

# **CENTER FOR EMPLOYMENT OPPORTUNITIES**

Audited Financial Statements

and

A-133 Audit Reports

June 30, 2010 and 2009

# CENTER FOR EMPLOYMENT OPPORTUNITIES

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**INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF FEDERAL AWARDS**

To the Board of Trustees of  
Center for Employment Opportunities

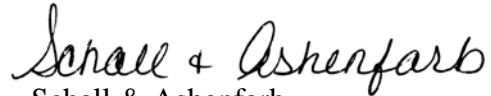
We have audited the accompanying statement of financial position of the Center for Employment Opportunities ("CEO") as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of CEO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 presents fairly, in all material respects, the financial position of CEO as of June 30, 2010, 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 January 19, 2011 on our consideration of CEO'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 performed for the purpose of forming an opinion on the basic financial statements of CEO taken as a whole. 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 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.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

January 19, 2011

## CENTER FOR EMPLOYMENT OPPORTUNITIES

### Statement of Financial Position

As of June 30, 2010 and 2009

	<u>2010</u>	<u>2009 *</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$666,232	\$1,485,426
Contracts and contributions receivable	4,706,387	3,182,455
Prepaid expenses and other assets	304,206	277,539
Equipment, furniture and fixtures and leasehold improvements, net of accumulated depreciation	329,316	207,107
<b>Total Assets</b>	<u>\$6,006,141</u>	<u>\$5,152,527</u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities:</i>		
Accounts payable and accrued expenses	\$972,989	\$782,765
Advances payable	2,657,369	2,657,369
Custodial funds	0	164,673
Loans payable	506,871	12,024
Total Liabilities	<u>4,137,229</u>	<u>3,616,831</u>
<i>Net Assets:</i>		
Unrestricted		
Undesignated	1,162,499	944,601
Investment in fixed assets	322,445	195,083
Total Unrestricted Net Assets	<u>1,484,944</u>	<u>1,139,684</u>
Temporarily restricted	383,968	396,012
Total Net Assets	<u>1,868,912</u>	<u>1,535,696</u>
<b>Total Liabilities and Net Assets</b>	<u>\$6,006,141</u>	<u>\$5,152,527</u>

\* Restated (See Note 10)

*The attached notes and auditors' report are an integral part of these financial statements.*

**CENTER FOR EMPLOYMENT OPPORTUNITIES**

## Statement of Activities

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
Public Support & Revenue		
Program service contracts:		
United States Direct Federal	\$173,882	\$0
New York State	9,923,475	7,945,410
New York City	2,402,405	2,802,439
Other	29,046	84,756
	<u>12,528,808</u>	<u>10,832,605</u>
Contributions	2,940,310	2,166,311
Interest and other income	34,205	35,621
	<u>15,503,323</u>	<u>13,034,537</u>
Net assets released from restrictions	842,044	998,988
Total public support and revenue	<u>16,345,367</u>	<u>14,033,525</u>
Expenses:		
Program services	12,924,837	10,763,401
General and administrative	2,675,673	2,537,977
Fund raising	399,597	428,736
Total expenses	<u>16,000,107</u>	<u>13,730,114</u>
Increase in unrestricted net assets	<u>345,260</u>	<u>303,411</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions	830,000	940,000
Net assets released from restrictions	<u>(842,044)</u>	<u>(998,988)</u>
Decrease in temporarily restricted net assets	<u>(12,044)</u>	<u>(58,988)</u>
Change in net assets	333,216	244,423
Prior period adjustment (Note 10)	0	129,000
Net assets, beginning of year	<u>1,535,696</u>	<u>1,162,273</u>
<b>Net assets, end of year</b>	<u><u>\$1,868,912</u></u>	<u><u>\$1,535,696</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**CENTER FOR EMPLOYMENT OPPORTUNITIES**  
Statement of Functional Expenses  
For the Year Ended June 30, 2010  
(With comparative totals for the year ended June 30, 2009)

	Program Services			Supporting Services		Total Expenses 2010	Total Expenses 2009	
	Transitional Jobs	Vocational Services	Learning Institute/CEO Academy	Total Program Services	General and Administrative			Fund Raising
<b>PERSONNEL</b>								
Salaries and wages:								
Staff	\$2,073,227	\$2,739,093	\$563,194	\$5,375,514	\$1,498,109	\$208,406	\$7,082,029	\$6,269,343
Participants	2,573,298	0	0	2,573,298	0	0	2,573,298	2,435,794
Employee benefits:								
Staff	370,538	375,257	51,974	797,769	164,533	19,983	982,285	1,028,224
Participants	211,874	0	0	211,874	0	0	211,874	145,627
Payroll taxes:								
Staff	162,091	213,137	43,599	418,827	112,883	14,445	546,155	459,353
Participants	203,541	0	0	203,541	0	0	203,541	186,338
<b>Total Personnel</b>	<b>5,594,569</b>	<b>3,327,487</b>	<b>658,767</b>	<b>9,580,823</b>	<b>1,775,525</b>	<b>242,834</b>	<b>11,599,182</b>	<b>10,524,679</b>
<b>OTHER THAN PERSONNEL</b>								
Sub-contracts	0	233,134	114,635	347,769	0	0	347,769	152,000
Consultants	0	14,192	76,595	90,787	118,346	31,880	241,013	184,666
Professional services	0	0	197	197	75,322	0	75,519	81,724
Occupancy expense	70,630	514,495	127,613	712,738	210,658	13,992	937,388	763,963
Equipment purchases and rentals	221,535	194,780	41,571	457,886	76,308	21,689	555,883	314,167
Publication and subscriptions	0	9,788	20	9,808	1,578	997	12,383	12,201
Training	16,762	9,103	2,550	28,415	13,601	0	42,016	15,326
Office expenses	10,495	21,588	7,591	39,674	176,782	45,128	261,584	211,709
Telephone	54,588	70,547	23,756	148,891	37,611	1,917	188,419	123,606
Travel and subsistence	176,708	185,413	21,657	383,778	14,175	9	397,962	310,108
Insurance	302,026	57,493	14,991	374,510	24,819	3,191	402,520	383,644
Office supplies	15,450	29,931	6,170	51,551	15,152	1,197	67,900	35,532
Interest	204	0	0	204	37,642	0	37,846	4,188
Conference/meetings	1,308	3,790	491	5,589	4,220	0	9,809	12,551
Participant activities/supplies	41,289	151,380	19,947	212,616	0	0	212,616	166,170
Participant incentives	0	298,336	4,683	303,019	0	0	303,019	211,863
Wage subsidy	0	39,670	0	39,670	0	0	39,670	0
Bad debt expense	0	0	0	0	0	0	0	8,601
Miscellaneous	955	16,706	419	18,080	72,238	36,763	127,081	66,591
<b>Sub-total</b>	<b>6,506,519</b>	<b>5,177,833</b>	<b>1,121,653</b>	<b>12,806,005</b>	<b>2,653,977</b>	<b>399,597</b>	<b>15,859,579</b>	<b>13,583,289</b>
Depreciation expenses	66,936	26,700	25,196	118,832	21,696	0	140,528	146,825
<b>Total Expenses</b>	<b>\$6,573,455</b>	<b>\$5,204,533</b>	<b>\$1,146,849</b>	<b>\$12,924,837</b>	<b>\$2,675,673</b>	<b>\$399,597</b>	<b>\$16,000,107</b>	<b>\$13,730,114</b>

*The attached notes and auditors' report are an integral part of these financial statements.*

**CENTER FOR EMPLOYMENT OPPORTUNITIES**

Statement of Functional Expenses

For the Year Ended June 30, 2009

	Program Services			Total Program Services	Supporting Services		Total Expenses 2009
	Transitional Jobs	Vocational Services	Learning Institute/CEO Academy		General and Administrative	Fund Raising	
<b>PERSONNEL</b>							
Salaries and wages:							
Staff	\$1,875,142	\$2,211,105	\$443,021	\$4,529,268	\$1,460,694	\$279,381	\$6,269,343
Participants	2,435,794	0	0	2,435,794	0	0	2,435,794
Employee benefits:							
Staff	374,580	360,984	48,373	783,937	207,657	36,630	1,028,224
Participants	145,627	0	0	145,627	0	0	145,627
Payroll taxes:							
Staff	138,390	164,198	32,710	335,298	104,901	19,154	459,353
Participants	186,338	0	0	186,338	0	0	186,338
<b>Total Personnel</b>	<b>5,155,871</b>	<b>2,736,287</b>	<b>524,104</b>	<b>8,416,262</b>	<b>1,773,252</b>	<b>335,165</b>	<b>10,524,679</b>
<b>OTHER THAN PERSONNEL</b>							
Sub-contracts	0	100,700	51,300	152,000	0	0	152,000
Consultants	0	15,340	70,058	85,398	73,376	25,892	184,666
Professional services	2,700	0	0	2,700	79,024	0	81,724
Occupancy expense	62,999	398,941	69,728	531,668	201,881	30,414	763,963
Equipment purchases and rentals	137,118	90,767	22,229	250,114	56,135	7,918	314,167
Publication and subscriptions	0	9,600	422	10,022	2,179	0	12,201
Training	9,916	2,672	370	12,958	2,243	125	15,326
Office expenses	7,527	17,672	3,689	28,888	168,487	14,334	211,709
Telephone	53,119	42,832	8,446	104,397	16,775	2,434	123,606
Travel and subsistence	153,567	125,915	20,100	299,582	10,486	40	310,108
Insurance	285,671	57,306	9,515	352,492	27,655	3,497	383,644
Office supplies	6,464	15,343	2,515	24,322	9,769	1,441	35,532
Interest	4,188	0	0	4,188	0	0	4,188
Conference/meetings	624	1,421	2,537	4,582	7,631	338	12,551
Participant activities/supplies	59,557	83,737	20,976	164,270	1,900	0	166,170
Participant incentives	0	210,123	1,740	211,863	0	0	211,863
Bad debt expense	0	0	0	0	8,601	0	8,601
Miscellaneous	1,044	3,990	4,059	9,093	50,360	7,138	66,591
<b>Sub-total</b>	<b>5,940,365</b>	<b>3,912,646</b>	<b>811,788</b>	<b>10,664,799</b>	<b>2,489,754</b>	<b>428,736</b>	<b>13,583,289</b>
Depreciation expenses	57,803	31,827	8,972	98,602	48,223	0	146,825
<b>Total Expenses</b>	<b>\$5,998,168</b>	<b>\$3,944,473</b>	<b>\$820,760</b>	<b>\$10,763,401</b>	<b>\$2,537,977</b>	<b>\$428,736</b>	<b>\$13,730,114</b>

*The attached notes and auditors' report are an integral part of these financial statements.*

## CENTER FOR EMPLOYMENT OPPORTUNITIES

### Statement of Cash Flows

For the Years Ended June 30, 2010 and 2009

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	<u>2010</u>	<u>2009 *</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$333,216	\$244,423
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Prior period adjustment	0	129,000
Depreciation	140,528	146,825
Increase in contracts and contributions receivable	(1,523,932)	(344,912)
Increase in prepaid expenses	(26,667)	(31,624)
Increase in accounts payable and accrued expenses	190,224	89,340
(Decrease)/increase in custodial funds	(164,673)	164,673
Net cash (used for)/provided by operating activities	<u>(1,051,304)</u>	<u>397,725</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and leasehold improvements	<u>(262,737)</u>	<u>(53,901)</u>
Net cash used for investing activities	<u>(262,737)</u>	<u>(53,901)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayments on loans	(1,566,999)	(104,775)
Proceeds from loans	<u>2,061,846</u>	<u>19,472</u>
Net cash provided by/(used for) financing activities	<u>494,847</u>	<u>(85,303)</u>
Net (decrease)/increase in cash and cash equivalents	(819,194)	258,521
Cash and cash equivalents, beginning of year	<u>1,485,426</u>	<u>1,226,905</u>
Cash and cash equivalents, end of year	<u><u>\$666,232</u></u>	<u><u>\$1,485,426</u></u>
<b>Supplemental disclosure</b>		
Interest payments	<u><u>\$37,846</u></u>	<u><u>\$4,188</u></u>

\* Restated

*The attached notes and auditors' report are an integral part of these financial statements.*

## CENTER FOR EMPLOYMENT OPPORTUNITIES

Notes to Financial Statements

June 30, 2010 and 2009

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### NOTE 1 ORGANIZATION

Center for Employment Opportunities (“CEO”) was organized on April 6, 1995 pursuant to Section 201 of the Not-for-Profit Corporation Law of the State of New York. CEO is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code Sections 509(a)(1) and 170(b)(A)(VI). Operations commenced on January 1, 1996.

CEO was formed in order to: provide employment and rehabilitative and support services to persons with criminal convictions and persons facing barriers to employment, including but not limited to applicants or recipients of public assistance; design, implement, demonstrate, and evaluate innovative supportive and rehabilitative services for men and women with recent criminal convictions, including but not limited to employment and training services and other services designed to alleviate barriers to employment; conduct studies and research regarding services for formerly incarcerated people and their barriers to employment; and to disseminate information regarding the work of the corporation and the administration of such services.

CEO operates two main programs, the Transitional Jobs (TJ) and the Vocational Services (VS) and an ancillary program, the CEO Academy. TJ, which is CEO’s signature work experience program, provides immediate, paid, time-limited employment for people with criminal records and provides them with the skills they need to rejoin the workforce and restart their lives. The VS places participants in full-time, unsubsidized employment and follows up through the first year after placement, providing retention and advancement counseling and referral. CEO Academy provides vocational support and industry trade-training preparatory classes such as plumbing, electrical and refrigeration mechanics that enable formerly incarcerated individuals overcome barriers to entering community colleges and technical institutes, and advance in the workforce.

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

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

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## CENTER FOR EMPLOYMENT OPPORTUNITIES

Notes to Financial Statements

June 30, 2010 and 2009

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### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity (with original maturity of three months or less) that they present insignificant risk of change in value because of changes in interest rates.

#### Contributions

Unconditional promises to give are recorded as contributions receivable when received. Contributions receivable due in less than one year are recorded at their net realizable value. Contributions receivable due in more than one year are recorded at fair value, based on market conditions using the income approach.

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions received with donor-restrictions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### Equipment, Furniture, Fixtures, and Leasehold Improvements

Equipment, furniture, fixtures, and leasehold improvements are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets as follows:

Equipment, furniture and fixtures	3-10 years
Computer equipment	3 years
Automobiles	5 years
Leasehold improvements	7 years

CEO capitalizes all equipment greater than or equal to \$500 and all improvements greater than or equal to \$5,000.

## CENTER FOR EMPLOYMENT OPPORTUNITIES

Notes to Financial Statements

June 30, 2010 and 2009

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### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

#### Recognition of Revenue

##### *Cost Recovery Grants*

The terms under which these grants are awarded provide for reimbursements of budgeted expenditures within the grant period. These funds are received in either predetermined installments or increments, based upon expenses incurred. Accordingly, grant income is recognized in amounts equal to expenditures incurred. Any excess or deficiency of cash receipts over expenditures incurred is reported as “advance payable” or “contacts receivable”. Upon termination of operations under each grant, the unexpended funds received under the terms of the grant revert to the grantor.

##### *Performance-Based Grant*

The terms under which these grants are awarded provide for payment based on unit costs for agreed-upon milestones achieved within the award period up to the maximum amount allowable under a given milestone, if any, and/or the total grant amount. Accordingly, income is recognized in amounts equal to the amount earned, based on performance.

##### *Functional Expenditures*

Certain expenses of CEO are allocated among program services, general and administrative, and fundraising in the accompanying statements of functional expenses, based on management’s estimates.

#### Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through January 19, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through our evaluation date that would require adjustment to or disclosure in the financial statements.

### NOTE 3 CASH AND CASH EQUIVALENTS

The cash and cash equivalents balance at June 30, 2010 represent advances on program service contracts and contributions which are to be used to fund fiscal year 2011 program expenditures.

## CENTER FOR EMPLOYMENT OPPORTUNITIES

Notes to Financial Statements

June 30, 2010 and 2009

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### **NOTE 4      EQUIPMENT, FURNITURE AND FIXTURES, AND LEASEHOLD IMPROVEMENTS**

Equipment, furniture and fixtures, and leasehold improvements consisted of the following:

	<u>2010</u>	<u>2009</u>
Computer and project equipment	\$ 341,802	\$ 279,257
Office furniture and equipment	377,536	274,960
Vehicles	510,948	427,317
Leasehold improvements	<u>161,098</u>	<u>147,113</u>
	1,391,384	1,128,647
Less accumulated depreciation	<u>1,062,068</u>	<u>921,540</u>
Totals	<u>\$ 329,316</u>	<u>\$ 207,107</u>

### **NOTE 5      PENSION PLAN**

CEO maintains a defined contribution group pension plan whereby contributions are made on behalf of all eligible employees. Employees are eligible to participate in the plan if they have completed one year of service and have contributed at least 3% of their annual salary to the CEO tax sheltered annuity plan. Contributions to the plan amounted to \$115,899 and \$173,047 for the years ended June 30, 2010 and 2009, respectively.

### **NOTE 6      LOANS PAYABLE**

Loans payable at June 30, 2010 and 2009, consisted of the following:

	<u>2010</u>	<u>2009</u>
Automobile loan payable at June 30, 2010 and 2009 is interest free and is collateralized by the automobile. Final payment is due October 1, 2011.	\$ 6,871	\$ 12,024
CEO maintains a \$3 million line of credit, bearing a floating rate of interest at prime plus 1.5% on any outstanding balance, secured by accounts receivable. The line of credit expires on March 31, 2011.	<u>500,000</u>	<u>-</u>
Total loans payable	<u>\$ 506,871</u>	<u>\$ 12,024</u>

**CENTER FOR EMPLOYMENT OPPORTUNITIES**

Notes to Financial Statements

June 30, 2010 and 2009

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**NOTE 6      LOANS PAYABLE (Continued)**

Principal amounts due under the automobile loans in each of the years subsequent to June 30, 2010 are as follows:

2011	\$ 5,153
2012	<u>1,718</u>
Total	<u>\$ 6,871</u>

**NOTE 7      COMMITMENTS AND CONTINGENCIES**

Lease Commitments

CEO leases office and program facilities under a 10-year operating lease that was entered into in September 2003. The lease became effective January 2004 and expires in December 2014. The lease is subject to utilities, maintenance, and real estate tax escalations.

In May 2009, CEO entered into a 10-year operating lease agreement for the CEO Academy facilities at 975 Kelly Street in the Bronx, New York. The lease became effective September 2009 and expires in August 2019.

CEO also leases office and program facilities in Buffalo, Albany and Rochester New York for the upstate Transitional Jobs expansion initiatives as follows: 2-year operating lease agreements for Buffalo effective September 28, 2009 and for Albany effective November 1, 2009, and a 4-year operating lease agreement for Rochester effective May 1, 2010.

Total rent expense for the years ended June 30, 2010 and 2009 was \$749,392 and \$610,656, respectively.

Minimum annual rental payments under these lease agreements in the years subsequent to June 30, 2010 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u>
2011	\$ 829,286
2012	796,847
2013	799,475
2014	422,202
2015	72,353
Thereafter	<u>317,274</u>
Total	<u>\$ 3,237,437</u>

## CENTER FOR EMPLOYMENT OPPORTUNITIES

Notes to Financial Statements

June 30, 2010 and 2009

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### **NOTE 7**      **COMMITMENTS AND CONTINGENCIES** *(continued)*

#### Cost Recovery Grants

Contracts are subject to audit by state and city auditors and costs charged to funding sources may be adjusted. In the opinion of management, no provision is required for cost adjustments.

### **NOTE 8**      **TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2010, temporarily restricted net assets are available for use in future periods and for specific purposes, as restricted by the donor.

Net assets released from donor restrictions for the years ended June 30, 2010 and 2009 were released by incurring expenses satisfying the program restrictions and by the expiration of any time restriction specified by the donors.

### **NOTE 9**      **CONCENTRATIONS OF CREDIT AND MARKET RISK**

Financial instruments that potentially expose CEO to concentrations of credit and market risk consist primarily of cash and cash equivalents with major financial institutions, which occasionally exceed the FDIC limit. These institutions have strong credit ratings and management believes that the risk related to these accounts is minimal. CEO's management monitors the balances with those institutions to limit the exposure to risk.

### **NOTE 10**      **PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$129,000 has been recorded to correctly state the government grants receivable as of the beginning of the year.

**CENTER FOR EMPLOYMENT OPPORTUNITIES**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

Federal Grantor / Pass Through Grantor / Program or Cluster	Federal CFDA Number	Pass-through Entity Identification Number	Grant Period	Grant Amount	
<b>U.S. Department of Agriculture</b>					
<i>American Recovery and Reinvestment Act</i>					
<i>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</i>					
Passed through - State of New York Office of Temporary and Disability Assistance Food Stamp Employment and Training (FSET)	ARRA 10.561	C020861	10/01/09 - 9/30/10	270,000	\$81,375
<b>Total for U.S. Department of Agriculture</b>					<u>81,375</u>
<b>U.S. Department of Justice</b>					
<i>American Recovery and Reinvestment Act</i>					
<i>Edward Byrne Memorial Justice Assistance Grant (JAG)</i>					
<i>Program/Grants to States and Territories</i>					
Passed through - State of New York Division of Criminal Justice Services, Bureau of Justice Assistance	ARRA 16.803	C632159	07/01/09 - 7/31/10	2,500,000	2,309,260
Passed through - State of New York Division of Probation and Correctional Alternatives	ARRA 16.803	C523152	03/01/10 - 2/28/11	132,930	1,472
Total American Recovery and Reinvestment Act					<u>2,310,732</u> *
<i>Edward Byrne Memorial Justice Assistance Grant</i>			07/01/09 -		
Passed through - State of New York Division of Criminal Justice Services Parole Re-Entry	16.738	C893633	6/30/10	150,966	150,966
<b>Total U.S. Department of Justice</b>					<u>2,461,698</u>
<b>U.S. Department of Labor</b>					
<i>American Recovery and Reinvestment Act/WIA Dislocated Workers</i>					
Passed through - State of New York Department of Labor Emerging and Transitional Worker Training	ARRA 17.260	C013516	12/01/09 - 11/30/10	272,661	139,370 *
<i>American Recovery and Reinvestment Act/WIA Adult Program</i>					
Passed through - State of New York Office of Temporary and Disability Assistance Career Pathways Program	ARRA 17.258	C020867	10/01/09 - 1/31/11	351,028	54,068 *
Total American Recovery and Reinvestment Act					<u>193,438</u>
U.S. Department of Labor Employment and Training Administration WIA Pilots, Demonstrations, and Research Projects	17.261	MI-18902- 09-60-A-36	07/01/09 - 6/30/12	500,000	173,882
<b>Total for U.S. Department of Labor</b>					<u>367,320</u>
<b>U.S. Department of Health and Human Services</b>					
<i>Temporary Assistance for Needy Families</i>					
Passed through - State of New York Division of Probation and Correctional Alternative					
Employment and Training Services - Fatherhood Project	93.558	C300675	01/01/10- 12/31/10	252,697	124,610
Employment and Training Services - Fatherhood Project	93.558	C300675	01/01/09 - 12/31/09	259,675	93,976
					<u>218,586</u>
Passed through - State of New York Office of Temporary and Disability Assistance Career Pathways Program	93.558	C020867	10/01/09 - 01/31/11	351,028	81,601
Wage Subsidy Program	93.558	C020823	09/01/09 - 03/31/11	421,804	61,386
					<u>142,987</u>
<b>Total U.S. Department of Health and Human Services</b>					<u>361,573</u>
<b>U.S. Department of Homeland Security</b>					
<i>Emergency Food and Shelter National Board Program (ARRA)</i>					
Passed through - United Way of New York City					
Emergency Food and Shelter Program	ARRA 97.114	LRO ID: 631400-513	11/01/08 - 12/31/09	6,998	6,998
<b>Total for U.S. Department of Homeland Security</b>					<u>6,998</u>
<b>Total Expenditures of Federal Awards</b>					<u><u>\$3,278,964</u></u>

\* Indicates a major program

**CENTER FOR EMPLOYMENT OPPORTUNITIES**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2010

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**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Center for Employment Opportunities (“CEO”) under programs of the federal government for the year ended June 30, 2010. 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*. Because the schedule presents only a selected portion of the operations of CEO, it is not intended to and does not present the financial position, changes in net assets or cash flows of CEO.

**NOTE 2 GRANT EXPENDITURES**

Expenditures reported on the Schedule of Federal Awards are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organization*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. No sub-recipients were included in the schedule.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

To the Board of Trustees of  
Center for Employment Opportunities

We have audited the financial statements of Center for Employment Opportunities (“CEO”) as of and for the year ended June 30, 2010, and have issued our report thereon dated January 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered CEO’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 CEO’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CEO’s internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

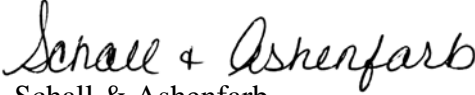
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CEO’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*.

This report is intended solely for the information and use of management, the Audit Committee, Board of Trustees, others within CEO, 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.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

January 19, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees of  
Center for Employment Opportunities

Compliance

We have audited the compliance of Center for Employment Opportunities (“CEO”) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. CEO’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 CEO’s management. Our responsibility is to express an opinion on CEO’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 CEO’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 on CEO’s compliance with those requirements.

In our opinion, CEO 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

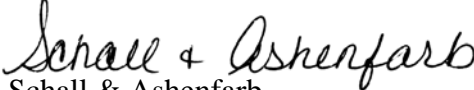
Management of CEO is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal

programs. In planning and performing our audit, we considered CEO's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order 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 CEO'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 non-compliance 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 of management, the Audit Committee, the Board of Trustees, others within CEO, 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.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

January 19, 2011

**CENTER FOR EMPLOYMENT OPPORTUNITIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: UNQUALIFIED  
 Internal control over financial reporting:  
   Material weakness(es) identified? \_\_\_\_\_ yes     X  no  
   Significant deficiencies identified  
     Not considered to be material weaknesses? \_\_\_\_\_ yes     X  none reported  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes     X  no

**Federal Awards**

Internal control over major programs:  
   Material weakness(es) identified? \_\_\_\_\_ yes     X  no  
   Significant deficiencies identified  
     Not considered to be material weaknesses? \_\_\_\_\_ yes     X  no

Type of auditors’ report issued on compliance  
 for major programs: UNQUALIFIED

Any audit findings disclosed that are required  
 to be reported in accordance with  
 Circular A-133, Section .510(a)? \_\_\_\_\_ yes     X  no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
ARRA 16.803	U.S. Department of Justice – Edward Byrne Memorial Justice Assistance Grant
ARRA 17.258	U.S. Department of Labor – WIA Adult Program
ARRA 17.260	U.S. Department of Labor – WIA Dislocated Workers

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes     X  no

**CENTER FOR EMPLOYMENT OPPORTUNITIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Section II – Financial Statement Findings**

Current Year:

None

Prior Year:

None

**Section III – Federal Award Findings and Questioned Costs**

Current Year:

None

Prior Year:

None