

TWO RIVERS PLUS JOINT POWERS BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

**TWO RIVERS PLUS JOINT POWERS BOARD
TABLE OF CONTENTS
DECEMBER 31, 2022**

INTRODUCTORY SECTION	Page
Organization	1
FINANCIAL SECTION	
Independent Auditor's Report	2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	5
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	6
Notes to the Financial Statements	7
ADDITIONAL REPORTS	
Minnesota Legal Compliance	12
Report on Internal Control	13
Schedule of Findings and Responses	15

**TWO RIVERS PLUS JOINT POWERS BOARD
ROSEAU, MINNESOTA
ORGANIZATION
DECEMBER 31, 2022**

<u>TITLE</u>	<u>NAME</u>	<u>JPA MEMBER</u>
Chair	Landon Olson	Roseau SWCD
Vice Chair	Andrew Muir	Kittson SWCD
Secretary	Leon Olson	Kittson County
Treasurer	Daryl Wicklund	Roseau County

INDEPENDENT AUDITOR'S REPORT

To the Board of Managers
Two Rivers Plus Joint Powers Board
Roseau, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the general fund of Two Rivers Plus Joint Powers Board, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the general fund of Two Rivers Plus Joint Powers Board, as of December 31, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Two Rivers Plus Joint Powers Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Two Rivers Plus Joint Powers Board's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Two Rivers Plus Joint Powers Board's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Two Rivers Plus Joint Powers Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Two Rivers Plus Joint Powers Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted the budgetary comparison statement and the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Although not a part of the basic financial statements, such missing information, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Two Rivers Plus Joint Powers Board's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023, on our consideration of Two Rivers Plus Joint Powers Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Two Rivers Plus Joint Powers Board's internal control over financial reporting and compliance.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

May 26, 2023

**TWO RIVERS PLUS JOINT POWERS BOARD
ROSEAU, MINNESOTA
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2022**

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 279,307	\$ -	\$ 279,307
Total Assets	<u>\$ 279,307</u>	<u>\$ -</u>	<u>\$ 279,307</u>
Liabilities			
Current Liabilities:			
Unearned Revenue	\$ 279,307	\$ -	\$ 279,307
Total Liabilities	<u>\$ 279,307</u>	<u>\$ -</u>	<u>\$ 279,307</u>
Fund Balance/Net Position			
Fund Balance			
Unassigned	\$ -	\$ -	\$ -
Total Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Unrestricted		\$ -	\$ -
Total Net Position		<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements and Independent Auditor's Report.

**TWO RIVERS PLUS JOINT POWERS BOARD
ROSEAU, MINNESOTA
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 251,820	\$ -	\$ 251,820
Miscellaneous	12,000	-	12,000
Total Revenues	<u>\$ 263,820</u>	<u>\$ -</u>	<u>\$ 263,820</u>
Expenditures/Expenses			
Conservation			
Current	\$ 263,820	\$ -	\$ 263,820
Total Expenditures/Expenses	<u>\$ 263,820</u>	<u>\$ -</u>	<u>\$ 263,820</u>
Excess of Revenues Over (Under) Expenditures/Expenses	\$ -	\$ -	\$ -
Fund Balance/Net Position January 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance/Net Position December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements and Independent Auditor's Report.

**TWO RIVERS PLUS JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Two Rivers Plus Joint Powers Board (the Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

Financial Reporting Entity

The Two Rivers Plus Joint Powers Board was organized in 2021, under the provisions of Minnesota Statutes 471.59. The Board was established to initiate projects for soil and water conservations in portions of Kittson and Roseau counties. The Board is comprised of one county representative from each of the two counties and one representative from each of the two soil and water conservation boards. The Board conforms to generally accepted accounting principles.

The purpose of the Board is to assist land occupiers in applying practices for the conservation of soil and water resources. These practices are intended to control wind and water erosion, pollution of lakes and streams, and damage to wetlands and wildlife habitats.

The Board provides technical and financial assistance to individuals, groups, Districts, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution and improper land use.

GAAP requires that the Board's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the Board. In addition, the Board's financial statements are to include all component units – entities for which the Board is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burdens on, the organization. These financial statements include all funds of the Board. There are no other entities for which the Board is financially accountable.

**TWO RIVERS PLUS JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements

The Two Rivers Plus Joint Powers Board meets the definition of a Special-Purpose Government and is involved in only one program, i.e., conservation of soil and water resources. Accordingly, the Board is allowed to combine its government-wide statements with the fund statements.

The government-wide financial statements (i.e. The Statement of Net Position and The Statement of Activities) display information about the reporting government as a whole. These statements include all financial activities of the Board.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Certain items not properly included among program revenues are reported instead as miscellaneous revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, or fiduciary. Currently, the Board has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Charges for services revenue is recorded when earned. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. County and local grant revenue is generally considered available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Investment earnings are recorded when earned because they are measurable and available. Miscellaneous revenues (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. A six-month availability period is generally used for other fund revenue. Expenditures are generally recorded when a liability is incurred.

**TWO RIVERS PLUS JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Board reports the following major governmental funds:

General Fund – This is the Board’s primary operating fund. It accounts for all financial resources of the general government.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect: the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities, and Net Position or Fund Balance:

Cash

Cash consists of a checking account.

Unearned Revenue

Unearned revenue is recorded for amounts of state grants received prior to satisfying all eligibility requirements imposed by the providers.

Fund Balance

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable portions of fund balance relate to prepaid expenditures or inventory amounts. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the Board imposes upon itself by a high-level formal action prior to the close of the fiscal period. The Board of Supervisors authorizes all assigned fund balances and their intended uses. The Board currently doesn’t report any assigned fund balances. Unassigned fund balances are considered the remaining amounts, usually in the General Fund, only.

**TWO RIVERS PLUS JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Board's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available, it is the Board's policy to use committed first, then assigned and finally unassigned fund balance.

Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Change in Accounting Principle

Effective January 1, 2022, the Board adopted GASB 87, *Leases*. The new standard establishes a right of use (ROU) model that requires the lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The Board has no leases, therefore, their financial statement presentation is not changed.

NOTE 2 – DEPOSITS

Minnesota Statutes 118A.02 and 118A.04 authorize the Board to designate a depository for public funds and to invest in Certificates of Deposit. Minnesota Statute 118A.03 requires that all Board deposits be protected by insurance, surety bond, or collateral. When not covered by insurance or surety bonds, the market value of collateral pledged shall be at least ten percent more than the amount on deposit (plus accrued interest) at the close of the financial institution's banking day.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and Certificates of Deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

**TWO RIVERS PLUS JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 – DEPOSITS (CONTINUED)

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Board's deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The Board has no additional deposit policies addressing custodial credit risk. As of December 31, 2022, the Board's deposits were not exposed to custodial credit risk.

NOTE 3 – UNEARNED REVENUE

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for administrative service grants and for the cost-share program. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ended December 31, 2022, consisted of Watershed-Based Funds for \$279,307.

NOTE 4 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors, and omissions; injuries to employees; workers' compensation claims; and natural disasters. The Board has entered into an agreement with the Minnesota Counties Intergovernmental Trust (MCIT) to cover its liabilities for workers compensation and property and casualty. For other risks, the Board carries commercial insurance. There were no significant reductions of insurance coverage from the previous year. There have been no settlements in excess of the Board's insurance coverage for any of the past three years.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Board is not aware of any existing or pending lawsuits, claims or other actions in which the Board is a defendant.

NOTE 6 – FISCAL AGENT

The Roseau Soil and Water Conservation District is the fiscal agent for the Board.

NOTE 7 – SUBSEQUENT EVENTS

The Board has evaluated events and transactions for potential recognition or disclosure through May 26, 2023, the date the financial statements were available to be issued.

**INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE**

To the Board of Managers
Two Rivers Plus Joint Powers Board
Roseau, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund of Two Rivers Plus Joint Powers Board as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Two Rivers Plus Joint Powers Board's basic financial statements, and have issued our report thereon dated May 26, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Two Rivers Plus Joint Powers Board failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Two Rivers Plus Joint Powers Board's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

May 26, 2023

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Managers
Two Rivers Plus Joint Powers Board
Roseau, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund of Two Rivers Plus Joint Powers Board as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Two Rivers Plus Joint Powers Board's basic financial statements, and have issued our report thereon dated May 26, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Two Rivers Plus Joint Powers Board's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Two Rivers Plus Joint Powers Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Two Rivers Plus Joint Powers Board's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Two Rivers Plus Joint Powers Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Two Rivers Plus Joint Powers Board's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Two Rivers Plus Joint Powers Board's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Two Rivers Plus Joint Powers Board's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

May 26, 2023

**TWO RIVERS PLUS JOINT POWERS BOARD
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022**

2022-001 Segregation of Duties

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

Condition and Context: Substantially all accounting procedures are performed by one person.

Cause: This condition is common to organizations of this size due to the limited number of staff.

Effect: The lack of an ideal segregation of duties subjects the Board to a higher risk that errors or fraud could occur and not be detected in a timely manner.

Recommendation: Any modification of internal controls in this area must be viewed from a cost/benefit perspective.

Management Response: The Board has adequate policies and procedures in place to compensate for the lack of segregation of duties, including having all disbursements approved by the Board of Managers.

**TWO RIVERS PLUS JOINT POWERS BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2022**

2022-002: Financial Statement Presentation

Criteria: The Board's management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with generally accepted accounting principles.

Condition and Context: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management has accepted responsibility for the financial statements and reviewed them.

Cause: The Board has a limited number of personnel with financial reporting experience.

Effect: The design of the controls over the financial reporting process would affect the ability of the Board to report its financial data consistently with the assertions of the management in the financial statements.

Recommendation: We recommend that the Board be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the Board elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation of an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us; complete the disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

Management Response: The Board understands that this is required communications for the preparation of the financial statements.