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June 29, 2023

To the Board of Directors and Management of
Pacific Swimming
Concord, California

We are pleased to confirm our understanding of the services we are to provide for Pacific Swimming for the year ended August 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of Pacific Swimming, Inc. which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively the “financial statements”).

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (“GAAS”) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, (4) violations of laws or governmental regulations that are attributable to the organization or to acts by management or employees acting on behalf of the organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Risk of management override of internal controls
- Risk related to revenue recognition
- Risk related to allocations of functional expenses

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the organization's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories (as applicable), and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality and security of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Other Services

We will prepare the organization's federal and related state returns, as applicable, for the tax year based on information provided by you. We will also prepare the financial statements of the organization in conformity with U.S. generally accepted accounting principles based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statements and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making drafts of financial statements, making all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving: (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the organization complies with applicable laws and regulations. You are also responsible for the preparation of the supplementary information (as applicable) in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees and Timing

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Mary Ann Cropper is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Timing for the audit is outlined as follows:

Audit planning	October 2023
Start of audit fieldwork	November 6, 2023
Audit entrance conference (in person)	November 9, 2023
Audit exit conference (pre-draft)	December 4, 2023
Extensions for informational returns	December 4, 2023
Drafts of audit reports	December 10, 2023
Drafts of informational returns	December 17, 2023
Client report and return review and edit results	January 4, 2024
Revised audit reports and informational returns for board approval	No later than January 15, 2024

The above timing assumes that all requested schedules and information in the appendix are provided to us at the beginning of audit fieldwork, and the information for the informational returns is provided to us no later than December 10, 2023.

We estimate that our total fees for the audit will be \$9,300. Fees to prepare and electronically file the informational tax returns will be \$1,700. These fees include expenses. The fee estimate is based on cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit and all requested information will be available by the start of fieldwork. The fees set by this agreement are based upon the following assumptions: management will respond promptly to all requests for basic information and/or documentation; the books will have been posted through the year; all adjustments will have been posted; and that year-end schedules supporting the account balances will be provided. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Pacific Swimming's financial statements. Our report will be addressed to the board of directors of Pacific Swimming may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance, if, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Cropper Accountancy Corporation

Cropper Accountancy Corporation

RESPONSE:

This letter correctly sets forth the understanding of Pacific Swimming.

Signature: _____

Title:

Date:

PACIFIC SWIMMING
Management Information and Schedules - Audit Preparation
Year Ending August 31, 2023

Note: We will continue to utilize Suralink,, a collaboration tool where all information and schedules requested can be uploaded and shared, tracked and status easily communicated

General

- 1) Preliminary reports Financial Statements and trial balance as of and for the year ending August 31 (from QuickBooks software) – in Excel including:
 - a) Trial balance
 - b) Balance sheet
 - c) Income statement
 - d) General ledger
 - e) Class report
 - f) Job report
 - g) Accounts receivable aging
 - h) Accounts payable aging
 - i) Journal entry report
 - j) Cutoff general ledger activity from September 1, 2023 through start of audit fieldwork
2. Copies of minutes of Board of Directors meetings, including Finance/Audit Committee meetings (minutes of meetings ***through the end of audit fieldwork***)
3. Listing of related parties during fiscal 2023 (individuals, families, and their companies; common board members)
4. Copies of any ***new*** significant contracts such as grant agreements, space and equipment leases, debt and line of credit agreements, employment agreements, retirement plans, as applicable
5. Lease analysis per ASU 842, as applicable
6. Donated goods and services analysis at fair value, as applicable
7. Confirmations (templates to be provided by Cropper Accountancy)

8. Copy of any *new* policies and procedures (including code of conduct, conflict of interest, whistleblower, investment, etc.)
9. Copy of board of directors roster for 2023 (with officers and associated compensation)
10. Tax questionnaire updated for the year

Cash and Investments

1. Copy of all bank statements and reconciliations as of August 31 and September 30 (with access to all other months while on-site).
2. Copy of bank and investment forms showing current bank account signers and wire transfer agreements, if there have been any changes during the year
3. Investment activity schedule (beginning balance, purchases, maturities/sales, ending balance), including analysis of income earned and gains/losses, detailed by individual account

Receivables

1. Listing of any grants and contributions promised as of August (but not yet received)
2. Detail listing of all receivables due from employees, directors, or other related parties, if any

Prepays and Other Assets

1. Detail schedule of prepaid expenses and other assets, as applicable, including supporting documentation such as copies of insurance invoices/policy statements, prepaid rent and health insurance, and/or event deposits, etc.

Inventory

1. Reconciliation of book to physical inventory count as of August 31, by inventory type
2. Inventory rollforward from prior year (beginning balance, purchases, sales at cost, and ending balance)

Property and Equipment

1. Fixed asset sub ledger as of August 31
2. Supporting documentation for all significant property and equipment additions (greater than threshold)
3. Supporting documentation for all property and equipment retirements during the year
4. Physical inventory taken during the year, as applicable
5. Reconciliation of fixed asset ledger to general ledger, if different

Liabilities

1. Detail schedule of accrued expenses, including the calculation of accrued vacation by employee and any accrued bonuses/compensation
2. Debt activity rollforward including line of credit by debt issue (beginning balance, proceeds, principal paid, and ending balance), as applicable
3. Grants payable analysis by club as of August 31 (promised/board approved but not yet paid)
4. Accrued pension plan contributions detail and support as of August 31, as applicable
5. Analysis of deferred revenue and associated revenue, by member or type, as applicable

Net Assets

1. Roll forward activity schedule for donor restricted net assets (done at donor/grantor level) with beginning balance, donor restricted revenue additions, amounts released from restriction, and ending balances
2. Support for amounts released from restriction by donor/grant or contract (if not detailed in job report)
3. Copy of new grant agreement/support for restricted donations during the year ended August 31
4. Reconciliation of prior year net asset balances (per financial statements) to current year beginning balances, if different

Revenue and Expenses

1. Draft functional expense analysis (with support for salary allocations among functional classes, if not performed in class or job reports)
2. 2022/2023 Fiscal Year Meet Schedule
3. Copy of LSC and Zone Finance Compliance Calendar
4. Fiscal 2023 dues schedule (with USA Swimming included) and Entry Meet fee schedule
5. Grant summary/analysis by individual club and grant type for the year ended August 31
6. Analysis of revenue and deferred revenue as of August 31 by swim club
7. Analysis of fundraising events, by event (revenues and expenses)
8. Copies of all grant agreements, as applicable
9. Copy of fundraising literature used during the year, as applicable
10. Log for all donated goods and services, including valuation of fair market value, as applicable

11. Analysis of staff payroll expense by individual employee (job, position, annual salary, 2023 payroll expense as reconciled to total payroll expense)
12. Copy of the last payroll register in August 2023 and the first payroll register in fiscal 2024 and annual payroll summary by employee
13. Key information for the tax return including:
 - a) Description of program service accomplishments, including associated expenses and grants
 - b) Description of mission statement, if changed during the year
 - c) Copy of any key governance and financial policies changed during the year relevant to the return
 - d) Copy of Forms W-2 and W-3 and Form 1096
 - e) Officer and key employee compensation analysis
 - f) Schedule I detail (grants) including name, EIN #, address, amount, and grant purpose
 - g) Board roster including officer title and compensation (and avg hours worked per week) – and # of voting members
 - h) Listing of any grants and donations received \$5,000 and over (name, address, amount)
 - i) Listing of any independent contractors (individuals, businesses) receiving \$100,000 or more in compensation for the year (name, address, amount)
 - j) # of volunteers
 - k) Analysis of lobbying, by type, as applicable
 - l) Detail for related party disclosure (including family members, businesses, and any transactions with related parties)