

# **Blake Hurley McCallum & Conley, LLC • Certified Public Accountants**

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September 19, 2019

The Bishop, the Diocesan Counsel and the Trustees of Diocesan Funds  
The Episcopal Diocese of Maine

We have audited the separate financial statements of the Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund for the year ended December 31, 2018, and have issued our report thereon dated September 19, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to management in our engagement letter dated August 15, 2019. 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 Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund are described in Notes 1 to the respective financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2018 except for the required adoption of ASU 2016-14 which required the organizations to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The 2017 balances have been reclassified to conform to the 2018 financial statement presentation. We noted no transactions entered into by the Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund 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 managements' 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 Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund financial statements are capital assets and related depreciation. We have evaluated the key factors and assumptions used to develop these estimates in determining that 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 Audits*

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 known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no misstatements during the audit.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 September 19, 2019

### *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 Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial 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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In planning and performing our audits of the financial statements of the Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund'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 Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements that will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This information is intended solely for the use of the Bishop, the Diocesan Council, the Trustees of Diocesan Funds and management of the Central Diocesan Funds, the Trustees of Diocesan Funds, and the Bishop's Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

*Blake Hurley McCallum & Conley, JSC*

Westbrook, Maine  
September 19, 2019

