



April 22, 2014

To the Board of Directors
Sustainable Economic Enterprises of Los Angeles
6255 W. Sunset Blvd., Suite 714
Los Angeles, California 90028

Dear Board of Directors:

In planning and performing our audit of the financial statements of Sustainable Economic Enterprises of Los Angeles (the "Organization") for the year ended June 30, 2013, we evaluated the Organization's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

During our audit, we identified opportunities to strengthen internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those opportunities.

We wish to express our appreciation for the cooperation and courtesy extended to us by your staff. We have already discussed many of these comments and suggestions with appropriate members of management. We will be pleased to discuss our suggestions with you in further detail at your convenience, perform any additional study of these matters or assist you in implementing our suggestions.

Very truly yours,

A handwritten signature in black ink that reads "Kevin J. Yardumian CPA". The signature is written in a cursive style.

Kevin J. Yardumian, CPA

Sustainable Economic Enterprises of Los Angeles
Management Letter Comments
For the year ended June 30, 2013

1. The Organization operates farmers markets throughout the Los Angeles area. The revenue collected from the farmers markets is based upon a percentage of total sales from each booth. We have noted some issues in the monitoring and tracking of each booth's sales. The Organization depends on the honor system and relies on each farmer to provide a record of items sold. Each farmer is provided a blank load list to complete which among other things details the items sold and collections received. Per our discussion with the Executive Director, along with reviewing some of these lists, the farmers are not always adequately completing these forms. We recommend that farmers update load lists throughout the day and after each sale to ensure proper recording of goods sold. We also recommend that the manager of each market insist that each load list is complete and accurate. The market manager or other members of management should periodically review the completion of the lists in real time in order to convey the message that the Organization is serious about this issue.
2. Each booth is required to turn in their load list along with payment at the end of the market day. We noticed that there are scant controls in place to ensure that both items are submitted. We recommend that load lists distributed to each farmer be pre-numbered and a numerical accounting of the load list be conducted by management. This would mitigate some of the risk of a farmer and the market manager colluding to not pay for booth space. The market manager should keep a list of all vendors along with the number of the load list distributed and mark off the vendors as they physically hand in their load list and payment. Farmers that do not hand in a load list or payment by the end of the market day should be contacted the following day to prevent any further delays of payment.
3. The Organization should consider automating the load list function in order to reduce the administrative burdens of accounting for the lists and minimize clerical errors. For instance, each farmer could be provided with an online portal to complete and upload their load list to the main network.
4. At the Hollywood market, we observed that after all receipts were counted and reconciled; the market manager took possession of them and did not remit them to the Organization's office until the following day. We recommend that the market manager drop off the receipts in a lock box or safe to prevent the loss or theft of the day's cash.
5. Per review of the Board of Directors minutes, we noticed that the issues discussed appear to be adequately reported, although the actions or corrective measures that need to be taken are not always documented. We recommend that the minutes reflect an action plan, a responsible party to oversee the progress and a timeline. Each subsequent meeting should evaluate the progress of the action items.