



Auditors' Communications

June 28, 2022

To The Board of Directors
Ogden Farmers' Library
269 Ogden Center Road
Spencerport, NY 14559

Dear Board Members:

We have audited the financial statements of Ogden Farmers' Library for the year ended December 31, 2021. Professional standards require that we provide you with 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 Audit Plan provided to you prior to the engagement. Professional standards also require that we communicate to you the following information related to our audit.

General Observations and Significant Audit Matters

- We have become aware of matters that we consider to be material weaknesses. They are described below.
- Management is responsible for the selection and use of appropriate *accounting policies*. The significant accounting policies used by Ogden Farmers' Library are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2021. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- *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. The most sensitive estimates affecting the financial statements include areas such as useful life and collectibility.

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- The *financial statement disclosures* are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include the disclosure of net assets with donors restrictions and the perpetual trust held by third party.
- *Management may disagree with auditors* about areas needed to be accessed for audits, or about conclusions that are reached with respect to amounts or disclosures. Management may explain their position and may also reach out to other CPAs or experts. We did not have any such disagreements or difficulties with management.
- Whenever we become aware of *adjustments or corrections* that are not clearly trivial, we will discuss them with management. Management approved all accounting adjustments that were proposed and recorded to make your financial statements materially correct.
- We have requested certain *representations from management* that are included in the management representation letter.
- 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 Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

In planning and performing our audit of the financial statements of Ogden Farmers' Library as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Ogden Farmers' Library’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

The combination of the following control deficiencies may allow misstatement and/or fraud to go undetected. Because of the magnitude of potential misstatements, these are considered material weaknesses.

Payroll:

- Someone independent of payroll preparation should review direct deposits and individual earnings reports to verify that pay rates and hours worked are proper. Questionable items should be investigated. Payroll is your largest cost and this is an important control to help assure that rates and hours you are paying for are proper. We understand that the board sees the total payroll paid out, however, this doesn't deter incorrect payrates or hours.

Cash Disbursements:

- Our audit confirmed there is no independent review of check images/bank statement activity and reconciliations. It is extremely important that someone who is knowledgeable about your Organization's finances, receive, or have electronic access to monthly bank statements and that they review returned checks, transfers, electronic payments and other activity to be sure that they are proper. Any questionable items noted should be investigated. This will help catch possible bank errors or your errors, or misuse of funds. We also recommend that blank checks be kept in a locked and secure area to prevent theft and unauthorized use.

This communication is intended solely for the information and use of management, board of directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

The recommendations in this letter are necessary for us to fulfill our responsibilities. Please let us know if you have any questions about our recommendations or how to implement them.

Sincerely,

Heveron & Company CPAs