

MOHAWK VALLEY COMMUNITY  
ACTION AGENCY, INC.

Financial Statements and  
Supplementary Information

July 31, 2008 and 2007

(With Independent Auditor's Report Thereon)

MOHAWK VALLEY COMMUNITY  
ACTION AGENCY, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Mohawk Valley Community  
Action Agency, Inc.:

We have audited the accompanying statements of financial position of Mohawk Valley Community Action Agency, Inc. as of July 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Mohawk Valley Community Action Agency, Inc. as of July 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years 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 January 15, 2009 on our consideration of Mohawk Valley Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Toski, Schaefer & Co., P.C.*

Williamsville, New York  
January 15, 2009

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
 Statements of Financial Position  
 July 31, 2008 and 2007

	<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:			
Cash and equivalents		\$ 603,298	616,389
Fees and grants receivable		420,006	642,748
Other receivables		5,504	9,580
Prepaid expenses		29,922	27,298
Inventory		10,130	9,893
Total current assets		<u>1,068,860</u>	<u>1,305,908</u>
Investments, at fair value		10,708	708
Property and equipment, at cost		3,259,818	3,170,835
Less accumulated depreciation		<u>(1,860,961)</u>	<u>(1,592,679)</u>
Net property and equipment		<u>1,398,857</u>	<u>1,578,156</u>
Total assets		<u>\$ 2,478,425</u>	<u>2,884,772</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities:			
Accounts payable		177,940	179,593
Accrued expenses		502,489	586,083
Refundable advance		27,002	43,786
Deferred revenue		70,453	142,012
Other liabilities		28,908	24,178
Total current liabilities		<u>806,792</u>	<u>975,652</u>
Net Assets:			
Unrestricted:			
Available for operations		262,068	330,256
Board designated		10,000	-
Investment in property		<u>1,238,882</u>	<u>1,406,331</u>
Total unrestricted		1,510,950	1,736,587
Temporarily restricted		<u>160,683</u>	<u>172,533</u>
Total net assets		<u>1,671,633</u>	<u>1,909,120</u>
Commitments and contingencies (notes 10 and 11)			
Total liabilities and net assets		<u>\$ 2,478,425</u>	<u>2,884,772</u>

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY  
 Statements of Activities  
 Years ended July 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Changes in unrestricted net assets:		
Support and revenue:		
Fees and grants from governmental agencies	\$ 10,417,891	10,582,059
Section 8 Housing Assistance	1,111,315	1,155,048
Contributions and in-kind support	1,073,433	1,426,655
Program revenue	362,083	335,576
Daycare fees	246,101	266,225
Rental income	33,364	30,613
United Way	28,801	37,074
Administrative fees	198,388	197,926
Interest	17,087	19,927
Miscellaneous	26,893	22,897
Net assets released from restrictions	<u>11,850</u>	<u>11,850</u>
Total support and revenue	<u>13,527,206</u>	<u>14,085,850</u>
Expenses:		
Program services:		
Child Development	8,426,969	8,531,696
Housing	2,749,010	2,739,007
Family Resource	<u>1,514,270</u>	<u>1,783,686</u>
Total program services	12,690,249	13,054,389
Management and general	<u>1,062,594</u>	<u>1,069,161</u>
Total expenses	<u>13,752,843</u>	<u>14,123,550</u>
Decrease in unrestricted net assets	(225,637)	(37,700)
Changes in temporarily restricted net assets	<u>(11,850)</u>	<u>(11,850)</u>
Decrease in net assets	(237,487)	(49,550)
Net assets at beginning of year	<u>1,909,120</u>	<u>1,958,670</u>
Net assets at end of year	<u>\$ 1,671,633</u>	<u>1,909,120</u>

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses

Year ended July 31, 2008

with comparative totals for 2007

	Program Services					Total	
	Child Development	Housing	Family Resource	Total Program Services	Management and General		
						Total	
						2008	
						2007	
Personnel	\$ 4,223,586	627,835	732,298	5,583,719	588,588	6,172,307	6,383,743
Fringe	1,095,993	191,240	198,358	1,485,591	140,223	1,625,814	1,778,414
Out of town	5,225	1,814	5,787	12,826	26,865	39,691	59,533
Supplies	276,893	39,605	12,240	328,738	24,333	353,071	304,152
Contractual	432,694	1,378,120	16,551	1,827,365	35,902	1,863,267	1,903,992
Other	1,111,784	394,700	312,045	1,818,529	132,471	1,951,000	1,721,312
Common costs	77,084	78,134	124,102	279,320	103,601	382,921	277,482
In-kind expense	944,782	-	105,665	1,050,447	-	1,050,447	1,403,507
Depreciation and loss on disposal	258,928	37,562	7,224	303,714	10,611	314,325	291,415
Total expenses	\$ 8,426,969	2,749,010	1,514,270	12,690,249	1,062,594	13,752,843	14,123,550

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
Statement of Functional Expenses  
Year ended July 31, 2007

	<u>Program Services</u>					<u>Total</u>	<u>Management and General</u>	<u>Total</u>
	<u>Child Development</u>	<u>Housing</u>	<u>Family Resource</u>	<u>Program Services</u>	<u>Management and General</u>			
Personnel	\$ 4,182,808	639,427	958,077	5,780,312	603,431	6,383,743		
Fringe	1,168,406	207,025	248,685	1,624,116	154,298	1,778,414		
Out of town	14,734	4,454	11,792	30,980	28,553	59,533		
Supplies	216,629	31,471	26,761	274,861	29,291	304,152		
Contractual	395,131	1,393,716	70,227	1,859,074	44,918	1,903,992		
Other	1,051,632	371,125	183,475	1,606,232	115,080	1,721,312		
Common costs	32,303	54,144	108,374	194,821	82,661	277,482		
In-kind expense	1,247,206	-	156,301	1,403,507	-	1,403,507		
Depreciation and loss on disposal	222,847	37,645	19,994	280,486	10,929	291,415		
Total expenses	<u>\$ 8,531,696</u>	<u>2,739,007</u>	<u>1,783,686</u>	<u>13,054,389</u>	<u>1,069,161</u>	<u>14,123,550</u>		

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
 Statements of Cash Flows  
 Years ended July 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (237,487)	(49,550)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	303,593	287,015
Loss on disposal of equipment	10,732	4,400
Changes in:		
Receivables	226,818	(148,333)
Prepaid expenses	(2,624)	4,132
Inventory	(237)	(9,893)
Accounts payable	(1,653)	63,446
Accrued expenses	(83,594)	168,120
Refundable advance	(16,784)	24,238
Deferred revenue	(71,559)	604
Other liabilities	4,730	(1,577)
Net cash provided by operating activities	<u>131,935</u>	<u>342,602</u>
Cash flows from investing activities:		
Additions to property and equipment	(135,026)	(128,355)
Additions to investments	<u>(10,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(145,026)</u>	<u>(128,355)</u>
Net increase (decrease) in cash	(13,091)	214,247
Cash and equivalents at beginning of year	<u>616,389</u>	<u>402,142</u>
Cash and equivalents at end of year	<u>\$ 603,298</u>	<u>616,389</u>
Supplemental schedule of cash flow information:		
In-kind revenue	<u>\$ 1,050,447</u>	<u>1,403,507</u>
In-kind expense	<u>\$ 1,050,447</u>	<u>1,403,507</u>

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements

July 31, 2008 and 2007

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Mohawk Valley Community Action Agency, Inc. (the Agency) is a non-profit corporation formed to encourage and coordinate the development of community programs designed to eliminate poverty and to develop research and evaluation procedures in connection with all programs designed to aid in the struggle against poverty in Oneida and Herkimer Counties of the State of New York. The Agency also provides childcare services as part of its overall mission. The Agency's support comes primarily from fees and grants from governmental agencies and in-kind contributions.

(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.

(c) Basis of Presentation

The Agency follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Agency did not have any permanently restricted net assets. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Agency's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time.

(d) Estimates

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

(e) Cash

For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

(g) Investments

Investments are stated at fair value. The fair value of investments is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation or depreciation is included in the statements of activities. Donated securities are reflected as contributions at their fair value at the date of receipt.

(h) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

Donations of property are reflected in the accompanying statements at their estimated fair market value at the date of receipt. The Agency's policy is to imply a time restriction on donated property. Donated property is recorded as temporarily restricted support and the restriction expires over the useful life of property. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(i) Long-Lived Assets

The Agency complies with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement requires that long-lived assets to be held and used by the Agency be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Agency compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At July 31, 2008, no impairment in value has been recognized.

(j) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Donated Materials, Food, Supplies and Personal Services

The Agency receives unrestricted donations from outside parties. The donations include, but are not limited to, equipment, clothing, services, and food. All donations are unrestricted but used to support and further the Agency's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Agency without compensation. Contributed services are recognized as in-kind revenue and expense by the Agency when the provisions of SFAS No. 116, "Accounting for Contributions Received and Contributions Made" are met. In-kind contributions of \$1,050,447 and \$1,403,507 for 2008 and 2007, respectively, have been recognized as in-kind revenue and expense by the Agency. In addition, the Agency received unskilled services that do not meet the recognition requirement. Management estimates these services had a value of \$891,722 and \$593,397 for 2008 and 2007, respectively.

(l) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Agency. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(m) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(n) Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the financial statements.

(o) Indirect Cost Rate

The Agency uses an indirect cost rate for the purpose of allocating indirect costs. The methodology used to develop the indirect cost rate was approved by the U.S. Department of Health and Human Services. The indirect cost allocation plan for the years ended July 31, 2008 and 2007 was approved by the Agency's Federal Cognizant Agency, the U.S. Department of Health and Human Services, with a proposed indirect cost rate. The costs, bases, and methods of allocation per the plan were in accordance with the provisions of OMB Circular A-122, Cost Principles for Nonprofit Organizations. The actual indirect cost rates for the years ended July 31, 2008 and 2007 were 10.60% and 10.63%, respectively. The Agency's rates are based on actual indirect costs of \$1,062,594 and \$1,069,161, respectively, and a total direct cost base of \$10,028,691 and \$10,060,515, respectively.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Indirect Cost Rate, Continued

The Agency used a fringe rate for the purpose of allocating fringe benefit costs through July 31, 2007. The methodology used to develop the fringe rate was approved by the U.S. Department of Health and Human Services. The applied fringe benefit cost rate for the year ended July 31, 2007 ranged from 10.6% to 32.4%. Actual fringe benefit costs amounted to \$1,674,465 and deferred fringe costs amounted to \$149,193. For the year ended July 31, 2008, fringe benefit costs were allocated based on actual costs incurred.

(p) Reclassifications

Reclassifications have been made to certain 2007 balances in order to conform them to the 2008 presentation.

(2) Concentration of Credit Risk

(a) Cash

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(b) Revenues and Receivables

The Agency provides social services primarily in Oneida and Herkimer Counties of the State of New York. A substantial portion of the Agency's receivables are due from Federal and New York State governmental agencies.

(3) Property and Equipment

Property and equipment at July 31, 2008 and 2007 are summarized as follows:

	<u>2008</u>	<u>2007</u>
Land and improvements	\$ 117,645	118,645
Buildings and improvements	1,455,991	1,464,991
Equipment and vehicles	1,589,146	1,541,016
Leasehold improvements	<u>97,036</u>	<u>46,183</u>
	3,259,818	3,170,835
Less accumulated depreciation	<u>(1,860,961)</u>	<u>(1,592,679)</u>
Net property and equipment	\$ <u>1,398,857</u>	<u>1,578,156</u>

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(4) Vested Vacation Wages

Included in accrued expenses is the Agency's liability for future payments of accrued vested vacation wages which amounted to \$82,314 and \$77,160 at July 31, 2008 and 2007, respectively. Under the terms of the existing personnel manual, the Agency's employees receive annual vacation leave. The number of days allowed is dependent on the employees' years of service. Vacation leave represents the only leave paid to employees upon termination.

(5) Deferred Revenue

Deferred revenue amounted to \$70,453 and \$142,012 at July 2008 and 2007, respectively. These amounts represent cash provided to the Agency in advance of the period to be benefited in order to provide working capital for the operation of the various programs of the Agency.

(6) Rental Assistance Program

The Agency entered into agreements with 10 towns and villages in Oneida County to administer their Federal Rental Assistance programs. Each year the towns and villages enter into a grant agreement with the Federal government to receive funds under this program. Awarded funds are received and deposited by the towns and villages. The governmental entities then transfer the amounts to the Agency who disburses the money for them. During the years ended July 31, 2008 and 2007, the Agency administered \$1,111,315 and \$1,155,048, respectively, of rental assistance payments.

The Agency is paid by an administrative fee by the towns and villages for its administrative duties which it carries out on behalf of the entities. The total administrative fees received by the Agency for the years ended July 31, 2008 and 2007 were \$198,388 and \$197,926, respectively.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets at July 31, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Child development	\$ 159,975	171,825
Youth services	<u>708</u>	<u>708</u>
	\$ <u>160,683</u>	<u>172,533</u>

(8) Net Assets Released From Restrictions

Net assets were released from donor restrictions through satisfaction of program restrictions for the years ended July 31, 2008 and 2007 amounting to \$11,850.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(9) Pension

The Agency has established a 401(k) retirement plan for the benefit of its employees. The Agency can elect to contribute, for eligible employees, to the Plan annually. Employees must be at least 18 years of age and complete one year of service before they can participate in the Plan. The Agency made contributions to the Plan of \$144,161 for the year ended July 31, 2008.

(10) Commitments

The Agency has several noncancelable operating leases, primarily for program sites, which expire through March 31, 2018. Leases with respect to program sites generally do not exceed a one-year period or the remaining length of the grant contracts funding the program. Total rent expense amounted to \$477,469 and \$448,533 for the years ended July 31, 2008 and 2007, respectively. The following is a schedule of future minimum rental payments required under the above mentioned leases as of July 31, 2008:

<u>Years ending</u>	<u>Minimum rental payments</u>
2009	\$ 332,845
2010	253,184
2011	245,478
2012	243,761
2013	179,672
Thereafter	<u>746,051</u>
	\$ <u>2,000,991</u>

(11) Contingencies

(a) Grants

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

(b) New York State Homeless Housing Assistance Corporation

The New York State Homeless Housing and Assistance Corporation (HHAC) provided \$219,265 to the Agency to acquire, rehabilitate and operate two duplexes to provide housing for homeless people. The mortgage is for twenty years at no interest, with no schedule of payments, and will be forgiven at the end of the term which began on the date of occupancy (December 1, 1996). Under the term of the agreement, the property

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(11) Contingencies, Continued

(b) New York State Homeless Housing Assistance Corporation

must be used to provide housing for homeless people for twenty years and may not be sold or transferred without the prior consent of HHAC. If the Project does not comply with the terms of agreement, the amount provided will be considered to be in default and the original amount provided shall be immediately due and payable.

(c) U.S. Department of Health and Human Services

The U.S. Department of Health and Human Services (HHS) provided \$675,000 to the Agency to purchase the property known as the Cornerstone Building. In addition, HHS transferred the property known as the Calvary Building to the Agency which had an estimated market value of \$323,000 at the date of transfer. These properties are subject to certain conditions such as the properties may not be used for any purposes inconsistent with its intended purpose and applicable regulations. Additionally, the properties may not be mortgaged or otherwise used as collateral, or sold or transferred to another party without the written permission of HHS.

(d) Litigation

The Agency is involved in various litigation arising from the ordinary course of business. The cases are in the discovery stages and will be vigorously contested. Several claims would be covered by insurance. Legal counsel has been unable to form an opinion regarding the outcome of the litigation, therefore, no provision for loss has been recorded in the accompanying financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
Schedule of Expenditures of Federal Awards  
July 31, 2008

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	Total Expenditures through July 31, 2008	Expenditures for the year ended July 31, 2008
<u>Major Programs</u>				
Department of Health and Human Services:				
Head Start (1)	93.600	02CH1194/42	\$ 7,150,278	6,053,613
Head Start (1)	93.600	02CH1194/43	1,098,535	1,098,535
			<u>8,248,813</u>	<u>7,152,148</u>
Total Department of Health and Human Services				
Department of Agriculture - pass through New York State Department of Health:				
Child and Adult Care Food Program	10.558	2050	23,727	19,212
Child and Adult Care Food Program	10.558	2050	414,401	337,784
Child and Adult Care Food Program	10.558	2050	72,897	72,897
Child and Adult Care Food Program	10.558	2050	1,679	1,679
			<u>512,704</u>	<u>431,572</u>
			<u>8,761,517</u>	<u>7,583,720</u>
Total Department of Agriculture				
Total Major Programs				
<u>Other Federal Assistance</u>				
Department of Health and Human Services:				
Transitional Living for Homeless Youth (1)	93.550	02CX0035/05	202,076	35,391
Runaway and Homeless Youth (1)	93.623	02CY0176/02	137,500	41,726
Runaway and Homeless Youth (1)	93.623	02CY0176/03	103,608	103,608
Pass through New York State Department of State:				
Community Services Block Grant	93.569	C005528-07	620,943	105,745
Community Services Block Grant	93.569	C005528-08	528,593	528,593
Pass through Oswego Opportunities, Inc.:				
Street Outreach	93.557	-	32,500	2,605
Street Outreach	93.557	-	32,913	32,913

(Continued)

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
Schedule of Expenditures of Federal Awards, Continued

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	Total Expenditures through July 31, 2008	Expenditures for the year ended July 31, 2008
Pass through New York State Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C090048-07	\$ 683,336	447,192
Low-Income Home Energy Assistance	93.568	C090048-08	297,716	297,716
Low-Income Home Energy Assistance	93.568	C093848-08	18,195	18,195
Pass through New York State Community Action Association, Inc. - Community Services Block Grant - Discretionary Award	93.570	-	1,000	1,000
Pass through Oneida County:				
Social Services Block Grant - Parent Aide	93.667	14901	195,481	82,550
Social Services Block Grant - Parent Aide	93.667	14901	117,172	117,172
Total Department of Health and Human Services			<u>2,971,033</u>	<u>1,814,406</u>
Corporation for National and Community Service:				
Foster Grandparent Program (1)	94.011	07SFANY004	203,933	139,771
Foster Grandparent Program (1)	94.011	07SFANY004	60,089	60,089
Total Corporation for National and Community Service			<u>264,022</u>	<u>199,860</u>
Department of Housing and Urban Development:				
Pass through City of Utica - Community Development Block Grants:				
East Side Center	14.218	-	25,000	18,301
East Side Center	14.218	-	9,001	9,001
Pass through Individual Municipalities (schedule 2):				
Section 8 Housing Choice Vouchers	14.871	Administration	198,388	198,388
Section 8 Housing Choice Vouchers	14.871	2006 - 2007	361,516	361,516
Section 8 Housing Choice Vouchers	14.871	2007 - 2008	749,799	749,799
Section 8 Housing Choice Vouchers (1)	14.871	-	54,455	54,455
Total Department of Housing and Urban Development			<u>1,398,159</u>	<u>1,391,460</u>

(Continued)

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
Schedule of Expenditures of Federal Awards, Continued

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	Total Expenditures through July 31, 2008	Expenditures for the year ended July 31, 2008
Department of Energy - pass through New York State Division of Housing and Community Renewal:				
Weatherization Assistance for Low-Income Persons	81.042	C090048-07	\$ 352,417	257,108
Weatherization Assistance for Low-Income Persons	81.042	C090048-08	20,347	20,347
Total Department of Energy			<u>372,764</u>	<u>277,455</u>
Department of Homeland Security - pass through Oneida and Herkimer Counties:				
Emergency Food and Shelter National Board Program	97.024	-	6,000	878
Emergency Food and Shelter National Board Program	97.024	-	3,792	3,792
Total Federal Emergency Management Agency			<u>9,792</u>	<u>4,670</u>
Total Other Federal Assistance			<u>5,015,770</u>	<u>3,687,851</u>
Total Federal Awards			<u>\$ 13,777,287</u>	<u>11,271,571</u>
(1) Direct Federal Award				

Basis of Presentation

The schedule of expenditures of Federal awards includes the Federal grant activity of Mohawk Valley Community Action Agency, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
 Schedule of Section 8 Rental Voucher  
 Program Pass-Through Entities  
 July 31, 2008

<u>Housing Authority</u>	<u>Pass-through and project number</u>	<u>Annual contribution number</u>	<u>Expenditures</u>		<u>Administration</u>
			<u>2006-07</u>	<u>2007-08</u>	
Town of Camden	NY542VO0015	NY-1051	\$ 20,348	97,723	23,141
Town of Clayville	NY525VO0017	NY-1050	6,914	40,309	10,957
Village of Clinton	NY418VO0011	NY-1102	25,655	31,407	10,940
Town of Forestport	NY425VO0014	NY-1110	63,949	29,182	16,547
Town of New Hartford	NY423VO0007	NY-1095	40,655	57,588	15,439
Village of New Hartford	NY552VO0014	NY-1108	124,304	185,783	54,043
Village of Sylvan Beach	NY419VO0007	NY-1104	30,952	43,975	15,253
Town of Vernon	NY533VO0012	NY-1047	14,958	81,856	14,726
Village of Waterville	NY524VO0014	NY-1049	9,688	46,367	11,572
Town of Whitestown	NY542VO0013	NY-1083	24,093	135,609	25,770
<u>Total</u>			<u>\$ 361,516</u>	<u>749,799</u>	<u>198,388</u>

**TOSKI, SCHAEFER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

555 INTERNATIONAL DRIVE

WILLIAMSVILLE, NEW YORK 14221

TELEPHONE (716) 634-0700

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INDEPENDENT AUDITOR'S 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

The Board of Directors  
Mohawk Valley Community  
Action Agency, Inc.:

We have audited the financial statements of Mohawk Valley Community Action Agency, Inc. as of and for the year ended July 31, 2008 and have issued our report thereon dated January 15, 2009. 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 Mohawk Valley Community Action Agency, Inc.'s internal control over financial reporting 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 the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 noted certain matters involving internal control over financial reporting that we have reported to the management of Mohawk Valley Community Action Agency, Inc. in a separate letter dated January 15, 2009.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mohawk Valley Community Action Agency, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which would 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.

This report is intended solely for the information and use of the Board of Directors, management 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.

*Toski, Schaefer & Co., P.C.*

Williamsville, New York  
January 15, 2009

**TOSKI, SCHAEFER & CO., P.C.**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors  
Mohawk Valley Community  
Action Agency, Inc.:

Compliance

We have audited the compliance of Mohawk Valley Community Action Agency, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended July 31, 2008. The Mohawk Valley Community Action Agency, Inc.'s major Federal programs are identified in the summary of auditor's 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 Mohawk Valley Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on the Mohawk Valley Community Action Agency, 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 the Mohawk Valley Community Action Agency, 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 the Mohawk Valley Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, the Mohawk Valley Community Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended July 31, 2008.

## Internal Control Over Compliance

The management of the Mohawk Valley Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Mohawk Valley Community Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Mohawk Valley Community Action Agency, Inc.'s internal control over compliance.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. 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, 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.

*Toski, Schaefer & Co., P.C.*

Williamsville, New York  
January 15, 2009

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
 Schedule of Findings and Questioned Costs  
 Year ended July 31, 2008

Part I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- |                                                                                       |       |     |       |                                     |               |
|---------------------------------------------------------------------------------------|-------|-----|-------|-------------------------------------|---------------|
| 1. Material weakness(es) identified?                                                  | _____ | Yes | _____ | <input checked="" type="checkbox"/> | No            |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _____ | <input checked="" type="checkbox"/> | None reported |
| 3. Noncompliance material to financial statements noted?                              | _____ | Yes | _____ | <input checked="" type="checkbox"/> | None reported |

Federal Awards:

Internal control over major programs:

- |                                                                                       |       |     |       |                                     |               |
|---------------------------------------------------------------------------------------|-------|-----|-------|-------------------------------------|---------------|
| 4. Material weakness(es) identified?                                                  | _____ | Yes | _____ | <input checked="" type="checkbox"/> | No            |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ | Yes | _____ | <input checked="" type="checkbox"/> | None reported |

Type of auditor's report issued on compliance for major programs:

Unqualified

- |                                                                                                                          |       |     |       |                                     |    |
|--------------------------------------------------------------------------------------------------------------------------|-------|-----|-------|-------------------------------------|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) | _____ | Yes | _____ | <input checked="" type="checkbox"/> | No |
| 7. The Agency's major programs audited were:                                                                             |       |     |       |                                     |    |

Name of Federal Program

CFDA  
Number

Head Start and Early Head Start Program  
 Child and Adult Care Food Program

93.600  
 10.558

- |                                                                             |       |                                     |     |       |           |
|-----------------------------------------------------------------------------|-------|-------------------------------------|-----|-------|-----------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs? |       |                                     |     |       | \$338,147 |
| 9. Auditee qualified as low-risk auditee?                                   | _____ | <input checked="" type="checkbox"/> | Yes | _____ | No        |

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
Schedule of Findings and Questioned Costs, Continued

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.  
Status of Prior Audit Findings

(07-01) Head Start Student Files

Condition - One of 80 student files selected for testing from the Head Start Program was unavailable for our review.

Status - All files selected in the current year for testing from the Head Start Program were available for review.