
DUKES COUNTY REGIONAL HOUSING AUTHORITY
MEMORANDUM

TO: TIM CARROLL, TOWN OF CHILMARK
FROM: TERRI KEECH, ADMINISTRATOR
DATE: JULY 25, 2012
SUBJECT: FY2012 ACCOUNTANT'S ENGAGEMENT LETTER

Dear Tim,

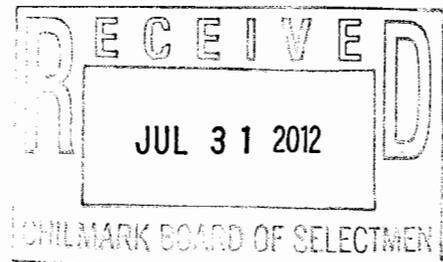
I am enclosing the engagement letter from our accountant, Nancy Kelly, regarding the end year FY 2012 financials for Middle Line Road apartments. She will be here the week of August 20th to do work for DCRHA as well as Noyes and Middle Line Road.

I will need you to review it, sign it and return it to me ASAP. They are also looking for a \$500 dollar retainer that we will need an ok from you prior to us cutting a check.

Please return to us in enclosed envelope ASAP.

Thank you,


Terri Keech



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NE Kelly & Associates, LLC

Certified Public Accountants and Business Advisors

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Boston, MA 02111
Toll Free/Fax: (888) 490-8885
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New York

687 West 204th Street Suite 4B
New York, NY 10034

July 2, 2012

Mr. Tim Carroll, Executive Secretary
Middle Line Road Apartments
Chilmark Town Hall
P.O. Box 119
Chilmark, MA 02535

Dear Mr. Carroll:

We are pleased to provide the Middle Line Road Apartments with review services. This engagement letter embodies the entire agreement regarding the services to be rendered by NE Kelly & Associates LLC to your Organization. The services to be provided are as follows:

REVIEW SERVICES

We will review the statement of financial position as of June 30, 2012 and related statement of activities, statement of functional expenses, and cash flows for the year ended. The objective of our review is to express limited assurance that there are no material modifications that should be made to the financial statements in order to be in conformity with generally accepted accounting principles.

Our review will be conducted in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants in the United States of America.

Our procedures will include principally of inquiries of Organization's personnel and analytical procedures applied to financial data, and we will require a representation letter from management.

A review does not contemplate obtaining an understanding of internal control or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be disclosed in an audit. Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform the appropriate level of management of any material errors that come to our attention and nay fraud or illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weakness in your internal control as part of this engagement. We will not perform an audit of such financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole, and accordingly, we will not express such an opinion on them.

Our report on the financial statements is presently expected to read as follow:

We have reviewed the accompanying statement of financial position of Middle Line Road Apartments as of June 30, 2012, and related statements of activities, functional expenses, and cash flow for the 2012 year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Middle Line Road Apartments.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

If, for any reason, we are unable to complete our review of your financial statements, we will not issue a report on such statements as a result of this engagement.

Management's Responsibilities and Representations:

The management including owner(s) and management personnel is responsible for the financial statements and for adjusting those statements to correct material misstatements. Management is also responsible for:

- (1) Establishing and maintaining effecting internal control over financial reporting;
- (2) Making available to us all financial records and other information relevant to our review;
- (3) Assuring the accuracy and completeness of this information;
- (4) Affirming to us in a management representation letter, as required by generally accepted auditing standards, the responses and other representations made to us during the course of our audit;
- (5) Identifying and ensuring the Organization complies with the laws and regulations applicable to its activities;
- (6) Disclosing any suspicions of fraud, theft or illegal acts and the relevant facts before beginning;
and
- (7) Also affirming in the management representation letter that the effects of any uncorrected misstatement are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

Because of the importance of management's representations to an effective review, the organization hereby releases and will indemnify, defend and hold harmless the firm and its personnel from any claims, liabilities, costs and expenses resulting from intentional misrepresentations by management.

Our review is not specifically designed and cannot be relied on to disclose reportable conditions, that is, significant deficiencies in the design or operation of the internal control structure. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

If you intend to use our report, together with financial statements, in any other document (e.g., circular, proposal, etc.), you agree to let us know in advance and to give us an opportunity to review such documents prior to their issuance, to ensure that the information contained therein is not inconsistent with the financial statements.

ACCOUNTING ASSISTANCE SERVICES

We understand that certain accounting assistance services will be necessary prior to the financial statement and tax return services. The purpose of these services is to determine the necessary normal year-end adjusting entries required to provide reasonably accurate financial statements. These adjustments will be submitted for approval since the ultimate decision to record these adjustments is management's responsibility.

FEES AND PAYMENT TERMS

The fees for the services previously outlined will be:

Reviewed Financial Statements

Management's discussion and analysis

Fees \$2,000

These fees are based upon the complexity of the work to be performed, timing of the engagement, and experience level of the personnel required and estimates of the professional time to complete the required services. Our professional fees do not include our out-of-pocket costs or expenses, which are estimated to be \$500. Additionally, this fee is dependent on the availability, quality and completeness of your records. You agree that your staff will deliver all records and complete the schedules requested by our staff on a timely basis. In the event your records are not submitted timely or are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem; however, any fees arising from such problems will be discussed with you prior to incurring the additional cost.

Interim billings will be submitted as the work progresses and a final billing will be submitted upon completion of the services. Billings are payable upon receipt. Therefore, we are requesting a retainer of \$1,500. It is our standard business practice to request a retainer upon signing the engagement letter.

Except to the extent finally determined to have resulted from our fraudulent behavior or willful misconduct, our maximum liability to the Organization for any reason, including our negligence related to the services under this letter, shall be limited to the fees paid to our for the services or work product giving rise to the liability or the actual damages of the Organization, whichever is less.

OTHER MATTERS

Disputes

We agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of either of us. The results of this mediation shall be binding only upon agreement of each party to be bound. Both parties shall share costs of any mediation proceeding equally.

Records Retention Policy

At the conclusion of this agreement, we will return all original records you supplied to us. Your Organization records are the primary records for your operations and comprise the backup and support for your financial statements and tax returns. Our records and files are our property and are not a substitute for your own records. Our firm destroys our current client files and all pertinent work papers after a retention period of three (3) years, after which time, these items will no longer be available. Catastrophic events or physical deterioration may result in our firm's records being unavailable.

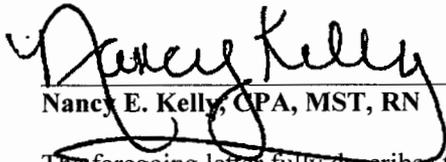
Other Services

Any additional services that you may request, and that we agree to provide, will be subject of separate arrangements.

This engagement letter reflects the entire agreement with your Organization and NE Kelly & Associates, LLC relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understanding, whether written or oral. The agreements of your Organization and NE Kelly & Associates, LLC contained in this engagement letter shall survive the completion or termination of this engagement letter.

We appreciate the opportunity to be of service to you. If you have any questions, please let us know. Please sign the enclosed copy of this letter and return it to us. We cannot begin work until I receive your countersigned copy of this letter.

Sincerely yours


Nancy E. Kelly, CPA, MST, RN

Date

The foregoing letter fully describes the services required and is accepted by us.

Middle Line Road Apartments

Tim Carroll, Executive Secretary

Date

cc: Ms. Emily Day, Chilmark Town Accountant
Dukes County Regional Housing Authority