KerberRose

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, 2025. 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.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Humane Society of Portage County, Inc. are described in Note 1 to the financial statements. We noted no transactions entered into by the Organization 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 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.
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> Management's estimate of contributed nonfinancial assets for specialized services is 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 specialized 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 and Uncorrected 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 material misstatements, which are attached.

The attached schedule summarizes one uncorrected misstatement of the financial statements. Management has determined that the effect is immaterial to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgment, the uncorrected misstatement is immaterial to the financial statements under audit.

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 dated September 28, 2026.

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, 2025, 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 the bookkeeping and accounting functions. Good internal control requires 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. 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 to safeguard assets.

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 can record 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.

Reimbursements - During our audit procedures, we noted that supporting documentation, such as receipts and explanation of business purpose, was not consistently maintained. We recommend the Organization establish a clear reimbursement policy that requires all expenses to have a receipt and a reasonable business purpose. All reimbursement requests should be reviewed and approved by someone other than the person requesting the reimbursement, with evidence of that approval retained. We recommend checks are not issued for reimbursement requests unless they are properly approved, supported by a receipt, and for a reasonable business purpose.

Other Matters

In addition, we felt the other matters described in the following paragraphs are important to the operations of Humane Society of Portage County, Inc. These matters 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.

Prior Year Observation

Approval of Journal Entries (per 12/31/23 letter)

During our audit, it was noted that journal entry supporting documentation did not have proof of board approval. It is good business practice to have journal entries reviewed as a review of journal entries can circumvent any potential fraud or misappropriation of assets. It is ideal to have entries reviewed prior to recording in the accounting system but if a board member is reviewing, this may not be practical. We recommend that the Organization implement procedures to have a board member review and approve journal entries made at least monthly. The board member should review the supporting documentation for the journal entry to verify a journal entry is warranted.

Status (12/31/25)

This is an issue the board still needs to address.

Current Year Observations

Bank Reconciliations

During our audit procedures, we noted that bank reconciliations were not consistently prepared accurately or completely. Certain reconciliations did not properly reconcile to the general ledger and bank statements at the time of completion, and there was no evidence of review or approval. We recommend that each bank reconciliation be reviewed and approved by a responsible individual and that the review includes verifying the accuracy of the reconciliation and ensuring all balances properly reconcile.

Timecards

During our audit procedures, we noted that employee timecards were not consistently approved. We recommend that all employee timecards be reviewed and approved by a designated individual prior to processing and that documentation of such approval be maintained to demonstrate review for accuracy and completeness.

Cash Counts

During our audit procedures, we noted that cash counts were performed with only one individual present. We recommend that procedures be updated to require that all cash counts are performed with two individuals present and that documentation be maintained to evidence the count and review.

Purchasing Policy

During our audit procedures, we noted that the Organization does not have a formal purchasing policy in place requiring approval prior to purchases. This includes external purchases that may later be submitted for reimbursement. As a result, there is a lack of consistency in how purchases are authorized and monitored. We recommend the Organization implement a formal purchasing policy that requires approval prior to all purchases, including those made externally and later submitted for reimbursement. The policy should outline approval thresholds, required documentation, and acceptable types of expenditures to help ensure purchases are appropriate and properly authorized.

Budget

During our audit procedures, we noted that a formal budget was not consistently prepared at the beginning of the fiscal year. In addition, management did not consistently monitor actual results against a budget throughout the year to ensure adherence to planned financial activity. We recommend that the Organization prepare and approve an annual budget at the start of each fiscal year. In addition, actual results should be compared to the budget on a regular basis, with any significant variances reviewed and addressed.

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
September 28, 2026

Humane Society of Portage County

Year End: December 31, 2025

Adjusting Journal Entries

Date: 1/1/2025 To 12/31/2025

Number	Date	Name	Account No	Reference	Debit	Credit
AJE01	12/31/2025	Miscellaneous other expense	9995	U-1	1,325.06	
AJE01	12/31/2025	Unrestricted Net Assets	32000	U-1		-1,325.06
		To roll equity.				
AJE02	12/31/2025	Shelter equipment	1530	O-2	20,904.00	
AJE02	12/31/2025	Accounts Payable	20000	O-2		-20,904.00
		To reognize second commerical laundry payment as shelter equipment.				
AJE03	12/31/2025	FUNDRAISING EXPENSES:Appeal expense	9910	O-3	1,792.16	
AJE03	12/31/2025	Accounts Payable	20000	O-3		-1,792.16
		To record 2025 RKD expenses found in subsquent disbursment testing.				
AJE04	12/31/2025	Shelter equipment	1530	J-2 & J-3		-11,680.00
AJE04	12/31/2025	A/D - shelter equipment	1531	J-2 & J-3	11,680.00	
		To adjust for disposals in the CY				
AJE05	12/31/2025	A/D - land improvements	1503	J-2	669.04	
AJE05	12/31/2025	A/D - building	1514	J-2		-0.10
AJE05	12/31/2025	A/D - building improvements	1521	J-2		-167.98
AJE05	12/31/2025	A/D - shelter equipment	1531	J-2		-7,603.66
AJE05	12/31/2025	A/D - office equipment	1541	J-2		-5,128.13
AJE05	12/31/2025	A/D - vehicles	1551	J-2	5,737.30	
AJE05	12/31/2025	SHELTER EXPENSES:Shelter equipment depreciation	5040	J-2	7,603.66	
AJE05	12/31/2025	VEHICLE EXPENSES:Vehicle depreciation	5500	J-2		-5,737.30
AJE05	12/31/2025	ADMINISTRATIVE EXPENSES:Outside services	7140	J-2		
AJE05	12/31/2025	ADMINISTRATIVE EXPENSES: Office Equipment Deprecia	7170	J-2	5,128.13	
AJE05	12/31/2025	HOUSING EXPENSES:Building depreciation	7525	J-2	0.10	
AJE05	12/31/2025	HOUSING EXPENSES:Building improvement depreciati	7530	J-2	167.98	
AJE05	12/31/2025	HOUSING EXPENSES:Land improvement depreciation	7535	J-2		-669.04
		To adjust depreciation to actual				
AJE06	12/31/2025	Accrued wages	2300	P-2		-20,376.26
AJE06	12/31/2025	SHELTER EXPENSES:Shelter payroll expense	5000	P-2	18,685.11	
AJE06	12/31/2025	SHELTER EXPENSES:Shelter payroll tax expense	5005	P-2	1,691.15	
		To adjust accrued wages to actual				
AJE07	12/31/2025	Accrued PTO	2317	P-3	6,317.74	

AJE07	12/31/2025	SHELTER EXPENSES:Shelter payroll expense	5000	P-3		-6,317.74
		To adjust PTO to actual				
AJE08	12/31/2025	Specific use Funds	2015	F-1	4,553.52	
AJE08	12/31/2025	Prepaid Expense	12101	F-1		-4,553.52
		To reverse out prepaids from the PY.				
AJE09	12/31/2025	ADMINISTRATIVE EXPENSES:Insurance - workers compen	7160	F-2		-2,137.50
AJE09	12/31/2025	Prepaid Insurance	12102	F-2	2,137.50	
		To adjust prepaids to actual.				
AJE10	12/31/2025	FUNDRAISING INCOME:Business Matching Gifts	9028	D-3. 1		-14,731.50
AJE10	12/31/2025	Accounts Receivable	11000	D-3. 1	14,731.50	
		To record 2nd 1/2 of 2025 Sentry Gift received in January 2026				
AJE11	12/31/2025	FUNDRAISING INCOME:Grant Income	8600	D-3. 2		-15,000.00
AJE11	12/31/2025	Accounts Receivable	11000	D-3. 2	15,000.00	
		To record 15K community foundation grant as A/R.				
AJE12	12/31/2025	Community Foundation Endowment	1048	I-2	1,000.00	
AJE12	12/31/2025	Community Foundation Endowment	1048	I-2		-659.00
AJE12	12/31/2025	FUNDRAISING INCOME:Gifts and donations income	8520	I-2		-1,000.00
AJE12	12/31/2025	FUNDRAISING INCOME:Gifts and donations income	8520	I-2	659.00	
		To record a grant from the Community Foundation that was not removed from the fund and to record a contribution to the fund that was not recorded.				
AJE13	12/31/2025	Dental/Vision Insurance Payable-EE	2314	P-1	406.88	
AJE13	12/31/2025	Health Insurance Payable-EE	2316	P-1	3,082.15	
AJE13	12/31/2025	SHELTER EXPENSES:Dental/Vision Insurance	5044	P-1		-406.88
AJE13	12/31/2025	SHELTER EXPENSES:Health Insurance	5045	P-1		-3,082.15
		To clear out the dental vision liability and the health insurance liability due to the benefits ending at the end of 2025				
					123,271.98	**-123,271.98**

Net Income (Loss) 304,067.05

Humane Society of Portage County

Year End: December 31, 2025

Passed Adjusting Journal Entries

Date: 1/1/2025 To 12/31/2025

Number	Date	Name	Account No	Reference	Debit	Credit
PJE01	12/31/2025	IN-KIND DONATIONS EXPENSE: Professional Fees	8020	W-3	12,000.00	
PJE01	12/31/2025	FUNDRAISING INCOME:In Kind Donations Income	8510	W-3		-12,000.00
		Passed journal entry for in-kind professional services.				
					12,000.00	**-12,000.00**

Net Income (Loss) 304,067.05