

April 29, 2020

To the Board of Directors of  
Vermont Humanities Council  
Montpelier, Vermont

We have audited the financial statements of Vermont Humanities Council, (the “Council”), for the year ended December 31, 2019, and have issued our report thereon dated April 29, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 13, 2020. 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 Council 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 2019. We noted no transactions entered into by the Council 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 estimate affecting the financial statements was management’s allocations of costs between program services, general and administration services and development services. This estimate is based on the client’s historical experience and the hours worked by each employee. Management also estimates the useful lives of depreciable assets which is based on historical information and best practice. Additionally, management estimates the fair value of the investments using quoted market prices in an active market. Investment securities, in general, are exposed to various risk, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. We evaluated the key factors and assumptions used to develop these estimates and noted they are reasonable in relation to the financial statements taken as a whole.

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

##### *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. Management has corrected all such misstatements. The attached schedule summarizes the corrected misstatements detected as a result of audit procedures.

*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 financial statements or the auditor's report. We are pleased to report that 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 April 29, 2020.

*Management Consultations with Other Independent Accountants*

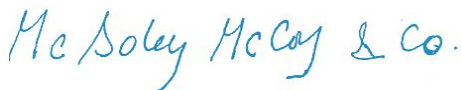
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the 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.

*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 Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of Vermont Humanities Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



McSoley McCoy & Co.

Client: **Vermont Humanities Council**  
 Engagement: **AUD - Vermont Humanities Council**  
 Trial Balance: **3000.05 - TB**  
 Workpaper: **1400.10 - Copy of Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To restore beginning retained earnings.				
4720	4700 -+ Temporarily Restricted:4720 -+ Released from Restrictions		60,189.00	
5970	4700 -+ Temporarily Restricted:5970 -+ Investment Draws - Board Auth		55,548.00	
3260	3200 -+ NA without Donor Restrictions:3260 -+ Board Desiq. for LT Investment			37,880.00
3710	3700 -+ Net Assets with Donor Restricti:3710 -+ Net Assets-Temp Restricted			77,857.00
<b>Total</b>			<b>115,737.00</b>	<b>115,737.00</b>
<b>Adjusting Journal Entries JE # 3</b>				
To properly recorded money received in 2019 for 2020 projects.				
2425	2425 -+ Deferred Revenue		18,000.00	
4710	4700 -+ Temporarily Restricted:4710 -+ New Temporarily Restricted Inc.			18,000.00
<b>Total</b>			<b>18,000.00</b>	<b>18,000.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
To record present value discount on pledges receivable.				
9600	PV Expense		1,632.00	
1243	PV Discount			1,632.00
<b>Total</b>			<b>1,632.00</b>	<b>1,632.00</b>
<b>Adjusting Journal Entries JE # 5</b>				
To record the purchase of three new computers as PPE.				
1610	1610 -+ Furniture & Equipment		3,906.00	
7582	7800 -+ GENERAL & ADMIN:7582 -+ Information Technology:7582 -+ Computer Equipment & Maint.			3,906.00
<b>Total</b>			<b>3,906.00</b>	<b>3,906.00</b>
<b>Adjusting Journal Entries JE # 6</b>				
To record depreciation expense.				
7400	7400 -+ Depreciation		37,377.00	
1620	1610 -+ Furniture & Equipment:1620 -+ Acc Depre Furniture & Equipment			4,063.00
1820	1800 -+ Real Property:1820 -+ Real Prop. Accum Depreciation			33,314.00
<b>Total</b>			<b>37,377.00</b>	<b>37,377.00</b>
<b>Adjusting Journal Entries JE # 7</b>				
Per client: expenses that should be recorded in 2019.				
7161	7100 -+ PAYROLL:7160 -+ Other PR Expenses:7161 -+ Payroll Service Fees		2,841.00	
2250	2250 -+ Accounts Payable-Vendors			2,841.00
<b>Total</b>			<b>2,841.00</b>	<b>2,841.00</b>