NEW YORK SERVICE FOR THE HANDICAPPED

MANAGEMENT LETTER

DECEMBER 31, 2016

LOEB & TROPER LLP

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Board of Directors
New York Service
for the Handicapped

In planning and performing our audit of the financial statements of New York Service for the Handicapped as of and for the year ended December 31, 2016 in accordance with auditing standards generally accepted in the United States of America, we considered New York Service for the Handicapped'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of New York Service for the Handicapped's internal control. Accordingly, we do not express an opinion on the effectiveness of New York Service for the Handicapped'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 or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control 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.

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.

Restatement

During the course of our audit there was a material prior period adjustment that resulted in a restatement to the opening balance net assets. The adjustment was to correct the recording for certain receivables and payables. Management should ensure that those charged with maintaining the general ledger have the skills, knowledge and experience to properly record transactions.

***Restatement* (continued)**

In addition, we strongly recommend that the Organization perform quarterly reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end only. As a part of this process, the net assets on the general ledger should be reconciled to previous year's final financial statements.

In addition to the above significant deficiency, we wish to make the following observations and recommendations for consideration by management:

Revenues

New York Service for the Handicapped currently records some of its revenue on the cash basis, which is converted at year end to the accrual basis. The revenue should be adjusted to the accrual basis every month. Revenue for the next period should be examined and those items that pertain to the prior period should be accrued into the current month and subsequently reversed in the next month.

Segregation of Duties

The size of the business office staff does not always allow for the proper segregation of duties to ensure adequate internal control. This is not unusual; however management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of matters relating to the operation of the accounting department and other matters relating to the organization's operations.

This communication 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.

Loeb & Troper LLP

October 19, 2017