

Board of Trustees  
Army War College Foundation, Inc.  
Carlisle, Pennsylvania

We are pleased to present this report related to our audit of the financial statements of the Army War College Foundation, Inc. (the Foundation) for the year ended July 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Army War College Foundation, Inc.'s financial reporting process.

**Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America for nonprofit organizations has been described to you in our arrangement letter dated July 29, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

**Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication regarding the planned scope and timing of our audit and identified significant risks.

**Accounting Policies and Practices**

*Preferability of Accounting Policies and Practices*

Under generally accepted accounting principles (U.S. GAAP), in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

*Adoption of, or Change in, Accounting Policies*

The Board of Trustees has the ultimate responsibility for the appropriateness of the accounting policies used by the Foundation.

### **Accounting Policies and Practices (Continued)**

Following is a description of a significant accounting policy which was adopted during the year ended July 31, 2020.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Following are descriptions of accounting pronouncements which will be considered for implementation in subsequent years:

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP, including industry-specific guidance. More judgement and estimates may be required in the revenue recognition process when compared to existing U.S. GAAP, including identifying performance obligations in the contract, estimating variable consideration, and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2019, using either a full retrospective or retrospective with cumulative effect transition method. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The most significant change in the new lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which these assets and liabilities are not recorded, and lease payments are generally recognized over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under legacy accounting principles generally accepted in the United States of America. For all entities other than public-business enterprises, this standard is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the effects that this standard will have on the Organization's financial statements.

## **Accounting Policies and Practices (Continued)**

### *Significant or Unusual Transactions*

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Alternative Treatments Discussed with Management*

We did not discuss with management any alternative treatments within U.S. GAAP for nonprofit organizations for accounting policies and practices related to material items during the current audit period.

### *Management Judgments and 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. Estimates significant to the financial statements include the allowance for depreciation, allocations of costs to functional classifications and valuations of donated goods and services. The Board of Trustees may wish to monitor throughout the year the processes used to compute and record these accounting estimates.

Management has informed us it used all relevant facts available to it at the time to make the best judgments about this accounting estimate and we considered this information in the scope of our audit. We evaluated the key factors and assumptions used to develop the above estimate in determining that it is reasonable in relation to the financial statements, taken as a whole.

## **Financial Statement Disclosures**

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

The most sensitive disclosures affecting the financial statements were related to investments, endowment funds, and disclosures of the compositions of net assets. We evaluated the key factors used to develop the above disclosures in determining that they are neutral, consistent and concise in relation to the financial statements as a whole.

## **Audit Adjustments**

There were five audit adjustments made to the original trial balance presented to us to begin our audit. The net effect of the audit adjustments was an increase in net assets of \$80,204. The most significant adjustments were to correct the ending inventory and the implementation of ASU 2018-08 which recognized the revenue for Staff Rides previously in deferred revenue.

## **Uncorrected Misstatements**

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

### **Supplementary Information**

With respect to supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. GAAP; the method of preparing it has not changed from the prior period; and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

### **Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### **Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

### **Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

### **Significant Written Communications Between Management and Our Firm**

We have requested certain representations from management that are included in the management representation letter dated January 29, 2021.

### **Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Army War College Foundation, Inc.

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

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
January 29, 2021