

AIDS COMMUNITY RESOURCES, INC.

FINANCIAL STATEMENTS

June 30, 2010 and 2009

AIDS COMMUNITY RESOURCES, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
AIDS Community Resources, Inc.
Syracuse, New York

We have audited the accompanying statements of financial position of AIDS Community Resources, Inc. (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the fiscal years then ended. These financial statements are the responsibility of AIDS Community Resources, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, as well as 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACR as of June 30, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2010, on our consideration of AIDS Community Resources, 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 audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of AIDS Community Resources, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2010 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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.

Green + Seifter

Syracuse, New York
November 16, 2010

AIDS COMMUNITY RESOURCES, INC.

Statements of Financial Position

	June 30,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 219,149	\$ 380,907
Accounts receivable	621,246	460,168
Other current assets	12,356	3,287
Total current assets	852,751	844,362
Property and equipment	293,952	293,952
Less accumulated depreciation	(185,093)	(158,945)
	108,859	135,007
	<u>\$ 961,610</u>	<u>\$ 979,369</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued expenses	\$ 64,000	\$ 62,189
Grant advances	49,464	20,715
Total current liabilities	113,464	82,904
Net assets	848,146	896,465
	<u>\$ 961,610</u>	<u>\$ 979,369</u>

The accompanying notes are an integral part of the financial statements.

AIDS COMMUNITY RESOURCES, INC.

Statements of Activities

	Years ended June 30,	
	2010	2009
Support and revenue:		
NYS Department of Health - AI - CSP	\$ 712,784	\$ 747,134
NYS Department of Health - AI - Treatment AD	-	34,591
NYS Department of Health - AI - Substance Users	128,886	137,525
NYS Department of Health - AI - IDU	126,333	130,170
NYS Department of Health - AI - GLBTQ/MSM	97,751	100,753
NYS Department of Health - AI - Womens' HIV	3,137	-
NYS Department of Health- STD	12,013	13,087
OASAS	-	86,923
NYS OTDA - HOPWA	273,509	265,757
Health Research Inc. - RW CM	102,802	120,931
Health Research Inc. - RW TRANS	97,749	106,693
Health Research Inc. - AI - COC	129,450	130,271
Medicaid Case Management	697,450	679,351
Madison County Youth Bureau	1,300	2,285
Liberty Resources - No Hitch	3,436	3,777
Bradley Clifford Caine Fund	4,000	5,000
Onondaga County Aging and Youth	32,368	22,953
Contributions	37,848	125,940
United Way Grants	80,361	94,092
Special events	299,089	327,362
Net investment income	800	6,564
Roche - Hep C	12,500	-
Senate Member Item	90,000	68,463
SUNY - Mental Health	-	30,334
Donations-in-kind	68,413	80,865
Total support and revenue	<u>3,011,979</u>	<u>3,320,821</u>
Functional expenses:		
Program services:		
Education/prevention	745,390	898,352
Support services	1,520,157	1,504,160
Management and general	517,500	508,400
Fund raising	277,251	284,595
Total functional expenses	<u>3,060,298</u>	<u>3,195,507</u>
Change in net assets	<u>(48,319)</u>	<u>125,314</u>
Net assets at beginning of year	<u>896,465</u>	<u>771,151</u>
Net assets at end of year	<u>\$ 848,146</u>	<u>\$ 896,465</u>

The accompanying notes are an integral part of the financial statements.

AIDS COMMUNITY RESOURCES, INC.

Statements of Functional Expenses

Years ended June 30, 2010 and 2009

	2010					2009				
	Program Services		Management and General	Fund Raising	Total Functional Expenses	Program Services		Management and General	Fund Raising	Total Functional Expenses
	Education/Prevention	Support Services				Education/Prevention	Support Services			
Salaries	\$ 406,366	\$ 801,612	\$ 268,793	\$ 111,838	\$ 1,588,609	\$ 511,180	\$ 803,212	\$ 237,990	\$ 107,161	\$ 1,659,543
Employee benefits	69,550	134,942	44,991	18,904	268,387	76,280	145,787	45,910	20,756	288,733
Payroll taxes	35,283	71,954	24,499	9,961	141,697	58,518	66,020	18,006	7,502	150,046
Total salaries and related expenses	511,199	1,008,508	338,283	140,703	1,998,693	645,978	1,015,019	301,906	135,419	2,098,322
Professional fees and contract services	15,902	48,235	24,085	-	88,222	24,302	39,243	25,395	-	88,940
Office supplies	7,535	14,992	31,505	170	54,202	7,328	9,754	30,101	234	47,417
Program	28,096	20,276	465	-	48,837	25,228	11,826	5,382	-	42,436
Assistance to clients	6,519	249,286	447	-	256,252	8,928	233,137	2,441	-	244,506
Telephone	7,239	11,755	6,431	-	25,425	8,019	9,482	10,003	-	27,504
Postage and printing	15,126	9,753	9,069	-	33,948	16,783	8,637	17,488	82	42,990
Occupancy	73,099	58,247	24,903	-	156,249	74,569	54,647	28,066	-	157,282
Equipment maintenance and repair	436	1,897	820	436	3,589	1,203	529	1,097	423	3,252
Equipment purchase and rental	6,091	12,184	15,636	-	33,911	7,003	9,654	14,775	-	31,432
Conferences, meetings and travel	43,959	51,014	12,850	3,483	111,306	45,752	51,370	10,967	2,021	110,110
Recruitment and advertising	3,520	3,121	3,105	-	9,746	140	8,410	2,918	-	11,468
Dues and subscriptions	-	20	12,849	300	13,169	200	85	12,545	270	13,100
Special events	-	-	-	63,746	63,746	-	-	-	65,281	65,281
Insurance	-	3,892	11,192	-	15,084	-	3,640	11,231	-	14,871
Meetings/Volunteers/AD expense	1,292	1,042	4,291	-	6,625	8,551	14,157	8,901	-	31,609
Donations-in-kind	-	-	-	68,413	68,413	-	-	-	80,865	80,865
Miscellaneous	18,375	11,653	16,705	-	46,733	17,178	26,056	21,967	-	65,201
Total functional expenses before depreciation	738,388	1,505,875	512,636	277,251	3,034,150	891,162	1,495,646	505,183	284,595	3,176,586
Depreciation	7,002	14,282	4,864	-	26,148	7,190	8,514	3,217	-	18,921
Total functional expenses	\$ 745,390	\$ 1,520,157	\$ 517,500	\$ 277,251	\$ 3,060,298	\$ 898,352	\$ 1,504,160	\$ 508,400	\$ 284,595	\$ 3,195,507

The accompanying notes are an integral part of the financial statements.

AIDS COMMUNITY RESOURCES, INC.

Statements of Cash Flows

	Years ended June 30,	
	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ (48,319)	\$ 125,314
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	26,148	18,921
Changes in operating assets and liabilities:		
Accounts receivable	(161,078)	5,056
Other current assets	(9,069)	22,495
Accrued expenses	1,811	(3,305)
Grant advances	28,749	(124,497)
Net cash provided (used) by operating activities	<u>(161,758)</u>	<u>43,984</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(61,570)</u>
Net decrease in cash and cash equivalents	(161,758)	(17,586)
Cash and cash equivalents at beginning of year	<u>380,907</u>	<u>398,493</u>
Cash and cash equivalents at end of year	<u><u>\$ 219,149</u></u>	<u><u>\$ 380,907</u></u>

The accompanying notes are an integral part of the financial statements.

AIDS COMMUNITY RESOURCES, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

AIDS Community Resources, Inc. (ACR), is a not-for-profit corporation organized to provide direct supportive services and advocacy to individuals infected/affected by HIV Infection/AIDS, to prevent the spread of HIV and to increase public awareness through education to the practical, social and economic consequences of this epidemic within nine counties of the Central, Northern and Mohawk Valley regions of the New York area.

Financial Statement Presentation

Financial statement presentation follows the recommendations of FASB ASC 958 (formerly Statement of Financial Accounting Standards No. 117, *Financial Statement for Not-for-Profit Organizations*). ACR reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted, based on the existence of donor-imposed stipulations. These financial statements have been prepared on the accrual basis of accounting.

Unrestricted net assets

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

Temporarily restricted net assets

Net assets which are subject to donor-imposed stipulations that may or will be met, either by actions of ACR and/or the passage of time. When a restriction expires, temporarily restricted net assets are recorded in the Statement of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year as received are classified as unrestricted contributions in the accompanying financial statements. Temporarily restricted net assets are not significant at ACR.

Permanently restricted net assets

Net assets which are subject to donor-imposed stipulations that they be maintained permanently by ACR. When applicable, the donors of these assets permit ACR to use all or part of the income earned on any related investments for general or specific purposes. ACR had no permanently restricted net assets as of June 30, 2010 and 2009.

Income Tax Status

ACR is a not-for-profit corporation, incorporated in New York State, and is exempt from income taxes under IRC Section 501(c)(3). In addition, ACR has been classified as an organization that is not a private foundation under Section 509(a)(2).

AIDS COMMUNITY RESOURCES, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all short-term investments purchased with a maturity of three months or less and certificates of deposit to be cash equivalents.

Balances are maintained at various financial institutions and may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limit throughout the year.

Accounts Receivable

As of June 30, 2010 and 2009 accounts receivable are considered to be fully collectible; accordingly, no allowance for doubtful accounts is recorded by ACR. If a collection does become doubtful, the appropriate allowance will be established by management and charged off through bad debt expense.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair market value at the date of donation. Depreciation expense is recorded on a straight line basis over their estimated useful lives.

Donations-in-Kind

ACR records qualifying contributions of services and goods in accordance with FASB ASC 958. Such contributions are recorded at estimated fair market value in the period received. The values of donations-in-kind recorded as revenue and expense in the accompanying financial statements are as follows:

	2010	2009
Supplies	\$ 1,069	\$ 930
Advertising	53,525	53,692
Facilities	1,692	4,295
Food	9,414	11,966
Professional services	2,713	9,982
	<u>\$ 68,413</u>	<u>\$ 80,865</u>

In addition, numerous other volunteers have donated significant amounts of time to ACR's operations. The value of this time is not reflected in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

AIDS COMMUNITY RESOURCES, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the Statement of Functional Expenses. Certain costs have been allocated among the programs benefited, based on management's estimates of time spent, occupancy or usage. Costs specifically identified to a program are charged directly to that program.

Subsequent Events

In accordance with FASB ASC 855, subsequent events have been evaluated through November 16, 2010, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

2. Property and Equipment

The following is a summary of property and equipment at June 30,

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 283,214	\$ 283,214
Leasehold improvements	10,738	10,738
	<u>293,952</u>	<u>293,952</u>
Less accumulated depreciation	<u>(185,093)</u>	<u>(158,945)</u>
	<u>\$ 108,859</u>	<u>\$ 135,007</u>

Depreciation expense was \$26,148 and \$18,921 for the years ended June 30, 2010 and 2009, respectively.

3. Line of Credit

ACR had available a \$250,000 and \$100,000 line of credit with a bank at June 30, 2010 and 2009, respectively. There were no outstanding balances at June 30, 2010 and 2009.

4. Lease Commitments

ACR rents office space, a vehicle and office equipment under several non-cancelable agreements expiring at various times through May 2012. Rent expense for 2010 and 2009 was \$187,070 and \$188,460, respectively.

The future minimum annual lease payments at June 30, 2010 are as follows:

2011	\$ 172,037
2012	<u>7,489</u>
	<u>\$ 179,526</u>

AIDS COMMUNITY RESOURCES, INC.

Notes to Financial Statements

5. Grant Advances

Refundable advances consisting of federal and state grants at June 30 are summarized below:

	<u>2010</u>	<u>2009</u>
NYS Department of Health - AI - CSP	\$ 37,719	\$ -
NYS Department of Health - AI - Substance Users	-	14,351
NYS Department of Health - AI - IDU	6,631	-
NYS Department of Health - AI - GLBTQ/MSM	5,114	6,364
	<u>\$ 49,464</u>	<u>\$ 20,715</u>

6. Defined Contribution Plan

ACR sponsors a defined contribution retirement plan that covers all eligible employees. Contributions to the Plan are 3% of an employee's annual salary. The amount of expense for years ended June 30, 2010 and 2009 was \$43,619 and \$57,352, respectively.

7. Commitments and Contingencies

ACR receives a substantial amount of its support from federal and state governments. Approximately 45% of current year revenue was received from New York State. If a significant reduction in the level of this support were to occur, this may have an adverse effect on ACR's programs and activities.

8. Reclassifications

Certain items in the fiscal 2009 statements have been reclassified to conform to the fiscal 2010 presentation. These reclassifications had no effect on the changes in net assets previously reported.

AIDS COMMUNITY RESOURCES, INC.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Current Year Expenditures</u>
U.S. Department of Housing and Urban Development:			
Housing Opportunities for Persons with AIDS, passed through New York State Office of Temporary and Disability Assistance	14.241	C020184/ C020960	\$ 273,509
U.S. Department of Health and Human Services:			
Case Management, Outreach & Linkage Development with Area Human Services for HIV+ Clients, passed through Health Research, Inc.	93.917	243-19/ 243-20	102,802
Transportation and Mental Health Counseling Services, passed through Health Research, Inc.	93.917	1062-12/ 1062-13	97,749
Communities of Color, passed through Health Research, Inc.	93.940	3736-01	129,450
Outreach HIV Prevention and Primary Care Services for Substance Abusers, passed through Health Research, Inc.	93.940	3923-01	<u>20,466</u>
Total U.S. Department of Health and Human Services			<u>350,467</u>
Total Expenditures of Federal Awards			<u><u>\$ 623,976</u></u>

The accompanying notes are an integral part of the schedule.

AIDS COMMUNITY RESOURCES, INC.

Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of AIDS Community Resources, 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

AIDS COMMUNITY RESOURCES, INC.
REPORTS REQUIRED BY OMB CIRCULAR A-133
AND SINGLE AUDIT ACT

June 30, 2010



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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***

Board of Directors
AIDS Community Resources, Inc.
Syracuse, New York

We have audited the financial statements of AIDS Community Resources, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon, dated November 16, 2010. 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 AIDS Community Resources, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

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. We noted a deficiency in internal control over financial reporting that we consider to be a significant deficiency, as defined above, see section II.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of AIDS Community Resources, Inc. in a separate letter dated November 16, 2010.

This report is intended solely for the information and use of management, the finance committee, board of directors 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.

Green + Seifter

Syracuse, New York
November 16, 2010



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

Board of Directors
AIDS Community Resources, Inc.
Syracuse, New York

Compliance

We have audited AIDS Community Resources, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of AIDS Community Resources, Inc.'s major federal programs for the year ended June 30, 2010. AIDS Community Resources, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of AIDS Community Resources, Inc.'s management. Our responsibility is to express an opinion on AIDS Community Resources, 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 AIDS Community Resources, 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 AIDS Community Resources, Inc.'s compliance with those requirements.

In our opinion, AIDS Community Resources, 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 June 30, 2010.

Internal Control Over Compliance

Management of AIDS Community Resources, 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 AIDS Community Resources, 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 AIDS Community Resources, 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, the results of our auditing procedures disclosed a significant deficiency in internal controls over major programs which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

This report is intended solely for the information and use of management, the finance committee, board of directors 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.



Syracuse, New York
November 16, 2010

AIDS COMMUNITY RESOURCES, INC.

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report: *unqualified*

Internal control over financial reporting:

Material weakness identified? yes no
Significant deficiency identified that is not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes no
Significant deficiency identified that is not considered to be material weakness? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

14.241

Housing Opportunities for Persons with AIDS

93.917

Case Management, Outreach & Linkage Development with Area Human Services for HIV+ Clients

93.917

Transportation and Mental Health Counseling Services

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

(continued)

AIDS COMMUNITY RESOURCES, INC.

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2010

Section II. Financial Statement Findings

2010-1 Preparation of Financial Statements

Observation: Management does not possess the technical expertise to prepare GAAP basis financial statements and required disclosures, including the related Schedule of Expenditures of Federal Awards.

Recommendation: We recommend that management seek to enlist the assistance of a member of the board who possesses adequate skill to assist with this task.

Management Response: AIDS Community Resources has made a cost benefit determination not to seek to hire an individual who possesses such skill. Historically there has been a member of the board who could prepare the financial statements. Management will seek to enlist a board member with these skills.

Section III. Federal Award Findings and Questioned Costs

See Finding 2010-1 above.

AIDS COMMUNITY RESOURCES, INC.

Status of Prior Audit Findings and Recommendations

There were no prior year findings in 2009.



GREEN & SEIFTER

Certified Public Accountants, PLLC

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November 16, 2010

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The Board of Directors of
 AIDS Community Resources, Inc.
 Syracuse, New York

In planning and performing our audit of the financial statements of AIDS Community Resources, Inc. for the year ended June 30, 2010, we considered the organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of AIDS Community Resources, Inc.'s internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated November 16, 2010, on the financial statements of AIDS Community Resources, Inc.

Current Year Findings:

Client File Retention

During our testing of client files the following were identified:

- Two instances in which the coordinator did not sign the income computation to evidence her review;
- One instance in which supporting documentation for the income computation was not maintained within the client file;
- One instance in which the landlord shelter verification form was not maintained within the client file.

We recommend that policies and procedures be implemented to ensure that evidence of review and adequate supporting documentation are maintained within each client file.

Resolution of Prior Year Findings:

Cash Disbursements

Management has taken corrective action

Conflict of Interest

Management has taken corrective action

* * * * *



We will review the status of this comment during our next audit engagement. We wish to acknowledge the assistance and cooperation extended to our personnel by representatives of AIDS Community Resources, Inc. during our audit.

Green + Seifter

**GREEN & SEIFTER,
CERTIFIED PUBLIC ACCOUNTANTS, PLLC**

GREEN & SEIFTER, CERTIFIED PUBLIC ACCOUNTANTS, PLLC



November 29, 2010

TO WHOM IT MAY CONCERN:

RE: Corrective Action Plan for Recommendations made by our Independent Auditors when doing our 7/09-6/10 Fiscal Year Audit Statement

This is a written response in regards to the Management Letter of Recommendation issued by our Independent Auditors, Green & Seifter, Certified Public Accountants, PLLC, to AIDS Community Resources, Inc. for the above fiscal year.

Client File Retention:

- # 1 Findings: Two instances in which the coordinator did not sign the income computation to evidence her review.
Response: The coordinator had not been required to sign off on all income computations, but will now be doing so.
- # 2 Findings: One instance in which supporting documentation for the income computation was not maintained within the client file.
Response: All files are being reviewed by the Director of Support Svcs. to ensure that the appropriate documentation is intact.
- # 3 Findings: One instance in which the landlord shelter verification form was not maintained within the client file.
Response: All files are being reviewed by the Director of Support Svcs. to ensure that the appropriate documentation is intact. All policies and procedures are being reviewed and updated and have been communicated with program staff.

Please contact me if you have any questions.

Regards,

A handwritten signature in black ink that reads 'Anita M. Bertrand'.

Anita M. Bertrand
Director of Finance
AIDS Community Resources, Inc.
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Fax - 315-472-6515
E-mail address - abertrand@aidscommunityresources.com

cc: file/audit statement

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