



June 21, 2021

Board of Directors  
The German Shepherd Dog Club of America, Inc.  
St. Louis, Missouri

In planning and performing our audit of the financial statements of The German Shepherd Dog Club of America, Inc. (the "Organization") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 may exist that have not been identified.

## **PRIOR YEAR MATERIAL WEAKNESS**

### **Approval for Expenditures**

#### **Prior Year Observation**

The prior auditor noted that actual expenditures for specialty show operations were significantly in excess of the budget amounts. Through their inquiries with management, they determined that there were instances of expenditures made without advance approvals and occurrences where verbal contracts were entered into rather than contracts signed with advance approval. The prior auditor recommended strengthening policies for procuring products and services.

#### **Status**

This has been resolved. During 2020, the Organization revised their policies and procedures for approvals of expenditures as noted in the Organization's updated Financial Controls.

There are no current year comments.

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This communication is intended solely for the information and use of management, the Board of Directors, others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

This report is not based upon a complete survey of all phases of operating and management controls. It does, however, direct attention to certain areas we believe to be especially worthy of management consideration which came to our attention during our audit of your financial statements for the year ended December 31, 2020.

After you have reviewed this letter, we would be pleased to discuss the contents with you and to assist in the implementation of these items.

Again, we wish to thank you for your continued support, assistance, and confidence in our abilities.

Respectfully submitted,

*Schmersahl Treloar & Co.*

SCHMERSAHL TRELOAR & CO.

Certified Public Accountants