

March 15, 2018

To the Board of Directors and Management  
Nevada Affordable Housing Assistance Corporation (NAHAC)  
3016 West Charleston Boulevard, Suite 160  
Las Vegas, NV 89102

Dear Ms. Campbell:

We are pleased to confirm our understanding of the services we are to provide NAHAC for the year ended June 30, 2018. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of NAHAC as of and for the year ended June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement NAHAC's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to NAHAC's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.

**Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of NAHAC's financial statements. Our report will be addressed to the Board of Directors of NAHAC. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

**Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of NAHAC's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

#### **Other Services - Audit**

We will also assist in preparing the notes to the financial statements of NAHAC in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Other Services – Form 990 Preparation**

We will prepare NAHAC's federal information returns for the year ended June 30, 2018 based on information provided by you. We will also assist in preparing the financial statements and related notes of NAHAC in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Generally Accepted Auditing Standards* and such services will not be conducted in accordance with *Generally Accepted Auditing Standards*.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

### **Other Services – Agreed Upon Procedures**

We will perform the agreed-upon procedures listed below for the year ended June 30, 2018. This agreed-upon procedures engagement will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. You have requested that we use these procedures and therefore the sufficiency of these requested procedures are solely the responsibility of the specified parties in the report. We make no representation regarding the sufficiency of any procedures described above either for the purpose for which this report has been requested or for any other purpose. If, for any reason outside of our control, we are unable to complete the agreed-upon procedures, we will not be obligated to issue a report as a result of this engagement.

Our procedures will be as follows:

1. We will obtain from management a copy of the HPA Agreement and the U.S. Treasury Hardest Hit Fund (HHF) Risk and Control Matrix and subsequent program amendments in effect during the year ended June 30, 2018. The HHF Risk and Control Matrix was created by the U.S. Treasury to provide for a minimum framework for the states participating in the HHF Program to meet the requirements pursuant to Section 4(B) of the HPA Agreement
2. We will obtain from management a copy of Nevada Affordable Housing Assistance Corporation's (NAHAC) Internal Control Procedures (ICP) that was in effect during the year ended June 30, 2018. We will also obtain from management correspondence received by NAHAC from the U.S. Department of Treasury related to its ICP and internal audit department during the year ended June 30, 2018.
3. We will compare the controls and procedures provided in the HHF Risk and Control Matrix, obtained in procedure 1, to the ICP, obtained in procedure 2, to determine whether the controls and procedures specified in the HHF Risk and Control Matrix were included in the ICP.
4. We will compare the internal audit procedures, as outlined in the "Scope of Services" section of the internal audit reports, to the HHF Risk and Control Matrix, to determine whether the internal audit procedures performed correlate to the "example control activities" outlined in the HHF Risk and Control Matrix.
5. We will read the workpapers and reports prepared by NAHAC's internal audit department, which were prepared in connection with the completion of their internal audit procedures applicable for the year ended June 30, 2018. For each finding identified in the internal audit reports, we will review to determine whether management responded with a remedial plan of action.

The agreed-upon procedures do not constitute an audit or a review; therefore, we will not express an opinion or limited assurance on management's assertion about the effectiveness of their ICP during the year ended June 30, 2018 in connection with the HPA Agreement. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and the results of those procedures. This report is solely for the use of management and the Board of Directors of NAHAC and should not be used by those who did not agree to the procedures and take responsibility for the sufficiency of the procedures for their purposes. Our report will contain a paragraph indicating that, had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

In addition, during the course of our engagement, findings may be identified, either through our agreed-upon procedures or through communication by your employees to us, and we will bring these findings to your attention.

### **Management Responsibilities**

Management is responsible for designing, implementing, and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

### **Management (and User) Representations**

At the conclusion of our engagement, we will request certain written representations from management to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. We will also request that management of NAHAC confirm to us its responsibility for compliance with the HPA Agreement for the year ending June 30, 2018.

### **Engagement Administration, Price, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential

information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports NAHAC; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Houldsworth, Russo & Company, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the state attorney general or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Houldsworth, Russo & Company P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Jessica Sayles is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

**Our price for the services described above will be billed at our standard hourly rates not to exceed \$40,000 for the audit and agreed upon procedures and \$2,800 for the Form 990.** The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur any additional costs. Accounting services performed during the course of the audit will be billed separately at our standard hourly rates.

**Out-of-pocket costs, such as reimbursable travel expenses, long distance telephone charges, computer services fees, delivery charges, and certified mail filing fees will be billed separately. These charges are billed at a rate of \$4.00 per hour charged to your account.** In instances of extraordinary out of pocket expenses, such as out of town travel and related costs, these expenses will be billed in addition to the above hourly charge.

Our invoices for these fees and expenses will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment or if this engagement is terminated by either party for any other reason, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

#### **Dispute Resolution Procedure**

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the county of Clark, Nevada by

PrivateTrials.com, 701 Bridger Avenue, Suite 570, Las Vegas, NV 89101 according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to Nevada law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

**Peer Review Report**

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review accompanies this letter.

**E-mail Communication**

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

We appreciate the opportunity to be of service to Nevada Affordable Housing Assistance Corporation and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Houldsworth, Russo & Company, P.C.



Jessica Sayles, CPA  
Principal

Enclosure

**RESPONSE:**

This letter correctly sets forth the understanding of Nevada Affordable Housing Assistance Corporation.

Management signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## SYSTEM REVIEW REPORT

May 25, 2016

To the Shareholders of  
Houldsworth, Russo & Company, P.C.  
and the Peer Review Committee of the Nevada CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of Houldsworth, Russo & Company, P.C. (the firm) in effect for the year ended February 29, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Houldsworth, Russo & Company, P.C. in effect for the year ended February 29, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Houldsworth, Russo & Company, P.C. has received a peer review rating of *pass*.

*CliftonLarsonAllen, LLP*

CliftonLarsonAllen LLP