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# **Washington Resource Conservation & Development Council**

**Financial Statements and  
Independent Auditor's Reports  
December 31, 2023**

# 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***

We 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, 2023, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Washington Resource Conservation & Development Council as of December 31, 2023, and the results of its activities 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***

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 Washington Resource Conservation & Development Council and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. WE believe that the audit evidence WE have obtained is sufficient and appropriate to provide a basis for our 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***

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 and *Government Auditing Standards* 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 our 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.

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.

#### ***Supplementary Information***

Our 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 our 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 our report dated July 8, 2024 on our consideration of Washington Resource Conservation & Development Council'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 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 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*

July 8, 2024  
Yakima, WA

# Washington Resource Conservation & Development Council

## Statement of Financial Position

December 31, 2023

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### Assets

#### *Current Assets*

|                             |    |                |
|-----------------------------|----|----------------|
| Cash and cash equivalents   | \$ | 161,397        |
| Grants receivable           |    | 298,286        |
| <i>Total Current Assets</i> |    | <u>459,683</u> |

#### *Capital Assets*

|                             |  |               |
|-----------------------------|--|---------------|
| Furniture and fixtures      |  | 35,546        |
| Accumulated depreciation    |  | (20,452)      |
| <i>Total Capital Assets</i> |  | <u>15,094</u> |

#### *Other Assets*

|                    |    |                |
|--------------------|----|----------------|
| Right of use asset |    | 46,917         |
|                    | \$ | <u>521,694</u> |

### Liabilities and Net Assets

#### *Current Liabilities*

|                                   |    |                |
|-----------------------------------|----|----------------|
| Accounts payable                  | \$ | 79,090         |
| Accrued payroll and related taxes |    | 58,608         |
| Operating lease liability         |    | 13,574         |
| <i>Total Current Liabilities</i>  |    | <u>151,272</u> |

#### *Long-term Liabilities*

|                                    |  |                |
|------------------------------------|--|----------------|
| Operating lease liability          |  | 31,979         |
| <i>Total Long-term Liabilities</i> |  | <u>183,251</u> |

#### *Net Assets*

|                            |  |                |
|----------------------------|--|----------------|
| Without donor restrictions |  | 338,443        |
| <i>Total Net Assets</i>    |  | <u>338,443</u> |

### **Total Liabilities and Net Assets**

**\$ 521,694**

**Washington Resource Conservation & Development Council**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2023**

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|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| <b>Revenue, Gains and Support</b>       |                               |                            |                   |
| Federal grants and contracts            | \$ 1,052,301                  | \$ -                       | \$ 1,052,301      |
| State grants and contracts              | 838,723                       | -                          | 838,723           |
| Dues                                    | 8,200                         | -                          | 8,200             |
| Interest income                         | 628                           | -                          | 628               |
| Released from restriction               | -                             | -                          | -                 |
| <i>Total Revenue, Gains and Support</i> | <u>1,899,852</u>              | <u>-</u>                   | <u>1,899,852</u>  |
| <b>Expenses</b>                         |                               |                            |                   |
| Program                                 | 1,631,010                     | -                          | 1,631,010         |
| General and Administrative              | 218,137                       | -                          | 218,137           |
| Fundraising                             | -                             | -                          | -                 |
| <i>Total Expenses</i>                   | <u>1,849,147</u>              | <u>-</u>                   | <u>1,849,147</u>  |
| <b>Change in Net Assets</b>             | 50,705                        | -                          | 50,705            |
| <b>Net Assets, Beginning of Year</b>    | 287,738                       | -                          | 287,738           |
| <b>Net Assets, End of Year</b>          | <u>\$ 338,443</u>             | <u>\$ -</u>                | <u>\$ 338,443</u> |

# Washington Resource Conservation & Development Council

## Statement of Functional Expenses

Year Ended December 31, 2023

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|                                 | Program<br>Services | General and<br>Administrative | Fundraising | Total               |
|---------------------------------|---------------------|-------------------------------|-------------|---------------------|
| <b>Expenses</b>                 |                     |                               |             |                     |
| Contracted services             | \$ 1,141,351        | \$ 4,476                      | \$ -        | \$ 1,145,827        |
| Depreciation                    | 3,774               | -                             | -           | 3,774               |
| Dues and subscriptions          | 8,996               | 100                           | -           | 9,096               |
| Fringe benefits                 | 123                 | 30,324                        | -           | 30,447              |
| Insurance                       | -                   | 8,010                         | -           | 8,010               |
| Miscellaneous                   | (23)                | -                             | -           | (23)                |
| Supplies and office expenses    | 3,282               | 10,676                        | -           | 13,958              |
| Payroll taxes                   | 33,754              | 10,483                        | -           | 44,237              |
| Professional fees               | 6,324               | 6,833                         | -           | 13,157              |
| Rent                            | (1,183)             | 25,404                        | -           | 24,221              |
| Salaries and wages              | 393,897             | 113,831                       | -           | 507,728             |
| Telephone and internet services | 3,375               | 2,880                         | -           | 6,255               |
| Travel and training             | 37,340              | 5,120                         | -           | 42,460              |
| <i>Total Expenses</i>           | <u>\$ 1,631,010</u> | <u>\$ 218,137</u>             | <u>\$ -</u> | <u>\$ 1,849,147</u> |

# Washington Resource Conservation & Development Council

## Statement of Cash Flows

Year Ended December 31, 2023

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### Increase (Decrease) in Cash and Cash Equivalents:

#### Cash Flows from Operating Activities:

|   |                   |
|---|-------------------|
| Cash received from public support and revenue       | \$ 1,840,671      |
| Cash paid to suppliers and employees                | (1,820,699)       |
| <i>Net cash provided by operating activities</i>    | <u>19,972</u>     |
| <b>Net Increase in Cash and Cash Equivalents</b>    | <u>19,972</u>     |
| <b>Cash and Cash Equivalents, Beginning of Year</b> | 141,425           |
| <b>Cash and Cash Equivalents, End of year</b>       | <u>\$ 161,397</u> |

### Reconciliation of Change in Net Assets to Net Cash

#### Provided by Operating Activities:

|  |                  |
|--|------------------|
| Change in net assets   | \$ 50,705        |
| <b>Adjustments to reconcile change in net assets to net cash used by operating activities:</b> |                  |
| Depreciation   | 3,774            |
| Amortization of right of use asset   | (1,364)          |
| <i>Decrease (increase) in operating assets:</i>  |                  |
| Grants receivable  | 44,578           |
| Prepaid expense  | 3,591            |
| <i>Increase (decrease) in operating liabilities:</i>   |                  |
| Accounts payable   | 11,270           |
| Payroll and related liabilities  | 11,177           |
| Grant advances   | (103,759)        |
| Total adjustments  | <u>(30,733)</u>  |
| Net cash provided by operating activities  | <u>\$ 19,972</u> |



# Washington Resource Conservation & Development Council

## Notes to the Financial Statements

Year Ended December 31, 2023

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### 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.

*Allowance for credit losses* – In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standards, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the organization that are subject to the guidance in FASB ASC 326 were grants receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

The Organization's revenues and related receivables are primarily derived from state and federal contracts in the state of Washington. At the end of each fiscal year, the Organization performs an analysis of credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Grants receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segments have remained consistent during the period of evaluation.

Management has determined an allowance for credit losses was not necessary at December 31, 2023.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery. There were no write-offs for the year ended December 31, 2023.

# Washington Resource Conservation & Development Council

## Notes to the Financial Statements

Year Ended December 31, 2023

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### Note 2 – Summary of Significant Accounting Policies (continued)

*Functional Expenses* – Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities. Expenses benefiting 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, 2023.

*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 \$3,774 for the year ended December 31, 2023.

*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, 2023

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### 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.

*Unearned 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, 2023 the Organization had \$-0- of refundable advances.

*Concentrations* – The Organization received approximately 40% 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, 2023 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, 2023.

*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 July 8, 2024, which is the date the financial statements were available to be issued.

### Note 3 – Liquidity

At December 31, 2023, WRC&D has \$161,397 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, 2023

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### Note 5 – Leases:

WRC&D entered into a lease extension on December 1, 2023 for their office space which extended the term for 36 months. During the year-ended December 31, 2023 rent expense recognized was \$15,600, amortization of ROU asset and related interest expense was \$-0-. Future payments due under operating leases are as follows:

|      |    |        |
|------|----|--------|
| 2024 | \$ | 14,600 |
| 2025 |    | 15,600 |
| 2026 |    | 15,507 |

### Note 6 – 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, 2023, WRC&D had \$-0- in banks which exceeded the insured amount.

# Washington Resource Conservation & Development Council

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

| Federal Agency Name/<br>Federal Program Name              | CFDA<br>Number | Other Award Number                   | Expenditures        |
|---|----------------|--------------------------------------|---------------------|
| <b>U.S. Department of Agriculture</b>                     |                |                                      |                     |
| <i>Passed through from Coalitions and Collaboratives:</i> |                |                                      |                     |
| Cooperative Forestry Assistance                           | 10.664         | 16-CA-11132543-087                   | \$ 4,382            |
| Total CFDA 10.664   |                |                                      | 4,382               |
| <i>Passed through The Nature Conservancy:</i>             |                |                                      |                     |
| Cooperative Forestry Assistance                           | 10.698         | 21-CA-11132543-096<br>WRCDC WDF FY23 | 31,052              |
| Cooperative Forestry Assistance                           | 10.698         | 21-CA-11132543-096<br>WRCDC WDF FY24 | 5,586               |
| <i>Passed through the Watershed Center:</i>               |                |                                      |                     |
| Cooperative Forestry Assistance                           | 10.698         | 21-CA-11132543-096<br>428-21-112     | 24,466              |
| Total CFDA 10.698   |                |                                      | 61,104              |
| <i>Passed through The United States Forest Service:</i>   |                |                                      |                     |
| Master Participating Agreement                            | 10.699         |                                      |                     |
| Partnerships Agreement                                    |                | 22-CS-11062754-024                   | 117,293             |
| Total CFDA 10.699   |                |                                      | 117,293             |
| <i>Passed through The United States Forest Service:</i>   |                |                                      |                     |
| Challenge Cost-Share Agreement                            | 10.724         | 23-CS-11061700-032                   | 9,266               |
| Total CFDA 10.724   |                |                                      | 9,266               |
| <b>Total U.S. Department of Agriculture</b>               |                |                                      |                     |
| <b>192,045</b>  |                |                                      |                     |
| <b>U.S. Department of Interior</b>                        |                |                                      |                     |
| Visitor Facility Enhance - Refuges and Wildlife           | 15.654         | F18AC00591                           | 4,881               |
| BLM Forest and Woodlands Resource Mgt.                    | 15.233         | L21AC10142                           | 101,908             |
| <b>Total U.S. Department of Interior</b>                  |                |                                      |                     |
| <b>106,789</b>  |                |                                      |                     |
| <b>U.S. Department of Energy</b>                          |                |                                      |                     |
| <i>Passed through Bonneville Power Administration:</i>    |                |                                      |                     |
| Yakima Tributary Access and Habitat Program               | 81.000         | 00087467 and 00089876                | 753,467             |
| <b>Total U.S. Department of Energy</b>                    |                |                                      |                     |
| <b>753,467</b>  |                |                                      |                     |
| <b>TOTAL FEDERAL AWARDS EXPENDED</b>                      |                |                                      | <b>\$ 1,052,301</b> |

# Washington Resource Conservation & Development Council

## Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

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### **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, 2023. 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

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 Washington Resource Conservation & Development Council, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Washington Resource Conservation & Development Council'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 Washington Resource Conservation & Development Council's internal control. Accordingly, we 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.

Our 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 our 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, 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 determination of financial statement amounts. 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our 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.

July 8, 2024  
Yakima, WA



*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***

We 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, 2023. 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 our 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Washington Resource Conservation & Development Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our 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***

Our 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 our 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, we:

- 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.

We are 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.

Our 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 our audit WE did not identify any deficiencies in internal control over compliance that WE 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.

Our 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 our 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*

July 8, 2024  
Yakima, WA

# Washington Resource Conservation & Development Council

## Schedule of Findings and Questioned Costs

### December 31, 2023

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#### 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                     |
|--------|---|
| 81.000 | 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