

Helping You Reach Your Financial Goals...

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October 10, 2024

To the Board of Directors and Management of
Goodwill Industries of the Berkshires and Southern Vermont, Inc.

We have audited the financial statements of Goodwill Industries of the Berkshires and Southern Vermont, Inc. for the year ended June 30, 2024, and have issued our report thereon dated October 10, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Goodwill Industries of the Berkshires and Southern Vermont, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 estimate affecting the financial statements was:

Management's estimate of the allowance for credit losses is based on historical collection rates and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosure affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 October 10, 2024.

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 Organization'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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments, Observations and Recommendations on Internal Controls, Procedures and Other Matters

- Comment: During the audit, we noted the following: we received amended by-laws for the Organization, but there was no mention indication of board approval of these in the board of director's meeting minutes; there was no indication of election of officers at the last annual meeting as required in the by-laws and the name of the Organization has not been updated in the by-laws.
- Recommendation: The name of the Organization should be updated in the by-laws and this document should be reviewed by the full board and all provisions of the by-laws should be closely followed by the board of directors.
- Comment: The Bill.com account is used for electronic payments of the Organization and should be a clearing account that nets to zero after bills are paid. There is currently a balance in this account that management does not reconcile.
- Recommendation: The contents of this account should be reviewed and any necessary adjustments should be made.

Comment: The Massachusetts Form PC for the year ended June 30, 2023 has not been properly accepted and filed with Massachusetts Attorney General's office.

Recommendation: This process should be completed as soon as possible.

Comment: We did not receive a gift certificate report as of year-end to verify the balance on the books.

Recommendation: As this report is time sensitive, it should be generated monthly, at the end of each month and maintained on file to support the balance in the general ledger.

Comment: Over the last few years, the Organization has experienced significant growth, financial reporting duties previously outsourced have been brought in house and improvements have been made to the internal processing procedures. We did however, note several adjustments during the course of the audit which ideally should be made internally.

Recommendation: The Organization has hired additional personnel to be involved in the accounting function. We suggest continuing to train the new personnel and push routine work down to allow the CFO to have more of an oversight role to review account balances, reconciliations and improve the financial reporting.

Comment: In our testing of twenty-five cash receipt transactions, we noted that cash received from popcorn wagon sales from July 2023 was held in the safe and used to open a new bank account in March 2024.

Recommendation: All cash receipts should be deposited into the Organization's bank account in a timely manner.

Comment: For twenty-five payroll transactions selected for testing, one file had a pay rate authorization that was not signed.

Recommendation: All required forms should be maintained for all employees and all employee files should contain signed pay rate authorization forms to support the rate of pay for the employee.

Other Matters

This information is intended solely for the use of the Board of Directors and Management of Goodwill Industries of the Berkshires and Southern Vermont, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Lombardi, Clairmont & Keegan