



To the Board of Directors  
Central Texas Regional Advisory Council

We have audited the financial statements of Central Texas Regional Advisory Council (the "Organization") for the year ended December 31, 2021 and have issued our report thereon August 11, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 31, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### ***Planned Scope and Timing of the Audit***

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### ***Compliance with All Ethics Requirements Regarding Independence***

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

We assisted in preparing the financial statements and related notes to the financial statements of the Organization in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) based on information provided by management.

Management assumed all responsibilities relating to the financial statements and related notes, and any other non-audit services we provided. Management acknowledged in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, management agreed to oversee the non-audit services by designating an individual with suitable skill, knowledge, or experience; evaluated the adequacy and results of those services; and accepted responsibility for them.

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## **OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

### **Significant Risks Identified**

We have identified the following significant risks during the planning phase of our audit which required special audit consideration, and we tailored our audit procedures accordingly. These items do not represent actual audit deficiencies.

	<b>Significant Risk Identified</b>	<b>Reasoning for Special Audit Consideration</b>
1)	Management override of controls	Inherent fraud risk
2)	Revenue recognition	Inherent fraud risk

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021, other than the implementation of Accounting Standards Codification 606, which is discussed in Note 2. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the depreciation expense and related accumulated depreciation is based on the useful lives of the fixed assets. We evaluated the key factors and assumptions used to develop the estimates for useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Organization's financial statements relate to revenue recognition.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

### **Identified or Suspected Fraud**

We have not identified or obtained information that would indicate any fraud or suspected fraud may have occurred that should be brought to your attention.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### ***Uncorrected and Corrected Misstatements***

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements during the audit or in previous years.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Below is a listing of material adjustments posted during the audit:

- To walk forward equity from the prior year report
- To properly state revenue and deferred revenue at year end

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### ***Representations Requested from Management***

We have requested certain written representations from management in a letter dated August 11, 2022.

### ***Management's Consultations with Other Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

### **Other Matters**

The main objective of internal accounting control is to segregate accounting duties such that an individual who has access to assets (cash receipts, signed checks, equipment, etc.) does not also have access to the accounting records that control the assets. Proper segregation of duties provides reasonable assurance that an individual would be prevented from removing an asset from the company and concealing that activity by altering the related accounting records. Due to the size of the entity and number of personnel available for accounting duties, there is limited segregation of duties. Accordingly, an appropriate segregation of responsibilities may not be practical in many areas. Until such controls are in place, it is important that management and the board of directors consider this when reviewing accounting activities and information.

This report is intended solely for the information and use by the board of directors of the Central Texas Regional Advisory Council and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

August 11, 2022