LONG ISLAND HOUSING SERVICES, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2018 AND 2017

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Island Housing Services, Inc.
Bohemia, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Long Island Housing Services, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information: schedules of functional expenses for the years ended June 30, 2018 and 2017 and the schedules of expenditures of federal awards for the years ended June 30, 2018 and 2017, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Jones, Little + Co, CPA's, LLP

Port Jefferson Station, New York
March 21, 2019

LONG ISLAND HOUSING SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	$ 504,609	$ 735,775
Grants and contracts receivables	384,598	169,777
Prepaid expenses	17,740	9,012
TOTAL CURRENT ASSETS	906,947	914,564
Fixed assets, net	6,604	4,436
Security deposits	5,797	5,797
TOTAL ASSETS	$ 919,348	$ 924,797
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 20,133	$ 17,414
Accrued payroll and related liabilities	35,387	40,000
Accrued compensated absences	39,495	39,056
Grant and contract advances	25,378	22,431
TOTAL CURRENT LIABILITIES	120,393	118,901
NET ASSETS		
Unrestricted	798,955	784,052
Temporarily Restricted	-	21,844
TOTAL NET ASSETS	798,955	805,896
TOTAL LIABILITIES AND NET ASSETS	$ 919,348	$ 924,797

See accompanying notes to Financial Statements.

LONG ISLAND HOUSING SERVICES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
SUPPORT AND REVENUES	**Unrestricted**	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
Government and grant revenue	$ 1,289,328	$ -	$ 1,289,328	$ 1,434,895	$ 21,844	$ 1,456,739
Contributed services	69,677	-	69,677	73,491	-	73,491
Settlement income	111,200	-	111,200	39,450	-	39,450
Private grant revenue	20,646	-	20,646	14,500	-	14,500
Contributions	6,889	-	6,889	4,757	-	4,757
Training income	875	-	875	2,656	-	2,656
Interest income	2,941	-	2,941	1,832	-	1,832
TOTAL SUPPORT AND REVENUES	1,501,556	-	1,501,556	1,571,581	21,844	1,593,425
EXPENSES						
Program services:						
Housing services	1,298,937	-	1,298,937	1,368,407	-	1,368,407
Supporting services:						
Management and general	173,594	-	173,594	167,828	-	167,828
Fundraising	35,966	-	35,966	31,851	-	31,851
Total supporting services	209,560	-	209,560	199,679	-	199,679
TOTAL EXPENSES	1,508,497	-	1,508,497	1,568,086	-	1,568,086
CHANGE IN NET ASSETS	(6,941)		(6,941)	3,495	21,844	25,339
NET ASSETS RELEASED FROM RESTRICTIONS	21,844	(21,844)	-	-	-	-
NET ASSETS, BEGINNING OF YEAR	784,052	21,844	805,896	780,557	-	780,557
NET ASSETS, END OF YEAR	$ 798,955	$ -	$ 798,955	$ 784,052	$ 21,844	$ 805,896

See accompanying notes to Financial Statements.

LONG ISLAND HOUSING SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (6,941)	$ 25,339
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation	1,968	4,317
Change in:		
Grants and contracts receivables	(214,821)	30,288
Prepaid expenses	(8,728)	12,860
Accounts payable and accrued expenses	2,719	(3,372)
Accrued payroll and related liabilities	(4,613)	(2,842)
Accrued compensated absences	439	(4,536)
Grant and contract advances	2,947	(111,854)
NET CASH USED IN OPERATING ACTIVITIES	(227,030)	(49,800)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of Fixed Assets	(4,136)	(1,137)
NET CASH USED IN FINANCING ACTIVITIES	(4,136)	(1,137)
Net decrease in Cash	(231,166)	(50,937)
Cash, beginning of year	735,775	786,712
Cash, end of year	$ 504,609	$ 735,775

See accompanying notes to Financial Statements.

NOTE 1: NATURE OF ORGANIZATION

Long Island Housing Services, Inc. (the Organization) is a private, nonprofit, fair housing counseling and enforcement agency which provides its services throughout Nassau and Suffolk Counties in New York State. The mission of the Organization is the elimination of unlawful housing discrimination and promotion of decent and affordable housing through advocacy and education. The Organization was established in 1969.

In the matter of fair housing, the Organization assists in investigations, informal resolution or complaint filing and facilitates enforcement of fair housing laws through administrative or judicial action. The Organization provides education and advocacy services regarding topics of fair housing and unlawful discrimination, tenants' rights, mortgage issues related to purchase, refinance, delinquency foreclosure prevention and anti-predatory lending. The Organization does not charge fees to the clients it serves.

The Organization was incorporated in 1977 and is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within the requirements of the Code.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Organization are described below:

a. Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting.

b. Net Assets
Net assets, revenues, and gains are classified above on the existence or absence of donor-imposed restrictions, as follows:

<u>Unrestricted Net Assets</u>
Net assets not subject to donor-imposed restrictions.

<u>Temporarily Restricted Net Assets</u>
Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time.

<u>Permanently Restricted Net Assets</u>
Net assets subject to donor-imposed restrictions that require that they be maintained permanently by the Organization.

As of June 30, 2018 and 2017, all the Organization's net assets are considered either unrestricted or temporarily restricted net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Cash
Cash is composed of available cash balances maintained in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash.

d. Investments
Investments are recorded at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization follows U.S. generally accepted accounting principles regarding fair value measurements which establish a fair value hierarchy requiring an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

e. Grants and Contracts Receivables
Grants and contracts receivables are comprised of federal, state, county and various other funds expected to be received within the upcoming year. Based on payment history and subsequent receipts, management believes that no allowance for uncollectible amounts is necessary.

f. Fixed Assets
Fixed assets are capitalized at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Equipment	5 years
Furniture and fixtures	12 years

Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expenses as incurred.

g. Revenue and Expense Recognition
The Organization's revenue consists of grants, contributions and settlement income. Settlement income may only be kept by the Organization with the written permission of the government, and such funds must be used to further fair housing and fair housing activities. Federal, State, and local government revenues are deemed to be earned and are reported as support to the extent that expenses have been incurred for the purpose specified by the grantor during the period. To the extent the grant allows, the excess of grant expenses over receipts is reported as grants and contracts receivables, while the excess of grant receipts over expenses is reported as grant and contract advances.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Functional Expenses
The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets, which include all expenses incurred for the year. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management in accordance with grant provisions and/or equitable bases.

i. Uncertainty in Income Taxes
The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for uncertain tax benefits. For the year ended June 30, 2018, there were no interest or penalties recorded or included in the financial statements. Information returns filed for tax years ended on or after June 30, 2015, are subject to examination by federal and state authorities.

j. Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

k. Recently Issued Accounting Standards
In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14 Not-for-Profit Entities (ASU). This ASU amends how not-for-profit organizations classify their net assets and the information they present in the financial statements. This ASU is effective for fiscal years beginning after December 15, 2017, which would be applicable to the Organization’s fiscal year ending June 30, 2019.

l. Reclassifications
Certain amounts in the Organization’s financial statements for 2017 have been reclassified to conform with the 2018 presentation with no effect on previously reported changes in net assets.

NOTE 3: LEASE AGREEMENTS

The Organization entered into several leases for property. Two leases are on a month-to-month basis and one lease has been extended for one year through to June 30, 2019. Rental expense for those leases totaled $115,652 and $111,375 for the years ended June 30, 2018 and 2017, respectively.

NOTE 4: FAIR VALUE INVESTMENTS

FASB ASC 820 *Fair Value Measurements* (FASB ASC 820) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

NOTE 4: FAIR VALUE INVESTMENTS (continued)

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
Level 3	Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization.

The Organization considers observable data is market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources actively involved in the relevant market. The categorization of financial instruments in the hierarchy is based on the pricing transparency of that instrument and does not necessarily correspond to the Organization's perceived risk of that instrument. The preceding may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation is appropriate and consistent with market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. As of June 30, 2018, and 2017, the Organization did not have any investments besides cash.

NOTE 5: GRANTS AND CONTRACTS RECEIVABLES

Grants and contracts receivables as of June 30, 2018 and 2017 are comprised of the following:

	June 30, 2018	June 30, 2017
U.S. Department of Housing and Urban Development (HUD):		
Private Enforcement Initiative	$ 105,000	$ 84,308
Housing Counseling Assistance Program	48,437	19,536
Community Development Block Grants	54,806	64,374
Homeowner Protection Program (HOPP)	174,381	-
State of New York Mortgage Agency (SONYMA)	-	839
eHome	174	74
Project reinvest	1,800	-
United Way	-	646
	$ 384,598	$ 169,777

NOTE 6: FIXED ASSETS

Fixed assets as of June 30, 2018 and 2017 are comprised of the following:

	June 30, 2018	June 30, 2017
Equipment	$ 77,552	$ 73,416
Furniture and fixtures	25,402	25,402
	102,954	98,818
Less: accumulated depreciation	(96,350)	(94,382)
	$ 6,604	$ 4,436

NOTE 7: DEFINED CONTRIBUTION RETIREMENT PLAN 403(b)

The Organization offers its full-time employees who have completed one full year of service an employer contribution to a 403(b)-account equivalent to 1% of their annualized, base salary. At each anniversary, the Organization will make such an annual contribution. This benefit is subject to availability of funds and revision or termination at the discretion of the Organization.

NOTE 8: CONTRIBUTED SERVICES

The Organization recognizes contributed services revenue when either the service (a) creates or enhances a long-lived asset or (b) requires specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. The amounts reflected in the accompanying financial statements as contributed services revenue is offset by like amounts included in the appropriate expenses. The Organization received $69,677 and $73,491of contributed professional services for the years ended June 30, 2018 and 2017, respectively.

Many volunteers have donated significant amounts of their time in the Organization's programs and administration. However, since these services do not meet the criteria for recognition, they are not reflected in the accompanying financial statements.

NOTE 9: COMMITMENTS AND CONTINGENCIES

a. The Organization receives a substantial portion of its funding from contracts and grants which are subject to audit by government agencies (Agencies). Such audits may result in disallowances and a request for a return of funds. There are no open audits from the Agencies and the Organization is not aware of any disallowances that may result in a request for a return of funds.

b. Included in Government and Grant revenue is a multi-year grant with the Homeowner Protection Program that expires on March 31, 2019 (HOPP Grant). The Organization received $792,567 of revenue (52% of total revenue) during the fiscal year ended June 30, 2018 related to the HOPP Grant.

NOTE 9: COMMITMENTS AND CONTINGENCIES (continued)

c. The Organization had a claim against Suffolk Federal Credit Union (Suffolk) for alleged discrimination by Suffolk's lending practices. Subsequent to June 30, 2018, the Organization received and recorded settlement proceeds of $40,000 on July 12, 2018 related to the Suffolk claim.

NOTE 10: COMPENSATED ABSENCES

The Organization provides to employees paid time for vacation, sick and personal days, depending on job classification, length of service, and other factors. Employees may carry over a balance of up to 10 vacation days from one year to the next. Full-time employees with six months of continuous experience will be entitled to receive the unused vacation pay upon termination or voluntary resignation. Employees can accumulate up to 168 hours of sick leave. Sick days beyond 168 are forfeited. Unused sick time will not be compensated upon separation of employment. Unused personal days are converted to sick days on the employee's anniversary.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated events through March 21, 2019, which is the date the financial statements were available to be issued.

LONG ISLAND HOUSING SERVICES, INC.
SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			
	Program Services	**Supporting Services**		
	Housing Services	Management and General	Fundraising	Total
Salaries	$ 796,741	$ 94,887	$ 26,463	$ 918,091
Other Employee Benefits	98,762	12,495	3,281	114,538
Payroll Taxes	60,951	5,668	2,024	68,643
Fees For Service:				
Management	-	18,000	-	18,000
Legal	52,669	1,200	-	53,869
Accounting	-	11,498	-	11,498
Office Expenses	28,805	1,917	200	30,922
Occupancy	113,432	2,220	-	115,652
Travel	33,240	4,067	-	37,307
Depreciation	-	1,968	-	1,968
Insurance	3,186	10,136	106	13,428
Computer Systems and Support	22,503	1,445	948	24,896
Dues and Subscriptions	11,253	1,850	325	13,428
Miscellaneous	-	3,525	-	3,525
Printing and Publications	2,787	318	115	3,220
All Other Expenses	7,331	-	2,504	9,835
Contributed Services	67,277	2,400	-	69,677
Total	$ 1,298,937	$ 173,594	$ 35,966	$ 1,508,497

See Independent Auditors' Report.

LONG ISLAND HOUSING SERVICES, INC.

SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2017			
	Program Services	**Supporting Services**		
	Housing Services	Management and General	Fundraising	Total
Salaries	$ 832,002	$ 124,346	$ 28,830	$ 985,178
Other Employee Benefits	100,293	10,716	1,793	112,802
Payroll Taxes	65,793	7,030	1,177	74,000
Fees For Service:				
Management	56,820	1,014	-	57,834
Legal	3,000	-	-	3,000
Accounting	15,419	241	-	15,660
Office Expenses	29,621	2,033	-	31,654
Occupancy	111,375	-	-	111,375
Travel	29,752	372	-	30,124
Depreciation	-	4,317	-	4,317
Insurance	10,054	-	51	10,105
Computer Systems and Support	31,844	365	-	32,209
Dues and Subscriptions	13,577	934	-	14,511
Miscellaneous	2,115	1,356	-	3,471
Printing and Publications	8,251	104	-	8,355
All Other Expenses	-	-	-	-
Contributed Services	58,491	15,000	-	73,491
Total	$ 1,368,407	$ 167,828	$ 31,851	$ 1,568,086

See Independent Auditors' Report.

LONG ISLAND HOUSING SERVICES, INC.
SUPPLEMENTAL SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct Programs:		
Private Enforcement Initiative	14.418	289,362
Passed-through Programs From:		
State of New York Mortgage Agency	14.169	55,384
New York State Housing Finance Agency: Housing Counseling Assistance Program		
County of Nassau Office of Housing and Intergovernmental Affairs: Community Development Block Grants/Entitlement Grants	14.218	106,946
Town of Islip Community Development Agency: Community Development Block Grants /Entitlement Grants	14.218	20,000
County of Suffolk Office of Community Development Agency: Community Development Block Grants/Entitlement Grants	14.218	5,159
Town of Huntington Community Development Agency: Community Development Block Grants/Entitlement Grants	14.218	8,250
Town of Babylon Community Development Agency: Community Development Block Grants/Entitlement Grants	14.218	9,000
NEIGHBORWORKS AMERICA		
State of New York Mortgage Agency New York State Housing Finance Agency: National Foreclosure Mitigation Counseling	21.000	1,200
Total Expenditures of Federal Awards		$ 495,301

See Independent Auditors' Report.

LONG ISLAND HOUSING SERVICES, INC.
SUPPLEMENTAL SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

2017

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct Programs:		
Fair Housing Organizations Initiatives	14.417	$ 126,131
Private Enforcement Initiative	14.418	310,419
Passed-through Programs From:		
State of New York Mortgage Agency	14.169	19,536
New York State Housing Finance Agency: Housing Counseling Assistance Program		
County of Nassau Office of Housing and Intergovernmental Affairs: Community Development Block Grants/Entitlement Grants	14.218	117,688
Town of Islip Community Development Agency: Community Development Block Grants /Entitlement Grants	14.218	20,000
County of Suffolk Office of Community Development Agency: Community Development Block Grants/Entitlement Grants	14.218	7,631
Town of Huntington Community Development Agency: Community Development Block Grants/Entitlement Grants	14.218	7,471
Town of Babylon Community Development Agency: Community Development Block Grants/Entitlement Grants	14.218	3,500
NEIGHBORWORKS AMERICA		
State of New York Mortgage Agency New York State Housing Finance Agency: National Foreclosure Mitigation Counseling	21.000	3,006
Total Expenditures of Federal Awards		$ 615,381

See Independent Auditors' Report.

Jones, Little & Co., CPA's, LLP

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**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Long Island Housing Services, Inc.
Bohemia, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Long Island Housing Services, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jones, Little + Co, CPA's, LLP

Port Jefferson Station, New York
March 21, 2019