

## **Communication with Those Charged with Governance Under SAS No. 114**

The Board of Directors  
Cedar Mill Community Library Association

We have audited the financial statements of Cedar Mill Community Library Association as of and for the year ended June 30, 2009, and have issued our report thereon dated October 14, 2009. Our professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America**

As stated in our engagement letter dated June 12, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

We performed the audit according to the planned scope and timing previously communicated to you on June 12, 2009.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the organization are disclosed in the notes accompanying the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

## **Significant Audit Findings - Continued**

### *Qualitative Aspects of Accounting Practices - Continued*

Accounting estimates are an integral part of the financial statements prepared by management, and are based upon management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate regarding the valuation of inventories at the Second Edition Store
- Management's estimate regarding the useful lives of property and equipment

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in working with management in performing and completing our audit.

### *Audit Adjustments*

All adjustments resulting from the audit process were proposed by management. A listing of those adjustments is attached to this letter.

### *Waived Adjustments*

No uncorrected misstatements were noted as a result of the audit.

### *No 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 that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 14, 2009.

## **Significant Audit Findings - Continued**

### *No Consultation with Other 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 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.

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

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This report is intended solely for the use of the Board of Directors and should not be used for any other purpose.

*Heaman, Stewart & Schmiel, P.C.*

Portland, Oregon  
October 14, 2009

**CEDAR MILL COMMUNITY LIBRARY ASSOCIATION**  
**Schedule of Adjustments - All Proposed by Management**  
**June 30, 2009**

	Increase (Decrease) in:				
	Total Assets	Total Liabilities	Total Revenues	Total Expenses	Total Net Assets
<b>Amounts reported in the general ledger at June 30, 2009</b>	<b>\$ 1,076,046</b>	<b>\$ 430,940</b>	<b>\$ 3,530,531</b>	<b>\$ 3,346,462</b>	<b>\$ 647,606</b>
Adjust balance in the postage deposit account	(2,500)	-	-	2,500	(2,500)
Adjustment to record the utilization of Bethany lease incentive	-	(2,500)	-	2,500	-
Adjust balance in unemployment trust per statement	3,467	-	-	3,467	3,467
Adjustment to record donated equipment	1,825	-	1,825	-	1,825
Total adjustments	2,792	(2,500)	1,825	8,467	2,792
<b>Amounts reported in the June 30, 2009 financial statements</b>	<b><u>\$ 1,078,838</u></b>	<b><u>\$ 428,440</u></b>	<b><u>\$ 3,532,356</u></b>	<b><u>\$ 3,354,929</u></b>	<b><u>\$ 650,398</u></b>