



**JJACPA, Inc.**

A Professional Accounting Services Corp.

---

July 5, 2017

Alan Humason, Executive Director  
Mendocino County Tourism Commission, Inc.  
345 N. Franklin Street  
Fort Bragg, Ca 95437

Dear Alan,

You have requested that we audit the financial statements of the Mendocino County Tourism Commission, Inc.(Commission), which comprise the statement(s) of financial position as of June 30, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion of the financial statements.

**Audit of the Financial Statements**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will issue a written report upon completion of our audit of the Commission's financial statements. Our report will be addressed to the board of directors of the Commission. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

## **Management Responsibilities**

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. 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 error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For safeguarding assets;
4. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program or contract compliance;
5. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
6. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole; and
7. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to any supplementary information included with the financial statements, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit, including your understanding of your responsibilities as defined in this letter to us in your management representation letter.

We understand that your employees or contractors will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

## **Fees and Timing**

The timing of our audit will be schedule for performance and completion as follows:

|   | <i>Begin</i> | <i>Complete</i> |
|---|--------------|-----------------|
| Document internal control and preliminary tests | 8/21/17      | 8/22/17         |
| Mail confirmations                              | 8/1/17       | 8/1/17          |
| Trial Balance sent to JJACPA                    | 8/1/17       | 8/1/17          |
| Perform year-end audit procedures               | 8/22/17      | 8/23/17         |
| Issue audit reports                             | 9/8/17       | 9/8/17          |

Joseph J. Arch is the engagement partner for the audit services specified in this letter. His responsibilities include supervising JJACPA's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every two weeks and are payable upon presentation. We estimate that our fees will not exceed \$5,500, including out of pocket costs for the financial audit for the year ended June 30, 2016, information return preparation will be \$780 for the year ended June 30, 2017 (2016 tax year). We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the Commission's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

## **Other Matters**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit documentation for this engagement is the property of JJACPA and constitutes confidential information. However, we may be requested to make certain audit documentation available to State and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of JJACPA's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

In addition, we will provide the Commission with the following nonattest services:

1. Prepare the financial statements based on information in the trial balance for June 30, 2016 and other relevant information that is provided by, and is the responsibility of, management.
2. Prepare the information returns (Form 990, 199, RRF-1) based on information in the trial balance for June 30, 2017 and other relevant information that is provided by, and is the responsibility of, management.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

With respect to any nonattest services we perform, the Commission's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

This agreement shall be governed by the laws of the State of California. If a dispute arises out of the audit engagement described herein and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses and shall share equally in the mediator's fees and expenses.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with audit requirements, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

*Joseph J Arch. CPA*

Joseph J Arch, CPA, CGFM, CITP  
JJACPA, Inc.  
7080 Donlon Way, Suite 204  
Dublin, CA 94568

RESPONSE:

This letter correctly sets forth our understanding.

Mendocino County Tourism Commission, Inc.

Acknowledged and agreed on behalf of the Commission by:

Name: Alca Human

Title: EXECUTIVE DIRECTOR

Date: 7-12-17