foundation of Morgan County, Inc. for the year ended December 31, 2019, and we will issue our report thereon dated August 11, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 December 23, 2019. 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 Community Foundation of Morgan County, Inc. are described in the summary of significant accounting policies in the financial statements. As described in Note 13 to the financial statements, the Organization changed accounting policies related to the recognition of contract revenues by adopting FASB Accounting Standards Updates (ASUs) No. 2014-09 and No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, in 2019. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. However, due to the nature of the Foundation's revenues, there were no changes to the amount of revenues or other financial statement amounts reported for the year ended December 31, 2018. 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 estimate affecting the financial statements was:

- Management's estimate of expenses related to the allocation of expenses among the program, general and administrative, and fundraising functional expense categories is based on estimated amounts for each expense category. We evaluated the key factors and assumptions used to develop the functional expense allocations in determining that they are reasonable in relation 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 disclosures affecting the financial statements were:

- The disclosure of the Organization's concentrations of credit risk in Note 3 to the financial statements discloses the fact that the Organization has significant amounts of investment securities and cash and cash equivalents that are exposed to various risks at December 31, 2019. Notes 2 and 4 to the financial statements also discloses information regarding the fair value of the investments of the Organization and investment portfolio maintained by the Organization.

- The disclosure of the Organization's financial assets available in Note 8 to the financial statements discloses the Organization's financial assets available to meet expenditures within one year and discloses the related restrictions on the availability of those financial assets (including donor restrictions and funds held for others).
- The disclosure of the Organization's endowment net assets in Note 11 and underwater endowments in Note 12 to the financial statements discloses the Organization's endowment policies, balances, activities and the related deficiencies in the endowment net assets for the year ended December 31, 2019.
- The disclosure of subsequent events in Note 6 to the financial statements discloses the fact that the Organization's operations may be affected by the ongoing COVID-19 pandemic. Although the ultimate disruption which may be caused by the outbreak is uncertain, it may result in a material adverse impact on the Organization's financial position, activities, and cash flows.

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 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. The following material misstatements detected as a result of audit procedures were corrected by management:

- After discussion with management, an adjustment of \$768,039 was proposed to management to adjust deferred revenue to correct the balance of the Lilly Endowment, Inc. matching funds with donor restrictions at December 31, 2019.

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 August 11, 2020.

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.

This information is intended solely for the use of the Board of Directors and management of Community Foundation of Morgan County, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cox, Beckman, Goss & Company

Cox, Beckman, Goss and Company
Indianapolis, Indiana