[DATE]

The Board of Directors and Management
Eno Center for Transportation
Washington, D.C.

Management Letter

In planning and performing our audit of the financial statements of Eno Center for Transportation (the Foundation) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

There were no material weaknesses identified during the audit.

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.

There were no significant deficiencies identified during the audit.

Other Recommendations and Observations

Status of Books and Records

Based on our audit procedures, we did not note any material weaknesses or significant deficiencies in internal control, including segregation of duties. We believe that the Foundation has appropriate policies and procedures and has instituted practical segregation of duties. Oftentimes, with smaller nonprofits, achieving appropriate segregation of duties is challenging, but we are comfortable with the Foundation's accounting structure.

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We found that the Foundation's staff was organized, available and prepared during the audit process. Based on our work, it was evident that the Foundation's staff was knowledgeable about the areas that make nonprofit GAAP challenging and had implemented procedures to ensure compliance with GAAP. We believe that the accounting operations are producing reliable financial information that the Foundation's leadership can rely on.

Current Year Comments:

The Foundation reported accounts receivable that were offset by deferred revenue. During the year, it is common to record a receivable that simultaneously increases accounts receivable and deferred revenue. Audited financial statements should not include accounts receivable offset by deferred revenue because this does represent a transaction that should be recognized.

During our audit, we recorded a reclassification entry that reduced accounts receivable and deferred revenue by an offsetting $18,761 amount. This entry was for financial statement presentation purposes and does not need to be recorded by the Foundation.

PRIOR YEAR COMMENTS:

Revenue Recognition

Revenue recognition is a challenging and unique audit area for nonprofit organizations. Nonprofit organizations have two types of revenue recognition methods. The first type is revenue recognition is an exchange transaction whereby the resource provider (funder) receives commensurate value for the funds provided. Revenue is recognized when earned for exchange transactions. The other revenue recognition method is for contributions whereby the resource provider does not receive commensurate value in return for their contribution. Contributions are recognized when promised or paid. The distinction is recording revenue when earned or when paid / promised.

The Foundation has many contracts, agreements and grants with a variety of funders. Each of these arrangements needs to be analyzed to determine if the transaction is an exchange transaction or a contribution. This analysis focuses on the amount of commensurate value received by the resource provider.

During the audit, we increased contribution revenue by $30,000 for a contribution that was originally determined to be an exchange transaction and recorded as a deferred revenue liability.

It is important to analyze each agreement separately to identify each transaction as an exchange transaction or a contribution. Once that determination is made, the Foundation can properly record the revenue on a prospective basis.

<u>Current Year Status:</u>

During the 2023 audit, we adjust revenue by $10,000 for a 2024 event. The revenue should have been recorded in 2024 when the event occurs.

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