

Report on the Firm's System of Quality Control

April 16, 2024

To the Owners of
Kass & Jaffe, CPA's, P.C.
And the Peer Review Committee of the PICPA

We have reviewed the system of quality control for the accounting and auditing practice of Kass & Jaffe, CPA's, P.C. (the firm) in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with the requirements of the professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

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Page 2

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures regarding engagement performance contain guidance related to consultation. Our review disclosed instances where the firm consulted its professional library and outside sources and reached improper conclusions as well as instances where its professional library did not address certain practice areas in which the firm was performing engagements. As a result, on a review engagement we noted that the firm misclassified certain pass through entity tax payments on a client's income statement. We also noted an instance where the firm failed to modify its audit report when the accompanying financial statements did not include the results of a 100% owned subsidiary. In addition, the same audit report had not been updated to reflect changes in professional standards. We also noted that the firm did not fully document certain required areas in the performance of an attestation engagement including risk assessment related procedures including detailed documentation of internal controls over the assertion areas, materiality and fraud related procedures and did not update an agreed upon procedures engagement report to reflect changes in professional standards. As a result, the audit of a non-profit, a review engagement and an attestation engagement performed under *Government Auditing Standards* were determined to be not performed in accordance with professional standards in all material respects and as result was deemed as nonconforming.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Kass & Jaffe, CPA's, P.C. in effect for the year ended May 31, 2023, has been suitably designed or complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Kass & Jaffe, CPA's, P.C. has received a peer review rating of *pass with deficiency*.

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