

Board of Directors
Humboldt State University Advancement Foundation
Arcata, California

We have audited the financial statements of the business-type activities of the Humboldt State University Advancement Foundation, a component unit of Humboldt State University (HSU), as of and for the year ended June 30, 2016, and have issued our report thereon dated September 29, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Humboldt State University Advancement Foundation are described in Note 1 to the financial statements.

Governmental Accounting Standards Series 72, Fair Value Measurement and Application, was adopted and implemented during the fiscal year ended June 30, 2016. The application of existing policies was not changed during the fiscal year ended June 30, 2016.

We noted no transactions entered into by the entity 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

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 were:

- Management's estimate of the allowance for doubtful accounts is based on historical sales, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Cash and Cash Equivalents and Investments footnotes.
- Related-party transactions with Humboldt State University and other auxiliaries and ancillaries of Humboldt State University.
- Capital Lease Receivable and related long-term obligation.

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

Difficulties encountered in performing the audit

There was a delay in receiving the complete financial statements and footnotes of the Foundation. This delay resulted in a postponement of the board of director’s Audit committee meeting where the financial statements were to be discussed.

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 did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The below summarized schedule summarizes all misstatements detected as a result of the audit procedures that were corrected by management.

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 2			
To reduce contribution and pledge receivable for incorrect amount recorded related to McLean Foundation Pledge			
723002	GIFTS, NONCAPITAL	96,000.00	
711106	PLEDGES RECEIVABLE, NET		96,000.00
		<u>96,000.00</u>	<u>96,000.00</u>

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 auditors’ report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated at the financial statement’s issuance September 29, 2016.

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 entity’s financial statements or a determination of the type of auditors’ 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.

Significant findings or issues that were discussed, or the subject of correspondence, with management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 29, 2016.

Our auditors’ opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the information and use of the Board of Directors and management of the Humboldt State University Advancement Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Bellevue, Washington
September 29, 2016