WIPFLI

December 16, 2021

Board of Directors
Friends of Nachusa Grasslands
Franklin Grove, IL

Dear Board of Directors:

We have audited the financial statements of Friends of Nachusa Grasslands (the "Organization") for the year ended June 30, 2021, and have issued our report thereon dated December 16, 2021. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated February 10, 2021, 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 the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representative, Mark Jordan, in our meeting about planning matters on July 1, 2021 in addition to our engagement letter dated February 10, 2021, accepted by Bernard Buchholz.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. The application of existing policies has not changed during fiscal year 2021.

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 estimate affecting the financial statements is the fair value of beneficial interests in assets. The disclosures in the financial statements 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. We did make journal entries in order to balance the accounting records.

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. The attached listing of adjusting journal entries were misstatements noted during our audit and were corrected by management.

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 dated December 16, 2021 a copy of which accompanies this letter.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect the Organization's financial statements or on the type of opinion which may be rendered on the financial statements.

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 Organization's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of the Organization as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 significant deficiencies or material weaknesses and, therefore, significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

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 internal control to be material weaknesses:

Condition – Adjusting Journal Entries:

During the audit, we recommended 13 adjusting journal entries totaling $4,399,916. Substantially all of the entries were to correct bookkeeping errors or to make other adjustments that should have been made by the accounting department. The cumulative amount was material to the financial statements.

Recommendation:

We suggest that management post all audit adjustments, prepare bank reconciliations on a monthly basis, and properly account for the activities of the endowment funds on an annual basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies in internal control to be significant deficiencies:

Condition – Preparation of Financial Report:

The Organization's internal control over financial reporting does not end at the general ledger, but extends to the financial statements. The Organization engaged Wipfli to draft the financial statements and accompanying notes. This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make decisions regarding the Organization's internal control structure based on cost and other considerations. Based on current auditing standards, because the Organization relies on Wipfli to prepare the financial statements and accompanying notes, a significant deficiency exists in the Organization's internal controls.

Potential Effect:

The completeness of the financial statement disclosure and the accuracy of the overall financial presentation are negatively impacted as outside auditors do not have the same comprehensive understanding of the Organization as its internal financial staff.

Condition – General Ledger Segregation of Duties:

The size of the Organization's staff in charge of accounting and reporting functions indicates a lack of segregation of duties over; general ledger accounting, expense transaction record keeping, revenue and cash receipt and disbursement transaction record keeping and monthly financial statement preparation. The basic premise is that no one individual should have access to both physical assets and related accounting records or to all phases of a transaction.

Potential Effect:

Without adequate segregation of duties, the likelihood of unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

Condition – Recording of Unrestricted and Restricted Contributions and Grants:

Unrestricted and restricted contributions and grants are not separated into unrestricted and restricted general ledger revenue accounts.

Potential Effect:

The recording of unrestricted and restricted contributions and grants in the same general ledger revenue accounts does not allow for adequately tracking these funds as they are spent or not spent during the fiscal year thus with donor restrictions net assets cannot be properly reflected during the fiscal year and extremely difficult to classify at year end. In addition, with the combination of the restricted and unrestricted donations in one account, the risk of misclassification is significantly increased.

Recommendation:

We recommend recording unrestricted and restricted contributions and grants in separate general ledger revenue accounts so that they are stated as unrestricted or restricted funds and can be properly tracked during the fiscal year and at year end.

Condition – Bank Reconciliations:

During the audit, we discovered that bank reconciliations are not being performed. Bank reconciliations are used to ensure that general ledger cash can be reconciled to the bank account balance at month end.

Potential Effect:

Not completing bank reconciliations can lead to errors not being discovered and resolved in a timely manner.

Recommendation:

We recommend that a written reconciliation be completed every month by an individual independent of the recording function to ensure accuracy between the bank account and the books.

* * * * * * * * * * * *

Other Matters

The following is a comment and suggestion with respect to a matter that came to our attention in connection with our audit of Friends of Nachusa Grasslands, as of and for the year ended June 30, 2021. This item is offered as a constructive suggestion to be considered as part of the ongoing process of modifying and improving the Organization's practices and procedures.

During our audit, we noted other matters involving internal control and its operation that we have reported below:

Meeting of the Board of Directors

The Board of Directors meet once in FY2021. For proper oversight over the Organization, we recommend that the Board meet quarterly to review financial statements and endowments so that issues or mistakes that arise can be resolved in a timely manner.

* * * * * * * * * * *

We appreciate the opportunity to be of service to Friends of Nachusa Grasslands.

This letter is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wipfli LLP

Wipfli LLP
Rockford, Illinois

Enc.

Year End: June 30, 2021
AJE
Date: 7/1/2020 To 6/30/2021

Number	Date	Name	Account No	Reference	Debit	Credit
1	6/30/2021	Nachusa Operations via TNC	5100			31,835.00
1	6/30/2021	Stewardship	5110		31,835.00	
		Moving incorrectly posted items to stewardship account				
2	6/30/2021	Endowment - CFNIL	1020	B. 2. 1	968,968.00	
2	6/30/2021	CFNIL Endowment Investment Income	4340	B. 2. 1		391,979.00
2	6/30/2021	CFNIL Nachusa Endowment	5011	B. 2. 1		576,989.00
		To record transactions relating to CFNIL Endowment account; from B.2.1				
3	6/30/2021	Endowment - Nachusa Grassland Stewardship	1021		145,936.00	
3	6/30/2021	The Conservancy Endowment Investment Incom	4341			145,936.00
		To record transactions relating to the Conservancy Endowment; See B.3.2				
4	6/30/2021	Cash	1010		1,655.00	
4	6/30/2021	Endowment - CFNIL	1020		268,512.00	
4	6/30/2021	Endowment - CFNIL	1020		760,960.00	
4	6/30/2021	Endowment - CFNIL	1020		427,561.00	
4	6/30/2021	Endowment - Nachusa Grassland Stewardship	1021		4,122.00	
4	6/30/2021	Endowment - Nachusa Grassland Stewardship	1021		23,115.00	
4	6/30/2021	Endowment - Nachusa Grassland Stewardship	1021		700,432.00	
4	6/30/2021	Endowment - Nachusa Grassland Stewardship	1021		15,227.00	
4	6/30/2021	Unrestricted net assets	3010		6,488.00	
4	6/30/2021	Unrestricted net assets	3010			31,392.00
4	6/30/2021	Unrestricted net assets	3010			1,848.00
4	6/30/2021	Unrestricted net assets	3010		95,891.00	
4	6/30/2021	Unrestricted net assets	3010			1,655.00
4	6/30/2021	Restricted net assets - CFNIL	3020			275,000.00
4	6/30/2021	Restricted net assets - CFNIL	3020			760,960.00
4	6/30/2021	Restricted net assets - CFNIL	3020			427,561.00
4	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021		27,270.00	
4	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021		572,148.00	
4	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021			23,115.00
4	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021			700,432.00
4	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021			22,000.00
4	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021		6,773.00	
4	6/30/2021	Permanently Restricted Endowment of TNC	3022			572,148.00
4	6/30/2021	Retained Earnings	3600		1,848.00	
4	6/30/2021	Retained Earnings	3600		20,439.00	
4	6/30/2021	Retained Earnings	3600			35,666.00
4	6/30/2021	Retained Earnings	3600		22,000.00	
4	6/30/2021	Retained Earnings	3600			6,773.00
4	6/30/2021	Retained Earnings	3600			95,891.00
		To make AJE's from PY not recorded by client				
5	6/30/2021	Unrestricted net assets	3010		26.00	
5	6/30/2021	Retained Earnings	3600			26.00
		To move one of QBO retained				

Year End: June 30, 2021
AJE
Date: 7/1/2020 To 6/30/2021

Number	Date	Name	Account No	Reference	Debit	Credit
		earnings to TB retained earnings account				
6	6/30/2021	Unrestricted net assets	3010		24,905.00	
6	6/30/2021	Restricted net assets - CFNIL	3020		6,488.00	
6	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021			24,905.00
6	6/30/2021	Restricted net assets - Nachusa Grassland Stew	3021			6,488.00
		To adjust retained earnings to PY F/S				
7	6/30/2021	Cash Donations	4010			96,989.00
7	6/30/2021	CFNIL Nachusa Endowment	5011		96,989.00	
		To record 2 CFNIL donations that were not recorded on books				
9	6/30/2021	Endowment - Nachusa Grassland Stewardship	1021		7,856.00	
9	6/30/2021	Gifts to TNC Endowment	5010			7,856.00
		To move TNC donation from expense account to endowment asset account				
10	6/30/2021	Endowment - CFNIL Science	1022	A. 5	110,573.00	
10	6/30/2021	CFNIL Science Endowment Investment Income	4343	A. 5		10,573.00
10	6/30/2021	CFNIL Science Endowment	5013	A. 5		100,000.00
		To record CFNIL Science endowment				
11	6/30/2021	Cash	1010			1,250.00
11	6/30/2021	Cash Donations	4010		1,250.00	
		To remove cash deposits that were recorded in incorrect period.				
12	6/30/2021	Cash	1010		1,433.00	
12	6/30/2021	Cash Donations	4010			1,433.00
		To record transactions that clrd bank but were not on books.				
13	6/30/2021	Gifts to TNC Endowment	5010			49,216.00
13	6/30/2021	Nachusa Operations via TNC	5100		49,216.00	
		Moving donation to TNC Operations out of Gifts to TNC endowment. Per Lucas V., this donation did not go to endowment, but to Nachusa directly for operating costs.				
					4,399,916.00	**4,399,916.00**

Net Income (Loss) **1,247,527.00**

December 16, 2021

Wipfli LLP
4949 Harrison Avenue, Suite 300
Rockford, IL 61108

This representation letter is provided in connection with your audit of the financial statements of Friends of Nachusa Grasslands (the "Organization"), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with modified cash basis of accounting which is an accounting basis other than accounting principles generally accepted in the United States (OCBOA).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 10, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting.

2. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of modified cash basis of accounting.

7. All events subsequent to the date of the financial statements and for which modified cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed.

8. We agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with modified cash basis of accounting.

10. Material concentrations have been properly disclosed in accordance with OCBOA.

11. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with modified cash basis of accounting.

12. We accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following nonattest services:

    a. Financial statement preparation
    b. Tax return preparation

Information Provided

13. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Organization from who you determined it necessary to obtain audit evidence.

    d. Minutes of the meeting of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

14. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

15. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

18. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

19. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with OCBOA.

20. We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.

21. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged, except as disclosed in the notes to the financial statements.

22. The Organization has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

23. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

25. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

26. Friends of Nachusa Grasslands is an exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

Bernard Buchholz

President