

May 1, 2020

To the Board of Directors  
American Network of Community Options and Resources  
Alexandria, Virginia

We have audited the financial statements of American Network of Community Options and Resources for the year ended December 31, 2019, and we will issue our report thereon dated May 1, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 11, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by American Network of Community Options and Resources are described in Note 1 to the financial statements. As described in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. We noted no transactions entered into by the Organization 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. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allocation of personnel, professional fees, office, information technology, occupancy, travel, conferences and meetings, depreciation, insurance, dues and subscriptions, and miscellaneous expenses to program service and supporting activities is based on estimates of time, effort, and use. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

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.

#### *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 auditor's 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 May 1, 2020. Attached is a copy of management's written representations.

#### *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 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 the Organization'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 board of directors and management of American Network of Community Options and Resources and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP



Glenn Miller, CPA  
Partner

May 1, 2020

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of American Network of Community Options and Resources, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 1, 2020, the following representations made to you during your audit.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 11, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the

representation letter. In addition, you have proposed adjusting journal entries that have been posted to the Organization's accounts. We are in agreement with those adjustments.

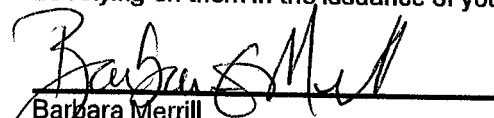
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

#### **Information Provided**

12. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
19. We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
20. Except as made known to you, the Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
22. American Network of Community Options and Resources and ANCOR Foundation, Inc. are exempt organizations under Section 501(c)(6) and Section 501(c)(3), respectively, of the Internal Revenue Code. ANCOR Service Corporation is taxed as a corporation for federal and state income tax purposes. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
23. We acknowledge our responsibility for presenting the consolidating schedules of financial position and activities in accordance with U.S. GAAP, and we believe the consolidating schedules of financial position and activities, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the consolidating schedules of financial position and activities have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
24. In regard to the tax services, preparation of the financial statements and supplementary information, and bookkeeping services performed by you, we have—
  - Assumed all management responsibilities.
  - Overseen the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the results of the services.

We have carefully read this letter before signing it and understand, while you have provided the language of this letter to us, we are making these representations to you. We understand our obligation to carefully consider the possibility that any of the representations are not accurate. We have inquired of other members of management or employees of American Network of Community Options and Resources to the extent necessary to obtain a high degree of assurance that these representations are true. We know that you will be relying on them in the issuance of your report.

  
Barbara Merrill  
Chief Executive Officer

  
Cynthia R. Allen de Ramos  
Director of Finance

American Network of Community Options and Resources  
Summary of Audit Differences  
Year Ended December 31, 2019

Financial Statement Effect—Amount of Over (Under) Statement of:

Description (Nature) of Audit Difference	Factual, Judgmental, or Projected	Cause	Financial Statement Effect—Amount of Over (Under) Statement of:					
			Total Assets	Total Liabilities	Net Assets	Support and Revenue	Expenses	Change in Net Assets
Related entity not consolidated	Factual	Management treats ANCOR-PAC as a related party rather than as a controlled entity that should be consolidated as required by GAAP.	\$ (22,606)	\$ -	\$ (22,606)	\$ (16,315)	\$ (11,336)	\$ (4,979)
Effect of unadjusted audit differences—prior years						-	-	-
Combined current and prior year audit differences			<u>\$ (22,606)</u>	<u>\$ -</u>	<u>\$ (22,606)</u>	<u>\$ (16,315)</u>	<u>\$ (11,336)</u>	<u>\$ (4,979)</u>
Financial statement caption totals			\$ 3,852,613	\$ 980,055	\$ 2,872,558	\$ 4,016,395	\$ 3,654,032	\$ 362,363
Current and prior year audit differences as % of financial statement captions			-0.6%	0.0%	-0.8%	-0.4%	-0.3%	-1.4%