

January 27, 2021

Board of Directors
Daniel Murphy Scholarship Fund

We have audited the financial statements of the Daniel Murphy Scholarship Fund (the Fund) for the year ended August 31, 2020, and have issued our report thereon dated January 27, 2021. 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 engagement letter to you dated October 23, 2020. Professional standards also require that we communicate to you the following information related to our audit.

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 Fund are described in Note 2 to the financial statements. The application of existing policies was not changed during 2020. We noted no transactions entered into by the Fund 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 estimates affecting the financial statements were:

Management's estimates of contributions receivable and related allowance for uncollectible accounts are based on pledges made by donors and the collectibility of those pledges. We evaluated the key factors and assumptions used to develop the estimates of contributions receivable and related allowance for uncollectible accounts in determining that they are reasonable in relation to the financial statements taken as a whole.

The Fund adopted the provisions of Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended August 31, 2020. This guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The adoption of this standard did not materially impact the financial statements of the Fund.

New accounting standards affecting the reporting and disclosure of revenue recognition relating to contracts with customers (exchange transactions) will impact the Fund's financial statements. The standards were originally effective for the year ended August 31, 2020 but an option to defer recognition by one year was provided by the Financial Accounting Standards Board. The Fund has elected to adopt the standards effective for the year ending August 31, 2021. We recommend management review all revenue streams to determine how the implementation of the new accounting standards will affect the Fund's financial reporting.

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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individual and in the aggregate, to the financial statements taken as a whole. 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, 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 auditors' 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 January 27, 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 Fund’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 Fund’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 the Daniel Murphy Scholarship Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ostrow Reisin Berk & Abrams, Ltd.

UNCORRECTED MISSTATEMENTS:

| Uncorrected: | | <u>Debit</u> | <u>Credit</u> |
|---|-----------------------|--------------|---------------|
| 1) | Special event revenue | 15,970 | |
| | Net assets | | 15,970 |
| Prior period adjustment - FY19 Golf Classic revenue recorded in FY20 (Unrecorded FY19 Golf Classic receivables at 8/31/19) | | | |
| 2) | Rent expense | | 6,714 |
| | Net assets | 6,714 | |
| Prior period adjustment - to correct deferred rent calculation | | | |