

AUDIT-RELATED COMMUNICATIONS

To the Members
Western Great Lakes Pilots Association, LLC and Affiliates

We have audited the consolidated financial statements of Western Great Lakes Pilots Association, LLC and Affiliates (the "Association") for the year ended December 31, 2023, and have issued our report thereon dated March 21, 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 February 8, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Internal Controls

In planning and performing our audit of the consolidated financial statements of the Association as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 Association's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Association's internal control to be *material weaknesses*:

Segregation of Duties

We remind you that an inherent weakness in your system of internal control exists because the limited size of your staff does not permit an adequate segregation of duties. Without an adequate segregation of duties, there is an increased risk that errors or fraud could occur and not be detected. The Officers of the Association may wish to increase their financial oversight involvement due to the inherent lack of segregation of duties. Examples of oversight would be to have the President review bank statements for unusual activity.

We can provide consulting services to help you identify your greatest risk exposures and design procedures to reduce those risks to the extent reasonably possible.

Preparation of Financial Statements

The preparation of consolidated financial statements is the responsibility of Association management and requires internal controls over both (1) recording, processing and summarizing financial data (i.e., maintaining internal books and records) and (2) reporting this financial data in the form of consolidated financial statements, including all related note disclosures (i.e., external financial reporting). The Association has historically relied on their independent external auditors to assist with the preparation of the consolidated financial statements and related note disclosures as part of its external financial reporting process. Accordingly, the Association's ability to adjust its books and records and prepare consolidated financial statements is based, in part, on its reliance on its external auditors who cannot, by definition, be considered a part of the Association's internal controls.

The following additional matters are not considered to be material weaknesses or significant deficiencies in internal control, but are opportunities to strengthen internal controls, reporting and operating efficiency:

Review of Bank Reconciliations

We noted during our audit and through discussions with management that there is not a formal process to review and approve bank reconciliations. We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by another individual who is not responsible for performing the bank reconciliations.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note A to the consolidated financial statements. The Association adopted the provisions of FASB ASC 326, *Financial Instruments - Credit Losses*, for the year ended December 31, 2023, which provides financial statement users with information about exposure to credit risk and the measurement of credit losses. The application of existing policies was not changed in the year. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated 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 consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, none of management's estimates are considered to be particularly sensitive.

The consolidated financial statement disclosures are neutral, consistent and clear. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to consolidated financial statement users. The most sensitive disclosures affecting the consolidated financial statements were:

- The concentrations disclosure in Note C.
- The disclosure of restricted cash for the working capital fund in Note D.
- The Canadian Interassociation settlement disclosure in Note F.

No 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate to the consolidated financial statements taken as a whole.

Corrected Adjustments

- To adjust the Canadian Settlement liability to actual for \$13,681.
- To adjust accrued employee 401(k) to actual for \$7,795.
- To adjust revenue and receivable to actual for \$59,608.
- To accrue additional retirement plan contributions of \$266,875.
- To accrue profit sharing plan contributions of \$696,000.
- To adjust accounts payable to actual for \$80,244 with \$68,279 related to proper cutoff and \$11,965 related to old items no longer due.
- To adjust fixed assets, accumulated depreciation, and depreciation expense to actual for \$89,827, \$82,271 and \$2,252, respectively.
- To record intercompany management fee income and expense for \$250,000.
- To record the sale of inventory for \$29,380.

No Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated 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 March 21, 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 Association's consolidated 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 Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Members and management of Western Great Lakes Pilots Association, LLC and Affiliates, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Dennis, Gartland & Niergarth

March 21, 2024