Boyer & Ritter LLC
Certified Public Accountants and Consultants

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, 2021. 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 9, 2021. 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.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of Army War College Foundation, Inc.'s significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following lists the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

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.

Significant Accounting Practices, Including Policies, Estimates and Disclosures (Continued)

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Foundation. The following is a description of a significant accounting policy or its application that was changed during the year:

> In 2021, the Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes, or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation.

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

> In February 2016, FASB issued Accounting Standards Update (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 Foundation’s financial statements.

> In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this Standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Management is currently evaluating the effects that this Standard will have on the Foundation’s financial statements.

Significant Accounting Practices, Including Policies, Estimates and Disclosures (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 non-profit 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 three audit adjustments made to the original trial balance presented to us to begin our audit. The net effect of the audit adjustments was a decrease in net assets of $85,325. The most significant adjustments were to devalue the class gift history book to estimated fair market value of $34,521 and to adjust Sutler Store year-end inventory to actual physical inventory count and valuation of $47,681.

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 inquires 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 14, 2022.

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.

Boyer & Ritter

Camp Hill, Pennsylvania
January 14, 2022