

***COMMUNITY ACTION COMMISSION
TO HELP THE ECONOMY, INC.***

FINANCIAL STATEMENTS

MARCH 31, 2011

COMMUNITY ACTION COMMISSION
TO HELP THE ECONOMY, INC.

MARCH 31, 2011

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
Community Action Commission To
Help The Economy, Inc.
Liberty, New York

We have audited the accompanying statement of financial position of Community Action Commission To Help The Economy, Inc. (a nonprofit organization) as of March 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Community Action Commission To Help The Economy, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's March 31, 2010 financial statements and, in our report dated July 23, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Commission To Help The Economy, Inc. as of March 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2011 on our consideration of Community Action Commission To Help The Economy, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cooper, Neumann & Co. CPA's LLP

Mongaup Valley, New York
December 29, 2011

COMMUNITY ACTION COMMISSION TO HELP THE ECONOMY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2011
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash And Cash Equivalents	\$ 101,114	\$ 71,683
Temporarily Restricted Cash	181,530	300,928
Accounts Receivable	78,762	129,052
Grants Receivable	93,415	66,693
Inventory	49,383	59,433
Pre-Paid Expenses	3,956	10,794
Vehicles	201,380	173,185
Building And Improvements	89,797	89,797
Furniture, Fixtures And Equipment	104,464	98,767
Less: Accumulated Depreciation	<u>(258,901)</u>	<u>(222,418)</u>
TOTAL ASSETS	<u>\$ 644,900</u>	<u>\$ 777,914</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 32,352	\$ 26,427
Accrued Expenses	97,306	82,721
Current Portion Of Long-Term Debt	<u>-</u>	<u>1,475</u>
TOTAL LIABILITIES	<u>129,658</u>	<u>110,623</u>
NET ASSETS		
Unrestricted	230,913	306,930
Temporarily Restricted (Note – 4)	<u>284,329</u>	<u>360,361</u>
TOTAL NET ASSETS	<u>515,242</u>	<u>667,291</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 644,900</u>	<u>\$ 777,914</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

COMMUNITY ACTION COMMISSION TO HELP THE ECONOMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2010)

REVENUES, GAINS AND OTHER SUPPORT	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2011 TOTAL</u>	<u>2010 TOTAL</u>
Contributions	\$ 2,823	\$ -	\$ 2,823	\$ 1,814
Grant Income	-	1,383,838	1,383,838	1,521,473
Service Income	284,422	-	284,422	478,428
Interest Income	26	-	26	164
Other Income	2,965	-	2,965	3,740
In-Kind Services And Donations	106,822	-	106,822	117,085
Net Assets Released From Restrictions (Note 5):				
Satisfaction Of Program Restrictions	<u>1,513,286</u>	<u>(1,513,286)</u>	<u>-</u>	<u>-</u>
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 <u>1,910,344</u>	 <u>(129,448)</u>	 <u>1,780,896</u>	 <u>2,122,704</u>
 EXPENSES:				
Program Expenses	1,752,319	-	1,752,319	1,684,419
Management And General	<u>193,356</u>	<u>-</u>	<u>193,356</u>	<u>159,323</u>
 TOTAL EXPENSES	 <u>1,945,675</u>	 <u>-</u>	 <u>1,945,675</u>	 <u>1,843,742</u>
 CHANGE IN NET ASSETS	 (35,331)	 (129,448)	 (164,779)	 278,962
 NET ASSETS BEGINNING OF YEAR (Restated)	 <u>319,660</u>	 <u>360,361</u>	 <u>680,021</u>	 <u>388,329</u>
 NET ASSETS END OF YEAR	 <u>\$ 284,329</u>	 <u>\$ 230,913</u>	 <u>\$ 515,242</u>	 <u>\$ 667,291</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

COMMUNITY ACTION COMMISSION TO HELP THE ECONOMY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change In Net Assets	\$ (164,779)	\$ 278,962
Adjustment To Reconcile Change In Net Assets To Net Cash From Operating Activities:		
Depreciation	36,483	28,184
(Increase) Decrease In Grants Receivable	(26,722)	(4,536)
(Increase) Decrease In Accounts Receivable	50,290	34,367
(Increase) Decrease In Pre-paid Expenses	6,838	1,412
(Increase) Decrease In Inventory	10,050	(28,404)
Increase (Decrease) In Accounts Payable And Accrued Expenses	33,240	19,430
Cash Restricted By Donor Stipulations	(181,530)	(300,928)
Prior Year Restrictions Released	<u>300,928</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>64,798</u>	<u>28,487</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	<u>(33,892)</u>	<u>(63,060)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(33,892)</u>	<u>(63,060)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment Of Notes Payable	<u>(1,475)</u>	<u>(6,407)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(1,475)</u>	<u>(6,407)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,431	(40,980)
CASH AND CASH EQUIVALENTS - Beginning Of Year	<u>71,683</u>	<u>112,663</u>
CASH AND CASH EQUIVALENTS -End Of Year	<u>\$ 101,114</u>	<u>\$ 71,683</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

COMMUNITY ACTION COMMISSION TO HELP THE ECONOMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2010)

	COMMUNITY SERVICES	WEATHERIZATION	NUTRITION	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	2011 TOTAL	2010 TOTAL
EXPENSES							
Personnel	\$ 268,968	\$ 273,105	\$ 39,614	\$ 581,687	\$ 118,901	\$ 700,588	\$ 713,355
Payroll Taxes	20,853	23,545	3,005	47,403	9,096	56,499	57,118
Fringe Benefits	84,895	70,324	9,196	164,415	12,000	176,415	179,969
Sub-Contractors	58,197	40,583	-	98,780	-	98,780	162,824
Consultants	3,283	-	-	3,283	-	3,283	60
Professional Fees	6,000	-	-	6,000	-	6,000	8,113
Travel And Transportation	3,936	26,814	3,177	33,927	-	33,927	27,622
Repairs And Maintenance	11,140	4,498	228	15,866	-	15,866	14,774
Supplies	923	7,067	3,092	11,082	-	11,082	9,171
Insurance	16,589	16,968	-	33,557	1,100	34,657	23,872
Office Expense	8,514	3,788	-	12,302	-	12,302	16,980
Telephone	14,277	3,104	-	17,381	-	17,381	18,178
Program Expenses	160,916	389	1,320	162,625	-	162,625	73,895
Equipment	3,251	1,483	-	4,734	-	4,734	14,333
Interest	1,621	-	-	1,621	-	1,621	81
Rent	27,835	8,778	12,732	49,345	10,764	60,109	49,690
Audit	-	-	-	-	9,000	9,000	7,150
Materials	9,039	181,640	-	190,679	-	190,679	133,225
Advertising	1,943	595	-	2,538	-	2,538	2,092
Utilities	10,493	1,196	3,840	15,529	-	15,529	17,197
Food	2,487	-	144,639	147,126	-	147,126	135,731
Training	5,768	13,017	-	18,785	-	18,785	11,853
Dues and Subscriptions	1,275	-	-	1,275	-	1,275	400
Miscellaneous	16,887	991	2,745	20,623	-	20,623	14,635
Inventory Write Off	-	946	-	946	-	946	6,155
In-Kind Services And Donations	78,151	-	-	78,151	28,671	106,822	117,085
Depreciation	5,134	26,040	1,485	32,659	3,824	36,483	28,184
TOTAL EXPENSES	<u>\$ 822,375</u>	<u>\$ 704,871</u>	<u>\$ 225,073</u>	<u>\$ 1,752,319</u>	<u>\$ 193,356</u>	<u>\$ 1,945,675</u>	<u>\$ 1,843,742</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Community Action Commission To Help The Economy, Inc. (“Community Action”) is a private, not-for-profit corporation exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. Community Action was established to serve the disadvantaged in the community including the poor, the elderly and children. The Organization’s programs are related to nutrition, domestic violence, family services, weatherization of homes for low income individuals and other various community services. The main revenue sources are from federal, state and local grants and contracts with various government agencies.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long lived assets must be maintained, the Organization report expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

C. Cash And Cash Equivalents

Cash and cash equivalents consist of unrestricted cash and short-term, highly liquid investments that are readily convertible into cash within ninety (90) days of purchase.

D. Inventory

Inventory is valued at cost, or if donated, at fair market value at the date of receipt.

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Unrelated Business Enterprise

In order to provide better bus service to the residents of Sullivan County, Community Action entered into a contract with Shortline Bus Company in February 1992. The contract provides for the Organization to receive a commission on all the bus tickets that they sell.

F. Donated Materials and Services (In-Kind)

Donated materials and service are reflected as in-kind services and donations in the accompanying statements. Donated materials are shown at their estimated value at date of receipt. Personal services are valued in accordance with the cost of similar services or salaries within Sullivan County. The Organization's in-kind services and donations were as follows:

Domestic Violence	\$ 31,463
Discounted Rent	28,671
Community Services	<u>46,688</u>
	<u>\$ 106,822</u>

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between management and general or the appropriate program based on evaluation of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Comparative Data

The financial statements include certain prior year comparative information. With respect to the statement of activities, such prior year information is not presented by net asset class and, in the statement of functional expenses, prior year expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2010, from which the summarized information was derived.

J. Accounts/Grants Receivable

The Organization reports all receivables at their gross amount with any uncollectible amounts written off in the year they become uncollectible under the direct write off method of accounting. Management believes that any uncollectible amounts, if any, are immaterial.

NOTE 2 - INVESTMENT IN FIXED ASSETS

All fixed assets (with a unit cost \$500 or more) are shown at actual or estimated cost or, in the case of gifts and contributions, at fair market value. Fixed assets are depreciated using the straight line method of depreciation over the following useful lives:

Office Equipment	3-7 Years
Appliances	10 Years
Vehicles	5 Years
Building	25 Years

NOTE 3 – CONTINGENCIES

Community Action receives most of its revenue from government grants and contracts. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlements reached, there exists a contingency to refund any amount received in excess of allowable costs.

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Nutrition Expenditures	\$ 2,042	\$ 15,442
Weatherization Expenditures	50,619	90,065
Weatherization Expenditures - ARRA	178,252	213,118
CSBG Expenditures - ARRA	<u>-</u>	<u>41,736</u>
 TOTAL	 <u>\$ 230,913</u>	 <u>\$ 360,361</u>

NOTE 5 – NET ASSETS RELEASED FROM RESTICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2011</u>	<u>2010</u>
Purpose Restrictions Accomplished:		
Nutrition Expenditures	\$ 188,043	\$ 172,674
USDA Grant Expenditures	32,445	42,472
Weatherization Expenditures	313,346	404,456
CSBG Expenditures	254,664	226,359
Weatherization Expenditures – ARRA	426,631	129,398
CSBG Expenditures - ARRA	222,619	139,146
Various Community Service Program Expenditures	<u>75,538</u>	<u>77,636</u>
 TOTAL	 <u>\$ 1,513,286</u>	 <u>\$ 1,192,141</u>

NOTE 6 – RETIREMENT PLAN

The Organization has created a profit sharing plan for all of its eligible employees. The plan is discretionary in terms of contributions. The Organization may contribute a total of 0% to 25% of eligible pay, based on variables such as years of service and base pay. Participants are 20% vested after two years of service and 20% per year thereafter until fully vested after six years. For the year ended March 31, 2011, the Organization contributed approximately \$18,000 on behalf of eligible employees.

NOTE 7 – RESTATED NET ASSETS

The beginning balance of unrestricted net assets for the year ended March 31, 2011 has been increased by \$12,730 to account for the Organization's retirement liability being overstated as of March 31, 2010.

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 8 – EVENTS OCCURRING AFTER REPORTING DATE

The Organization has evaluated events and transactions that occurred between March 31, 2011 and December 29, 2011, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES	AMOUNT PROVIDED TO SUB- RECIPIENTS
PASS-THROUGH FROM NEW YORK STATE DIVISION OF HOUSING AND COMMUNITY RENEWAL				
US Department of Energy:				
Weatherization Assistance				
For Low- Income Persons	81.042	C091068-10	\$ 81,038	\$ -
Weatherization Assistance for Low-Income Persons – ARRA	81.042	C092268-09	404,605	-
US Department of Health And Human Services:				
Low-Income Home Energy Assistance	93.568	C091068-09	67,914	-
Low-Income Home Energy Assistance	93.568	C091068-10	189,770	-
PASS-THROUGH FROM NEW YORK STATE DEPARTMENT OF STATE				
US Department of Health And Human Service:				
Community Services Block Grant	93.569	C005546	103,737	-
Community Services Block Grant	93.569	C001310	137,347	-
Community Services Block Grant- Discretionary	93.569	C001310-1A	13,580	-
Community Services Block Grant - ARRA	93.710	C001041	222,619	-
PASS THROUGH FROM NYS DEPARTMENT OF HEALTH				
US Department of Health And Human Service:				
Temporary Assistance For Needy Families	93.558	C021262	41,380	-
Temporary Assistance For Needy Families	93.558	C021262	17,999	-
Family Violence Prevention and Services	93.671	C025292	38,808	-
PASS-THROUGH FROM NYS REGIONAL FOOD BANK-NONCASH				
US Department of Agriculture:				
Food Distribution	10.550	N/A	32,445	-
PASS-THROUGH FROM NYS DIVISION OF CRIMINAL JUSTICE				
US Department of Justice				
Violence Against Women Formula Grants	16.588	T551943	5,564	-
Violence Against Women Formula Grants	16.588	T551942	20,804	-
US Department of Homeland Security:				
Disaster Assistance	97.088	N/A	<u>10,362</u>	-
TOTAL			<u>\$ 1,387,972</u>	

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
MARCH 31, 2011

1. GENERAL

The accompanying schedule of federal awards presents the activity of all federal financial awards programs of the Community Action Commission To Help The Economy, Inc. The reporting entity is defined in Note 1 to the Organization's financial statements. All federal awards that passed through other governmental agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements.

3. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures are reported in the Organization's financial statements as follows:

Program Expenses	<u>\$ 1,387,972</u>
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To The Board of Directors of
Community Action Commission To
Help The Economy, Inc.
Liberty, New York

We have audited the financial statements of Community Action Commission To Help The Economy, Inc., as of and for the year ended March 31, 2011, and have issued our report thereon dated December 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Action Commission To Help The Economy, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Commission To Help The Economy, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Action Commission To Help The Economy, Inc.'s internal control over financial reporting.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as finding #2011-1, which we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Commission To Help The Economy, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we reported to the management of Community Action Commission To Help The Economy, Inc. in a separate letter dated December 29, 2011.

Community Action Commission To Help The Economy, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Community Action Commission To Help The Economy, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cooper, Neumann & Co. CPA's LLP
Montauk Valley, New York
December 29, 2011



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To The Board of Directors of
Community Action Commission To
Help The Economy, Inc.
Liberty, New York

Compliance

We have audited Community Action Commission To Help The Economy, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2011. Community Action Commission To Help The Economy, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Action Commission To Help The Economy, Inc.'s management. Our responsibility is to express an opinion on Community Action Commission To Help The Economy, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Commission To Help The Economy, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Action Commission To Help The Economy, Inc.'s compliance with those requirements.

In our opinion, Community Action Commission To Help The Economy, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2011.

Internal Control Over Compliance

Management of Community Action Commission To Help The Economy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Action Commission To Help The Economy, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Commission To Help The Economy, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cooper, Neumann & Co. CPA's LLP

Mongaup Valley, New York
December 29, 2011

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2011

Summary of Auditors' Results:

1. The auditors' report expresses an unqualified opinion on the financial statements of Community Action Commission To Help The Economy, Inc.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*.
3. No instances of non-compliance material to the financial statements of Community Action Commission To Help The Economy, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Community Action Commission To Help The Economy, Inc. expresses an unqualified opinion on all major federal programs.
5. There were no significant deficiencies disclosed during the audit of the major federal award programs for Community Action Commission To Help The Economy, Inc.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs were:

Community Services Block Grant – ARRA	93.710
Community Services Block Grant	93.569
Weatherization Assistance For Low Income Persons	81.042
Weatherization Assistance For Low Income Persons – ARRA	81.042
Low Income Home Energy Assistance	93.568

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Community Action Commission To Help The Economy, Inc. was determined to be a low risk auditee.

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2011

Findings – Financial Statement Audit

Significant Deficiency

2011-1 Financial Statement Preparation

Condition: Management does not possess the training required to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America.

Criteria: Management should have enough knowledge of the proper recognition and presentation requirements for financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

Effect: Without the proper accounting knowledge, management cannot identify a material misstatement in the financial statements in a timely manner.

Cause of Condition: Employees in the business office do not have sufficient knowledge of generally accepted accounting principles.

Recommendation: The business office should try to obtain as much training as possible in proper accounting methodologies.

Views of Responsible Officials and Planned Corrective Actions: Management does not feel it would be cost effective for the Fiscal Officer to pursue the necessary training in all of the current requirements for financial statements prepared in accordance with accounting principles generally accepted in the United States of America and to receive the necessary continuing education to stay up to date on the continually changing standards. However, the Fiscal Officer will receive ongoing training as it relates to the day to day duties of the position.

Findings and Questioned Costs – Major Federal Awards Program Audit.

None

COMMUNITY ACTION COMMISSION TO
HELP THE ECONOMY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
MARCH 31, 2011

There were no audit findings in prior years.