Upon completion of the audit of FSA’s Financial Statements for the fiscal year ended May 31, 2016, the CPA auditors have submitted the following single recommendation:

1. Temporarily and Permanently Restricted Net Assets
   
   **Condition**
   
   We noted that historical documentation to support some temporarily and permanently restricted net assets is not readily available. As these restricted contributions were received many years ago, the supporting documents are difficult to obtain. Such documentation is necessary to support the restriction and to properly account for its release. The FSA has contacted legal counsel to assist in resolving this matter. All current restricted donations received by the FSA have been properly documented and recorded.

   **Recommendation:**
   
   We recommend that FSA keep a historical record on all restricted donations and contributions.

**Management Response:** FSA agrees. After exhaustive search over several years by current management and their predecessors, FSA Management has found no retrievable source documentation in FSA files. FSA Management will work to identify other potential campus entities that may be able to produce past or current documents of account purposes. Where such efforts are unfruitful, FSA Management will work with FSA Counsel to pursue the procedure established under NYS law to request the NYS Attorney General Office’s approval for the goal of continued designation of these funds as restricted funds for the purposes for which they have historically been utilized for.

Unanimously approved by FSA Board of Directors at their October 19, 2016 meeting.
Independent Auditors’ Report on Communication of Internal Control Matters Identified in the Audit

Board of Directors
Faculty Student Association of Downstate Medical Center, Inc.

In planning and performing our audit of the financial statements of Faculty Student Association of Downstate Medical Center, Inc. (“FSA”) as of and for the years ended May 31, 2016 and 2015, in accordance with auditing standards generally accepted in the United States of America, we considered FSA’s internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FSA's internal control. Accordingly, we do not express an opinion on the effectiveness of FSA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as indicated below and detailed on the attached Exhibit A, we identified a certain deficiency in internal control we consider to be a significant deficiency.

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

PKF O’Connor Davies, LLP

August 10, 2016
Exhibit A

Significant Deficiency

Temporarily and Permanently Restricted Net Assets

**Condition**

We noted that historical documentation to support some temporarily and permanently restricted net assets is not readily available. As these restricted contributions were received many years ago, the supporting documents are difficult to obtain. Such documentation is necessary to support the restriction and to properly account for its release. The FSA has contacted legal counsel to assist in resolving this matter.

All current restricted donations received by the FSA have been properly documented and recorded.

**Recommendation**

We recommend that FSA keep a historical record on all restricted donations and contributions.