

**ULSTER COUNTY COMMUNITY
ACTION COMMITTEE, INC.**

**Financial Statements
With Independent Auditor's Report**

November 30, 2018 and 2017

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Ulster County Community Action Committee, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Ulster County Community Action Committee, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ulster County Community Action Committee, Inc. as of November 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

See Accompanying Notes to the Financial Statements

Page 1

Other Matters

Other Information

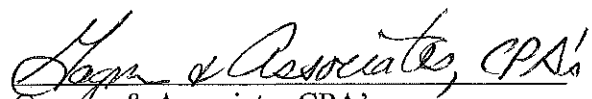
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019, on our consideration of Ulster County Community Action Committee, 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 solely 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 effectiveness of ABC Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ulster County Community Action Committee, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Ulster County Community Action Committee, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Gagnon & Associates CPA's
Kingston, NY
May 30, 2019

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED NOVEMBER 30, 2018 AND 2017

ASSETS

| | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| | <u>Totals</u> | <u>Totals</u> |
| Current Assets: | | |
| Cash | \$ 354,415 | \$ 300,424 |
| Inventory | 20,740 | 19,138 |
| Grants Receivable | 74,338 | - |
| Due From NYS Department of Health | - | 15,207 |
| Due From NYS Division of Housing and Community Renewal | 116,924 | 58,513 |
| Total Current Assets | <u>566,417</u> | <u>393,282</u> |
| Noncurrent Assets | | |
| Investments | 12,189 | 12,110 |
| Total | <u>12,189</u> | <u>12,110</u> |
| Total Property and Equipment | 5,484,171 | 5,160,941 |
| Less: Accumulated Depreciation | <u>(1,899,200)</u> | <u>(1,773,184)</u> |
| Net Property and Equipment | 3,584,971 | 3,387,757 |
| Total Noncurrent Assets | 3,597,160 | 3,399,867 |
| Total Assets | <u>\$4,163,577</u> | <u>\$3,793,149</u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|--------------------|--------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 258,308 | \$ 136,365 |
| Accrued Expenses | 230,996 | 129,361 |
| Deferred Revenue | 39,795 | 26,257 |
| Total Current Liabilities | <u>529,099</u> | <u>291,983</u> |
| Net Assets | | |
| Without Donor Restrictions | 449,142 | 231,454 |
| With Donor Restrictions | | |
| Temporary | 39,795 | 26,257 |
| Perpetual | 3,145,541 | 3,243,455 |
| Total Net Assets | 3,634,478 | 3,501,166 |
| Total Liabilities and Net Assets | <u>\$4,163,577</u> | <u>\$3,793,149</u> |

See Notes to Financial Statements and Accountants' Audit Report

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2018 AND 2017

| SUPPORT AND REVENUE | WITHOUT RESTRICTIONS | WITH RESTRICTIONS | 2018 Total All Funds | 2017 Total All Funds |
|---|---------------------------------|------------------------------|-------------------------------------|-------------------------------------|
| Contributions | \$ - | \$ 12,863 | \$ 12,863 | \$ 3,990 |
| Donated Services and Materials | 800,187 | - | 800,187 | 756,653 |
| Fundraising | 2,773 | - | 2,773 | 2,692 |
| Interest and Dividends | 755 | - | 755 | 3,384 |
| Investment Income | (1,707) | - | (1,707) | 1,600 |
| Grant Income: | | | | |
| U.S. Department of Health and Human Services | - | 2,743,998 | 2,743,998 | 2,664,507 |
| NYS Department of State | - | 206,657 | 206,657 | 282,315 |
| NYS Department of Health | - | 156,851 | 156,851 | 158,486 |
| NYS Division of Housing and Community Renewal | - | 655,192 | 655,192 | 546,193 |
| NYS Energy Research and Development Authority | - | 271,293 | 271,293 | 191,473 |
| NYS Dormitory Authority | - | 313,401 | 313,401 | - |
| County of Ulster | - | 40,750 | 40,750 | 40,750 |
| Misc. Income | 29,653 | 15,798 | 45,451 | 7,706 |
| Net Assets Released from Restrictions: | | | | |
| Release for Purpose Restrictions | 4,501,179 | (4,501,179) | - | - |
| Total Revenue and Support | 5,332,840 | (84,376) | 5,248,464 | 4,659,749 |
| EXPENSES | | | | |
| Program Services | | | | |
| Community Services | 429,122 | - | 429,122 | 287,016 |
| Head Start/Early Head Start Program | 3,321,271 | - | 3,321,271 | 3,282,561 |
| Weatherization | 470,574 | - | 470,574 | 487,376 |
| Other | 289,886 | - | 289,886 | 163,821 |
| Total Program Services | 4,510,853 | - | 4,510,853 | 4,220,774 |
| Supporting Services | | | | |
| Management and General | 604,299 | - | 604,299 | 574,897 |
| Fundraising and Development | - | - | - | - |
| Total Supporting Services | 604,299 | - | 604,299 | 574,897 |
| Total Expenses | 5,115,152 | - | 5,115,152 | 4,795,671 |
| CHANGE IN NET ASSETS | 217,688 | (84,376) | 133,312 | (135,922) |
| NET ASSETS - BEGINNING OF YEAR | 231,454 | 3,269,712 | 3,501,166 | 3,638,307 |
| Prior Period Adjustment | - | - | - | (1,219) |
| NET ASSETS - END OF YEAR | \$ 449,142 | \$ 3,185,336 | \$ 3,634,478 | \$3,501,166 |

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2018 AND 2017

| | 2018 | 2017 |
|--|------------|--------------|
| Change in Net Assets | \$ 133,312 | \$ (135,922) |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Operating Activities: | | |
| Depreciation | \$ 126,016 | \$ 120,117 |
| (Gain) Loss on Investments | (79) | (479) |
| Decrease (Increase) in Grants and Contracts Receivable | (117,542) | 269,210 |
| Decrease (Increase) in Inventory | (1,602) | (13,248) |
| Increase (Decrease) in Accounts Payable | 121,943 | (18,299) |
| Increase (Decrease) in Accrued Expenses | 101,635 | 12,209 |
| Increase (Decrease) in Line of Credit | | |
| Increase (Decrease) in Deferred Revenue | 13,538 | (16,174) |
| Net Cash Provided (Used) by Operating Activities | 377,221 | 217,414 |
| Cash Flows From Investing Activities: | | |
| Purchase/Disposition of Fixed Assets | (323,230) | 8,349 |
| Net Cash Provided (Used) by Investing Activities | (323,230) | 8,349 |
| Cash Flows From Financing Activities: | | |
| Interfund Transfers | - | (26,175) |
| Net Cash Provided (Used) by Financing Activities | - | (26,175) |
| Net Increase (Decrease) in Cash | 53,991 | 199,588 |
| Cash - Beginning of Period | 300,424 | 102,055 |
| Prior Period Adjustment | - | (1,219) |
| Cash - End of Period | \$ 354,415 | \$ 300,424 |
| Supplemental Information: | | |
| Interest Paid | | |
| Taxes Paid | | |

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED NOVEMBER 30, 2018 AND 2017

| | Community Service | Head Start | Weather-ization | Other Programs | Management and General | 2018 Total Expenses | 2017 Total Expenses |
|--|-------------------|---------------------|-------------------|-------------------|------------------------|---------------------|---------------------|
| Salaries | \$ 181,536 | \$ 1,435,681 | \$ 172,431 | \$ 87,215 | \$ 453,003 | \$ 2,329,866 | \$ 2,258,810 |
| Employee Benefits | 30,863 | 238,187 | 30,768 | 27,994 | 79,160 | 406,972 | 442,717 |
| Total Personal Services | 212,399 | 1,673,868 | 203,199 | 115,209 | 532,163 | 2,736,838 | 2,701,527 |
| Advertising and Marketing | 584 | 7,990 | 733 | 20 | - | 9,327 | 12,529 |
| Contractual Services | 553 | 109,288 | 58,624 | 156,099 | 16,410 | 340,974 | 218,620 |
| Dues, Licenses and Permits | 953 | 9,837 | 379 | 123 | 393 | 11,685 | 5,204 |
| Emergency Services | 103,965 | - | - | - | 400 | 104,365 | 19,679 |
| Health and Safety | - | - | 48,907 | - | - | 48,907 | 39,266 |
| Insurance | 11,051 | 44,311 | 13,411 | 2,262 | - | 71,035 | 67,249 |
| Interest | - | - | - | - | 4,819 | 4,819 | 1,128 |
| Lease Equipment / Tools | 4,444 | 14,171 | 3,330 | 4,420 | 19,179 | 45,544 | 24,329 |
| Maintenance & Repairs | 6,476 | 110,605 | 7,869 | 709 | 1,260 | 126,919 | 207,417 |
| Materials | - | - | 89,545 | 2,496 | - | 92,041 | 81,837 |
| Miscellaneous | - | - | - | - | 156 | 156 | 1,694 |
| Professional Fees | 825 | 5,870 | 87 | 168 | 15,465 | 22,415 | 26,532 |
| Rent | 23,921 | 18,400 | - | - | 450 | 42,771 | 38,486 |
| Staff Development | 1,209 | 44,908 | 16,142 | 2,586 | 265 | 65,110 | 68,812 |
| Supplies: | | | | | | | |
| Food | - | 118,966 | - | - | - | 118,966 | 118,661 |
| Other | 5,885 | 143,151 | 4,123 | 401 | 8,162 | 161,722 | 142,128 |
| Telephone and Internet | 9,700 | (19) | 3,653 | 282 | - | 13,616 | 19,377 |
| Travel and Transportation | 4,766 | 19,624 | 7,218 | 3,838 | 5,188 | 40,634 | 36,439 |
| Utilities | 18,577 | 104,582 | 6,684 | 1,273 | (11) | 131,105 | 87,987 |
| Total Expenses Before Allocation | 405,308 | 2,425,552 | 463,904 | 289,886 | 604,299 | 4,188,949 | 3,918,901 |
| Allocation of Donated Services and Materials | 23,814 | 776,373 | - | - | - | 800,187 | 756,653 |
| Allocation of Depreciation and Amortization | - | 119,346 | 6,670 | - | - | 126,016 | 120,117 |
| Total Expenses | \$ 429,122 | \$ 3,321,271 | \$ 470,574 | \$ 289,886 | \$ 604,299 | \$ 5,115,152 | \$ 4,795,671 |

See Notes to Financial Statements and Accountants' Audit Report

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Ulster County Community Action Committee, Inc. ("UCCAC") is a not-for-profit corporation exempt from income tax under section 501 (c)(3) of the Internal Revenue Code. UCCAC was formed in 1965. The Agency's purpose is to serve those most in need in the County of Ulster, New York. UCCAC was established to serve the disadvantaged in the community including the poor, the elderly, families, and the handicapped, to enable them to live in dignity and to provide assistance on a racially non-discriminatory basis.

The Agency's three main program service areas are:

1. **Head Start Program** - The program provides opportunities for social, emotional, physical, and cognitive development for children from birth to five-year-old and provides prenatal education to pregnant women. The program provides comprehensive health, nutrition, education, social support, parental education, and involvement opportunities. This program includes serving healthy meals and snacks.
2. **Weatherization and Empower Program** - This program reduces energy cost burden to the poor, needy and elderly by installing energy efficient measures while ensuring health and safety.
3. **Community Services Program** - This program staffs three outreach offices to provide for the needs of low income people. This program provides various food programs including education, job training courses, rental assistance and HEAP application processing. As of June 1, 2017, the New York Department of State granted UCCAC temporary assignment of Sullivan County CSBG services.

General and administrative activities include functions necessary to provide support for the UCCAC's program activities. General and administrative activities include those that provide governance, oversight, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASU 958-205 was effective January 1, 2018.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under provisions of the Guide, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be expected for any purpose in performing the primary objectives of the organization. The organization may designate assets without restrictions for specific operational and strategic purposes from time to time.

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Support and Revenue

All revenues and net gains are reported as increases in net assets without restrictions in the statement of activities unless the use of the related resources is subject to temporary or perpetual donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

All highly liquid debt instruments purchased with maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows.

Accounts Receivable -Accounts receivable are primarily unsecured amounts due from granters on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Short-Term Investments - The Organization invests cash in excess of its immediate needs in mutual funds. Short-term investments are reported at fair value. The fair value of money market fund units is determined by the published net asset value per unit at the end of the last trading day of the year. The fair value for investments is determined by the closing bid price on the last business day of the fiscal year.

Inventory

Inventories of weatherization materials are stated at cost determined by the first-in, first-out method.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Expenditures

It is UCCAC's policy to capitalize property and equipment over \$5,000.

Property and plant are stated at cost or fair market value at time of receipt. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Buildings and improvements are depreciated over forty years. Equipment is depreciated over five to seven years. Vehicles are depreciated over five years.

For grant reports for the Head Start Program Grant and the Weatherization Grant, purchases of equipment, furniture, leasehold improvements, and other capital items are charged as expenditures as incurred and not capitalized and depreciated over the useful life of the asset. However, upon termination of the agreements, all property purchased with funds under the agreement shall be returned to the Granter, at the discretion of the Granter. These assets are reported as restricted, subject to federal interest in the financial statement.

| <u>Asset Class</u> | <u>Life</u> |
|-----------------------|-------------|
| Building/Improvements | 40 |
| Equipment | 7 |
| Vehicles | 5 |

Donated Materials and Services (In-kind)

Donated materials are shown at their estimated value at date of receipt. Donated space (rent) values are established by an independent real estate appraiser. Personal services are valued in accordance with the cost of similar services within Ulster County.

Contributions

Contributions received are recorded as without donor restricted or with donor restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Interest Income

Interest income earned is allocated to net assets with donor restrictions and/or net assets without donor restrictions per designation of donor or grantor.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2018 AND 2017

NOTE 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.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been allocated among the programs and supporting services based on their estimated benefit. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

| <u>Expense</u> | <u>Method of Allocation</u> |
|----------------------------|------------------------------|
| Salaries and Wages | Time and Effort |
| Employee Benefits | Payroll Allocation |
| Contractual Services | Direct Expense by Department |
| Dues, Licenses and Permits | Direct Expense by Department |
| Lease Equipment/Tools | Direct Expense by Department |
| Maintenance/Repair | Direct Expense by Department |
| Prof. Fees | Direct Expense by Department |
| Staff Development | Direct Expense by Department |
| Travel and Transportation | Direct Expense by Department |
| Utilities | Direct Expense by Department |

NOTE 3 – LIQUIDITY

Ulster County Community Action Committee, Inc.’s financial assets available within one year of November 30, 2018 for general expenditures are as follows:

| | |
|---------------------------|-------------------|
| Cash and Cash Equivalents | \$ 354,415 |
| Accounts Receivable, net | <u>191,262</u> |
| | <u>\$ 545,677</u> |

Ulster County Community Action Committee, Inc. manages cash flow through its budgeting process and believes its savings are sufficient in the case additional operating cash is needed. Additionally there is a \$500,000 line of credit available for use.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2018 AND 2017

NOTE 4 - FIXED ASSETS

Fixed assets owned by Ulster County Community Action Committee, Inc., not subject to federal interest are as follows:

| Asset | Nov. 30 2017 | Additions | Deletions | Nov. 30 2018 |
|--------------------------|-------------------|-------------------|-----------|-------------------|
| Land | \$ 87,500 | \$ - | \$ - | \$ 87,500 |
| Building | 65,612 | 301,798 | - | 367,410 |
| Totals | 153,112 | 301,798 | - | 454,910 |
| Accumulated Depreciation | (8,810) | (6,670) | - | (15,480) |
| Subtotal - Net | <u>\$ 144,302</u> | <u>\$ 295,128</u> | <u>-</u> | <u>\$ 439,430</u> |

Fixed assets subject to federal interest in accordance with Head Start and Weatherization Grants are as follows:

| Asset | Nov. 30 2017 | Additions | Deletions | Nov. 30 2018 |
|--------------------------|--------------------|-------------------|-------------|---------------------|
| Building | \$4,562,482 | \$ - | \$ - | \$ 4,562,482 |
| Equipment | 103,948 | 21,432 | - | 125,380 |
| Vehicles | 341,399 | - | - | 341,399 |
| Totals | 5,007,829 | 21,432 | - | 5,029,261 |
| Accumulated Depreciation | (1,764,374) | (119,346) | - | (1,883,720) |
| Subtotal - Net | <u>3,243,455</u> | <u>(97,914)</u> | <u>-</u> | <u>3,145,541</u> |
| Total Net Fixed Assets | <u>\$3,387,757</u> | <u>\$ 197,214</u> | <u>\$ -</u> | <u>\$ 3,584,971</u> |

NOTE 5 - OPERATING LEASES

The Organization has a number of noncancelable operating leases. Future minimum rental payments applicable to these leases are as follows:

| | |
|-----------|--------|
| 2018-2019 | 28,200 |
|-----------|--------|

NOTE 6 - FAIR MARKET VALUE MEASUREMENTS

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

See Accountants' Audit Report
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ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2018 AND 2017

NOTE 6 - FAIR MARKET VALUE MEASUREMENTS (Continued)

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (i.e., interest rates and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for many of the assets and liabilities that the Organization is required to measure at fair value (i.e., unconditional promises to give and in-kind contributions).

NOTE 7 - INVESTMENTS

Investments consist of the following at November 30,

| | 2018 | 2017 |
|-------------------|------------|------------|
| | Fair Value | Fair Value |
| Investments | | |
| Mutual Funds | \$ 4,951 | \$ 4,943 |
| Fixed Annuity | 7,238 | 7,167 |
| Total Investments | \$ 12,189 | \$ 12,110 |

As discussed in Note 6 to these financial statements, the Organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of November 30, 2018. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical assets in inactive markets, and for investments measured at net asset value that can be redeemed in the near-term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2018 AND 2017

NOTE 7 - INVESTMENTS (Continued)

The following table summarizes the levels in the fair value hierarchy of the Organization's investments at November 30,

| | Fair Value Measurements as Reporting Date | | | Fair Value |
|-------------------|--|--|---|------------|
| | Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1) | Signified Other Observable Units (Level 2) | Significant Unobservable Inputs (Level 3) | |
| November 30, 2018 | | | | |
| Investments | \$ 4,951 | 7,238 | \$ - | \$ 12,189 |
| November 30, 2017 | | | | |
| Investments | \$ 4,943 | \$ 7,167 | \$ - | \$ 12,110 |

At November 30, 2018, the Organization does not have any investments measured using Level 3 inputs.

NOTE 8 - CONTINGENCIES

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

NOTE 9 - RETIREMENT PLAN

Ulster County Community Action Committee, Inc. has a SEP retirement plan for the benefit of all full or part time staff with one or more years of service. Ulster County Community Action Committee, Inc. contributes 3% of eligible wages to all participants. The expense for the period ended November 30, 2018 and 2017 is \$49,960 and \$39,374 respectively.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2018 AND 2017

NOTE 10 - DONATED MATERIAL AND SERVICES

Included in donated materials and services is the estimated value of:

| | 2018 | 2017 |
|------------------------------------|------------|------------|
| Miscellaneous Materials & Supplies | \$ 29,642 | \$ 40,949 |
| Donated Personal Services | 521,170 | 507,939 |
| Rent & Storage | 249,375 | 207,765 |
| Total Donated Materials & Services | \$ 800,187 | \$ 756,653 |

Personal services not requiring specialized skills have not been included above and are deemed to not be material to the financial statements taken as a whole. Services are valued in accordance with costs of similar services or salaries.

NOTE 11 - CONCENTRATION OF RISK

The Organization received approximately 56.0% of its total cash support and revenue directly from the United States Department of Health and Human Services. The organization is economically dependent upon receipt of this revenue for existence.

NOTE 12 - RESTRICTIONS ON NET ASSETS

At November 30, restricted net assets were available for the following purposes:

| | 2018 | 2017 |
|--|-------------|-------------|
| Net Fixed Assets Subject to Federal Interest | | |
| Net of Related Debt | \$3,145,541 | \$3,243,455 |
| Temporary Restrictions | | |
| Deferred revenue | \$ 15,786 | \$ 1,905 |
| Ellenville Highland and Kingston Contributions | 21,364 | 19,117 |
| Ambassador Program | - | 4,177 |
| Others | 2,645 | 1,058 |
| Totals | \$ 39,795 | \$ 26,257 |

NOTE 13 – PRIOR PERIOD ADJUST

During the year the organization voided \$1,219 in prior accounts payables that were determined not to be owed or offset by credits.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018 AND 2017

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 30, 2019, the date which the financial statements were available to be issued.

Ulster County Community Action Committee, Inc. has received a \$15,000 DEC grant and a \$56,458 CSBG grant which will be utilized to support the purchase of a truck and supporting the usage of vans including drivers for hot/cold deliveries. Additionally, technology purchases will be funded to support office, leadership and board members which will facilitate operations. This will support operations in both Ulster and Sullivan counties.

All DASNY improvements in the amount of \$99,000 are due to be completed by December 1, 2019. This work includes painting doors and exterior; exterior cement repair, kitchen ramp and drainage, install three new windows, finish flooring downstairs and install air conditioning units to parts of the upstairs.

Ulster County Community Action Committee, Inc. has applied for multiple new grants and are expecting to receive additional funding in the coming year.



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*

To the Board of Trustees of
Ulster County Community Action Committee, Inc.

We have audited, in accordance with the 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, the financial statements of Ulster County Community Action Committee, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ulster County Community Action Committee, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ulster County Community Action Committee, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ulster County Community Action Committee, Inc.'s internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ulster County Community Action Committee, Inc.'s financial statements are free from 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

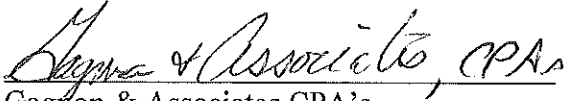
See Notes to Financial Statements and Accountants' Audit Report

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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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gagnon & Associates CPA's
Kingston, NY
May 30, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

To the Board of Trustees of
Ulster County Community Action Committee, Inc.

Report on Compliance for Each Major Federal Program

We have audited Ulster County Community Action Committee, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ulster County Community Action Committee, Inc.'s major federal programs for the year ended November 30, 2018. Ulster County Community Action Committee, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ulster County Community Action Committee, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Ulster County Community Action Committee, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Ulster County Community Action Committee, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Ulster County Community Action Committee, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2018.

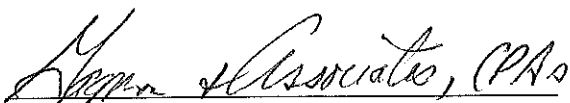
Report on Internal Control Over Compliance

Management of Ulster County Community Action Committee, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ulster County Community Action Committee, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Ulster County Community Action Committee, 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 a 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. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Gagnon & Associates CPA's

Kingston, NY

May 30, 2019

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED NOVEMBER 30, 2018

| <u>Federal Programs</u> | CFDA # | Agency Pass- Through ID # | Disbursements/ Expenditures |
|---|--------|------------------------------|--------------------------------|
| U.S. Department of Health & Human Services | | | |
| Direct Programs: | | | |
| Head Start | 93.600 | 02CH3045/05 | <u>\$ 3,026,912</u> |
| Pass-Through from New York State Division of Housing & Community Renewal | | | |
| Low Income Home Energy Assistance | 93.568 | C093710-18 | <u>335,760</u> |
| Total Low Income Home Energy Assistance | | | <u>335,760</u> |
| Pass-Through from New York State Department of State | | | |
| Community Services Block Grant | 93.569 | C1000787 | <u>234,351</u> |
| Total U.S. Department of Health & Human Services | | | <u>3,597,023</u> |
| U.S. Department of Energy: | | | |
| Pass-Through from New York State Division of Housing & Community Renewal | | | |
| Weatherization Assistance Program | 81.042 | C093710-18 | <u>182,880</u> |
| U.S. Department of Agriculture: | | | |
| Pass-Through from New York State Department of Health | | | |
| Child & Adult Care Food Program | 10.558 | 2081 | <u>167,500</u> |
| U.S. Department of Homeland Security: | | | |
| Pass-Through from United Way of Ulster County | | | |
| Emergency Food & Shelter National Board Program | 97.024 | Phase 35 | <u>2,209</u> |
| Total | | | <u><u>\$ 3,949,612</u></u> |

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
NOVEMBER 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Ulster County Community Action Committee, Inc. as of November 30, 2018.
2. No significant deficiencies and no material weaknesses relating to the audit of the financial statements are reported in the 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 and Section B.
3. No instances of noncompliance material to the financial statements of Ulster County Community Action Committee, Inc. were disclosed during the audit.
4. No audit findings under Section 510(a), and no significant deficiencies or material weaknesses are reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.
5. The auditor's report on compliance for the major federal awards programs for Ulster County Community Action Committee, Inc. expresses an unmodified opinion.
6. No audit findings relative to the major federal award for Ulster County Community Action Committee, Inc. are reported in Part C of this schedule.
7. The programs tested as major programs were Head Start (93.600).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Ulster County Community Action Committee, Inc. does qualify as a low risk auditee.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
NOVEMBER 30, 2018

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Current Year

2018-001 – Journal Entry Management

Condition – Journal Entries were booked from the DASNY grant to a line of credit account as well as the fixed asset improvements.

Criteria – Grant Receipts should be booked to an income account and fixed asset expenditures should be booked to a fixed asset account.

Effect – Revenue were understated as well as Fixed Assets.

Recommendation – Material Journal Entries should be verified and reviewed by independent party.

Planned Corrective Action – Journal entries will be reviewed by internal party before being accepted.

2018-002 – Journal Entry Management

Condition – Journal Entries were booked directly to multiple closing fund balance account.

Criteria – Year-end closing should go to the specified fund balance by class

Effect – Fund balances have had incorrect carryover balances for multiple years.

Recommendation – Material Journal Entries should be verified and reviewed by independent party.

Planned Corrective Action – Journal entries will be reviewed by internal party before being accepted.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
NOVEMBER 30, 2018

Prior Year

2017-001 – Lowes Account

Condition – Duplicate payments on same receipts.

Criteria – Payments should be reviewed by a responsible person and properly recorded.

Effect – Material costs were overstated on interim periods.

Recommendation – Payments should be made based off of statements from vender of which receipts are matched to statement.

Planned Corrective Action – All receipts are being checked against the statement before processing for payment.

2017-002 – Journal Entry Management

Condition – Journal Entries were booked directly to closing fund balance.

Criteria – Only year end closing should go to closing fund balance.

Effect – Unearned Revenue were understated as well as fund balance was overstated.

Recommendation – Material Journal Entries should be verified and reviewed by independent party.

Planned Corrective Action – Journal entries will be reviewed by internal party before being accepted.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS
PROGRAMS AUDIT

Current Year – NONE

Prior Year – NONE