

DRAFT

**LIBERTARIAN NATIONAL COMMITTEE, INC.
(THE LIBERTARIAN PARTY)**

BOARD DISCLOSURE LETTER

DECEMBER 31, 2016

August 9, 2017

To the Board of Directors
Libertarian National Committee, Inc.
Alexandria, Virginia

DRAFT

We have audited the financial statements of the Libertarian National Committee, Inc. (The Libertarian Party) (referred to as “the Committee”) as of and for the year ended December 31, 2016 and have issued our report thereon also dated August 9, 2017. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Committee are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2016. We also noted no transactions entered into by the Committee 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 estimates affecting the Committee’s financial statements were as follows:

Qualitative Aspects of Accounting Practices – Continued

Management's estimates used in the determination of the functional allocation of expenses, factors employed in the determination of the capital lease liabilities, and estimated useful lives of property and equipment. We evaluated the key factors and assumptions used by management in the development of the estimates in determining that they are 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 disclosures affecting the financial statements were as follows:

The disclosures of the significant aspects of accounting for bequests and debt obligations (mortgage payable and capital lease liabilities).

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.

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. We provided a detailed schedule of the proposed audit adjustments and additionally, the following material misstatements detected as a result of audit procedures were corrected by management:

- an adjustment to record constructive receipt of contributions	\$ 1,303.45
- an adjustment to adjust the current portion of bequest receivable	\$ -0-
- an adjustment to reconcile and adjust prepaid expenses and expenses	\$ 1,263.36
- an adjustment to accrue professional fees and service provided	\$ (4,666.67)
- an adjustment to correct accrued payroll and related payroll taxes	\$ (809.38)
- an adjustment to accrued performance bonus awarded during year	\$ (3,229.50)
- an adjustment to correct accounting for capital lease liabilities	\$ 6,401.11
- an adjustment to record in-kind donations of books by director	\$ -0-

The cumulative effect of the proposed audit adjustments was to increase net assets and change in net assets by approximately \$300. No other significant uncorrected misstatements were noted during the audit.

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 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 also dated August 9, 2017.

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 Committee'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 Committee's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Independent and Non-Audit Services Provided

In accordance with our professional standards, all members of our firm were independent with respect to the Committee during the fiscal year and subsequently. Although originally anticipated, our firm did not prepare the corporate tax returns (IRS Form 1120-POL) as the client's staff had already prepared and filed the filing. All of the time and expenses incurred by us were in connection with the annual audit as set for our audit engagement letter.

To the Board of Directors
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This information is intended solely for the use of the Committee's board of directors and management team and is not intended to be and should not be used by anyone other than these specified parties. We appreciate the cooperation and courtesies extended to us by the Committee, especially by Mr. Robert Kraus, and we look forward to serving the Committee in the future. Should you need additional clarification on these or any other matters please feel free to contact us at your convenience.

Very truly,


DRAFT
Frye & Company, CPAs

Frye & Company, CPAs