

NOTE:

The 2023 Audit was completed in December of 2024.

The 2024 audit is scheduled to begin on August 5, 2025

Board of Directors
Lumberjack Resource Conservation
and Development Council, Inc.
Rhinelander, Wisconsin

We have audited the financial statements of Lumberjack Resource Conservation and Development Council, Inc. (Council) as of and for the year ended December 31, 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 information in our engagement letter to you as well as verbally during our initial planning meetings. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free from material misstatement. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Lumberjack Resource Conservation and Development Council, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Planned Scope, Significant Risk, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity 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. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Any internal control related matters that are required to be communicated under professional standards are included later in this letter.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

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 Lumberjack Resource Conservation and Development Council, Inc. are described in Note 1 to the financial statements. As described in Note 1, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, Measurement of Credit Losses on Financial Instruments, in 2023. Under ASC 326, the Organization changed how it will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through the change in net assets. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 Council's financial statements were:

Management's estimate of the useful lives of capital assets is based on industry standards. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the functional allocation of expenses is based on knowledge and experience in classifying categories of natural expenses according to the purpose for which they are incurred. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the estimate 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. There were no sensitive disclosure affecting the financial statements:

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no 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. For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is, cause future financial statements to be materially misstated.) The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit

In addition, during the course of the audit we proposed, and management accepted adjustments, which are attached, to the Organization's general ledger.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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.

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Lumberjack Resource Conservation and Development Council, Inc. as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. **We consider the following deficiencies in the Council's internal control to be a material weakness.**

Financial Accounting and Reporting - As part of our service to the Council, we prepared the financial statements and related footnotes. We prepare the financial statements and related footnotes as a convenience to the Council. The preparation of the related footnotes is completed by us because it is not practical for internal staff to be familiar with all of the accounting standards due to the current rapidly changing environment surrounding those standards. The review and acceptance of the financial statements and related footnotes is considered to be an element of the Council's system of internal control. We, as your auditors, cannot be a part of the Council's internal control system as that would impair our independence and not allow us to express an opinion on your financial statements. The responsibility to review and accept the financial statements and related footnotes is that of the Council's staff as part of the system of internal control.

Segregation of Duties - The size of the Council is such that its accounting staff is not large enough to provide an appropriate segregation of duties. One individual performs substantially all the accounting functions – records receipts, records vendor invoices, deposits receipts, prepares checks, and mails the checks after they are signed. We recognize that the Council is not large enough to make the employment of additional persons for the purpose of segregating duties practical from a financial standpoint. The Council should continue to rely on its direct knowledge of the Council's operations to control and safeguard assets.

Prior Year Observation

Improve Credit Card Procedures (12/31/2020 Letter)

During our audit, we noted the Council's credit cards were used to purchase personal items. We recommend the Council use its credit cards only for Council purchases and expenses. We recommend the credit card policies and procedures be updated to ensure proper use in the future.

Status - 12/31/2023

Again, during the year ended December 31, 2023, KerberRose noted transactions that could not be substantiated by supporting documentation. While there were not any issues of using the Council's credit card for personal expenses, the Council should continue to monitor the use of credit cards for appropriate Council purchases and transactions. **Note from ED: At times the staff makes a self-written receipt if they 1) forget to get a receipt or 2) a receipt is not available (as with car washes). We have made strides here in that there was no mistaken employee personal.**

Current Year Observation

Disbursement Approval

During our audit, we noted several expenses that did not have appropriate approval signatures on the related invoice. We recommend the Council review its policies and procedure to ensure all expenses are being properly approved, which includes obtaining an approval signatures on all invoices.

Closing

We thank you for allowing us to be of service to Lumberjack Resource Conservation and Development Council, Inc. We received complete cooperation from all staff members during the audit.

This communication is intended solely for the information and use by the board of directors, management, and others within the Council and is not intended to be, and should not be, used by anyone other than these specified parties.