SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER
AUDIT DIVISION

John M. Kennedy, Jr.
Comptroller

An Audit of
United Veterans Beacon House, Inc.
Emergency Housing Services Program
For the Period
October 1, 2012 through September 30, 2013

Assignment No.: 2015-06
Date Issued: July 17, 2018

SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER

John M. Kennedy, Jr.
Comptroller

Louis A. Necroto, CPA
Chief Deputy Comptroller

Frank Bayer, CPA
Executive Director of Auditing Services

Audit Staff:

Stephen McMaster, Senior Investigative Auditor
Joseph S. Pecorella, CPA, Chief Auditor
Deborah Bollinger, CPA, Auditor
Stacey Quinn, CPA, Auditor
Jessica Passarella, Intern

TABLE OF CONTENTS

LETTER OF TRANSMITTAL

April 26, 2017

Mr. Frank Amalfitano, President/CEO
United Veterans Beacon House, Inc.
1715 Union Blvd.
P.O. Box 621
Bay Shore, NY 11706

Dear Mr. Amalfitano:

In accordance with the authority vested in the County Comptroller by the Suffolk County Charter (Article V), a performance audit was conducted of the Emergency Housing Services Program (County Program) provided by United Veterans Beacon House, Inc. (Agency) having its principal administrative office at 1715 Union Blvd., Bay Shore, New York 11706. The Agency's contract with the County (County Contract) to provide Emergency Housing Services at various locations within Suffolk County (County) was administered by the Suffolk County Department of Social Services (DSS).

Our audit focused upon the expenses and the revenues reported on the Agency's Homeless Shelter Provider Financial Statements for the October 1, 2012 through September 30, 2013 period. These statements are the responsibility of the Agency's management. The objectives of our audit were as follows:

- To determine if the expenses reported by the Agency to DSS represent necessary and legitimate obligations of the Agency that were incurred and paid solely on behalf of the County Program, pursuant to the County Contract and all applicable laws and regulations.

- To determine if the revenues reported by the Agency represent all payments made by the County for legitimate services provided by the Agency pursuant to the County Contract; and that they include all other income that was recognized and received by the Agency on behalf of the County Program.

- To determine if the County Program's allowable revenues exceeded the County Program's allowable expenses since such excess revenue, as directed by the County Contract, must be returned to the County.

With the exception of the external peer review requirement, we conducted our audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Such standards require that we plan and perform our audit to adequately assess those operations that are included in our audit scope. Further, these standards require that we understand the internal control structure of the Agency and the compliance requirements stated in laws and regulations that are significant to our audit objectives.

An audit includes examining, on a test basis, evidence supporting the transactions recorded in the accounting and operating records and applying such other auditing procedures, as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings and recommendations.

The accompanying Statement of Reported and Adjusted Revenue, Expenses and Net Audit Adjustment and Statement of Reported and Adjusted Expenses (collectively referred to as the Statements) for the period October 1, 2012 through September 30, 2013 were prepared for the purpose of reporting revenues and reimbursable expenses resulting from the Agency's operation of the County Program. As described in Note 1 (p. 28), the Statements were prepared in conformity with the accrual basis of accounting and the financial reporting requirements of the Suffolk County Department of Social Services' Reimbursable Cost Manual for Not-For-Profit Shelters (RCM). The RCM specifies the expenses that DSS will and will not accept for reimbursement. Accordingly, the Statements are intended to present the expenses that DSS will accept for reimbursement, which may not be a complete presentation of the Agency's expenses in accordance with generally accepted accounting principles.

The audit identified material instances of noncompliance with regulations and contractual requirements and significant internal control deficiencies. In addition, the Statements disclose that, for the period October 1, 2012 through September 30, 2013, allowable program revenues exceeded the allowable program expenses by $314,971 (Schedule 1, p. 26).

Furthermore, since the audit of the October 1, 2012 through September 30, 2013 period resulted in material expense adjustments, some of which affected subsequent reporting periods, we determined that certain expense classifications should also be subject to audit testing for the period October 1, 2013 through September 30, 2015. Although our tests of the additional expense classifications, which will be the subject of a separate audit report, will be considerably less in scope than those performed for the October 1, 2012 through September 30, 2013 period, our additional audit procedures will provide a reasonable basis for our findings and recommendations. Furthermore, the Agency did not provide a signed Representation Letter in accordance with our policy guidelines.

Respectfully submitted,

Office of the County Comptroller
Division of Auditing Services

EXECUTIVE SUMMARY

County Funding (p. 9) – Our audit of the period October 1, 2012 through September 30, 2013, disclosed that the Agency was overpaid $314,971 (Schedule 1, p. 26) by the County. The overpayment resulted primarily from the following:

- The Agency reported $27,169 in excess funding for the audit period which must be returned to the County as dictated by the County Contract (p. 9).

- Unreported revenue in the amount of $43,697 was recognized because it pertained to the contractually mandated release of capital reserve funds and per diem funding that was received from the County but not duly reported by the Agency (p. 9).

- Homeless shelter client contributions in the amount of $6,052 were over reported by the Agency (p. 10).

- Expenses in the amount of $250,157 were disallowed due to inappropriate charges to the County Program and costs that were prohibited by the RCM (p. 10).

Compliance with Laws, Regulations and Contracts - Our audit disclosed the following instances of noncompliance that are material to the subject matter and are required to be reported under government auditing standards (p. 10):

- Salaries/Wages, Fringe Benefits and other expenses are over-reported by $92,006 due to costs that are prohibited by the RCM as well as other inappropriate charges. The disallowances include wages and the related fringe benefits associated with employee salaries that exceeded the approved budgeted amount for the position; wages associated with services that were provided to another program; fixed assets and other expenses that were not duly offset against the capital reserve funds with which they were acquired; fixed asset acquisitions that were not preapproved by DSS as directed by the RCM, and non-program related expenses (p. 10).

- Interest and Rent – Building expenses are over reported by $58,686 due to less-than-arm's length transactions that we determined were contrary to, or in conflict with, the goals and purposes of the County Contract (p. 12).

- Salaries/Wages, Fringe Benefits and other expenses are over-reported by $99,064 because the Agency's allocation methodology utilized to equitably distribute shared and administrative costs between benefitting programs contained numerous calculation inaccuracies (p. 14).

- Salaries/Wages, Fringe Benefits and other expenses are over-reported by $401 due to costs that were not supported by sufficient documentation (p. 16).

- Written documentation supporting the provision of contractually mandated case management services was not found in all client files (p. 17).

Internal Controls – Our review of internal controls disclosed the following significant deficiencies (p. 17):

- The severe lack of segregation of duties related to the Agency's approval, processing, payment and recording of Agency payroll transactions in addition to other material weaknesses in the Agency's system of internal controls relative to the processing of program expenses increased the risk that defalcation could occur without detection (p. 18).

- Employee time and accrual records and personnel files were not adequately reviewed for accuracy and for compliance with Agency policy, the RCM and applicable laws and regulations, resulting in undetected errors (p. 18).

- The Agency did not have an adequate review process over the recording of transactions to provide assurance that all transactions were properly classified (p. 19).

- The Agency did not have a system of internal controls in effect that adequately safeguarded fixed assets purchased pursuant to the County Contract or that ensured the Agency's compliance with the County Contract and RCM (p. 20).

BACKGROUND

United Veterans Beacon House, Inc. (Agency) is a community based not-for-profit corporation founded in New York State in 1994 to provide temporary and permanent residences for U.S. Military veterans. The Agency's administrative office is located at 1715 Union Boulevard, Bay Shore, New York.

The Agency entered into an agreement (County Contract) with the Suffolk County Department of Social Services (DSS) to provide emergency housing services, in facilities operated by the Agency, for individuals and families without permanent housing. In addition, the Agency was required to provide case management and other supportive services necessary to assist the County-authorized program clients in the location and retention of permanent housing.

The term of the County Contract was July 1, 2012 through June 30, 2015 with two one-year renewal options. Our audit was conducted for the twelve month fiscal period of October 1, 2012 through September 30, 2013.

During the period of audit, pursuant to the County Contract, the Agency operated two Family Shelters and one Singles Shelter (opened in July 2013). The Family Shelters are located in Bay Shore and Brentwood and are structured to provide services primarily to clients age 21 and older with children. The Singles Shelter, located in Patchogue, is structured to provide services to single male clients age 16 and older without children.

The County Contract dictates that payment to the Agency for services rendered to those homeless clients authorized by DSS to receive services would be on a fee for service basis. As such, the Agency would be paid a per diem rate multiplied by the number of days each client was housed. DSS also evaluated the clients to determine if they were financially able to contribute a fee toward the cost of their services, with the Agency being responsible for collecting these fees and utilizing them as an offset against the Agency's operating expenses.

The Agency's per diem rate for the audit period was determined by DSS based on reviews of the Agency's proposed budget and prior period reported expenses. The RCM specifies those costs that are allowable and requires that costs must be reasonable, necessary and directly related to an adequate program for homeless clients.

The County Contract directs that at the end of each contract year, if the Agency's allowable costs are less than the revenue received, the Agency would be obligated to refund the surplus to the County. During the October 1, 2012 through September 30, 2013 period of audit, the Agency reported $985,879 of program-related revenue and $958,710 of program-related expenses resulting in a reported surplus in the amount of $27,169 (Schedule 1, p. 26).

SCOPE AND METHODOLOGY

To accomplish the objectives as stated in the Letter of Transmittal (p. 1), we performed the following procedures:

- Examined the County Contract, the RCM and applicable laws to determine the rules and regulations related to the audit objectives.

- Interviewed DSS personnel responsible for financial and programmatic oversight of the County Program. Determined the procedures utilized by DSS relative to the receipt and processing of service billings submitted by the Agency to DSS.

- Interviewed the Agency's management and personnel to determine job duties and to gain an understanding of the internal controls instituted by the Agency to ensure that reported revenues and expenses were in compliance with the requirements of the County Contract and the RCM.

- Reconciled the revenue reported on the Homeless Shelter Provider Financial Statements (HSPFS) to DSS records of revenue payments made to the Agency for services rendered during the audit period pursuant to the County Contract.

- Reconciled the expense classifications recorded in the Agency's General Ledger to the expense classifications reported by the Agency on the HSPFS.

- Reconciled the Agency's payroll records to the salaries reported on the HSPFS and to Federal and State payroll tax reporting.

- Selected for testing, a representative sample of payroll transactions for each employee claimed to the County on the HSPFS. We reviewed supporting documentation such as employee time sheets, payroll records, employee personnel files, cancelled checks and bank statements to ensure that the Agency's reported expenses were actually incurred on behalf of the County Program and were in compliance with applicable laws, contracts and regulations.

- Conducted interviews of selected Agency employees to document the associated job duties and to ensure that the employee provided a level of service to the County program that was commensurate with their salary/wages.

- Selected for testing, a representative sample of transactions from the following expense classifications: Fringe Benefits, Depreciation and Amortization, Interest, Insurance, Office Expenditures, Professional Fees, Repairs and Maintenance, and Utilities. We reviewed supporting documentation such as vendor receipts, vendor invoices, vendor statements, vendor agreements, lease agreements, cancelled checks and bank statements to ensure that the Agency's reported expenses were actually incurred on behalf of the County Program and were in compliance with applicable laws, contracts and regulations.

- Selected for testing, 10% of the homeless clients for which the Agency reported Suffolk County Per Diem Funding during the period of audit. We reviewed supporting documentation such as case management files, Agency billing invoices, Emergency Housing Sign-in Sheets and DSS vendor remittance statements to ensure that the associated client services were legitimate, adequately documented and in compliance with the County Contract.

We utilized a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on operations that have been identified through preliminary planning procedures as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address operations that may be functioning properly.

AUDIT FINDINGS

County Funding

Our audit of the period October 1, 2012 through September 30, 2013, disclosed that the Agency was overpaid $314,971 (Schedule 1, p. 26) by Suffolk County. The overpayment resulted primarily from the following:

- **The Agency reported $27,169 in excess funding from the audit period which must be returned to the County as dictated by the County Contract.** We analyzed the Agency's Homeless Shelter Provider Financial Statements (HSPFS) and found that the Agency reported program revenue in the amount of $985,879. However, this amount exceeded reported expenses of $958,710 by $27,169 (Schedule 1, p. 26). As dictated by the Agency's Contract with the County, the Agency must refund this surplus to the County.

- **Unreported revenue in the amount of $43,697 was recognized because it pertained to the contractually mandated release of capital reserve funds and per diem funding that was received from the County, but not duly reported by the Agency.** Our audit revealed the following:

  •• Pursuant to the RCM, the Agency established a Capital Reserve Fund (Fund) to accumulate excess program revenues for the purpose of building or capital acquisition, capital improvements, renovation, alteration, major repairs or for any purpose that is approved in advance by DSS. The Fund may only offset current year excess revenue over expenditures and cannot increase an existing loss or generate a loss after reducing an overpayment. Each contribution to the Fund has an expenditure period, mandated by the RCM, during which time the Fund must be used or returned to the County. We found that $36,523 of reserve funds that were established by the Agency in prior periods had not been utilized by the Agency within the mandated expenditure period. However, the Agency requested and was granted DSS retroactive approval to utilize $26,523 of the Fund to subsidize costs that were incurred for the purpose of opening a Singles Homeless Shelter in July 2013. Consequently, an audit adjustment is necessary to recognize as a Contractually Mandated Release of Capital Reserve Funds $26,523 of expended reserve funds as well as $10,000 of unused reserve funds which were due to be returned to the County no later than September 30, 2015 (See p. 28, Notes to Schedules, Note 4).

  •• Suffolk County per-diem funding represents the amount paid to the Agency for services rendered pursuant to the County Contract. The County paid the Agency on a fee for service basis at a per diem rate multiplied by the number of days each client is housed. The per-diem rate was established by DSS based on a proposed Agency budget and review of Agency expenses. We traced each payment made by the County to the Agency to the Benefit Issuance Control Subsystem (BICS) of the State Welfare Management System (County's payment records) and a determination was made as to which payments pertained to services that were provided during the period of audit. However, when totaled, we found that the actual payments in the amount of $984,794 exceeded the amount reported by the Agency on the HSPFS of $977,620 by $7,174. Therefore, an adjustment was necessary to recognize $7,174 of unreported per-diem revenue which, as dictated by the County Contract, must be returned to the County (See p. 28, Notes to Schedules, Note 2).

- **Homeless shelter client contributions in the amount of $6,052 were over reported by the Agency.** DSS determines if, and how much, clients are financially capable of contributing toward the cost of shelter. A required client contribution, which the Agency is responsible to collect each month, is then established. To ensure that the Agency was duly collecting and properly recording the required client contributions, we compared each individual client's contribution reported on the Agency's monthly billings to DSS to the client payments actually collected and recorded in the Agency's general ledger. However, our analysis disclosed that client contributions reported by the Agency on the HSPFS in the amount of $8,259 inappropriately included amounts that were collected from individuals who were not clients of the County Program and did not include County Program client contributions which we believe were incorrectly classified to the wrong general ledger account. Consequently, the Agency over reported client contributions by $6,052 (See p. 28, Notes to Schedules, Note 3).

- **Expenses in the amount of $250,157 were disallowed due to inappropriate charges to the County Program and costs that were prohibited by the RCM (see below).** As a result, reported expenses in the amount of $958,710 exceeded audited expenses of $708,553 by $250,157 (Schedule 2, p. 27).

<u>Compliance</u>

Our audit disclosed the following violations of contract provisions that are material to the subject matter and are required to be reported under Government Auditing Standards:

Salaries/Wages, Fringe Benefits and other expenses are over-reported by $92,006 due to costs that are prohibited by the RCM as well as other inappropriate

charges. The Agency must report expenses based on the accrual basis of accounting, the financial reporting requirements of the RCM and the terms and conditions stated in the County Contract. The costs that DSS will and will not accept as allowable costs are cited in the RCM. The RCM also dictates that reported expenses be reasonable, necessary and directly related to an adequate program for homeless clients. Our audit revealed the following:

- Salaries/Wages are over-reported by $62,520 due to non-compliance with the County Contract**.** Although the Agency is contractually required to maintain staff positions and salaries identical to those approved by DSS in the Agency's budget, our audit revealed several job titles (Maintenance Manager, Counselors, Driver, Case Worker, Secretary/Case Worker and Accounting/ Case Worker) in which reported salaries exceeded the approved budgeted amount for the position. As a result, $62,520 of reported Salaries/Wages Expense is disallowed (See p. 28, Notes to Schedules, Note 5).

- The Agency inappropriately reported Salaries/Wages totaling $1,920 for case management services that were provided to six clients of the Homeless Housing Support Services Program during the month of December 2012. However, since this program is not funded pursuant to the County Contract, $1,920 of reported Salaries/Wages Expense is disallowed (See p. 28, Notes to Schedules, Note 5).

- We determined that the Fringe Benefit expenses associated with reported Salaries/Wages disallowed by the audit totaled $8,367. Accordingly, these expenses are disallowed (See p. 29, Notes to Schedules, note 6).

- The Agency erroneously reported $6,668 of Depreciation and Amortization Expense and $5,900 of Repairs and Maintenance Expense related to purchases that were consummated utilizing the Capital Reserve Fund (Fund). The Fund was established, pursuant to the RCM, to accumulate excess program revenues for the purpose of building or capital acquisition, capital improvements, renovation, alteration, major repairs or for any purpose that is approved in advance by DSS. However, the Agency did not duly recognize the related expended reserve funds as offsetting revenue resulting in over reported expenses of $12,568. As a result, we disallowed $6,668 of reported Depreciation and Amortization Expense and $5,900 of reported Repairs and Maintenance Expenses (See p. 29 and 30, Notes to Schedules, Notes 7 and 12).

- The Agency inappropriately reported $1,073 of Depreciation and Amortization Expense related to fixed asset acquisitions which were consummated without the prior approval of DSS. The RCM dictates that prior written approval by DSS' Housing Administrator is required for any purchase of furniture, fixtures, equipment, supplies or any item whose cost exceeds $750. The RCM further directs that prior approval will be waived in an emergency situation; however, the Agency must notify DSS' Housing Administrator within three business days of any emergency purchase and provide a rationale. However, our audit revealed that the Agency inappropriately reported depreciation expense of $1,073 for a vehicle purchase for which prior written approval from DSS was not obtained. As a result, $1,073 of reported Depreciation and Amortization Expense is disallowed (See p. 29, Notes to Schedules, Note 7).

- The Agency inappropriately reported $4,759 of costs that did not benefit the County Program. These unallowable expenses all of which were disallowed, were as follows (See p. 30, Notes to Schedules, Notes 11, 12 and 14):

  - Professional Fees in the amount of $1,061 which consisted of an $876 expense pertaining to the preparation of the U.S. General Services Administration Vendor Application, and a $185 expense pertaining to the purchase of equipment for one of the Agency's other programs.

  - Repairs and Maintenance Expense of $1,262 related to the maintenance of a facility that was not utilized for the County Program.

  - Utilities Expense of $2,436 related to the Agency's Thrift store which does not benefit the County Program.

- The Agency erroneously reported $799 of Professional Fees, Repairs and Maintenance, Utilities and Office Expenses which we determined were unreasonable. We found that the Agency incorrectly allocated to the Singles Homeless Shelter Facility certain administrative expenses that were incurred prior to the opening of the Shelter. Accordingly, reported expenses in the amounts of $142, $153, $196 and $308, respectively, were disallowed (See p. 29 and 30, Notes to Schedules, Notes 10, 11, 12 and 14).

Interest and Rent – Building expenses are over reported by $58,686 due to less-than-arm's length transactions that we determined were contrary to, or in conflict with, the goals and purposes of the County Contract. The County Contract dictates that the Agency will not engage in any activity that is contrary to and/or in conflict with the goals and purposes of the County. Our audit disclosed that interest expense reported on the Agency's HSPFS pertained primarily to a bond issue consummated through the Suffolk County Industrial Development Agency (IDA) which was procured by the Agency's Chief Executive Officer (CEO) for the acquisition of the homeless shelter facilities, the administrative office and various other locations operated by the Agency. Our review also disclosed that the homeless shelter facilities were purchased from Amazing Houses, Inc., an organization in which the Agency's CEO and Chief Financial Officer (CFO) were the principal owners. We believe that it is a questionable business practice and therefore contrary to and/or in conflict with the goals and purposes of the County to permit the Agency's CEO, who is responsible for the acquisition of agency facilities, to procure facilities from a company that he owns.

Furthermore, the general intent of the County Contract, DSS policy and the RCM is to provide reimbursement of actual costs incurred by the program and not to provide profit to the Agency's management and/or other affiliated parties. However, we determined that since this less-than-arms-length acquisition increased the costs that the County would have incurred had it acquired these properties directly rather than through an entity in which the Agency's CEO and CFO were the principal owners; provided no corresponding enhancement to the County Program, and; financially benefitted the Agency's management, the general intent of the County Contract was circumvented by the Agency as follows (See p. 29, Notes to Schedules, Notes 7 and 8):

- One of the facilities was obtained by Amazing Houses, Inc. without any consideration in 2001, was rented by the Agency for the County Program and was subsequently sold to the Agency for $325,000 in 2007 for continued use in the County Program. As a result, $25,174 of reported Interest Expense and $10,000 of reported Depreciation and Amortization Expense is disallowed for this property since these expenses would not have been incurred had the Agency acquired this property directly in 2001 for no consideration.

- One of the facilities was obtained by Amazing Houses, Inc. for $200,000 in 2003, was rented by the Agency for the County Program and was subsequently sold to the Agency for $415,000 in 2007 for continued use in the County Program. Consequently, $19,285 of reported Interest Expense and $4,227 of reported Depreciation and Amortization Expense is disallowed since it relates to the difference between the acquisition cost of $415,000 and the $200,000 cost the Agency would have incurred had it acquired this property directly in 2003.

Salaries/Wages, Fringe Benefits and other expenses are over-reported by $99,064 because the Agency's allocation methodology utilized to equitably distribute shared and administrative costs between benefitting programs contained numerous calculation inaccuracies. Sound business practice dictates that any expenses that cannot be charged directly to a specific program must be allocated across all programs benefited by the expense. Furthermore, entities that allocate such expenses across programs and/or entities benefited by the expense must use allocation methods/rates that are fair, reasonable and adequately supported by written documentation. An allocation methodology/rate is reasonable if, in its nature and amount, it does not materially differ from that which would have been incurred had the merchandise/services been acquired directly by the program. Our audit disclosed the following:

- The Agency inappropriately allocated $28,830 of administrative staff salaries associated with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to the County Program. The RCM dictates that multi-program agencies must have time distribution records for employees who charge costs to more than one program. Compensation costs will not be allowed if the allocation of costs is not reasonable. It is recommended that the allocation of administrative payroll expenses be calculated using either actual time dedicated to each program by each employee or by using quarterly time studies. However, we found that the salaries/wages allocated to the County Program for the CEO and CFO were not substantiated by time studies, actual time spent on the program, time distribution records or any other adequately substantiated methodology. Audit allocation of these salaries/wages based on reasonable allocation criteria (County Program's audited direct program expenses as a percentage of total agency-wide direct program expenses) revealed that audit adjustments were necessary to disallow $28,830 of reported Salary/Wage Expense and $3,491 of the related Fringe Benefit Expense (See p. 28 and 29, Notes to Schedules, Note 5 and 6).

- The Agency inappropriately allocated to the County Program $7,541 of health insurance expenses related to both administrative and direct staff. The Agency's monthly health insurance premium invoices reflected all agency employees that were enrolled in the health insurance plan. Each month, the Agency allocated the related premiums between benefitting programs based on the program for which each covered employee provided services. However, we found that health insurance premiums reported by the Agency for the County Program exceeded audited health insurance premiums determined by summing the premiums billed for the County Program's employees by $7,541. Consequently, $7,541 of reported Fringe Benefits is disallowed (See p. 29, Notes to Schedules, Note 6).

- Certain expense classification balances were over reported by $35,737 because the Agency's allocation methodology utilized to distribute administrative costs between benefitting programs contained numerous calculation inaccuracies. Furthermore, we found that audited allocation percentages determined based on reasonable allocation criteria (individual program revenues as a percentage of agency-wide revenues) were substantially lower than those allocation rates utilized by the Agency to distribute administrative expenses. Consequently, audited allocation rates were applied to the related expenses which resulted in the following disallowed administrative expenses:

Expense Account	Disallowance Amount	Report Page	Note No.
Depreciation/Amortization	$ 7,081	29	7
Interest	13,867	29	8
Office	1,788	29	10
Professional Fees	8,787	30	11
Repairs and Maintenance	545	30	12
Security	100	30	13
Telephone	405	30	13
Travel	820	30	13
Other	1,304	30	13
Utilities	1,040	30	14
Total	$ 35,737		

- General Insurance Expense was over reported by $23,465 because the Agency's allocation methodology utilized to distribute administrative costs between benefitting programs contained numerous calculation inaccuracies. Audit allocation of these insurance expenses based on reasonable allocation criteria (i.e., each program's Commercial Property and Commercial General/Professional Liability Insurance as a percentage of the agency-wide total) revealed that audit adjustments were necessary to disallow $23,465 of reported Insurance Expense (See p. 29, Notes to Schedules, Note 9).

Salaries/Wages, Fringe Benefits and other expenses are over-reported by $401 due to costs that were not supported by sufficient documentation. The Agency was contractually required to maintain full and complete records of services under the County Contract for a period of seven years. However, the Agency reported certain expenses for which it did not provide us with any substantiating documentation verifying that the expense benefited the County program or complied with applicable laws, contracts and regulations. As a result, since the RCM directs that the County of Suffolk retains the right to disallow any costs that are not properly or adequately documented, the following audit adjustments were necessary:

- Salaries/Wages totaling $315 were not supported by sufficient documentation. The RCM states that payrolls must be supported by employee time records prepared during the time period in which services were provided. However, the Agency did not provide one employee's bi-weekly timesheet. As a result, $315 of reported Salaries/Wages is disallowed (See p. 28, Notes to Schedules, Note 5).

- The Agency erroneously reported on the HSPFS certain expense classification balances that exceeded the corresponding balance recorded in the underlying accounting records. Consequently, $123 of reported Fringe benefits as well as $282 of reported Depreciation and Amortization Expense is disallowed (See p. 29, Notes to Schedules, Note 6 and 7).

- The Agency erroneously reported on the HSPFS certain expense classification balances that were less than the corresponding balance recorded in the underlying accounting records. Consequently, an audit adjustment was necessary to recognize $319 of unreported Repairs and Maintenance Expense (See p. 30, Notes to Schedules, Note 12).

Written documentation supporting the provision of contractually mandated case management services was not found in all client files. The Agency is contractually required to provide case management services to each client with the primary goal of acquisition of permanent housing at the earliest possible time. To achieve this goal, case management services must consist of client needs assessments, independent living plans and permanent housing searches evidenced by written documentation maintained in each client file. Moreover, these client files and all of the associated written documentation supporting the services provided pursuant to the County Contract must be maintained for a period of seven years. However, our review of client files revealed the following:

- The County Contract dictates that each client is required to meet a minimum of two times per week (eight per month) with the Agency's Case Manager/Social Worker to discuss progress, needs, and/or concerns. The Agency must provide adequate documentation of the meeting supported with the client's signature. However, our audit testing of fifty-three months for six different clients revealed thirty months in which the required number of meetings did not take place.

- Agency policy requires each client to complete a minimum of twelve housing search logs each month as evidenced by the Housing Search Logs Cover Sheet maintained in each client's file. However, we found that of the fifty-three months tested for six different clients, there were seven months in which a client did not complete the required number of logs. Furthermore, we found that there were no logs completed whatsoever for two of these months.

Internal Control

Our review of the Agency's internal controls that are material to the subject matter disclosed the following deficiencies that are required to be reported under Government Auditing Standards:

The severe lack of segregation of duties related to the Agency's approval, processing, payment and recording of Agency payroll transactions in addition to other material weaknesses in the Agency's system of internal controls relative to the processing of program expenses increased the risk that defalcation could occur without detection. Our audit disclosed the following:

- The Agency's Controller is responsible for entering (weekly/bi-weekly) payroll data, reviewing the payroll journals from the payroll system, finalizing each payroll, determining the bank transfer and distribution of bank transfer to the employees' accounts for each payroll, reconciling the payroll bank account, and adding new employees and entering any payroll modifications into the Paychex payroll system. We believe that this combination of duties is severely incompatible and significantly increases the risk of an error or irregularity occurring without detection. Although the Agency's CEO purportedly reviews the payroll reports received from the courier, the Agency's Controller has the ability to make payroll modifications to the payroll system without any secondary authorization needed. In addition, even though the payroll checks require dual signatures, the Agency's Controller is the only employee with access to the CEO's signature stamp.

- The Agency's CEO routinely initiates purchases, approves purchases, approves the related invoice for payment, and signs the check. Although agency disbursements require dual signature (CEO and CFO/Controller), the CEO has access to the Controller's signature stamp. The Agency does not have in place a system of second party verification by an individual who is independent from the purchasing process (Board Treasurer) that would disclose the initiation of abusive transactions or prevent upper management's override of internal controls.

Employee time and accrual records and personnel files were not adequately reviewed for accuracy and for compliance with Agency policy, the RCM and applicable laws and regulations, resulting in undetected errors. Our audit testing of forty-eight of the Agency's employees revealed the following weaknesses in the Agency's internal controls:

- The Agency does not routinely perform a formal reconciliation of employee accrued time balances to ensure that they are accurate and complete. We found that the Agency's Controller only examines employee accruals on an individual basis to ensure that sufficient accrued time is available when a request for time off is submitted. As a result, we were unable to verify that accrued time balances were properly expended for three of the employees tested (6%). We believe that this weakness in internal controls increases the risk that employees will be paid for time off that they have not accrued and that this may occur without timely detection.

- New York State Labor Law dictates that pay rates must be acknowledged annually in writing by employees and executive management. However, the Agency did not complete and retain in the employees' personnel files the annual rate of pay acknowledgement forms required by NYS. Furthermore, we found that twenty of the personnel files tested (42%) were missing NYS income verification forms indicating initial pay rates or when changes to pay rates occur. Eleven (11) of these files did not contain any documentation that the employee and management had acknowledged and authorized the rate of pay before it went into effect. Although nine of these files did contain documentation of the initial pay rate, the documentation did not have employer and employee signatures agreeing to the rate of pay.

- Four of the employee personnel files tested (8%) did not contain a properly completed Federal Form W-4. Three of these files did not contain the employee's W-4 and one of these files contained a W-4 that did not reflect the employee's social security number.

- Fourteen of the employee personnel files tested (29%) did not contain a copy of the employee's high school diploma. The County Contract dictates that a high school diploma, equivalent or relevant work experience is preferred for shelter staff whose position is Support Staff/Counselor. Although the Agency's Application for Employment documents the extent of the employee's education, the employee's personnel file is missing verification that the high school diploma was actually received by the employee. In addition, two of the employee personnel files tested (4%) did not contain a copy of the employee's resume, job application and high school diploma. As a result we were unable to conclusively confirm that the related employees possess the necessary qualifications for employment.

The Agency did not have an adequate review process over the recording of transactions to provide assurance that all transactions were properly classified. Our audit revealed the following:

- The Agency incorrectly classified as Professional Fees Expense $185 of computer equipment and $75 for a shredding service which, based on the

RCM, would be more appropriately classified as Office Expense. Consequently, we reclassified these transactions accordingly, resulting in a $260 decrease to reported Professional Fees and a corresponding increase to Office Expense (See p. 29 and 30, Notes to Schedules, Note 10 and 11).

- Although the RCM dictates that the Office Expense and Professional Fees Expense classifications must be reported as administrative expenses, the Agency inappropriately classified $432 of reported Professional Fees and $6,467 of reported Office Expense as direct program expenses. Consequently, an audit adjustment was necessary to reclassify these expenses accordingly.

The Agency did not have a system of internal controls in effect that adequately safeguarded fixed assets purchased pursuant to the County Contract or that ensured the Agency's compliance with the County Contract and RCM. Our audit revealed the following:

- The RCM directs that the Agency must maintain a fixed asset/depreciation schedule that includes, but is not limited to, a description of the asset, date of purchase, sources of purchase, cost, estimated life, current location of the asset, and disposal information. Large equipment purchases such as appliances must also have the manufacturer, brand, model number and serial number or other unique identifier listed. However, the Agency does not maintain complete fixed asset records. We found that the Agency records fixed assets on a Detailed Depreciation Report which reflects broad categories, such as, appliance or equipment and, therefore, we could not readily identify the type of the asset. As a result, it would be virtually impossible to effectively identify individual assets upon physical inspection.

- The County Contract directs that the Agency must attach labels indicating the County's proprietary interest or title in all property purchased pursuant to the County Contract. These labels should be number referenced and the identifying number should be reflected on the fixed asset/depreciation schedule for easy identification upon physical inspection. However, we found that the Agency does not tag fixed assets purchased pursuant to the County Contract.

- The Agency did not comply with the requirements of the RCM when computing Depreciation expense. Although the RCM requires the straight-line method of computing depreciation on property, plant and equipment, we found numerous occasions in which the Agency used the double declining balance method of depreciation for certain assets.

- The Agency does not have a formal capitalization policy to enhance the monitoring of the acquisition and disposition of fixed assets and to ensure compliance with the County Contract and the RCM.

RECOMMENDATIONS

(1) The Agency should screen all expenses reported for the County Program to ensure that they are reasonable, necessary and directly beneficial to the County Program. To be reimbursable, reported expenses must comply with the requirements of the RCM, the County Contract and Agency policy. Accounting records must be maintained on an accrual basis with proof of payment provided in the subsequent accounting period.

(2) As directed by the County Contract, the Agency should only report salaries/wages amounts that do not exceed the budgeted amounts approved by DSS. The Agency's management should obtain the proper written DSS approvals when wages are expected to exceed the approved budget.

(3) The Agency must not report depreciation expense to the County Program for assets that were purchased using the Capital Reserve Fund. The cost of the asset must be offset against the related capital reserve funds expended. Preferably, if the Agency's Capital Reserve Fund is used for an acquisition, neither the cost of the acquisition nor the released capital reserve funds should be reported on the Agency's Homeless Shelter Provider Financial Statements (HSPFS). However, if the acquisition is currently expensed on the HSPFS it must be offset by the related capital reserve funds expended for the purchase which must be recognized on the HSPFS as additional program revenue.

(4) As directed by the RCM, the Agency must obtain prior written approval from the DSS Housing Administrator for any purchase of furniture, fixtures, equipment, supplies or any item whose cost in aggregate or individually, exceeds seven hundred fifty dollars ($750).

(5) As a general rule, DSS policy prohibits related party expenses. Therefore, the Agency must not conduct any business transactions with a related party without first disclosing the related party to DSS and obtaining DSS approval for the related party transactions. However, if related party transactions are approved by DSS, the associated expenses will only be allowable to the extent that they do not exceed the actual costs incurred by the related party to acquire the associated assets/facilities.

(6) In accordance with sound business practice, any expenses that cannot be charged directly to a specific program must be allocated across all programs benefited by the expense. Entities that allocate such expenses across programs and/or entities benefited by the expense must use allocation methods/rates that are fair, reasonable and adequately supported by written documentation. As a general rule, an allocation methodology/rate is reasonable if, in its nature and amount, it does not materially differ from that which would have been incurred had the merchandise/services been acquired directly by the program. Furthermore, the RCM dictates that multi-program agencies must have time distribution records for

employees who charge costs to more than one program. Therefore, with respect to the CEO and CFO's wages, it is recommended that the distribution of their wages be calculated using either actual time dedicated to each program by each employee or by using quarterly time studies.

(7) As dictated by the County Contract, the Agency must ensure that all documentation supporting the expenses reported for the County Program is secured and retained for a period of seven years as required by the County. In addition, original source documentation must contain sufficient detail to justify the cost as an expense of the County Program.

(8) As directed by the County Contract, all clients should be provided with case management services with the primary goal of the acquisition of permanent housing, at the earliest possible time. Additionally, all client files should contain written documentation supporting the performance of such services. This, and all other documentation supporting the services provided pursuant to the County Contract, must be maintained for a period of seven years.

(9) The Agency must ensure that duties related to the approval, processing, payment and recording of Agency expenses are properly segregated to minimize the risk that defalcation could occur without detection. Individuals responsible for the recording of Agency transactions in the accounting records must not have access to Agency funds. Furthermore, to assist in the prevention of management override of controls, the Agency must establish a system of documented second-party verification which is performed by an Agency employee independent of the related processing functions.

(10) To ensure that employee time and accrual and personnel records are accurate, complete and in compliance with the Agency policy, the RCM, and applicable laws and regulations, a responsible Agency employee should routinely review:

- Each employee's usage and accumulation of accrued benefit time to ensure that the Agency policy is being consistently and uniformly applied to all employees and that documentation supporting accrued benefit time is sufficiently maintained for all employees.

- Each employee's personnel file to ensure that the files contain current and accurate information supporting the Agency's compliance with New York State Law concerning executive management's and the employee's acknowledgement of pay rates and pay rate changes.

- Each employee's personnel file to ensure that the files contain pertinent documentation such as the employee's Federal Form W-4, high school diploma, resume, job application, etc.

(11) Establishing an adequate review process would help the Agency ensure that transactions are accurately recorded in the accounting records. The CEO and CFO should routinely review reported transactions for proper accounting classification. Reported expenses should also be screened to ensure that those expenses that are directly related to the operation of the program are classified as Direct Program expenses, while those that relate to the management and administration of the agency are classified as Administrative expenses. In addition, the CEO and CFO should ensure that administrative costs do not exceed 20% of direct program related costs.

(12) To effectively safeguard fixed assets from loss or damage, to ensure that they are being used for their intended purposes, and to ensure that they are in compliance with the RCM and the County Contract, the Agency must:

- Expand the fixed asset/depreciation schedule to include sufficient detail to distinguish between assets upon physical inspection.

- Attach number referenced labels indicating the County's proprietary interest or title in all property purchased pursuant to the County Contract. The identifying number should be reflected on the fixed asset/depreciation schedule for easy identification upon physical inspection.
- Comply with the requirements of the RCM which requires the straight-line method of computing depreciation on property, plant and equipment.
- Establish a formal Capitalization policy for assets purchased.

SCHEDULES

Note: The accompanying schedules are an integral part of this report and should be read in conjunction with the Letter of Transmittal (p.1).

Schedule 1

United Veterans Beacon House, Inc.
Statement of Reported and Adjusted Revenue, Adjusted Expenses and Net Audit Adjustment
For the Period October 1, 2012 through September 30, 2013

Notes	Description	Amount Reported	Audit Adjustments	Adjusted Amount
(2)	Suffolk County Per Diem Funding	$ 977,620	$ (7,174)	$ 984,794
(3)	Client Contributions	8,259	6,052	2,207
(4)	Contractually Mandated Release of Capital Reserve Funds	-	(36,523)	36,523
	Total Revenues	985,879	(37,645)	1,023,524
	Total Expenditures (from Schedule 2):	958,710	250,157	708,553
	Total Amount Due Suffolk County For Audit Period	$ 27,169	$ (287,802)	$ 314,971

See Notes to Schedules (p. 28)

Schedule 2

United Veterans Beacon House, Inc.
Statement of Reported and Adjusted Expenses
For the Period October 1, 2012 through September 30, 2013

Notes	Description	Amount Reported	Amount Over (Under) Reported	Adjusted Amount
(5)	Salaries/Wages	$ 551,836	$ 93,585	$ 458,251
(6)	Fringe Benefits	110,039	19,522	90,517
	Continuing Education	86	-	86
(7)	Depreciation & Amortization	42,940	29,331	13,609
	Dues and Subscriptions	900	-	900
(8)	Interest	74,767	58,326	16,441
(9)	Insurance	34,970	23,465	11,505
	Licenses & Permits	250	-	250
(10)	Office Expenditures	18,963	1,836	17,127
(11)	Professional Fees	14,148	10,250	3,898
	Rent - Vehicles, Equipment, etc.	7,880	-	7,880
(12)	Repairs & Maintenance	46,351	7,541	38,810
(13)	Security	2,149	100	2,049
(13)	Telephone	7,769	405	7,364
(13)	Travel	8,441	820	7,621
(14)	Utilities	29,343	3,672	25,671
(13)	Other Expenditures	7,878	1,304	6,574
	Total Expenses	$ 958,710	$ 250,157	$ 708,553

See Notes to Schedules (p. 28)

Notes to Schedules
United Veterans Beacon House, Inc.

(1) **Basis of Accounting**: The Agency reported expenses and revenues based on the accrual basis of accounting and the financial reporting requirements of the Suffolk County Department of Social Services (DSS) Reimbursable Cost Manual for Not-For-Profit Shelters (RCM). The costs that DSS will and will not accept as allowable costs are cited in the RCM.

(2) Suffolk County Per-Diem Funding is the amount paid to the Agency for services rendered pursuant to its contract with the County. The County paid the Agency on a fee for service basis at a per diem rate multiplied by the number of days each client is housed. The per-diem rate was established by DSS based on a proposed Agency budget and review of Agency expenses. We found that the per diem payments made by DSS exceeded the per diem payments reported by the Agency by $7,174.

(3) Client contributions are payments made by the Agency's clients who have been determined by DSS to be financially capable of contributing to the cost of services rendered. The Agency is responsible for collecting this contribution each month from the clients. We found that the Agency over reported client contributions by $6,052 on its Homeless Shelter Provider Financial Statements.

(4) Pursuant to the RCM, the Agency established a Capital Reserve Fund (Fund) to accumulate excess program revenues for the purpose of building or capital acquisition, capital improvements, renovation, alteration, major repairs or for any purpose that is approved in advance by DSS. The Fund must be released and recognized as additional program revenue during the period in which it is used to subsidize reported expenses or when it exceeds the expenditure period mandated by the RCM at which time it must be returned to the County. The audit disclosed that $36,523 of excess program revenues that were contributed to the Fund in prior periods had not been utilized by the Agency within the mandated expenditure period. The Agency requested and was granted DSS retroactive approval to utilize $26,523 of the Fund to subsidize costs that were incurred for the purpose of opening a Singles Homeless Shelter in July 2013. Consequently, an audit adjustment is necessary to recognize as a Contractually Mandated Release of Capital Reserve Funds $26,523 of expended reserve funds as well as $10,000 of expired reserve funds which were due to be returned to the County no later than September 30, 2015.

(5) The Salaries/Wages Expense adjustment consists of the following disallowed expenses:

Excess wages paid over budget	$ 62,520
Inequitable allocation of administrative wages	28,830
Non-Program related wages	1,920
Lack of sufficient supporting documentation	315
Total	$ 93,585

Notes to Schedules
United Veterans Beacon House, Inc.

(6) The Fringe Benefits Expense adjustment consists of the following disallowed expenses:

Fringe benefits associated with:	
Non-Program related wages and excess wages paid over budget	$ 8,367
Inequitable allocation of administrative wages	3,491
Inequitable allocation of Health Insurance expenses	7,541
Lack of sufficient supporting documentation	123
Total	$ 19,522

(7) The Depreciation and Amortization Expense adjustment consists of the following disallowed expenses:

Unreasonable costs – costs consummated pursuant to a conflict of interest relationship	$ 14,227
Unreasonable costs – costs related to items that were purchased with Capital Reserve Funds	6,668
Unallowable costs because they exceeded $750, but were not preapproved by DSS	1,073
Inequitable allocation of administrative costs	7,081
Lack of sufficient supporting documentation	282
Total	$ 29,331

(8) The Interest Expense adjustment consists of the following disallowed expenses:

Unreasonable costs – costs consummated pursuant to a conflict of interest relationship	$ 44,459
Inequitable allocation of administrative costs	13,867
Total	$ 58,326

(9) The Insurance Expense adjustment consists of the following disallowed expenses:

Inequitable allocation of general insurance costs	$ 23,465
Total	$ 23,465

(10) The Office Expenditures adjustment consists of the following disallowed expenses:

Inequitable allocation of administrative costs	$ 1,788
Unreasonable costs – costs incurred prior to Shelter opening	308
Reclassification to / (from) other accounts	(260)
Total	$ 1,836

(11) The Professional Fees Expense adjustment consists of the following disallowed expenses:

Notes to Schedules
United Veterans Beacon House, Inc.

Inequitable allocation of administrative costs	$	8,787
Non-Program related costs		1,061
Unreasonable costs – costs incurred prior to Shelter opening		142
Reclassification to / (from) other accounts		260
Total	$	10,250

(12) The Repairs and Maintenance Expense adjustment consists of the following disallowed expenses:

Inequitable allocation of administrative costs	$	545
Unreasonable costs – costs related to items that were purchased with Capital Reserve Funds		5,900
Non-Program related costs		1,262
Unreasonable costs – costs incurred prior to Shelter opening		153
Accounting Error – allowance of unreported expenses		(319)
Total	$	7,541

(13) The following unaudited expense classifications included an inequitable allocation of administrative costs. Consequently the related reported expenses are disallowed as follows:

Security Expense	$	100
Telephone Expense		405
Travel Expense		820
Other Expense		1,304
Total	$	2,629

(14) The Utilities Expense adjustment consists of the following disallowed expenses:

Inequitable allocation of administrative costs	$	1,040
Non-Program related costs		2,436
Unreasonable costs – costs incurred prior to Shelter opening		196
Total	$	3,672

APPENDICES

APPENDIX A

NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

March 2, 2018

Mr. Frank Bayer, CPA
Executive Director of Auditing Services
County of Suffolk - Office of the County Comptroller
100 Veterans Memorial Highway – P.O. Box 6100
Hauppauge, NY 11788-0099
Email: ***frank.bayer@suffolkcountyny.gov***

**Re: United Veterans Beacon House, Inc.
Suffolk County Comptroller's Audit for
October 1, 2012 – September 30, 2013**

Dear Mr. Bayer:

We have been retained by United Veteran's Beacon House, Inc. (hereinafter referred to as "UVBH") to assist with the due-diligence and review of the Suffolk County Comptroller's unofficial Audit report and in the preparation of the response to same.

We have considered the following data for purposes of this engagement:

- The Suffolk County Office of the Comptroller unofficial report for the Audit of United Veterans Beacon House, Inc. Emergency Housing Services for the period of October 1, 2012 through September 30, 2013 (Assignment Number: 2015-06 – dated December 14, 2017)
- Select work papers provided by the Office of the County Comptroller
- UVBH Schedule of Budgeted Salaries for the period of October 1, 2011 through September 30, 2012 (which remained as the proxy for the budget for the period of October 1, 2012 through September 30, 2013)
- UVBH Schedule of Actual Salaries/Wages for the period of October 1, 2012 through September 30, 2013
- County of Suffolk Department of Social Services Reimbursable Cost Manual (hereinafter referred to as "RCM") for Not-for-Profit Shelters effective January 2007
- Chain of Title for the properties located at 200 Bay Shore Road, Bay

Shore and 222 Caleb's Path, Brentwood

- Copies of deeds for properties located at 200 Bay Shore Road, Bay Shore and 222 Caleb's Path, Brentwood

- Form 1120S – U.S. Income Tax Returns for an S Corporation for Amazing Houses, Inc. for calendar years 2007 and 2008, inclusive of Schedule K-1s

- Correspondence from Gary Silko, CPA related to the 200 Bay Shore Road property dated January 8, 2016

- Correspondence from Suffolk County Department of Social Services to Frank Amalfitano related to UVBH depreciation expense dated March 4, 2016

- Supporting documentation (Resolutions, Notes to Financial Statements, tax returns, Court records) in defense of the assertion of a conflict of interest **(see Exhibit VII)**

- UVBH time distribution reports for Fred Brown and Frank Amalfitano for various weeks within the period of October 2012 through September 2013

- UVBH Labor Distribution reports for the period of October 2012 through September 2013

In summary, the Audit concluded the following:

- The Agency was overpaid **$339,502** by Suffolk County during the period of October 1, 2012 through September 30, 2013. The overpayment resulted primarily from the following:

  - The agency reported **$27,169** in excess funding for the Audit period which must be returned to the County as dictated by the County Contract.

    - Pursuant to the Agency's Homeless Shelter Provided Financial Statement (HSPFS), the Agency reported program revenue in the amount of $985,879. However, this amount exceeded reported expenses of $958,710 by **$27,169**.

- Unreported revenue in the amount of **$43,697** was recognized because it pertained to the contractually mandated release of capital reserve funds and per diem funding that was received from the County but not duly reported by the Agency.

  - Pursuant to the RCM, the Agency established a Capital Reserve Fund to accumulate excess program revenues for the purpose of building or capital acquisition, capital improvements, renovation, alteration, major repairs or for any purpose that is approved in advance by DSS. The Fund may only offset current year excess revenue over expenditures and cannot increase an existing loss or generate a loss after reducing an overpayment. Each contribution to the Fund has an expenditure period, mandated by the RCM, during which time the Fund must be used or returned to the County.

    - The Audit found that **$36,523** of Capital Reserve Funds that were established by the Agency in prior periods had not been utilized by the Agency within the mandated expenditure period. However, the Agency requested and was granted DSS retroactive approval to utilize $26,523 of the Fund to subsidize costs that were incurred for the purpose of opening a Singles Homeless Shelter in July 2013. Consequently, an audit adjustment is necessary to recognize a Contractually Mandated Release of Capital Reserve Funds in the amount of $26,523 for expended reserve funds as well as $10,000 of unused reserve funds which were due to be returned to the County no later than September 30, 2015.

  - Suffolk County per-diem funding represents the amount paid to the Agency for services rendered pursuant to the County Contract. The County paid the Agency on a fee for service basis at a per diem rate multiplied by the number of days each client is housed.

    - The County found that the actual payments in the amount of $984,794 exceeded the amount reported by the Agency on the HSPFS of $977,620 by **$7,174**. Therefore, an adjustment was necessary to recognize $7,174 of unreported per-diem revenue which, as dictated by the County Contract, must be returned to the County.

- Homeless shelter client contributions in the amount of **$6,052** were over reported by the Agency.

- Expenses in the amount of **$274,688** were disallowed due to inappropriate charges to the County Program and costs that were prohibited by the RCM.

Revenue Adjustments

Excess Funding

County Finding

Pursuant to the Agency's Homeless Shelter Provided Financial Statement (HSPFS) the Agency reported program revenue of $985,879 and expenses of $958,710, resulting in an excess of $27,169.

UVBH Response

Pursuant to the RCM, the Agency has historically established a Capital Reserve Fund to accumulate excess program revenues for the purpose of building or capital acquisition, capital improvements, renovation, alteration, major repairs or for any purpose that is approved in advance by DSS since 2002 **(see Exhibit I)**.

On an annual basis, UVBH has established a reserve fund for the maximum amount of $25,000 pursuant to the RCM.

Conclusion

As such, $25,000 of the $27,169 is deemed to be allocated to the Capital Reserve Fund, resulting in an excess of $2,169.

Disallowed Expenses

Pursuant to the Agency's Homeless Shelter Provided Financial Statement (HSPFS), the Agency reported expenses of $958,710. The Audit disallowed expenses in the amount of $274,688 or 29% of total expenses. Due to the fact the Shelter Program was the only major program during the Audit period, it appears to be unreasonable that nearly one third of the operating expenses would be disallowed. Additionally, past Audits of this program have not resulted in disallowances of this magnitude.

We have outlined the County's findings and our responses for the largest adjustments below:

Salaries and Wages

County Finding

- Salaries/Wages are over-reported by $85,006 due to non-compliance with the County Contract. Although the Agency is contractually required to maintain staff positions and salaries identical to those approved by DSS in the Agency's budget, the Audit revealed several job titles (Maintenance Manager, Counselors, Driver, Case Worker, Secretary/Case Worker and Accounting/Case Worker) in which reported salaries exceeded the approved budgeted amount for the positions.

- Additionally, fringe benefit expenses associated with the reported Salaries/Wages disallowed by the Audit totaled $10,412.

UVBH Response

For purposes of our response, it is necessary to summarize the comparisons of budgeted to actual salaries for the Shelters as outlined below:

Family Shelter

October 1, 2012 through September 30, 2013						
Comparison of Budgeted Salaries to Actual Salaries - Family						
Title/Name	**Approved Budget**	**Total Reported Wages**	**Program**	**Admin**	**Under Budget**	**(Over) Budget**
Executive Director	33,061	33,713	-	33,713	-	(652)
Chief Financial Officer	29,559	30,131	-	30,131	-	(572)
Social Worker	50,471	48,547	48,547	-	1,924	-
Case Manager	36,743	32,106	32,106	-	4,637	-
Housing Specialist	37,153	30,911	30,911	-	6,242	-
House Manager	75,307	35,360	35,360	-	39,947	-
Maintenance Manager	16,556	18,200	18,200	-	-	(1,644)
Counselors	212,507	275,096	275,096	-	-	(62,589)
Driver	-	9,588	-	9,588	-	(9,588)
Case Worker	-	6,190	-	6,190	-	(6,190)
Secretary/Case Worker	-	1,020	-	1,020	-	(1,020)
Accounting/Case Worker	-	2,571	-	2,571	-	(2,571)
	491,357	**523,433**	**440,220**	**83,213**	**52,750**	**(84,826)**

- For the period of October 1, 2012 through September 30, 2013 the Family Shelter budgeted salaries totaled $491,357 **(see Exhibit II)** and the reported wages totaled $523,433 **(see Exhibit III)**, which indicates an over-budgeted amount of $32,076.

- A majority of the over-budgeted amount of $32,076 is related to the non-budgeted job titles of Driver, Case Worker, Secretary/Case Worker and Accounting/Case Worker. Please note, the salaries for these positions were approved as part of the overall UVBH annual budget for total expenditures. Due to the needs of the Family Shelter program, a portion of the actual salaries for these job titles were allocated, although not budgeted. If these titles had been budgeted for the Family Shelter program, the RCM indicates that they would have been approved.

- The Audit disallowed the over budgeted amount of $84,826, but ignores the under-budgeted amount of $52,750 for the Family Shelter, the net effect of which is $32,076.

- Pursuant to our analysis, there appears to be mistakes with the classification of the title/names of employees. As indicated above, the Counselor salaries/wages are over budgeted by $62,589 and the House Manager salaries/wages are under budgeted by $39,947. We offer the following examples in support of the variance **(see Exhibit IV)**:

  - [redacted] is listed as a Counselor pursuant to the UVBH schedule of actual salaries/wages for the period of October 1, 2012 through September 30, 2013. However, during that period [redacted] was promoted to a House Manager. As such, a portion of his actual salaries/wages should have been allocated to the House Manager title.

  - [redacted] is listed as a Counselor pursuant to the UVBH schedule of actual salaries/wages for the period of October 1, 2012 through September 30, 2013. However, during that period [redacted] was promoted to a House Manager. As such, a portion of her actual salaries/wages should have been allocated to the House Manager title.

- Had a detailed analysis of the employees and titles been performed for the period of October 1, 2012 through September 30, 2013, further instances of the above type adjustments would have been discovered.

Singles Shelter

October 1, 2012 through September 30, 2013							
Comparison of Budgeted Salaries to Actual Salaries - Singles							
Title/Name	**Approved Budget**	**Prorated Budget (3 Mths)**	**Total Reported Wages**	**Program**	**Admin**	**Under Budget**	**(Over) Budget**
Executive Director	13,500	3,375	2,077	-	2,077	1,298	-
Chief Financial Officer	12,000	3,000	1,846	-	1,846	1,154	-
Case Manager	38,000	9,500	4,440	4,440	-	5,060	-
House Manager	34,000	8,500	4,571	4,571	-	3,929	-
Shelter Director	6,068	1,517	1,004	-	1,004	513	-
Counselors	91,022	22,756	13,062	13,062	-	9,694	-
Driver	-	-	695	-	695	-	(695)
Case Worker	-	-	449	-	449	-	(449)
Secretary/Case Worker	-	-	74	-	74	-	(74)
Accounting/Case Worker	-	-	186	-	186	-	(186)
Overtime	5,000	1,250	-	-	-	1,250	-
	199,590	**49,898**	**28,404**	**22,073**	**6,331**	**22,898**	**(1,404)**

- As per the County's workpaper, for the period of October 1, 2012 through September 30, 2013 the Singles Shelter budgeted salaries totaled $199,590, or $49,898 prorated for three months, and the reported wages totaled $28,404 **(see Exhibit V)**, which indicates an under-budgeted amount of $21,494.

- The over-budgeted amount of $1,404 is related to the non-budgeted job titles of Driver, Case Worker, Secretary/Case Worker and Accounting/Case Worker. Please note, the salaries for these positions were approved as part of the overall UVBH annual budget for total expenditures. Due to the needs of the Singles Shelter program, a portion of the actual salaries for these job titles were allocated, although not budgeted. If these titles had been budgeted for the Singles Shelter program, the RCM indicates that they would have been approved.

- The Audit disallowed the over budgeted amount of $1,404, but ignores the under-budgeted amount of $22,898 for the Singles Shelter, the net effect of which is $21,494.

- It appears the County's workpaper did not account for all of the budgeted salaries for the Singles Shelter when compared to the Budget. The difference being $15,525, prorated as $3,881 **(see Exhibits V & VI)**.

Conclusion

Netting the over budgeted amount of $32,076 from the Family Shelter to the under-budgeted amount of $21,494 from the Singles Shelter calculates a combined over budgeted amount of $10,583. Based upon prior Audits by the Housing Department, amounts that were over budgeted by position had been reallocated accordingly.

The Audit disallows salaries and wages of $85,006, however, pursuant to our analysis the correct disallowed amount is $10,583, a difference of $74,423 or 88%. Additionally, the fringe benefit allocation associated with the disallowed salaries and wages of $10,412 should be reduced by 88% ($9,163) or $1,249.

Interest and Rent

County Finding

- Our review disclosed that the homeless shelter facilities were purchased from Amazing Houses, Inc., an organization in which the Agency's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) were the principal owners.

- Building expenses are over reported by **$58,686** due to less-than-arm's length transactions that we determined were contrary to, or in conflict with, the goals and purposes of the County Contract.

  - One of the facilities obtained by Amazing Houses, Inc. without any consideration in 2001 was rented by the Agency for the County Program and was subsequently sold to the Agency for $325,000 in 2007 for continued use in the County Program. As a result, **$25,174** of reported Interest Expense and **$10,000** of reported Depreciation and Amortization Expense is disallowed for this property since these expenses would not have been incurred had the Agency acquired this property directly in 2001 for no consideration **(200 Bay Shore Road, Bay Shore)**.

  - One of the facilities was obtained by Amazing Houses, Inc. for $200,000 in 2003, was rented by the Agency for the County Program and was subsequently sold to the Agency for $415,000 in 2007 for continued use in the County Program. Consequently, **$19,285** of reported Interest Expense and **$4,227** of reported Depreciation and Amortization Expense is disallowed since it relates to the difference between the acquisition cost of $415,000 and $200,000 cost the Agency would have incurred had it acquired this property directly in 2003 **(222 Caleb's Path, Brentwood)**.

UVBH Response

In order for us to properly respond to the County's finding, it is necessary to summarize the following pertinent details:

- UVBH is a not-for-profit organization with a mission to "provide temporary and permanent residence for U.S. Military veterans and to provide emergency, transitional and permanent residence for families (including men, women and children) and single men and woman." Frank Amalfitano has been President and CEO of UVBH since 1999 when UVBH was founded.

- While acting as President of UVBH, Mr. Amalfitano was also an officer of Amazing Houses, Inc., (hereinafter "Amazing"), a for-profit organization. Amazing was an organization that owned and leased buildings.

- Amazing is an S-Corporation which was formed by Frank Amalfitano (CFO) (33.33%), Frederick Brown (CEO) (33.34%) and Lydia Gallone (33.33%) on February 1, 1996 to purchase and invest in real estate properties.

- Since UVBH provides housing to the homeless population, they have to lease buildings at a reasonable price in order to provide other amenities and services. Amazing was able to lease reasonably priced buildings to UVBH. This relationship between UVBH and Amazing created the Conflict for Mr. Amalfitano as he is President and CEO of UVBH and an officer at Amazing (hereinafter referred to as the "Conflict").

- As early as 1997, Mr. Amalfitano and UVBH disclosed the Conflict by providing notice to the New York State Charities Bureau by filing the notice of the Conflict that year and every year thereafter. The Department of Social Services had full access to such public filings and same were submitted to the Department of Social Services.

- Subsequently, in 2001, pursuant to the UVBH Resolution documents, Mr. Amalfitano brought the Conflict to the attention of the Board of Directors and was given signed approval from each board member of UVBH **(see Exhibit VII-1)**. Moreover, UVBH disclosed the Conflict during each yearly Audit in its financial statements **(see Exhibit VII-2 - 4)**. We can provide all financials upon request.

- Furthermore, in 2007, UVBH petitioned to the Supreme Court of New York State, under docket number 0734717, to secure bonds from the Suffolk County Development Agency **(see Exhibit VII-5)**. In the Verified Petition, particularly in paragraph 5, there is a full and complete disclosure of the Conflict. Subsequently, the Court approved the petition on November 5, 2007 **(see Exhibit VII-6)**.

- In 2010, UVBH received a grant from HUD for $136,099 through the Continuum of Care Homeless Assistance Funding Program. Subsequently, as part of its application, UVBH filed a Form HUD-2880 which once again disclosed the Conflict and provided its financials with disclosures.

- UVBH was audited in 2011 and, once again, properly disclosed the Conflict. During said Audit, HUD had access and required a presentation of the financials mentioned hereinabove which fully disclosed the Conflict. HUD also required that UVBH timely file with the New York State Charities Bureau, which it had done so every year. As already noted, UVBH had reported the Conflict in each and every submission.

- Between UVBH's disclosures and HUD forms filed, every relevant party was put on notice of the Conflict. The boards for both organizations gave expressed written consent to the Conflict and the appropriate agencies were given adequate notice as to the nature of the Conflict **(see Exhibit VII)**.

200 Bay Shore Road, Bay Shore

- One of the Family Shelters is located at 200 Bay Shore Road in Bay Shore. The title chain for the property is summarized below **(see Exhibit VIII)**:

200 Bay Shore Road, Bay Shore		
Title Holder	**Date Deeded**	**Date Recorded**
[redacted]	4/26/1996	5/9/1996
	4/18/2001	5/8/2001
Amazing Houses, Inc.	4/18/2001	5/8/2001
United Veteran's Beacon House	11/15/2007	12/14/2007

- Amazing was unable to secure mortgages for properties, as such each owner individually acquired a property/mortgage and contributed same to the corporation.

    - [redacted] acquired the Bay Shore property and quitclaimed it to Amazing on the same date she purchased the property from [redacted].

- [redacted] contributed the property as part of her one third equity contribution as a shareholder of the corporation.
- Thus, the conclusion of a gift is baseless and without merit.

➢ While the Agency rented the property, Amazing paid the mortgage, taxes and expenses to maintain the property as reported on the respective tax returns (Form 1120S) **(see Exhibit IX)**.

➢ As a requirement for the sale of the property to the Agency, three appraisals were performed and the lowest of the three was selected as the selling price ($325,000).

➢ The property was sold at fair market value based upon the obtainment of three appraisals with the lowest of the three appraisals utilized as the selling price.

222 Calebs Path, Brentwood

➢ The other Family Shelter is located at 222 Calebs Path in Brentwood. The title chain for the property is summarized below **(see Exhibit VIII)**:

222 Caleb's Path, Brentwood		
Title Holder	**Date Deeded**	**Date Recorded**
[redacted]	6/28/1993	7/19/1993
	10/20/1998	12/16/1998
Amazing Houses, Inc.	12/9/2003	1/26/2004
United Veteran's Beacon House	11/15/2007	12/14/2007

➢ While the Agency rented the property, Amazing paid the mortgage, taxes and expenses to maintain the property as reported on the respective tax returns (Form 1120S) **(see Exhibit IX)**.

➢ As a requirement for the sale of the property to the Agency, three appraisals were performed and the lowest of the three was selected as the selling price ($415,000).

➢ The property was sold at fair market value based upon the obtainment of three appraisals with the lowest of the three appraisals utilized as the selling price.

- The owners bore the risk of the investment and benefitted merely due to the change in market conditions between the date of acquisition (12/9/2003) and the date of sale (11/15/2007).

- Once the sale of the property was complete, a bond was issued by UVBH for which the proceeds were used to renovate their newly acquired property.

<u>Conclusion</u>

Pursuant to the Audit report, the County states the following:

- "The County Contract dictates that the Agency will not engage in any activity that is contrary to and/or in conflict with the goals and purposes of the County."

- "Furthermore, the general intent of the County Contract, DSS policy and the RCM is to provide reimbursement of actual costs incurred by the program and not to provide profit to the Agency's management and/or affiliated parties."

- "However, we determined that since this less-than-arms-length acquisition...."

UVBH has not engaged in any activity that is contrary to and/or in conflict with the goals and purposes of the County. There are no audit procedures nor any evidentiary matter which supports this assertion within the County's report. Furthermore, the payments made through the County contract were merely to support the program for which UVBH sponsored. Any profit from the sale of the properties was due to the change in market conditions during the holding period and in no way conflicted with any program and affiliated parties. Lastly, the County asserts the acquisitions were less-than-arms-length; we have provided evidence that supports the contrary and confirms the acquisitions by UVBH are arm's length transactions **(see Exhibit VII)**.

Administrative Staff Salaries

<u>County Finding</u>

The RCM dictates that multi-program agencies must have time distribution records for employees who charge costs to more than one program. It is recommended that the allocation of administrative payroll expenses be calculated using either actual time dedicated to each program by each employee or by using quarterly time studies. The Audit found that the salaries/wages allocated to the County Program for the CEO and CFO were not substantiated by time studies, actual time spent on the program, time distribution records or any other adequately substantiated methodology. As such, the following expenses were disallowed:

- The Agency inappropriately allocated $28,830 of administrative staff salaries associated with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to the County Program.

- Additionally, fringe benefit expenses associated with the salaries disallowed by the Audit totaled $3,491.

UVBH Response

The County performed a detailed calculation to determine the purported inappropriate allocation of $28,830 of administrative staff salaries associated with the CEO and CFO to the Family and Singles Shelter program. This disallowance was calculated utilizing an audit allocation percentage of 21.1% of the base salaries for each position and comparing to the reported salary.

The County's estimated calculation and disallowance was unnecessary as the appropriate time records are prepared and were available. The time distribution records provided reflect, on a weekly basis, the number of hours worked daily distributed amongst the various activity codes. The report references a Certification that indicates, "….The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report."

Summarized below are the weekly time distribution records provided for Fred Brown (CFO) and Frank Amalfitano (CEO) **(see Exhibit X)**:

	Fred Brown (CFO)		
	Shelter Hours	**Weekly Hours**	**%**
October 8, 2012 - October 13, 2012	18.00	42.00	43%
October 15, 2012 - October 19,2012	23.00	54.00	43%
January 28, 2013 - February 2, 2013	23.50	52.50	45%
February 4, 2013 - February 8, 2013	23.00	53.00	43%
April 8, 2013 - April 13, 2013	21.00	52.50	40%
April 15, 2013 - April 19, 2013	22.00	53.50	41%
July 8, 2013 - July 13, 2013	22.50	54.00	42%
July 15, 2013 - July 19, 2013	21.00	50.00	42%
	174.00	**411.50**	**42%**

	Frank Amalfitano (CEO)		
	Shelter Hours	**Weekly Hours**	%
October 8, 2012 - October 13, 2012	21.00	63.00	33%
October 15, 2012 - October 20,2012	20.00	65.00	31%
January 28, 2013 - February 2, 2013	22.50	63.50	35%
February 4, 2013 - February 9, 2013	19.50	66.00	30%
April 8, 2013 - April 13, 2013	21.00	65.00	32%
April 15, 2013 - April 20, 2013	20.50	66.50	31%
July 8, 2013 - July 13, 2013	21.00	66.50	32%
July 15, 2013 - July 20, 2013	22.00	64.50	34%
	167.50	**520.00**	**32%**

Pursuant to our analysis, the CFO and CEO spent 42% and 32% of their time, respectively, on the Family and Singles Shelter program. We have summarized the allocation below:

	CFO	CEO	
Base Salary	84,971	99,565	
Allowable Salary - Family & Single	42%	32%	
	35,929	32,071	
Less: Amount Reported on HSPFS	(31,977)	(35,790)	
Disallowance	**3,952**	**(3,719)**	**234**

Conclusion

The CEO and CFO appropriately record the actual hours worked by activity on a weekly basis. Our analysis indicates the salaries allocated to the Family and Singles Shelter program for the positions are allowable. As such, the administrative staff salaries of $28,830 and fringe benefit expense of $3,491 should be allowed pursuant to the provisions in the RCM.

March 2, 2018
Page 15 of 16
Re: United Veterans Beacon House, Inc.

<u>**Summary**</u>

In summary, we offer the following total adjusted amount:

Description	Amount Reported	Audit Adjustments	Adjusted Amount
Suffolk County Per Diem Funding	977,620	(7,174)	984,794
Client Contributions	8,259	6,052	2,207
Contractually Mandated Release of Capital Reserve Funds	-	(36,523)	36,523
Total Revenues	985,879	(37,645)	1,023,524
Total Expenditures	958,710	274,688	684,022
Total Amount Due Suffolk County for Audit Period	**27,169**	**(312,333)**	**339,502**
Allocation to Capital Reserve Fund (Profit: $27,169) See P. 4			(25,000)
Salaries and Wages Adjustment (Disallowed: $85,006) See P. 7			(74,423)
Fringe Benefit Adjustment (Disallowed: $10,412) See P. 7			(9,163)
Interest and Rent Adjustment (Disallowed: $58,686) See P. 12			(58,686)
Administrative Staff Salaries Adjustment (Disallowed: $28,830) See P. 14			(28,830)
Fringe Benefit Adjustment (Disallowed: $3,491) See P. 14			(3,491)
Total Adjusted Amount			**139,909**

We appreciate the opportunity to provide this response to your unofficial Audit report and are interested in arranging a meeting with you to discuss same at your convenience.

Very truly yours,
NAWROCKI SMITH, LLP

Ernest Patrick Smith, CPA/ABV/CFF, CVA, CFE

Exhibits

Exhibit I	United Veterans Beacon House, Inc. Schedule of Capital Reserve Funds, dated April 8, 2014
Exhibit II	United Veterans Beacon House, Inc. Schedule of Budgeted Salaries for the period of October 1, 2011 through September 30, 2012
Exhibit III	United Veterans Beacon House, Inc. Actual Salaries/Wages for the period of October 1, 2012 through September 30, 2013
Exhibit IV	United Veterans Beacon House, Inc. Labor Distribution report for the period of October 2012 through September 2013
Exhibit V	United Veterans Beacon House, Inc. Comparison of Budgeted Salaries to Actual Salaries for Singles Shelter for the period of October 1, 2012 through September 30, 2013.
Exhibit VI	United Veterans Beacon House, Inc. Budgeted Salaries/Wages for Patchogue Shelter (Singles Shelter) for the period of October 1, 2012 through September 30, 2013.
Exhibit VII	Supporting Documentation in Defense of the Assertation of a Conflict of Interest
Exhibit VIII	Chains of Title for Real Property
Exhibit IX	Tax Returns for Amazing Houses, Inc. for calendar years 2007 and 2008
Exhibit X	United Veterans Beacon House time distribution reports for Fred Brown and Frank Amalfitano

Exhibit I

S3-[illegible]
DSS
10/14/15
JP

United Veterans Beacon House, Inc.
Schedule of Capital Reserve Funds
Date: 4/8/2014

Fiscal Year	Housing Approval	Capital Reserve Amount	Period to Use or Return	Fiscal Year Used or Returned by	LABEL	Amount Used	Amount Returned	Balance	Shelter Site	Description	Asset ID# Per UVBH Depreciation Report	Invoice Located @ W/P
09/30/2002		20,000	7 Years	09/30/2009				20,000				
		10,000	5 Years	09/30/2007		2,500		27,500				
09/30/2003		25,000	5 Years	09/30/2008				52,500				
09/30/2004		25,000	5 Years	09/30/2009				77,500				
09/30/2005								77,500				
09/30/2006								77,500				
09/30/2007								77,500				
	8/9/11				A	77,500		-	Ann Marie	Extension to Ann Marie's house	#90 & 130	[illegible]
09/30/2008		25,000						25,000				
	3/4/09				A-1	21,160		3,840	Ann Marie	Various items - see below. Approval amount = $21,160	#90 & 130	
	3/4/09				A-2	3,840		-	Ann Marie	$3,840 of $11,292. Various items - see below		
09/30/2009		25,000						25,000				
	3/4/09				A-2	7,452		17,548	Ann Marie	$7,452 of $11,292. Various items - see below		
	12/22/10				B	7,090		10,458	All	Security system (both houses) - $3,545 per site	#157 & 158	[illegible]
	6/1/11				C	2,075		8,383	Ann Marie	Replace hot water heater and repair main water valve	# 163	[illegible]
	8/31/11				D	1,200		7,183	Mary	Replace hot water heater		
	11/10/11				E	2,135		5,048	Mary	New shed (1,435 for shed, $700 concrete pad)		
	11/15/11				F	2,225		2,823	Mary	Stove $855, Refrig $1,370 (w/5 yr protection plan)	Stove $855 portion of #155 Refrig #175	[illegible]
	4/6/12				G	2,000		823	Mary	Electrical Upgrade		
	4/6/12				H	823		-	Mary	$823 of $6,200. Driveway Extension $4k, tree removal $1,200, Fence $1k		
09/30/2010		25,000 To S3-1						25,000				
	4/6/12				H	5,377 (1)		19,623	Mary	$5,377 of $6,200. Driveway Extension $4k, tree removal $1,200, Fence $1k		
	5/17/13				I	6,000 (2)		13,723	Ann Marie	Emerg. Roof repair $5,900		See [illegible] note
	1/16/14				J	2,200 (3)		11,523	Ann Marie	Emerg. Bathroom repair $2,200		
								To S3-1				
09/30/2011		25,000 To S3-1						36,523				
Total		100,000 F				143,477 F	-	36,523 To WP# S3-1 ✓				

(1) See Backup Document supplied by DSS @ WP#'s S3-3 through S3-11
(2) " " " " " " " " S3-12 and S3-13
(3) " " " " " " " " S3-14 through S3-17

Source: Patricia Burke, Senior Accountant, DSS
F Footed

UVBH-Capital Reserve Fund+Depn Sch's.xlsx

04/08/2014

Exhibit II

Budgeted Salaries – / OSS.

United Veterans Beacon House, Inc
Schedule of Salaries
10/01/11-09/30/12 Budget

			Submitted Salaries			Adjustments		Revised Salaries		
Title	Hrs	Wks	Total	Program	Admin.	Program	Admin.	Total	Program	Admin.
CEO hrs variable Mon-Fri	18	52	33,712		33,712		(651)	33,061	0	33,061
CFO hrs variable Mon-Fri	18	52	30,141		30,141		(582)	29,559	0	29,559
Social Worker 8 hrs 9-5 Mon-Fri	40	52	51,503	51,503		(1,032)		50,471	50,471	0
Case Manager 8 hrs 9-5 Mon-Fri	40	52	41,127	41,127		(4,384)		36,743	36,743	0
Counselor 8 hrs 11-7 Mon-Fri	40	52	29,262	29,262				29,262	29,262	0
Counselor 8 hrs 11-7 Mon-Fri	40	52	29,262	29,262				29,262	29,262	0
Counselor 8 hrs 12-8 Mon-Fri	40	52	28,092	28,092				28,092	28,092	0
Counselor 8 hrs 12-8 Mon-Fri	40	52	28,092	28,092				28,092	28,092	0
Counselor 8 hrs 3-11 Mon-Fri	40	52	28,092	28,092				28,092	28,092	0
Counselor 8 hrs 3-11 Mon-Fri	40	52	28,092	28,092				28,092	28,092	0
Counselor 8 hrs 7-3 Sat-Sun	16	52	11,238	11,238				11,238	11,238	0
Counselor 8 hrs 7-3 Sat-Sun	16	52	11,238	11,238				11,238	11,238	0
Counselor 8 hrs 3-11 Sat-Sun	16	52	11,238	11,238				11,238	11,238	0
Counselor 8 hrs 3-11 Sat-Sun	16	52	11,238	11,238				11,238	11,238	0
Counselor 8 hrs 11-7 Sat-Sun	16	52	11,238	11,238				11,238	11,238	0
Counselor 8 hrs 11-7 Sat-Sun	16	52	11,238	11,238				11,238	11,238	0
House Manager 8 hrs 7-3 Mon-Fri	40	52	38,628	38,628		(775)		37,853	37,853	0
House Manager 8 hrs 7-3 Mon-Fri	40	52	38,628	38,628		(1,174)		37,454	37,454	0
Maintenance 4 hrs 9-1 Mon-Fri	20	52	19,887	19,887		(966)		18,921	18,921	0
Housing Specialist	40	52	37,153	37,153				37,153	37,153	0
Disallowance of Housing/Counselors group						(25,813)		(25,813)	(25,813)	0
Immaterial rounding difference			3	3				3	3	0
Total			529,102	465,249	63,853	(34,144)	(1,233)	493,725	431,105	62,620
Fringe Benefits			121,600							
Fringe Benefit Rate			22.98%							
Fringe Benefit Adjustment			(8,130)			(7,847)	(283)			

*The Housing Specialists' & Counselor salaries were analyzed as a group since the employees and/or hours worked vary from year to year.

Submitted	Approved	Difference
275,476	249,663	(25,813)

W/P A23-4
Prepared by
Date: 4/7/15
Reviewed by

United Veterans Beacon House, Inc.
Comparison of Budgeted Salaries to Actual Salaries - SINGLES & FAMILY
For the Audit Period 10/1/12 - 9/30/13

Tick Mark Legend:

© Recalculated

F Footed.

T Total agrees with total (rounded) on Homeless Shelter Provider Financial Statements @ WP # D7-6.

X Total agrees with total (rounded) on Homeless Shelter Provider Financial Statements @ WP # D5-7.

Y Total agrees with total on Approved Budget @ WP # D6-3.

Z Total of $491,357 does not agree with total of $493,725 on the Approved Budget @ WP # D4-4. The difference of $2,368 is attributed to the $2,365 adjustment to the budgeted salary for the Maintenance Manager (see a @ Note 3 below) and a $3 immaterial rounding difference (See D4-4) calculated by DSS on the approved budget. No exception recalc.

Notes:

1 We compared the 2013 approved budgeted salaries (a) @ WP # D6-3 to actual reported salaries from the Homeless Shelter Provider Financial Statement, Schedule C (b) @ WP # D7-5. The 2013 approved budgeted salary was prorated to reflect the 3 months that the SINGLES Shelter was open. (See D7-1)

2 Note was not used.

3 **Maintenance Manager** - The approved budgeted salary for this job title was based on a total of 20 hours (see WP # D4-4); however, the Agency's Homeless Shelter Provider Financial Statements only reported 12 hours for this position (see WP # D5-5). A review of this employee's time sheets revealed that he worked 17 1/2 hours for the Homeless Shelter Program each week (see sample timesheet @ WP # A23-6). Therefore, the budgeted wages associated with the Homeless Shelter Provider Financial Statements were prorated as follows: see W/P F8-4

Hours Worked for HSP (see WP # A23-6)	17.5	= 87.50% ©
Hours Budgeted for the HSP (see WP # D4-4)	20	
% of hours worked for the HSP	87.50%	
Approved Budgeted Salary (see WP # D4-4)	x 18,921	a
Prorated Budgeted Salary	$ 16,556	a
	F	→ To WP # A23-3

a $18,921 - $16,556 = $2,365
F

4 **Counselors** - The approved budgeted salary for this job title was calculated by adding all of the revised salaries for Counselors [$238,320] (see WP # D4-4) and subtracting the $25,813 disallowance for the Counselor's group which was calculated by DSS on the approved budged @ WP # D4-4. Therefore, the 2013 approved budgeted wages for Counselors was $212,507. [To WP # A23-3]

5 The Agency's approved budgeted did not contain this job title; therefore, the reported wages for this job title will be disallowed. Total disallowance is $20,773 ($1,404 for Singles Shelter (see WP # A23-2) and $19,369 for Family Shelter (see WP # A23-3) for the non-approved job titles. [To WP # A23-1]

* According to DSS officials, there was no approved budget for the 10/1/12 through 9/30/13 period of audit and as a result the 10/1/11 through 9/30/12 budget remains in effect.

** If the total budgeted hours are higher than the total hours reported for the job title, it is necessary to prorate the budgeted wages by multiplying the budgeted wages by total reported annual hours worked as a % of total approved annual budgeted hours. If the budgeted annual hours for the position materially agreed to or were less than the annual hours actually paid, no proration is necessary. However when comparing the actual reported hours to the associated level of wages paid for many of the employees within certain job classifications we found that the hours worked was not always comensurate with the level of wages actually paid. As a result, we did not prorate the budgeted wages for these job titles.

Exhibit III

D5-5

AGENCY NAME: UNITED VETERANS BEACON HOUSE INC.
FISCAL PERIOD: 10/1/12 - 9/30/13 Page 1 of 2 Schedule C – Salaries/ Wages

Employee Name/Title	Hours, Shift, Days	Hour Per Week	Wee Wor	A Total Program Salary	B Direct Program Salary	C Admin Salary		
Name: [redacted]	Mon.-Fri variable	18	52	33,712.64	0.00	33,712.64	√ TO WP# A21-7	TO WP# A23-3✓
Title: CEO					70 WP#	E4-11✓		
Name: [redacted]	Mon.-Fri. variable	18	52	30,130.88	0.00	30,130.88		
Title: CFO					70 WP#	E4-11✓		
Name: [redacted]	8hrs 9-5pm Mon-Fri	40	52	48,547.20	48,547.20	0.00		
Title: SOCIAL WORKER								
Name: [redacted]	8hrs 9-5pm Mon-Fri		20	1,718.72	C 1,718.72	0.00		
Title: COUNSELOR								
Name: [redacted]	8hrs 11-7pm Sun-Thu	40	52	28,801.58	C 28,801.58	0.00		
COUNSELOR								
Name: [redacted]	8hrs 12-8pm		52	3,286.56	C 3,286.56	0.00		
Title: COUNSELOR	Per-Diem							
Name: [redacted]	8hrs 11-7am Fri-Sat	16	45	9,159.24	C 9,159.24	0.00		
Title: COUNSELOR								
Name: [redacted]	8hrs 7-3pm Mon-Fri	40	52	35,360.00	35,360.00	0.00		A23-3✓
Title: House Mgr								
Name: [redacted]	8hrs 3-11pm Tue-Fri		52	4,434.56	C 4,434.56	0.00		
Title: COUNSELOR								
Name: [redacted]	8hrs 9a-5pm Mon-Fri	40	28	23,451.18	B 23,451.18	0.00		
Title: Housing Specialist								
Name: [redacted]	8hrs 11p-7a Sun-Thu	40	52	26,907.96	C 26,907.96	0.00		
Title: COUNSELOR								
Name: [redacted]	8hrs 9-5pm	8	52	5,694.08	C 5,694.08	0.00		
Title: COUNSELOR								
Name: [redacted]	4hrs 8a-12p M-W-F	12	52	18,200.00	18,200.00	0.00		A23-3✓
Title: Maint Mgr	TO WP# A23-4, Note 3✓	E4-9,	Note 23✓	F8-8✓				
Name: [redacted]	16hr 7-3pm Sat-Sun	16	52	4,145.92	C 4,145.92	0.00		
Title: COUNSELOR	Per-Diem							
Name: [redacted]	8hrs 9-5pm Mon-Fri	40	52	25,760.00	A 25,760.00	0.00		
Title: CASE MANAGER A								
Name: [redacted]	8hrs 9-5pm Mon-Fri	40	45	5,666.16	A 5,666.16	0.00		
Title: CASE MANAGER A								
Name: [redacted]	8hrs 9-5pm Mon-Fri	40	52	3,600.00	B 3,600.00	0.00		
Title: Housing Specialist								
Name: [redacted]	8hrs 3-11pm Sat	8	8	761.22	C 761.22	0.00		
Title: COUNSELOR								
Name: [redacted]	8hrs 3-11pm Sun	8	8	3,942.56	C 3,942.56	0.00		
Title: COUNSELOR	Per-Diem							
Name: [redacted]	8hrs 9-5pm Mon-Fri	40	1	680.00	A 680.00	0.00		
Title: CASE MANAGER A								
Total				313,960.46	250,116.94	63,843.52	313,960.46	

A Total Reported Wages for Case Mgr. (the w/p) Σ A = $ 32,106. [TO WP# A23-3]✓
B Total Reported wage for Housing Specialist (Ass't B) ΣB = $ 30,911 [TO WP# A23-3]✓
C " " " " Counselor (Ass't C) ΣC = $275,096 [TO WP# A23-3]✓

D5-6

AGENCY NAME: UNITED VETERANS BEACON HOUSE INC.
FISCAL PERIOD: 10/1/12 - 9/30/13 Pg 2 of 3 Schedule C – Salaries/ Wages (Actual)

Employee Name/Title	Hours, Shift, Days	Hrs Per Week	Weeks Worke	A Total Program Salary	B Direct Program Salary	C Admin Salary
Name: [redacted]	8hr 3-11pm Sat	8	52	1,318.26	C 1,318.26	-
Title: COUNSELOR	Per-Diem					
Name: [redacted]	8hrs 7-3pm Sun	8	16	1,567.84	C 1,567.84	-
Title: COUNSELOR	Per-Diem					
Name: [redacted]	8hrs 9-5pm Mon-Fri	40	52	980.29	B 980.29	-
Title: Housing Specialist						
Name: [redacted]	8hrs 3-11pm Sat	8	52	5,420.26	C 5,420.26	-
Title: COUNSELOR	Per-Diem					
Name: [redacted]	8hrs 12-8pm Fri-Mon	32	52	21,648.88	C 21,648.88	-
Title: COUNSELOR						
Name: [redacted]	8hrs 11-7am Fr&Sa	16	52	3,391.52	C 3,391.52	-
Title: COUNSELOR	Per-Diem					
Name: [redacted]	8hrs 11-7am Sun-Thu	40	52	14,624.44	C 14,624.44	-
Title: COUNSELOR						
Name: [redacted]	8hrs 3-11pm M,Tu,Fri	40	52	23,001.00	C 23,001.00	-
Title: COUNSELOR	12-8pm Wed-Thu					
Name: [redacted]	8hrs 12-8pm M-TH	32	52	18,153.66	C 18,153.66	-
Title: COUNSELOR						
Name: [redacted]	8hrs 9-5pm M-F	8	6	349.89	C 349.89	-
Title: COUNSELOR						
Name: [redacted]	8hrs 7-3pm Sat	16	18	15,081.05	C 15,081.05	-
Title: COUNSELOR						
Name: [redacted]	8 hrs 3-11pm M-TH	32	23	28,613.96	C 28,613.96	-
Title: COUNSELOR						
Name: [redacted]	8hrs 3-11pm Sun	8	5	430.14	C 430.14	-
Title: COUNSELOR	Per-Diem					
Name: [redacted]		12	8	11,091.08	C 11,091.08	-
Title: COUNSELOR	Per-Diem					
Name [redacted]	8hrs 12-8pm Mon-Fri	40	52	5,166.48	C 5,166.48	-
Title: COUNSELOR						
Name: [redacted]	8hrs 3-11pm Sat	8	12	3,091.15	C 3,091.15	-
Title: COUNSELOR	Per-Diem					
Name: [redacted]	8hrs 9-5pm Mon-Fri	40	52	2,880.00	B 2,880.00	-
Title: Housing Specialist						
Name: [redacted]	8hrs 12-8pm Tu-Sat	40	52	22,353.20	C 22,353.20	-
Title: COUNSELOR						
Name: [redacted]	8hrs 11-7am Fri-Sat	16	52	2,630.56	C 2,630.56	-
Title: COUNSELOR						
Name: [redacted]	Per-Diem	12	8	4,334.52	C 4,334.52	-
Title: COUNSELOR						
Name: [redacted]	Per-Diem	12	8	1,580.96	C 1,580.96	-
Title: COUNSELOR						
Name: [redacted]	Per-Diem	12	8	2,394.40	C 2,394.40	-
Title: COUNSELOR						
Total Page 2				190,103.54	190,103.54	-

TO WP# A21-7

See Legend @ WP# D5-5

D5-7

AGENCY NAME: UNITED VETERANS BEACON HOUSE INC.
FISCAL PERIOD: 10/1/12 - 9/30/13 Pg 3 of 3 Schedule C – Salaries/ Wages (Actual)

				A	B	C
Employee Name/Title				Total	Direct	Admin
				Program	Program	Salary
				Salary	Salary	
Name: [redacted]	29340 X 32.68%			A23-3 9,588.00		9,588.00
Driver						
Name: [redacted]	18940 X 32.68%			A23-3 6,190.00		6,190.00
Case Worker						
Name: [redacted]	3120 X 32.68%			A23-3 1,020.00		1,020.00
Secretary/Case Worker						
Name: [redacted]	7866 X 32.68%			A23-3 2,571.00		2,571.00
Acctg/Case Worker						
						-
	59,266 X 32.68% =	19,369		a		
	to WP# D23-1					-
						-
						-
						-
						-
						-
						-
						-
						-
						-
						-
						-
						-
						-
Page 3 Total				19,369.00	a	19,369.00
Page 2 Total				190,103.54	190,103.54	
Page 1 Total				313,960.46	250,116.94	63,843.52
Grand Total				523,433.00	440,220.48	83,212.52

To WP# A21-7

To WP# D23-1

Exhibit IV

LABOR DISTRIBUTION **CHECK DATES 10/04/2012 TO 12/27/2012 03/01/2018**
UNITED VETERANS BEACON HOUSE - H227 **PERIOD BEGIN 10/01/2012 PERIOD END 12/30/2012 PAGE 1**

EMPLOYEE NAME EMP ID LOCATION	RATE	HOURS	GROSS EARNINGS	FEDERAL EIC	OASDI MEDICARE	STATE SDI	LOCAL OTHER	TAXES DEDUCTS	NET PAY
[redacted]		160.00	2261.52	246.50	95.00	87.47	0.00	464.06	-1572.32
91 200/200/17	15.000		2400.00	0.00	32.80	2.29	0.00	3369.78	
E 1 HOURLY		144.00	2160.00			D C1 CHECKING 1		3369.78	
E H HOLIDAY		8.00	120.00						
E P PERSONAL		8.00	120.00						
E 1P MEDICAL PRE-TAX			-138.48						
*** HOUSE MANAGERS**		160.00	2261.52	246.50	95.00	87.47	0.00	464.06	-1572.32
17			2400.00	0.00	32.80	2.29	0.00	3369.78	
1 EMPS 1 FEMALE									
E 1 HOURLY		144.00	2160.00			D C1 CHECKING 1		3369.78	
E H HOLIDAY		8.00	120.00						
E P PERSONAL		8.00	120.00						
E 1P MEDICAL PRE-TAX			-138.48						
EMPLOYER TAXES						**TOTAL LIABILITY**		2434.52	
FED OASDI		140.20				TOTAL ER TAXES		173.00	
FED MEDICARE		32.80							
*** SHELTER 1 (ANN MARIE)**		160.00	2261.52	246.50	95.00	87.47	0.00	464.06	-1572.32
200			2400.00	0.00	32.80	2.29	0.00	3369.78	
1 EMPS 1 FEMALE									
E 1 HOURLY		144.00	2160.00			D C1 CHECKING 1		3369.78	
E H HOLIDAY		8.00	120.00						
E P PERSONAL		8.00	120.00						
E 1P MEDICAL PRE-TAX			-138.48						
EMPLOYER TAXES						**TOTAL LIABILITY**		2434.52	
FED OASDI		140.20				TOTAL ER TAXES		173.00	
FED MEDICARE		32.80							
*		160.00	2261.52	246.50	95.00	87.47	0.00	464.06	-1572.32
200			2400.00	0.00	32.80	2.29	0.00	3369.78	
1 EMPS 1 FEMALE									
E 1 HOURLY		144.00	2160.00			D C1 CHECKING 1		3369.78	
E H HOLIDAY		8.00	120.00						
E P PERSONAL		8.00	120.00						
E 1P MEDICAL PRE-TAX			-138.48						
EMPLOYER TAXES						**TOTAL LIABILITY**		2434.52	
FED OASDI		140.20				TOTAL ER TAXES		173.00	
FED MEDICARE		32.80							

LABOR DISTRIBUTION
UNITED VETERANS BEACON HOUSE - H227

CHECK DATES 10/04/2012 TO 12/27/2012 03/01/2018
PERIOD BEGIN 10/01/2012 PERIOD END 12/30/2012 PAGE 2

EMPLOYEE NAME / EMP ID LOCATION	RATE	HOURS	GROSS EARNINGS	FEDERAL EIC	OASDI MEDICARE	STATE SDI	LOCAL OTHER	TAXES DEDUCTS	NET PAY
*** UNITED VETERANS BEACON HO**		160.00	2261.52	246.50	95.80	87.47	0.00	464.06	-1572.32
H227			2400.00	0.00	32.80	2.29	0.00	3369.78	
1 EMPS 1 FEMALE									
E 1 HOURLY		144.00	2160.00			D C1 CHECKING 1		3369.78	
E H HOLIDAY		8.00	120.00						
E P PERSONAL		8.00	120.00						
E 1P MEDICAL PRE-TAX			-138.48						

EMPLOYER TAXES
FED OASDI 140.20
FED MEDICARE 32.80

TOTAL LIABILITY 2434.52
TOTAL ER TAXES 173.00

2400.00
\+ 173.00
2573.00

ON SCHEDULE C IN
COUNSELOR TOTAL
S/B HOUSEMGR

LABOR DISTRIBUTION
UNITED VETERANS BEACON HOUSE - H227

CHECK DATES 01/03/2013 TO 09/26/2013 03/01/2018
PERIOD BEGIN 12/31/2012 PERIOD END 09/29/2013 PAGE 1

EMPLOYEE NAME / EMP ID LOCATION	RATE	HOURS	GROSS EARNINGS	FEDERAL / EIC	OASDI / MEDICARE	STATE / SDI	LOCAL / OTHER	TAXES / DEDUCTS	NET PAY
[redacted]		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
91 200/200/4	12.000			0.00	0.00	0.00	0.00	0.00	
*** CASE WORKERS**		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4				0.00	0.00	0.00	0.00	0.00	
1 EMPS 1 FEMALE									
EMPLOYER TAXES									
[redacted]		328.00	3984.00	352.73	247.01	100.08	0.00	763.66	3220.34
91 200/200/10	12.000			0.00	57.76	6.08	0.00	0.00	
E 1 HOURLY		272.00	3264.00						
E 2 OVERTIME		8.00	144.00						
E H HOLIDAY		8.00	96.00						
E S SICK		8.00	96.00						
E V VACATION		32.00	384.00						
*** SUPPORT WORKERS**		328.00	3984.00	352.73	247.01	100.08	0.00	763.66	3220.34
10				0.00	57.76	6.08	0.00	0.00	
1 EMPS 1 FEMALE									
E 1 HOURLY		272.00	3264.00						
E 2 OVERTIME		8.00	144.00						
E H HOLIDAY		8.00	96.00						
E S SICK		8.00	96.00						
E V VACATION		32.00	384.00						

EMPLOYER TAXES

FED OASDI	247.01	STATE SUI	33.07	**TOTAL LIABILITY**	4322.95
FED MEDICARE	57.76	EMPLOYER OTHER	0.53	TOTAL ER TAXES	338.95
		ER LOCAL	0.58		

EMPLOYEE NAME / EMP ID LOCATION	RATE	HOURS	GROSS EARNINGS	FEDERAL / EIC	OASDI / MEDICARE	STATE / SDI	LOCAL / OTHER	TAXES / DEDUCTS	NET PAY
[redacted]		520.00	7176.84	858.56	444.90	273.28	0.00	1688.78	-7778.42
91 200/200/17	12.000		7800.00	0.00	104.10	7.94	0.00	13266.48	
E 1 HOURLY		480.00	7200.00			D C1 CHECKING 1		13266.48	
E H HOLIDAY		16.00	240.00						
E P PERSONAL		16.00	240.00						
E S SICK		8.00	120.00						
E 1P MEDICAL PRE-TAX			-623.16						

HOUSE MGR ENTERED ON SCHEDULE C
AS COUNSELOR(SUPPORT) 7800
\+ 923
$8723.00

PAYCHEX OF NEW YORK LLC PHONE (631)360-2700 FAX (631)360-2002

LABOR DISTRIBUTION
UNITED VETERANS BEACON HOUSE - H227

CHECK DATES 01/03/2013 TO 09/26/2013 02/28/2018
PERIOD BEGIN 12/31/2012 PERIOD END 09/29/2013 PAGE 1

EMPLOYEE NAME / EMP ID LOCATION	RATE	HOURS	GROSS EARNINGS	FEDERAL / EIC	OASDI / MEDICARE	STATE / SDI	LOCAL / OTHER	TAXES / DEDUCTS	NET PAY
[redacted]		512.50	6924.88	557.93	429.34	222.47	0.00	1317.87	5607.01
132 200/200/10	15.120			0.00	100.41	7.72	0.00	0.00	
E 1 HOURLY		464.00	6078.72						
E 2 OVERTIME		32.50	636.24						
E H HOLIDAY		8.00	104.96						
E P PERSONAL		8.00	104.96						
*** SUPPORT WORKERS**		512.50	6924.88	557.93	429.34	222.47	0.00	1317.87	5607.01
10				0.00	100.41	7.72	0.00	0.00	
1 EMPS 1 MALE									
E 1 HOURLY		464.00	6078.72						
E 2 OVERTIME		32.50	636.24						
E H HOLIDAY		8.00	104.96						
E P PERSONAL		8.00	104.96						

EMPLOYER TAXES

FED OASDI	429.34	STATE SUI	303.74	TOTAL LIABILITY	7763.20
FED MEDICARE	100.41	EMPLOYER OTHER	4.83	TOTAL ER TAXES	838.32

HOUSE MGR CODE PAID

EMPLOYEE NAME / EMP ID LOCATION	RATE	HOURS	GROSS EARNINGS	FEDERAL / EIC	OASDI / MEDICARE	STATE / SDI	LOCAL / OTHER	TAXES / DEDUCTS	NET PAY
[redacted]		848.00	12285.76	1047.97	761.70	418.98	0.00	2419.54	9866.22
132 200/200/17	15.120			0.00	178.15	12.74	0.00	0.00	
E 1 HOURLY		792.00	11471.04						
E H HOLIDAY		24.00	346.88						
E P PERSONAL		16.00	233.92						
E S SICK		8.00	120.96						
E V VACATION		8.00	112.96						
*** HOUSE MANAGERS**		848.00	12285.76	1047.97	761.70	418.98	0.00	2419.54	9866.22
17				0.00	178.15	12.74	0.00	0.00	
1 EMPS 1 MALE									
E 1 HOURLY		792.00	11471.04						
E H HOLIDAY		24.00	346.88						
E P PERSONAL		16.00	233.92						
E S SICK		8.00	120.96						
E V VACATION		8.00	112.96						

EMPLOYER TAXES

FED OASDI	761.75	ER LOCAL	8.89	TOTAL LIABILITY	13234.55
FED MEDICARE	178.15			TOTAL ER TAXES	948.79

MANAGER PAY INCLUDED ON SCHEDULE C AS COUNSELOR PAY

PAYCHEX OF NEW YORK LLC PHONE (631)360-2700 FAX (631)360-2002

Exhibit V

W/P A23-2
Prepared by JP
Date: 4/7/15
Reviewed by [illegible]

United Veterans Beacon House, Inc.
Comparison of Budgeted Salaries to Actual Salaries - SINGLES
For the Audit Period 10/1/12 - 9/30/13

			a		b = a * 1/4		c	d	e		f = b - c	g = b - c
						Reported Expenses as per the Homeless Shelter Provider Financial Statements (County Program)						
	Title/Name	Hrs	** 2013 Approved Budgeted Salary	From W/P	Propration to Reflect 3 Months/Year 1	Hrs	Total Reported Wages	Program	Admin.	From W/P	Under Budget	(Over) Budget
1	Executive Director - [redacted]	10	13,500	D6-3	3,375	10	2,077	-	2,077	D7-5	1,298	
2	Chief Financial Officer - [redacted]	10	12,000	D6-3	3,000	10	1,846	-	1,846	D7-5	1,154	
3	Case Manager - [redacted]	40	38,000	D6-3	9,500	40	4,440	4,440	-	D7-5	5,060	
4	House Manager - [redacted]	40	34,000	D6-3	8,500	40	4,571	4,571	-	D7-5	3,929	
5	Shelter Director - [redacted]	5	6,068	D6-3	1,517	5	1,004	-	1,004	D7-5	513	
6	Counselors - Various		91,022	D6-3	22,756		13,062	13,062	-	D7-5	9,694	
7	Driver 5		-	D6-3	-		695	-	695	D7-6		(695)
8	Case Worker 5		-	D6-3	-		449	-	449	D7-6		(449)
9	Secretary / Case Worker 5		-	D6-3	-		74	-	74	D7-6		(74)
10	Accounting / Case Worker 5		-	D6-3	-		186	-	186	D7-6		(186)
11	Overtime		5,000	D6-3	1,250		-	-	-		1,250	
			$ 199,590		$ 49,898		$ 28,404	$ 22,073	$ 6,331		22,898	$ (1,404)
			F, Y		F		F, T	F, T	F, T		F	F

To WP # A23-5, Note 5

21,494

Exhibit VI

AGENCY NAME: UNITED VETERANS BEACON HOUSE INC. (Patchogue Shelter)
FISCAL PERIOD: 10/1/12 - 9/30/13 Page 1 of 1 Budget Schedule C – Salaries/ Wages

				A	B	C
	Employee Name/Title	Hours	Weeks	Total	Direct	Admin
		Per Week	Worked	Program Salary	Program Salary	Salary
1	hrs variable Mon-Fri	10	52	13,500	0	13,500
	Title: CEO					
2	hrs variable Mon-Fri	10	52	12,000	0	12,000
	Title: CFO					
3	8 hrs 9-5 Mon-Fri	40	52	38,000	38,000	0
	Title: Case Manager					
4	8hrs 7-3 Mon-Fri	40	52	34,000	34,000	0
	Title: House Mgr.					
5	hrs variable Mon-Fri	3	52	3,000	0	3000
	Title: Ass't Shelter Director					
6	8 hrs 3-11 Mon-Fri	40	52	28,654	28,654	0
	Title: COUNSELOR					
7	8 hrs 11-7 Sat-Sun	16	52	28,654	28,654	0
	Title: COUNSELOR					
8	8 hrs 7-3 Sat-Sun	16	52	28,654	28,654	0
	Title: COUNSELOR					
9	8 hrs 3-11 Sat-Sun	16	52	28,654	28,654	0
	Title: COUNSELOR					
						0
						0
						0
						0
						0
						0
	Total	0		215,115	186,615	28,500

Exhibit VII

EXHIBIT "1"

RESOLUTION

The undersigned, being all of the directors of UNITED VETERANS BEACON HOUSE, INC. take the following action by unanimous written consent:

It has been disclosed to the board of directors that Frank Amalfitano is a officer of United Veterans of America Inc., 1306 Fifth Ave., BayShore, N.Y. 11706 and Amazing Houses Inc., 231 Commack Rd., suite 88, Commack, N.Y. It has been disclosed that Fred Brown is an officer of Amazing Houses Inc., 231 Commack Rd. suite 88, Commack N.Y., 11725 this is acknowledged and accepted by the board of directors.

Dated: March, 31 2001

D. Cakouros
Donald Cakouros

Michael McGivern Sr
Michael McGivern

Jacqueline DeLeonardis
Jacqueline DeLeonardis

Br. Jack Moylan
Brother Jack Moylan

Joan Heffernan
Joan Heffernan

Rev. Frank J. LaPenna
Rev. Frank J. LaPenna

John F. King

RESOLUTION

The undersigned, being all of the directors of UNITED VETERANS BEACON HOUSE, INC. take the following action by unanimous written consent:

It being in the best interest of the corporation to sign Capital Leases with Amazing Houses, Inc. 231 Commack Rd., suite 88, Commack, N.Y. 11725 for the following properties and any other properity that they may make avabile in the future.

1) 515 Pinto St.,Babylon
2) 14 W. Belmont St.,BayShore
3) 200 BayShore Rd., BayShore
4) 31 Nostrand Ave., Brentwood
5) 2654 Union Blvd., Islip

The lease fees are to be negotiated within the guidelines of HUD and or the fare market value of said services. The leases will be for a period of no less than 15 years, with option to buy.

Dated: March, 31 2001

Donald Cakouros

Michael McGivern

Jacqueline DeLeonardis

Brother Jack Moylan

Joan Heffernan

Rev. Frank LaPenna

John F. King

EXHIBIT "2"

UNITED VETERANS BEACON HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 4: MORTGAGES PAYABLE, cont'd

The future maturies of long-term debt are as follows:

Years ending September 30:

2005	7,821
2006	8,506
2007	9,251
2008	10,061
2009	10,944
Thereafter	537,460
	584,043

NOTE 5: RELATED PARTIES

United Veterans Beacon House, Inc. rents veterans beds and furnishings at various houses to veterans who qualify for the program. In addition to the four houses owned by United Veterans Beacon House, Inc., six houses are rented from Amazing Houses Inc., a related party, for the above mentioned purpose. Frank Amalfitano, President of United Veterans Beacon House Inc. is also a shareholder of Amazing Houses, Inc. Related party transactions are subject to Board Approval.

NOTE 6: GRANT INCOME

United Veterans Beacon House, Inc. receives funds from several agencies to be used accordingly.

Grants from the Department of Veterans Affairs Health Care for Homeless Veterans (HCHV) Programs are used to fund community agencies providing services to homeless veterans. The purpose is to promote the development and provision of supportive housing and/or supportive services with the goal of helping homeless veterans achieve residential stability, increase their skill levels and/or income, and obtain greater self-determination.

UVBH UNITED VETERANS BEACON HOUSE, INC.
[redacted]
FYE: 9/30/2004

Federal Statements

4/25/2005 2:51 PM

Statement 7 - Schedule A, Part III, Line 2b - Lending of Money or Extension of Credit

PAYROLL ADVANCES
MR. FRANK AMALFITANO, WHO IS THE PRESIDENT FOR UNITED VERTERANS BEACON HOUSE, INC. PERSONALLY CO-SIGNED THE MORTGAGES TO PURCHASE THE HOUSES FOR VETERANS ON OAK STREET, ISLIP AVE. AND UNION BLVD.

Statement 8 - Schedule A, Part III, Line 2c - Furnishing Goods, Services, or Facilities

AMAZING HOUSES, INC., A RELATED PARTY, RENTS FACILITIES TO UNITED VETERANS BEACON HOUSE, INC.

Statement 9 - Schedule A, Part III, Line 2d - Payment of Compensation / Reimbursement of Exp

SEE PART V FORM 990

EXHIBIT "3"

UNITED VETERANS BEACON HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

NOTE 4: MORTGAGES PAYABLE, cont'd

The future maturies of long-term debt are as follows:

Years ending September 30:

2006	6,080
2007	6,635
2008	7,250
2009	7,919
2010	8,636
Thereafter	312,762
	349,282

NOTE 5: RELATED PARTIES

United Veterans Beacon House, Inc. rents veterans beds and furnishings at various houses to veterans who qualify for the program. In addition to the four houses owned by United Veterans Beacon House, Inc., six houses are rented from Amazing Houses Inc., a related party, for the above mentioned purpose. Frank Amalfitano, President of United Veterans Beacon House Inc. is also a shareholder of Amazing Houses, Inc. Related party transactions are subject to Board Approval.

During the fiscal year ended September 30, 2005, Frank Amalfitano and Lydia Gallone (shareholders of Amazing Houses, Inc., a related party) advanced an interest bearing loan to UVBH in the amount of $75,000. Lydia Gallone advanced to UVBH $50,000 with interest @ 7.0% p.a. Frank Amalfitano advanced to UVBH $25,000 with interest at 7.0% p.a. The loans were used to fund operation shortfalls during the year. As of September 30, 2005, the balance of these loans were $75,000. The loans were satisfied and paid in full by November 30, 2005.

NOTE 6: GRANT INCOME

United Veterans Beacon House, Inc. receives funds from several agencies to be used accordingly.

Grants from the Department of Veterans Affairs Health Care for Homeless Veterans

UNITED VETERANS BEACON HOUSE, INC.
-3246402
FYE: 9/30/2005

Federal Statements

5/11/2006 12:20 PM

Statement 7 - Schedule A, Part III, Line 2b - Lending of Money or Extension of Credit

PAYROLL ADVANCES
MR. FRANK AMALFITANO, WHO IS THE PRESIDENT FOR UNITED VERTERANS BEACON HOUSE, INC. PERSONALLY CO-SIGNED THE MORTGAGES TO PURCHASE THE HOUSES FOR VETERANS ON OAK STREET, ISLIP AVE. AND UNION BLVD.
MR. FRANK AMALFITANO AND MS. LYDIA GALLONE(SHAREHOLDERS OF AMAZING HOUSES, INC. A RELATED PARATY)ADVANCED INTEREST BEARING LOANS TO UVBH @ 7% P.A. WHICH WERE SATISFIED AND PAID IN FULL BY NOVEMBER 30, 2005.

Statement 8 - Schedule A, Part III, Line 2c - Furnishing Goods, Services, or Facilities

AMAZING HOUSES, INC., A RELATED PARTY, RENTS FACILITIES TO UNITED VETERANS BEACON HOUSE, INC.

Statement 9 - Schedule A, Part III, Line 2d - Payment of Compensation / Reimbursement of Exp

SEE PART V FORM 990

EXHIBIT "4"

UNITED VETERANS BEACON HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE 4: MORTGAGES PAYABLE, cont'd

The future maturies of long-term debt are as follows:

Years ending September 30:

2007	7,181
2008	7,826
2009	8,527
2010	9,265
2011	10,096
Thereafter	409,601
	452,496

NOTE 5: RELATED PARTIES

United Veterans Beacon House, Inc. rents veterans beds and furnishings at various houses to veterans who qualify for the program. In addition to the four houses owned by United Veterans Beacon House, Inc., six houses are rented from Amazing Houses Inc., a related party, for the above mentioned purpose. Frank Amalfitano, President of United Veterans Beacon House Inc. is also a shareholder of Amazing Houses, Inc. Related party transactions are subject to Board Approval.

During the fiscal year ended September 30, 2005, Frank Amalfitano and Lydia Gallone (shareholders of Amazing Houses, Inc., a related party) advanced an interest bearing loan to UVBH in the amount of $75,000. Lydia Gallone advanced to UVBH $50,000 with interest @ 7.0% p.a. Frank Amalfitano advanced to UVBH $25,000 with interest at 7.0% p.a. The loans were used to fund operation shortfalls during the year. As of September 30, 2005, the balance of these loans were $75,000. The loans were satisfied and paid in full by November 30, 2005.

NOTE 6: GRANT INCOME

United Veterans Beacon House, Inc. receives funds from several agencies to be used accordingly.

Grants from the Department of Veterans Affairs Health Care for Homeless Veterans

UVBH UNITED VETERANS BEACON HOUSE, INC.
11-3246402
FYE: 9/30/2006

Federal Statements

3/2/2007 11:27 AM

Statement 8 - Schedule A, Part III, Line 2b - Lending of Money or Extension of Credit

Description

PAYROLL ADVANCES
MR. FRANK AMALFITANO, WHO IS THE PRESIDENT FOR UNITED VERTERANS BEACON HOUSE, INC. PERSONALLY CO-SIGNED THE MORTGAGES TO PURCHASE THE HOUSES FOR VETERANS ON OAK STREET, ISLIP AVE. AND UNION BLVD.
MR. FRANK AMALFITANO AND MS. LYDIA GALLONE(SHAREHOLDERS OF AMAZING HOUSES, INC. A RELATED PARATY)ADVANCED INTEREST BEARING LOANS TO UVBH @ 7% P.A. WHICH WERE SATISFIED AND PAID IN FULL BY NOVEMBER 30, 2005.

Statement 9 - Schedule A, Part III, Line 2c - Furnishing Goods, Services, or Facilities

Description

AMAZING HOUSES, INC., A RELATED PARTY, RENTS FACILITIES TO UNITED VETERANS BEACON HOUSE, INC.

Statement 10 - Schedule A, Part III, Line 2d - Payment of Compensation / Reimbursement of Exp

Description

SEE PART V FORM 990

EXHIBIT "5"

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF SUFFOLK
--X

In the Matter of the Application of

UNITED VETERANS BEACON HOUSE, INC.
New York Not-for-Profit Corporation,

VERIFIED PETITION
Index No. 07-34717

Petitioner,

for an order pursuant to Section 511 of the New York
Not-for-profit Corporation Law.

--X

To the Supreme Court of the State of New York:

Petitioner, by its attorneys, Moritt Hock Hamroff & Horowitz, LLP, respectfully alleges:

1. Petitioner, UNITED VETERANS BEACON HOUSE, INC. (hereinafter referred to as "UVBH"), submits this petition pursuant to New York not-for-profit Corporation Law §511 for an order of the Court approving a certain transaction described herein. UVBH is a not-for-profit corporation incorporated in the State of New York on November 28, 1994. A copy of the UVBH Certificate of Incorporation, two (2) amendments thereto and its bylaws are annexed hereto as Exhibit A.

2. UVBH presently operates housing facilities for disabled veterans in Suffolk County, New York. UVBH currently rents six (6) properties located in Suffolk County, New York as more particularly described in Exhibit B annexed hereto (the "Six Properties") from Amazing Houses, Inc. ("Amazing") pursuant lease agreements with Amazing. As UVBH anticipates significant rent increases in the future and desires to provide a permanent home and greater financial stability for its housing facilities, UVBH is now acquiring the Six Properties. Further,

UVBH intends to acquire an additional property located at 1715 Union Boulevard, Bay Shore, New York (Section: 393, Block: 01, Lot 18 (the "Additional Property") from Gary Gschwind, (the Six Properties and the Additional Property are collectively referred to herein as the "Property").

3. In order to ascertain the value of the each house comprising the Six Properties, UVBH obtained three (3) appraisals of each house as set forth on Exhibit C. The lowest valued appraisal assigned to each house was used to calculate the purchase price of $2,175,000.

4. The purchase price for the Six Properties is $2,175,000, as set forth in a Contract of Sale entered into between UVBH and Amazing and the purchase price for the Additional Property is $765,000 as set forth in a Contract of Sale entered into between UVBH and Gary Gschwind, a copy of each Contract of Sale (collectively, the Contract") is annexed hereto as Exhibit D.

5. Frank Amilfitano is the President, a shareholder and a member of the Board of Directors of UVBH (the "Board") and is also the President and shareholder of Amazing. Further, Fred Brown is the Comptroller of UVBH and is also a shareholder of Amazing. The Board was previously informed and is fully aware that Frank Amalfitano is the President and shareholder of Amazing and that Fred Brown is also a shareholder of Amazing. Therefore, in order to comply with Section 715 of the New York Not For Profit Corporation Law, both Frank Amilfitano and Fred Brown recused themselves from all discussions relating to the acquisition and financing of the Six Properties and Frank Amalfitano abstained from voting regarding the acquisition and financing of the Six Properties. Further, the purchase price of $2,175,000, is fair and reasonable in relation to the aggregate of the appraised values of the lowest of the three (3) appraisals obtained of the Six Properties and therefore complies with Section 715 of the New

Exhibit A Exhibit B Exhibit C

York Not For Profit Corporation Law regarding fairness in a potential conflict of interest analysis.

6. In order to finance the acquisition of the Property, UVBH will secure from Suffolk Industrial Development Agency the issuance taxable and tax-exempt bonds in the amount of $4,900,000 for a term of 30 years at an estimated interest rate of 7.00% which will provide proceeds sufficient to acquire the Property. A copy of the most recent certified financial statement of UVBH is annexed hereto as Exhibit E and a copy of the summary of the terms and conditions of the new bond financing along with copies of the primary bond documents are annexed hereto as Exhibit F.

7. Under applicable state laws governing tax-exempt bond financing through industrial development agencies (NY General Municipal Law §858(4)), all IDA bond issuances must include provision for the IDA to obtain an interest in the real property financed by IDA bonds and then to convey that interest in real property back to the company obtaining the IDA financing. In order to meet this technical requirement, at the bond closing, UVBH will deed the Property to the IDA and the IDA will then at the closing immediately sell back its fee interest in the Property to UVBH. The deed from UVBH to the IDA will involve no consideration. The sale of the fee interest in the Property back from IDA to UVBH will be accomplished by an agreement whereby UVBH agrees to make payments of principal and interest on the bonds. The IDA itself will receive no consideration for the transfer of the fee interest in the Property to UVBH.

8. It is obvious that this "round trip" deed and sale – back does not constitute a true conveyance away of the Property by UVBH since after the bond financing, UVBH has title and possession of the Property and, during the 30 year term of the new bonds, retains title and

possession of the Property subject to a mortgage in the amount of the new bonds. Furthermore, under the ruling of the Appellate Division, Second Department in Rose Ocko Foundation, Inc., v. Lebovits, 259 A.D.2d, 688 686 N.Y.S.2d 861 (2nd Dept. 1999) construing Not-for-Profit Corporation Law §511, the court held that in considering whether to approve a transaction involving a "transfer of all or substantially all of the assets," one must look to the substance of the transaction, not the form of the transaction, in assessing whether judicial approval is required. Thus, while the form of the transaction involves a conveyance of a fee interest in the Property, in substance, the "round trip" deed and sale – back contemplated by the bond financing herein do not constitute an actual transfer of title or possession of the Property away from UVBH and therefore, judicial approval under NFPCL §511 would not appear to be necessary.

9. Nevertheless, since the Property could reasonably be construed to constitute "all or substantially all of the assets" of UVBH, UVBH is requesting judicial approval pursuant to NFPCL §511 of the entire transaction described herein including the "round trip" deed and sale – back transaction.

10. The petitioner estimates that the fair market value of the Property exceeds both the proposed bond amount of $4,900,000.00, and the purchase price of $2,175,000.00. The total liabilities of UVBH as set forth in Exhibit G (before the completion of the acquisition of the Property and before the closing on the bond transaction) are approximately $570,102.00.

10. The dissolution of UVBH is not contemplated after the transfer of the assets as aforesaid.

11. The terms and conditions of the transfer of the Property from UVBH to the IDA and then from the IDA to UVBH as part of the bond transaction are fair and reasonable and necessary to insure, preserve and protect the programs and services of UVBH and to prevent a

disruption or even termination of its housing facilities for disabled veterans.

12. The proposed transaction has been authorized by an affirmative vote of at least two thirds (2/3) of all Directors of the Board, all of whom were disinterested on October 11, 2007, at a meeting at which a quorum was present. There were no negative votes. There are no members of UVBH other than the members of the Board. A list of the directors and principal officers as well as a copy of the resolutions adopted by the UVBH Board authorizing the transaction and bond financing is annexed hereto as Exhibit H.

13. No prior application for the relief requested herein has been made.

WHEREFORE, the petitioner respectfully pray for order approving the transaction set forth above and transfer of Property set forth in the petition herein and for such other and further relief as may be just and proper.

Dated: October 12, 2007

Seth Stein

Seth P. Stein, Esq.
Moritt Hock Hamroff & Horowitz, LLP
Attorneys for Petitioner
400 Garden City Plaza
Garden City, New York 11530
516-873-2000

EXHIBIT "6"

At a Special Term, Part II, of the Supreme Court of the State of New York, held in and for the County of Suffolk at RIVERHEAD, New York, New York, on the 7TH day of NOVEMBER, 2007.

PRESENT: Hon. DENISE F. MOLIA
J.S.C.

MOTION/CROSS/OSC
FEE PAID
Judith A. Pascale
Suffolk County Clerk

NOV 05 2007

---X

In the Matter of the Application of

UNITED VETERANS BEACON HOUSE, INC.
a New York Not-for-profit Education Corporation,

Petitioner,

for an order pursuant to Section 511 of the New York Not-for-profit Corporation Law.

---X

ORDER
Index No. 07-34717

Petitioner, UNITED VETERANS BEACON HOUSE, INC., by its attorneys, Moritt Hock Hamroff & Horowitz, LLP, having moved this court for an order, pursuant to section 511 of the Not-for-profit Corporation Law, granting approval of the bond financing transaction set forth in the Petition herein and approval of the transfer of certain properties, as more particularly described on Schedule A annexed hereto to Suffolk County Industrial Development Agency, and said application having come before the court to be heard,

Now upon reading and filing of the petition verified on October 12, 2007, and the waiver of notice of the Attorney General of the State of New York, and after due deliberation having held thereon, and it appearing that the purposes of the petitioner, UNITED VETERANS BEACON HOUSE, INC. will be promoted thereby, Now on motion of Moritt Hock Hamroff & Horowitz, LLP, attorneys for petitioner, it is

ORDERED, that the transaction contemplated by the Petition is hereby approved and UNITED VETERANS BEACON HOUSE,INC., be and it is hereby authorized to secure bonds issued by the Suffolk County Industrial Development Agency in the sum of $4,900,000, to give a bond, mortgage and guaranty in connection with said financing in the amount of $4,900,000 and to convey or lease certain real property, more particularly described on Schedule A annexed hereto to the Suffolk County Industrial Development Agency in connection with said financing, and it is

ORDERED that a copy of this Order shall be served on the Attorney General of the State of New York within 5 days of the date hereof and that Petitioner shall notify the Attorney General of the State of New York that the transaction has been completed, if the transaction has been abandoned, or if the transaction is still pending 90 days after the date hereof.

THE ATTORNEY GENERAL HEREBY APPEARS HEREIN, HAS NO OBJECTION TO THE GRANTING OF JUDICIAL APPROVAL HEREON, ACKNOWLEDGES RECEIPT OF STATUTORY NOTICE, AND DEMANDS SERVICE OF ALL PAPERS SUBMITTED HEREIN INCLUDING ALL ORDER, JUDGMENTS AND ENDORSEMENTS OF THE COURT. SAID NO OBJECTION IS CONDITIONED ON SUBMISSION OF THE MATTER TO THE COURT WITHIN 90 DAYS HEREAFTER.

ASSISTANT ATTORNEY GENERAL

10/25/07
DATE

Enter

Denise Molia
J.S.C
DENISE F. MOLIA

RTS
11-7-07

GRANTED

COUNTY CLERK'S OFFICE
STATE OF NEW YORK SS.:
COUNTY OF SUFFOLK

I, JUDITH A. PASCALE, Clerk of the County of Suffolk and the Court of Record thereof, do hereby certify that I have compared the annexed with the original ......Order...... FILED in my office ......NOV 08 2007...... and, that the same is a true copy thereof, and of the whole of such original.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said County and Court this ......NOV 08 2007......

CLERK ......Judith A. Pascale......

12-01..., 06/06

Exhibit VIII

Tax map # 0500-053.00-02.00-015.000
222 Caleb's Path, Brentwood

Title found in:

United Veteran's Beacon House, Inc.

By: L: 12533 cp 729 and again by	L: 12538 cp 683
D: 11-15-2007	D: 11-15-2007
R: 12-14-2007	R: 01-28-2008

Chain of title:

Maureen S. Hoerger, as referee To Diana McGivern	Referee's Deed L: 11636 cp 906 D: 06-28-1993 R: 07-19-1993
Michael McGivern Diana McGivern To Michael McGivern And Diana McGivern as trustee of the Michael McGivern Revocable Trust	Deed L: 11934 cp 314 D: 10-20-1998 R: 12-16-1998
Michael McGivern And Diana McGivern as trustee of the Michael McGivern Revocable Trust To Amazing Houses, Inc.	Deed L: 12297 cp 507 D: 12-09-2003 R: 01-26-2004

Power of atty L: 12297 cp 506, parties assumed principals of Amazing Houses, Inc.

Amazing Houses, Inc. To United Veteran's Beacon House, Inc.	Deed L: 12533 cp 729 D: 11-15-2007 R: 12-14-2007

United Veteran's Beacon House, Inc. To Suffolk County Industrial Development Agency	Deed L: 12538 cp 680 D: 11-15-2007 R: 01-28-2008

Contract/ option L: 12538 cp 681

Pledge and assignment L: 12538 cp 682

Suffolk County Industrial Development Agency To United Veteran's Beacon House, Inc.	Deed L: 12538 cp 683 D: 11-15-2007 R: 01-28-2008

Pledge and assignment L: 12823 cp 110

Contract/Option L: 12823 cp 111

(For copies of L: 12538 cp 680, 681, 682, 683, and L: 12823 cp 110 see search re 500-313-1-28)

Mortgages:

Amazing Houses, Inc. To Michael McGivern Diana McGivern As Trustee of the Michael McGivern Revocable Trust	Mortgage L: 20634 mp 617 D: 12-09-2003 R: 01-26-2004 $200,000.00

Open of record

L: 21662 mp 989, release L: 12595 cp 604, Satisfied L: 22606 mp 253

United Veteran's Beacon House, Inc. (debtor) To Suffolk County Economic Development Corporation (issuer) and Astoria Bank	Mortgage L: 22606 mp 170 D: 06-19-2015 R: 07-08-2015 $4,480,000.00

Assignment: L: 22606 mp 171

(See search re 500-313-1-28 for any copies not attached herewith)

Deeds verified to 9/4/2015
Mortgages verified to 9/15/2015 dw

Tax map # 0500-313.00-01.00-028.000
200 Bay Shore Road, Bay Shore

Title found in:

United Veteran's Beacon House, Inc.

By: L: 12533 cp 728 and again by	L: 12538 cp 683
D: 11-15-2007	D: 11-15-2007
R: 12-14-2007	R: 01-28-2008

Chain of title:

Michael Carroll	Deed
To	L: 11773 cp 282
Giustino Gallone	D: 04-26-1996
	R: 05-09-1996
Giustino Gallone	Deed
To	L: 12117 cp 239
Lydia Gallone	D: 04-18-2001
	R: 05-08-2001
Lydia Gallone	Deed
To	L: 12117 cp 243
Amazing Houses, Inc.	D: 04-18-2001
	R: 5-08-2001
Amazing Houses, Inc.	Deed
To	L: 12533 cp 728
United Veteran's	D: 11-15-2007
Beacon House, Inc.	R: 12-14-2007

United Veteran's Beacon House, Inc. To Suffolk County Industrial Development Agency	Deed L: 12538 cp 680 D: 11-15-2007 R: 01-28-2008

Contract/ option L: 12538 cp 681

Pledge and assignment L: 12538 cp 682

Suffolk County Industrial Development Agency To United Veteran's Beacon House, Inc.	Deed L: 12538 cp 683 D: 11-15-2007 R: 01-28-2008

Pledge and assignment L: 12823 cp 110

Contract/Option L: 12823 cp 111

Mortgages:

L: 21662 mp 989, release L: 12595 cp 604, Satisfied L: 22606 mp 253

(Copies attached)

United Veteran's Beacon House, Inc. (debtor) To Suffolk County Economic Development Corporation (issuer) and Astoria Bank	Mortgage L: 22606 mp 170 D: 06-19-2015 R: 07-08-2015 $4,480,000.00

Assignment: L: 22606 mp 171

(copies of mortgage and assignment attached)

Reference: (copies attached)

LP 200914
County of Suffolk County Government
Vs
To acquire certain properties
For CR 57

Vesting order: L: 12581 cp 136

Deed: L: 12596 cp 263 p/o 500-313-01-028

Receipt and release L: 12596 cp 264

Deeds verified to 9/4/2015
Mortgages verified to 9/15/2015 dw

Exhibit IX

7907 03/09/2008 4:54 PM

Form **1120S**

Department of the Treasury Internal Revenue Service (77)

U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

▶ See separate instructions.

OMB No. 1545-0130

2007

For calendar year 2007 or tax year beginning , ending

A S election effective date 2/01/96	Name AMAZING HOUSES, INC.	D Employer identification number [redacted]
B Business activity code number (see instructions)	Number, street, and room or suite no. If a P.O. box, see instructions. 205 COMMACK ROAD - PMB 88	E Date incorporated 2/01/1996
C Check if Sch. M-3 attached ☐	City or town, state, and ZIP code COMMACK NY 11725	F Total assets (see instructions) $ 1,418,631

Use IRS label. Otherwise, print or type.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders in the corporation at the end of the tax year ▶ 3

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

	Line	Description		
Income	1a	Gross receipts or sales ___ b Less returns and allowances ___ c Bal ▶	1c	
	2	Cost of goods sold (Schedule A, line 8)	2	
	3	Gross profit. Subtract line 2 from line 1c	3	
	4	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	4	
	5	Other income (loss) (see instructions—attach statement)	5	
	6	**Total income (loss).** Add lines 3 through 5 ▶	6	
Deductions (see instructions for limitations)	7	Compensation of officers	7	
	8	Salaries and wages (less employment credits)	8	
	9	Repairs and maintenance	9	
	10	Bad debts	10	
	11	Rents	11	
	12	Taxes and licenses	12	
	13	Interest	13	
	14	Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)	14	
	15	Depletion (Do not deduct oil and gas depletion.)	15	
	16	Advertising	16	
	17	Pension, profit-sharing, etc., plans	17	
	18	Employee benefit programs	18	
	19	Other deductions (attach statement)	19	
	20	**Total deductions.** Add lines 7 through 19 ▶	20	
	21	**Ordinary business income (loss).** Subtract line 20 from line 6	21	
Tax and Payments	22a	Excess net passive income or LIFO recapture tax (see instructions) — 22a		
	b	Tax from Schedule D (Form 1120S) — 22b		
	c	Add lines 22a and 22b (see instructions for additional taxes)	22c	
	23a	2007 estimated tax payments and 2006 overpayment credited to 2007 — 23a		
	b	Tax deposited with Form 7004 — 23b		
	c	Credit for federal tax paid on fuels (attach Form 4136) — 23c		
	d	Add lines 23a through 23c	23d	
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐	24	
	25	Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25	
	26	Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26	
	27	Enter amount from line 26 **Credited to 2008 estimated tax** ▶ Refunded ▶	27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Signature of officer — Date — Title

Paid Preparer's Use Only

Preparer's signature — Date 3/09/08 — Check if self-employed ☐ — Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code: Gary P. Silko, CPA, PC, 90 Lawrence Ave, Smithtown, NY 11787

EIN [redacted]

Phone no. 631-265-9393

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Form **1120S** (2007)

DAA

2007 03/09/2008 4:54 PM

Form **8825** (Rev. December 2006) Department of the Treasury Internal Revenue Service

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

▶ See instructions on back.

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name: AMAZING HOUSES, INC.

Employer identification number: [redacted]

1 Show the kind and location of each property. See page 2 to list additional properties.

A VARIOUS VA HOMES

B

C

D

		Properties A	B	C	D
Rental Real Estate Income					
2 Gross rents	2	378,875			
Rental Real Estate Expenses					
3 Advertising	3				
4 Auto and travel	4				
5 Cleaning and maintenance	5				
6 Commissions	6				
7 Insurance	7	12,523			
8 Legal and other professional fees	8	925			
9 Interest	9	128,802			
10 Repairs	10	17,585			
11 Taxes	11	77,374			
12 Utilities	12	29,722			
13 Wages and salaries	13				
14 Depreciation (see instructions)	14	74,723			
15 Other (list) ▶ See Statement 6	15	108,161			
16 Total expenses for each property. Add lines 3 through 15	16	449,815			

17 Total gross rents. Add gross rents from line 2, columns A through H	17	378,875
18 Total expenses. Add total expenses from line 16, columns A through H	18	(449,815)
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19	
20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a	
b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: (1) Name (2) Employer identification number		
21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4	21	-70,940

For Paperwork Reduction Act Notice, see back of form.

DAA

Form 8825 (12-2006)

7007 03/09/2008 4:54 PM

671107

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0130

Schedule K-1 (Form 1120S) **2007**
Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax year beginning ______ ending ______

Shareholder's Share of Income, Deductions, Credits, etc.

▸ See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
[redacted]

B Corporation's name, address, city, state, and ZIP code
AMAZING HOUSES, INC.

205 COMMACK ROAD - PMB 88
COMMACK NY 11725

C IRS Center where corporation filed return
Cincinnati, OH 45999

Part II Information About the Shareholder

D Shareholder's identifying number
[redacted]

E Shareholder's name, address, city, state, and ZIP code
[redacted]

F Shareholder's percentage of stock ownership for tax year .... 33.340000 %

For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)		13 Credits	
2 Net rental real estate income (loss)	* -23,651		
3 Other net rental income (loss)			
4 Interest income			
5a Ordinary dividends			
5b Qualified dividends		14 Foreign transactions	
6 Royalties			
7 Net short-term capital gain (loss)			
8a Net long-term capital gain (loss)			
8b Collectibles (28%) gain (loss)			
8c Unrecaptured section 1250 gain	* 75,675		
9 Net section 1231 gain (loss)	428,306		
10 Other income (loss)		15 Alternative minimum tax (AMT) items	A 795
11 Section 179 deduction		16 Items affecting shareholder basis	D 97,019
12 Other deductions			
		17 Other information	

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S. Schedule K-1 (Form 1120S) 2007

DAA

7007 03/09/2008 4:54 PM

671107

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0130

Schedule K-1 (Form 1120S) **2007**
Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax year beginning ________ ending ________

Shareholder's Share of Income, Deductions, Credits, etc.

▸ See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
[redacted]

B Corporation's name, address, city, state, and ZIP code
AMAZING HOUSES, INC.

205 COMMACK ROAD - PMB 88
COMMACK NY 11725

C IRS Center where corporation filed return
Cincinnati, OH 45999

Part II Information About the Shareholder

D Shareholder's identifying number
[redacted]

E Shareholder's name, address, city, state, and ZIP code
[redacted]

F Shareholder's percentage of stock ownership for tax year .... 33.330000 %

For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits
2 *	Net rental real estate income (loss) -23,644		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c *	Unrecaptured section 1250 gain 75,653		
9	Net section 1231 gain (loss) - 428,177		
10	Other income (loss)	15 A	Alternative minimum tax (AMT) items 795
11	Section 179 deduction	16 D	Items affecting shareholder basis 96,990
12	Other deductions		
		17	Other information

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S. Schedule K-1 (Form 1120S) 2007

DAA

Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
▶ See separate instructions.

OMB No. 1545-0130

2008

For calendar year 2008 or tax year beginning , ending

A S election effective date: 2/01/96

B Business activity code number (see instructions): 531110

C Check if Sch. M-3 attached ☐

Use IRS label. Otherwise, print or type.

Name: AMAZING HOUSES, INC.

Number, street, and room or suite no. If a P.O. box, see instructions: 205 COMMACK ROAD - PMB 88

City or town, state, and ZIP code: COMMACK NY 11725

D Employer identification number: [redacted]

E Date incorporated: 2/01/1996

F Total assets (see instructions): $ 1,050,603

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ▶ 3

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Section	Line	Description	Box	Amount
Income	1a	Gross receipts or sales; b Less returns and allowances; c Bal ▶	1c	
	2	Cost of goods sold (Schedule A, line 8)	2	
	3	Gross profit. Subtract line 2 from line 1c	3	
	4	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	4	
	5	Other income (loss) (see instructions—attach statement)	5	
	6	**Total income (loss).** Add lines 3 through 5 ▶	6	
Deductions (see instructions for limitations)	7	Compensation of officers	7	
	8	Salaries and wages (less employment credits)	8	
	9	Repairs and maintenance	9	
	10	Bad debts	10	
	11	Rents	11	
	12	Taxes and licenses	12	
	13	Interest	13	
	14	Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)	14	
	15	Depletion (**Do not deduct oil and gas depletion.**)	15	
	16	Advertising	16	
	17	Pension, profit-sharing, etc., plans	17	
	18	Employee benefit programs	18	
	19	Other deductions (attach statement)	19	
	20	**Total deductions.** Add lines 7 through 19 ▶	20	
	21	**Ordinary business income (loss).** Subtract line 20 from line 6	21	
Tax and Payments	22a	Excess net passive income or LIFO recapture tax (see instructions) — 22a		
	b	Tax from Schedule D (Form 1120S) — 22b		
	c	Add lines 22a and 22b (see instructions for additional taxes)	22c	
	23a	2008 estimated tax payments and 2007 overpayment credited to 2008 — 23a		
	b	Tax deposited with Form 7004 — 23b		
	c	Credit for federal tax paid on fuels (attach Form 4136) — 23c		
	d	Add lines 23a through 23c	23d	
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐	24	
	25	**Amount owed.** If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25	
	26	**Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26	
	27	Enter amount from line 26 **Credited to 2009 estimated tax** ▶ Refunded ▶	27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: BROWN — Date — Title: VP

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature — Date: 3/01/09 — Check if self-employed ☐ — Preparer's SSN or PTIN: [redacted]

Firm's name (or yours if self-employed), address, and ZIP code: Gary P. Silko, CPA, PC, 90 Lawrence Ave, Smithtown, NY 11787

EIN: [redacted]

Phone no. 631-265-9393

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2008)

DAA

Form **8825** (Rev. December 2006) Department of the Treasury Internal Revenue Service

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

▶ See instructions on back.
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name: AMAZING HOUSES, INC.

Employer identification number: [redacted]

1 Show the kind and location of each property. See page 2 to list additional properties.

A VARIOUS VA HOMES

B

C

D

		Properties A	B	C	D
Rental Real Estate Income					
2 Gross rents	2	109,177			
Rental Real Estate Expenses					
3 Advertising	3				
4 Auto and travel	4				
5 Cleaning and maintenance	5				
6 Commissions	6				
7 Insurance	7	6,155			
8 Legal and other professional fees	8	925			
9 Interest	9	22,622			
10 Repairs	10	2,803			
11 Taxes	11	31,218			
12 Utilities	12	19,727			
13 Wages and salaries	13				
14 Depreciation (see instructions)	14	45,030			
15 Other (list) ▶ See Statement 3	15	31,055			
16 Total expenses for each property. Add lines 3 through 15	16	159,535			

17 Total gross rents. Add gross rents from line 2, columns A through H	17	109,177
18 Total expenses. Add total expenses from line 16, columns A through H	18	(159,535)
19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19	
20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a	

b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:

(1) Name (2) Employer identification number

21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on:
- Form 1065 or 1120S: Schedule K, line 2, or
- Form 1065-B: Part I, line 4

21	-50,358

For Paperwork Reduction Act Notice, see back of form.
AA

671108

Schedule K-1 (Form 1120S) 2008

Department of the Treasury
Internal Revenue Service

For calendar year 2008, or tax year beginning ______ ending ______

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0130

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
[redacted]

B Corporation's name, address, city, state, and ZIP code
AMAZING HOUSES, INC.

205 COMMACK ROAD - PMB 88
COMMACK NY 11725

C IRS Center where corporation filed return
e-file

Part II Information About the Shareholder

D Shareholder's identifying number
[redacted]

E Shareholder's name, address, city, state, and ZIP code
[redacted]

Commack NY 11725

F Shareholder's percentage of stock ownership for tax year .... 33.340000 %

For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)		13	Credits	
2 *	Net rental real estate income (loss)	-16,789			
3	Other net rental income (loss)				
4	Interest income				
5a	Ordinary dividends				
5b	Qualified dividends		14	Foreign transactions	
6	Royalties				
7	Net short-term capital gain (loss)				
8a	Net long-term capital gain (loss)				
8b	Collectibles (28%) gain (loss)				
8c	Unrecaptured section 1250 gain				
9	Net section 1231 gain (loss)				
10	Other income (loss)		15	Alternative minimum tax (AMT) items	
11	Section 179 deduction		16	Items affecting shareholder basis	
			D		6,435
12	Other deductions				
			17	Other information	

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

AA

Schedule K-1 (Form 1120S) 2008

671108

Final K-1 ☐ Amended K-1 ☐

OMB No. 1545-0130

Schedule K-1 (Form 1120S) 2008

Department of the Treasury
Internal Revenue Service

For calendar year 2008, or tax year beginning ______ ending ______

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
[redacted]

B Corporation's name, address, city, state, and ZIP code
AMAZING HOUSES, INC.
205 COMMACK ROAD - PMB 88
COMMACK NY 11725

C IRS Center where corporation filed return
e-file

Part II Information About the Shareholder

D Shareholder's identifying number
[redacted]

E Shareholder's name, address, city, state, and ZIP code
[redacted]

F Shareholder's percentage of stock ownership for tax year .... 33.330000 %

For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)		13	Credits
2 *	Net rental real estate income (loss)	-16,784		
3	Other net rental income (loss)			
4	Interest income			
5a	Ordinary dividends			
5b	Qualified dividends		14	Foreign transactions
6	Royalties			
7	Net short-term capital gain (loss)			
8a	Net long-term capital gain (loss)			
8b	Collectibles (28%) gain (loss)			
8c	Unrecaptured section 1250 gain			
9	Net section 1231 gain (loss)			
10	Other income (loss)		15	Alternative minimum tax (AMT) items
11	Section 179 deduction		16	Items affecting shareholder basis D 6,433
12	Other deductions			
			17	Other information

* See attached statement for additional information.

For Paperwork Reduction Act Notice, see Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2008

Exhibit X

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Fred Brown	Monday, October 08, 2012	Sunday, October 21, 2012

Day	Date	Daily Hours Worked	General (100)	Shelter (200 300)	DOL (400)	GPD (500)	HUD (600)	F&E (700)	SPC (800)	SSVF (825)	UWLI (850)	SMS (875)	NYSSHP (900)	NYSSHP SPC (925)	HudVash (950)	HCHV (975)	OTHER	Weekly Hours	Regular	Holiday	Sick	Personal	Vacation	Other	Total
Mon	10/08/12	9:00 - 7:00																		8.00					8.00
Tue	10/09/12	9:00 - 7:00		3.00	1.00	2.00	1.00									1.00	2.00	10.00	10.00						10.00
Wed	10/10/12	9:00 - 6:00	2.00	4.00		1.00		1.00									1.00	9.00	9.00						9.00
Thu	10/11/12	9:00 - 8:00	1.00	4.00		2.00	1.00			1.00			1.00				1.00	11.00	11.00						11.00
Fri	10/12/12	9:00 - 6:00		4.00	1.00	1.00											3.00	9.00	9.00						9.00
Sat	10/13/12	9:00 - 12:00		3.00														3.00	3.00						3.00
Sun	10/14/12																								
	OFFICE USE ONLY		3.00	18.00	2.00	6.00	2.00	1.00		1.00			1.00			1.00	7.00	42.00	42.00	8.00					50.00
Mon	10/15/12	9:00 - 8:00	2.00	3.00	1.00	3.00	1.00										1.00	11.00	11.00						11.00
Tue	10/16/12	9:00 - 8:00	1.00	5.00		2.00		1.00									2.00	11.00	11.00						11.00
Wed	10/17/12	9:00 - 8:00	2.00	5.00		1.00	1.00										2.00	11.00	11.00						11.00
Thu	10/18/12	9:00 - 6:00		4.00	1.00	2.00		1.00									1.00	9.00	9.00						9.00
Fri	10/19/12	9:00 - 9:00	2.00	6.00	1.00	2.00											1.00	12.00	12.00						12.00
Sat	10/20/12																								
Sun	10/21/12																								
	OFFICE USE ONLY		7.00	23.00	3.00	10.00	2.00	2.00									7.00	54.00	54.00						54.00
	Total		10.00	41.00	5.00	16.00	4.00	3.00		1.00			1.00			1.00	14.00	96.00	96.00	8.00					104.00

Certification:
We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Fred Brown
Fred Brown, Controller

Date 10/21/2012

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Fred Brown	Monday, January 28, 2013	Sunday, February 10, 2013

ACTUAL HOURS WORKED			ACTIVITY															
			100	200 300	400	500	600	700	800	825	850	875	900	925	950	975		
Day	Date	Daily Hours Worked	General	Shelter	DOL	GPD	HUD	F&E	SPC	SSVF	UWLI	SMS	NYSSHP	NYSSHP SPC	HudVash	HCHV	OTHER	Weekly Hours
Mon	01/28/13	9:00 - 7:00	1.00	4.00		2.00	1.00	1.00									1.00	10.00
Tue	01/29/13	9:00 - 7:30		4.50	1.00	2.00										1.50	1.50	10.50
Wed	01/30/13	9:00 - 7:00	2.00	4.00		1.00	1.00	1.00									1.00	10.00
Thu	01/31/13	9:00 - 7:00		4.00		2.00	1.00			1.00			1.00				1.00	10.00
Fri	02/01/13	9:00 - 6:00	1.00	4.00	1.00	1.00											2.00	9.00
Sat	02/02/13	9:00 - 12:00		3.00														3.00
Sun	02/03/13																	
	OFFICE USE ONLY		4.00	23.50	2.00	8.00	3.00	2.00		1.00			1.00			1.50	6.50	52.50
Mon	02/04/13	9:00 - 8:00	2.00	3.00	1.00	3.00	1.00										1.00	11.00
Tue	02/05/13	9:00 - 6:00		5.00		2.00		1.00									1.00	9.00
Wed	02/06/13	9:00 - 8:30	2.00	6.00		1.00	1.00										1.50	11.50
Thu	02/07/13	9:00 - 7:30	1.00	5.00	1.00	2.00		1.00									0.50	10.50
Fri	02/08/13	9:00 - 8:00	2.00	4.00	1.00	2.00											2.00	11.00
Sat	02/09/13																	
Sun	02/10/13																	
	OFFICE USE ONLY		7.00	23.00	3.00	10.00	2.00	2.00									6.00	53.00
	Total		11.00	46.50	5.00	18.00	5.00	4.00		1.00			1.00			1.50	12.50	105.50

Used Leave Time						
Regular	Holiday	Sick	Personal	Vacation	Other	Total
10.00						10.00
10.50						10.50
10.00						10.00
10.00						10.00
9.00						9.00
3.00						3.00
52.50						52.50
11.00						11.00
9.00						9.00
11.50						11.50
10.50						10.50
11.00						11.00
53.00						53.00
105.50						105.50

Certification:
We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Fred Brown

Fred Brown, Controller

Date 2/10/2013

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Fred Brown	Monday, April 08, 2013	Sunday, April 21, 2013

ACTUAL HOURS WORKED			ACTIVITY															
			100	200 300	400	500	600	700	800	825	850	875	900	925	950	975		
Day	Date	Daily Hours Worked	General	Shelter	DOL	GPD	HUD	F&E	SPC	SSVF	UWLI	SMS	NYSSHP	NYSSHP SPC	HudVash	HCHV	OTHER	Weekly Hours
Mon	04/08/13	9:00 - 7:30	1.00	5.00		2.00		1.00									1.50	10.50
Tue	04/09/13	9:00 - 7:00	1.00	3.00	1.00	2.00	1.00										2.00	10.00
Wed	04/10/13	9:00 - 7:30	2.00	3.00		1.00		1.00								2.00	1.50	10.50
Thu	04/11/13	9:00 - 7:00		4.00		2.00	1.00			1.00			1.00				1.00	10.00
Fri	04/12/13	9:00 - 6:30	1.00	4.00	1.00	1.00											2.50	9.50
Sat	04/13/13	9:00 - 11:00		2.00														2.00
Sun	04/14/13																	
	OFFICE USE ONLY		5.00	21.00	2.00	8.00	2.00	2.00		1.00			1.00			2.00	8.50	52.50
Mon	04/15/13	9:00 - 7:00	2.00	2.00	1.00	3.00	1.00										1.00	10.00
Tue	04/16/13	9:00 - 7:30	1.00	5.00		2.00		1.00									1.50	10.50
Wed	04/17/13	9:00 - 8:00	2.00	5.00		1.00	1.00										2.00	11.00
Thu	04/18/13	9:00 - 8:00	1.00	6.00	1.00	2.00		1.00										11.00
Fri	04/19/13	9:00 - 8:00	2.00	4.00	1.00	2.00											2.00	11.00
Sat	04/20/13																	
Sun	04/21/13																	
	OFFICE USE ONLY		8.00	22.00	3.00	10.00	2.00	2.00									6.50	53.50
	Total		13.00	43.00	5.00	18.00	4.00	4.00		1.00			1.00			2.00	15.00	106.00

Used Leave Time						
Regular	Holiday	Sick	Personal	Vacation	Other	Total
10.50						10.50
10.00						10.00
10.50						10.50
10.00						10.00
9.50						9.50
2.00						2.00
52.50						52.50
10.00						10.00
10.50						10.50
11.00						11.00
11.00						11.00
11.00						11.00
53.50						53.50
106.00						106.00

Certification:

We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Fred Brown

Fred Brown, Controller

Date 4/21/2013

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Fred Brown	Monday, July 08, 2013	Sunday, July 21, 2013

ACTUAL HOURS WORKED			ACTIVITY															
			100	200 300	400	500	600	700	800	825	850	875	900	925	950	975		
Day	Date	Daily Hours Worked	General	Shelter	DOL	GPD	HUD	F&E	SPC	SSVF	UWLI	SMS	NYSSHP	NYSSHP SPC	HudVash	HCHV	OTHER	Weekly Hours
Mon	07/08/13	9:00 - 7:30	1.00	5.00		2.00		1.00									1.50	10.50
Tue	07/09/13	9:00 - 8:00	1.00	3.00	1.00	2.00	1.00									1.00	2.00	11.00
Wed	07/10/13	9:00 - 7:00	2.00	4.00		1.00		1.00									2.00	10.00
Thu	07/11/13	9:00 - 8:00	1.00	4.00		2.00	1.00			1.00			1.00				1.00	11.00
Fri	07/12/13	9:00 - 6:00	1.00	4.00	1.00	1.00											2.00	9.00
Sat	07/13/13	9:00 - 11:30		2.50														2.50
Sun	07/14/13																	
	OFFICE USE ONLY		6.00	22.50	2.00	8.00	2.00	2.00		1.00			1.00			1.00	8.50	54.00
Mon	07/15/13	9:00 - 7:00		4.00	1.00	3.00	1.00										1.00	10.00
Tue	07/16/13	9:00 - 7:30	1.00	5.00		2.00		1.00									1.50	10.50
Wed	07/17/13	9:00 - 7:00	2.00	4.00		1.00	1.00										2.00	10.00
Thu	07/18/13	9:00 - 6:30		5.00	1.00	2.00		1.00									0.50	9.50
Fri	07/19/13	9:00 - 7:00	2.00	3.00	1.00	2.00											2.00	10.00
Sat	07/20/13																	
Sun	07/21/13																	
	OFFICE USE ONLY		5.00	21.00	3.00	10.00	2.00	2.00									7.00	50.00
Total			11.00	43.50	5.00	18.00	4.00	4.00		1.00			1.00			1.00	15.50	104.00

Used Leave Time						
Regular	Holiday	Sick	Personal	Vacation	Other	Total
10.50						10.50
11.00						11.00
10.00						10.00
11.00						11.00
9.00						9.00
2.50						2.50
54.00						54.00
10.00						10.00
10.50						10.50
10.00						10.00
9.50						9.50
10.00						10.00
50.00						50.00
104.00						104.00

Certification:
We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Fred Brown
Fred Brown, Controller

Date 7/21/2013

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Frank Amalfitano	Monday, October 08, 2012	Sunday, October 21, 2012

ACTUAL HOURS WORKED			ACTIVITY															
			100	200 300	400	500	600	700	800	825	850	875	900	925	950	975		
Day	Date	Daily Hours Worked	General	Shelter	DOL	GPD	HUD	F&E	SPC	SSVF	UWLI	SMS	NYSSHP	NYSSHP SPC	HudVash	HCHV	OTHER	Weekly Hours
Mon	10/08/12	9:00 - 7:00	2.00	4.00		1.00	1.00	1.00				2.00				1.00		12.00
Tue	10/09/12	9:00 - 7:00		3.00	2.00	2.00		1.00	1.00			1.00	1.00	1.00				12.00
Wed	10/10/12	9:00 - 6:00		4.00		1.50	0.50				1.00	2.50			1.00			10.50
Thu	10/11/12	9:00 - 8:00	1.00	3.50	1.00	2.50			1.50			1.50						11.00
Fri	10/12/12	9:00 - 6:00		3.00		1.00	0.50	1.00		1.50		2.50						9.50
Sat	10/13/12	9:00 - 12:00	3.00	3.50		1.50												8.00
Sun	10/14/12																	
	OFFICE USE ONLY		6.00	21.00	3.00	9.50	2.00	3.00	2.50	1.50	1.00	9.50	1.00	1.00	1.00	1.00		63.00
Mon	10/15/12	9:00 - 8:00	1.50	4.50		1.00	1.00		1.00			1.50			1.00			11.50
Tue	10/16/12	9:00 - 8:00		3.50	2.00	2.00		1.00	1.00			1.50	1.50	1.00				13.50
Wed	10/17/12	9:00 - 8:00		4.00		1.50		1.00		1.50		1.50				1.00		10.50
Thu	10/18/12	9:00 - 6:00	2.50	3.00		2.00		1.00			2.00	1.00	0.50					12.00
Fri	10/19/12	9:00 - 9:00		3.00		3.00	1.00		1.00			1.50						9.50
Sat	10/20/12		4.00	2.00		2.00												8.00
Sun	10/21/12																	
	OFFICE USE ONLY		8.00	20.00	2.00	11.50	2.00	3.00	3.00	1.50	2.00	7.00	2.00	1.00	1.00	1.00		65.00
Total			14.00	41.00	5.00	21.00	4.00	6.00	5.50	3.00	3.00	16.50	3.00	2.00	2.00	2.00		128.00

Used Leave Time						
Regular	Holiday	Sick	Personal	Vacation	Other	Total
12.00						12.00
12.00						12.00
10.50						10.50
11.00						11.00
9.50						9.50
8.00						8.00
63.00						63.00
11.00						11.00
12.00						12.00
11.50						11.50
12.00						12.00
10.50						10.50
8.00						8.00
65.00						65.00
128.00						128.00

Certification:
We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Frank Amalfitano

Frank Amalfitano, President / CEO

Date 10/21/12

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Frank Amalfitano	Monday, January 28, 2013	Sunday, February 10, 2013

ACTUAL HOURS WORKED			ACTIVITY																Used Leave Time						
			100	200 300	400	500	600	700	800	825	850	875	900	925	950	975									
Day	Date	Daily Hours Worked	General	Shelter	DOL	GPD	HUD	F&E	SPC	SSVF	UWLI	SMS	NYSSHP	NYSSHP SPC	HudVash	HCHV	OTHER	Weekly Hours	Regular	Holiday	Sick	Personal	Vacation	Other	Total
Mon	01/28/13	9:00 - 7:00	1.00	5.00		1.50	1.00	1.00				1.50				1.00		12.00	12.00						12.00
Tue	01/29/13	9:00 - 7:30	1.00	3.00	2.00	1.00		1.00	1.50			1.00	1.00	1.00				12.50	12.50						12.50
Wed	01/30/13	9:00 - 7:00		4.50		2.00	0.50				1.00	1.50			1.00			10.50	10.50						10.50
Thu	01/31/13	9:00 - 7:00	1.50	3.50	1.00	1.50			1.00			2.00						10.50	10.50						10.50
Fri	02/01/13	9:00 - 6:00		4.00		1.00	0.50	1.00		1.00		2.50						10.00	10.00						10.00
Sat	02/02/13	9:00 - 12:00	4.00	2.50		1.50												8.00	8.00						8.00
Sun	02/03/13																								
	OFFICE USE ONLY		7.50	22.50	3.00	8.50	2.00	3.00	2.50	1.00	1.00	8.50	1.00	1.00	1.00	1.00		63.50	63.50						63.50
Mon	02/04/13	9:00 - 8:00	1.50	4.50		1.50	1.00		1.00			2.00						11.50	11.50						11.50
Tue	02/05/13	9:00 - 6:00		3.50	1.50	2.00		1.00	1.00			1.50	1.50					12.00	12.00						12.00
Wed	02/06/13	9:00 - 8:30		4.00		1.50				2.00		2.50		1.00				11.00	11.00						11.00
Thu	02/07/13	9:00 - 7:30	2.50	2.50		2.00		1.00			1.50	1.00	0.50			1.00		12.00	12.00						12.00
Fri	02/08/13	9:00 - 8:00		3.00		3.00	1.00		1.00			2.50			1.00			11.50	11.50						11.50
Sat	02/09/13		4.00	2.00		2.00												8.00	8.00						8.00
Sun	02/10/13																								
	OFFICE USE ONLY		8.00	19.50	1.50	12.00	2.00	2.00	3.00	2.00	1.50	9.50	2.00	1.00	1.00	1.00		66.00	66.00						66.00
	Total		15.50	42.00	4.50	20.50	4.00	5.00	5.50	3.00	2.50	18.00	3.00	2.00	2.00	2.00		129.50	129.50						129.50

Certification:
We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Frank Amalfitano

Frank Amalfitano, President / CEO

Date 2/10/13

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Frank Amalfitano	Monday, April 08, 2013	Sunday, April 21, 2013

ACTUAL HOURS WORKED			ACTIVITY															
			100	200 300	400	500	600	700	800	825	850	875	900	925	950	975		
Day	Date	Daily Hours Worked	General	Shelter	DOL	GPD	HUD	F&E	SPC	SSVF	UWLI	SMS	NYSSHP	NYSSHP SPC	HudVash	HCHV	OTHER	Weekly Hours
Mon	04/08/13	9:00 - 7:30	2.00	4.00		1.50	1.00	1.00				2.00						11.50
Tue	04/09/13	9:00 - 7:00		3.00	2.00	2.00		1.00	1.00			1.00	1.00	1.00				12.00
Wed	04/10/13	9:00 - 7:30		4.00		1.50	0.50				1.00	3.00			1.00			11.00
Thu	04/11/13	9:00 - 7:00	1.00	3.50	1.00	2.50			1.50			2.50						12.00
Fri	04/12/13	9:00 - 6:30		3.00		1.00	0.50	1.00		1.50		2.50				1.00		10.50
Sat	04/13/13	9:00 - 11:00	3.00	3.50		1.50												8.00
Sun	04/14/13																	
	OFFICE USE ONLY		6.00	21.00	3.00	10.00	2.00	3.00	2.50	1.50	1.00	11.00	1.00	1.00	1.00	1.00		65.00
Mon	04/15/13	9:00 - 7:00	2.00	4.50		1.50	1.00		1.00			1.00			1.00			12.00
Tue	04/16/13	9:00 - 7:30		3.50	2.00	1.00		1.00	1.00			2.00		1.00				11.50
Wed	04/17/13	9:00 - 8:00		4.00		1.50		1.00		1.50		2.50				1.00		11.50
Thu	04/18/13	9:00 - 8:00	2.50	3.50		2.50		1.00			0.50	1.50						11.50
Fri	04/19/13	9:00 - 8:00		3.00		3.00	1.00		1.00		1.00	2.00	1.00					12.00
Sat	04/20/13		4.00	2.00		2.00												8.00
Sun	04/21/13																	
	OFFICE USE ONLY		8.50	20.50	2.00	11.50	2.00	3.00	3.00	1.50	1.50	9.00	1.00	1.00	1.00	1.00		66.50
	Total		14.50	41.50	5.00	21.50	4.00	6.00	5.50	3.00	2.50	20.00	2.00	2.00	2.00	2.00		131.50

Used Leave Time						
Regular	Holiday	Sick	Personal	Vacation	Other	Total
11.50						11.50
12.00						12.00
11.00						11.00
12.00						12.00
10.50						10.50
8.00						8.00
65.00						65.00
12.00						12.00
11.50						11.50
11.50						11.50
11.50						11.50
12.00						12.00
8.00						8.00
66.50						66.50
131.50						131.50

Certification:
We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Frank Amalfitano

Frank Amalfitano, President / CEO

Date 4/21/13

United Veterans Beacon House
1715 Union Blvd, Bay Shore, NY 11706
Phone 631 665-1571 Fax 631 665-1578

Name	Start of Time Period	End of Time Period
Frank Amalfitano	Monday, July 08, 2013	Sunday, July 21, 2013

ACTUAL HOURS WORKED			ACTIVITY															
			100	200 300	400	500	600	700	800	825	850	875	900	925	950	975		
Day	Date	Daily Hours Worked	General	Shelter	DOL	GPD	HUD	F&E	SPC	SSVF	UWLI	SMS	NYSSHP	NYSSHP SPC	HudVash	HCHV	OTHER	Weekly Hours
Mon	07/08/13	9:00 - 7:30	2.50	3.00		1.50	1.00	1.00				1.50				1.00		11.50
Tue	07/09/13	9:00 - 8:00		2.50	2.50	2.00		1.00	1.00			2.00	1.00					12.00
Wed	07/10/13	9:00 - 7:00		5.00		1.50	0.50				1.00	2.50			1.00			11.50
Thu	07/11/13	9:00 - 8:00	2.00	3.00	1.50	2.50			1.50			1.00		1.00				12.50
Fri	07/12/13	9:00 - 6:00		4.00		1.50		1.00		1.50		2.50						10.50
Sat	07/13/13	9:00 - 11:30	4.00	3.50		1.00												8.50
Sun	07/14/13																	
	OFFICE USE ONLY		8.50	21.00	4.00	10.00	1.50	3.00	2.50	1.50	1.00	9.50	1.00	1.00	1.00	1.00		66.50
Mon	07/15/13	9:00 - 7:00	1.00	4.50		1.00	1.00		1.00			2.00		1.00				11.50
Tue	07/16/13	9:00 - 7:30		4.00	2.00	2.00		1.00	1.00			2.00						12.00
Wed	07/17/13	9:00 - 7:00		3.00		1.50		1.00		1.50		2.50	1.00			1.00		11.50
Thu	07/18/13	9:00 - 6:30	2.00	3.50		2.00		1.00			1.50	2.00						12.00
Fri	07/19/13	9:00 - 7:00		4.00		2.50	1.00		1.00			2.00			1.00			11.50
Sat	07/20/13		2.00	3.00								1.00						6.00
Sun	07/21/13																	
	OFFICE USE ONLY		5.00	22.00	2.00	9.00	2.00	3.00	3.00	1.50	1.50	11.50	1.00	1.00	1.00	1.00		64.50
	Total		13.50	43.00	6.00	19.00	3.50	6.00	5.50	3.00	2.50	21.00	2.00	2.00	2.00	2.00		131.00

		Used Leave Time						
Day	Date	Regular	Holiday	Sick	Personal	Vacation	Other	Total
Mon	07/08/13	11.50						11.50
Tue	07/09/13	12.00						12.00
Wed	07/10/13	11.50						11.50
Thu	07/11/13	12.50						12.50
Fri	07/12/13	10.50						10.50
Sat	07/13/13	8.50						8.50
Sun	07/14/13							
	OFFICE USE ONLY	66.50						66.50
Mon	07/15/13	11.50						11.50
Tue	07/16/13	12.00						12.00
Wed	07/17/13	11.50						11.50
Thu	07/18/13	12.00						12.00
Fri	07/19/13	11.50						11.50
Sat	07/20/13	6.00						6.00
Sun	07/21/13							
	OFFICE USE ONLY	64.50						64.50
	Total	131.00						131.00

Certification:
We certifiy that this report reflects an after-the-fact determination of the distribution of actual activity for the employee and accounts for the total activity for which the employee is compensated and which is required in fulfillment of the employee's obligation to UVBH. The distribution of time reported above represents a reasonable estimate of the actual work performed by the employee during the bi-weekly period covered by the report.

Employee Signature Frank Amalfitano

Frank Amalfitano, President / CEO

Date 7/21/13

APPENDIX B

Comptroller Office's Comments on the Agency's Response

Auditee: United Veterans Beacon House, Inc.

The unofficial draft audit report for the audit period October 1, 2012 through September 30, 2013 was transmitted to the Agency on December 14, 2017, with a letter inviting the Agency to submit a formal written response no later than January 31, 2018. The Agency was instructed that if it had any questions concerning the draft audit report or if it wished to review the audit work papers our office must be contacted no later than December 22, 2017. The letter also directed the Agency to submit a Final Representation Letter by January 5, 2018 in accordance with our policy guidelines; however, the Agency failed to submit the Final Representation Letter.

During the week ending December 29, 2017, at the Agency's request, we furnished the Agency with scanned copies of our audit workpapers to support the audit findings. Furthermore, although a preliminary exit conference was held with the Agency at the end of our audit fieldwork to discuss all preliminary audit findings and to provide the Agency with additional time to submit documentation to resolve the audit findings, the Agency requested that we have a final exit conference. Consequently, on January 10, 2018 a final exit conference was held with the Agency to discuss the draft audit report and the related work papers. Attendees at the meeting were as follows:

Name	Department / Agency
Stephen McMaster, Senior Investigative Auditor	Audit & Control
Joseph S. Pecorella, Chief Auditor	Audit & Control
Stacey Quinn, Senior Auditor	Audit & Control
Frank Amalfitano, CEO	Agency
Fred Brown, CFO	Agency
Michael Nawrocki, Agency Accountant	Nawrocki Smith, CPAs
Ernest Patrick Smith, Agency Accountant	Nawrocki Smith, CPAs
Charles C. Russo, Agency Attorney	Russo, Karl, Widmaier, & Cordano, PLLC

At the exit conference, the audit findings and recommendations were discussed at length. At this time the Agency's CFO and CEO informed us that they did possess additional documentation that would resolve many of the audit findings. In order to adhere to the response deadline of January 31, 2018, we requested that the Agency forward the documentation to our Office well in advance of that date so that the documentation could be reviewed and assessed on a timely basis.

Our next correspondence with the Agency occurred on January 30, 2018 via an email in which the Agency's attorney requested an extension of the time in which to submit a written response to the audit. The request was granted by our Office and the deadline for the entire process was extended to March 2, 2018.

The Agency submitted a written response to the audit report in conjunction with numerous exhibits on March 2, 2018, attached as Appendix A (p. 32), which purportedly disputed many of the audit findings and recommendations. However, our review of the Agency's submission disclosed that the majority of the exhibits did not adequately warrant revision to the audit report. We also found that the authenticity of some of the exhibits was suspect. Consequently, the CEO and CFO were subpoenaed to appear and testify under oath at the Comptroller's Office on March 20, 2018. Testimony pertained to the documentation submitted in the Agency's response to the draft report (Appendix A).

Our assessment of the Agency's response (Appendix A) and the information obtained from the CEO's and CFO's testimony is as follows:

Finding 1, Excess Funding (Appendix A, p. 35):

The Agency reported $27,169 in excess funding from the audit period which must be returned to the County as dictated by the County Contract.

Agency's Response:

The Agency disagrees with our determination that $27,169 in excess funding must be returned to the County by asserting that, pursuant to the RCM, $25,000 of the excess funding may be used for the establishment of a Capital Reserve Fund.

Comptroller's Response:

The Comptroller's Office disagrees with the Agency's contention that $25,000 of the $27,169 in excess funding may be used for the establishment of a Capital Reserve Fund. In accordance with the RCM, the Capital Reserve Fund has a four year expiration period, which begins on the first day of the subsequent fiscal period in which it was reported. Consequently, had the Agency duly reported a $25,000 Capital Reserve Fund contribution on the Homeless Shelter Provider Financial Statements (HSPFS) for the fiscal year ending September 30, 2013 (which the Agency neglected to report), the contribution would have expired September 30, 2017.

No modification of the audit report for this finding is warranted.

Finding 2:

Unreported revenue in the amount of $43,697 was recognized because it pertained to the contractually mandated release of capital reserve funds $10,000 of which were not used by the Agency and per diem funding that was received from the County, but not duly reported by the Agency.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

The Agency should ensure that expenditures utilizing Capital Reserve funds are properly matched on the HSPFS. In addition, the Agency should ensure that per diem funding is reported in its entirety on the HSPFS.

No modification of the audit report for this finding is warranted.

Finding 3:

Homeless shelter client contributions in the amount of $6,052 were over reported by the Agency.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

The Agency should ensure that client contributions are accurately reported on the HSPFS.

No modification of the audit report for this finding is warranted.

Finding 4, Disallowed Expenses (Appendix A, p. 35):

Expenses in the amount of $274,688 were disallowed due to inappropriate charges to the County Program and costs that were prohibited by the RCM.

Agency's Response:

The Agency asserts that the overall percentage of expenses disallowed by the audit, which comprise nearly one third (29%) of the $958,710 of expenses reported on the HSPFS, is unreasonable since the County Program was the only major program operated by the Agency during the period of audit and since prior audits of the County Program have not resulted in disallowances of this magnitude.

Comptroller's Response:

We believe that the Agency's contention regarding the audit's overall expense disallowances is misleading in that, pursuant to the Agency's certified financial statements, agency-wide expenses totaled $3,254,496 of which only $958,710 (29%) purportedly pertained to the County Program. The remaining expenses related to the Agency's primary mission which was to provide temporary and permanent residences for U.S. Military veterans.

Furthermore, prior to this audit, neither our office nor DSS had performed a financially related performance audit of the County Program in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Although DSS has performed audits of homeless shelter providers in the past, these limited scope desk reviews were primarily performed to identify surplus funding and not the types of findings revealed by this audit.

Individual expense categories that comprise the amount of $274,688 are delineated below in Findings 5 through 8.

Finding 5, Salaries and Wages (Appendix A, p. 36):

Salaries/Wages, Fringe Benefits and other expenses are over reported by $116,537 due to costs that are prohibited by the RCM as well as other inappropriate charges.

Agency's Response:

The Agency disagrees with $95,418 ($85,006 for Salaries/Wages and $10,412 for Fringe Benefit expenses) of the $116,537 in expenses that were disallowed because of noncompliance with the County Contract. The Agency contends the following:

- The audit should have compared overall salaries/wages reported for the County program to the overall budgeted salaries/wages approved by DSS for both the Family Shelter Program and Singles Shelter Program rather than performing each analysis by job title thus reducing the audit disallowance to $32,076.

- Had the Salaries/Wages and Fringe Benefit expenses which were disallowed for non-budgeted job titles (Driver, Case Worker, Secretary/Case Worker and Accounting/Case Worker) been included by the Agency in its budget submission to the County, the RCM indicates that they would have been approved by DSS.

- Had the salaries of two individuals that were incorrectly reported on the Agency's HSPFS as Counselor's been correctly classified by the Agency as House Managers, the related audit disallowance would have been less.

- The audit's budgeted to reported salaries analysis for the Singles Shelter Program did not account for all of the salaries included within the Agency's budget.

In conclusion the Agency contends that that had the audit compared overall salaries/wages reported for the County program to the overall budgeted salaries/wages approved by DSS for both the Family Shelter Program and Singles Shelter Program, when combined, the $95,418 audit disallowance would be reduced to $11,832. The Agency did not address the remaining $21,119 ($116,537 - $95,418) in disallowed expenses.

Comptroller's Response:

The Agency is contractually required to maintain staff positions and salaries identical to those approved by DSS in the Agency's budget. By comparing overall salaries/wages reported for the County Program to the overall budgeted salaries/wages approved by DSS, as requested by the Agency, unbudgeted, unapproved and incorrectly allocated positions would have been inappropriately offset against underpaid and unfilled positions, thus circumventing the County Contract's requirement. We believe that, had the Agency adequately monitored staffing throughout the audit period, the purported inefficient staffing levels would have been detected on a timely basis and a contractually required budget modification could have been duly submitted to DSS for assessment and consideration. Consequently, since the Agency did not comply with the County Contract, we believe that the audit adjustment is warranted and no revision to the audit report is deemed necessary.

Pursuant to our analysis of the additional documentation provided by the Agency in its response, we agree with the Agency's contention that two individuals were incorrectly reported on the Agency's HSPFS as Counselors. We reclassified the associated employees to their correct job classification of House Manager and reduced the related salaries/wages and fringe benefit expenses audit disallowance by $22,486 and $2,045, respectively.

We disagree with the Agency's contention that the audit's budgeted to reported salaries analysis for the Singles Shelter Program did not account for all of the salaries included within the Agency's budget. Our review of the documentation submitted by the Agency in support of this contention disclosed that the Agency incorrectly submitted the Singles Shelter's budget that had not yet been approved by DSS. Consequently, since our audit disallowance was determined based on the DSS approved budget, no modification of the audit report for this finding is warranted.

Finding 6:

Interest and Rent – Building expenses are over reported by $58,686 due to less-than-arm's length transactions that we determined were contrary to, or in conflict with, the goals and purposes of the County Contract.

Agency's Response:

The Agency contends in its response that it has not engaged in any activity that is contrary to and/or in conflict with the goals and purposes of the County, and that there are no audit procedures nor any evidentiary matter which supports this assertion within the County's report. In addition, the Agency asserts that the payments made through the County contract were merely to support the program for which the Agency sponsored. Furthermore, the Agency stated that the profit from the sale of the properties, which was due to the change in market conditions during the holding period, was in no way a conflict with any program and/or affiliated parties. Lastly, the Agency believes that it provided evidence that supports and confirms the property acquisitions by the Agency were arm's length transactions, contrary to the County's assertion that the acquisitions were less-than-arms-length transactions.

Comptroller's Response:

Subsequent to our receipt of the Agency's response to the draft audit report, the Comptroller's Office subpoenaed the CEO and CFO to appear and testify under oath at the Comptroller's Office on March 20, 2018 regarding the authenticity and accuracy of the information presented in the response, as well as the related documentation.

In order for the Comptroller's Office to properly assess the Agency's conclusion to this audit finding (above), it is necessary to address the pertinent details and supporting documentation presented in the Agency's response to the audit as well as the subsequent interview. Our assessment disclosed the following:

- The Agency's response states that Amazing Houses, Inc. (Amazing) is a S-Corporation that was formed in 1996 in which the Agency's CEO and CFO serve as officers and, along with a third individual, are each one-third owners. Although the Agency did provide Federal Tax Forms 1120S, 8825 and Schedule K of Form 1120S which reflected the Agency's CEO and CFO as one-third owners of Amazing (Appendix A, p. 97 through 104), the Agency did not provide any certificates of incorporation, by-laws, shareholders agreements, etc. documenting the original organization of Amazing, its officers or the nature of the capitalization of Amazing. Consequently, since we were unable to establish Lydia Gallone as one of Amazing's three original founders in 1996, we were unable to confirm the Agency's contention that the Bay Shore property, which was transferred to Amazing in 2001 for no consideration and no payment of the required transfer tax, was a contribution of capital in exchange for a one-third share of a corporation that was formed in 1996.

- According to the Agency's response the relationship between the Agency and Amazing created the Conflict for Mr. Amalfitano as he is President and CEO of the Agency and an officer (owner) of Amazing (hereinafter referred to as the "Conflict"). However, although the Agency asserts that as early as 1997, Mr. Amalfitano and the Agency disclosed the Conflict by providing notice to the New York State Charities Bureau by filing the notice of the Conflict that year and every year thereafter (Appendix A, p. 72, 75 and 78), the response further states that Mr. Amalfitano only joined the Agency as President and CEO in 1999. In addition, a subsequent discussion held with the Agency's CFO on March 20, 2018 revealed that the CFO joined the Agency sometime after 1999. As a result, since we were unable to confirm the third officer and owner of Amazing (see above) we could not determine the nature of the Conflict that existed between Amazing and the Agency during 1997 and 1998.

- The Agency's response asserts that in 2001, the Agency's CEO brought the Conflict to the attention of the Board of Directors and was given signed approval from each of the Agency's board members (Appendix A, p. 68 and 69). In addition, the Agency disclosed the Conflict during each yearly audit in its financial statements (Appendix A, p. 71, 74 and 77), as well as in a 2007 petition to the Supreme Court of New York State to secure bonds from the Suffolk County Development Agency (Appendix A, p. 81 (5)). The Agency also asserts that HUD (Federal Department of Housing and Urban Development) was notified of the Conflict through the filing of Form HUD-

2880 (Appendix A, p. 41). However, our review of the Agency's response as well as subsequent discussions with the Agency's CEO and CFO held on March 20, 2018 disclosed no documentation and no credible explanation as to why it took approximately 4 years to notify the Agency's Board of Directors of the Conflict which, according to the notes to the certified financial statements, is subject to board approval. Furthermore, the Agency did not provide us with any written documentation supporting that DSS was notified of the acquisition of facilities from a related party which were intended to be utilized by and funded through the County Contract. It should be noted that DSS policy generally requires written approval prior to substantial acquisitions made for the County program, and would normally require related party transactions to be reduced to the original acquisition cost.

- The Agency's response, as well as subsequent discussions with the Agency's CEO and CFO held on March 20, 2018, disclosed no documentation and no credible explanation supporting the CEO's decision to acquire the Bay Shore property through Amazing and lease it to the Agency rather than acquire it directly by the Agency. We believe that it is generally more cost efficient for the County Program when utilized property is owned rather than rented since the Agency would have been exempt from Real Estate Taxes, would not have been subject to the owner's profit margin and all DSS approved capital improvements would have been reimbursed through the County Contract. Similarly, a property was purchased for use in the County Program by Amazing in 2003. The property was purchased from one of the Agency's Board of Directors with no documentation and no credible explanation supporting the CEO's decision not to acquire it directly by the Agency. As illustrated above, we believe that had the CEO and selling board member acted in the best interest of the Agency (which is the fiduciary responsibility of the governing board members), this property would have been purchased directly by the Agency and the County would have paid original acquisition cost.

In conclusion, we strongly disagree with the Agency's contention that it has not engaged in any activity that is contrary to and/or in conflict with the goals and purposes of the County. Although not always on a timely basis, the Agency did disclose the related party transactions between Amazing and the Agency as well as the nature of the affiliation between the two organizations. However, the disclosures fell far short of notifying concerned parties of the degree of the control the CEO exercised over Amazing and the Agency. As evidenced by our audit documentation as well as our assessment of the Agency's response (above) these related party transactions were controlled by the Agency's CEO to such an extent that Amazing was favored and the Agency caused to subordinate its independent interests with respect to the original acquisition of the two properties in question. Had the Agency acquired the two facilities directly from the original owners rather than through Amazing, it would have realized the increase in the value of the properties due to market conditions as well as the decrease in the County Program's interest and depreciation costs by $58,686 per year going forward, which would have been in the best interest of both the Agency and the County. However, Amazing, a corporation in which the CEO had a financial interest, benefited from the increase in property values rather than the Agency for which the CEO had a fiduciary responsibility to act in its best interest. Consequently, we firmly believe that due to the undue influence of the CEO over Amazing and the Agency, the Agency as well as the

County Program was caused to subordinate its independent interests to those of Amazing thus promoting the aforementioned less-than-arm's length transactions which were contrary to and/or in conflict with the goals and purposes of the County.

No modification of the audit report for this finding is warranted.

Finding 7:

Salaries/Wages, Fringe Benefits and other expenses are over reported by $99,064 because the Agency's allocation methodology utilized to equitably distribute shared and administrative costs between benefitting programs contained numerous calculation inaccuracies.

Agency's Response:

The Agency disagrees with $32,321 ($28,830 for Salaries/Wages and $3,491 for Fringe Benefit expenses) of the $99,064 in over reported expenses pertaining to the Agency's allocation methodology utilized to distribute administrative staff salaries for the CEO and CFO to the County-funded program. The Agency contends in its response (p. 44) that the audit allocation of these expenses was unnecessary as "the appropriate time records are prepared and were available." The Agency submitted Time Distribution Records (p. 106 through 113) which were signed and dated by the CEO and CFO on the last Sunday of each quarterly pay period. The Time Distribution Records detailed actual hours worked for each Agency program and were used in the Agency's response to assert that the CFO and CEO spent 42% and 32% of their time, respectively, on the Family and Singles Shelter program. Therefore, the Agency contends that the administrative salaries/wages and associated fringe benefits for the CEO and CFO were substantiated and should be allowed.

The Agency did not address the remaining $66,743 ($99,064 - $32,321) in disallowed expenses pertaining to Salaries/Wages, Fringe Benefits and other expenses.

Comptroller's Response:

The Comptroller's Office strongly disagrees with the Agency's contention that the Time Distribution Records were prepared and available during the audit period and disagrees with the Agency's assertion that the CFO and CEO spent 42% and 32% of their time, respectively, on the Family and Singles Shelter program.

The Agency did not provide the Time Distribution Records (p. 106 through 113) during audit fieldwork or at the Exit Conference on January 10, 2018, but provided them approximately two months after the Exit Conference which is suspect. In addition, the Agency did not retain any underlying documentation supporting the actual hours worked which were recorded on the Time Distribution Records. The Time Distribution Records were purportedly prepared utilizing informal notes made by the employees from time to time; however, these notes were not retained by the Agency. Furthermore, the Comptroller's Office found numerous inconsistencies with regard to these Time Distribution Records, as follows:

- The Time Distribution Records were all signed and dated on the last Sunday of the pay period; however, both the CEO and CFO did not record any hours worked on these days.

- The span of the hours worked for each employee, as reflected in the Daily Hours Worked column for each day do not agree with the total reported hours worked for each respective day.

- The Time Distribution Records for both the CEO and CFO always show a 9:00 am start time; however, the start times for each employee often varies, sometimes earlier and sometimes later, and is not always 9:00 am.

- The Singles Shelter (Job Code 875) did not open until July 29, 2013 and was only operating for approximately three months of the audit period; however, the CEO's Time Distribution Records indicate that he worked on this program for the entire fiscal year, beginning with the Time Distribution Record for the pay period ending October 21, 2012 (p. 110).

- The Agency's Time Distribution Records were not utilized to allocate payroll and were never implemented into the Agency's Paychex payroll system during the fiscal year.

In addition to the above inconsistencies, a certified financial audit performed by the Agency's external auditors for the following fiscal year ending September 30, 2014 contained the following finding: "We recommend that allocation of administrative payroll expense be calculated using either actual time dedicated to each program by each employee or by using quarterly time studies (see Exhibit A, p. 126). This finding further supports our belief that these Time Distribution Records were not available during the audit period.

As a result of the numerous inconsistencies with regard to these Time Distribution Records, the Comptroller's Office subpoenaed the CEO and CFO to appear and testify under oath at the Comptroller's Office on March 20, 2018 regarding their allocation of time to the County-funded programs. The above inconsistencies were discussed with both the CEO and CFO and both employees testified that they were unsure as to exactly when the Time Distribution Records were prepared. They both agreed that their start times vary and they were unsure as to why the Agency's Time Distribution Records were not utilized to allocate payroll and were never implemented into the Agency's Paychex payroll system during the fiscal year.

No modification of the audit report for this finding is warranted.

<u>Finding 8</u>:

Salaries/Wages, Fringe Benefits and other expenses are over-reported by $401 due to costs that were not supported by sufficient documentation.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

The Agency should ensure that all documentation supporting the expenses reported for the County Program is secured and retained for a period of seven years as required by the County Contract. In addition, the Agency should ensure that the balances reported on the HSPFS in each expense classification agree to the corresponding balance recorded in the underlying accounting records.

No modification of the audit report for this finding is warranted.

Finding 9:

Written documentation supporting the provision of contractually mandated case management services was not found in all client files.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

All client files should contain written documentation supporting the performance of case management services. This, and all other documentation supporting the services provided pursuant to the County Contract, must be maintained for a period of seven years.

No modification of the audit report for this finding is warranted.

Finding 10:

The severe lack of segregation of duties related to the Agency's approval, processing, payment and recording of Agency payroll transactions in addition to other material weaknesses in the Agency's system of internal controls relative to the processing of program expenses increased the risk that defalcation could occur without detection.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

The Agency must ensure that duties related to the approval, processing, payment and recording of Agency expenses are properly segregated to minimize the risk that defalcation could occur without detection. Individuals responsible for the recording of Agency transactions in the accounting records must not have access to Agency funds.

No modification of the audit report for this finding is warranted.

Finding 11:

Employee time and accrual records and personnel files were not adequately reviewed for accuracy and for compliance with Agency policy, the RCM and applicable laws and regulations, resulting in undetected errors.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

A responsible Agency employee should routinely review employee time and accrual records and personnel files to ensure compliance with the Agency policy, the RCM, and applicable laws and regulations.

No modification of the audit report for this finding is warranted.

Finding 12:

The Agency did not have an adequate review process over the recording of transactions to provide assurance that all transactions were properly classified.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

The Agency should establish an adequate review process to ensure that transactions are accurately recorded in the accounting records.

No modification of the audit report for this finding is warranted.

Finding 13:

The Agency did not have in effect a system of internal controls that adequately safeguarded fixed assets purchased pursuant to the County Contract or that ensured the Agency's compliance with the County Contract and RCM.

Agency's Response:

The Agency did not address this finding in its response.

Comptroller's Response:

The Agency must expand the fixed asset/depreciation schedule to include sufficient detail to distinguish between assets upon physical inspection; attach number referenced labels indicating the County's proprietary interest or title in all property purchased pursuant to the County Contract; comply with the requirements of the RCM which requires the straight-line method of computing depreciation on property, plant and equipment; and establish a formal Capitalization policy for assets purchased.

No modification of the audit report for this finding is warranted.

EXHIBIT A

UNITED VETERANS BEACON HOUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

documents.

c. Institute use of sign-out cards to be filled out when a document is removed from a file, showing who took the record. The card should be placed in the file in place of the removed document.
d. Establish a policy specifying which records should be retained permanently, which records should be kept only for a given period before being destroyed, and how long the period of time should be for the various documents' termination.
e. Decide on when unneeded records should be removed to other storage areas to create room for needed records. For example, some companies keep the current and prior year records in the accounting department or in storage rooms on the premises and store older records in off-premises warehouses, or some files may be stored on microfiche.
f. Assign personnel the responsibility of periodically cleaning out the files in accordance with the established policy.

We recommend that allocation of administrative payroll expense be calculated using either actual time dedicated to each program by each employee or by using quarterly time studies.

We recommend that UVBH require that supporting receipts be submitted for all charges for which it is practical to obtain a receipt and that the business purpose of the expense be clearly documented. We also recommend that UVBH formally document the approval of credit card purchases upon receipt of the monthly expense reported and statements.

We recommend that executive management's authorization of rate of pay, including all rate of pay changes, be documented and retained in the employee file. We also strongly suggest that some of these functions be segregated among other employees to protect the assets of UVBH. At a minimum, we suggest having someone else finalize each payroll and transfer the funds as well as review the payroll transaction for each pay period. Furthermore, UVBH should establish a more effective filing system for personnel and payroll information.

We recommend that a member of senior management, such as the controller or president, review and approve all invoices prior to payment, and that such review be documented on the invoice or request form by his/her signature. We also recommend that a formal purchase request form be utilized within the accounting department in order to determine how to allocate the expense to various general ledger accounts and deficit funded contracts. This will ensure that all cash disbursements are authorized prior to the check being processed and recorded accurately within the accounting system.

We strongly suggest that UVBH establish and consistently maintain a regular, systematic filing system.