



To the Board of Directors
Humane Society of Portage County, Inc.
Plover, Wisconsin

We have audited the financial statements of Humane Society of Portage County, Inc. (Organization) as of and for the year ended December 31, 2021. 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 accounting principles generally accepted in the United States of America. 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.

Our audit included obtaining an understanding of the Organization 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 Organization or to acts by management or employees acting on behalf of the Organization.

As part of our audit, we considered the internal control of Humane Society of Portage County, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our audit included 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.

We have identified management override of controls, lack of segregation of duties, improper revenue recognition, fraudulent disbursements related to credit cards and not properly capitalizing fixed assets as significant risks as part of our audit planning. We designed audit procedures in response to these risks.

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 Humane Society of Portage County, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies were not changed during the year ended December 31, 2021. 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 Organization's financial statements were:

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.

Management's estimate of in-kind donations for services are based on the amount of money the Organization would need to pay if the services were not donated. In addition, any volunteers who donate their services are based on an hourly wage that the Organization would otherwise pay someone to help with.

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 Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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). Management has corrected all misstatements, which are attached.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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 Organization'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 Organization'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 the Organization as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization'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 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 material weaknesses and significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control 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 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 Humane Society of Portage County, Inc.'s internal control to be material weaknesses.

Segregation of Duties - The Organization has a limited number of employees who are responsible for and perform substantially all of the bookkeeping and accounting functions. Good internal control requires a complete separation of duties with respect to the handling and recording of transactions. The person who counts the deposits should not be the same person who records and brings the deposits to the bank. Also, the person signing checks should be someone different than the person who is entering and preparing checks. In order to provide for an adequate segregation of duties, additional personnel may have to be involved in the performance of the accounting and bookkeeping functions. Areas that we identified as having significant lack of segregation of duties are in disbursements, receivables and receipts, payroll processing and in financial reporting.

We recognize that properly segregating duties may not be practical based on the size of the Organization and limited resources. This is not unusual for entities your size, but we are required to inform you that this condition exists. Because some procedural controls do not exist, the board should institute compensating controls such as approval of invoices and review of receipts and revenues which would allow it to rely on its knowledge of the Organization's operations in order to safeguard assets.

To the Board of Directors
Humane Society of Portage County, Inc.
Page 4

Financial Reporting - One of the components of internal control over financial reporting is that staff of the Organization be sufficiently knowledgeable to prepare the entity's financial statements including the footnotes in accordance with generally accepted accounting principles (GAAP). While the Organization's office manager is knowledgeable and is capable of recording the daily transactions of the Organization, she does not have the advanced training in GAAP to prepare the financial statements including the related notes in accordance with GAAP. Consequently, during our audit we assisted in the preparation of the Organization's financial statements and related notes. This matter is common in many small organizations since they do not have the resources to devote to this area of internal control.

Other Matter

In addition, we felt the other matter described in the following paragraph is important to the operations of Humane Society of Portage County, Inc. This matter may involve internal controls, general operations, recommendations for the adoption of policies and other such items that we feel will enhance Humane Society of Portage County, Inc.

Current Year Observation

Credit Card Receipts

During our audit, it was noted that the few credit card statements that were tested did not have all the necessary supporting documentation attached to substantiate purchases made. When purchases are made with a credit card, there should be supporting documentation obtained. We recommend the Organization implement a policy to require that all receipts are maintained with the credit card statements.

Closing

We thank you for allowing us to be of service to Humane Society of Portage County, Inc. We received complete cooperation from all staff members during the audit.

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
November 29, 2022

Humane Society of Portage County

Year End: December 31, 2021

Adjusting Journal Entries

Date: 1/1/2021 To 12/31/2021

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
AJE01	12/31/2021	A/D - building improvements	1521	J-1			-70.00			
AJE01	12/31/2021	Shelter equipment	1530	J-1			-155.06			
AJE01	12/31/2021	Shelter equipment expense	5020	J-1		155.06				
AJE01	12/31/2021	HOUSING EXPENSES:Building improvement depreciati	7530	J-1		70.00				
		To remove microwave from fixed asset account since under capitalization threshold and to adjust building improvement depreciation to actual								
						225.06	-225.06			