



Audit Committee  
Marine Corps Association  
Marine Corps Association Foundation  
Quantico, Virginia

We have audited the consolidated financial statements of Marine Corps Association and Marine Corps Association Foundation (hereinafter referred to collectively as the Organization) as of and for the year ended December 31, 2020, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, 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 Marine Corps Association and Marine Corps Association Foundation are described in Note 1 to the consolidated financial statements.

As discussed in Note 1 to the consolidated financial statements, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers (ASC 606)*, which requires entities to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when control of goods and services transfers to a customer. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASC 606 did not have a material impact on its consolidated financial statements.

As described in Note 15 to the consolidated financial statements, the entity received a Paycheck Protection Program loan which is a government grant to fund payroll, rent, utilities and interest on mortgages and existing debt. These amounts are subject to forgiveness based on compliance with program requirements and approval by the U.S. Small Business Administration. The Organization's policy is to follow ASC 958-605, which is further described in Note 15.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

### Accounting estimates

Accounting estimates are an integral part of the consolidated 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 consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

- Management's estimate of the allowance for the realization of receivables is based on historical collection rates and an analysis of the collectability. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the allowance for obsolete inventory is based on historical adjustments, historical loss levels, and an analysis of individual inventory items. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of depreciation is based on the estimated useful lives of the buildings, leasehold improvements, equipment, and furniture. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the functional allocation of expenses shared between programs, management, and general and fundraising is based on a reasonable and consistent basis using level of effort estimates. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

### Consolidated financial statement disclosures

Certain consolidated financial statement disclosures are particularly sensitive because of their significance to consolidated financial statement users. There were no particularly sensitive consolidated financial statement disclosures.

The consolidated 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.

### ***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***

Management did not identify, and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***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 consolidated 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 REPORT DATE.

***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 Organization's consolidated 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 issues discussed with management prior to engagement***

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

***Audits of group financial statements***

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

***Limitations on the group audit***

There were no restrictions on our access to information of components or other limitations on the group audit.

***Other information in documents containing audited consolidated financial statements***

With respect to the supplementary information accompanying the consolidated financial statements, on which we were engaged to report in relation to the consolidated 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 consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. We have issued our report thereon dated REPORT DATE.

Our auditors' opinion, the audited consolidated financial statements, and the notes to consolidated 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.

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

**CliftonLarsonAllen LLP**

Arlington, Virginia  
REPORT DATE

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