



## CPAs & ADVISORS

March 16, 2023

To the Board of Trustees  
Marine Corps University Foundation  
Quantico, Virginia

We have audited the financial statements of the Marine Corps University Foundation (MCUF) as of and for the year ended December 31, 2022, and have issued our report thereon dated March 16, 2023. 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 January 24, 2023. Professional standards also require that we communicate to you the following information related to our audit.

- **Qualitative Aspects of Accounting Practices**

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

During the year ended December 31, 2022, MCUF adopted the following Accounting Standards Updates (ASUs):

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The amendment did not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements.

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No other accounting policies were adopted and the applications of existing policies were not changed during the year ended December 31, 2022. We noted no transactions entered into by MCUF during the fiscal 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.

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), has not yet been adopted as of December 31, 2022. The ASU replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for MCUF for the year ending December 31, 2023 but early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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 estimate affecting the financial statements was management's estimate of the allocation of expenses to programs, which is based on an allocation of estimated time spent on each program. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were encountered during the course of our audit.

- **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 March 16, 2023.

- **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 MCUF'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 MCUF's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

- **Independence and Non-Audit Services Provided by Audit Firm**

In accordance with professional standards, during the fiscal year and currently, all members of our firm were independent with respect to MCUF.

During the fiscal year under audit, we provided corporate tax preparation services (IRS Form 990) and additional tax advice and continued cyber security monitoring. All other time and expenses incurred by us were in connection with our annual audit.

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This information is intended solely for the use of the Board of Trustees, Audit Committee, and management of the Marine Corps University Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Gelman Rosenberg & Freedman*

March 16, 2023