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# ***Care for the Homeless and Affiliate***

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Report to the  
Audit Committee

*June 17, 2016*





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**Audit Committee  
Care for the Homeless and Affiliate**

We are pleased to present the results of our audit of the financial statements of Care for the Homeless and Affiliate for the year ended December 31, 2015.

This report to the Audit Committee summarizes our audit and the scope of our engagement. The document also reviews the communications required by our professional standards.

This report is intended solely for the information and use of the Audit Committee and management, and should not be used for any other purpose.

We appreciate this opportunity to meet with you.

Very truly yours,

  
Loeb & Troper LLP

Our audit plan represented an approach responsive to the assessment of risk for Care for the Homeless and Affiliate. Specifically, we designed our audit to:

- Issue an opinion on the financial statements of Care for the Homeless and Affiliate.
- Issue a management letter to management and the Audit Committee.

In addition, our audit engagement included:

- Auditing or reporting on Care for the Homeless' compliance and internal control over compliance in accordance with *Government Auditing Standards* and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
- Audit of the required exhibits of the Ambulatory Health Care Facilities (AHCF-1) cost report.

In addition, our audit engagement included the following non-attest services:

- Assisting in the preparation of the financial statements.
- Preparing the Federal Form 990 and the New York State Form 500.

We developed the overall scope of the nature, timing and extent of testing procedures with a focus on Care for the Homeless and Affiliate's most significant audit areas including:

<b>Area</b>	<b>Scope</b>	<b>General Procedures</b>	<b>Audit Results</b>
Cash and Cash Equivalents	Valuation of cash and cash equivalents at market value and recording of interest income.	Verify market values and review of confirmations. Verify transfers between accounts and document cash transactions.	At December 31, 2015, our procedures to verify values and our testing done for transfers and transactions enabled us to conclude that cash and cash equivalents were fairly stated with respect to the financial statements taken as a whole.
Revenues/Accounts Receivable	Recognition of revenue and estimation of uncollectible accounts receivable.	Review of areas of growth or change. Perform tests to determine that items are currently billed. Review of aged accounts receivable with management for collectibility.	At December 31, 2015, our judgment was that revenues and accounts receivable, as valued by management, were within our range of estimation and, therefore, were fairly stated with respect to the financial statements taken as a whole.
Accounts Payable, Accrued Payroll and Related Liabilities	Valuation of liabilities and use of proper cut-off dates.	Review aged payable listing and test sample of items to determine that they are properly accrued.	At December 31, 2015, accounts payable and related liabilities were fairly stated with respect to the financial statements taken as a whole.
Expenses	Recognition of expenses.	Perform testing of disbursements to determine that they were properly authorized and charged to the program benefited.	At December 31, 2015, our judgment was that expenses were properly recorded in respect to the financial statements taken as whole.
Fixed Assets and Leasehold Improvements	Valuation of capitalization and depreciation policies.	Review of acquisitions and depreciation expense.	At December 31, 2015, our judgment was that the net book value of fixed assets was fairly stated by management in respect to the financial statements taken as whole.
Loans Payable	Valuation of debt and recording of interest expense.	Review of amortization schedules and confirm outstanding debt with the lending institutions.	At December 31, 2015, our judgment was that the obligations were fairly stated by management and all covenants were complied with in respect to the financial statements taken as whole.

Professional standards require the auditor to provide the Audit Committee with additional information regarding the scope and results of the audit that may assist the Committee in overseeing management’s financial reporting and disclosure processes. Below we summarize these required communications.

<b>Area</b>	<b>Comments</b>
<p><b>Auditor’s Responsibilities under Generally Accepted Auditing Standards (GAAS)</b></p> <p>The financial statements are the responsibility of management. Our audit was designed in accordance with GAAS, which provides for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. As a part of our audit, we obtained an understanding of internal controls sufficient to plan our audit and to determine the nature, timing and extent of testing performed.</p>	<p>We have drafted an unmodified opinion on Care for the Homeless and Affiliate’s financial statements for the year ended December 31, 2015.</p>
<p><b>Auditor’s Responsibilities for Reporting on Internal Controls and Compliance with Laws and Regulations</b></p>	<p>We have written a management letter setting forth our comments.</p>
<p><b>Nature of Any Additional Testing of Internal Controls and Compliance with Laws and Regulations</b></p>	<p>An audit in accordance with Government Auditing Standards and Uniform Guidance will be conducted.</p>
<p><b>Significant Accounting Policies</b></p> <p>Initial selections of and changes in significant accounting policies or their application and new accounting and reporting standards during the year must be reported.</p>	<p>None.</p>
<p><b>Auditor’s Judgments About the Quality of Care for the Homeless and Affiliate’s Accounting Principles</b></p> <p>The auditor’s judgments about the quality, not just the acceptability, of Care for the Homeless and Affiliate’s accounting principles as applied in their financial reporting are required to be communicated to the Audit Committee. Ultimately, the responsibility for establishing Care for the Homeless and Affiliate’s accounting principles rests with management. Our comments include the following:</p>	<p>We have provided comments on the quality of Care for the Homeless and Affiliate’s accounting principles as follows:</p>
<p>Consistency</p>	<p>Management consistently applied accounting principles generally accepted in the United States in 2015.</p>

Area	Comments
Clarity and Completeness of Financial Statements and Related Disclosure	Management adheres to the Audit and Accounting Guide for Not-for-Profit Organizations for financial statement presentation. We believe the 2015 financial statements are clear and complete.
Unusual Transactions	During 2015, there were no unusual transactions.
Representational Faithfulness	Management makes certain representations as to the auditor's access to books and records. We have not encountered a situation whereby we would question management's representations to us. Likewise, estimates and representations used in the financial statements have not resulted in restatements due to errors, omissions or misrepresentations.
Verifiability	Amounts recorded in the financial statements are, when material to our overall audit scope, verified via supporting analysis, documentation and/or confirmation.
Neutrality of Accounting Information	Objective discussions with management surrounding judgmental areas are consistent throughout the year. Policy, protocol and estimation processes generally are not changed based on operating results, although attention is given to the impact of unusual or nonrecurring transactions.
<b>Management Judgments and Accounting Estimates</b>	
The preparation of financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.	<p>Area of significant estimation:</p> <ul style="list-style-type: none"> <li data-bbox="906 1157 1284 1184">• Accounts receivable allowances</li> </ul> <p>Management's judgment and estimates that related to these accounts appear reasonable, within acceptable ranges of estimation, given the subjectivity of these accounts.</p>
<b>Significant Audit Adjustments</b>	There were several adjustments that had an impact on the change in net assets. These were either proposed by management or through consultations between Loeb & Troper LLP and management. There were no unrecorded audit differences.
<b>Other Information in Documents Containing Audited Financial Statements</b>	None.
<b>Disagreements with Management on Financial Accounting and Reporting Matters</b>	During the course of the 2015 audit, there were no disagreements with management.
<b>Major Issues Discussed with Management Prior to Retention</b>	There were no major accounting issues discussed prior to our retention.
<b>Consultations with Other Accountants</b>	We have not been made aware of any consultations with other accountants.

<b>Area</b>	<b>Comments</b>
<b>Serious Difficulties Encountered in Performing the Audit</b>	There were no significant difficulties encountered in performing the audit.
<b>Material Errors, Fraud and Illegal Acts</b>	We are not aware of any material errors, fraud or possible material illegal acts.
<b>Material Weaknesses in Internal Controls</b>	We are not aware of any material weakness in internal controls.
<b>Independence</b>	We confirm that we are independent of Care for the Homeless and Affiliate.