

## AUDIT COMMUNICATION LETTER

October 30, 2018

To the Board of Directors  
New Buildings Institute, Inc.

We have audited the financial statements of New Buildings Institute, Inc. (the Institute) as of and for the year ended June 30, 2018, and have issued our report thereon dated October 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 June 7, 2018. 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 New Buildings Institute 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 2018. We noted no transactions entered into by the Institute 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. Estimates significant to the financial statements include the following:

Indirect expense allocation: Management's estimate of the allocation of indirect expenses is based on employee equivalents.

Allowance for uncollectible accounts: Management's estimate of contracts and contributions receivable is based on historical collection rates and an analysis of the collectability of individual promises. Management has determined that all amounts appear collectable at June 30, 2018 and no allowance is necessary.

We 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 disclosures in the financial statements 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 known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See attached schedule of audit adjustments for misstatements detected as a result of audit procedures and corrected by management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 October 30, 2018.

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 Institute'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 Institute'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 and management of New Buildings Institute, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

**NEW BUILDINGS INSTITUTE**  
**SCHEDULE OF AUDIT ADJUSTMENTS**  
For the year ended June 30, 2018

	Increase (Decrease)			Change in Net Assets
	Total Assets	Total Liabilities	Ending Net Assets	
Management provided entry:				
To record additional forum sponsorship receivable	\$ 11,750	\$ -	\$ 11,750	\$ 11,750
<b>Audit adjustment:</b>				
To recognize forum sponsorship revenue	-	(10,000)	10,000	10,000
Impact of adjustments on:	<u>\$ 11,750</u>	<u>\$ (10,000)</u>	<u>\$ 21,750</u>	<u>\$ 21,750</u>