



Certified Public Accountants  
Since 1913

**Douglas WILSON**  
and Company, PC

Gerard K. Schmitz, CPA  
Myra L. Bakke, CPA  
Melissa H. Soldano, CPA  
Katherine A. Durbin, CPA

April 23, 2024

Board of Trustees  
Florence Crittenton Home and Services  
Florence Crittenton Home and Services Foundation  
Helena, Montana

We have audited the consolidated financial statements of Florence Crittenton Home and Services (the "Home") Florence Crittenton Home and Services Foundation (the "Foundation") as of and for the years ended June 30, 2023, and have issued our report thereon dated April 23, 2024. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our revised engagement letter dated December 7, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Home and Foundation solely for the purpose of determining our procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies and material weaknesses over financial reporting and material noncompliance, and other matters noted during our audit in the Communication of Internal Control and Related Matters section of this letter.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

We have identified the following significant risks: The risk of improper revenue recognition and the risk of management override of controls.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Home and Foundation is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the entity changed its method of accounting for leases by adopting ASU 2016-02, *Leases* (Topic 842). The entity also adopted ASU 2020-10, *Codification Improvements* and ASU 2020-07, *Not-for-Profit Entities* (Topic 958) during the year. The implementation of these standards did not affect net assets previously reported.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of depreciation of property and equipment, which is based on the estimated useful life of the asset. We evaluated the key factors and assumptions used to develop the estimate in determining the reasonableness of the estimate in relation to the financial statements taken as a whole.
- Management's estimate of the fair market value of investments, which is based on market values as reported by third party investment professionals. We evaluated the key factors and assumptions used to develop the estimate of the fair market value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

### **Significant Unusual Transactions**

For purposes of the communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We did not identify any significant unusual transactions during our audit.

### **Significant Difficulties Encountered during the Audit**

We received the full cooperation of management and believe that we were given direct and unrestricted access to Florence Crittenton's books and records. However, we encountered significant difficulties in performing and completing the audit process within the originally scheduled time frame due to the discovery of the need for a Single Audit. This required a revised engagement letter and additional staffing needs.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements to prior periods on the relevant classes of transactions, account balances, or disclosure, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Home and Foundation's financial statements or the auditor's report. Management does not agree with finding #2023-002 included in the audit report. Management's response to the finding explains reasons for their disagreement.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No circumstances affected the form and content of our auditor's report.

### **Representations Requested from Management**

We have requested certain written representations from management that are included in the attached letter dated April 23, 2024.

### **Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Communication of Internal Control and Related Matters**

In planning and performing our audit of the consolidated financial statements of the Home and Foundation as of and for the years ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Home and Foundation's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Home and Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting 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 described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Home and Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating

and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Home and Foundation's auditors.

#### *Other Findings*

- During our testing of fixed assets, we noted that the retainage payable as of June 30, 2023 of \$3,704 was not included in the books as a liability. The amount unaccounted for was trivial, so no adjustment was proposed for the June 30, 2023 audited financial statements. Retainage should be included as a liability in the financial statements, as it represents work that has been completed. We recommend that going forward, the retainage amount be accounted for and included in liabilities, as it is likely to grow to a more material amount as construction progresses.
- As a part of our audit procedures, we tested 26 cash disbursements for proper supporting documentation and accounting treatment. One of the cash disbursements tested was for \$463.54 spent at Walmart. Two receipts from Walmart were provided for this disbursement that added up to \$466.46, so it appears that an incorrect receipt was attached to this disbursement. Management searched records for the correct receipt, but could not locate it. We recommend that all receipts be checked for accuracy prior to attaching them to the applicable cash disbursement.
- During the course of the audit, four reclassifying entries were needed to correct the following items:
  - Correct the classification of grant receivable vs. patients receivable
  - Correct the classification of the donations from the Washington Foundation
  - Correct the classification of certain Medicaid funding
  - Correct the classification of investment activity

The above items were corrected, as shown in the attached schedule of audit adjustments, and the financial statements reflect these corrections. We recommend that all revenue and expense accounts for the Home and Foundation be reviewed for proper classification prior to the start of the annual audit.

- During the course of reviewing grants receivable as of June 30, 2023, we noted the following:
  - Included in grants receivable as of June 30, 2023 was \$16,272.13 in unspent grant funds that were received on November 15, 2022.
  - Grants receivable did not include \$10,852.03 in VOCA funds that were expended in June of 2023 and receivable as of June 30, 2023.

The above items were corrected, as shown in the attached schedule of audit adjustments, and the financial statements reflect these corrections. We recommend that grants receivable be reviewed for accuracy and completeness prior to the start of the annual audit.

- During the audit we reviewed quarterly expense reports submitted to the state detailing how funds for the stabilization grants were allocated (used and/or spent). We noted that the quarterly reported amounts for three quarters tested in each of the grants could not be agreed back to the QuickBooks Online accounting records. See the table below for the variances identified. We recommend that supporting documentation for all reported grant expenditures be retained and filed in an orderly manner in order to substantiate costs reported as used or spent for grant programs.

<u>Quarter</u>	<u>Stabilization Grant PV107864 Reported Expenses</u>	<u>Amounts from Accounting Records</u>	<u>Difference</u>	<u>Stabilization Grant PV75494 Reported Expenses</u>	<u>Amounts from Accounting Records</u>	<u>Difference</u>
July - September 2022	\$ 79,189	\$ 79,727	\$ (538)	\$ 52,277	\$ 53,124	\$ (847)
October - December 2022	\$ 110,204	\$ 114,552	\$ (4,348)	\$ 60,546	\$ 60,950	\$ (404)
January - March 2023	\$ 83,605	\$ 108,714	\$ (25,109)	\$ 47,638	\$ 68,113	\$ (20,475)

#### *Recent Accounting Pronouncements*

- ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which is effective for fiscal years beginning after December 15, 2022. This ASU changes the allowance for credit losses accounting model by requiring recognition of management’s estimates of current expected credit losses (CECL). The new model is applicable to all financial instruments thereby bringing consistency in accounting treatment across different types of financial instruments and requiring consideration of a broader range of variables when forming loss estimates. This standard broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. A CECL analysis must reflect the nature of the credit portfolio and the economic environment, as they exist at the specific reporting date. Although measurement under the new methodology is based on relevant information about past events, including historical experience, now management also must consider current conditions and a broader range of reasonable and supportable information to make credit loss estimates for certain financial assets.

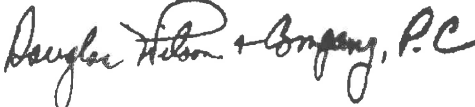
#### **Other Matters**

With respect to the supplementary information accompanying the 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 financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Florence Crittenton Home and Services  
Florence Crittenton Home and Services Foundation  
April 23, 2024  
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This communication is intended solely for the information and use of the Board and management of Florence Crittenton Home and Services and Florence Crittenton Home and Services Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Douglas Wilson & Company, P.C." The signature is written in a cursive, flowing style.

DOUGLAS WILSON & COMPANY, P.C.

**Florence Crittenton Home & Florence Crittenton Foundation**  
**Schedule of Audit Adjustments for the year ended June 30, 2023**

<b>Home - Adjusting Journal Entry</b>			
Adjust duplicate income recorded for Childhood Innovation Grant			
4250	Agency Contracts:Other Agency Contracts	16,272.00	
1239	Account Receivables 2:Contracts Receivable:Other Contracts Receivable		16,272.00
<b>Total</b>		<b>16,272.00</b>	<b>16,272.00</b>
<b>Home - Adjusting Journal Entry</b>			
To record June 2023 VOCA invoice			
1239	Account Receivables 2:Contracts Receivable:Other Contracts Receivable	10,852.00	
4250	Agency Contracts:Other Agency Contracts		10,852.00
<b>Total</b>		<b>10,852.00</b>	<b>10,852.00</b>
<b>Home - Reclassifying Journal Entry</b>			
PBC ReClass adjustment for receivables - breakout grants and patient accounts receivable			
1210.01	Account Receivables 2:Medicaid contractual allowance	10,956.00	
1239	Account Receivables 2:Contracts Receivable:Other Contracts Receivable	52,242.00	
1210.2	Account Receivables 2:Medicaid Receivable		59,036.00
1210.6	Account Receivables 2:Preschool Receivable		4,162.00
<b>Total</b>		<b>63,198.00</b>	<b>63,198.00</b>
<b>Home - Reclassifying Journal Entry</b>			
Reclass Washington Foundation donation per client prepared entry in QBO			
4250	Agency Contracts:Other Agency Contracts	550,000.00	
5040	Contributions Revenue:Foundations		550,000.00
<b>Total</b>		<b>550,000.00</b>	<b>550,000.00</b>
<b>Home - Reclassifying Journal Entry</b>			
Reclass medicaid revenue from agency contracts			
4250	Agency Contracts:Other Agency Contracts	365,505.00	
4110	Program Revenues:Residential Service Fees:Medicaid		365,505.00
<b>Total</b>		<b>365,505.00</b>	<b>365,505.00</b>
<b>Home - Reclassifying Journal Entry</b>			
Reclass PINK fundraiser income and expense for GAAP purposes only - FC does not need to make this entry			
4900	Other Misc Income	195.00	
5010	Contributions Revenue:Civic Organizations and Clubs	5,000.00	
5020	Contributions Revenue:Corporate Giving	51,390.00	
5050	Contributions Revenue:Individual Giving	246,060.00	
5090	In-Kind Revenue	45,628.00	
9001	Pink Fundraiser - Direct Expense (GAAP Only)	147,207.00	
6611	Inkind Expense:IK-Operating Expenses		11,029.00
6614	Inkind Expense:IK-Banquet / Event Expense		34,599.00
8608	Operating Expense:Community Education/Awareness:Auction Items		26,266.00
8611	Operating Expense:Community Education/Awareness:Alcohol/Beverages		14,045.00
8630	Operating Expense:Community Education/Awareness:Facility Expenses		7,134.00
8631	Operating Expense:Community Education/Awareness:Facility Expenses:Decorations		12,453.00
8632	Operating Expense:Community Education/Awareness:Facility Expenses:Entertainment/Music/Lighting		14,455.00
8642	Operating Expense:Community Education/Awareness:Meetings / Meals		24,837.00
8643	Operating Expense:Community Education/Awareness:Volunteer Support		934.00
8690	Other Expenses:Fundraising Expense:Paint the Town Pink Expenses		1,455.00
9000	Pink Fundraiser - Gross Income (GAAP Only)		348,273.00
<b>Total</b>		<b>495,480.00</b>	<b>495,480.00</b>
<b>Foundation - Reclassifying Journal Entry</b>			
Reclass income from investment accounts to actual			
5900	Realized Gain/Loss	5,724.00	
8700	Other Types of Income:Miscellaneous Revenue	25,995.00	
9999	Ask My Accountant	25,543.00	
5050	Individual Giving		51,070.00
5300	Investments:Dividend Income		5,133.00
5901	Unrealized Gains and Losses		1,059.00
<b>Total</b>		<b>57,262.00</b>	<b>57,262.00</b>





April 23, 2024

Douglas Wilson & Company, P.C.  
1000 1st Avenue South  
Great Falls, MT 59401

This representation letter is provided in connection with your audit of the financial statements of Florence Crittenton Home and Services (the "Home") Florence Crittenton Home and Services Foundation (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, consolidated cash flows, and consolidated functional expenses for the years then ended and the related notes to the consolidated financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Except where otherwise stated below, immaterial matters less than \$71,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 23, 2024.

### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the revised audit engagement letter dated December 7, 2023, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all proper classifications, required supplementary information, and note disclosure.
- 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- With respect to the preparation of the financial statements and related notes and assistance with the notes to the schedule of expenditures of federal awards performed by you, we have performed the following:

• Made all management decisions and performed all management functions,  
*where compassion meets action*

- Assigned a competent individual to oversee the services;
- Evaluated the adequacy of the services performed;
- Evaluated and accepted responsibility for the result of the service performed; and
- Established and maintained internal controls, including monitoring ongoing activities.
- Significant assumptions used by us in making accounting estimates are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are not aware of any pending or threatened litigation, claims, or assessments, unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB Accounting Standards Codification (ASC) 450, Contingencies, and we have not consulted with a lawyer concerning litigation, claims, or assessments.
- With regard to items reported at fair value:
  - The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- All assets and liabilities under the entity's control are included in the financial statements.
- Net assets presented in the statement of financial position are appropriately classified, and reclassifications between net asset classes are appropriate.
- We have maintained the composition of the entity's assets in amounts needed to comply with all donor restrictions.
- The entity's disclosed tax-exempt status is accurate.
- The entity has disclosed all matters of taxation that are deemed to be reasonably uncertain including, but not limited to, aggressive tax elections, the status or results of IRS examinations, provisions for unpaid unrelated business income taxes and tax benefits to the extent that the entity believes that it is "more likely than not" that its tax positions will be sustained upon IRS examination.
- The basis used for allocation of functional expenses is reasonable.
- Internal controls over the receipt and recording of contributions are adequate.
- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.
- Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

- Guarantees, whether written or oral, under which the Home and Foundation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

#### **Information Provided**

- We have provided you with:
  - 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;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
  - Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of 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, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts, and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse, or waste that you have reported to us.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors (contractors), regulators, or others.

- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Home and Foundation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Home and Foundation is contingently liable.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on financial statement amounts.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification (ASC) 450, Contingencies.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- The Home and Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- The Florence Crittenton Home and Services is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Home and Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

### Single Audit

With respect to federal awards programs, we represent the following to you:

- We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

- We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
- We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- As part of your audit, you prepared the financial statements and related notes and assisted with the preparation of the notes to the schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and notes to the schedule of expenditures of federal awards.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any) and differentiated those awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
- When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other direct assistance.
- We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements, including the results of other audits or

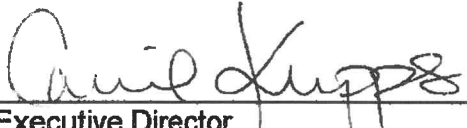
program reviews or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.

- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements of federal awards, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have made available to you all documentation related to the compliance with direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and the related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- The reporting package does not contain protected personally identifiable information.
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgement of the auditor's role in the preparation of this information.
- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

In addition:

- We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance have occurred subsequent to the period covered by the auditor's report.
- We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

FLORENCE CRITTENTON HOME AND SERVICES

  
Executive Director