

MANAGEMENT LETTER

September 27, 2023

Board of Trustees
Brookland Center for Community Economic Change
West Columbia, South Carolina

In planning and performing our audit of the financial statements of Brookland Center for Community Economic Change (the Organization) for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed in the following pages, we identified certain deficiencies in internal control that we consider to be a material weakness in the prior year.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Professional standards define a material weakness and a significant deficiency as follows:

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our comments concerning internal control and other significant matters are presented as follows:

- Prior Year Material Weakness
- Audit Committee Matters

This communication is intended solely for the information and use of management, the board of trustees, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Board of Trustees
Brookland Center for Community Economic Change
September 27, 2023
Page 2

The Organization's written response to the deficiencies identified in our audit has have not been subjected to the auditing procedures applied in the audit of the financial statements; accordingly, we express no opinion on it.

We will be pleased to further discuss these matters with you and want to express our sincere appreciation to Veronica Bailey and Lorraine Jennings, as well as many other staff for the cooperation and assistance received during the audit engagement and for the opportunity to serve Brookland Center for Community Economic Change.

Sincerely yours,

A handwritten signature in cursive script that reads "Capin Crouse LLP".

CAPIN CROUSE LLP

PRIOR YEAR MATERIAL WEAKNESS

Material Adjustment

During our audit, a material adjustment was recorded to bring the Organization's financial statements in accordance with generally accepted accounting principles. This adjustment was material to the financial statements for the year ended December 31, 2021, and as required by professional standards, the correction of a material misstatement during the audit is considered an indicator of a material weakness in internal control over financial reporting.

We recommend that management examine the internal controls relating to the financial reporting process to ensure that entries are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). **We also recommend** that management consider whether the business office is adequately staffed to support the internal controls required to effectively reconcile and close the financial records in accordance with GAAP. **We recommend** management implement procedures to close each month in a timely manner, which would include the monthly preparation of entries to adjust the financial reporting to comply with generally accepted accounting principles.

Current Year Status

No material adjustments were made during the audit.

AUDIT COMMITTEE MATTERS

The following information about our audit, as required by professional standards, is considered to be significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

Auditors' Responsibility under U.S. Generally Accepted Auditing Standards

As independent auditors of the financial statements, we are responsible for:

- Performing the audit in accordance with U.S. generally accepted auditing standards.
- Designing the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- Forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of those charged with governance, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

An audit of 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 organization's internal control over financial reporting.

Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is the risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

Independence

Under professional standards, including Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct and its interpretations and rulings, we are required to communicate all relationships between CapinCrouse LLP and the board that, in our professional judgment, may reasonably be thought to bear on independence.

We are not aware of any relationships or services that would jeopardize this condition. We affirm our objectivity and independence in performing our audit services in conformity with professional standards.

Qualitative Aspects of Accounting Practices

Accounting policies—Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have evaluated the appropriateness of accounting policies and their application. The significant accounting policies used are described in Note 2 to the financial statements.

Changes in accounting policies—As described in Note 2 of the financial statements, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (topic 842 of the FASB Accounting Standards Codification). The application of existing policies was not changed during the year.

Recently issued pronouncements—The following pronouncements have been issued by the FASB. The following are the most significant to not-for-profit organizations. As certain pronouncements could have a significant impact on future financial statements, we encourage management to begin considering the impact.

AUDIT COMMITTEE MATTERS, continued

Qualitative Aspects of Accounting Practices, continued

Recently issued pronouncements, continued

Effective for Current Year 2023:

- ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments
 - The new guidance requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts.
 - Subsequent to issuance, this ASU was amended through ASU 2019-10 in order to extend effective dates.
 - Effective for all other entities, including not-for-profit entities, for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.
 - Early application continues to be allowed and a modified retrospective approach is required.

Significant and unusual transactions—Under professional standards, we are required to inform you about transactions we noted that were both significant and unusual, or transactions for which there is a lack of authoritative guidance or consensus. We noted no such transactions entered into by the organization during the year. All significant transactions have been recognized in the financial statements in the proper period.

Uncorrected misstatements—There were uncorrected misstatements identified during the audit..

Material corrected misstatements—There were no material corrected misstatements identified during the audit.

Other corrected misstatements—The attached schedule summarizes the other corrected misstatements detected as a result of audit procedures that were corrected by management.

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 significant estimates include:

- Allowance for uncollectible accounts receivable based on age, past experience, and relevant current period factors
- Depreciation of property and equipment
- Valuation of gifts-in-kind contributions
- Allocation of expenses on a functional basis

We reviewed the process and basis for management’s judgments and estimates impacting key accounting and financial reporting areas and concluded they are reasonable in relation to the financial statements taken as a whole.

Financial statements disclosures and related matters—We considered issues involved and related judgments made, in formulating sensitive financial statements disclosures and believe they are presented with overall neutrality, consistency, and clarity.

AUDIT COMMITTEE MATTERS, continued

Qualitative Aspects of Accounting Practices, continued

Representations requested from management—A copy of the letter containing representations requested from management is attached.

Significant Difficulties Encountered During the Audit

We are pleased to report that there were no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

Professional standards define disagreements with management, whether or not resolved to our satisfaction, as a matter concerning financial accounting, reporting, or auditing that could be significant to the financial statements or the independent auditors' report.

We are pleased to report that no such disagreements arose during the course of our audit.

Management's Consultations with Other 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 financial statements or a determination of the type of auditors' 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.

Significant Issues Discussed with Management

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 independent auditors. However, any discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

BROOKLAND CENTER FOR COMMUNITY ECONOMIC CHANGE

September 27, 2023

Capin Crouse, LLP

This representation letter is provided in connection with your audit of the financial statements of Brookland Center for Community Economic Change, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 27, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 6, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP. We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of expenditures of federal awards
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. In addition, we agree with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts. A copy of the adjusting journal entries is attached to the representation letter. We agree with the adjustments.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

- 12) In regard to the nonattest services performed by you, we have—
- Assumed all management responsibilities.
 - Designated Veronica Bailey, CFO, who has suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

The nonattest services include the following:

- Preparation of the financial statements and related notes, schedule of expenditures of federal awards, related notes and data collection form

Information Provided

- 13) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements, or the schedule of expenditures of federal awards.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 20) Except as made known to you, the Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) Brookland Center for Community Economic Change is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 23) With respect to federal award programs:
- a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), relating to preparation of the schedule of expenditures of federal awards.

- b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

- t. We have charged costs to federal awards in accordance with applicable cost principles.
 - u. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- 24) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 25) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 26) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 27) We have identified and disclosed to you all instances, of identified and suspected fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements.
- 28) We have identified and disclosed to you all instances, of identified and suspected fraud and noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the financial statements.
- 29) We have disclosed and provided to you all documents containing the audited financial statements that we have issued or expect to issue. The audited financial statements and the other information obtained by the auditor prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.
- 30) We have developed processes and controls to identify and evaluate whether conditions or events exist that raise substantial doubt about the organization's ability to continue as a going concern. We have performed this assessment and there are no material uncertainties that may cast significant doubt about the organization's ability to continue as a going concern through one year after the financial statement issuance date.

Bennie J. Sulton

Bennie Sulton, Board Chair

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Veronica Bailey, CFO

The Board and Management
Brookland Baptist Church
September 27, 2023

Corrected Misstatements:

To reallocate unearned portion of grant revenue:

Grant Revenue	\$	14,542	\$	-
Grant Revenue		13,350		-
Unearned Revenue		-		27,892
Total	\$	27,892	\$	27,892