

COPPER RIVER / PRINCE WILLIAM SOUND  
MARKETING ASSOCIATION

FINANCIAL STATEMENTS

For the Years Ended June 30, 2016 and 2015

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

# ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Copper River/Prince William Sound Marketing Association

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Copper River/Prince William Sound Marketing Association (the Association) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

A handwritten signature in black ink, consisting of the letters 'E', 'R', and 'M' in a stylized, cursive-like font.

February 1, 2017

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

	2016	2015
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 423,108	\$ 265,295
Accounts receivable	3,014	438
Short-term investments, board designated	226,866	188,283
Other current assets	50	50
Total current assets	653,038	454,066
LONG-TERM INVESTMENTS, board designated	203,134	182,012
Total assets	<u>\$ 856,172</u>	<u>\$ 636,078</u>
LIABILITIES AND NET ASSETS:		
CURRENT LIABILITIES:		
Accounts payable	\$ 85,155	\$ 18,609
Payroll liabilities	518	154
Total current liabilities	85,673	18,763
NET ASSETS:		
Unrestricted net assets, no designation	340,499	247,020
Unrestricted net assets, designated for operating reserve	430,000	370,295
Total net assets	770,499	617,315
Total liabilities and net assets	<u>\$ 856,172</u>	<u>\$ 636,078</u>

The accompanying notes to financial statements are an integral part of these statements.

## COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

## STATEMENTS OF ACTIVITIES

Years Ended June 30, 2016 and 2015

	2016	2015
Changes in unrestricted net assets from operating activities:		
SUPPORT:		
State financial assistance - tax receipts	\$ 564,089	\$ 528,674
Member dues	1,000	-
Total support	565,089	528,674
REVENUES:		
Interest and dividends	3,629	3,049
Other income	3,949	2,287
Total revenues	7,578	5,336
Total support and revenues	572,667	534,010
EXPENSES:		
Program services	291,464	251,490
Supporting services - general and administrative	128,019	127,184
Total expenses	419,483	378,674
Change in net assets	153,184	155,336
NET ASSETS, beginning of year	617,315	461,979
NET ASSETS, end of year	\$ 770,499	\$ 617,315

The accompanying notes to financial statements are an integral part of these statements.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 153,184	\$ 155,336
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in current assets:		
Accounts receivable	(2,576)	762
Increase (decrease) in current liabilities:		
Accounts payable	66,546	8,208
Payroll liabilities	364	(1,862)
Net cash provided by operating activities	<u>217,518</u>	<u>162,444</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(59,705)</u>	<u>(77,555)</u>
Net cash used for investing activities	<u>(59,705)</u>	<u>(77,555)</u>
Net increase in cash and cash equivalents	157,813	84,889
Cash and cash equivalents at beginning of year	<u>265,295</u>	<u>180,406</u>
Cash and cash equivalents at end of year	<u><u>\$ 423,108</u></u>	<u><u>\$ 265,295</u></u>

The accompanying notes to financial statements are an integral part of these statements.

# COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2016 and 2015

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Copper River/Prince William Sound Marketing Association (the Association) is a Regional Seafood Development Association (RSDA) representing Prince William Sound drift and set gillnet fisherman and processors. The Association was created in 2005. The Association's mission is to increase the value of Copper River and Prince William Sound salmon through programs focused on brand enhancement, quality enhancement, effective partnerships, and competent organization management. The Association is almost entirely funded by a 1% regional seafood development tax of the drift and set gillnet fleet.

The Association is controlled by a Board of Directors who has hired an Executive Director to carry on the day-to-day activities of the Association.

#### Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205 *Presentation of Financial Statements* and 958-210-45-1 *Other Presentation Matters*. Under FASB ASC 958-210-45-1, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are net assets that are not subject to donor-imposed stipulations or restrictions. Temporarily restricted net assets represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the organization or by the passage of time. Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently. There are no permanently or temporarily restricted net assets at June 30, 2016 or 2015.

#### Revenue Recognition

Revenue consists of tax receipts, contributions, member dues, and other revenue. Amounts that are unrestricted are recorded as revenue in the statement of activities when received. The Association follows the guidance of FASB ASC 958-605, *Revenue Recognition*, to determine whether its tax receipts are contributions or exchange transactions for purposes of presentation in the accompanying financial statements. Exchange transactions with a donor or other outside party for particular purposes are deemed to be earned and reported as revenue when the Association has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as deferred revenue.

#### Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Association considers all cash on-hand and in checking and savings accounts to be cash and cash equivalents.

#### Receivables

Accounts receivable consist of amounts due for services, which were not received by the Association at year-end. Management considers all receivables to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

## COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### Investments

Investments consist of short-term investments intended to be held more than 90 days, but less than a year, and long-term investments intended to be held for a year or more. Both types of investments are interest-bearing certificates of deposit in financial institutions. The investments are valued at cost plus reinvested interest, which approximates fair value. Interest income for the Association's investments is included in the accompanying statements of activities. The investment balance is designated for operating reserves.

#### Designated Net Assets - Operating Reserve

The Association has established an operating reserve to which it contributes 10% of the RSDA assessment on an annual basis. The Association will continue to fund the reserve account until the balance is equal to one year of operating costs based on a three-year average assessment as determined by the State of Alaska Department of Revenue. The reserve is shown as unrestricted net assets, designated for operating reserve, in the statements of financial position.

#### Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Income Taxes

The Association is organized under Section 501(c)(6) of the Internal Revenue Code as a nonprofit, tax-exempt organization. The Association is not classified as a private foundation. The Association follows the provisions of FASB ASC 740 *Income Taxes*, and management believes that it has appropriate support for any tax positions taken. The Association's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations on those tax returns, which, in general, have a three-year statute of limitations.

#### Fair Value Measurements

The Association follows FASB ASC 820 *Fair Value Measurement and Disclosure*, which provides a framework for measuring fair value and requires that an entity determine fair value based on exit price from the principal market for the asset or liability being measured.

#### Subsequent Events

The Association has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

### **NOTE 2 – OPERATING LEASES**

The Association leases office space and a storage locker in Cordova, Alaska. Rent expense from the lease for the years ended June 30, 2016 and 2015 was \$9,054 and \$9,054, respectively. Minimum rent expense on an annual basis, based on the current lease, is \$9,054 for fiscal year 2017.



NOTES TO FINANCIAL STATEMENTS

**NOTE 3 – CONCENTRATIONS AND CONTINGENCIES**

Economic Dependency

The Association receives a substantial amount of support from the 1% regional seafood development tax. This tax is collected from members of the drift and set gillnet fleet. The tax is calculated as a percentage of the price paid by the processors to the fishermen. If a significant reduction in the level of this support were to occur, it would have a significant adverse effect on the Association's programs and activities.

State Financial Assistance – Regional Seafood Development Associations

Expenditures made pursuant to RSDA statutes may be subject to additional audits by government agencies or their representatives. Although subjected to state single audit requirements, certain amounts reflected in the financial statements have not been audited by government agencies. Accordingly, adjustments of amounts received or receivable from the regional seafood development tax could result if the Association is audited by such agencies.

Depository Concentration

The Association has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

## PART II – STATE SINGLE AUDIT

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2016

State of Alaska Grantor / Program Title	Grant Number	Award Amount	Expenditures
Department of Revenue			
Passed through the State of Alaska Department of Commerce, Community, and Economic Development			
Rural Seafood Development Association - Seafood Development Tax	* n/a	\$ 564,089	\$ 564,089
Total Department of Revenue		564,089	564,089
Total State Financial Assistance		\$ 564,089	\$ 564,089

\* Denotes Major Program

See accompanying notes to schedule of state financial assistance.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2016

General

The accompanying schedule of state financial assistance presents the activity of all state award programs of the Copper River/Prince William Sound Marketing Association (the Association).

Basis of Accounting

The accompanying schedule of state financial assistance is presented using the accrual basis of accounting, which is described in Note 1 to the Association's financial statements.

# ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Copper River/Prince William Sound Marketing Association

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Copper River/Prince William Sound Marketing Association (the Association) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements and have issued our report thereon dated February 1, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the 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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, consisting of the letters 'E', 'R', and 'M' in a stylized, cursive font.

February 1, 2017

# ELGEE REHFELD MERTZ, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *STATE OF ALASKA AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS*

To the Board of Directors of  
Copper River/Prince William Sound Marketing Association

### **Report on Compliance for Each Major State Program**

We have audited Copper River/Prince William Sound Marketing Association's (the Association) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on the Association's major state program for the year ended June 30, 2016. The Association's major state program is identified in the accompanying schedule of state financial assistance.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of the Association's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the Association's compliance.

### ***Opinion on the Major State Program***

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2016.

## ***Report on Internal Control over Compliance***

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance of the major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.



February 1, 2017



COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

**SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified?        Yes   x   None reported
- Noncompliance material to financial statements noted?        Yes   x   No

***State Financial Assistance***

Type of auditor's report issued on compliance for the  
major program:

Unmodified

Internal control over major program:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency(ies) identified?        Yes   x   None reported

Dollar threshold used to distinguish a state major program:

\$50,000

**FINDINGS – FINANCIAL STATEMENT AUDIT**

No matters reported.

**FINDINGS AND QUESTIONED COSTS – STATE MAJOR AWARD PROGRAM AUDIT**

No matters reported.

COPPER RIVER / PRINCE WILLIAM SOUND MARKETING ASSOCIATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2016

**FINDINGS – FINANCIAL STATEMENT AUDIT**

No prior year audit findings.

**FINDINGS AND QUESTIONED COSTS – MAJOR STATE AWARD PROGRAMS AUDIT**

No prior year audit findings.

COPPER RIVER / PRINCE WILLIAM SOUND  
MARKETING ASSOCIATION

LETTER TO THE BOARD

For the Year Ended June 30, 2016

February 1, 2017

# ELGEE REHFELD MERTZ, LLC

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February 1, 2017

To the Board of Directors of  
Copper River/Prince William Sound Marketing Association

We have audited the financial statements of the Copper River/Prince William Sound Marketing Association (the Association) as of and for the year ended June 30, 2016, and have issued our report thereon dated February 1, 2017. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 1, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Association solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Association is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. No such misstatements were identified.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We identified no material adjustments as a result of our audit procedures.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Association's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the Association, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Association's auditors.

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This report is intended solely for the information and use of the Board of Directors and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, consisting of the letters 'E', 'R', and 'M' in a stylized, cursive-like font.



February 1, 2017

Elgee Rehfeld Mertz, LLC  
9309 Glacier Hwy, Suite B-200  
Juneau, AK 99801

This representation letter is provided in connection with your audits of the financial statements of Copper River / Prince William Sound Marketing Association (the Association), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 1, 2017:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 1, 2016, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all proper classifications, required supplementary information, and note disclosure.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- With regard to nonaudit services performed by you, we acknowledge our responsibility to:
  - Assume all management responsibilities;
  - Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
  - Evaluate the adequacy and results of the services performed; and
  - Accept responsibility for the results of the services.
- Significant assumptions used by us in making accounting estimates are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- With regard to items reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- All assets and liabilities under the entity's control are included in the financial statements.
- Net assets presented in the statement of financial position are appropriately classified, and reclassifications between net asset classes are appropriate.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- The entity's disclosed tax exempt status is accurate.
- The entity has disclosed all matters of taxation that are deemed to be reasonably uncertain including, but not limited to, aggressive tax elections, the status or results of IRS examinations, provisions for unpaid unrelated business income taxes and tax benefits to the extent that the entity believes that it is "more likely than not" that its tax positions will be sustained upon IRS examination.
- Internal controls over the receipt and recording of contributions are adequate.
- With respect to the required supplementary information (schedule of state financial assistance) accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.
  - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the



basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, as applicable.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Association has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.

- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB Accounting Standards Codification (ASC) 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

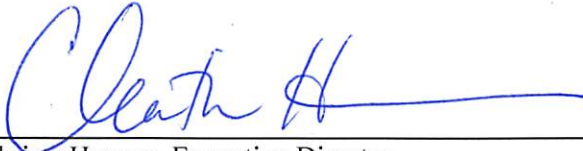
### **State Single Audit**

With respect to state awards, we represent the following to you:

- We are responsible for understanding and complying with and have complied with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.
- We are responsible for the preparation and presentation of the schedule of state financial assistance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.
- We believe the schedule of state financial assistance, including its form and content, is fairly presented in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.
- As part of your audits, you prepared the draft financial statements and related notes and schedule of state financial assistance. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of state financial assistance.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of state financial assistance, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- We are responsible for including the auditor's report on the schedule of state financial assistance in any document that contains the schedule and that indicates that the auditor has reported on such information.
- When the schedule of state financial assistance is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of state financial assistance no later than the date of issuance by the entity of the schedule of state financial assistance and the auditor's report thereon.

- We have, in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, identified in the schedule of state financial assistance, expenditures made during the audit period for all awards provided by state agencies in the form of grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major state program; and we have complied, in all material respects, with these requirements.
- We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to state programs that provide reasonable assurance that we are managing our state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our state programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relating to state programs.
- We have received no requests from a state agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of state awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- We have charged costs to state awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* or grant agreements.
- We have made available to you all documentation related to the compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.
- State program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of state financial assistance).
- The copies of state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

A handwritten signature in blue ink, appearing to read "Christa H", with a long horizontal line extending to the right.

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Christa Hoover, Executive Director

A handwritten signature in blue ink, appearing to read "Liz Senear", with a long horizontal line extending to the right.

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Liz Senear, Accountant