

PORT CHESTER CARVER CENTER, INC.

Report to the Audit Committee

September 11, 2017

PORT CHESTER CARVER CENTER, INC.

Year Ended

June 30, 2017

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Section I

Status of Services to be Performed As of September 11, 2017

<u>Year Ended June 30, 2017</u>	<u>Status</u>
<ul style="list-style-type: none">• Audit of Financial Statements	In Draft
<ul style="list-style-type: none">• Letter of comments and recommendations	In Draft
<ul style="list-style-type: none">• Preparation of tax returns	<ul style="list-style-type: none">• In progress to be completed by November 15, 2017. Awaiting completed Form 990 Organizer.• The Form 990 Organizer is needed by September 15, 2017 to ensure filing of 990 without extension.

Section II

Required Communications

Professional standards require that we communicate certain matters with respect to the Port Chester Carver Center, Inc. (the "Center") to the Audit Committee.

Presented below is a brief explanation of each of the more significant communication requirements and our commentary as it relates to the Center. This information is intended to assist you in carrying out your responsibilities as members of the Audit Committee. We will be pleased to discuss any of the items below or any other matters, which you may feel appropriate.

<u>Items to be Communicated</u>	<u>Commentary</u>
External Financial Statements	We prepared the draft of the external financial statements.
The Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America	<p>Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. The audit was designed and conducted to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement.</p> <p>We are responsible for forming and expressing an opinion about whether the financial statements are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States.</p> <p>An audit does not relieve management, or those charged with governance, of their responsibilities, including overseeing the financial reporting process.</p>
Significant Accounting Policies and Unusual Transactions	The significant accounting policies are described in note 2 to the financial statements. There were no changes in accounting policies or unusual transactions noted during our audit.
Management Judgments and Accounting Estimates	Management's process in this regard appeared appropriate.

Required Communications (continued)

<u>Items to be Communicated</u>	<u>Commentary</u>
Significant Audit Adjustments	There was one significant audit adjustment to accrue a management bonus. This adjustment decreased net assets by \$25,000.
Unadjusted Differences	There were none.
Disagreements with Management	There were no such disagreements
Difficulties Encountered in Performing the Audit	We received full cooperation from management and were provided all the documents requested.
Deficiencies in the Design or the Operation of Internal Control	There were no material weaknesses in internal control noted during our audit. We did note other issues related to internal control which are included in our letter of comments and recommendations dated September 6, 2017.
Instances of Fraud	While our overall audit was not designed to detect fraud, based on the procedures that we performed, nothing came to our attention that would indicate a material fraud was present during the year ended June 30, 2017.
Related Party Transactions	Based on the audit procedures we performed, there were no related party transactions noted.
Auditor's Independence	With respect to the Center, we are independent auditors as required by the Code of Professional Conduct of the American Institute of Certified Public Accountants. We are not aware of any matters that, in our professional judgement, would impair our independence.

Section III

Summary of Audit Results

We have completed our audit of the Center's financial statements as of and for the year ended June 30, 2017. Our audit was performed in accordance with auditing standards generally accepted in the United States of America.

During the course of our work, we were given complete access to all records, documents and other supporting data and were furnished with all required information and explanations. We received the full assistance and cooperation of the Center's personnel.

We completed our audit in accordance with the scope initially planned, which included a combination of analytical review procedures, compliance testing of internal controls, and substantive testing (e.g., testing of balances).

Overall Conclusion – “Unmodified” Opinion

We are prepared to issue an “unmodified” opinion on the financial statements.

Section IV

Other Items for Discussion

Accounting updates

- Accounting Standards Update – Going Concern
 - Effective for annual periods ending after December 15, 2016 (June 30, 2017)
 - Establishes management’s responsibility to evaluate the entity’s ability to continue as a going concern
 - Establishes period to be evaluated by management as one-year from the date the financial statements are issued (or available to be issued)

- Accounting Standards Update – Presentation of Financial Statements of Not-for-Profit Entities
 - Effective for fiscal years beginning after December 15, 2017 (June 30, 2019)
 - Net asset classification
 - Liquidity disclosures
 - Methods used to allocate costs among program and supporting functions
 - Disclosure of expenses by function and nature
 - Netting of investment expenses against investment return
 - Statement of Cash Flow – indirect method reconciliation is no longer required to be included with direct method statement of cash flow

- Accounting for Leases – Final Standard
 - Effective for Fiscal Years Beginning after December 15, 2019 (June 30, 2021) – the New Standard will require lease obligations to be reflected on the statement of financial position (asset and liability).