

Pending, 2023

Board of Trustees
Methodist Theological School in Ohio
3081 Columbus Pike
Delaware, Ohio 43015-3211

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of the **Methodist Theological School in Ohio** (the "School") for the year ended June 30, 2023, and we will issue our report thereon dated Pending, 2023. 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 17, 2023. 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 School 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 2023. We noted no transactions entered into by the School 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 financial statements were in relation to the discount used to determine the expected net cash flow from promises to give, the discount rates used to reflect the expected net cash flow from promises to give at present value, and the annuity obligation liability calculations. Management's discount used to determine the expected net cash flow from promises to give is based on historical collection rates and an analysis of the collectability of individual promises.

Management's estimate of the discount rates used to reflect the expected net cash flow from promises to give at present value is based on risk-free rates (Constant Maturity Treasury) determined by the date of the pledge, plus a risk premium associated with each donor or group of donors. Management's estimate of the split interest liabilities is based on established life expectancies and discount rates. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

SIGNIFICANT AUDIT FINDINGS – continued

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 5 in relation to the School's investments, Note 6 in relation to the levels of fair value reporting, and Note 12 in relation to endowment funds and net assets.

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. 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 auditors' 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 **Pending, 2023**.

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 School's financial statements or a determination of the type of auditors' 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 School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

SIGNIFICANT AUDIT FINDINGS – continued

Report on Supplementary Information

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.

We communicated the significant risks of material misstatement identified as part of our audit planning in our letter to you dated August 9, 2023. We did not identify any additional significant risks in performing and completing our audit

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This information is intended solely for the use of the Audit Committee, Board of Trustees and Management of the **Methodist Theological School in Ohio**, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

BRADY, WARE & SCHOENFELD, INC.