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November 17, 2017

To the Board of Directors of
Habitat for Humanity - Buffalo, Inc.
1675 South Park Avenue
Buffalo, NY 14220

In planning and performing our audit of the financial statements of Habitat for Humanity - Buffalo, Inc. for the year ended June 30, 2017, 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 our auditing procedures 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.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated February 7, 2017, on the financial statements of Habitat for Humanity - Buffalo, Inc.

We will review the status of these comments during our next audit engagement. Note that some of the points were made in previous years. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized below.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review functions.

Cash:

Approve Bank Reconciliations

Although we were advised that all bank reconciliations are approved by the appropriate personnel/board members, no indication of such review was evident on the reconciliations selected for review. We recommend that the reconciliations be signed as an indication of approval. We also recommend that the reconciliations be signed and dated by the employee preparing them.

Investments:

Investment Policy

The Organization does not have a formal written investment policy. We recommend that the Organization develop and formalize an investment policy including both long and short-term

objectives. The policy should include transaction amount limits, what kind of investments can be made, and who can authorize purchases and sales.

In-Kind Donations and Contributed Services:

Continuing efforts should be made to record in-kind donations and contributed services. We recommend all invoices received that have an in-kind donation/donated service on them be photocopied and placed in a separate folder. The invoices in the folder should be reconciled to the general ledger monthly and any differences should be investigated and resolved.

It is important that all in-kind donations are recorded so that all costs are being allocated correctly to homes upon closing.

It is also important to recognize the revenue and expense associated with specialized services that would have had to have been purchased if not provided by donation.

We wish to thank the staff of Habitat for Humanity – Buffalo, Inc. for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Karin A. Kubicki

Karin A. Kubicki, CPA