

June 26, 2019

To the Budget and Administrative Committee
of the National Association of Housing and
Redevelopment Officials and Affiliate

Professional standards require us to advise those charged with governance of the following matters relating to our recently completed audit of the National Association of Housing and Redevelopment Officials and Affiliate (collectively referred to as the Association) as of and for the year ended December 31, 2018. The matters discussed herein are those that we have noted as of June 26, 2019, and we have not updated our procedures regarding these matters since that date. This letter is solely for the internal use of the Budget and Administrative Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

ITEMS TO BE COMMUNICATED

The Auditors' Responsibility under Generally Accepted Auditing Standards in the United States of America. The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements that have been prepared by management with the oversight of those charged with governance are free from material misstatements, whether caused by error or fraud. An audit in accordance with generally accepted auditing standards (GAAS) provides reasonable, rather than absolute, assurance or guarantee of the accuracy of the consolidated financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require the auditor to obtain a sufficient understanding of the organization's internal controls to plan the audit for the purpose of determining the auditors' procedures and not to provide any assurance concerning such internal controls.

Planned Scope and Timing of the Audit. The auditor should communicate with those charged with governance an overview of the planned scope and timing of the audit.

AUDITORS' RESPONSE

Communicated in our engagement letter dated January 22, 2018, and our opinion on the consolidated financial statements. Our audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities.

A discussion was held with the Treasurer regarding the planned scope and timing of the audit, the intention of which was to assist those charged with governance in understanding better the consequences of our audit work on their oversight responsibilities along with assisting us in understanding the Association and its environment.

ITEMS TO BE COMMUNICATED

AUDITORS' RESPONSE

Qualitative Aspects of Significant Accounting Practices. Management is responsible for the selection and use of appropriate accounting policies. The auditor should advise those charged with governance about the appropriateness of accounting policies and their application and disclosures.

The significant accounting policies are described in the notes to the consolidated financial statements. Application of significant existing policies was not changed during the year except to conform to the requirements of a new accounting pronouncement, Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which the Association was required to adopt during the year ended December 31, 2018. We have reviewed the accounting policies and disclosures that management has identified to be the most critical, and concur with management's assessment. We noted no significant transactions entered into by the Association during the year that were unusual or transactions for which there is a lack of authoritative guidance.

Management Judgments and Accounting Estimates. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We believe that the Association's functional allocation of expenses and allowance for doubtful accounts represent particularly sensitive accounting estimates. We have evaluated the key factors and assumptions used to develop these estimates and believe they are reasonable in relation to the consolidated financial statements taken as a whole.

Significant Difficulties Encountered. The auditor should inform those charged with governance of any significant difficulties encountered in dealing with management related to the performance of the audit.

We are pleased to inform you that there were no difficulties encountered during the course of the audit. All records and information requested by Marcum were freely available for inspection. Management and other personnel provided full cooperation.

ITEMS TO BE COMMUNICATED

AUDITORS' RESPONSE

Corrected and Uncorrected Misstatements and Financial Statement Disclosures. The auditor is required to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and to communicate such misstatements to the appropriate level of management. The auditor should also communicate with those charged with governance corrected and uncorrected misstatements and the effect that these misstatements have on the consolidated financial statements.

During the audit, management proposed closing adjustments subsequent to commencement of our audit. All adjustments were approved by management and properly recorded (see Attachment). In addition, we proposed additional disclosures for compliance with ASU 2016-14. Management incorporated our suggested disclosures in the notes to the consolidated financial statements.

There were no waived adjustments.

Disagreements with Management. The auditor should discuss with those charged with governance any disagreements with management, whether or not satisfactorily resolved, about matters that, individually or in the aggregate, could be significant to the organization's consolidated financial statements or the auditors' report.

We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. The auditor must inform those charged with governance of the representations required from management.

We have requested certain representations from management in the management representation letter. This letter is attached.

Management's Consultation with Other Accountants. When the auditor is aware that management has consulted with other accountants about accounting and auditing matters, the auditor should discuss with those charged with governance his or her views about significant matters that were the subject of such consultation.

We are not aware of any consultations by management with other accountants on the application of generally accepted accounting principles.

Significant Issues Discussed with Management prior to Our Retention. The auditor should communicate with those charged with governance any significant issues that were discussed or were the subject of correspondence with management prior to our retention.

There were no major accounting or other issues of concern discussed with management prior to our being retained as auditor for the 2018 audit.

ITEMS TO BE COMMUNICATED

Independence. GAAS requires independence for all audits. Relevant matters to consider in reaching a conclusion about independence include circumstances or relationships that create threats to auditor independence and the related safeguards that have been applied to eliminate those threats or reduce them to an acceptable level.

Material Alternative Accounting Treatments Discussed with Management. The auditor must inform those charged with governance of discussions with management regarding alternative accounting treatments.

Other Significant and Relevant Issues Arising from the Audit. The auditor must inform those charged with governance of findings or issues arising from the audit that are, in the auditors' professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.

Internal Control Matters. The auditor must communicate, in writing, to management and those charged with governance all significant deficiencies and material weaknesses identified during the audit.

AUDITORS' RESPONSE

We are not aware of any circumstances or relationships that would impair our independence.

During the past year, there were no discussions with management concerning material alternative accounting treatments.

There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.

We have communicated, in writing, to management and to those charged with governance that we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**National Association of Housing and
Redevelopment Officials and Affiliate**

Attachment

Year End: December 31, 2018

Adjusting Journal Entries

Date: 1/1/2018 To 12/31/2018

Number	Date	Name	Account No	Debit	Credit
1	12/31/2018	Accounts Receivable-Trade	13010-000 NAHRO		2,871.00
1	12/31/2018	Accounts Receivable Membership Dues	13014-000 NAHRO		115.90
1	12/31/2018	Accounts Receivable-Mtgs/Sem-	13015-000 NAHRO	37,368.00	
1	12/31/2018	Accounts Receivable-Exhibitors	13045-000 NAHRO		34,380.36
1	12/31/2018	Other-Bank Charges	56500-900 NAHRO		0.74
Client proposed: To reconcile accounts receivable Personify balance with general ledger.					
2	12/31/2018	Accounts Receivable-Transpire	13040-000 NAHRO		26,208.00
2	12/31/2018	Write Offs & Discounts	56225-900 NAHRO	26,208.00	
Client proposed: To record loss uncollectible receivable due from related entity Transpire for Economic Engine Services.					
3	12/31/2018	Accounts Receivables	13010-000 TRANSPIRE		27,621.29
3	12/31/2018	Allowance for Bad Debts	13011-000 TRANSPIRE	18,561.00	
3	12/31/2018	Accounts Payable Transpire-Admin-	21150-000 TRANSPIRE	26,208.00	
3	12/31/2018	Fund Balance	31000-000 TRANSPIRE		17,147.71
Client proposed: To fully write-off uncollectible receivable from Economic Engine as well as obligation to related entity NAHRO.					
4	12/31/2018	Accounts Receivable Membership Dues	13014-000 NAHRO	20,321.11	
4	12/31/2018	Deferred Income - Dues	25100-000 NAHRO		20,321.11
Marcum proposed: To reclass accounts receivable membership dues credit balance to deferred dues revenue.					
5	12/31/2018	Accounts Payable-Trade	21000-000 NAHRO	10,964.00	
5	12/31/2018	Insurance	53500-900 NAHRO		10,964.00
Marcum proposed: To correct Mercer Consumer insurance bill from accounts payable to expense as of December 31, 2018.					
6	12/31/2018	Prepaid Expenses-General	15000-000 NAHRO	43,183.13	
6	12/31/2018	Accounts Payable-Trade	21000-000 NAHRO		57,577.51
6	12/31/2018	Information Technology (IT)	53110-910 NAHRO	14,394.38	
Marcum proposed: To record Personify invoice date September 1, 2018 to general ledger as of December 31, 2018.					

**National Association of Housing and
Redevelopment Officials and Affiliate**

Attachment

Year End: December 31, 2018

Adjusting Journal Entries

Date: 1/1/2018 To 12/31/2018

Number	Date	Name	Account No	Debit	Credit
7	12/31/2018	Prepaid Expenses- Akridge	15400-000 NAHRO	115,827.51	
7	12/31/2018	Accounts Payable	21000-00T NAHRO		115,827.51
Marcum proposed: To reclass obligations to Akridge to a liability rather than an asset.					
8	12/31/2018	Fund Balance	31000-000 NAHRO		9,126.00
8	12/31/2018	Other income	48000-900 NAHRO	9,126.00	
Marcum proposed: To adjust beginning net assets to proper report scholarship contributions.					
9	12/31/2018	Accounts Payable-Trade	21000-000 NAHRO		4,628.00
9	12/31/2018	Taxes	56600-900 NAHRO	4,628.00	
Management proposed: To accrue tax liability					
				326,789.13	326,789.13



June 26, 2019


Marcum LLP
Accountants & Advisors
1899 L Street NW, Suite 850
Washington, D.C. 20036

This representation letter is provided in connection with your audit of the consolidated financial statements of the National Association of Housing and Redevelopment Officials and Affiliates (NAHRO) which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”) for the purpose of expressing an opinion as to whether the consolidated 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 that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 22, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud. 

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

11. We have provided you with:
 - a. 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, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. additional information that you have requested from us for the purpose of the audit.
 - c. unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d. minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
13. 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.
14. We have no knowledge of any fraud or suspected fraud that affects NAHRO and involves:
 - a. management,
 - b. employees who have significant roles in internal control, or

- c. others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
 16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.
 17. There are no significant deficiencies, including material weaknesses, in the design or operation of internal controls, including complementary user entity controls identified in SSAE 18 reports related to our use of service organizations, if applicable, which could adversely affect the Organization's ability to record, process, summarize, and report financial data.
 18. There are no:
 - a. instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements
 - b. other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC 450 "Contingencies" (formerly SFAS 5)
 - c. material transactions that have not been properly recorded in the accounting records underlying the financial statements
 - d. cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements

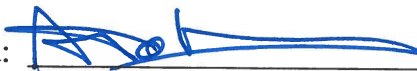
We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims that are required to be accrued or disclosed in accordance with ASC 450 "Contingencies" (formerly SFAS 5), we have not consulted a lawyer concerning litigation, claims or assessments.


19. We have disclosed to you the identity of the NAHRO's related parties and all the related party relationships and transactions of which we are aware.
20. NAHRO has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.



22. The National Association of Housing and Redevelopment Officials and Transpire, Inc. are exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization'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.
23. We acknowledge our responsibility for presenting the schedule of financial position and consolidating schedule of activities (supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
24. We have reviewed ASC 820 "Fair Value Measurement" and all assets and liabilities have been properly categorized into Level 1, 2, or 3 of the Fair Value Hierarchy, and all disclosure requirements have been complied with in all material respects.
25. Receivables recorded in the financial statements represent valid claims against debtors for charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
26. You have provided us with all documents and records for the current year that are necessary to ensure that our books and records are complete.
27. In assessing the appropriateness of the going concern basis for the Organization, we have taken account of all relevant information covering a period of at least 12 months from the date of approval of the financial statements.

National Association of Housing and Redevelopment Officials and Affiliate

Signed: 
Title: CHIEF EXECUTIVE OFFICER
Date: 6-26-19

Signed: 
Title: CHIEF OPERATING OFFICER
Date: 6-26-19

