



# Reporting and insights from 2024 audit:

## Chronicle Season of Sharing Fund

June 30, 2024

# Executive summary

November 4, 2024

Audit Committee  
Chronicle Season of Sharing Fund  
San Francisco, California

We have completed our audit of the financial statements of Chronicle Season of Sharing Fund (Season of Sharing) for the year ended June 30, 2024, and have issued our report thereon dated November 4, 2024. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of Season of Sharing's operating environment and our risk assessment procedures. We strive to provide you with clear, concise communication throughout the audit process and the final results of our audit.

Additionally, we have included information on key risk areas Season of Sharing should be aware of in your strategic planning. We are available to discuss these risks as they relate to Season of Sharing's financial stability and future planning.

If you have questions at any point, please connect with us:

- Laurie Horvath, CPA, Principal: Laurie.Horvath@bakertilly.com or +1 (248) 368 8868
- Nicole Brown, CPA, Manager: Nicole.Brown@bakertilly.com or +1 (414) 777 5420

Sincerely,

Baker Tilly US, LLP

*Laurie Horvath*

Laurie Horvath, CPA

*Nicole Brown*

Nicole Brown, CPA

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS.

# Responsibilities

## Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of Season of Sharing's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management with the oversight of those charged with governance:
  - Are free from material misstatement.
  - Are presented fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America.
- Our audit does not relieve management or those charged with governance of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Internal control matters
- Qualitative aspects of Season of Sharing's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

# Audit status

## Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

# Audit approach and results

## Planned scope and timing

### Audit focus

Based on our understanding of Season of Sharing and the environment in which you operate, we focused our audit on the following key areas:

- Internal control over financial reporting
- Consideration of fraud risks
- Areas with significant estimates
- Review application and disclosures for new accounting standard adopted
- Review, recompute and substantiate financial statement amounts and disclosures
- Confirmation of cash
- Existence and accuracy of payroll and other expenses
- Existence, accuracy and proper classification of net assets and compliance with donor restrictions

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about Season of Sharing's current year results.

## Key areas of focus and significant issues

### Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls over journal entries and financial reporting	Performed journal entry testing and assessed internal controls over year-end financial statement close	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition of contribution revenue	Confirmation of contributed services and substantive testing over contributions	Procedures identified provided sufficient evidence for our audit opinion

## Internal control matters

In planning and performing our audit of the financial statements, we considered Season of Sharing's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Season of Sharing's internal control. Accordingly, we do not express an opinion on the effectiveness of Season of Sharing's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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. A material weakness is a deficiency or 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. We identified the following deficiency as a material weakness.

**Financial Reporting:** Season of Sharing should have processes, systems and controls in place to record pledges receivable in accordance with accounting principles generally accepted in the United States of America (GAAP). The prior year's financial statements were adjusted to account for the proper recording of a pledge receivable. Season of Sharing should have controls in place to prepare accurate and timely financial statements received but not recorded in the prior year. We recommend that management review their processes and controls over the financial reporting to ensure that the financial statements are accurate and in accordance with GAAP.

## Required communications

### Qualitative aspect of accounting practices

- **Accounting policies:** Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Season of Sharing are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing accounting policies was not changed during 2024. We noted no transactions entered into by Season of Sharing during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- **Accounting estimates:** Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are the significant estimates to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Allowance for uncollectible accounts and pledges receivable	Management's estimate of the valuation of the allowance for doubtful accounts was based on historical collection experience and a review of the current status of pledges receivable	We evaluated the key factors and assumptions used to develop the estimate in determining that they were reasonable to the financial statements taken as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

### **Significant unusual transactions**

There have been no significant transactions that are outside the normal course of business for Season of Sharing or that otherwise appear to be unusual due to their timing, size or nature.

### **Significant difficulties encountered during the audit**

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

### **Disagreements with management**

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 our audit.

### **Audit report**

There have been no departures from the auditors' standard report.

### **Audit consultations outside the engagement team**

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

## **Uncorrected misstatements and corrected misstatements**

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management.

Management is in agreement with the misstatements we have identified, and they have been corrected in Season of Sharing's financial statements. The attached schedule summarizes the corrected misstatements, other than those that are clearly trivial, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

## **Other audit findings or issues**

We encountered no other audit findings or issues that require communication at this time.

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

## **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 or accounting matters.

## **Written communications between management and Baker Tilly**

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

## **Compliance with laws and regulations**

We did not identify any non-compliance with laws and regulations during our audit.

## **Fraud**

We did not identify any known or suspected fraud during our audit.

## **Going concern**

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of Season of Sharing's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditors' report. No such matters or conditions have come to our attention during our engagement.

## **Independence**

We are not aware of any relationships between Baker Tilly and Season of Sharing that, in our professional judgment, may reasonably be thought to bear on our independence.



## **Related parties**

We did not have any significant issues arise during the audit in connection with Season of Sharing's related parties.

## **Nonattest services**

The following nonattest services were provided by Baker Tilly:

- Assembly of the financial statements
- Proposal of journal entries
- Preparation of tax returns\*

*\*Non-attest services are provided by Baker Tilly Advisory Group, LP.*

# Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the not-for-profit resource page at <https://www.bakertilly.com/page/audit-committee-resource-center>.

# Summary schedule of corrected misstatements

**Chronicle Season of Sharing Fund  
Summary of Corrected Misstatements  
June 30, 2024**

<u>Description</u>	<u>Adjustments Required to Correct Misstatements</u>			
	<u>Total Assets</u> <u>Dr (Cr)</u>	<u>Total Liabilities</u> <u>Dr (Cr)</u>	<u>Net Assets</u> <u>Dr (Cr)</u>	<u>Change in</u> <u>Net Assets</u> <u>(Income)/Loss</u>
<b>Corrected Misstatements Identified in 2024 audit</b>				
To record prior period adjustment	\$ 1,300,000	\$ -	\$ (2,600,000)	\$ 1,300,000
To correct net assets with donor restrictons and releases	-	-	(675,303)	675,303
To correct net assets without donor restrictions and releases	-	-	675,303	(675,303)
<b>Current Year Corrected Misstatements</b>	<u>1,300,000</u>	<u>-</u>	<u>(2,600,000)</u>	<u>1,300,000</u>
<b>Effect on 2024 Statement of Activities</b>				<u>\$ 1,300,000</u>
<b>Effect on 2024 Statement of Financial Position</b>	<u>\$ 1,300,000</u>	<u>\$ -</u>	<u>\$ (1,300,000)</u>	
<b>Totals per 2024 financial statements</b>	<u>\$ 6,170,225</u>	<u>\$ (77,282)</u>	<u>\$ (6,092,943)</u>	<u>\$ 1,967,826</u>
	<u>21.07%</u>	<u>0.00%</u>	<u>21.34%</u>	<u>66.06%</u>

# Management representation letter



## CHRONICLE SEASON OF SHARING FUND

November 4, 2024

Baker Tilly US, LLP  
2000 Town Center, Suite 900  
Southfield, MI 48075

Dear Baker Tilly US, LLP:

This representation letter is provided in connection with your audits of the financial statements of Chronicle Season of Sharing Fund (the Season of Sharing), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, as of November 4, 2024, the following representations made to you during your audit.

### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 15, 2024 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) 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.



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- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 5) Related party relationships and transactions, if any, have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which U.S. GAAP require adjustment or disclosure have been adjusted or disclosed.
- 7) The effects of all known actual or possible litigation, claims, and assessments, if any, have been accounted for and disclosed in accordance with U.S. GAAP.
- 8) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Season of Sharing is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.

### **Information Provided**

- 10) 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;

Unrestricted access to persons within the Season of Sharing from whom you determined it necessary to obtain audit evidence.

Communications from regulatory agencies, if any, concerning noncompliance with, or deficiencies in, financial reporting practices

All minutes of the meetings of the Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

- 12) 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.

13) We have no knowledge of any fraud or suspected fraud that affects the Season of Sharing and involves:

Management;

Employees who have significant roles in internal control; or

Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Season of Sharing's financial statements communicated by employees, former employees, grantors, regulators or others.

15) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

16) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.

17) We have no knowledge of any known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.

18) We have disclosed to you the identity of all the Season of Sharing's related parties, if any, and all the related party relationships and transactions, including any side agreements, of which we are aware that have not been disclosed to you.

19) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditor's report thereon. We do not prepare an annual report.

## **General**

20) We have adopted Financial Accounting Standards Board's Accounting Standards Update No. . We believe we are recognizing the requirements under Accounting Standards Update No. and have disclosed the impact of this standard appropriately in the notes to the financial statements.



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- 21) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
- 22) We have no knowledge of any bond claims or notice of other matters from our surety provider that require an accrual or disclosure in the financial statements.
- 23) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- 24) There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements.
- 25) We represent to you the following for the Season of Sharing's fair value measurements and disclosures:
- a) The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b) The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c) The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d) There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 26) We have no knowledge of concentrations existing at the date of the financial statements that make Season of Sharing vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements. We understand that concentrations include individual or group concentrations of customers, suppliers, lenders, products, services, sources of labor or materials, licenses or other rights, or operating areas or markets. We further understand that severe impact means a significantly disruptive effect on the normal functioning of the Season of Sharing.
- 27) We have no relationships with variable interest entities.

### **Assets**

- 28) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.





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29) Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.

30) Contributions receivable represent valid irrevocable, unconditional promises to give arising on or before the statement of financial position date and have been appropriately discounted and reported at their estimated net realizable value in the financial statements in accordance with U.S. GAAP.

31) The Season of Sharing has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, other than as disclosed in the notes to the financial statements.

32) We believe that the carrying amounts of all material assets will be recoverable.

### **Liabilities**

33) The Season of Sharing is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities, if any, of which we are aware that would jeopardize the Season of Sharing's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

34) We are not aware of any uncertain tax positions that would be required to be disclosed under current authoritative guidance surrounding accounting for uncertainty in income taxes.

### **Statement of Activities**

35) The Season of Sharing has properly recorded, classified, and disclosed the existence or absence of donor imposed restrictions on contributions received that would have a material effect on net assets with donor restrictions in the financial statements in accordance with U.S. GAAP.

36) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy the donor's restrictions.

37) The internal controls over the receipt and recording of contributions are appropriate. All contributions have been properly classified in accordance with donor restrictions, if any. In addition, we are not aware of any unrecorded split interest



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agreements (i.e. charitable gift annuities, charitable remainder trusts, or beneficial interest trusts).

### Other

38) We have made all management decisions and performed all management functions in relation to the nonattest services provided by Baker Tilly US, LLP, as identified in the engagement letter or an addendum to the engagement letter. We have designated Kevin Swanson, an employee with suitable skill, knowledge, and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the nonattest services provided by Baker Tilly US, LLP, and we have evaluated and accept responsibility for the adequacy and results of the nonattest services received.

39) We have forwarded a copy of these representations to Baker Tilly US, LLP's primary contact in the governance structure.

40) We have evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Season of Sharing's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. We did not identify any conditions or events that we believe raise substantial doubt about Season of Sharing's ability to continue as a going concern.

### CHRONICLE SEASON OF SHARING FUND

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Kevin Swanson  
Executive Director

Date: November 4, 2024