

**MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.**

**Financial Statements  
as of July 31, 2010 and 2009  
Together with  
Independent Auditors' Report  
and  
Single Audit Reports**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

January 17, 2011

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

We have audited the accompanying statements of financial position of Mohawk Valley Community Action Agency, Inc. (a New York not-for-profit corporation) (the Agency) as of July 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the year 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 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, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principals generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2011 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, 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 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.

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Mohawk Valley Community Action Agency, Inc. taken as a whole. The supplemental information included in schedule II is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Agency. 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.

# MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

## STATEMENTS OF FINANCIAL POSITION JULY 31, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,732,529	\$ 755,402
Fees and grants receivable	788,815	645,287
Other receivables	5,356	67,018
Prepaid expenses and other assets	<u>62,524</u>	<u>58,226</u>
Total current assets	<u>2,589,224</u>	<u>1,525,933</u>
PROPERTY AND EQUIPMENT, net	<u>1,185,630</u>	<u>1,268,192</u>
Total assets	<u>\$ 3,774,854</u>	<u>\$ 2,794,125</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 213,780	\$ 227,461
Accrued expenses	522,013	494,256
Refundable advances	85,207	42,390
Deferred revenue	1,497,510	340,591
Other current liabilities	<u>25,470</u>	<u>31,774</u>
Total current liabilities	<u>2,343,980</u>	<u>1,136,472</u>
NET ASSETS:		
Unrestricted -		
Available for operations	234,536	378,663
Board designated	10,000	10,000
Investment in property	<u>1,050,744</u>	<u>1,120,157</u>
Total unrestricted	1,295,280	1,508,820
Temporarily restricted	<u>135,594</u>	<u>148,833</u>
Total net assets	<u>1,430,874</u>	<u>1,657,653</u>
Total liabilities and net assets	<u>\$ 3,774,854</u>	<u>\$ 2,794,125</u>

The accompanying notes are an integral part of these statements.

# MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

## STATEMENT OF ACTIVITIES FOR THE YEARS ENDED JULY 31, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
UNRESTRICTED SUPPORT AND REVENUE:		
Fees and grants from governmental agencies	\$ 14,828,563	\$ 11,585,041
Section 8 housing assistance	1,273,642	1,360,027
Contributions and in-kind support	1,680,694	971,709
Program revenue	469,601	701,368
Daycare fees	258,967	263,435
Administrative fees	205,228	184,833
Rental income	29,695	30,710
Miscellaneous	65,850	17,799
United Way	11,394	11,950
Interest	5,553	3,664
Net assets released from restrictions	<u>13,239</u>	<u>11,850</u>
 Total unrestricted support and revenue	 <u>18,842,426</u>	 <u>15,142,386</u>
EXPENSES:		
Program -		
Child development	9,865,264	8,720,949
Housing	5,050,389	3,596,239
Family resource	<u>2,766,993</u>	<u>1,653,772</u>
 Total program	 17,682,646	 13,970,960
 Management and general	 <u>1,373,320</u>	 <u>1,173,556</u>
 Total expenses	 <u>19,055,966</u>	 <u>15,144,516</u>
 Change in unrestricted net assets	 (213,540)	 (2,130)
TEMPORARILY RESTRICTED NET ASSETS:		
Net assets released from restrictions	<u>(13,239)</u>	<u>(11,850)</u>
 Change in net assets	 (226,779)	 (13,980)
 NET ASSETS - beginning of year	 <u>1,657,653</u>	 <u>1,671,633</u>
 NET ASSETS - end of year	 <u>\$ 1,430,874</u>	 <u>\$ 1,657,653</u>

The accompanying notes are an integral part of these statements.

**MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JULY 31, 2010**

(With Comparative Totals for 2009)

	Program Services					Totals	
	Child Development	Housing	Family Resource	Total Program Services	Management and General	2010	2009
Personnel	\$ 4,890,746	\$ 1,053,829	\$ 954,365	\$ 6,898,940	\$ 723,605	\$ 7,622,545	\$ 6,517,943
Contractual	722,093	2,128,346	233,861	3,084,300	48,910	3,133,210	2,765,276
Fringe	1,310,703	333,989	271,685	1,916,377	190,118	2,106,495	1,681,353
In-kind expense	1,239,852	-	290,511	1,530,363	-	1,530,363	938,427
Common costs	251,670	114,584	136,974	503,228	176,474	679,702	450,731
Supplies	182,225	97,268	9,583	289,076	17,153	306,229	444,886
Depreciation and amortization	134,349	65,827	5,884	206,060	19,166	225,226	240,690
Out of town	1,400	2,630	2,682	6,712	41,201	47,913	53,937
Equipment	12,608	-	-	12,608	-	12,608	4,531
Other	1,119,618	1,253,916	861,448	3,234,982	156,693	3,391,675	2,046,742
<b>Total expenses</b>	<b>\$ 9,865,264</b>	<b>\$ 5,050,389</b>	<b>\$ 2,766,993</b>	<b>\$ 17,682,646</b>	<b>\$ 1,373,320</b>	<b>\$ 19,055,966</b>	<b>\$ 15,144,516</b>

The accompanying notes are an integral part of these statements.

**MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2009**

	Program Services					Total 2009
	Child Development	Housing	Family Resource	Total Program Services	Management and General	
Personnel	\$ 4,287,727	\$ 750,772	\$ 836,422	\$ 5,874,921	\$ 643,022	\$ 6,517,943
Contractual	859,802	1,856,331	6,634	2,722,767	42,509	2,765,276
Fringe	1,084,031	230,623	215,772	1,530,426	150,927	1,681,353
In-kind expense	805,836	-	132,591	938,427	-	938,427
Common costs	112,259	98,247	113,265	323,771	126,960	450,731
Supplies	342,421	75,374	9,505	427,300	17,586	444,886
Depreciation and amortization	158,320	51,959	13,461	223,740	16,950	240,690
Out of town	8,371	2,611	5,690	16,672	37,265	53,937
Equipment	2,236	-	2,295	4,531	-	4,531
Other	1,059,946	530,322	318,137	1,908,405	138,337	2,046,742
Total expenses	<u>\$ 8,720,949</u>	<u>\$ 3,596,239</u>	<u>\$ 1,653,772</u>	<u>\$ 13,970,960</u>	<u>\$ 1,173,556</u>	<u>\$ 15,144,516</u>

The accompanying notes are an integral part of these statements.

# MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

## STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (226,779)	\$ (13,980)
Adjustments to reconcile net cash flow from operating activities:		
Depreciation and amortization	225,226	240,690
(Gain) loss on disposal of equipment	2,243	(12,275)
Bad debt expense	-	2,067
Changes in:		
Receivables	(81,866)	(288,862)
Prepaid expenses and other assets	(4,298)	(7,466)
Accounts payable	(13,681)	55,989
Accrued expenses	27,757	(14,701)
Refundable advances	42,817	15,388
Deferred revenue	1,156,919	270,138
Other liabilities	<u>(6,304)</u>	<u>2,866</u>
Net cash flow from operating activities	<u>1,122,034</u>	<u>249,854</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(144,907)	(110,025)
Proceeds from sale of property and equipment	<u>-</u>	<u>12,275</u>
Net cash flow from investing activities	<u>(144,907)</u>	<u>(97,750)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	977,127	152,104
CASH AND CASH EQUIVALENTS - beginning of year	<u>755,402</u>	<u>603,298</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,732,529</u>	<u>\$ 755,402</u>

The accompanying notes are an integral part of these statements.

# MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS JULY 31, 2010 AND 2009

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### 1. THE AGENCY

Mohawk Valley Community Action Agency, Inc. (the Agency) is a non-profit corporation formed to encourage and coordinate the development of community programs. The Agency's programs are designed to eliminate poverty and to develop research and evaluation procedures 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.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

#### **Basis of Presentation**

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 does 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**

Unrestricted net assets include resources that are available for the support of the Agency's operating activities. In addition, they include net assets designated by the Agency's Board of Directors and the Agency's investment in property.

- **Temporarily Restricted Net Assets**

Temporarily restricted net assets include resources that have been donated to the Agency subject to donor-imposed stipulations that limit their use and/or are subject to the passage of time.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include bank demand deposit accounts and money market accounts. At times, the balances in these accounts may exceed federally insured limits. The Agency has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents. The amounts on deposit are swept into U.S. Treasury bills nightly.

#### **Receivables**

Fees and grants and other receivables include obligations from numerous sources including local, New York State, and federal grant contracts and tuition receivables from daycare facilities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Receivables (Continued)

The carrying amount of the receivable is reduced by a valuation that reflects management's best estimate of amounts that will not be collected. Management reviews the receivable balances and estimates the portion that will not be collected based on historical collections percentages and review of open accounts. After all collection efforts are exhausted the account is written off. At July 31, 2010 and 2009, no allowance for doubtful accounts was considered necessary.

### Property and Equipment

Property and equipment are stated at cost or fair market value if donated, less accumulated depreciation. The Agency capitalizes all property and equipment expenditures over \$1,000 with an estimated useful life in excess of one year. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the asset's estimated useful life. Depreciation and amortization expense is recorded on property and equipment using a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15 - 20
Furniture, fixtures, and equipment	3 - 10
Vehicles	5

Property and equipment are considered to be owned by the Agency. However, federal, state and county funding sources may maintain equitable interest in property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

### Deferred Revenue and Revenue Recognition

The Agency receives grants to assist in carrying out its programs. Grant revenue is recognized as eligible expenses are incurred and the related services are provided. A receivable is recognized to the extent support earned exceeds cash advances. Amounts received in advance of the related costs being incurred and the related services provided are recorded as deferred revenue in the accompanying statement of financial position. Deferred revenue amounted to \$1,497,510 and \$340,591 at July 31, 2010 and 2009, respectively.

### Refundable Advances

Refundable advances represent unspent grant amounts received by the Agency that will be paid back to the grantor and amounted to \$85,207 and \$42,390 at July 31, 2010 and 2009, respectively.

### 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 as net assets released from restrictions.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **In-kind Contributions**

The Agency receives in-kind donations from outside parties. The donations include, but are not limited to, equipment, clothing, services and food. All donations are unrestricted and 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 as provided by the donor. 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 they meet the requirements of generally accepted accounting principles. In-kind contributions of \$1,530,363 and \$938,427 for the years ended July 31, 2010 and 2009, 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 \$586,141 and \$903,790 for the years ended July 31, 2010 and 2009, respectively.

### **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.

### **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, 2010 and 2009 was approved by the Agency's Federal Cognizant Agency, the U.S. Department of Health and Human Services. 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, 2010 and 2009 were 10.2% and 10.4%, respectively. The Agency's rates are based on actual indirect costs of \$1,373,320 and \$1,173,556, and a total direct cost base of \$13,463,363 and \$11,232,179, respectively.

### **Income Taxes**

The Agency is a not-for-profit corporation and is exempt from income taxes as an Agency qualified under Section 501(c)(3) of the Internal Revenue Code. The Agency has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

ASC Section 740 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. For tax-exempt entities, tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. ASC Section 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. As of July 31, 2010 and 2009, the Agency does not have a liability for unrecognized tax benefits. The Agency files informational tax returns in the U.S. federal jurisdiction and New York State. The tax years that remain subject to examination by taxing authorities are generally the previous three years.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

## 3. FEES AND GRANTS RECEIVABLE

Fees and grants receivable consisted of the following at July 31:

	<u>2010</u>	<u>2009</u>
Department of Health and Human Services	\$ 253,654	\$ 246,459
Department of Agriculture	92,329	95,879
New York State Department of State	215,707	168,719
City of Utica	71,510	-
Oneida County	54,839	31,517
NYS Office of Mental Retardation Developmental Disabilities	8,769	56,241
Other receivables	<u>92,007</u>	<u>46,472</u>
Total fees and grants receivable	<u>\$ 788,815</u>	<u>\$ 645,287</u>

## 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at July 31:

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 117,645	\$ 117,645
Buildings and improvements	1,460,522	1,460,522
Equipment and vehicles	1,524,014	1,498,370
Leasehold improvements	<u>156,479</u>	<u>80,832</u>
	3,258,660	3,157,369
Less: Accumulated depreciation and amortization	<u>(2,073,030)</u>	<u>(1,889,177)</u>
	<u>\$ 1,185,630</u>	<u>\$ 1,268,192</u>

## 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at July 31:

	<u>2010</u>	<u>2009</u>
Child development	\$ 134,886	\$ 148,125
Youth services	<u>708</u>	<u>708</u>
	<u>\$ 135,594</u>	<u>\$ 148,833</u>

Temporarily restricted net assets were released from donor restrictions by satisfying the restricted child development purposes during the years ended July 31, 2010 and 2009.

## 6. LINE-OF-CREDIT

The Agency has a \$230,000 annually renewable bank line-of-credit, which is only used should a poor cash flow situation arise due to timing of receipts from funding sources. Amounts borrowed on the line bear interest at the bank's prime rate plus 1% (4.25 at July 31, 2010). There were no amounts outstanding on the line at July 31, 2010 and 2009.

## 7. RENTAL ASSISTANCE PROGRAM

The Agency entered into agreements with ten 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. Effective July 1, 2010, the Federal government combined these grant agreements into one and the Agency now has one agreement with the Town of New Hartford to administer the Federal Rental Assistance 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, 2010 and 2009 the Agency administered \$1,273,642 and \$1,360,027, 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, 2010 and 2009 were \$205,228 and \$184,833, respectively.

## 8. RETIREMENT PLAN

The Agency sponsors a defined contribution retirement plan (the Plan). All full-time employees who meet the years of service and age requirement are eligible to participate in the Plan. The Agency's contributions to the plan are discretionary. For the years ended July 31, 2010 and 2009, the Agency made discretionary contributions of \$198,202 and \$168,564, respectively.

## 9. COMMITMENTS

The Agency has several noncancelable operating leases, primarily for program sites, which expire through September 2019. 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 \$707,165 and \$569,081 for the years ended July 31, 2010 and 2009, respectively.

The following is a schedule of future minimum rental payments required under the above mentioned leases as of July 31:

<u>Year</u>	<u>Total</u>
2011	\$ 596,559
2012	545,279
2013	449,013
2014	421,861
2015	415,553
Thereafter	<u>1,422,481</u>
	<u>\$ 3,850,746</u>

## **10. CONCENTRATION OF CREDIT RISK**

During 2010 and 2009, the Agency derived approximately 42% and 48% of its revenue from the Department of Health and Human Services, respectively. The Agency's accounts receivable from the Department of Health and Human Services represented approximately 32% and 64% of receivables at July 31, 2010 and 2009, respectively.

## **11. CONTINGENCIES**

### **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.

### **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.

### **New York State Homeless Housing Assistance Corporation**

The New York State Homeless Housing Assistance Corporation (HHAC) provided \$219,265 to the Agency to acquire, rehabilitate, and operate two duplexes to provide housing for homeless people. HHAC has a lien on this property for 20 years, which began on the date of occupancy (December 1, 1996). Under the terms of the agreement, the property must be used to provide housing for homeless people and may not be sold or transferred without the prior consent of HHAC. If the project does not comply with the terms of agreement, it will be considered to be in default and HHAC has the right to takeover the operations of the property.

## **12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 17, 2011, which is the date the financial statements were available to be issued.

## MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JULY 31, 2010

Federal Grantor/ Pass-Through Grantor/Program Title	CFDA Number	Contract/Grantor Number	Total Expenditures through July 31, 2010	Expenditures for the year ended July 31, 2010
<b>Major Programs</b>				
Department of Health and Human Services:				
Head Start	93.600	02CH1194/44	\$ 7,493,439	\$ 6,250,376
Head Start	93.600	02CH1194/45	1,124,818	1,124,818
ARRA - Head Start	93.708	02SH119401	113,280	113,280
ARRA - Head Start	93.708	02SE119401	400,723	395,102
Pass through New York State Department of State -				
Community Services Block Grant	93.569	C005528-10	515,995	515,995
Community Services Block Grant	93.569	C005528-09	680,251	55,784
Community Services Block Grant Discretionary Phase I	93.569	T001130-09	29,316	29,316
ARRA - Community Services Block Grant	93.710	C001026-09	833,211	784,302
Total Department of Health and Human Services			11,191,033	9,268,973
Department of Housing and Urban Development				
Pass through City of Utica -				
ARRA - Homeless Prevention and Rapid Rehousing Program	14.257	NY09-03A	209,097	209,097
Pass through NYS Office of Temporary and Disability Assistance				
ARRA - Homeless Prevention and Rapid Rehousing Program	14.257	C020903	412,610	412,610
Pass through Individual Municipalities (Schedule II) -				
Section 8 Housing and Choice Vouchers	14.871	Administration	189,524	189,524
Section 8 Housing and Choice Vouchers	14.871		1,307,286	386,917
Section 8 Housing and Choice Vouchers	14.871		733,289	733,289
			2,230,099	1,309,730
Pass through Village of New Hartford				
Section 8 Housing and Choice Vouchers	14.871	NY522	120,629	120,629
Pass through NYS Division of Housing and Community Renewal				
Section 8 Housing and Choice Vouchers	14.871	V0040	50,568	50,568
Total Department of Housing and Urban Renewal			3,023,003	2,102,634
Department of Energy - pass through New York State Division of Housing and Community Renewal:				
Weatherization Assistance for Low-Income Persons	81.042	C091048-09	538,508	73,256
ARRA - Weatherization Assistance for Low-Income Persons	81.042	C092248-09	1,251,808	1,251,808
Total Department of Energy			1,790,316	1,325,064
Department of Labor				
Pass through Herkimer-Madison-Oneida Consortium				
ARRA - WIA Youth Activities	17.259	TYTR-015	17,203	17,203
WIA Youth Activities	17.259	SST-001	111,672	19,538
WIA Youth Activities	17.259	SST-002	37,550	37,550
WIA Youth Activities	17.259	SST-003	41,767	41,767
WIA Youth Activities	17.259	SST-004	32,354	32,354
WIA Youth Activities	17.259	SST-2010-001	7,679	7,679
Total Department of Labor			248,225	156,091
Total major programs			16,252,577	12,852,762

(Continued)

**MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JULY 31, 2010**

(Continued)

Federal Grantor/ Pass-Through Grantor/Program Title	CFDA Number	Contract/Grantor Number	Total Expenditures through July 31, 2010	Expenditures for the year ended July 31, 2010
<b>Other Federal Assistance</b>				
Pass through New York State Division of Housing and Community Renewal - Low-Income Home Energy Assistance	93.568	C091048-09	1,445,976	1,445,976
Low-Income Home Energy Assistance	93.568	C091048-10	<u>2,829</u>	<u>2,829</u>
Total Low Income Home Energy Assistance			<u>1,448,805</u>	<u>1,448,805</u>
Pass through Oswego County Opportunities, Inc. Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557		45,486	45,486
Pass through New York State Community Action Association, Inc. Community Services Block Grant - Discretionary Award	93.570		1,000	1,000
Pass through New York State Office of Temporary Disability Assistance Temporary Assistance for Needy Families	93.558	C020575	7,429	7,429
Temporary Assistance for Needy Families	93.558	C020575	14,379	5,649
Pass through Oneida County - Social Services Block Grant - Parent Aide	93.667	14901	169,758	169,758
Social Services Block Grant - Parent Aide	93.667	14901	<u>319,691</u>	<u>146,727</u>
Total Department of Health and Human Services			<u>557,743</u>	<u>376,049</u>
Corporation for National and Community Service: Foster Grandparent Program	94.011	07SFANY004	181,270	112,936
Foster Grandparent Program	94.011	10SFANY004	<u>61,564</u>	<u>61,564</u>
Total Corporation for National and Community Service			<u>242,834</u>	<u>174,500</u>
Department of Agriculture - pass through New York State Department of Health Child and Adult Care Food Program	10.558	2050	14,404	12,283
Child and Adult Care Food Program	10.558	2050	485,437	400,877
Child and Adult Care Food Program	10.558	2050	92,329	92,329
Child and Adult Care Food Program	10.558	2050	<u>1,859</u>	<u>1,859</u>
Total Department of Agriculture			<u>594,029</u>	<u>507,348</u>
Department of Homeland Security - pass through Oneida and Herkimer Counties: Emergency Food and Shelter National Board Program Recovery Act	97.114	AR-6216-00-005	<u>5,000</u>	<u>3,599</u>
Total Department of Homeland Security			<u>5,000</u>	<u>3,599</u>
Total other federal assistance			<u>2,848,411</u>	<u>2,510,301</u>
Total federal awards			<u>\$ 19,100,988</u>	<u>\$ 15,363,063</u>

**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. The schedule includes expenditures of federal programs received directly from federal agencies, as well as federal assistance passed through other organizations.

The accompanying notes are an integral part of these schedules.

## MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

**SCHEDULE OF SECTION 8 RENTAL VOUCHER PROGRAM PASS-THROUGH ENTITIES  
 FOR THE YEAR ENDED JULY 31, 2010**

<u>Housing Authority</u>	Pass-Through and Project Number	Annual Contribution Number	Expenditures			
			<u>2008-09</u>	<u>2009-10</u>	<u>Total</u>	<u>Administration</u>
Village of New Hartford	NY552VO0014	NY - 1108	\$ 147,708	\$ 175,659	\$ 323,367	\$ 53,198
Town of Whitestown	NY542VO0013	NY - 1083	17,030	118,370	135,400	24,536
Town of Camden	NY542VO0015	NY - 1051	22,709	98,713	121,422	20,809
Town of New Hartford	NY423VO0007	NY - 1095	46,463	56,337	102,800	14,009
Town of Vernon	NY533VO0012	NY - 1047	14,097	84,083	98,180	12,631
Town of Forestport	NY425VO0014	NY - 1110	59,035	22,054	81,089	13,931
Village of Sylvan Beach	NY419VO0007	NY - 1104	37,415	51,798	89,213	17,414
Village of Clinton	NY418VO0011	NY - 1102	20,169	22,092	42,261	10,291
Village of Waterville	NY524VO0014	NY - 1049	11,972	60,399	72,371	14,375
Town of Clayville	NY525VO0017	NY - 1050	10,319	43,784	54,103	8,330
Total			<u>\$ 386,917</u>	<u>\$ 733,289</u>	<u>\$ 1,120,206</u>	<u>\$ 189,524</u>

The accompanying notes are an integral part of these schedules.

**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**

January 17, 2011

To the Board of Directors of  
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, 2010, and have issued our report thereon dated January 17, 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 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 Mohawk Valley Community Action Agency, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mohawk Valley Community Action Agency, 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 certain deficiencies in internal control over financial reporting, described in the accompanying *schedule of findings and questioned costs* as items 2010-1 and 2010-2 that we consider to be significant deficiencies 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.

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**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**

(Continued)

**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 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-3.

We noted certain matters that we reported to management of Mohawk Valley Community Action Agency, Inc. in a separate letter dated December 2010.

Mohawk Valley Community Action Agency, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Mohawk Valley Community Action Agency, Inc.'s responses and, accordingly, we express no opinion on it.

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

**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**

January 17, 2011

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

**Compliance**

We have audited Mohawk Valley Community Action Agency, 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 Mohawk Valley Community Action Agency, Inc.'s major federal programs for the year ended July 31, 2010. Mohawk Valley Community Action Agency, 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 Mohawk Valley Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on 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 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 of Mohawk Valley Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, Mohawk Valley Community Action Agency, 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 July 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-3.

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**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**

(Continued)

**Internal Control Over Compliance**

Management of Mohawk Valley Community Action Agency, 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 Mohawk Valley Community Action Agency, 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 Mohawk Valley Community Action Agency, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 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. However, we identified certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-3. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Mohawk Valley Community Action Agency, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Mohawk Valley Community Action Agency, Inc.'s responses and, accordingly, we express no opinion on the responses.

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

## MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JULY 31, 2010

---

#### A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Mohawk Valley Community Action Agency, Inc. (the Agency).
2. Two significant deficiencies relating to the audit of the financial statements are reported in the 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 noncompliance material to the financial statements of Mohawk Valley Community Action Agency, Inc. were disclosed during the audit.
4. One significant deficiency related to the audit of the major federal award program is reported in the 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.
5. The auditors' report on compliance for the major federal award program for Mohawk Valley Community Action Agency, Inc. expresses an unqualified opinion on the major federal program.
6. Audit findings relative to the major federal award programs for Mohawk Valley Community Action Agency, Inc. that are required to be reported are included in Section C of this Schedule.
7. The programs tested as major programs were:
  - Head Start, CFDA No. 93.600
  - ARRA - Head Start, CFDA No. 93.708
  - Community Services Block Grant, CFDA No. 93.569
  - ARRA - Community Services Block Grant, CFDA No. 93.710
  - ARRA - Homeless Prevention and Rapid Rehousing Program, CFDA No. 14.257
  - Section 8 Housing and Choice Vouchers, CFDA No. 14.871
  - Weatherization Assistance for Low-Income Persons, CFDA No. 81.042
  - ARRA - Weatherization Assistance for Low-Income Persons, CFDA No. 81.042
  - WIA Youth Activities, CFDA No. 17.259
  - ARRA - WIA Youth Activities, CFDA No. 17.259
8. The threshold for distinguishing Types A and B programs was \$461,000.
9. The Agency was determined to be a low-risk auditee.

## B. FINDINGS - FINANCIAL STATEMENT AUDIT

2010-1 Finding -

**Criteria:** Mohawk Valley Community Action Agency, Inc. (the Agency) maintains an inventory of supplies purchased with local funds.

**Condition:** The Agency did not perform an inventory of supplies timely between February and May 2010. When the inventory was performed, a write-down of \$14,700 was required.

**Cause:** The Agency did not perform an inventory timely due to turnover.

**Effect:** A write-down of \$14,700 was required.

**Recommendation:** We recommend that the Agency review its controls and record-keeping procedures over inventory.

**Agency's Response:** A new procedure of accountability was put into place four months ago and monthly monitoring by management and fiscal indicates that the procedure is working.

2010-2 Finding -

**Criteria:** MVCAA has limited financial resources to absorb and fund deficits in any program.

**Condition:** The Head Start program generated a deficit during the most recent grant year of approximately \$88,000.

**Cause:** This was caused by several factors, including the following:

- a) Additional classroom space was leased by MVCAA with the expectation that additional classrooms would be approved for the current program year. The approval for these classrooms was not received.
- b) Staffing and other related costs for these additional classrooms was maintained up to the date that formal notification that the classrooms were not approved.
- c) In addition to the above, the New York State Office of Children and Family Services required additional program site supervisors. As a result, four additional positions were added without any additional funding provided for these positions.

**Effect:** The Head Start program generated a deficit during the most recent grant year of approximately \$88,000.

**Recommendation:** We recommend that the MVCAA Board and management consider a more conservative approach with respect to commitments to program expansions or modifications that have not been approved.

**Agency's Response:** Current monthly reports are on track for this program year. The Board of Directors has developed a fundraising campaign for 2011 to help fund program deficits.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

U.S. Department of Housing and Urban Development - Section 8 Housing and Choice Vouchers, CFDA No. 14.871

2010-3 Finding -

**Criteria:** Eligible tenants are to receive assistance with rental payments based on income offset by qualified exemptions.

**Condition:** Tenant rental calculations were not performed properly for four out of the 60 tenants selected for testing. Two of the tenants were given a \$480 dependent allowance when they did not have a dependent; one tenant was given an allowance for \$7,800 of childcare costs when the support obtained only showed \$3,900 of costs; and one tenant was given a \$6,500 allowance for childcare costs when it was actually child support received.

**Cause:** Monitoring of tenant rental calculations are not being performed appropriately.

**Effect:** The effect is that the four tenants were receiving more in rental assistance than they should have been.

**Recommendation:** We recommend that the Agency review all tenant rental files to ensure rental calculations are properly performed and the proper support is maintained.

**Management Comments:** Management of the Agency will review internal controls over the monitoring of tenant rental calculations.

**D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

2009-1 Finding -

**Condition:** The payroll clerk and individual employees in the human resources department have access to change information in the employee master file, including pay rates, deductions, hours worked, and other key information. The Agency does not have adequate procedures in place to limit user access to the payroll master file.

**Recommendation:** We recommend that the Agency implement access rights controls over the payroll master file.

**Current Status:** The Agency has implemented access rights controls.