



Pinto·Mucenski·Hooper
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Certified Public Accountants, P.C.

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January 24, 2020

Karin Blackburn
Director, Administrative Services
New York State Association for Rural Health
1 Main Street
Suite 102
Canton, New York 13617

Dear Ms. Blackburn:

We are pleased to present a quotation for the services we propose to provide for New York State Association for Rural Health (NYSARH) for the years ending December 31, 2019, 2020 and 2021. We will audit the financial statements of NYSARH for the years ending December 31, 2019 through 2021. The audit will be performed in accordance with generally accepted auditing standards.

Our audit will include tests of the accounting records of NYSARH and other procedures we consider necessary to enable us to express an unmodified opinion that the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. If our opinion is other than unmodified, we will fully discuss the reasons with you in advance.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of fixed assets, and direct confirmation of cash and receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audits, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. In addition, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. We will advise you, however, of any matters of that nature that come to our attention. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

**Re: Audit Engagement Proposal for the Years
Ended December 31, 2019, 2020, & 2021**

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes the maintenance of adequate records and related internal control structure policies and procedures, the selection and application of accounting principles, and the safeguarding of assets.

We will ask your employees to have ready a number of documents and records in anticipation of the commencement of our field work, including but not limited to: bank statements and reconciliations, a list of bank accounts and completed bank confirmation forms, petty cash log, a listing of journal entries, board minutes, budgets, revenue and expense records, accounts receivable, deferred revenue, and accounts payable records, QuickBooks backups, contracts, insurance policies, and payroll records and reports. We also understand that your employees, if needed, will locate any invoices or other items selected by us for testing.

Our audit is not specifically designed and cannot be relied on to disclose reportable conditions, that is, significant deficiencies in the design or operation of the internal control structure. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter, which will be included in the same binder with the financial statements.

We will also prepare Federal Form 990 and NYS Charities form CHAR 500 for the years ending December 31, 2019 through 2021.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. We anticipate spending approximately 70-75 hours in completing the audit. Our standard hourly rates range from \$60 per hour to \$170 per hour, and vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The fee is estimated as follows:

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021 Review Alternate</u>
\$ 5,400	\$ 5,900	\$ 5,600	\$ 2,400

The quoted fee also covers follow-up work, rectifying deficiencies with any cognizant agencies and providing advice and counsel to your staff throughout the term of the contract, within the bounds of the AICPA *Code of Professional Conduct*. Any special project or other non-attest service as may arise beyond the scope of the audits quoted herein shall be discussed with management and a mutually agreeable fee will be determined for such services.

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Ended December 31, 2019, 2020, & 2021***

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This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur any additional costs.

We would communicate with management and be attentive to the timing of the entrance conference, planning and risk assessment, fieldwork, exit conferences, and the due dates of the various reports and presentation at the board meetings.

Please be advised that all members of the firm have met all continuing education requirements and, in particular, all requirements pertaining to audits of nonprofit organizations. A brief background of individuals from our firm who may participate in your audits is included herein. Further, we have many years of experience auditing nonprofit organizations in the area.

The approach and timing of our audit would be as follows:

1. In early December (beginning with the 2020 audit), we would meet with management to discuss the current year's operations and the timing of current year audit procedures.
2. In December, after the initial planning meeting, we would assess audit risk and perform preliminary audit procedures.
3. Based upon completion of the steps noted above, we will review with management a list of account reconciliations, confirmations and analyses that will be required to effectively and efficiently complete the audit.
4. It is anticipated that the year-end audit field work would begin the 1st week in March.
5. In late March, we would conduct an exit conference with management to review the audit results and coordinate the drafting of the financial statements and footnotes.
6. We would be available in April, depending on when the Board would like to have us present our reports, and would present our reports and findings to both finance committee and the full board.

***Re: Audit Engagement Proposal for the Years
Ended December 31, 2019, 2020, & 2021***

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The appropriate contact individual for nonprofit organizations audited in the past five years are as follows:

- 1) Reachout of St. Lawrence County
PO Box 5051
Potsdam, NY 13676
(315) 265-2422
Contact: Karen Butler Easter, Executive Director

- 2) United Helpers Organizations
732 Ford St.
Ogdensburg, NY 13669
(315) 393-3074, Ext. 4222
Contact: Kelly Lowery, V.P. of Finance

- 3) St. Lawrence Valley Renewal House
3 Chapel St.
Canton, NY 13617
(315) 379-9845
Contact: Ilene Burke, Executive Director

- 4) Adirondack Foundation
PO Box 288
Lake Placid, NY 12946
(518) 523-9904
Contact: Linda Battin, Chief Financial Officer

- 5) Potsdam Volunteer Rescue Squad
PO Box 700
Potsdam, NY 13676
(315) 265-2550
Contact: Charles Merriman, Board President

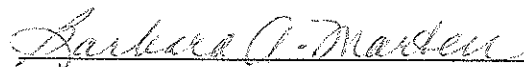
We appreciate the opportunity to propose services to NYSARH and believe this letter accurately summarizes the significant terms of our proposal. If you have any questions, please let us know. If you agree with the terms of our proposal as described in this letter, please sign the enclosed copy and return it to us.

**Re: *Audit Engagement Proposal for the Years
Ended December 31, 2019, 2020, & 2021***

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Very truly yours,

PINTO MUCENSKI HOOPER VANHOUSE & CO., P.C.



Barbara A. Marten, Certified Public Accountant

BAM/lb

RESPONSE:

This letter correctly sets forth the understanding of NYSARH.

Signature: _____

Title: _____

Date: _____

*Re: Audit Engagement Proposal for the Years
Ended December 31, 2019, 2020, & 2021*

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PINTO MUCENSKI HOOPER VAN HOUSE & CO., CPA's PC
Resume of Staff Qualifications and Firm Profile

Edward S. Mucenski, Principal - Certified Public Accountant (New York State); *BS-Clarkson University*, 45 years Public Accounting experience.

Barbara A. Marten, Principal - Certified Public Accountant (New York State); *BS-University of Southern Colorado, MBA – Clarkson University*; 23 years Public Accounting experience.

Jon R. Tyson, Staff Accountant – *BS-Paul Smith's College, MBA & Graduate Certificate in Accounting-Keller Graduate School of Management*, 5 Years Public Accounting experience.

Facilities

Our facilities that will be used for this audit are located at 42 Market Street in Potsdam, New York.

Profile of Firm

1. The firm is local in nature and employs approximately thirty individuals in our three locations. There are four active partners, twelve professional staff members, nine paraprofessionals, and five support staff. The firm has offices in three locations: Potsdam, Ogdensburg, and Massena.
2. The firm is in compliance with all regulatory requirements to engage in the practice of public accounting in New York State.
3. The engagement will be performed out of our Potsdam office. The Potsdam office employs approximately twenty-two individuals which includes four partners, eight professional staff members, seven paraprofessionals, and three support staff. There are five CPA's in the Potsdam office.