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May 28, 2015

To the Board of Directors and
Ms. Cynthia J. Smith, MSW, LCSW
Juvenile Assessment Center and Community Health
Outreach, Intervention & Clinical Engagement Services

We have audited the consolidated financial statements of Juvenile Assessment Center (JAC) and Community Health Outreach, Intervention & Clinical Engagement Services (CHOICES) (collectively, the "Organization") as of and for the year ended December 31, 2014 and have issued our report thereon dated May 28, 2015. Professional standards require that we provide you with the following information related to our audits which is divided into the following sections:

Section I - Internal Control Related Matters Identified in an Audit

Section II - Required Communications with Those Charged with Governance

Section I includes any deficiencies we observed in the Organization's accounting principles or internal control that we believe are significant. Current auditing standards require us to formally communicate annually matters we note about the Organization's accounting policies and internal control.

Section II includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the board of directors of the Organization.

We would like to take this opportunity to thank the Organization's staff for the cooperation and courtesy extended to us during our audits. Their assistance and professionalism were invaluable.

This report is intended solely for the use of the board of directors and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Kellie L. Goines

Kellie L. Goines, CPA
Partner

To the Board of Directors and Ms. Cynthia J. Smith, MSW, LCSW
Juvenile Assessment Center and Community Health Outreach, Intervention & Clinical Engagement Services

May 28, 2015

Section I - Internal Control Related Matters Identified in an Audit

In planning and performing our audits of the consolidated financial statements of the Organization as of and for the year ended December 31, 2014, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 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:

- **Segregation of Duties** - Duties surrounding the cash disbursement process have not been segregated. The Chief of Finance and Operations (CFO) has access to check stock, access to a check signature stamp, access to the accounting system, and performs the bank reconciliations. The Organization's policy is that all checks should be hand signed by the Chief Executive Officer (CEO); however, there is no control in place to ensure that all checks are actually presented to her for signature.

  Bank reconciliations are prepared by the CFO and reviewed by the treasurer using bank statements provided by the CFO.

  There is no documented, consistent review of journal entries posted to the accounting system.

The combination of the above cash control deficiencies and the lack of journal entry review creates an environment whereby errors or misappropriation of assets can potentially occur without being detected in a timely manner.

We recommend the following controls be implemented:

- The CEO should implement a procedure to track the sequence of the check numbers that are presented to her for signature. This can be accomplished through a simple check log whereby she could verify that there are no gaps in between or within check runs. Furthermore, we recommend a policy be implemented so that there are set check run dates (e.g., weekly or bi-weekly) in order to allow for consistent application of disbursement controls throughout the year.

- Bank reconciliations should be reviewed with information obtained independently by the treasurer. The treasurer can receive the statements directly or be granted online read-only access to bank information.

- An individual other than the preparer should review journal entries and/or other detailed financial data on a timely basis to ensure they are proper and appropriately supported.

- **Controls Over Credit Cards** - There is no documented review of charges made on the Organization credit cards held by employees and employees are not required to provide receipts supporting purchases made on the Organization credit cards. We understand from discussion with the CEO that she currently receives and reviews the credit card statements; however, that review is not consistently documented. We recommend credit card statements be reviewed monthly by a supervisor of the employee holding the card. The review should be documented and should include review of receipts supporting the purchases. Lack of adequate controls over card activity may result in misappropriation of assets which may not be detected in a timely manner.

- **Revenue Recognition** - During 2014, the Organization was awarded a contribution type grant for $200,000 that was payable over two years. Management did not record the grant in accordance with accounting guidelines for contribution-type grants. As a result, an audit adjustment was required. Accounting rules for grants differ based on the terms of each grant. Each grant received by the Organization should be evaluated to determine whether it is a contribution or an exchange-type transaction and should be accounted for accordingly. Lack of proper analysis of grants and other awards to the Organization may result in improper revenue recognition.

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. We consider the following deficiency in the Organization's internal control to be a significant deficiency:

- **Intercompany Activity** - Intercompany activity (specifically the management fee) was not fully recorded during the year. As a result, audit adjustments were necessary to properly account for the management fee and to ensure intercompany balances reconciled. We recommend the Organization implement a month-end and/or year-end closing process to ensure intercompany balances and activity, including management fees, JAC, and CHOICES, are recorded and reported properly for financial statement presentation purposes. Also, we recommend this process be reviewed periodically by an individual separate from the process.

To the Board of Directors and
Ms. Cynthia J. Smith, MSW, LCSW
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May 28, 2015

Section II - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 12, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement.

As part of our audits, we considered the internal control of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audits that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audits

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 12, 2015.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 1 to the consolidated financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2014.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the consolidated 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 consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the consolidated financial statements was the estimate related to incurred but not reported (IBNR) contracted services and related expenses. Management's estimate of the IBNR is based on a historical regression lag analysis to help identify in what period contracted services occurred. We evaluated the key factors and assumptions used to develop the IBNR in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

The disclosures in the consolidated financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audits

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

Disagreements with Management

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audits, other than those that are trivial, and communicate them to the appropriate level of management. During the year, the Organization was awarded a $200,000 contribution-type grant. The grant was recorded incorrectly as described above in Section I. Management has corrected all such misstatements.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Organization, and business plans and strategies that may affect the risks of material misstatement with management each year prior to our 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 of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 28, 2015.

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 application of an accounting principle to the Organization's consolidated 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 the relevant facts. To our knowledge, there were no such consultations with other accountants.