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November 14, 2023

To the Board of Directors
Environmental Sustainability Rotarian Action Group, Inc.
2 South Carrol St, Suite 255
Madison, Wisconsin 53718

RE: Environmental Sustainability Rotarian Action Group, Inc.
("ESRAG")

The undersigned members of the ESRAG Audit Committee are pleased to provide the Board with this letter containing results of our review of the financial statements of ESRAG for the year ended June 30, 2023. This letter is based on an examination of certain financial records of ESRAG and discussions with Fred Peck, former treasurer, Haruno Ito, current treasurer, and Larry Hands, finance committee member on November 14, 2023, and is based on the procedures as outlined in the following paragraphs.

Scope of Review

We provided these services to the Board for the purposes of complying with Rotary International Code of Policies 42.030.9 *Independent Review of Financial Statements- last updated 2017*. Although this review included an examination of some accounting records and a sample of some of ESRAG's transactions, it was not intended to be an audit or review as prescribed by the American Institute of Certified Public Accountants and therefore we are not providing an opinion or other level of assurance on the financial statements.

Procedures

Internal Controls over receipts and disbursements

We reviewed the system of controls over receipts and disbursements and discussed with both treasurers the current internal controls. We reviewed the Board resolution for Disbursements policy approved by the Board dated November 20, 2019 to determine if those practices were being adhered to. The Treasurer indicated that a bookkeeper, Easha Nair, is preparing the bank reconciliation and that the Treasurer is reviewing it. We discussed the cash receipts system and found that most receipts are received through Paypal, Pay Factory or Stripe and that only 8-10 checks are received directly by the Treasurer each year. Risk of loss is minimal, and the cost of mitigation would outweigh the benefits of dual control for these checks. We recommend that the Disbursements Policy, Treasurer Duties along with any other policies and procedures be documented in an Accounting Policies and Procedure manual in the coming year.

The membership database system, I-Member, is now in its second year. It integrates the membership database with the general ledger; however, it does not integrate with the bank, so all transactions that go through the bank account need to be manually implemented. Risk of error could occur during this process of double entry.

ENVIRONMENTAL SUSTAINABILITY ROTARIAN ACTION GROUP (ESRAG)
2 South Carroll Street, Suite 255, Madison, Wisconsin 53703
Email: info@esrag.org www.esrag.org

The Treasurer noted that due to a glitch in the software, the Balance Sheet was often out of balance by \$100 or less. The Finance committee will continue review the I-Member accounting software and evaluate if it is sufficient to keep an accurate accounting of transactions. We recommend that if problems persist, that ESRAG consider using QuickBooks or similar software for its accounting transactions.

Checking /Savings accounts

We obtained the bank reconciliations for the checking account and compared the balance to that reflected in the financial statements. We also reviewed the June 30th bank statements and traced the reconciling items into the bank reconciliations. We noted that the savings account had earned only nominal interest and that ESRAG had recently transferred funds into a certificate of deposit and a higher yielding saving account. We recommend that ESRAG develop an Investment policy to guide its investment decisions into the future. This policy may also provide guidance on socially screened institutions.

No discrepancies were noted in any of the reconciliations.

Prepaid Expenses

The balance of \$4,828 represents insurance and other expenses noted for the subsequent year. The treasurer noted that ESRAG now reports all income and expenses on the accrual basis.

Prepaid Memberships

Prepaid dues for members who pay the 5-year memberships is being tracked in I-Member software. We continue to recommend that, at least annually, a member report be printed from I-Member and it be reconciled to the outstanding balance. As of June 30, 2023, the outstanding prepaid memberships were \$42,050 and this balance was traced to the balance in I-Member software.

Accounts Payable

We reviewed the detailed transactions in I-Member and the balance of \$2,721 reconciles to the detailed transactions.

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions consists of a restricted contribution for the purpose of hiring an Executive Director. No funds have been spent.

Income

We compared the current balances in the income accounts to the annual budget. In instances where there was a significant balance, we inquired of the past and current treasurers for an explanation of the variance. We analytically tested membership income and the balance appears reasonable.

There were no significant unexplained variations which would require further investigation.

Expenses

We compared the current balances in the expense accounts to the annual budget. In instances where there was a significant balance, we inquired of the past and current treasurers for an explanation of the variance.

There were no significant unexplained variations which would require further investigation.

Action Group Minutes

We reviewed the minutes for the ESRAG for items that may impact the financial statements or that could be verified as having been properly processed through the group's accounts. We noted that the Board approved the annual budget at its meeting on July 21, 2022. We recommend that any larger, unanticipated grants or gifts, especially those with restrictions, be acknowledged in the minutes.

These comments and recommendations are based upon the scope of our review. It has been our privilege to serve ESRAG.

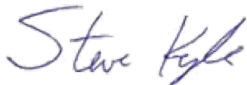
Sincerely,



Scott R. Haumersen, CPA
Rotary Club of Madison
Madison, Wisconsin



Robert Stroud, Attorney
Past District Governor
Rotary Club of Madison
Madison, Wisconsin



Steve Kyle, Attorney
Ambassadors Rotary Club
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