

DRAFT

September 6, 2017

Mr. Richard Lawrence
Chair of Audit Committee
Port Chester Carver Center, Inc.
400 Westchester Avenue
Port Chester, NY 10573

Dear Mr. Lawrence:

In planning and performing our audit of the financial statements of Port Chester Carver Center, Inc. (the "Center") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A control deficiency 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all control deficiencies that might be significant deficiencies or material weaknesses.

Although our consideration would not necessarily disclose all matters that concern the internal control, we submit, for your consideration, certain comments and recommendations, which we believe are opportunities for strengthening the internal control.

This report is intended solely for the information and use of management of the Center and is not intended to be used and should not be used by anyone other than these specified people.

DRAFT

We wish to express our appreciation for the cooperation and courtesies extended to our representatives during the audit. We would be pleased to discuss our comments with you further, should you so desire.

Very truly yours,

cc: Ms. Maureen Gomez, President
Mr. Robert Kost, Treasurer
Mr. John Condon, Jr., Audit Committee Member
Mr. Joseph P. Kwasniewski, Executive Director

Cash

Internal control is most effective when the bank reconciliations are prepared by someone not responsible for entries in the receipts and disbursements records. Because this is difficult to achieve with the limited number of office employees, we suggest that an officer of the Center periodically review the bank reconciliations and question any unusual reconciling items. In addition, we again recommend that an officer periodically review monthly bank statements and the accompanying canceled checks, electronic fund transfers (EFTs) and question any unusual transactions.

DRAFT

Accounts payable and purchasing

We were informed that the Chief Operating Officer reviews the expenditures made with the Center's corporate credit cards. We recommend that a non-compensated officer periodically review the credit card statements and supporting documentation and initial the statement as positive documentation of this procedure.

Payroll

Due to recent changes in labor laws and regulations, we again recommend that the Center review its current employment practices with labor counsel to ensure compliance with all applicable wage and hour laws and regulations.

General

1. The allocation of expenses between programs, management and general and fundraising is not being done during the year. To prepare a more meaningful analysis of the Center's operations, as well as to monitor the ratio of program, fundraising and management and general expenses to total expenses, we again recommend that all allocations be made on a monthly basis or, if that is not feasible, at least quarterly. We again recommend that the Center establish written procedures for estimating the allocation of expenses and that such allocations be reviewed periodically by management and revised as necessary.
2. In order to adequately safeguard all computer-processed data, we again recommend that the Center establish a written disaster recovery plan related to such information. This plan would incorporate procedures for backing up all computer-processed data, appropriate storage procedures for such backup as well as an appropriate schedule for maintaining backup copies of computer data off-premises. This plan should be incorporated into the accounting and internal control procedures manual.
3. The Center utilizes a third-party service organization (the "service organization") for its payroll processing. We again recommend that the Center review the service organization's internal control reporting (commonly referred to as SOC 1 or SSAE 16 reports). This report allows the Center to assess and address the risks associated with the outsourced service.

Cyber-crime

DRAFT

We again recommend the Center consider a network vulnerability assessment to ensure its security from data breach. The study is comprehensive in nature and touches on areas such as antivirus software and firewall programs and keeping these software programs up-to-date, educating employees how to stay safe while using the Center's computer network, making sure employees aren't accessing inappropriate or unauthorized websites, implementing formal software security policies (password protections) and action plans in the event of a data breach.