

**NATIONAL ASSOCIATION OF
HEALTH & EDUCATIONAL FACILITIES
FINANCE AUTHORITIES**

FINANCIAL REPORT

JUNE 30, 2019

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PALMER, CURRIER & HOFFERT, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Association of Health & Educational Facilities Finance Authorities

Report on the Financial Statements

We have audited the accompanying financial statements of National Association of Health & Educational Facilities Finance Authorities (the Association), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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. 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 National Association of Health & Educational Facilities Finance Authorities as of June 30, 2019 and 2018, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the Association adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Palmer, Currier and Hoffert LLP

Pierre, South Dakota
April 22, 2020

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 117,615	\$ 158,147
Accrued interest receivable	1,987	2,111
Prepaid expenses	<u>3,000</u>	<u>-</u>
Total current assets	<u>122,602</u>	<u>160,258</u>
OTHER ASSETS		
Certificates of deposit	<u>330,000</u>	<u>325,000</u>
	<u>\$ 452,602</u>	<u>\$ 485,258</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 13,436	\$ 12,839
Deferred revenue (Note 3)	<u>21,586</u>	<u>26,461</u>
Total current liabilities	<u>35,022</u>	<u>39,300</u>
NET ASSETS (NOTE 4)		
Without donor restrictions	<u>417,580</u>	445,958
	<u>\$ 452,602</u>	<u>\$ 485,258</u>

See Notes to Financial Statements.

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue:		
Conference income	\$ 139,336	\$ 136,600
Membership dues	107,000	113,000
Interest	8,405	5,951
Special assessment	-	42,600
Total revenue	<u>254,741</u>	<u>298,151</u>
Expenses:		
Program services	271,684	279,717
Supporting activities	<u>11,435</u>	<u>11,108</u>
Total expenses	<u>283,119</u>	<u>290,825</u>
Change in net assets without donor restrictions	(28,378)	7,326
 NET ASSETS AT BEGINNING OF YEAR	 <u>445,958</u>	 438,632
NET ASSETS AT END OF YEAR	<u>\$ 417,580</u>	<u>\$ 445,958</u>

See Notes to Financial Statements.

NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			Supporting Activities
	Professional and Member Services	Program Services Conference Expense	Total Program Services	
Professional fees	\$ 162,583	\$ -	\$ 162,583	\$ 9,372
Conference expense	-	109,101	109,101	-
Committee expense	-	-	-	-
Other	-	-	-	2,063
Total Expenses	<u>\$ 162,583</u>	<u>\$ 109,101</u>	<u>\$ 271,684</u>	<u>\$ 11,435</u>

See Notes to Financial Statements.

<u>2019</u>	<u>2018</u>				
<u>Total Functional Expenses</u>	<u>Professional and Member Services</u>	<u>Program Services Conference Expense</u>	<u>Total Program Services</u>	<u>Supporting Activities Management and General</u>	<u>Total Functional Expenses</u>
\$ 171,955	\$ 202,598	\$ -	\$ 202,598	\$ 8,946	\$ 211,544
109,101	-	76,945	76,945	-	76,945
-	174	-	174	-	174
2,063	-	-	-	2,162	2,162
<u>\$ 283,119</u>	<u>\$ 202,772</u>	<u>\$ 76,945</u>	<u>\$ 279,717</u>	<u>\$ 11,108</u>	<u>\$ 290,825</u>

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,378)	\$ 7,326
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accrued interest receivable	124	(1,538)
(Increase) decrease in prepaid expenses	(3,000)	8,000
Increase in accounts payable	597	1,394
Increase (decrease) in deferred revenue	(4,875)	5,300
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(35,532)</u>	<u>20,482</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of certificates of deposit	150,000	251,204
Purchases of certificates of deposit	<u>(155,000)</u>	<u>(275,000)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,000)</u>	<u>(23,796)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(40,532)	(3,314)
CASH AND CASH EQUIVALENTS		
Beginning	<u>158,147</u>	<u>161,461</u>
Ending	<u>\$ 117,615</u>	<u>\$ 158,147</u>

See Notes to Financial Statements

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities:

National Association of Health & Educational Facilities Finance Authorities (the Association), a not-for-profit Delaware corporation, was incorporated on November 6, 1987 as the National Council of Health Facilities Finance Authorities, Inc. On January 1, 2008, the National Association of Higher Educational Facilities Authorities, a Nebraska not-for-profit corporation, was merged into the Association. As part of this merger, the name of the Association was changed from National Council of Health Facilities Finance Authorities, Inc. to National Association of Health & Educational Facilities Finance Authorities.

The general purpose of the Association is to promote the common interests of organizations which have the authority to provide capital financing for the development of health or education facilities including, but not limited to, hospitals, other health care facilities, colleges, universities, and other education facilities, and to enhance the effectiveness of such organizations and their programs. The administration of the Association rotates with the election of officers; therefore, the Association has no employees or facilities.

Any agency, department, authority, corporation or other entity which (1) is an agency or other instrumentality of a state, (2) has statewide jurisdiction, and (3) has as a primary purpose the provision of capital financing for the development of health or education facilities located within a state, is eligible to be a regular member of the Association. Any entity which is authorized by its local public jurisdiction and which has a primary purpose for its existence the provision of capital financing for the development of health or education facilities located within its jurisdiction is eligible to be an associate member of the Association. However, the associate membership eligibility will not be available if there is any entity in the affected state which is a regular member of the Association and which has statewide issuing authority.

Significant accounting policies:

Basis of presentation:

The financial statements of the Association are prepared under the accrual method of accounting. The Association classifies its net assets, its revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association are classified into the following two classes:

- 1) Net assets without donor restrictions represent funds that are available for support of operations of the Association, and that are not subject to donor stipulation.
- 2) Net assets with donor restrictions consist of contributions that have been restricted by the donor for a specific purpose.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled) are reported as reclassifications between the applicable classes of net assets.

As of June 30, 2019 and 2018, and for the years then ended, the Association held no net assets with donor restrictions.

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of reporting cash flows, the Association considers investments with original maturities of three months or less to be cash equivalents. Investments in certificates of deposit, purchased with maturities of more than three months, are reported as investing activities.

The Association maintains its cash and cash equivalents primarily in four accounts. Two accounts are with commercial banks which are insured by the Federal Deposit Insurance Corporation up to \$250,000. Periodically, cash may exceed the federally insured amount in the commercial bank. At June 30, 2019 and 2018, the Association had no material uninsured cash balances in excess of the FDIC limit. The other account is with an investment company which is insured by the Securities Investor Protection Corporation up to \$250,000 for cash claims. The amounts on deposit at June 30, 2019 and 2018 with the investment company did not exceed the protection limits of the Securities Investor Protection Corporation. The Association has not experienced any losses in these accounts and does not expect any losses in the future.

Certificates of Deposit:

Investments in certificates of deposits are carried at cost. The fair value of certificates of deposit are not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on their fair value. No such events or circumstances have occurred during the years ended June 30, 2019 and 2018. The Association is exempt from estimating and disclosing fair values of financial instruments that are not carried at fair value, such as certificates of deposit, under applicable accounting standards.

Donated services:

The Board of Directors donate their time to the Association during their term. This time can not be quantified but is not considered material.

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Unrelated Business Income Tax Matters:

The Internal Revenue Service ("IRS") and certain state taxing authorities are currently revisiting what, if any, products and services provided by the Association are subject to unrelated business income tax ("UBIT"). There is currently very little guidance in the IRS Code on what activities should be subject to UBIT. The IRS has indicated that they are studying the issue and may issue additional guidance. As a result, at this time there is uncertainty regarding whether the Association should pay income tax on certain types of net income from activities that may be considered by taxing authorities as unrelated to the purpose for which the Association was granted non-taxable status. The Association has not filed any tax returns in the past for potential taxable activities. The taxing authorities have the ability to assess taxes, penalties and interest for any years for which no tax return was filed. In the opinion of management, any liability resulting from taxing authorities imposing income taxes on the net income from activities deemed to be unrelated to the Association's non-taxable status is not expected to have a material effect on the Association's financial position or results of operations.

The Association is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before the year ended June 30, 2016.

Revenue recognition:

The Association recognizes conference income in the period in which the conferences are held. Member dues are recognized as revenue during the period for which the membership applies. Special assessment income is recognized in the period in which the payment is received. Interest income from investments is recognized when earned. The deferred revenue is from prepaid membership dues and sponsorships and will be recognized as revenue in the following year.

Functional allocation of expenses:

The Association allocates its expenses on a functional basis by program and supporting services. Expenses that can be identified with a specific program and support service are allocated to that program according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by management.

Fundraising Expense:

The Association does not have any fundraising costs that they incurred during the fiscal years ended June 30, 2019 and 2018.

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncement:

The Association adopted ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities during the year ended June 30, 2019. The main provisions of this update include: presentation of two classes of net assets (reduced from three classes); addressing the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the updated have been applied retrospectively to all periods presented. Amounts previously reported as unrestricted net asset are now reported as net assets without donor restrictions.

Subsequent events:

The Association has evaluated subsequent events through April 22, 2020, the date on which the financial statements were available to be issued. With the exception of the matters disclosed below, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Association operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Association. To date, the Association is experiencing declining revenue and reduced operations.

Our concentrations due to the high concentration of revenue from conferences make it reasonably possible that we are vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including additional losses on conference sponsorships.

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

NOTES TO FINANCIAL STATEMENTS

Note 2. Related Party Transactions

The South Dakota Health & Educational Facilities Authority (SDHEFA) is a member of the National Association of Health & Educational Facilities Finance Authorities. The Executive Director of the SDHEFA has been elected as the Association's Treasurer for a one year term which expires June 30, 2020. The SDHEFA Executive Director and one of the SDHEFA employees performs the accounting services for the Association. These services are not charged to the Association and no amounts are reflected in these financial statements for these donated services.

Note 3. Deferred Revenue

Deferred revenue of \$21,586 as of June 30, 2019 consists of \$1,461 of unearned membership dues, and \$20,125 of unearned sponsorship fees. Deferred revenue of \$26,461 as of June 30, 2018 consists of \$1,461 of unearned membership dues and \$25,000 of unearned sponsorship fees.

Note 4. Net Assets

The net assets without donor restrictions in the accompanying statement of financial position are available for the general operating activities of the Association.

Note 5. Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018 using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Company has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for the Association on January 1, 2019 (Association's fiscal year ending June 30, 2020). ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. This standard will not have a material impact on the Association's results of operations or financial position. The Association is currently evaluating the impact the adoption of this guidance will have on its statement of cash flows.

**NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL
FACILITIES FINANCE AUTHORITIES**

NOTES TO FINANCIAL STATEMENTS

Note 5. Recently Issued Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies the guidance presented in Topic 958, "Not-for-Profit Entities," of the FASB's ASC for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made.



PALMER, CURRIER & HOFFERT, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

April 22, 2020

To Management and the Board of Directors
National Association of Health & Educational Facilities Finance Authorities
Pierre, South Dakota

In planning and performing our audit of the financial statements of National Association of Health & Educational Facilities Finance Authorities (the Association) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Association'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 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 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.

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

Our audit was not designed to identify deficiencies in internal control that might be significant deficiencies. 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. We consider the following deficiency in the Association's internal control to be a significant deficiency:

A limited number of personnel have the primary responsibility for performing most of the accounting and financial duties for the Association. As a result, some of the aspects of internal accounting control which rely upon adequate segregation of duties are missing at the Association. Supervision and periodic review procedures should be performed to the extent practicable to help mitigate the lack of proper segregation of duties.

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

Palmer, Currier and Hoffert LLP



PALMER, CURRIER & HOFFERT, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

April 22, 2020

To Management and the Board of Directors
National Association of Health & Educational Facilities Finance Authorities
Pierre, South Dakota

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

Palmer, Currier and Hoffert LLP



PALMER, CURRIER & HOFFERT, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

April 22, 2020

Audit Committee
National Association of Health & Educational Facilities Finance Authorities
Pierre, South Dakota

Attention: Dennis Reilly, Chairperson

This letter is to inform the Audit Committee of National Association of Health & Educational Facilities Finance Authorities about significant matters related to the conduct of our audit as of and for the year ended June 30, 2019, so that it can appropriately discharge its oversight responsibility and we can comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated January 3, 2019. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated November 14, 2019 regarding the planned scope and timing of our audit.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Association. Following is a description of significant accounting policies or their application that were either initially selected or changed during the year: Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Association adopted the new ASU 2016-14 and has applied it retrospectively, as required.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. There were no estimates significant to the financial statements. The board of directors may wish to monitor throughout the year the process used to determine and record any accounting estimates.

Audit Adjustments

There were two adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Internal Control Matters

We have issued a separate communication dated April 22, 2020 regarding certain deficiencies in internal control that we identified during the planning or performance of our audit of the financial statements.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed or Subject to Correspondence with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to National Association of Health & Educational Facilities Finance Authorities

This report is intended solely for the information and use of the Audit Committee and is not intended to be, and should not be, used by anyone other than this specified party.

Palmer, Currier and Hockett LLP