



March 31, 2020

RSM US LLP  
1250 H Street NW., Suite 600  
Washington, DC 20005

This representation letter is provided in connection with your audits of the financial statements of the Softwood Lumber Board (SLB), which comprise the statements of financial position as of December 31, 2019, and 2018, the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 31, 2020:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 4, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. There are no known actual or possible litigation or claims against SLB.

8. The selection and application of accounting policies are appropriate. We further represent the following are properly recorded and/or disclosed in the financial statements.
  - a. Our tax status, which is a commodity board subject to oversight by the U.S. Department of Agriculture (USDA). In this regard, we have evaluated the tax position under the two-step approach for recognition and measurement of uncertain tax positions required by the Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.
  - b. Board designated net assets.
  - c. Our discussion with USDA and determination that the standards issued by FASB are most applicable for the users of our financial statements.
9. We have no knowledge of any uncorrected misstatements in the financial statements.
10. We have completed the process of adopting Financial Accounting Standards Board Accounting Standards Update 2014 -09, Revenue from Contracts with Customers (Topic 606). There were no material changes in the timing of recognition of revenue and therefore no material impact to the statement of financial position or the statement of activities upon adoption. Additional disclosures have been added to the financial statements.

### **Information Provided**

11. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Additional information that you have requested from us for the purpose of the audits;
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.

13. It is our responsibility to establish and maintain internal controls over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risk of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
14. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting SLB's financial statements received in communications from employees, former employees, regulators or other, other than the matter noted below in Exhibit A:

Exhibit A: During the year ended December 31, 2019, SLB was subject to a cyberattack that led to a wire sent to satisfy a fraudulent invoice. The wire was detected and corrected by SLB's controls. The funds were 100% returned to SLB and never made it into the account of the attacker.

16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
17. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the SLB's ability to record, process, summarize and report financial data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

### **Supplementary Information**

21. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. The following are underlying significant assumptions or interpretations regarding the measurement or presentation of such information:
  - e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

### **Compliance Considerations**

In connections with your audit conducted in accordance with Government Auditing Standards, we confirm that management:

22. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
23. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
24. Has not identified any instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, or any other instances that warrant the attention of those charged with governance, other than the matter noted above as Exhibit A.
25. Has not identified any instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.

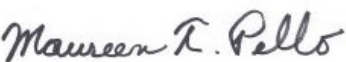
26. Has not identified any instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
27. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
28. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
29. Has a process to track the status of audit findings and recommendations.
30. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
31. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.
32. We make the following representations related to your additional compliance report to the Promotion and Economics Division of the Agricultural Marketing Service of the USDA by letter dated March 31, 2020:
  - a. We have complied with laws and regulations and USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs applicable to the Softwood Lumber Board.
  - b. We have complied with the Softwood Lumber Research, Promotion, Consumer Education and Industry Information Order of the Agricultural Marketing Services (AMS) of the USDA relating to the use of assessment funds for the purpose of influencing legislation or governmental policy or action.
  - c. We have not expended assessment funds for purposes other than those authorized by the Commodity Promotion, Research and Information Act of 1996 and the Softwood Lumber Research, Promotion, Consumer Education and Industry Information Order.
  - d. We have not expended or obliged assessment funds on any projects prior to the fiscal year in which those funds were authorized to be expended by SLB's approval Budget and Marketing Plan.

- e. We have adhered to the original or amended Budget and Marketing Plan approved by USDA for the year ending December 31, 2019.
- f. We obtained a written contract or agreement with any person or entity providing goods or services to the SLB.
- g. We complied with USDA-AMS Directive 2210.2, relating to the limitations on the types of investments that may be purchased for SLB and the insurance or collateral that must be obtained for all SLB deposits and investments.
- h. We complied with disclosure requirements for lease commitments.
- i. We complied with standards established relating to contracts and USDA approval letters (if necessary).
- j. We complied with By-Laws of the SLB or any other policy of the SLB, specifically as they relate to all financial matters, including time and attendance, and travel.

Sincerely,

Softwood Lumber Board

  
Cees de Jager  
President & CEO

  
Maureen Pello  
VP of Operations