

# BlumShapiro

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To the Finance Committee  
Action for Bridgeport Community Development, Inc.  
Bridgeport, Connecticut

We have audited the financial statements of Action for Bridgeport Community Development, Inc. (ABCD) for the year ended September 30, 2015 and have issued our report thereon dated March 16, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, OMB Circular A-133 and the State Single Audit Act, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our communication dated January 5, 2016. Professional standards also require that we communicate to you the following information related to our audit.

## **SIGNIFICANT AUDIT FINDINGS**

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ABCD are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by ABCD during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates significant to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

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

### **Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Adjusting entries were made to correct some of the known and likely misstatements.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The adjustments and uncorrected errors relate to the proper cut-off of expenses. Due to the number and size of the adjustments and uncorrected errors, we reported a significant deficiency in internal control over financial reporting in ABCD's federal and state single audit reports.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 16, 2016.

### **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 ABCD's 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.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as ABCD's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

### **OTHER MATTERS**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Finance Committee, Board of Directors and management of Action for Bridgeport Community Development, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
March 16, 2016

**ACTION FOR BRIDGEPORT COMMUNITY DEVELOPMENT, INC.**  
**SUMMARY OF AUDIT DIFFERENCES**  
**SEPTEMBER 30, 2015**

Description	Cause	Entry Needed to Correct Debit (Credit)						
		Current Assets	Noncurrent (or Total) Assets	Current Liabilities	Noncurrent (or Total) Liabilities	Beginning Net Assets	Support, Revenue and Gains	Expenses
<b>Report Balance Without Adjustments Below</b>		\$ 6,630,008	\$ 1,254,845	\$ (1,754,584)	\$ -	\$ (4,820,883)	\$ (34,558,124)	\$ 33,248,738
<b>Current Year Audit Differences</b>								
Underaccrual of Lindley food service	clerical error			(93,101)				93,101
Overaccruals	client thought cost had been incurred, but work was not completed			168,982				(168,982)
Underrecognition of prepaid expenses	clerical error	14,112						(14,112)
<b>Reversal of Prior Year Differences</b>								
Overaccrual of Wi-Fi work						(59,500)		59,500
<b>Total Effect of Audit Differences</b>		14,112	-	75,881	-	(59,500)	-	(30,493)
<b>Potential Report Balances After Adjustments</b>		\$ 6,644,120	\$ 1,254,845	\$ (1,678,703)	\$ -	\$ (4,880,383)	\$ (34,558,124)	\$ 33,218,245
<b>Adjustments as a Percentage of Report Balances</b>		0.21%	0.00%	(4.32)%	0.00%	1.23%	0.00%	(0.09)%

**Passed Disclosures**

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