

The Hope & Healing Place, Inc.

Comments to Management

December 31, 2022

The Hope & Healing Place, Inc.
1721 South Tyler Street
Amarillo, Texas 79102

To the Board of Directors and Management:

In planning and performing our audit of the financial statements of the Hope & Healing Place, Inc. as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Hope & Healing Place, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hope & Healing Place, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Hope & Healing Place, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Hope & Healing Place, Inc.'s internal control to be significant deficiencies:

Lack of Segregation of Duties

The Executive Director performs many of the accounting functions including receiving and opening mail, recording deposits in the general ledger, approving payroll, and is a check signor and has access to online banking. We noted that the Hope & Healing Place has implemented several new controls to mitigate this risk, including:

- 1) Implemented the Statement Review Cover Sheet showing board review,
- 2) Added two board members to online banking for secondary transaction approval for amounts over \$1,000, and
- 3) Utilized a CPA firm for outside reconciliations.

While this aspect of control risk has improved, it is important to maintain controls that help to offset the lack of segregation of duties in accounting, such as dual control over cash receipts and review of payroll transactions.

This communication is intended solely for the information and use of management, the Board of Directors and Management of The Hope & Healing Place, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Stewart, Martin, Dudley & Well, P.C.

Amarillo, Texas
September 20, 2023