

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Berkshire Community Action Council, Inc.  
1531 East Street  
Pittsfield, MA 01201

We have audited the accompanying statement of financial position of Berkshire Community Action Council, Inc. (a Massachusetts nonprofit organization) as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's September 30, 2010 financial statements and, in our report dated January 31, 2011 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berkshire Community Action Council, Inc. as of September 30, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2012, on our consideration of Berkshire Community Action Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information included in this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the 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 to the financial statements as a whole.

*Lombardi, Clairmont & Keegan*  
May 9, 2012

Helping You Reach Your Financial Goals...

**Lombardi,  
Clairmont & Keegan**

**Certified Public Accountants**

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**INDEPENDENT AUDITORS' 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 Directors  
Berkshire Community Action Council, Inc.  
1531 East Street  
Pittsfield, MA 01201

We have audited the financial statements of Berkshire Community Action Council, Inc. (a Massachusetts nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated May 9, 2012. 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 Berkshire Community Action Council, 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 Berkshire Community Action Council, Inc.'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Items No. 2011-1 and 2011-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berkshire Community Action Council, 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 instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Items No. 2011-1 and 2011-2.

We noted certain matters that we reported to management of Berkshire Community Action Council, Inc. in a separate letter dated May 9, 2012.

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

This report is intended solely for the information and use of management, the Board of Directors others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Zombardi, Clairmont & Nease*

May 9, 2012

Helping You Reach Your Financial Goals...

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

To the Board of Directors  
Berkshire Community Action Council, Inc.  
1531 East Street  
Pittsfield, MA 01201

Compliance

We have audited Berkshire Community Action Council, Inc.'s (a Massachusetts nonprofit organization) 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 Berkshire Community Action Council, Inc.'s major federal programs for the year ended September 30, 2011. Berkshire Community Action Council, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Berkshire Community Action Council, Inc.'s management. Our responsibility is to express an opinion on Berkshire Community Action Council, 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 Berkshire Community Action Council, 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 Berkshire Community Action Council, Inc.'s compliance with those requirements.

In our opinion, Berkshire Community Action Council, 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 September 30, 2011.

Internal Control Over Compliance

Management of Berkshire Community Action Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Berkshire Community Action Council, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our 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 Berkshire Community Action Council, 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.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Zoulezadi, Clairmont + Heggen*

May 9, 2012

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2011**  
(with comparative totals as of September 30, 2010)

**ASSETS**

	September 30,	
	2011	2010
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 155,160	\$ 234,711
Accounts receivable, net	713,566	804,363
Pledges receivable - current portion	13,000	13,000
Inventories	24,212	13,184
Prepaid expenses	97,584	92,130
	<u>1,003,522</u>	<u>1,157,388</u>
<b>TOTAL CURRENT ASSETS</b>		
	<u>1,003,522</u>	<u>1,157,388</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>915,830</u>	<u>963,346</u>
<b>OTHER ASSETS</b>		
Cash - restricted	5,000	5,000
Pledges receivable, net of current portion	13,000	26,000
	<u>18,000</u>	<u>31,000</u>
<b>TOTAL OTHER ASSETS</b>		
	<u>18,000</u>	<u>31,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,937,352</u></u>	<u><u>\$ 2,151,734</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Note payable - demand	\$ 300,000	\$ 200,000
Notes payable - current portion	58,195	53,219
Obligations under capital lease - current portion	85,445	72,496
Accounts payable	281,216	186,578
Accrued liabilities	150,531	103,810
Deferred income	521,639	541,070
Due to grantor agencies	2,148	4,353
	<u>1,399,174</u>	<u>1,161,526</u>
<b>TOTAL CURRENT LIABILITIES</b>		
	<u>1,399,174</u>	<u>1,161,526</u>
<b>LONG-TERM LIABILITIES</b>		
Notes payable, net of current portion	329,213	352,246
Obligations under capital lease, net of current portion	97,293	151,527
	<u>426,506</u>	<u>503,773</u>
<b>TOTAL LONG-TERM LIABILITIES</b>		
	<u>426,506</u>	<u>503,773</u>
<b>TOTAL LIABILITIES</b>	<u>1,825,680</u>	<u>1,665,299</u>
<b>NET ASSETS</b>		
Unrestricted	(145,202)	168,867
Temporarily restricted	251,874	312,568
Permanently restricted	5,000	5,000
	<u>111,672</u>	<u>486,435</u>
<b>TOTAL NET ASSETS</b>		
	<u>111,672</u>	<u>486,435</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,937,352</u></u>	<u><u>\$ 2,151,734</u></u>

See accompanying notes and auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2011**  
(with comparative totals for the year ended September 30, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
<b>REVENUE AND SUPPORT</b>					
Contributions	\$ 191,022	\$ 54,870	\$	\$ 245,892	\$ 293,661
United Way	179,183			179,183	167,098
Grants	11,196,176			11,196,176	11,873,460
Program service fees and reimbursements	743,126			743,126	594,093
Other revenue	251			251	255
Net assets released from restrictions:					
Expiration of time restrictions	10,017	(10,017)		-	-
Expiration of purpose restrictions	105,547	(105,547)		-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>12,425,322</u>	<u>(60,694)</u>	<u>-</u>	<u>12,364,628</u>	<u>12,928,567</u>
<b>EXPENSES</b>					
Transportation	1,136,293			1,136,293	1,044,097
Our Friends House	512,467			512,467	486,214
Barton's Crossing	591,438			591,438	561,298
Community Services	741,966			741,966	1,149,641
Berkshire Immigrant Center	138,258			138,258	128,885
Fuel Assistance	6,832,439			6,832,439	7,120,854
Weatherization and Utilities	2,298,032			2,298,032	1,919,160
Management and General	487,831			487,831	418,284
Fundraising	667			667	622
<b>TOTAL EXPENSES</b>	<u>12,739,391</u>	<u>-</u>	<u>-</u>	<u>12,739,391</u>	<u>12,829,055</u>
<b>CHANGE IN NET ASSETS</b>	(314,069)	(60,694)	-	(374,763)	99,512
<b>NET ASSETS - BEGINNING</b>	<u>168,867</u>	<u>312,568</u>	<u>5,000</u>	<u>486,435</u>	<u>386,923</u>
<b>NET ASSETS - ENDING</b>	<u>\$ (145,202)</u>	<u>\$ 251,874</u>	<u>\$ 5,000</u>	<u>\$ 111,672</u>	<u>\$ 486,435</u>

See accompanying notes and auditors' report.

BERKSHIRE COMMUNITY ACTION COUNCIL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2011  
(with comparative totals for the year ended September 30, 2010)

	Program Services					Supporting Services					
	Transportation	Our Friends House	Barton's Crossing	Community Services	Berkshire Immigrant Center	Fuel Assistance	Weatherization and Utilities	Management and General	Fundraising	2011 Total	2010 Total
EXPENSES											
Compensation and related expenses											
Salaries	\$ 522,508	\$ 192,363	\$ 266,123	\$ 300,965	\$ 95,739	\$ 357,946	\$ 362,651	\$ 243,455	\$	\$ 2,341,750	\$ 2,190,987
Payroll taxes	61,256	20,096	28,509	32,696	9,796	33,880	32,475	21,463		240,171	219,018
Fringe benefits	62,806	21,294	26,299	30,459	6,090	50,193	55,230	22,341		274,712	278,127
Total	646,570	233,753	320,931	364,120	111,625	442,019	450,356	287,259	-	2,856,633	2,688,132
Fuel program						6,206,044				6,206,044	6,530,558
Staff training	1,961	1,971	542	6,339	250	5,822	6,145	12,582		35,612	31,234
Contract services	9,492	108,719	60,598	42,726	5,471	3,093	397	12,751		243,247	399,935
Program materials/costs						171	1,767,371			1,767,542	1,440,805
Program supplies and benefits	1,365	66	935	9,454		166	745			12,731	4,856
Data processing	420	860	150	2,600	300	14,823	1,750	35,082		55,985	40,528
Professional fees				4,750				25,600		30,350	24,900
Vehicle leasing and rental	68,730			2,334						71,064	84,010
Vehicle expense	149,870			2,327			7,625	1,148		160,970	120,793
Space rental	13,450		121,951	25,555	7,200	16,788		1,500		186,444	204,408
Telephone	15,365	3,792	4,734	4,491	1,518	5,197	2,414	15,877		53,388	51,401
Utilities	5,949	14,629	26,829	12,630		4,610	1,377	5,958		71,982	71,016
General insurance	60,854	2,868	5,264	5,838	327	1,226	18,295	17,028		111,700	109,488
Repairs and maintenance	1,344	13,124	18,153	11,716	-	7,163	1,536	3,993		57,029	79,039
Office expense	11,497	8,185	17,648	35,711	5,996	34,051	7,789	21,982	49	142,908	119,888
Interest and fees	44,654	100	54	6,604		2,248	905	19,304	618	74,487	78,576
Equipment lease and purchase	2,451	3,875	2,516	4,837	745	24,682	6,550	11,320		56,976	82,976
Travel	921	1,913	1,235	5,820	1,442	3,251	8,701	5,215		28,498	27,348
Food costs		3,101	9,137	28,092						40,330	44,004
Emergency housing and other assistance		103,291	760	137,282		54,054				295,387	427,508
Advertising	219	1,132		2,885	500		1,022			5,758	6,706
Non-reimbursable depreciation		10,017		6,423		6,857	14,133	11,098		10,017	10,017
Depreciation	103,975	1,046		11,832						143,532	132,071
Bad debts										11,832	-
Other miscellaneous	(2,794)	25	1	7,600	2,884	174	921	134		8,945	18,858
TOTAL FUNCTIONAL EXPENSES	1,136,293	512,467	591,438	741,966	138,258	6,832,439	2,298,032	487,831	667	12,739,391	12,829,055
Program transfers				21,274	(21,274)					-	-
Allocated management and general	135,069	47,447	70,215	80,863	16,435	68,013	62,742	(480,863)	79	-	-
TOTAL EXPENSES	\$ 1,271,362	\$ 559,914	\$ 661,653	\$ 844,103	\$ 133,419	\$ 6,900,452	\$ 2,360,774	\$ 6,968	\$ 746	\$ 12,739,391	\$ 12,829,055

See accompanying notes and auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2011**  
(with comparative totals for the year ended September 30, 2010)

	Year ended September 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (374,763)	\$ 99,512
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	153,549	142,088
Bad debts	11,832	
(Increase) decrease in:		
Accounts receivable	78,965	(353,766)
Pledges receivable	13,000	15,500
Inventories	(11,028)	(4,632)
Prepaid expenses	(5,454)	(33,250)
Increase (decrease) in:		
Accounts payable	94,638	(25,963)
Accrued liabilities	46,721	48,746
Deferred income	(19,431)	(135,247)
Due to grantor agencies	(2,205)	(14,233)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(14,176)</u>	<u>(261,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(35,187)</u>	<u>(47,761)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (payments on) note payable - demand, net	100,000	200,000
Payments on obligations under capital lease	(75,836)	(62,832)
Payments on notes payable	<u>(54,352)</u>	<u>(47,251)</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(30,188)</u>	<u>89,917</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(79,551)	(219,089)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>234,711</u>	<u>453,800</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 155,160</u>	<u>\$ 234,711</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 53,877</u>	<u>\$ 72,178</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of property and equipment with note payable	<u>\$ 36,295</u>	<u>\$ 36,375</u>
Acquisition of property and equipment with capital lease obligation	<u>\$ 50,984</u>	<u>\$ 7,413</u>

See accompanying notes and auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

Note 1 - **Nature of Activities and Summary of Significant Accounting Policies**

*Nature of Activities*

Berkshire Community Action Council, Inc. was incorporated November 17, 1966 as a nonprofit corporation. The Organization serves as a community action agency in Berkshire County, Massachusetts, and any contiguous area that may be appropriate. It was formed for the purpose of eliminating poverty by mobilizing community resources, both public and private, for the creation of opportunities in education, training and employment and for the betterment of conditions under which people live.

*Income Taxes*

The Organization is a nonprofit corporation, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is presently considered as "other than a private foundation". The Organization does not believe it has done anything during the past year that would jeopardize its tax-exempt status at either the state or Federal level. The Organization reports its activities to the Commonwealth of Massachusetts and the IRS in annual information returns. These filings are subject to examination by the Commonwealth of Massachusetts and the IRS, generally for three years after they are filed.

*Basis of Accounting*

The Organization prepares its financial statements on the accrual basis of accounting.

*Comparative Financial Information*

The financial statements include prior year summarized comparative information in total but not by net asset class. Prior year information is not provided for in the notes to the financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2010, from which the summarized information was derived.

*Cash and Cash Equivalents*

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

*Accounts Receivable*

The Organization grants payment terms to its customers of thirty days from the date of the invoice. Customers are considered delinquent for amounts outstanding after thirty days. The Organization does not charge interest or finance charges on past due receivables.

The Organization uses the allowance method to determine uncollectible accounts receivable; the allowance is based on management's assessment of the credit history with customers having outstanding credit balances and current relationships with the Organization. The allowance for doubtful accounts amounted to \$11,832 at September 30, 2011.



BERKSHIRE COMMUNITY ACTION COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2011

Note 1 - continued

*Promises to Give*

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

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on management's analysis of specific promises made. Uncollectible promises are expected to be insignificant.

*Contributed Services*

During the year ended September 30, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

*Inventories*

Inventories represent program materials purchased. Inventories are valued at cost using the first-in, first-out method.

Donated goods and materials have no cost. Donated inventory is valued at net realizable value. Management estimates that the future cost of sorting and disposing of the inventory approximately equals its sale price.

*Fair Value Measurements*

The Organization determines the fair market values of its financial assets and liabilities, as well as nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in accordance with generally accepted accounting principles for *fair value measurements*.

- Level 1:** Quoted prices in active markets for identical assets or liabilities. The Organization currently has no Level 1 assets or liabilities that are measured at fair value on a recurring basis.
- Level 2:** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Organization currently has no Level 2 assets or liabilities that are measured at fair value on a recurring basis.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include items where the determination of fair value requires significant management judgment or estimation. The Organization currently has no Level 3 assets or liabilities that are measured at fair value on a recurring basis.

BERKSHIRE COMMUNITY ACTION COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2011

Note 1 - continued

The Organization's financial instruments include other current assets and current liabilities. The carrying amount of these financial instruments approximates their fair value due to their short maturities.

*Property and Equipment*

The Organization capitalizes property and equipment with an aggregate cost of \$5,000 and a useful life of more than one year. Routine expenditures for repairs and maintenance are charged to expense as they are incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets at that time. Property and equipment are depreciated using the straight-line method over the following useful lives:

Building and improvements	40 years
Shelter and improvements	20-40 years
Furniture and equipment	3-7 years
Transportation equipment	5 years

Property and equipment consisted of the following at September 30, 2011:

Land	\$ 122,800
Building and improvements	523,480
Shelter and improvements	294,748
Furniture and equipment	68,254
Transportation equipment	602,834
Computer software	<u>36,441</u>
Total property and equipment	1,648,557
Less: Accumulated depreciation	<u>732,727</u>
Property and equipment, net	<u>\$ 915,830</u>

*Amortization*

Computer software is amortized over three years.

*Impairment of Long-Lived Assets*

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If impairment is present, the assets are reported at the lower of carrying value or fair value. There was no impairment loss recognized during the year ended September 30, 2011.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

Note 1 - continued

*Revenue Recognition*

Grant funds are recognized as revenues of the Organization when expenses, eligible for reimbursement under the terms of the grant, are incurred. Grant revenues received in advance are recorded as deferred income.

*Advertising Costs*

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$5,758 for the year ended September 30, 2011.

*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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cost Allocation*

An indirect cost allocation plan was established in which all costs that are not chargeable directly to a program are charged to management and general and allocated to each program based upon the direct costs of that program as a percentage of the total direct program costs.

*Functional Allocation of Expenses*

The costs of providing program and support activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated based upon management's estimates among the program and supporting activities benefited.

Note 2 - **Cash – Restricted and Permanently Restricted Net Assets**

The Organization's permanently restricted net asset consists of an individual endowment fund which is classified and reported based on the existence of donor-imposed restrictions as required by U.S. generally accepted accounting principles. The endowment principal is to be maintained in perpetuity, the income from which is available for use in supporting operating activities. The endowment fund is invested in a certificate of deposit, which totaled \$5,901 at September 30, 2011.

Permanently restricted net assets consist of the following:

Endowment net assets, beginning of year	\$ 5,000
Investment return:	
Interest income	50
Appropriation of endowment expenditure	<u>(50)</u>
Endowment net assets, end of year	<u>\$ 5,000</u>

Note 3 - **Due to Grantor Agencies**

Due to grantor agencies consisted of interest earned on Federal program funds that is to be returned as of September 30, 2011.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**Note 4 - Accounts Receivable**

Accounts receivable consisted of the following at September 30, 2011:

Department of Energy – weatherization	\$ 119,591
Local utility companies	98,102
Transportation	196,700
Department of Housing and Community Development – shelters	71,595
Massachusetts Housing and Shelter Alliance	10,839
Dept. of Housing and Community Development – HEARTWAP Program	16,079
Low Income Energy Assistance	77,196
U.S. Department of Housing and Urban Development	18,192
City of Pittsfield grant programs	41,480
Other	<u>75,624</u>
Total	725,398
Less: Allowance for uncollectible accounts	<u>(11,832)</u>
Net accounts receivable	<u>\$ 713,566</u>

**Note 5 - Pledges Receivable**

Pledges receivable consisted of the following at September 30, 2011:

Receivable in less than one year	\$ 13,000
Receivable in one to five years	<u>13,000</u>
Total pledges receivable	<u>\$ 26,000</u>

In management's judgment, after reviewing the promise to give, an allowance for uncollectible pledges was not considered necessary.

**Note 6 - Deferred Income**

Deferred income consisted of the following at September 30, 2011:

Department of Energy – weatherization	\$ 29,767
Department of Energy – weatherization ARRA	447,634
U.S. Department of Housing and Urban Development	41
Department of Housing and Community Development – shelters	26,636
Miscellaneous	<u>17,561</u>
Total	<u>\$ 521,639</u>

**Note 7 - Note Payable - Demand**

The Organization maintains a \$400,000 line of credit agreement with Legacy Banks. The note requires monthly payments of interest only at the bank's base rate plus 1.5% with a minimum rate of 6.0% (6.0% at September 30, 2011) and is secured by all business assets of the Organization. The note must be paid down for thirty consecutive days during each loan year. There was \$300,000 outstanding under this agreement at September 30, 2011. Total interest expense relating to the line of credit agreement was \$7,311 for the year ended September 30, 2011. In November 2011, Legacy Banks was acquired by and now operates as Berkshire Bank.

BERKSHIRE COMMUNITY ACTION COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2011

Note 8 - Notes Payable

Notes payable consisted of the following at September 30, 2011:

Legacy Banks, a twenty year mortgage note, due in monthly installments of \$2,589, including interest at the bank's base rate plus 1.0% (4.25% at September 30, 2011). The interest rate is adjusted every three years with the next interest rate adjustment in June 2012. The note is secured by real property at 1531 East Street and 292 West Street, Pittsfield, MA (with a carrying value of \$601,597 at September 30, 2011) and a first security interest in all business assets of the Organization, and is due June 2023.	\$ 285,992
Legacy Banks, a four year loan, due in monthly installments of \$1,570, including interest at 7.5% through April, 2013. The note is secured by two vehicles with a carrying value of \$32,400 at September 30, 2011.	28,075
Legacy Banks, a five year loan, due in monthly installments of \$731, including interest at 7.5% through March, 2015. The note is secured by a vehicle with a carrying value of \$25,462 at September 30, 2011.	26,154
Greylock Federal Credit Union, a four year loan, due in monthly installments of \$427, including interest at 7.99% through July 2013. The note is secured by a vehicle with a carrying value of \$9,635 at September 30, 2011.	8,800
Greylock Federal Credit Union, a five year loan, due in monthly installments of \$710, including interest at 8.25% through February 2012. The note is secured by a vehicle with a carrying value of \$2,891 at September 30, 2011.	3,542
Legacy Banks, a five year loan, due in monthly installments of \$721, including interest at 7.0% through June, 2016. The note is secured by a vehicle with a carrying value of \$33,875 at September 30, 2011.	<u>34,845</u>
Total	387,408
Less: Current portion	<u>58,195</u>
Net	<u>\$ 329,213</u>

Maturities of the notes payable are as follows:

Year ending September 30,	
2012	\$ 58,195
2013	49,555
2014	36,548
2015	33,129
2016	29,138
Thereafter	<u>180,843</u>
Total	<u>\$ 387,408</u>

Total interest expense in the above notes amounted to \$20,126 for the year ended September 30, 2011.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**Note 9 - Obligations Under Capital Lease**

The Organization is obligated under capital leases consisting of the following:

An obligation for the lease of a copier dated January 2011 for 60 months at \$315 per month. The leased equipment is being amortized over its useful life of five years.

An obligation for the lease of a copier dated January 2010 for 36 months at \$225 per month. The leased equipment is being amortized over its useful life of three years.

Obligations for the lease of nine vans all dated in June 2008 for 60 months at a total combined payment of \$8,700 per month. The related vehicles are being amortized over five years.

An obligation for the lease of a van dated February 2011 for 60 months at \$885 per month. The related vehicle is being amortized over five years.

The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments are as follows:

Year ending September 30,	
2012	\$ 111,064
2013	78,166
2014	14,399
2015	14,399
2016	<u>4,800</u>
Total	222,828
Less: Amount representing interest	<u>40,090</u>
Present value of net minimum capital lease payments	182,738
Less: Current portion	<u>85,445</u>
Net	<u>\$ 97,293</u>

Amortization of leased equipment is included in depreciation expense. Property and equipment under the capital lease included the following at September 30, 2011:

Equipment	\$ 358,572
Less: Accumulated amortization	<u>210,383</u>
Leased capital assets, net	<u>\$ 148,189</u>

**Note 10 - Contingent Liabilities**

The Organization received the majority of its support under various government contracts which are subject to audit by the respective agencies. In management's opinion, the liability, if any, resulting from such audits will not have a material adverse effect on the Organization's financial condition.

**Note 11 - Operating Leases**

The Organization leases space for Barton's Crossing shelter at a monthly rent of \$5,500. This facility is leased under a five year agreement expiring in November 2015.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**Note 11 - continued**

The Organization rents its North and South County satellite offices, the Pittsfield Family Resource Center, Reconnect, its transportation facilities and the Berkshire Immigrant Center on a monthly basis with a total monthly rent of \$4,808.

In addition, the Organization leases various apartments on behalf of its transitional housing clients under lease terms of one year or less. The total monthly rent for these apartments was \$4,700 as of September 30, 2011.

Total rent expense for these locations totaled \$186,443 for the year ended September 30, 2011.

In addition, the Organization leases vans under operating lease agreements from a private company to use in its transportation program. The leases are monthly, and the amount varies depending upon the vehicles needed. These leases can be discontinued if the program ends. Total lease expense for these vehicles was \$68,730 for the year ended September 30, 2011.

Future minimum lease payments required for leases with terms in excess of one year for vehicles and program space are as follows:

Year ending September 30,	
2012	\$ 70,392
2013	66,000
2014	66,000
2015	66,000
2016	<u>11,000</u>
Total	<u>\$ 279,392</u>

**Note 12 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at September 30, 2011:

Funds received from the United States Department of Housing and Urban Development for the acquisition and rehabilitation of the family shelter. The total amount received was \$273,833; this amount is being transferred to unrestricted net assets as the related depreciation expense is incurred annually. The related depreciation expense was \$10,017 for the year ended September 30, 2011 which is reflected as an expiration of a time restriction in the accompanying statement of activities. The remaining amount of temporarily restricted net assets relating to these costs was \$95,685 at September 30, 2011.

Various restricted contributions for program activities which will be transferred to unrestricted net assets as the funds are expended for their intended purpose. The amount of temporarily restricted net assets relating to these restricted contributions was \$156,189 at September 30, 2011.

**Note 13 - Retirement Plan**

The Organization maintains a non-contributory defined contribution retirement plan covering all employees that have attained the age of twenty-one years and completed two years of service as defined in the plan document. Total pension expense was \$70,325 for the year ended September 30, 2011. The Organization makes monthly contributions to the plan at the rate of five percent of eligible salaries.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**Note 14 - Conditional Contribution**

The Organization has received pledges totaling \$175,000 from the Berkshire United Way. Payments are conditional and will be received from July 2011 through June 2012 based upon the success of the 2011/2012 United Way campaign. Because the pledge is based on conditions outside the Organization's control, the unpaid amount has not been recorded in the financial statements at September 30, 2011.

**Note 15 - Related Party Transactions**

The executive director of the Organization is a member of the Board of Directors of another nonprofit entity from which the Organization purchases goods for its food pantry. Total purchases from this entity totaled \$38,115 for the year ended September 30, 2011 of which \$3,201 was payable at September 30, 2011.

One Board member works in a management capacity for a company that provides goods and services to the Fuel Assistance and Weatherization and Utilities programs. The Organization purchased goods totaling \$165,766 from this company during the year ended September 30, 2011 of which \$5,395 was payable at September 30, 2011.

A member of the Board of Directors is an certified public accountant at a local accounting firm that provided consulting services relating to a Federal grant award. The Organization purchased services totaling \$4,750 from the firm during the year ended September 30, 2011.

Certain Board members of the Organization receive fuel assistance benefits under the Low Income Home Energy Assistance Program. These individuals meet program eligibility guidelines for participation in the same manner as all other program participants. The total amounts of benefits paid to suppliers on behalf of these individuals amounted to \$2,926 for the year ended September 30, 2011.

**Note 16 - Concentration of Risk**

The Organization maintains deposits in a commercial bank which at times exceeded amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). These balances fluctuate during the year and the uninsured portion can vary greatly. Management monitors the financial condition of the banking institution and believes there is no significant risk with respect to these deposits. There were no uninsured deposits at September 30, 2011. This financial institution is also a Massachusetts savings bank. Deposits in such institutions are further insured by the Depositors Insurance Fund; the value of the protection provided by this fund has not been determined.

**Note 17 - Subsequent Events**

In October 2011, the executive director of the Organization retired. An agreement was executed to pay this individual three month's salary over the six months following his retirement. This obligation totals \$19,500.

The Organization entered into two new vehicles leases subsequent to year end. One lease is for a term of forty-eight months and requires monthly payments of \$646. The second lease is for sixty months and requires monthly payments of \$885.

Management has evaluated subsequent events through May 9, 2012, the date on which the financial statements were available to be issued.



**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF TRANSPORTATION, MANAGEMENT AND GENERAL AND FUNDRAISING**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Transportation	Management and General	Fundraising
<b>REVENUE AND SUPPORT</b>			
Grants - State	\$ 1,047,278	\$	\$
Program service fees and reimbursements	14,170		
Interest		251	
TOTAL REVENUE AND SUPPORT	1,061,448	251	-
<b>EXPENSES</b>			
Compensation and related expenses			
Salaries	522,508	243,455	
Payroll taxes	61,256	21,463	
Fringe benefits	62,806	22,341	
Total compensation and related expenses	646,570	287,259	-
Staff training	1,961	12,582	
Contract services	9,492	12,751	
Program supplies and benefits	1,365		
Data processing	420	35,082	
Professional fees		25,600	
Vehicle leasing and rental	68,730		
Vehicle expense	149,870	1,148	
Space rental	13,450	1,500	
Telephone	15,365	15,877	
Utilities	5,949	5,958	
General insurance	60,854	17,028	
Repairs and maintenance	1,344	3,993	
Office expense	11,497	21,982	49
Interest and fees	44,654	19,304	618
Equipment lease and purchase	2,451	11,320	
Travel	921	5,215	
Advertising	219		
Depreciation	103,975	11,098	
Other miscellaneous	(2,794)	134	
Allocated management and general	135,069	(480,863)	79
TOTAL EXPENSES	1,271,362	6,968	746
<b>CHANGE IN NET ASSETS</b>	<u>\$ (209,914)</u>	<u>\$ (6,717)</u>	<u>\$ (746)</u>

See auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF OUR FRIENDS HOUSE SHELTER**  
**YEAR ENDED SEPTEMBER 30, 2011**

**REVENUE AND SUPPORT**

	DHCD	Pittsfield CDBG/HUD	HUD Supportive	DHCD Housing Stabilization	Other	Total
\$		\$	\$	\$	\$	\$
Grants - Federal	494,312	15,258	34,342	25,121		49,600
Grants - State					10,000	519,433
United Way					10,017	10,000
Net assets released from restrictions						10,017
<b>TOTAL REVENUE AND SUPPORT</b>	<b>494,312</b>	<b>15,258</b>	<b>34,342</b>	<b>25,121</b>	<b>20,017</b>	<b>589,050</b>

**EXPENSES**

Compensation and related expenses

Salaries	162,885	15	24,371	95	4,997	192,363
Payroll taxes	17,260	1	2,347	7	481	20,096
Fringe benefits	18,147	1	2,573	8	565	21,294

Total compensation and related expenses

Staff training	198,292	17	29,291	110	6,043	233,753
Contract services	1,971					1,971
Program supplies and benefits	100,138			5,000	3,581	108,719
	53				13	66

Data processing		860				860
Telephone	2,311	1,481				3,792
Utilities	11,740		2,889			14,629
General insurance	2,629		239			2,868
Repairs and maintenance	10,437		2,687			13,124
Office expense	5,683	879	1,258		365	8,185
Interest and fees	40				60	100
Equipment lease and purchase	844		(469)		3,500	3,875
Travel	1,748	22	5		138	1,913
Food costs	3,101					3,101
Emergency housing and other assistance	78,919		37	24,319	16	103,291
Advertising	681				451	1,132
Non-reimbursable depreciation					10,017	10,017
Depreciation					1,046	1,046
Other miscellaneous	25					25
Allocated management and general	40,379	387	4,267	608	1,806	47,447

<b>TOTAL EXPENSES</b>	<b>458,991</b>	<b>3,646</b>	<b>40,204</b>	<b>30,037</b>	<b>27,036</b>	<b>559,914</b>
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<b>CHANGE IN NET ASSETS</b>	<b>\$ 35,321</b>	<b>\$ 11,612</b>	<b>\$ (5,862)</b>	<b>\$ (4,916)</b>	<b>\$ (7,019)</b>	<b>\$ 29,136</b>
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See auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF BARTON'S CROSSING SHELTER**  
**YEAR ENDED SEPTEMBER 30, 2011**

	DHCD	Pittsfield CDBG/HUD	HUD Supportive	Other	Shelter Total	Y Initiative	Total
<b>REVENUE AND SUPPORT</b>							
Grants - Federal							
Grants - State							
United Way				70,000			
Contributions	\$ 210,696	\$ 47,250	\$ 119,832	\$	\$ 167,082	\$ 49,389	\$ 216,471
				1,620	210,696	50,664	261,360
					70,000	39,997	109,997
					1,620		1,620
<b>TOTAL REVENUE AND SUPPORT</b>	<b>210,696</b>	<b>47,250</b>	<b>119,832</b>	<b>71,620</b>	<b>449,398</b>	<b>140,050</b>	<b>589,448</b>
<b>EXPENSES</b>							
Compensation and related expenses							
Salaries	125,049	8,293	68,770	31,344	233,456	32,667	266,123
Payroll taxes	13,994	799	7,104	3,342	25,239	3,270	28,509
Fringe benefits	10,012	622	7,144	4,958	22,736	3,563	26,299
Total compensation and related expenses	149,055	9,714	83,018	39,644	281,431	39,500	320,931
Staff training	66	131		20	217	325	542
Contract services	788	165	142	10,504	11,599	48,999	60,598
Program supplies and benefits	533			252	785	150	935
Data processing					-	150	150
Space rental	18,000	23,588	24,413		66,001	55,950	121,951
Telephone	911	713		2,639	4,263	471	4,734
Utilities	3,326		14,297	5,610	23,233	3,596	26,829
General insurance	1,471	184		551	2,206	3,058	5,264
Repairs and maintenance	5,842	437	1,268	10,533	18,080	73	18,153
Office expense	5,633	1,377	3,243	5,899	16,152	1,496	17,648
Interest and fees				54	54		54
Equipment lease and purchase	1,346		257	735	2,338	178	2,516
Travel	966		17	92	1,075	160	1,235
Food costs	4,796	360	1,349	2,632	9,137		9,137
Emergency housing and other assistance		220	320	220	760		760
Other miscellaneous	1				1		1
Allocated management and general	22,911	4,359	15,215	9,410	51,895	18,320	70,215
<b>TOTAL EXPENSES</b>	<b>215,645</b>	<b>41,248</b>	<b>143,539</b>	<b>88,795</b>	<b>489,227</b>	<b>172,426</b>	<b>661,653</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (4,949)</b>	<b>\$ 6,002</b>	<b>\$ (23,707)</b>	<b>\$ (17,175)</b>	<b>\$ (39,829)</b>	<b>\$ (32,376)</b>	<b>\$ (72,205)</b>

See auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF COMMUNITY SERVICES PROGRAMS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	FEMA	CSBG	Asset Development	Food Programs	Reconnect	Community Programs	Total
<b>REVENUE AND SUPPORT</b>							
Grants - Federal	\$ 458	\$ 386,872	\$ 14,400	\$ 9,900	\$ 3,250	\$ 6,196	\$ 411,176
Grants - state			4,500		77,193		81,693
Grants - local					3,504	6,607	20,011
United Way			10,000	605	15,000	3,581	29,186
Program service fees and reimbursements			6,850	47,532	11,550	6,704	72,636
Contributions			65	4,191	6,000	127,759	138,015
Net assets released from restrictions				29,852	5,190	13,517	48,559
<b>TOTAL REVENUE AND SUPPORT</b>	<b>458</b>	<b>386,872</b>	<b>35,815</b>	<b>92,080</b>	<b>121,687</b>	<b>164,364</b>	<b>801,276</b>
<b>EXPENSES</b>							
Compensation and related expenses							
Salaries	1,410	118,845	19,013	90,287	64,158	7,252	300,965
Payroll taxes	143	10,841	2,078	9,483	9,596	555	32,696
Fringe benefits	138	12,392	972	9,773	6,400	784	30,459
Total compensation and related expenses	1,691	142,078	22,063	109,543	80,154	8,591	364,120
Staff training		5,364	575		400		6,339
Contract services		15,138		1,400	25,828	360	42,726
Program supplies and benefits			180	836	7,994	444	9,454
Data processing		2,600					2,600
Professional fees		4,750					4,750
Vehicle leasing and rental				174	2,160		2,334
Vehicle expense				2,327			2,327
Space rental		18,731			6,000	500	25,555
Telephone		2,426		324	1,176		4,491
Utilities		11,656		889		66	12,630
General insurance		5,253		908	585		5,838
Repairs and maintenance		9,528		1,688		500	11,716
Office expense		4,895	1,236	1,059	19,588	8,933	35,711
Interest and fees		6,604					6,604
Equipment lease and purchase		2,914	500	100	479	844	4,837
Travel		3,349	195	1,322	851	103	5,820
Food costs				25,224	2,404	464	28,092
Emergency housing and other assistance	458			226		136,598	137,282
Advertising		6,423	455			2,430	2,885
Depreciation				11,832			6,423
Bad debts		1,354		729		5,517	11,832
Other miscellaneous		41,104	4,229	14,419	17,547	3,363	7,600
Allocated management and general	201						80,863
<b>TOTAL EXPENSES</b>	<b>2,350</b>	<b>284,167</b>	<b>29,433</b>	<b>173,000</b>	<b>165,166</b>	<b>168,713</b>	<b>822,829</b>
<b>CHANGE IN NET ASSETS BEFORE PROGRAM TRANSFERS</b>	<b>(1,892)</b>	<b>102,705</b>	<b>6,382</b>	<b>(80,920)</b>	<b>(43,479)</b>	<b>(4,349)</b>	<b>(21,553)</b>
<b>PROGRAM TRANSFERS</b>	<b>1,892</b>	<b>(102,705)</b>		<b>61,413</b>	<b>17,585</b>	<b>541</b>	<b>(21,274)</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,382</b>	<b>\$ (19,507)</b>	<b>\$ (25,894)</b>	<b>\$ (3,808)</b>	<b>\$ (42,827)</b>

See auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF BERKSHIRE IMMIGRANT CENTER**  
**YEAR ENDED SEPTEMBER 30, 2011**

	ORI	Mass Bar Foundation	Other	Total
<b>REVENUE AND SUPPORT</b>				
Grants - State	\$ 12,892	\$	\$	\$ 12,892
Grants - Local			8,212	8,212
United Way			30,000	30,000
Private funds			8,251	8,251
Contributions		27,500	19,887	47,387
Net assets released from restrictions			7,290	7,290
<b>TOTAL REVENUE AND SUPPORT</b>	<u>12,892</u>	<u>27,500</u>	<u>73,640</u>	<u>114,032</u>
<b>EXPENSES</b>				
Compensation and related expenses				
Salaries	9,580	15,440	70,719	95,739
Payroll taxes	936	1,563	7,297	9,796
Fringe benefits	802	925	4,363	6,090
<b>Total compensation and related expenses</b>	<u>11,318</u>	<u>17,928</u>	<u>82,379</u>	<u>111,625</u>
Staff training			250	250
Contract services		4,500	971	5,471
Data processing			300	300
Space rental		2,400	4,800	7,200
Telephone	119		1,399	1,518
General insurance			327	327
Office expense		150	5,846	5,996
Equipment lease and purchase			745	745
Travel	85		1,357	1,442
Advertising			500	500
Other miscellaneous			2,884	2,884
Allocated management and general	1,370	2,969	12,096	16,435
<b>TOTAL EXPENSES</b>	<u>12,892</u>	<u>27,947</u>	<u>113,854</u>	<u>154,693</u>
<b>CHANGE IN NET ASSETS BEFORE PROGRAM TRANSFERS</b>	<u>-</u>	<u>(447)</u>	<u>(40,214)</u>	<u>(40,661)</u>
<b>PROGRAM TRANSFERS</b>			21,274	21,274
<b>CHANGE IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ (447)</u>	<u>\$ (18,940)</u>	<u>\$ (19,387)</u>

See auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF FUEL ASSISTANCE PROGRAMS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Low Income Energy Assistance	Citizen's Energy	Emergency Fuel South	Emergency Fuel Central	Emergency Fuel North	Total
<b>REVENUE AND SUPPORT</b>						
Grants - Federal Contributions	\$ 6,846,058	\$ 4,000	\$ 6,863	\$ 30,142	\$ 12,693	\$ 6,846,058
Net assets released from restrictions						4,000
						49,698
<b>TOTAL REVENUE AND SUPPORT</b>	<b>6,846,058</b>	<b>4,000</b>	<b>6,863</b>	<b>30,142</b>	<b>12,693</b>	<b>6,899,756</b>
<b>EXPENSES</b>						
Compensation and related expenses						
Salaries	357,946					357,946
Payroll taxes	33,880					33,880
Fringe benefits	50,193					50,193
<b>Total compensation and related expenses</b>	<b>442,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>442,019</b>
Fuel program	6,206,044					6,206,044
Staff training	5,822					5,822
Contract services	3,093					3,093
Program materials/costs	166			171		171
Program supplies and benefits						166
Data processing	14,823					14,823
Space rental	16,788					16,788
Telephone	5,197					5,197
Utilities	4,610					4,610
General insurance	1,226					1,226
Repairs and maintenance	7,163					7,163
Office expense	34,051					34,051
Interest and fees	2,248					2,248
Equipment lease and purchase	24,682					24,682
Travel	3,251					3,251
Emergency housing and other assistance		4,696	6,863	29,971	12,524	54,054
Depreciation	6,857					6,857
Other miscellaneous	23				151	174
Allocated management and general	67,995				18	68,013
<b>TOTAL EXPENSES</b>	<b>6,846,058</b>	<b>4,696</b>	<b>6,863</b>	<b>30,142</b>	<b>12,693</b>	<b>6,900,452</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ (696)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (696)</b>

See auditors' report.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF WEATHERIZATION AND UTILITIES ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2011**

	DOE/ WAP	ARRA/ WAP	Utilities	HEART/ WAP	Total
<b>REVENUE AND SUPPORT</b>					
Grants - Federal	\$ 111,315	\$ 1,100,457	\$	\$ 510,220	\$ 1,721,992
Program service fees and reimbursements			648,069		648,069
<b>TOTAL REVENUE AND SUPPORT</b>	<b>111,315</b>	<b>1,100,457</b>	<b>648,069</b>	<b>510,220</b>	<b>2,370,061</b>
<b>EXPENSES</b>					
Compensation and related expenses					
Salaries	11,357	165,713	111,464	74,117	362,651
Payroll taxes	1,248	14,352	10,590	6,285	32,475
Fringe benefits	2,441	30,356	10,233	12,200	55,230
<b>Total compensation and related expenses</b>	<b>15,046</b>	<b>210,421</b>	<b>132,287</b>	<b>92,602</b>	<b>450,356</b>
Staff training	416	3,740	1,549	440	6,145
Contract services	25	84	175	113	397
Program materials/costs	87,481	828,199	457,856	393,835	1,767,371
Program supplies and benefits		486	11	248	745
Data processing				1,750	1,750
Vehicle expense	72	2,934	4,355	264	7,625
Telephone	257	541	1,350	266	2,414
Utilities	105	269	610	393	1,377
General insurance	4,636	10,353	2,337	969	18,295
Repairs and maintenance	69	201	533	733	1,536
Office expense	372	3,906	1,576	1,935	7,789
Interest and fees	64	182	390	269	905
Equipment lease and purchase		5,990	1	559	6,550
Travel	291	3,323	2,392	2,695	8,701
Advertising		730		292	1,022
Depreciation	60	171	10,569	3,333	14,133
Other miscellaneous	1	2	915	3	921
Allocated management and general	2,420	28,925	19,042	12,355	62,742
<b>TOTAL EXPENSES</b>	<b>111,315</b>	<b>1,100,457</b>	<b>635,948</b>	<b>513,054</b>	<b>2,360,774</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,121</b>	<b>\$ (2,834)</b>	<b>\$ 9,287</b>

See auditors' report.

BERKSHIRE COMMUNITY ACTION COUNCIL, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Massachusetts Department of Housing and Community Development:			
Low-Income Home Energy Assistance Program	93.568	OCD44001158LH10000	\$ 6,846,058
Heating Energy Assistance Retrofit Task Weatherization Assistance Program	93.568	OCD44001158HW03000	510,220
Program total			7,356,278
Community Services Block Grant	93.569	OCD42001160BG03000	386,872
Passed through Elder Services of Berkshire County, Inc.			
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004	None	6,197
Total U.S. Department of Health and Human Services			7,749,347
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed through Massachusetts Department of Housing and Community Development:			
Weatherization Assistance for Low-Income Persons-PY 2010	81.042	OCD390010610200000	109,420
Weatherization Assistance for Low-Income Persons-PY 2011	81.042	OCD390012613430000	1,895
ARRA - Weatherization Assistance for Low-Income Persons	81.042	OCD41401061ARRA003	1,100,457
Total U.S. Department of Energy			1,211,772
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Supportive Housing Program	14.235	MA0145B1T070802	175,412
Passed through Massachusetts Department of Housing and Community Development:			
Emergency Shelter Grants	14.231	OCD8000HSESHLO1300	28,150
Passed through City of Pittsfield:			
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.262	None	14,400
Community Development Block Grant	14.219	None	62,508
Total U.S. Department of Housing and Urban Development			280,470
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Berkshire County Sheriff's Office			
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	SDB08241100000000	3,250
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Emergency Food and Shelter National Board Program	97.024	None	458
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 9,245,297

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Berkshire Berkshire Community Action Council, Inc. and is presented on the accrual basis of accounting. The information presented 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.



**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**SUMMARY AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Berkshire Community Action Council, Inc.
2. Significant deficiencies were disclosed during the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The significant deficiencies are reported as material weaknesses.
3. Instances of noncompliance material to the financial statements of Berkshire Community Action Council, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Berkshire Community Action Council, Inc. expresses an unqualified opinion.
6. No audit findings relative to major federal award programs were disclosed during the audit.
7. The programs tested as major programs include:

<u>Name</u>	<u>CFDA#</u>
Low-Income Home Energy Assistance Program	93.568
ARRA - Weatherization Assistance for Low-Income Persons	81.042

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Berkshire Community Action Council, Inc. was determined not to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Finding 2011-1**

*Statement of Condition:* The Organization's Board of Directors did not consist of the minimum of fifteen members throughout the fiscal year.

*Criteria:* The Organization's by-laws as well as Community Services Block Grant (CSBG) Regulations require that the Organization maintain a minimum of fifteen Board members

*Effect of Condition:* The Organization is not in compliance with the CSBG regulations and its own by-laws.

*Cause of Condition:* The Organization has a difficult time recruiting new qualified board members.

*Recommendation:* Management and the Board of Directors need to continue to work until there are at least fifteen board members. The goal should be higher than the required minimum fifteen members so that if a member leaves before their term is up, it does not result in a violation of the CSBG regulation.

*Management's Response:* Management and the Board of Directors will continue to work on attracting new board members until there are at least fifteen members. Management has secured the support of the Congressional delegation. Each member of the House and Senate will select a representative for the BCAC Board.

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)**

There are several parties interested in participating for the Client Rep section. A special board meeting is planned for June to allow those interested in serving to come and witness the process and the Board and Management will address all of their issues and concerns. The private sector is duly represented.

**Finding 2011-2**

*Statement of Condition:* The Organization incurred a significant loss for the year ended September 30, 2011. There was very little discussion on the financial condition of the Organization documented in the minutes of the Board of Director's meetings and the finance committee meetings. The loss was funded by borrowing on the line of credit.

In addition, there were three new vehicles acquired by the Organization during the fiscal year. One was paid for at the time of purchase, one was financed through a local financial institution and the third was leased. There is no documentation in either the finance committee or board minutes of either the approval for these expenditures or the approval of the method of acquisition. There is no documentation that an analysis of the best way to acquire these vehicles was performed. In addition, internal control procedures require three bids on expenditures of this magnitude and there was no discussion or documentation that this process occurred.

*Criteria:* Board and committee minutes should be used to document the conversations, considerations and actions of these groups to prove to funding sources and outsiders that they are effectively performing their fiduciary duty to the organization.

*Effect of Condition:* The Organization has been experiencing cash flow issues and has very limited borrowing available. In addition, the Organization has obligations to perform work under various contracts for which funds were advanced and does not have the cash available to fund these activities.

*Cause of Condition:* The financial condition of the Organization was not monitored in a timely and effective manner during the fiscal year.

*Recommendation:* As deficits were incurred during the year, management and the Board of Directors should have taken action to cut expenses, find additional sources of revenue and more closely monitored cash flows to avoid such a deterioration of the Organization's financial condition.

*Management's Response:* Financial Statements are now prepared by the 15<sup>th</sup> of the following month. Management meets with all program directors on a monthly basis to review the financial progress of their programs. The Finance Committee of the Board meets the first Tuesday after the 15<sup>th</sup> to review the financial position of the agency and report the results to the Board. The new executive director and interim CFO have reviewed all of the Financial Policies and Procedures and are assuring that all capital expenditures follow the agency and Federal/State regulations for procurement. A detailed (by week) cash flow analysis is maintained and updated weekly to monitor and plan cash flow. The agency is engaged in negotiations with two banks to assist in their cash flow needs.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**BERKSHIRE COMMUNITY ACTION COUNCIL, INC.**  
**STATUS OF PRIOR FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**Finding 2010-1**

*Statement of Condition:* The Organization's Board of Directors did not consist of the minimum of fifteen members throughout the fiscal year.

*Recommendation:* Management and the Board of Directors need to continue to work until there are at least fifteen board members. The goal should be higher than the required minimum fifteen members so that if a member leaves before their term is up, it does not result in a violation of the CSBG regulation.

*Current Status:* This continues to be an issue and is repeated in the current year audit as Finding 2011-1.