CPAs / ADVISORS

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Blue & Co., LLC / 2650 Eastpoint Parkway, Suite 300 / Louisville, KY 40223
main 502.992.3500 *fax* 502.992.3509 *email* blue@blueandco.com
blueandco.com

December 22, 2023

Board of Directors
Wesley House Community Services, Inc.
Louisville, Kentucky

Dear Board Members:

We have audited the financial statements of Wesley House Community Services, Inc.. ("the Organization") for the year ended June 30, 2022, and have issued our report thereon dated as of the date of this letter. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. As discussed in Note 8 to the financial statements, effective June 30, 2022, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based upon 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 significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the uncollectible pledges is based on historical collection rates, historical loss levels, and an analysis of the collectability of individual promises. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the functional expense allocation is based on estimates of how much time and effort is devoted to each of the programs, management and general, and fundraising efforts. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

We believe the disclosures in the financial statements are neutral, consistent and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes the corrected misstatements.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of the Organization as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control 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, and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the following deficiencies in the Organization's internal control to be material weaknesses:

Financial Reporting

We are required to give consideration to the Organization's ability to prepare financial statements and related note disclosures, as well as the oversight of the financial reporting process by those charged with governance. The Organization does not have in place controls that would assure the preparation of internal financial statements and related note disclosures in accordance with accounting principles generally accepted in the United States of America. Such preparation would require the ability to maintain appropriate technical knowledge, including the ability to research current and changing accounting standards as well as unique industry considerations.

As with many small entities, the Organization engages the auditors to draft the financial statements, to perform the necessary steps to ensure the disclosures are complete and record certain entries, such as depreciation of fixed assets and prepaid expenses. Once drafted, the financial statements are submitted to the Organization for review and approval. While this practice is common and practical, we must inform those charged with governance that this must be considered a material weakness in internal control since the financial statement preparation cannot be performed in-house.

Prior Year Restatement

During out testing of fixed assets, we noted that fixed assets per the prior year audit report did not agree to the detail listing of fixed assets due to an erroneous entry made by the prior auditor. In order to ensure accurate reporting of fixed assets, we recommend that the detail fixed asset listing be reconciled to the financial statements on a monthly basis.

This information is intended solely for the 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 those specified parties.

We appreciate this opportunity to be of service and extend our thanks to everyone at the Organization for their cooperation and assistance. We would be pleased to discuss any of the above matters with you at your convenience.

Very truly yours,

Blue & Co., LLC

Client: *145821 - Wesley House Community Services, Inc*
Engagement: *2022 AU - Wesley House Community Services, Inc.*
Period Ending: *6/30/2022*
Trial Balance: *3201 - TB1*
Workpaper: *3202 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**4603**		
To record current year depreciation				
62800	Depreciation		23,629.00	
17050	Accumulated Depreciation:Accum Depr - Building			23,629.00
Total			**23,629.00**	**23,629.00**
Adjusting Journal Entries JE # 2		**60003**		
To adjust net assets for PY audit adjustments not made				
11400	Grants Receivable		125,779.00	
31500	With Donor Restrictions		210,512.00	
15100	Buildings - Operating			40,479.00
15100	Buildings - Operating			2,260.00
19000	Land Improvements			3,946.00
32000	Without Donor Restrictions			264,828.00
44800	Indirect Public Support			771.00
62110	Contract Services:Professional Fees			1,329.00
63130	Supplies:Program Supplies			378.00
65120	Insurance			2,136.00
66010	Payroll Expenses:Salaries			19,664.00
68200	Facility Expenses:Utilities			500.00
Total			**336,291.00**	**336,291.00**
Adjusting Journal Entries JE # 3				
To reclass bank fee posted to SBA Loan payable				
27100	Notes, Mortgages, and Leases		450.00	
64000	Dues, Fees			450.00
Total			**450.00**	**450.00**
Adjusting Journal Entries JE # 4		**5502**		
To adjust SBA loan to amortization schedule				
69400	Interest Expense		3,843.00	
27100	Notes, Mortgages, and Leases			3,843.00
Total			**3,843.00**	**3,843.00**
Adjusting Journal Entries JE # 5				
To reclass AP				
24200	Accrued Expenses		3,672.00	
24100	Accounts Payable			3,672.00
Total			**3,672.00**	**3,672.00**
Adjusting Journal Entries JE # 6				
To reclass amounts posted to wrong account				
47220	Program Revenue:KY Food Program		3,375.00	
47210	Program Revenue:Head Start			3,375.00
Total			**3,375.00**	**3,375.00**
Adjusting Journal Entries JE # 7				
To record prior period adjustment for entry made by prior auditor in error				
15100	Buildings - Operating		40,479.00	
32000	Without Donor Restrictions			40,479.00
Total			**40,479.00**	**40,479.00**
Adjusting Journal Entries JE # 8		**4303**		
To adjust pledges receivable to schedule				
46000	Grants		100,758.00	
47210	Program Revenue:Head Start		32,640.00	
50200	Other Income - Non-Operating:Capital Campaign		50,000.00	
11400	Grants Receivable			183,398.00
Total			**183,398.00**	**183,398.00**
	Total Adjusting Journal Entries		**595,137.00**	**595,137.00**
	Total All Journal Entries		**595,137.00**	**595,137.00**