

September 30, 2015

Board of Directors
UNCSA Housing Corporation

We have audited the financial statements of the UNCSA Housing Corporation for the year ended June 30, 2015, and have issued our report thereon dated September 30, 2015. Professional standards require that we provide you with information about our responsibility under U.S. generally accepted auditing standards, as well as certain information related to the planned scope and timing of the audit. We have communicated such information in our letter to you dated August 31, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by UNCSA Housing Corporation are described in Note B to the financial statements. No new accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2015. We noted no transactions entered into by the UNCSA Housing Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of depreciation expense is based on estimated useful lives of the related assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements (Audit Adjustments)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments made during the audit are summarized in a report attached to this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the UNCSA Housing Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the UNCSA Housing Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restrictions on Use

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

Sincerely,

A handwritten signature in cursive script that reads "Butler + Burke LLP".

BUTLER + BURKE, LLP

Client: 36930A - North Carolina School of the Arts Housing Corporation
 Engagement: NCSA-HC - 2015 audit
 Period Ending: 6/30/2015
 Trial Balance: DATABASE
 Workpaper: AJE - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		AA6		
Entry to record prepaid insurance at 6/30/15.				
117010	Prepaid Insurance		22,432.88	
745200	Insurance,Property			22,432.88
Total			22,432.88	22,432.88
Adjusting Journal Entries JE # 2		MM3		
Entry to roll net position forward at 6/30/15.				
431000	FB-Invested in Capital Assets		7,677.00	
507900	Miscellaneous Income-Other			3,913.00
730590	Other Repair & Maint			3,764.00
Total			7,677.00	7,677.00