



Ryun, Givens
& Company, P.L.C.

Certified Public Accountants

Stephen D. Givens, CPA

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To the Board of Directors
Frank Fasano, President
William Pfeiffer, Treasurer
The German Shepherd Dog Club of America, Inc.

October 8, 2013

We are engaged to audit the financial statements of The German Shepherd Dog Club of America, Inc. for the year ended December 31, 2012. Generally we communicate significant findings at the conclusion of our audit. However, in this situation certain matters should be communicated sooner, because we have encountered significant difficulties during the audit where assistance is needed to overcome the difficulties and the difficulties may lead to a modified or disclaimer opinion for the audit.

The Organization has not maintained adequate and complete accounting records for 2012. Examples of inadequate or incomplete accounting records are discussed in the following paragraphs.

The cash bank accounts were not reconciled to the bank statements during 2012. One of the cash operating accounts has an unreconciled balance to the bank statement of over \$22,000 as of December 31, 2012. The review postage bank account has had no activity recorded in the general ledger since June 30, 2012 and there are no bank statements available for this account. Bank statements and account information are not available for a certain bank account that was in existence but closed during 2012.

There is one general ledger account for accounts receivable with a significant credit balance of over \$6,700. Accounts receivable are debit balances on general ledgers so a credit balance indicates a payable. There is no support for this account and the credit balance has existed back to the beginning of 2009. Other accounts receivable accounts were recorded in the first two quarters of 2012, but there is no record that the receivables were collected as the balances remain. In general, there have been no transactions in the accounts receivable general ledger accounts since June 30, 2012 and no establishment of an accounts receivable listing as of December 31, 2012.

Inventory general ledger accounts increased during 2012 for over \$29,000 in purchases. However, there were no recordings in the general ledger of inventory sold during 2012. There was also no adjustment to actual inventory counts, if taken, during 2012. Your Organization has subsequently obtained inventory listing after December 31, 2012 but the accuracy of inventory and cost of goods sold for 2012 is not determinable.

There are accounts payable general ledger balances established prior to 2012, that still remain as of December 31, 2012. There is also a significant debit in an accounts payable general ledger account of over \$10,000 as of December 31, 2012. Accounts payable balances are a credit balance on the general ledger so a debit balance indicates a receivable. The debit balance relates to years prior to 2012. The accounts payable aging detail in QuickBooks contains transactions that go back to 2009. There is no reliable listing of accounts payable as of December 31, 2012.

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The deferred revenue account balances are not substantiated as of December 31, 2012 with adequate documentation of how unearned revenues are determined.

Temporarily restricted net assets balances established prior to 2012 still remain. There is no indication of that the restricted funds were used for the purposes intended by the donors.

The incomplete accounting records have resulted in delays of completing the 2012 audit and Form 990 and can likely result in us providing a modified or disclaimer opinion because of the situation. In working with the current Treasurer, we have concluded that it is going to take a substantial effort for the Organization to achieve complete and accurate accounting records in order for your financial reports to be in accordance with generally accepted accounting principles.

As we noted in our 2012 engagement letter, you are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information.

This information is intended solely for the use of the Board of Directors and management of The German Shepherd Dog Club of America, Inc. and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,

RYUN, GIVENS & COMPANY, P.L.C.



Timothy K. DeVries, CPA

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