



AUDIT LETTERS

December 31, 2013

**OREGON-COLUMBIA CHAPTER OF THE
ASSOCIATED GENERAL CONTRACTORS OF AMERICA**

Table of Contents

	Page
Communication with Those Charged with Governance	1
Letter of Comments and Suggestions	5

Communication with Those Charged with Governance

The Board of Directors
Oregon-Columbia Chapter of the Associated
General Contractors of America

We have audited the consolidated financial statements of Oregon-Columbia Chapter of the Associated General Contractors of America, AGC Center LLC, AGC Oregon-Columbia Chapter Foundation, Contract Administration Fund, AGC Committee for Action, and Building a Better Oregon (together, the Organizations) as of and for the year ended December 31, 2013, and have issued our report thereon dated May 28, 2014. Professional standards require that we provide you with the following 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 letter dated February 4, 2014. 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 Organizations are described in *Note 1* to the consolidated financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2013. We noted no transaction entered into by the entities during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated 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 consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates in the consolidated financial statements that we consider to be significant and that would require discussion in this letter.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Findings - Continued

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 consolidated financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the consolidated 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 consolidated 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 consolidated financial statements or the auditors' report. We are pleased to report 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 May 28, 2014.

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 Organizations' consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine 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 Organizations' auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

With respect to the supplemental information accompanying the consolidated 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 accounting principles generally accepted in the United States of America, 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 consolidated financial statements. We compared and reconciled the supplementary financial information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

* * * * *

This communication is intended solely for the information and use of the Board of Directors and management of Oregon-Columbia Chapter of the Associated General Contractors of America, AGC Center LLC, AGC Oregon-Columbia Chapter Foundation, Contract Administration Fund, AGC Committee for Action, and Building a Better Oregon and is not intended to be, and should not, be used by anyone other than these specified parties.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
May 28, 2014

**OREGON-COLUMBIA CHAPTER OF THE
ASSOCIATED GENERAL CONTRACTORS OF AMERICA
Schedule of Waived Adjustments
December 31, 2013**

	Increase (Decrease) in				Current Net Assets
	Assets	Liabilities	Revenues	Expenses	
Adjustment to deferred dues revenue	\$ -	\$ (10,833)	\$ 10,833	\$ -	\$ 10,833
Projected misstatement in accounts payable	-	29,561	-	29,561	(29,561)
Other miscellaneous differences	608	1,754	(1,000)	146	(1,146)
	<u>\$ 608</u>	<u>\$ 20,482</u>	<u>\$ 9,833</u>	<u>\$ 29,707</u>	<u>\$ (19,874)</u>

Letter of Comments and Suggestions

The Board of Directors
Oregon-Columbia Chapter of the Associated
General Contractors of America

In planning and performing our audit of the consolidated financial statements of Oregon-Columbia Chapter of the Associated General Contractors of America, AGC Center LLC, AGC Oregon-Columbia Chapter Foundation, Contract Administration Fund, AGC Committee for Action, and Building a Better Oregon (together, the Organizations) for the year ended December 31, 2013, we considered the Organizations' internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency that is summarized on the page accompanying this letter, along with the current status of a matter involving the Organizations' internal control that was presented in the prior year. This letter does not affect our report dated May 28, 2014, on the 2013 consolidated financial statements of the Organizations.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various personnel of the Organizations, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

* * * * *

This communication is issued solely for the information and use of the Organizations' Board of Directors and management. It should not be presented or quoted to anyone outside the Organizations because of the possibility of misunderstanding by other persons who may not be aware of the objectives and limitations of internal controls and of our study and evaluation thereof.

We would like to take this opportunity to express our thanks to the Organizations' personnel for the courtesy and assistance they gave us throughout the audit.

Hoffman, Stewart & Schmidt, P.C.

May 28, 2014

Current Year Recommendation

Segregation of Duties

One of the basic elements of internal control is separation of duties so that no one person controls more than one of the four functions of an accounting system: transaction initiation, authorization, asset custody, and recordkeeping. During our review of the internal control procedures, we noted instances of one individual controlling multiple functions. We realize complete segregation of duties is difficult in a small organization; however, we specifically noted the following instances that we recommend addressing:

- Checks are signed and returned to the preparer for mailing (asset custody and recordkeeping)
- Vendors and employees are set-up in the accounting system by the individual processing the transactions (transaction initiation and recordkeeping)
- Bank reconciliations are not separately reviewed (asset custody and recordkeeping)

In addition to these items, we also noted that for some of the smaller organizations, the financial statements are not being reviewed on a regular basis by those charged with governance. Typically these organizations do not have regular meetings; therefore, we recommend the financial statements be provided to the Board chair or other responsible individual on a regular basis.

Prior Year Recommendation

Credit Card Documentation

During our testing of credit cards in the current year we noted for one of the two months tested, approximately 25 percent of the charges were not appropriately supported with receipts. While some of the tested transactions were missing receipts, the credit card statements had been reviewed by the appropriate members of management.

Although the employee handbook does not include a specific policy requiring the receipts for all credit card charges, it does note separately under *Travel, Employee-incurred Expenses and Reimbursement* that “receipts are required for reimbursement of all expenses.”

We recommend the employee handbook be modified to specifically require receipts for all credit card charges. Additionally, we recommend the requirement of supporting documentation for credit card charges be reiterated to all those with credit card privileges.

Current year update: During our testing in the current year, we noted during one of the two months tested approximately 30 percent of the charges were not appropriately supported with receipts. However, the credit card statement for each of the months tested were reviewed by appropriate personnel.

There have been no changes to the employee handbook.