

January 27, 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, 2020, and have issued our report thereon dated January 27, 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 April 30, 2020, 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 November 18, 2020 in addition to our engagement letter dated April 30, 2020, 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 2020.

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 was depreciation of fixed 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 and also made prior period adjustments in order to agree beginning balances.

### **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. 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 January 27, 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, 2020, 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.

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 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. 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 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.

**Other Matters**

We did perform adjusting journal entries in order to balance the financial statements as an initial start in setting up QuickBooks. This switch to QuickBooks has made your accounting records in much better order than the previous year. We recommend the Organization make our suggested year-end adjusting journal entries so a clean start for next year is obtained. Wipfli can assist with this process.

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,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Enc.

Year End: June 30, 2020  
 AJE  
 Date: 7/1/2019 To 6/30/2020

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
2	6/30/2020	Endowment - CFNIL	1020			268,512.00				
2	6/30/2020	Carroll Star Matching Grant	4315							
2	6/30/2020	Direct Individual Donations into CFNIL	4316							
2	6/30/2020	CFNIL Endowment Investment Income	4340			6,488.00				
2	6/30/2020	CFNIL Nachusa Endowment	5011				275,000.00			
		To record transactions relating to CFNIL Endowment account; from A.4								Recurring
3	6/30/2020	Endowment - Nachusa Grassland Stewardship	1021			4,122.00				
3	6/30/2020	The Conservancy Endowment Investment Incom	4341				31,392.00			
3	6/30/2020	Gifts to TNC Endowment	5010							
3	6/30/2020	Stewardship	5110			27,270.00				
		To record transactions relating to the Conservancy Endowment; See A.6								Recurring
4	6/30/2020	Endowment - CFNIL	1020							
4	6/30/2020	Endowment - Nachusa Grassland Stewardship	1021							
4	6/30/2020	Restricted net assets - CFNIL	3020							
4	6/30/2020	Restricted net assets - Nachusa Grassland Stew	3021							
		To adjust beginning balances in endowment accounts as prior year entries were not made by client.								
6	6/30/2020	CFNIL Endowment Account	4012			37,718.08				
6	6/30/2020	CFNIL Endowment Investment Income	4340				37,718.08			
		To properly account for Transfer from CFNIL Endowment (from A.4)								
7	6/30/2020	Restricted net assets - Nachusa Grassland Stew	3021			572,148.00				
7	6/30/2020	Permanently Restricted Endowment of TNC	3022				572,148.00			
		To set up Permanently Restricted net assets for TNC Endowment. Prior year entry not made by client								
8	6/30/2020	Cash Donations	4010			3,500.00				
8	6/30/2020	Cash Donations	4010			10,000.00				
8	6/30/2020	Grant Income	4310				3,500.00			
8	6/30/2020	Grant Income	4310				10,000.00			
		To move grant income incorrectly recorded by client. Etnyre for 3,500 and Tawani for 10,000.								
9	6/30/2020	Cash	1010			1,654.77				
9	6/30/2020	Micellaneous Income	4342				1,654.77			
		To record items not in quickbooks to balance cash. 1654.77 variance adjustment from FY19								
11	6/30/2020	Unrestricted net assets	3010				1,848.00			
11	6/30/2020	Retained Earnings	3600			1,848.00				
11	6/30/2020	Nachusa Operations via TNC	5100							
		To balance beginning net assets - entry not made by client								
14	6/30/2020	Endowment - Nachusa Grassland Stewardship	1021			23,115.00				
14	6/30/2020	Restricted net assets - Nachusa Grassland Stew	3021				23,115.00			
		To record prior period adjustment to correct beginning balance of TNC investment balance for estimate used in prior year.								
15	6/30/2020	Endowment - CFNIL	1020			760,960.00				
15	6/30/2020	Endowment - Nachusa Grassland Stewardship	1021			700,432.00				
15	6/30/2020	Restricted net assets - CFNIL	3020				760,960.00			
15	6/30/2020	Restricted net assets - Nachusa Grassland Stew	3021				700,432.00			
		To establish endowments. Prior period entry not made by client								

Year End: June 30, 2020

AJE

Date: 7/1/2019 To 6/30/2020

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
16	6/30/2020	Endowment - CFNIL	1020			427,561.00			
16	6/30/2020	Restricted net assets - CFNIL	3020				427,561.00		
16	6/30/2020	Carroll Star Matching Grant	4315						
16	6/30/2020	Direct Individual Donations into CFNIL	4316						
16	6/30/2020	CFNIL Endowment Investment Income	4340						
16	6/30/2020	CFNIL Nachusa Endowment	5011						
		To record transactions relating to CFNIL Endowment account from PY entry not made by client							
17	6/30/2020	Endowment - Nachusa Grassland Stewardship	1021			15,227.00			
17	6/30/2020	Retained Earnings	3600			20,439.00			
17	6/30/2020	Retained Earnings	3600				35,666.00		
17	6/30/2020	The Conservancy Endowment Investment Incom	4341						
17	6/30/2020	Gifts to TNC Endowment	5010						
17	6/30/2020	Stewardship	5110						
		To record transactions relating to the conservancy endowment prior year entry not made by client							
19	6/30/2020	Restricted net assets - Nachusa Grassland Stew	3021				22,000.00		
19	6/30/2020	Retained Earnings	3600			22,000.00			
		To correctly account for removing pine stand - Prior year entry not made by client							
20	6/30/2020	Money Market	1015			20,004.00			
20	6/30/2020	Money Market	1015				20,004.00		
20	6/30/2020	Retained Earnings	3600				20,004.00		
20	6/30/2020	Cash Donations	4010			20,004.00			
		To account for transfer from checking account to savings account PY entry not made by client. To back out of revenue the transfer from money market to cash.							
21	6/30/2020	Restricted net assets - Nachusa Grassland Stew	3021			6,773.00			
21	6/30/2020	Retained Earnings	3600				6,773.00		
		To balance restricted net assets							
22	6/30/2020	Unrestricted net assets	3010			95,891.34			
22	6/30/2020	Retained Earnings	3600				95,891.34		
		To balance unrestricted net assets							
						<b>3,045,667.19</b>	<b>3,045,667.19</b>		
<b>Net Income (Loss)</b>			<b>274,262.81</b>						



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708-406-9894; [nachusagrasslands@gmail.com](mailto:nachusagrasslands@gmail.com)  
[www.nachusagrasslands.org](http://www.nachusagrasslands.org)

January 27, 2021

Wipfli LLP  
4949 Harrison Ave, 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, 2020 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 April 30, 2020, 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 OCBOA.

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Board of Directors: Heather Baker, Mike Carr, Heather Herakovich  
President: Bernie Buchholz; Vice Presidents: Mike Saxton, Mary Viereggs  
Treasurer: Mark Jordan; Secretary: Mary Meier

7. All events subsequent to the date of the financial statements and for which OCBOA 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 uncorrected misstatements, if any, are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with OCBOA.
11. Material concentrations have been properly disclosed in accordance with OCBOA.
12. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with OCBOA.
13. 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. Depreciation assistance

**Information Provided**

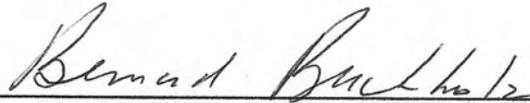
14. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose 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.
15. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
16. 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.
17. 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.
18. 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.
  19. 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.
  20. 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.
  21. 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.
  22. 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.
  23. 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.
  24. 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.
  25. 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.
  26. 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.
  27. 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.

28. We have evaluated the potential impacts of COVID-19 on the financial statements as of June 30, 2020 and for the year then ended. As of the date of issuance of the financial statements, we have concluded that we cannot identify whether there will be material adverse effects on the Organization's operations. We feel that it is not possible to reasonably estimate a financial impact at this time.

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,

 1-27-21

President