

**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Directors  
Hillcrest Business Improvement Association, Inc.  
San Diego, California

In planning and performing our audit of the financial statements of the Hillcrest Business Improvement Association, Inc. (the Organization) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the Organization's internal control to be a material weakness.

**Segregation of Duties** – The Organization does not have an adequate segregation of duties for effective internal accounting control. The basic premise is that no one employee should have access to both physical assets and related accounting records, or to all phases of a transaction. Currently, the bookkeeper has access to all aspects of accounting functions within the accounting software and the farmer's market manager is the sole individual responsible for tracking and collecting the market income.

We recognize that the Organization is not large enough to make the employment of additional persons practicable for the purpose of segregating duties from a financial viewpoint, but we are required, under our professional responsibilities, to call this situation to your attention.

The lack of segregation of duties increases the possibility that intentional or unintentional errors could be made and not detected.

This communication is intended solely for the information and use of management of Hillcrest Business Improvement Association, Inc. and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

WEST RHODE & ROBERTS

San Diego, California  
February XX, 2021