



March 22, 2019

RSM US LLP
1250 H Street N.W., Suite 600
Washington, D.C., 20005

This representation letter is provided in connection with your audits of the financial statements of Softwood Lumber Board (SLB), which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities, and cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2018, 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 22, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 29, 2018, 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. There are no events subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.
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 United States Department of Agriculture (USDA). In that 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.

1800 Blankenship Road, Suite 200
West Linn, OR 97068
971-339-4934



- 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.

Information Provided

10. 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.
11. All transactions have been recorded in the accounting records and are reflected in the financial statements.
12. 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 risks 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
13. 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.
14. 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 others.
15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. 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.



16. 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.
17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect SLB's ability to record, process, summarize and report financial data.
18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. 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

20. 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. There are no 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 connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

21. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
22. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
23. Has not 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, no any other instances that warrant the attention of those charged with governance.



24. 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.
25. 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.
26. 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.
27. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
28. Has a process to track the status of audit findings and recommendations.
29. Has not provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, as there are none to report.
30. 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.
31. We make the following representations related to your additional compliance report to Promotion and Economics Division of the Agricultural Marketing Services of the U.S. Department of Agriculture by letter dated March 22, 2019:
 - a. We have complied with laws and regulations and USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs applicable to 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 U.S. Department of Agriculture (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 obligated assessment funds on any projects prior to the fiscal year in which those funds were authorized to be expended by Softwood Lumber Board'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 ended December 31, 2018.
 - f. We obtained a written contract or agreement with any person or entity providing goods or services to Softwood Lumber Board.



- g. We complied with USDA-AMS Directive 2210.2, relating to the limitations on the types of investments that may be purchased by Softwood Lumber Board and the insurance or collateral that must be obtained for all Softwood Lumber Board 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 the By-Laws of Softwood Lumber Board or any other policy of Softwood Lumber Board, specifically as they relate to all financial matters, including time and attendance, and travel.

Sincerely,

Softwood Lumber Board



Cees De Jager
Chief Executive Officer