

Institute For The Puerto Rican / Hispanic Elderly, Inc.

**Financial Statements
and
Independent Auditors' Report**

For the year ended June 30, 2019

Institute For The Puerto Rican / Hispanic Elderly, Inc.

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Independent Auditors' Report

To the Board of Directors of
Institute For The Puerto Rican / Hispanic Elderly, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Institute for the Puerto Rican / Hispanic Elderly, Inc. which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute for the Puerto Rican / Hispanic Elderly, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020, on our consideration of Institute for the Puerto Rican / Hispanic Elderly, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute for the Puerto Rican Hispanic Elderly, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Vargas & Rivera, LLP". The signature is written in a cursive, flowing style.

New City, New York
March 27, 2020

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Statement of Financial Position
June 30, 2019

ASSETS

Current Assets	
Cash	\$ 25,017
Grants and Contract Receivables (Note 2)	1,361,938
Receivables - Other	<u>535,306</u>
Total Current Assets	<u>1,922,261</u>
Fixed Assets	
Equipment, Furniture and Fixtures	644,944
Accumulated Depreciation	<u>(318,095)</u>
Net Fixed Assets	<u>326,849</u>
Security Deposits	<u>9,415</u>
Total Assets	<u><u>\$ 2,258,525</u></u>

LIABILITIES AND NET DEFICIT

Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 835,789
Accrued Salaries and Related Benefits (Note 3)	173,545
Deferred Revenue	<u>97,032</u>
Total Current Liabilities	1,106,366
Due to Affiliated Entities (Note 6)	<u>2,069,148</u>
Total Liabilities	3,175,514
Net Assets Without Donor Restrictions	<u>(916,989)</u>
Total Liabilities and Net Deficit	<u><u>\$ 2,258,525</u></u>

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Statement of Activities
For the year ended June 30, 2019

<u>PUBLIC SUPPORT AND REVENUE</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support			
Government Grants and Contracts	\$ -	\$ 4,274,414	\$ 4,274,414
Contributions	172,144	-	172,144
Total Public Support	172,144	4,274,414	4,446,558
Revenue			
Service Fees - Senior Centers	242,626	-	242,626
Social Service Fees	177,221		177,221
Other Income	171,339	-	171,339
Total Revenue	591,186	-	591,186
Net Assets Released From Restrictions	4,274,414	(4,274,414)	-
Total Public Support and Revenue	5,037,744	-	5,037,744
<u>EXPENSES</u>			
Program Services	4,316,938	-	4,316,938
Management and General	937,781	-	937,781
Total Expenses	5,254,719	-	5,254,719
Change in Net Assets	(216,975)	-	(216,975)
Net Deficit, Beginning of Year	(700,014)	-	(700,014)
Net Deficit, End of Year	<u>\$ (916,989)</u>	<u>\$ -</u>	<u>\$ (916,989)</u>

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Statement of Functional Expenses
For the year ended June 30, 2019

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 1,892,163	\$ 248,304	\$ 2,140,467
Payroll Taxes and Fringe Benefits	502,552	35,648	538,200
Total Salaries and Related Expenses	<u>2,394,715</u>	<u>283,952</u>	<u>2,678,667</u>
Consultants	343,841	11,100	354,941
Professional Fees	-	390,726	390,726
Rent and Utilities	199,960	-	199,960
Postage and Delivery	67	554	621
Telephone and Internet Service	36,349	22,699	59,048
Insurance	-	52,270	52,270
Program Supplies	1,027,651	15,941	1,043,592
Equipment Rental and Maintenance	4,604	150	4,754
Conferences and Training	22,160	2,111	24,271
Travel	63,799	366	64,165
Printing and Design	290	14,270	14,560
Office Supplies and Expenses	54,401	6,364	60,765
Repairs and Maintenance	151,472	10,814	162,286
Vehicle Expense	12,137	4,735	16,872
Miscellaneous Expense	<u>5,492</u>	<u>24,236</u>	<u>29,728</u>
Total OTPS Before Depreciations	1,922,223	556,336	2,478,559
Depreciation	<u>-</u>	<u>97,493</u>	<u>97,493</u>
Expenses	<u><u>\$ 4,316,938</u></u>	<u><u>\$ 937,781</u></u>	<u><u>\$ 5,254,719</u></u>

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Statement of Cash Flows
For the year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	<u>\$ (216,975)</u>
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used in Operating Activities:	
Depreciation Expense	97,493
Changes in Assets and Liabilities	
(Increase) / Decrease in:	
Grants and Contract Receivables	(225,570)
Receivables - Other	(94,795)
Increase / (Decrease) in:	
Accounts Payable and Accrued Expenses	(166,514)
Accrued Salaries and Related Benefits	(7,737)
Deferred Revenue	(63,129)
Due to Affiliated Entities	<u>656,896</u>
TOTAL ADJUSTMENTS	<u>196,644</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(20,331)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Equipment, Furniture and Fixtures	<u>(65,677)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(65,677)</u>
NET DECREASE IN CASH	(86,008)
CASH - BEGINNING OF YEAR	<u>111,025</u>
CASH - END OF YEAR	<u><u>\$ 25,017</u></u>

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Notes to the Financial Statements
June 30, 2019

NOTE 1 - ORGANIZATION

The Institute for the Puerto Rican / Hispanic Elderly, Inc. ("IPRHE") is a non-profit organization specializing in providing quality services and programs to meet the various needs of Hispanic and other ethnic/racial low and middle income seniors and their families in New York City and environs with a mission to improve their quality of life. IPRHE offers multi services to the community in order to deter the institutionalization of the elderly, while helping to maintain their quality of life at the highest level possible.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

New Accounting Pronouncement

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update changes terminology used to describe categories of net asset classification, adds new disclosures about liquidity and availability of resources, and expands disclosures related to functional allocation of expenses. IPRHE adopted the provisions of this new standard during the year ended June 30, 2019.

Basis of Presentation

U.S. GAAP requires organizations to report information its financial position and activities according to the following net assets classification:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

All net assets of IPRHE at June 30, 2019 were considered to be net assets without donor restrictions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in The United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

IPRHE is organized under the Not-For-Profit Corporation Law of the State of New York (the "State") and is qualified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization's information returns are subject to examination by the Internal Revenue Service for three years subsequent. Open tax years at June 30, 2019 include fiscal years 2016 through 2018. Management believes it has no material uncertain tax positions and accordingly, it has not recognized any liability for unrecognized tax benefits.

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Notes to the Financial Statements
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, IPRHE considers all highly liquid investments available for current use with an initial period of three months or less to be cash equivalents.

Fixed Assets

Equipment, furniture and fixtures, purchased for a value of \$2,500 or more and with depreciable lives greater than one year, are stated at cost net of depreciation, or fair value at date of contribution, if donated. Equipment and fixtures are depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment change is recognized by the amount by which the carrying amount of the asset exceeds its fair value.

The Organization has reviewed its long-lived assets according to provisions of this topic and believes that no impairment adjustment is deemed necessary over such assets for the year ended June 30, 2019.

Public Support and Revenue Recognition

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Revenue from grants and contracts is recognized as the related costs are incurred under the grant or contract agreement. This support may be subject to approved budgets, as amended, and may be subject to possible adjustment after audit by the granting agencies. The fiscal periods of these grants and contracts may differ from the fiscal year end of the Organization. The Organization believes all grants and contract receivables at June 30, 2019 will be fully collected. Accordingly, no allowance for doubtful accounts is required. Deferred amounts represent cash received in advance of related expenditures.

In-kind Contributions

IPRHE received in-kind contributions in the form of leased space primarily from the City of New York. The total value of these contributions is not reflected in the financial statements as it is not subject to objective measurement and valuation.

Functional Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to program services and administrative expenses benefited.

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Notes to the Financial Statements
June 30, 2019

NOTE 3 – COMPENSATED ABSENCES

Employees of IPRHE are entitled to be paid for unused vacation days, based on length of service and other factors. Employees may carry-over up to ten days beyond the end of the fiscal year. Any unused vacation in excess of ten days is forfeited at the end of each fiscal year. Vacation days carry-over must be used by August 31 of the following fiscal year or it will be forfeited then. Upon termination, payment will be made for any unused vacation conforming with stipulations pertaining to rate of accumulation, maximal accumulation, and carry-over of annual leave. The vacation accrual is \$40,626 as of June 30, 2019 and is included in the accrued salaries and related benefits line item of the statement of financial position.

NOTE 4 – EMPLOYEE RETIREMENT PLAN PAYABLE

IPRHE established a 403(b) tax-deferred annuity plan (the "Plan") for its employees. The Plan permits only employee salary reduction contributions made pursuant to voluntary salary reduction agreements between the employer and eligible employees. IPRHE is the administrator of the Plan

NOTE 5 - DUE TO AFFILIATED ENTITIES

For the year ended June 30, 2019, IPRHE has received loans from affiliated entities. As of June 30, 2019, \$267,661 is due to affiliated entities. The loans are non-interest bearing and is due on demand.

For the year ended June 30, 2019, affiliated entities allocated personal services to IPRHE in the amount of \$379,002 and other than personal service costs totaling \$1,422,485. At June 30, 2019, \$1,801,487 is due to the affiliated entities.

NOTE 6 - LEASE COMMITMENTS

Occupancy - IPRHE leases program/office space in several locations under month-to-month operating leases. Rent expense under these leases for the year ended June 30, 2019 was \$173,474.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Audits by Funding Sources

IPRHE receives a significant portion of its funding from government grant/contracts, all of which are subject to audit by the funding source. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by the funding source. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management believes that any disallowed costs not yet reflected on the financial statements, which may result from these examinations, will not have a material effect on the financial statements for the current reporting periods.

Property Purchased with Government Grant/Contracts

Per certain government grant/contracts, title to assets purchased with grant monies remains with the granting source. In accordance with IPRHE equipment capitalization policy, individual assets acquired for less than \$2,500 are expensed and not capitalized. However, IPRHE inventories the assets in anticipation of future claims in accordance this contract terms, although the grantors have typically not reclaimed the assets at the end of the grant periods.

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Notes to the Financial Statements
June 30, 2019

NOTE 8 - CONCENTRATIONS AND CREDIT RISK

Concentrations

IPRHE received a substantial amount of its support from federal, state and city governmental contracts. A reduction in the level of this support will have an effect on IPRHE's ability to carry out its program activities.

Credit Risk

Financial instruments which potentially subject IPRHE to concentrations of credit risk consist principally of deposits in financial institutions which, at times, may exceed federally insured limits and grants and contract receivable. Management believes that the credit risk with respect to grants and contract receivables is limited since all contract receivables are due from the state and federal government programs.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At June 30, 2019, the Organization has \$1,299,261 of financial assets available to meet needs for general expenditures consisting of cash of \$25,017, grants and contract receivables of \$1,361,938, and other receivables of \$535,306. None of the financial assets are subject to donor or other contractual restrictions. Accordingly all such funds are available to meet the cash needs of the Organization in the next 12 months.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis. In general, the Organization maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.

In addition, the Organization's affiliation with Acacia Network effective January 2016, IPRHE initiated measures designed to improve cash flow and the operating deficit, through, cost containment and maximization of financial resources. Acacia helped to resolve problems faced by IPRHE with respect to timely receipt of payments from the City and other State grantors. Payment plans established with vendors have been maintained and approximately 80% of the balances in payment plans have been paid at the date of financial statement issuance.

NOTE 10 - SUBSEQUENT EVENTS

IPRHE evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which is March 27, 2020, for these financial statements. The Organization believes there have been no significant subsequent events that require disclosure.

Institute For The Puerto Rican / Hispanic Elderly, Inc.

Schedule of Expenditures of Federal Awards
and Accompanying Notes
For the year ended June 30, 2019

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
AGING CLUSTER		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
PASS-THROUGH AWARDS:		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers <i>New York City Department for the Aging</i>	93.044	\$ 45,952
Special Programs for the Aging - Title III, Part C - Nutrition Services <i>New York City Department for the Aging</i>	93.045	472,844
Nutrition Services Incentive Program <i>New York City Department for the Aging</i>	93.053	<u>172,430</u>
Total Aging Cluster		691,226
Social Services Block Grant <i>New York City Department for the Aging</i>	93.667	<u>576,950</u>
Total U.S. Department of Health and Human Services		<u>1,268,176</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,268,176</u></u>

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Institute For The Puerto Rican / Hispanic Elderly, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Institute For The Puerto Rican / Hispanic Elderly, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of the entity.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Institute For The Puerto Rican / Hispanic Elderly, Inc. does not have a federally negotiated indirect cost rate and has not elected to use the 10-percent de minimis indirect cost rate as covered in Section 200.414 of the Uniform Guidance.



**Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors of
Institute For The Puerto Rican / Hispanic Elderly, Inc.
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Institute for the Puerto Rican / Hispanic Elderly, Inc. which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Puerto Rican / Hispanic Elderly, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Puerto Rican / Hispanic Elderly, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute for the Puerto Rican / Hispanic Elderly, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vargas & Rivera, LLP

New City, New York

March 27, 2020



**Independent Auditors' Report on Compliance For Each Major
Program and on Internal Control Over
Compliance Required by The Uniform Guidance**

To the Board of Directors of
Institute For The Puerto Rican / Hispanic Elderly, Inc.
New York, New York

Report on Compliance for Each Major Federal Program

We have audited the Institute for the Puerto Rican / Hispanic Elderly, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute for the Puerto Rican / Hispanic Elderly, Inc.'s major federal programs for the year ended June 30, 2019. The Institute for the Puerto Rican / Hispanic Elderly, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute for the Puerto Rican / Hispanic Elderly, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute for the Puerto Rican / Hispanic Elderly, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Institute for the Puerto Rican / Hispanic Elderly, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute for the Puerto Rican / Hispanic Elderly, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Institute for the Puerto Rican / Hispanic Elderly, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Puerto Rican / Hispanic Elderly, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Puerto Rican / Hispanic Elderly, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other.

A handwritten signature in purple ink that reads "Vargas & Rivera, LLP". The signature is written in a cursive, flowing style.

New City, New York
March 27, 2020

Institute For The Puerto Rican / Hispanic Elderly, Inc.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
~Material weakness(es) identified?	No
~Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
~Material weakness(es) identified?	No
~Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster:

93.667

Social Services Block Grant

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

The audit revealed no findings.

Section III - Federal Award Findings and Questioned Costs

The audit revealed no findings.