

November 10, 2015

To the Board of Directors
United Academics of the University of Oregon

We have audited the financial statements of United Academics of the University of Oregon for the year ended June 30, 2015, and have issued our report thereon dated November 10, 2015. 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 letter to you dated July 31, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Academics of the University of Oregon are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization 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 amount of repayment for the alleged non-chargeable portion of a challengers' fee is based on the estimated portion of the non-chargeable activities during the year using the prior year non-chargeable cost rate and the number of individuals objecting to the fee. We evaluated the key factors and assumptions used to develop the amount of repayment for the alleged non-chargeable portion of a challengers' fee in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the amount of repayment for the alleged non-chargeable portion of a challengers' fee in Note 3 and Note 6 to the financial statements as described above and in the financial statement footnotes.

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.

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fax (541) 485-0960

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Suite 100
Hillsboro, OR 97124
phone (503) 648-0521
fax (503) 648-2692

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 independent auditor's 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 management representation letter dated November 10, 2015.

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 the Organization's financial statements or a determination of the type of auditor's 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.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of United Academics of the University of Oregon and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



Jones & Roth, P.C.
Eugene, Oregon

Management Letter Comments

In planning and performing our audit of the financial statements of United Academic of the University of Oregon (UAUO) for the year ended June 30, 2015, we considered UAUO's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and financial soundness. The comments that follow summarize our observations and recommendations regarding those matters. This letter does not affect our report dated, November 10, 2015, on the financial statements of UAUO.

We will review the status of these comments during our next audit engagement. We have discussed these comments and recommendations with management. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

2015 Comments and Recommendations:

Observation 2015-1 – Activity Reports

During our procedures, we noted that employee activity reports do not appear to be formally reviewed. We recommend that a formal review of employee activity reports be performed by each employee's supervisor on a regular basis to ensure time is being allocated appropriately, as they are used to allocate expenditures between functional classes and chargeable and non-chargeable activities.

The following recommendations were provided in conjunction with the prior year audit and remain applicable for the June 30, 2015 audit.

Observation 2015-2 - Payroll Duties

UAUO's office staff consists of just one person, the Administrative Coordinator, who performs all payroll duties, some of which are incompatible. We believe that segregation of duties and, thus, internal control, could be improved if the Board Treasurer were to perform certain payroll duties as additional oversight of the Administrative Coordinator. We recommend that payroll duties be divided as follows:

Administrative Coordinator – record general ledger payroll entries, initiate draft payroll record file to Intuit, provide a copy of the draft payroll record file to the Board Treasurer for approval, submit payroll record to Intuit after approved by Board Treasurer, and provide final copy of payroll record file to Board Treasurer.

Board Treasurer – review and sign employee time sheets and review and sign the draft payroll record file from the Administrative Coordinator and review final payroll record file against draft payroll record monthly and compare it to the bank statements.

Observation 2015-3 - Signed Checks

Currently, once checks are signed by authorized signers, they are returned to the Administrative Coordinator for mailing. We believe that segregation of duties and, thus, internal control, could be improved if checks are mailed by authorized signers once they have been signed rather than returning them to the individual who prepares the checks.

Observation 2015-4 - Sublease

During our procedures, we noted that a portion of the office space rented by UAUCO continues to be subleased to another entity, AFT – Oregon. There is no formal sublease agreement in place at this time. We believe that a formal agreement should be created between the two entities to better reflect the agreement that is occurring. If UAUCO intends to pass some of the additional administrative costs, such as the Administrative Coordinator's salary, copy charges or internet usage on to AFT- Oregon, we recommend UAUCO conduct a study of the amount of usage of these items by each entity or find another methodology to reasonably allocate these costs to AFT – Oregon and include that in the agreement