

**RUTLAND WEST NEIGHBORHOOD
HOUSING SERVICES, INC.
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT
MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2021**

To the Board of Directors of
Rutland West Neighborhood Housing Services, Inc.
d/b/a Neighborworks® of Western Vermont
West Rutland, Vermont

In planning and performing our audit of the consolidated financial statements of Rutland West Neighborhood Housing Services, Inc. d/b/a Neighborworks® of Western Vermont ("NWWVT") for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered NWWVT's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of NWWVT's internal control. Accordingly, we do not express an opinion on the effectiveness of NWWVT's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we became aware of certain matters that we believe are opportunities for strengthening internal controls and operating efficiency. The Other Findings and Recommendations section summarizes our comments and suggestions concerning those matters.

NWWVT's written responses to the findings and recommendations identified in our audit have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on them.

We wish to also express our appreciation for the courtesy and assistance extended to our firm by the staff and management of NWWVT and we look forward to working with them in the future.

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

June XX, 2022

DRAFT - FOR DISCUSSION ONLY

**RUTLAND WEST NEIGHBORHOOD HOUSING SERVICES, INC.
D/B/A NEIGHBORWORKS® OF WESTERN VERMONT
FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2021**

LOAN APPROVALS

During our test of loans issued in 2021, we noted NWWVT issued a “work-out” loan but did not obtain Loan Committee approval as required by the Organization’s loan policy. Additionally, the credit score and debt to income ratio for this borrower were outside policy guidelines and required Loan Committee approval. We recommend that NWWVT staff consult the Organization’s loan policies to ensure compliance.

Management’s response

LOAN LOSS RESERVE CALCULATION

During our examination of the loan loss reserve calculation for outstanding loans receivable, we noted loans written off in early 2022 were assigned reserve amounts rather than a 100% reserve as of December 31, 2021. We recommend NWWVT staff review the loan loss reserve calculations to ensure an adequate allowance for all known and potential uncollectible loans receivable.

Management’s response