

McCLINTOCK ACCOUNTANCY CORPORATION

ROBERT J. McCLINTOCK, CPA
MICHAEL R. GRIESMER, CPA
ALICE HAHN

SHARON FERREIRA, CPA
KENDALL GALKA, CPA

305 WEST LAKE BOULEVARD
P. O. BOX 6179
TAHOE CITY, CA 96145
TELEPHONE: 530-583-6994
FAX: 530-583-5405

11500 DONNER PASS RD.
SUITE B
P. O. BOX 2468
TRUCKEE, CA 96160
TELEPHONE: 530-587-9221
FAX: 530-587-4946

December 7, 2016

Board of Directors
North Lake Tahoe Resort Association
PO Box 1757
Tahoe City, CA 96145

Dear Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for North Lake Tahoe Resort Association for the year ended June 30, 2017.

We will audit the statement of financial position of North Lake Tahoe Resort Association as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses (if necessary) and cash flows for the year then ended, and the related notes to the financial statements.

Our audit will be conducted for the purpose of forming an opinion on the basic financial statements taken as a whole.

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Association's financial statements. Our report will be addressed to the Board of Directors of the Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of the documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of assets by correspondence with

selected financial institutions and others. We may request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluation 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any losses that might be incurred during any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

Other Services

We will prepare the Association's federal and state income tax returns for the year ending June 30, 2017. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

We will also assist in preparing the financial statements of the Association in accordance with U.S. generally accepted accounting principles based on the information provided by you.

The other services may also include updating the property and equipment ledger, if applicable, or updating other account reconciliations, but otherwise are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities, for the selection and application of accounting principles, and for the fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, additional information that we may request for the purpose of the audit, and unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communication from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

The Association agrees to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Audit Administration

Robert McClintock is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Michael Griesmer is the tax

partner and is responsible for supervising the tax return preparation and signing the return or authorizing another individual to sign it.

The Association agrees that your management will type all cash or other confirmations we request, will locate any invoices selected by us for testing, and will prepare in advance schedules and analyses to support the balance sheet account balances and selected revenue and expense transactions.

We plan to conduct and complete our fieldwork during October 2017, or as mutually agreed to in advance. Our desire is to have all reconciliations and other bookkeeping matters complete prior to our arrival. If we find that significant bookkeeping work will be required in order to complete the review process, we will notify you in advance before proceeding with this work. Bookkeeping work that you authorize us to perform will be billed at our normal hourly rates.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus and out-of-pocket costs such as report reproduction, typing and postage. Based on our estimate, the fee for the audit work will be \$15,800, and will include financial statement review services for the North Lake Tahoe Marketing Cooperative. Those services are outlined in a separate letter. Fees for the preparation of the Association's federal and state exempt returns will be \$2,850.

Certain financial institutions are now charging a nominal fee for confirmation of account balances. We will include those charges, if applicable, on our invoices in addition to our fees noted above.

Our fee for preparing the income tax return(s) covers preparation of the forms. It does not include meetings and planning activities such as year-end planning. It does include the first hour of responding to tax authority notices as long as you get us the notice right away.

Other work not identified above, such as special projects, will be billed at our normal hourly rates or in accordance with agreed-upon terms prior to the commencement of the work.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

If the foregoing is in accordance with your understanding, please sign the enclosed copy of this letter and return it to us.

Very truly yours,

McClintock Accountancy Corporation

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You are hereby authorized to proceed with the services outlined above.

NORTH LAKE TAHOE RESORT ASSOCIATION

Signature

Title

Date