
Transition House, Inc.

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

dwg, inc.

**1912 N. Drexel Blvd.
Oklahoma City, OK 73107**

**Phone: 405.949.0189
Fax: 405.949.1189**

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1912 N. Drexel Blvd.
Oklahoma City, OK 73107
Telephone (405) 949-0189
Facsimile (405) 949-1189
Email dwgcpa@swglobal.net
www.dwgcpa.com

dwg, inc. Certified Public Accountant and Consultant

INDEPENDENT AUDITOR'S REPORT

The Board of Directors,
Transition House, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of activities of Transition House, Inc. (a not-for-profit organization) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

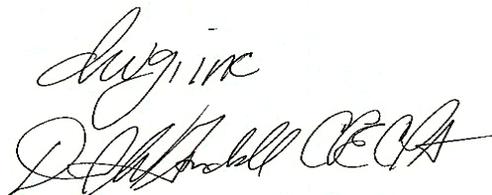
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transition House, Inc. as of June 30, 2016, and the changes in its net assets, its functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of Transition House, Inc. as a whole. The accompanying schedule of Federal and State Awards is presented for purposes of additional analysis as required by the Oklahoma Department of Mental Health and Substance Abuse Services and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016 on our consideration of Transition House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Transition House, Inc.'s internal control over financial reporting and compliance.

The image shows two handwritten signatures in black ink. The top signature is a cursive script that reads "dwg, inc.". The bottom signature is also in cursive and appears to be a name, possibly "D. M. ...", followed by "CECA".

dwg, inc.
November 10, 2016

Transition House, Inc.
STATEMENT OF FINANCIAL POSITION
As of June 30, 2016

ASSETS

Current Assets

Cash	\$	37,426
Grants Receivable		19,690
Prepaid Expense		3,595
Pledges Receivable		300
Total Current Assets		61,011

Fixed Assets

Vehicles		21,800
Furniture and Equipment		58,749
Accumulated Depreciation		(63,572)
Total Fixed Assets		16,977

TOTAL ASSETS	\$	77,988
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LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Accrued Liabilities	\$	7,057
Current Portion of Note Payable		1,515
Total Current Liabilities		8,572

Note Payable		7,421
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TOTAL LIABILITIES		15,993
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NET ASSETS

Unrestricted net assets		61,995
TOTAL NET ASSETS		61,995
TOTAL LIABILITIES AND NET ASSETS	\$	77,988

Transition House, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2016

REVENUES, GAINS AND OTHER SUPPORT

United Way of Norman	\$ 49,000
Oklahoma Department of Mental Health	215,270
Other Grants	20,835
Contributions	1,300
Fund Raising Events	21,550
Membership Dues	9,071
Client Fees	9,461
Interest Income	330
Other Revenue	3,615
Total Revenues, Gains and Other Support	330,432

EXPENSES

Program Services	269,810
Fund Raising Services	6,662
Supporting Services	56,627
Total Expenses	333,099

CHANGES IN NET ASSETS **(2,667)**

BEGINNING TEMPORARILY RESTRICTED NET ASSETS	6,835
BEGINNING UNRESTRICTED NET ASSETS	56,575
Increase (Decrease) in temporarily restricted net assets	1,252
ENDING TEMPORARILY RESTRICTED NET ASSETS	-
ENDING UNRESTRICTED NET ASSETS	55,160
ENDING TOTAL NET ASSETS	\$ 61,995

Transition House, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	2016 Supporting Services		2016 Program Services		Total Expense
	Administration and General	Fund Raising	Transitional Living	Community Outreach	
Salaries and wages	\$ 31,949	\$ 3,759	\$ 120,277	\$ 31,949	\$ 187,933
Payroll tax expense	2,830	333	10,654	2,830	16,647
Employee health insurance	4,795	564	18,052	4,795	28,206
Workers' compensation insurance	825	97	3,107	825	4,854
Legal and accounting	837	99	3,152	837	4,925
Office supplies	183	22	689	183	1,077
Telephone	516	61	1,942	516	3,034
Postage	42	5	159	42	249
Rent	7,217	849	27,168	7,217	42,450
Utilities	1,895	223	7,135	1,895	11,149
Household expenses	900	106	3,388	900	5,294
Equipment maintenance and repair	822	97	3,094	822	4,835
Property maintenance and repair	2	0	6	2	10
Staff development	416	49	1,567	416	2,448
Food	222	26	836	222	1,306
Client program supplies	336	40	1,267	336	1,979
Cable	188	22	708	188	1,107
Gasoline	62	7	234	62	365
Vehicle maintenance and repair	45	5	170	45	266
Vehicle insurance	291	34	1,094	291	1,710
Dues and subscriptions	22	3	83	22	130
General and professional liability insurance	147	17	554	147	866
Directors and officers liability insurance	524	62	1,974	524	3,084
Loan interest	37	4	140	37	218
Depreciation	1,523	179	5,732	1,523	8,957
Total	\$ 56,627	\$ 6,662	\$ 213,183	\$ 56,627	\$ 333,099

Transition House, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

Cash flows from current activities:

Cash received from United Way Allocation	\$ 49,000
Cash received from Oklahoma Department of Mental Health	223,630
Cash received from other grants	14,000
Cash received from fund raising activities and other	30,365
Cash received from contributions	1,300
Cash received from investments	330
Cash received from client fees	9,461
Cash received from membership dues	9,072
Payments for goods and services	(96,015)
Payments to employees	(232,789)
Interest paid	(218)
Net cash used by current activities	<u><u>8,136</u></u>

Cash flows from financing activities

Cash used for loan payments	(1,515)
Net cash provided by financing activities	<u><u>(1,515)</u></u>

Beginning cash	30,970
Ending cash	<u><u>\$ 37,591</u></u>

Reconciliation of change in net assets to net cash used by operations:

Change in net assets	\$ (2,667)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	8,957
Change in assets and liabilities:	
(Increase) decrease in receivables	13,560
(Increase) decrease in other assets - prepaid expense	2,301
Increase (decrease) in accrued liabilities	(14,015)
Net cash from current activities	<u><u>\$ 8,136</u></u>

Transition House, Inc.
Notes to the Financial Statements
June 30, 2016

Note 1 -- Summary of Significant Accounting Policies

General

This summary of significant accounting policies of The Transition House, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity.

History of the Organization

The Transition House, Inc. (the Organization) is a not-for-profit Oklahoma corporation, which has been granted tax-exempt status under Section 501(C)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

The mission of the Organization is to provide a transitional living program for adult mental health consumers. Transition House offers a support system for the individual moving from inpatient treatment to independent community living. The goals of Transition House are to assist those consumers in their return to the community as active, independent citizens and thereby reduce the rate of re-hospitalization. The Community Outreach Program expands this ongoing service to the entire community by providing to those mental health consumers not in the Transitional Living Program support and socialization, apart from the traditional clinical settings.

Basis of Accounting

The Organization's books are kept on a cash receipts and disbursements basis during the year. At year-end, the books are converted to the accrual basis.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958-205. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Transition House, Inc.
Notes to the Financial Statements
June 30, 2016

In addition, the Organization is required to present a statement of cash flows. The Organization has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could vary from those estimates.

Cash and Cash Equivalents

For purposes of preparing the statement of cash flows, cash includes an interest-bearing checking account.

Fixed Assets

Fixed assets or property and equipment are reported at cost. Donated property is recorded at its fair market value at the time of the donation. Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized. Upon disposition or retirement of equipment the cost and related accumulated depreciation is removed from the accounts and the gain or loss, if any, is credited or charged to operations.

For financial reporting purposes assets are depreciated by the straight-line method over various estimated useful lives as follows:

Computer Equipment	5 years
Equipment and furniture	7 years

During the year ended June 30, 2016, the Organization incurred \$8,957 in depreciation expense.

Contributions, Grants and Promises to Receive

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization has adopted ACS 958-605, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the grantor or donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily

Transition House, Inc.
Notes to the Financial Statements
June 30, 2016

restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund raising and special projects. No amounts have been reflected in the statements for these donated services because the criteria for recognition under ASC 958-605 have not been satisfied.

Compensated Absences

Employees of the Organization are entitled to paid vacations and medical leave, depending on job classification, length of service, and other factors. Accrued vacation, which is paid on termination, is accrued at year-end. The liability as of June 30, 2016 is \$7,047.

Income Taxes

Transition House, Inc. has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. No income tax is payable by the Organization at either the federal or state level unless the income is unrelated to its exempt purpose. The Organization had no unrelated business income during the fiscal year. The Organization is required to file annual informational returns with the Internal Revenue Service and the Oklahoma Tax Commission. The informational returns are filed after completion of the annual audit. The returns for the current year ended June 30, 2016 are due on November 15, 2016. They were extended and will be filed after completion of the audit. Tax returns for the years ended June 30, 2015, 2014 and 2013 are subject to review by the taxing authorities.

Note 2 – Grants and Contracts Receivable

A significant portion of the Organization's support is derived from a grant from the Oklahoma Department of Mental Health and Substance Abuse Services. This grant was approved in the amount of \$215,270 for the contract period July 1, 2015 through June 30, 2016, and is renewable annually.

Transition House, Inc.
Notes to the Financial Statements
June 30, 2016

Note 3 – Fixed Assets

A summary of the Organization's fixed asset activity is listed below:

	<u>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2016</u>
Vehicles	\$ 21,800	\$ -	\$ -	\$ 21,800
Furniture and equipment	58,749	-	-	58,749
Total fixed assets	80,549	-	-	80,549
Accumulated depreciation	(54,615)	(8,957)	-	(63,572)
Net Capital Assets	<u>\$ 25,934</u>	<u>\$ (8,957)</u>	<u>\$ -</u>	<u>\$ 16,977</u>

Note 4 – Fund Raising Events

Fund raising events were as follows:

June Bug Jam

Fundraising:

Revenue	\$ 23,446
Direct Expenses	<u>(1,896)</u>
Net Fund Raising	<u>\$ 21,550</u>

Note 5 – Note Payable

In November 2012, the Organization obtained a \$15,214 loan at an interest rate of 2% from a local bank to finance the purchase of a van. The balance of this note at June 30, 2016 was \$ 8,936. Payments of \$140 are due monthly until maturity in 2022. Interest expense of \$218 was recognized in 2015.

Future minimum payments on the bank note are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,515	\$ 164	\$ 1,679
2018	1,546	134	1,680
2019	1,555	125	1,680
2020	1,453	87	1,540
2021 - 2022	2,867	99	2,966
	<u>\$ 8,936</u>	<u>\$ 609</u>	<u>\$ 9,545</u>

Transition House, Inc.
Notes to the Financial Statements
June 30, 2016

Note 6 – Rent

The Organization leases its office space and a drop-in center on an annual basis, with an annual lease renewal agreement. Rent expenses for these facilities in 2016 were \$14,700. In addition, four residential units with a combined capacity for twelve people are leased for use by Transition House clients. Rent expenses associated with these units were \$27,600.

Note 7 –Employee Benefit Plan

The Organization sponsors a Section 403(b) salary reduction plan that covers all full-time employees who are at least 21 years old and have completed one year of service. Employees may contribute up to \$15,000. The Organization makes no contribution to the plan.

Note 8 – Functional Expenses

Expenses by function have been allocated among program and supporting services, administration and general and fund raising classifications on the basis of estimates made by the Organization's management.

Note 9 – Subsequent Events

Management performed an evaluation of the Organization's activity through the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through that date.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors
Transition House, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Transition House, Inc. (a nonprofit organization), which comprise the statement of financial position on as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 10, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Transition House, Inc.'s internal control over financial reporting to determine the 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 Transition House, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Transition House, Inc.'s internal control over financial reporting.

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, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

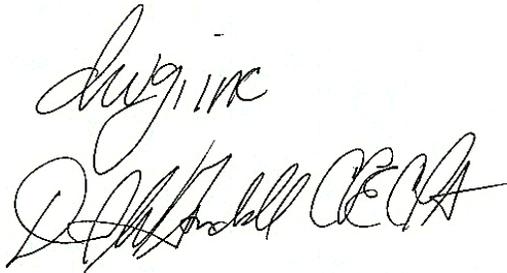
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Transition House, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Purpose of this Report

This report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows two handwritten signatures. The top signature is in cursive and reads "dwg, inc.". Below it is a larger, more complex cursive signature, likely of the CPA, which includes the letters "CPA" at the end.

dwg, inc.
November 10, 2016

Transition House Inc.
SCHEDULE OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2016

Grantor Department/Program Title	Federal CFDA Number	State or Pass-Through Contract Number	Contract Period	Contract Amount	2016 Support Recognized	Federal Award Expenditures	State Award Expenditures	Total Expenditures
Federal Grantor:								
U.S. Department of Health and Human Services Passed through the Oklahoma Department of Mental Health and Substance Abuse Services:	3B09SM010042	20026810A	07/01/2015 - 06/30/2016	\$ 116,077	\$ 116,077	\$ 116,077	\$ -	\$ 116,077
Community Mental Health Services Block Grant								
State Grantor:								
Oklahoma Department of Mental Health and Substance Abuse Services: Transitional Living Services		20026810A	07/01/2015 - 06/30/2016	99,193	99,193	-	99,193	99,193
Total Federal and State				<u>\$ 215,270</u>	<u>\$ 215,270</u>	<u>\$ 116,077</u>	<u>\$ 99,193</u>	<u>\$ 215,270</u>

Note 1:

Basis of Presentation:

The above schedule of federal and state awards is presented on the accrual basis of accounting.

dwg, inc. Certified Public Accountant and Consultant

November 18, 2016

Board of Directors
The Transition House, Inc.

To the Board of Directors:

We have audited the financial statements of The Transition House, Inc. (the Organization) as of and for the year ended June 30, 2016, and have issued our report thereon dated November 18, 2016. 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 engagement letter dated June 9, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America and, *Government Auditing Standards*. Our audit of the financial statements does not relieve you or management of your 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 Organization solely for the purpose of determining our audit 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.

.....

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.

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 Organization is included in Note One to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2015. 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 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 estimate affecting the financial statements is the depreciation schedule.

We evaluated the key factors and assumptions used to develop the depreciation schedule and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no significant sensitive financial statement disclosures in the financial statements for the year ended June 30, 2016.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely 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 related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were not any material uncorrected misstatements encountered during our audit of the financial statements that, in our judgement, could have a significant effect, either individually or in the aggregate, on the Organization's financial reporting process in the current and prior periods.

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 Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated [November 18, 2016](#).

Management's 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.

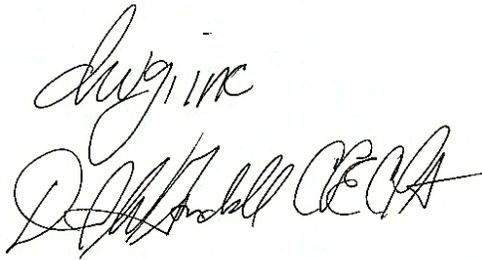
Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the Organization and operating 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 entity's auditors.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention

that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of management, the Board of Directors and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of David W. Gandall, CFE, CPA. The signature is written in black ink and consists of two lines. The first line is "dwg, inc" and the second line is "David W. Gandall CFE, CPA".

dwg, inc.
David W. Gandall, CFE, CPA
[November 18, 2016](#)