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To the Executive Director and
The Board of Directors of
United States Amateur Confederation of Roller Skating

In planning and performing our audit of the financial statements of United States Amateur Confederation of Roller Skating as of and for the period ended August 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered United States Amateur Confederation of Roller Skating's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Confederation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Confederation's internal control.

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

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

We consider the following deficiencies in the Confederation's internal control to be material weaknesses and significant deficiencies:

- I. **Material weaknesses**
- II. **Significant deficiencies**
- III. **Other matters**

This communication is intended solely for the information and use of management, the 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.

Lincoln, Nebraska
June 30, 2020

Thomas, Kunc and Black, LLP

I. Material weaknesses

1. Preparation of annual financial statements

The Confederation made significant progress in developing its accounting processes and procedures for the financial statements for the year ended August 31, 2019.

In order to present the Confederation's financial statements in accordance with generally accepted accounting principles (GAAP) the Confederation is required to report expenses on a functional basis. That is, expenses including payroll, must be allocated to the functional areas of program services, management and general, and fundraising. In addition, in order to present the Confederation's financial statements in accordance with GAAP, the U.S. Foundation for Amateur Roller Skating (Foundation) financial information must be reflected in its consolidated financial statements using the GAAP basis, which requires financial instruments to be reported and disclosed on a fair value basis.

The Confederation used QuickBooks classes to report some income on a functional basis. However, many transactions were unclassified or misclassified.

The Foundation uses QuickBooks to summarize information from the detailed monthly statements for the five investment accounts held at UBS and the check register to prepare its Form 990, Return of Organizations Exempt From Income Tax. The Foundation does not prepare financial statements in accordance with GAAP. Therefore, in order to prepare consolidated financial statements in accordance with GAAP, additional time is spent accumulating the information required to be included in the Confederation's financial statements.

We recommend the Confederation continue enhancing its accounting processes and procedures to further utilize Quickbooks to report expenses on a functional basis and obtain GAAP basis financial statements from the Foundation. The Foundation's checking and investment transactions should be recorded in an accounting system on a regular basis and GAAP financial statements should be prepared at least quarterly for the Foundation trustees to review.

II. Significant deficiencies

1. Organizational Structure/Segregation of Duties

The size of United States Amateur Confederation of Roller Skating's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

The Board of Director's fiduciary duty requires them to remain involved in the financial affairs of the organization to provide oversight and provide an independent review function.

III. Other matters

1. Matters identified in prior years

i. Temporarily Restricted Assets

A restricted investment account was closed during 2010 and deposited with an unrestricted investment account. As a result, tracking temporarily restricted investment earnings is more difficult than if the restricted investment account was maintained separately.

Status: There has been no change.

ii. Inventory

The Confederation maintains inventory in five different general ledger accounts. During the year ended August 31, 2019, one of the five inventory accounts reflected adjustments.

We recommend the Confederation review the actual physical inventory and adjust the general ledger to actual annually.