



MAXWELL LOCKE & RITTER LLP

*Accountants and Consultants*

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January 9, 2018

To the Board of Directors of  
E3 Alliance:

We have audited the financial statements of E3 Alliance as of and for the year ended August 31, 2017, and have issued our report thereon dated January 9, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 20, 2017. Professional standards also require that we communicate to you the following information related to our audit.

## **QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by E3 Alliance are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal 2017. We noted no transactions entered into by E3 Alliance during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the functional allocation of expenses. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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

## **DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"*

*This firm is not a CPA firm*

## **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

## **DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

## **MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the attached management representation letter dated January 9, 2018.

## **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 E3 Alliance'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.

## **ISSUES RELEVANT TO THE OVERSIGHT OF THE FINANCIAL REPORTING PROCESS**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as E3 Alliance's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors of E3 Alliance and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Maxwell Locke + Ritter LLP".

Enclosure 1: Management Representation Letter



January 9, 2018

Maxwell Locke & Ritter LLP  
401 Congress Ave., Suite 1100  
Austin, Texas 78701

**Board of Directors**

Ms. Susan Dawson, P.E.  
President and Executive Director  
E<sup>3</sup> Alliance

Mr. Earl Maxwell  
Chief Executive Officer  
St. David's Community Health Foundation

Dr. Richard Rhodes  
President  
Austin Community College District

Dr. Gene Bourgeois  
Provost and VP for Academic Affairs  
Texas State University

Tony Budet  
President & CEO  
UFCU

Dr. Colette Pierce Burnette  
President & CEO  
Huston-Tillotson University

Ms. Amber Carden  
Senior Vice President  
U.S. Trust, Bank of America Private Wealth  
Management

Dr. Paul Cruz  
Superintendent  
Austin Independent School District

Mr. Ashton Cumberbatch  
Policy Advisor  
Office of Austin Mayor Steve Adler

Mr. Rich Elsasser  
Executive Director  
Education Service Center, Region 13

Dr. Harrison Keller  
Deputy to the President  
The University of Texas at Austin

Mr. Ali Khataw, PE  
President  
Encotech

Dr. Douglas Killian  
Superintendent  
Pflugerville Independent School District

Mr. Miguel Romano  
President,  
Seton Foundations

David Smith  
CEO  
United Way for Greater Austin

Mr. Pete Winstead  
Founding Shareholder  
Winstead P.C.

This representation letter is provided in connection with your audit of the financial statements of E3 Alliance, which comprise the statements of financial position as of August 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 (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 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, to the best of our knowledge and belief, as of the date of the auditors' report, 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 January 20, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) 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.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to E3 Alliance's accounts.
- 9) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which E3 Alliance is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.



- 11) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 12) There are no designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
- 13) 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 their restrictions.

#### **Information Provided**

- 14) We have provided you with:
  - a. 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.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within E3 Alliance from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) 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.
- 17) We have no knowledge of any fraud or suspected fraud that affects E3 Alliance and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting E3 Alliance's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 19) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 20) 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 U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 21) We have disclosed to you the identity of E3 Alliance's related parties and all the related-party relationships and transactions of which we are aware.
- 22) E3 Alliance 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.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 24) As part of your audit, you prepared the draft financial statements and related notes to the financial statements. 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.

- 25) E3 Alliance is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize E3 Alliance'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.
- 26) E3 Alliance has adopted ASC 740-10 as it relates to uncertain tax positions for the year ended August 31, 2017 and has evaluated its tax positions taken for all open tax years. E3 Alliance is not currently under audit, nor has E3 Alliance been contacted for examination by any relevant tax jurisdictions. Based on our evaluation of E3 Alliance' tax positions, management believes all positions taken are highly certain and would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended August 31, 2017.
- 27) We represent that E3 Alliance:
- a. Is organized for Internal Revenue Code Section 501(c)(3) purposes;
  - b. Is operated in a manner consistent with its mission as set forth in its current Articles of Incorporation and Bylaws;
  - c. Has not engaged in activities which would result in private inurement or excess benefit transactions;
  - d. Has not engaged in any political activities and has properly reported any lobbying activities;
  - e. Has determined that all sources of revenue are related to its exempt purpose or are excluded from unrelated business income treatment, unless otherwise indicated; and
  - f. Has determined that any unrelated business income has been properly reported and that expenses have been allocated on a reasonable basis.
- 28) In regards to the FORM 990 tax return preparation services performed by you, we have:
- a) Made all management decisions and performed all management functions.
  - b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - c) Evaluated the adequacy and results of the services performed.
  - d) Accepted responsibility for the results of the services.

A handwritten signature in black ink, appearing to read 'Susan Dawson', written over a horizontal line.

Susan Dawson, President and Executive Director

A handwritten signature in blue ink, appearing to read 'Cara Clifford', written over a horizontal line.

Cara Clifford, Chief Operating Officer