

September 30, 2019

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Richard Randolph

Secretary:
Yasar Atacik

Treasurer (Interim):
Lawrence M. Hands

Director, Communications:
Karen D. Kendrick-Hands

Director, Membership
Patricia Armstrong

Immediate past chair
Peter L. Moralee

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, 2019. This letter is based on an examination of certain financial records of ESRAG and discussions with the Interim Treasurer, Larry Hands on September 30, 2019, 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*. 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 the Treasurer any planned changes in controls. He indicated that the ESRAG Finance Committee had reviewed the system and had made a recommendation to the Board in 2018. We recommend that the recommendation be adopted with special emphasis on the importance of a second person reviewing the bank statement on a monthly basis.

The accounting system is essentially a spreadsheet developed by the Treasurer and data can be traced back to the records by the use of formulas in the spreadsheet. We had two recommendations for the spreadsheet, first that the budget be the first column and that a column be added showing the variance of budgeted to actual income and expenses. Second, that a balance sheet be presented that reconciles beginning cash to ending cash, and discloses prepaid dues and carryover grant funds.

We recommend the creation and maintenance of a membership database, or at least a membership spreadsheet, that is periodically reconciled to the financial statements.

We also recommend that an online accounting system be considered. This is especially important that, as treasurers change over time, the integrity of the accounting system be maintained.

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 28 and July 29 bank statements online and traced the reconciling items into the bank reconciliations.

No discrepancies were noted in the reconciliations.

Prepaid Dues

Prepaid dues for members who pay the 5 year memberships is being tracked in the spreadsheet. We recommend that the carryover balance be computed as of the year end and disclosed in the balance sheet report.

Restricted Grants

The organization has a restricted grant funded project funded by Jubitz. As of June 30, 2019, \$20,000 had been received and \$1,800 spent. We reviewed the expenditures for the grant and recommend that expenses continue to be tracked. The carryover balance should be reported in the balance sheet report.

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 Treasurer for an explanation of the variance.

There were no significant 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 Treasurer for an explanation of the variance.

There were no significant variations which would require further investigation.

District Minutes

We reviewed the minutes for the group for items that may impact the financial statements or that could be verified as having been processed through the group's accounts. We noted that the Board approved the annual budget at its meeting on May 29, 2018.

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

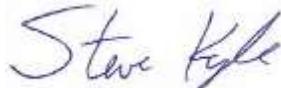
Sincerely,



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
Kansas City, Missouri