

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

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

November 30, 2016

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 statements of financial position as of November 30, 2016, and the related statements of activities, functional expenses, and cash flows for the years 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, 2016, 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.

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 the Uniform Guidance

See Accompanying Notes to the Financial Statements

Compliance Supplement published by the Office of Management and Budget 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 18, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ulster County Community Action Committee, Inc.'s internal control over financial reporting and compliance.



Daniel D. Gagnon CPA, P.C.

Kingston, NY
May 18, 2017

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED NOVEMBER 30, 2016

ASSETS

	2016 Totals
Current Assets:	
Cash	\$ 102,055
Inventory	5,411
Due From U.S. Department of Health and Human Services	255,488
Due From NYS Department of Health	28,929
Due From NYS Division of Housing and Community Renewal	58,513
Total Current Assets	450,396
Noncurrent Assets	
Investments	11,631
Total	11,631
Total Property and Equipment	5,152,592
Less: Accumulated Depreciation	(1,662,135)
Net Property and Equipment	3,490,457
Total Noncurrent Assets	3,502,088
Total Assets	\$3,952,484

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 154,594
Accrued Expenses	117,152
Deferred Revenue	42,431
Total Liabilities	314,177
Net Assets	
Unrestricted	286,485
Temporarily Restricted	42,432
Permanently Restricted	3,309,390
Total Net Assets	3,638,307
Total Liabilities and Net Assets	\$3,952,484

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2016

SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Restricted</u>	<u>2016 Total All Funds</u>
Contributions	\$ -	\$ 12,792	\$ 12,792
Donated Services and Materials	824,860	-	824,860
Fundraising	603	-	603
Interest and Dividends	3,384	-	3,384
Investment Income	(984)	-	(984)
Grant Income:			
U.S. Department of Health and Human Services	-	2,817,815	2,817,815
NYS Department of State	-	315,842	315,842
NYS Department of Health	-	166,195	166,195
NYS Division of Housing and Community Renewal	-	517,370	517,370
NYS Energy Research and Development Authority	-	88,676	88,676
County of Ulster	-	37,125	37,125
City of Kingston	-	14,333	14,333
Misc. Income	-	10,503	10,503
Net Assets Released from Restrictions:			
Release for Purpose Restrictions	4,074,384	(4,074,384)	-
 Total Revenue and Support	 4,902,247	 (93,733)	 4,808,514
 EXPENSES			
Program Services			
Community Services	247,985	-	247,985
Head Start/Early Head Start Program	3,372,928	-	3,372,928
Weatherization	534,103	-	534,103
Other	127,563	-	127,563
Total Program Services	<u>4,282,579</u>	<u>-</u>	<u>4,282,579</u>
Supporting Services			
Management and General	607,262	-	607,262
Fundraising and Development	-	-	-
Total Supporting Services	<u>607,262</u>	<u>-</u>	<u>607,262</u>
 Total Expenses	 4,889,841	 -	 4,889,841
 CHANGE IN NET ASSETS	 12,406	 (93,733)	 (81,327)
 NET ASSETS - BEGINNING OF YEAR	 <u>248,608</u>	 <u>3,445,555</u>	 <u>3,694,163</u>
 Prior Period Adjustment	 <u>25,471</u>	 <u>-</u>	 <u>25,471</u>
 NET ASSETS - END OF YEAR	 <u>\$ 286,485</u>	 <u>\$ 3,351,822</u>	 <u>\$ 3,638,307</u>

See Notes to Financial Statements and Accountants' Audit Report

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2016

	2016
Change in Net Assets	\$ (81,327)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Operating Activities:	
Depreciation	\$ 118,468
Unrealized (Gain) Loss on Investments	(1,777)
(Gain) Loss on Investments	(5,306)
Decrease (Increase) in Prepaid Expenses	(1,170)
Decrease (Increase) in Grants and Contracts Receivable	(129,867)
Decrease (Increase) in Other Receivables	3,625
Increase (Decrease) in Accounts Payable	19,912
Increase (Decrease) in Accrued Expenses	2,312
Increase (Decrease) in Deferred Revenue	<u>(93,790)</u>
Net Cash Provided (Used) by Operating Activities	(168,920)
Cash Flows From Investing Activities:	
Purchase of Fixed Assets	(13,490)
Proceeds from Sale of Investments	<u>141,070</u>
Net Cash Provided (Used) by Investing Activities	127,580
Cash Flows From Financing Activities:	
Interfund Transfers	31,427
Net Cash Provided (Used) by Financing Activities	<u>31,427</u>
Net Increase (Decrease) in Cash	(9,913)
Cash - Beginning of Period	<u>111,968</u>
Cash - End of Period	<u><u>\$ 102,055</u></u>
Supplemental Information:	
Interest Paid	
Taxes Paid	

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED NOVEMBER 30, 2016

	Community Service	Head Start	Weather-ization	Other Programs	Management and General	2016 Total Expenses
Salaries	\$ 123,391	\$ 1,453,009	\$ 195,337	\$ 58,750	\$ 485,945	\$ 2,316,432
Employee Benefits	\$ 22,875	\$ 242,682	61,188	10,856	71,062	408,664
Total Personal Services	146,266	1,695,691	256,525	69,606	557,008	2,725,096
Advertising and Marketing	147	12,291	181	-	-	12,619
Contractual Services	5,357	73,346	45,612	44,465	23,813	192,593
Dues, Licenses and Permits	1,268	2,478	543	-	275	4,564
Emergency Services	5,000	-	-	-	2,409	7,409
Health and Safety	-	-	54,309	-	-	54,309
Insurance	10,000	49,803	12,100	-	-	71,903
Lease Equipment / Tools	571	13,999	8,486	198	1,753	25,007
Maintenance & Repairs	4,859	132,358	8,406	414	6,417	152,454
Materials	-	14,328	124,710	9,445	832	149,315
Miscellaneous	-	27	-	-	5,112	5,139
Professional Fees	-	20,745	4,143	21	3,648	28,557
Rent	20,177	17,250	-	-	-	37,427
Staff Development	127	50,729	78	895	440	52,269
Supplies:						
Food	1,226	126,518	-	-	107	127,851
Other	7,597	139,266	5,111	1,501	2,943	156,418
Telephone and Internet	5,414	(3,991)	4,994	-	35	6,452
Travel and Transportation	2,453	20,805	3,443	639	2,292	29,632
Utilities	21,005	82,115	3,822	379	178	107,499
Total Expenses Before Allocation	231,467	2,447,758	532,463	127,563	607,262	3,946,513
Allocation of Donated Services and Materials	16,518	808,342	-	-	-	824,860
Allocation of Depreciation and Amortization	-	116,828	1,640	-	-	118,468
Total Expenses	\$ 247,985	\$ 3,372,928	\$ 534,103	\$ 127,563	\$ 607,262	\$ 4,889,841

See Notes to Financial Statements and Accountants' Audit Report

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2016

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 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.

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

UCCAC prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for Not-For-Profit entities. The significant policies used by Ulster County Community Action Committee, Inc. are described below to enhance the usefulness and understanding of the financial statements.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation and Donor Restrictions

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. UCCAC has elected early adoption of FASB ASU 2016-14. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Restricted net assets – Net assets that are subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets to be held in perpetuity with use of income for program operations in accordance with donor-imposed stipulations.

Support and Revenue

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets.

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.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

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

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 unrestricted or restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Interest Income

Interest income earned is allocated to restricted and/or unrestricted net assets per designation of donor or grantor.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2016

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.

NOTE 3 - FIXED ASSETS

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

<u>Asset</u>	<u>Dec. 31 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31 2016</u>
Land	\$ 87,500	\$ -	\$ -	\$ 87,500
Building	65,612	-	-	65,612
Totals	153,112	-	-	153,112
Accumulated Depreciation	(5,530)	(1,640)	-	(7,170)
Subtotal - Net	<u>\$ 147,582</u>	<u>\$ (1,640)</u>	<u>-</u>	<u>\$ 145,942</u>

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

<u>Asset</u>	<u>Dec. 31 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31 2016</u>
Building	\$ 4,562,482	\$ -	\$ -	\$ 4,562,482
Equipment	82,109	13,490	-	95,599
Vehicles	341,399	-	-	341,399
Totals	4,985,990	13,490	-	4,999,480
Accumulated Depreciation	(1,540,435)	(116,828)	2,298	(1,654,965)
Subtotal - Net	<u>3,445,555</u>	<u>(103,338)</u>	<u>2,298</u>	<u>3,344,515</u>
Total Net Fixed Assets	<u>\$ 3,593,137</u>	<u>\$ (104,978)</u>	<u>\$ 2,298</u>	<u>\$ 3,490,457</u>

NOTE 4 - 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.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2016

NOTE 4 - FAIR MARKET VALUE MEASUREMENTS (Continued)

- 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:
 - 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 5 - INVESTMENTS

Investments consist of the following at November 30,

	2016
	Fair Value
Investments	
Mutual Funds	\$ 4,650
Fixed Annuity	6,981
	\$ 11,631
Total Investments	\$ 11,631

As discussed in Note 4 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, 2016. 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

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2016

NOTE 5 - INVESTMENTS (Continued)

investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

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, 2016				
Investments	\$ 4,650	\$ 6,981	\$ -	\$ 11,631

At November 30, 2016, the Organization does not have any investments measured using Level 3 inputs.

NOTE 6 - CONTINGENCIES

UCCAC 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 7 - DONATED MATERIAL AND SERVICES

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

	2016
Miscellaneous Materials & Supplies	\$ 74,201
Donated Personal Services	637,329
Rent & Storage	113,330
Total Donated Materials & Services	\$ 824,860

Personal services not requiring specialized skills have 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.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2016

NOTE 8 - 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, 2016 is \$43,374.

NOTE 9 - OPERATING LEASES

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

2016-2017	\$	30,732
2017-2018		15,237
2018-2019		15,537
2019-2020		5,337

NOTE 10 - CONCENTRATION OF RISK

The Organization received approximately 58.6% 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 11 - RESTRICTIONS ON NET ASSETS

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

		2016
Net Fixed Assets Subject to Federal Interest		
Net of Related Debt		\$3,344,515
Temporary Restrictions		
Deferred revenue		\$20,548
Ellenville Highland and Kingston Contributions		18,277
Ambassador Program		2,977
Others		629
Totals		\$42,432

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2016

NOTE 12 – PRIOR PERIOD ADJUSTMENT

There were adjustments made to the opening fund balance in the amount of \$25,471 from the voiding of prior checks over multiple periods and the reconciliation of the internal inter-fund transfers.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 18, 2017, the date which the financial statements were available to be issued.

Ulster County Community Action Committee, Inc. received a DASNY NICIP grant award on December 2, 2016 for \$499,951. This grant is a reimbursement type grant which will be funded through the usage of a revolving credit line at The Bank of Greene County. The revolving credit line consists of two components \$400,000 for the direct expenditure for building rehabilitation at 70 Lindsley Avenue and \$100,000 to cover activities and operational needs for the agency. There is no requirement to pledge any organizational assets as collateral.

Ulster County Community Action Committee, Inc. is currently renting kitchen and office spaces to outside organizations resulting in additional revenue of \$1,195.00 a month per lease agreements. In addition, outside parking and inside community room space is being used by craft people, local residents and a food co-op. The estimated increase in annual income is approximately \$13,000.

The Department of State (DOS) has granted temporary assignment of Sullivan County CDBG services to Ulster County Community Action Committee, Inc. beginning on or about July 1, 2017. DOS has recognized the improved operational capabilities and stabilization of the Ulster's CSBG program through administrative actions such as the hiring of a new Executive Director, additionally the Ellenville office is in close proximity to the Sullivan county service area which will allow for effective administration of Sullivan County service requirements. A formal Request For Application (RFA) will be sent out by the DOS. If awarded to UCCAC, it will be official and we will need to adjust our name and by-laws to incorporate two counties.

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, 2016, 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 18, 2017.

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 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*.

See Accountants' Audit Report
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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.


Daniel D. Gagnon CPA, P.C.

Kingston, NY
May 18, 2017

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, 2016. 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, 2016.

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

See Independent Auditor's Report and Notes to the Financial Statements

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 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.

 CPA PC
Daniel D. Gagnon CPA, P.C.

Kingston, NY
May 18, 2017

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED NOVEMBER 30, 2016

<u>Federal Programs</u>	CFDA #	Agency Pass- Through ID #	Disbursements/ Expenditures
			<hr/>
U.S. Department of Health & Human Services			
Direct Programs:			
Head Start	93.6	02CH3045/03	\$ 2,817,815
Pass-Through from New York State Division of Housing & Community Renewal			
Low Income Home Energy Assistance	93.568	C092071-15	113,068
Low Income Home Energy Assistance	93.568	C092071-16	<hr/> 397,392
Total Low Income Home Energy Assistance	93.568		<hr/> 510,460
Pass-Through from New York State Department of State			
Community Services Block Grant	93.569	C10000325	<hr/> 234,101
Total U.S. Department of Health & Human Services			<hr/> 3,562,376
U.S. Department of Energy:			
Pass-Through from New York State Division of Housing & Community Renewal			
Weatherization Assistance Program	81.042	C092071-16	<hr/> 182,224
U.S. Department of Agriculture:			
Pass-Through from New York State Department of Health			
Child & Adult Care Food Program	10.558	2081	<hr/> 164,048
U.S. Department of Homeland Security:			
Pass-Through from United Way of Ulster County			
Emergency Food & Shelter National Board Program	97.024	Phase 33	<hr/> 1,412
Total			<hr/> <hr/> \$ 3,910,060

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
NOVEMBER 30, 2016

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, 2016.
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 not qualify as a low risk auditee.

ULSTER COUNTY COMMUNITY ACTION COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
NOVEMBER 30, 2016

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Current Year – NONE

Prior Year – 2015-001 – Accounts Receivable

Condition: Accounts receivable are not being reviewed for collectability by a responsible individual.

Recommendation: Procedures should be implemented to require review of accounts receivable by a responsible individual not involved in cash receipts.

Current Status: As a response to the recommendations, most accounts receivable were recorded in the current year.

2015-002 – Due To/From Accounts

Condition: Due To/From accounts are not being monitored regularly and differences between the debit and credit balances are not being investigated

Recommendation: Due To/From accounts should be reviewed by a responsible individual and any differences should be investigated immediately.

Current Status: As a response to the recommendations, most Due To/From accounts were recorded in the current year.

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

Current Year – NONE

Prior Year – NONE