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May 11, 2012

To the Board of Directors of  
Tree Research and Education Endowment Fund:

We have audited the financial statements of Tree Research and Education Endowment Fund (the Fund) for the year ended December 31, 2011, and have issued our report thereon dated May 11, 2012. Professional standards require that we provide you with the following information related to our audit.

## **OUR RESPONSIBILITY UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS**

As stated in our engagement letter dated November 15, 2011, our responsibility, as described by professional standards, was to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit included examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions that were examined and the areas that were tested.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, was to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information was fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audit included obtaining an understanding of the Fund and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the Fund.

## **PLANNED SCOPE AND TIMING OF THE AUDIT**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on February 8, 2012.

### **SIGNIFICANT ACCOUNTING POLICIES**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fund are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed significantly during 2011. We noted no transactions entered into by the Fund during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### **SIGNIFICANT ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allocation of costs among program and supporting services is based on management's knowledge of resources spent in the various activities. We evaluated key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the useful lives of fixed assets is based on management's knowledge of how these resources are spent. We evaluated the useful lives by asset class to determine they are reasonable as they relate to the financial statements taken as a whole.

### **DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were no material misstatements detected as a result of audit procedures.

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**DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated May 11, 2012.

**MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fund's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**OTHER AUDIT FINDINGS OR ISSUES**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***In-Kind Documentation***

During our audit, we noted that the Fund did not have complete support for some of the in-kind donations. We recommend that the Fund collect some form of written documentation for each donation given in-kind that will substantiate the amount recorded.

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This information is intended solely for the use of the Board of Directors and management of the Tree Research and Education Endowment Fund and is not intended to be and should not be used by anyone other than these specified parties.

*Dugan + Lopatka*

DUGAN & LOPATKA

Wheaton, Illinois