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Washington Resource Conservation & Development Council

**Financial Statements and
Independent Auditor's Reports
December 31, 2021**

Washington Resource Conservation & Development Council

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INDEPENDENT AUDITOR'S REPORT

Council Officers
Washington Resource Conservation &
Development Council
Yakima, Washington

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Washington Resource Conservation & Development Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statement of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Washington Resource Conservation & Development Council as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Washington Resource Conservation & Development Council and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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 Washington Resource Conservation & Development Council's ability to continue as a going concern for the period of one year from the date of this report.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- 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 Washington Resource Conservation & Development Council'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Resource Conservation & Development Council's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards shown on page 15, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated December 14, 2022 on my consideration of Washington Resource Conservation & Development Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Washington Resource Conservation & Development Council's 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 Washington Resource Conservation & Development Council's internal control over financial reporting and compliance.

Bailey CPA, LLC

December 14, 2022

Washington Resource Conservation & Development Council

Statement of Financial Position

December 31, 2021

Assets

Current Assets

Cash and cash equivalents	\$	429,922
Grants receivable		239,976
<i>Total Current Assets</i>		<u>669,898</u>

Capital Assets

Furniture and fixtures		35,546
Accumulated depreciation		(14,791)
<i>Total Capital Assets</i>		<u>20,755</u>
	\$	<u>690,653</u>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	155,264
Accrued payroll and related taxes		81,600
Grant advances		145,393
<i>Total Current Liabilities</i>		<u>382,257</u>

Net Assets

Without donor restrictions		308,396
<i>Total Net Assets</i>		<u>308,396</u>

Total Liabilities and Net Assets

\$ 690,653

Washington Resource Conservation & Development Council
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Support			
Federal grants and contracts	\$ 1,366,085	\$ -	\$ 1,366,085
State grants and contracts	527,588	-	527,588
Contributions	13,985	-	13,985
Dues	5,333	-	5,333
Interest income	576	-	576
Released from restriction	-	-	-
<i>Total Revenue, Gains and Support</i>	<u>1,913,567</u>	<u>-</u>	<u>1,913,567</u>
Expenses			
Program	1,708,563	-	1,708,563
General and Administrative	157,558	-	157,558
Fundraising	-	-	-
<i>Total Expenses</i>	<u>1,866,121</u>	<u>-</u>	<u>1,866,121</u>
Change in Net Assets	47,446	-	47,446
Net Assets, Beginning of Year	260,950	-	260,950
Net Assets, End of Year	<u>\$ 308,396</u>	<u>\$ -</u>	<u>\$ 308,396</u>

Washington Resource Conservation & Development Council

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Contracted services	\$ 1,235,455	\$ 370	\$ -	\$ 1,235,825
Depreciation	1,647	401	-	2,048
Dues and subscriptions	2,177	6,738	-	8,915
Fringe benefits	9,749	3,976	-	13,725
Insurance	-	5,861	-	5,861
Miscellaneous	12,341	533	-	12,874
Office expense	2,095	672	-	2,767
Payroll taxes	33,178	8,638	-	41,816
Professional fees	21,245	3,734	-	24,979
Rent	532	20,139	-	20,671
Salaries and wages	374,069	100,553	-	474,622
Supplies	5,118	848	-	5,966
Telephone and internet services	4,548	3,395	-	7,943
Travel and training	6,409	1,700	-	8,109
<i>Total Expenses</i>	<u>\$ 1,708,563</u>	<u>\$ 157,558</u>	<u>\$ -</u>	<u>\$ 1,866,121</u>

Washington Resource Conservation & Development Council

Statement of Cash Flows

Year Ended December 31, 2021

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash received from public support and revenue	\$ 2,041,595
Cash paid to suppliers and employees	(1,834,746)
<i>Net cash provided by operating activities</i>	<u>206,849</u>
Net Increase in Cash and Cash Equivalents	206,849
Cash and Cash Equivalents, Beginning of Year	223,073
Cash and Cash Equivalents, End of year	<u>\$ 429,922</u>

Reconciliation of Change in Net Assets to Net Cash

Provided by Operating Activities:

Change in net assets	\$ 47,446
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,048
<i>Decrease (increase) in operating assets:</i>	
Grants receivable	31,822
<i>Increase (decrease) in operating liabilities:</i>	
Accounts payable	(7,365)
Payroll and related liabilities	36,692
Grant advances	96,206
Total adjustments	<u>159,403</u>
Net cash provided by operating activities	<u>\$ 206,849</u>

Washington Resource Conservation & Development Council

Notes to the Financial Statements

Year Ended December 31, 2021

Note 1 —Organization

Washington Resource Conservation & Development Council (WRC&D) is a nonprofit organization incorporated in the state of Washington that provides leadership on issues of regional significance by facilitating the planning, coordination, and implementation of initiatives which promote a sustainable rural lifestyle for current and future generations.

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. WRC&D has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

Note 2 – Summary of Significant Accounting Policies

Method of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Functional Expenses – Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities. Expenses benefitting multiple programs are allocated based on the resources utilized by the individual programs.

Net Assets – Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise required to be included in donor-restricted net assets by the donor or by applicable state law. There were no net assets with donor restrictions at December 31, 2021.

Property and equipment – It is the Organization's policy to capitalize property and equipment over \$500. Purchased property and equipment is capitalized and depreciated on a straight-line basis over estimated useful lives of 5 to 10 years. Major expenditures for property and those which substantially increase useful lives over certain thresholds are capitalized. Routine maintenance is expensed as incurred. Depreciation expense was \$2,048 for the year ended December 31, 2021.

Grants and contracts – All grants and contracts are considered available for utilization in the general programs of WRC&D unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Support received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes as net assets released from restrictions.

Washington Resource Conservation & Development Council

Notes to the Financial Statements

Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Grants and contracts (continued)

WRC&D also utilizes volunteer and donated services in many of its activities, the value of which is not reflected in the financial statements.

Deferred Revenue – A portion of the Organization's revenue is derived from cost reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or completed the performance requirements in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting the performance requirements are reported as refundable advances in the statement of financial position. As of December 31, 2021 the Organization had \$145,393 of refundable advances which are reported as deferred revenue.

Concentrations – The Organization received approximately 50% of its revenue from a single contract.

Income taxes – Under provisions of Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from federal income taxes, except for net income from unrelated business activities. As of December 31, 2021 the Organization had no unrelated business activities subject to federal income taxes. Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements.

Contributions – The Organization reports contributions in accordance with Financial Accounting Standards Board Codification Topic 958. Contributions received are recorded as with and without donor restrictions depending on the existence and/or nature of any donor restrictions. There were no restrictions on contributions for the year ended December 31, 2021.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – Subsequent events were evaluated through November 18, 2022, which is the date the financial statements were available to be issued.

Note 3 – Liquidity

At December 31, 2021, WRC&D has \$429,922 of cash and equivalents available for general expenditures of the Organization.

Note 4 – Commitments and Contingencies:

Grant and contract expenditures are subject to the approval of various granting and contracting agencies. To be eligible for reimbursement of expenditures made under federal, state, and locally funded programs, WRC&D must comply with regulations established by the granting or contracting agency. Agency determination of a failure to comply with such regulations may result in disallowed costs and a liability for reimbursements received.

Washington Resource Conservation & Development Council

Notes to the Financial Statements

Year Ended December 31, 2021

Note 5 — Concentrations of Risk:

WRC&D maintains cash balances on deposit in banks which are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2021, WRC&D had \$179,922 in banks which exceeded the insured amount.

Note 6 — Subsequent Events:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 16, 2020, the Governor of Washington State ordered the closure of the physical location of every "non-essential" business for what may be an extended period of time. There has been no immediate impact to our operations beyond the closure of our physical location to the public, and the majority of employees working remotely. Future potential impacts may include continued disruptions or restrictions on our employees' or contractors' ability to work and disruption to the progress of the initiatives we support. The future effects of these issues are unknown.

Washington Resource Conservation & Development Council

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Agency Name/ Federal Program Name	CFDA Number	Other Award Number	Expenditures
U.S. Department of Agriculture			
<i>Passed through from Kittitas County Conservation District from Coalitions and Collaboratives:</i>			
Cooperative Forestry Assistance	10.664	16-CA-11132543-087	\$ 7,182
<i>Passed through The Nature Conservancy:</i>			
Cooperative Forestry Assistance	10.664	A104473-WDNR WA-C-191105-023	7,658
<i>Total CFDA 10.664</i>			14,840
<i>Passed through The Nature Conservancy:</i>			
Cooperative Forestry Assistance	10.698	18-CA-11132543-039 WRCDC_WDF_FY21	15,985
Cooperative Forestry Assistance	10.698	21-CA-11132543-096 WRCDC WDF FY22	1,647
<i>Passed through the Watershed Center:</i>			
Cooperative Forestry Assistance	10.698	18-CA-11132543-039 329-2019-124	15,753
Cooperative Forestry Assistance	10.698	21-CA-11132543-096 428-21-112	4,622
<i>Total CFDA 10.698</i>			38,007
Participating Supplemental Project Agreement Partnerships Agreement	10.699	17-PA-11061700-035	17,430
Participating Supplemental Project Agreement Partnerships Agreement	10.699	17-PA-11061700-031	17,456
Master Participating Agreement Partnerships Agreement	10.699	MPA 17-PA-110611700-011; SPA 17-PA-11061700-018	194,171
Participating Supplemental Project Agreement Partnerships Agreement	10.699	21-PA-11061700-024	1,277
<i>Total CFDA 10.699</i>			230,334
Total U.S. Department of Agriculture			283,181
U.S. Department of Interior			
Visitor Facility Enhance - Refuges and Wildlife	15.654	F18AC00591	7,735
BLM Fuels Management and Community Fire Assistance Program Activities	15.228	L15AC00193	268,411
BLM Forest and Woodlands Resource Mgt.	15.233	L21AC10142	47,984
Total U.S. Department of Interior			324,130
U.S. Department of Energy			
<i>Passed through Bonneville Power Administration:</i>			
Yakima Tributary Access and Habitat Program	81.000	00084929 and 00089876	758,774
Total U.S. Department of Energy			758,774
TOTAL FEDERAL AWARDS EXPENDED			\$ 1,366,085

Washington Resource Conservation & Development Council

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Washington Resource Conservation & Development Council under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Washington Resource Conservation & Development Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Washington Resource Conservation & Development Council.

Note 2 – Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Expenditures

This column reports grant expenditures incurred.

Note 4 – Indirect Cost Rate

The Organization has elected to use the 10% de-minimis indirect cost rate.

*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
INDEPENDENT AUDITOR'S REPORT*

Council Officers
Washington Resource Conservation &
Development Council
Yakima, Washington

I 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 Washington Resource Conservation & Development Council, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Office of Rural and Farmworker Housing'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington Resource Conservation & Development Council 's internal control. Accordingly, I do not express an opinion on the effectiveness of Washington Resource Conservation & Development Council 's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 my audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Resource Conservation & Development Council's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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.

A handwritten signature in black ink that reads "Bailey CPA, LLC". The signature is written in a cursive, flowing style.

December 14, 2022

*REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE INDEPENDENT AUDITOR'S REPORT*

Council Officers
Washington Resource Conservation &
Development Council
Yakima, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Washington Resource Conservation & Development Council's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Washington Resource Conservation & Development Council's major federal programs for the year ended December 31, 2021. Washington Resource Conservation & Development Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Washington Resource Conservation & Development Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Washington Resource Conservation & Development Council and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Washington Resource Conservation & Development Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Washington Resource Conservation & Development Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Washington Resource Conservation & Development Council's compliance based on my audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material

noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Washington Resource Conservation & Development Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Washington Resource Conservation & Development Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Washington Resource Conservation & Development Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Washington Resource Conservation & Development Council's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bailey CPA, LLC

December 14, 2022

Washington Resource Conservation & Development Council

Schedule of Findings and Questioned Costs

December 31, 2021

Summary of Auditor's Results

Financial Statements

Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles Unmodified

Internal control deficiencies over financial reporting disclosed by the audit
Of the financial statements:

Material weaknesses No
Significant deficiencies None reported

Noncompliance material to the financial statements noted No

Federal Awards

Internal control deficiencies over major programs disclosed by the audit:

Material weaknesses: No
Significant deficiencies: None reported

Type of report on compliance for major programs Unmodified

Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) None

Major Programs

CFDA	Name of Federal Program
81.xxx	Yakima Tributary Access and Habitat Program

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee Yes

Findings Related to the Financial Statements Reported in Accordance with *Government Standards* None reported

Findings and Questioned Costs Related to the Federal Awards None reported