

## MANAGEMENT LETTER

October 30, 2018

To the Board of Directors  
New Buildings Institute

In planning and performing our audit of the financial statements of New Buildings Institute (the Institute) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Institute'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

During our audit, if we become aware of areas where there are opportunities for strengthening internal controls and operating efficiency, we communicate our findings and suggestions in this letter. Our comments are summarized below. This letter does not affect our report dated October 30, 2018, on the financial statements of New Buildings Institute.

### CURRENT YEAR RECOMMENDATIONS

#### Reconciliation of Forum Fees Revenue

The Institute did not reconcile the total forum sponsorships that were owed at year-end. The result was the Institute needed to record an adjustment to reflect approximately \$12,000 of unpaid forum agreements. The Institute is aware this reconciliation must be completed periodically and has implemented the procedures to address this recommendation going forward.

## PRIOR YEAR RECOMMENDATIONS

### Review of CEO Expense Reimbursement and Credit Card Charges

The Institute does not have a regular process in place for the Board to review any expense reimbursements or credit card charges submitted by the CEO. A best practice would be for periodic review by the Board Treasurer or Finance Committee for any charges and reimbursements submitted by the CEO.

**Status:** Procedures implemented.

### Credit Card Limit and Policies

The Institute maintains two credit cards; one credit card with a \$25,000 limit. Based on use during the current year, and to improve controls over purchases, we recommended considering lowering the credit limit to a lesser amount based on typical necessary expenditures.

**Status:** The credit card limit remains at \$25,000 limit. The Institute reviewed this recommendation and is considering reducing the credit limit to \$15,000.

We recommended the Institute establish a corporate account and policy regarding the accumulation and use of incentives (travel miles, points) associated with credit card purchases.

### Review of State Registrations for Charitable Solicitation

State requirements for charitable solicitation will vary; however, most states require organizations to register with a state agency before soliciting contributions. As the Institute solicits sponsorships from businesses and organizations in multiple states, we recommended a review of state requirements prior to solicitation.

**Status:** It is our understanding that the Organization is current on all its state registrations. In addition, as the Institute begins to conduct operations and have a more significant presence in other jurisdictions outside of Oregon, this might also trigger registration requirements or have tax implications.

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We wish to thank Ralph DiNola, Mary Hansel, and the staff of New Buildings Institute for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Institute.