

ALEXANDER & COMPANY, PSC

CERTIFIED PUBLIC ACCOUNTANTS

- SERVING OUR CLIENTS SINCE 1924 -

ROBERT E. NATION, CPA
LARRY E. O'BRYAN, CPA
J.L. BYRNE, CPA
W.A. (TONY) BYRNE, CPA
JOSEPH B. KELLER, JR., CPA
W. ANNETTE POGUE, CPA
JANE B. KAMUF, CPA

2707 BRECKENRIDGE STREET, SUITE 1
OWENSBORO, KENTUCKY 42303
TELEPHONE (270) 684-3237
FAX (270) 684-3200
E-MAIL: ACO@ACOCPA.NET

DONALD W. HAAS, CPA
JERRY L. KELLER, CPA
JENNIFER L. ESTES, CPA
DONNA K. RISLEY, CPA
KAREN L. ROBY, CPA

April 1, 2009

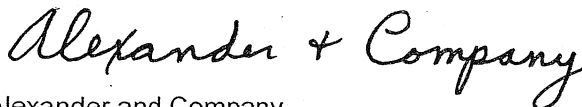
To the Board of Directors and Audit Committee
Audubon Area Community Services, Inc.

In planning and performing our audit of the financial statements of Audubon Area Community Services, Inc. (Agency) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. (We previously reported on the Agency's internal control in our reports dated April 1, 2009. A separate report dated April 1, 2009, contains our report on significant deficiencies and material weaknesses in the Agency's internal control). This letter does not affect our report dated April 1, 2009 on the financial statements of the Agency. This report is intended solely for the information and use of management, board members, audit committee, 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.

We will review the status of these comments during the next audit engagement. We have already discussed many of these comments and suggestions with various Agency personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Alexander and Company

**AUDUBON AREA COMMUNITY SERVICES, INC.
MANAGEMENT POINTS (OTHER THAN THOSE IN THE AUDIT REPORTS DATED APRIL 1, 2009)
FOR THE AUDIT PERIOD ENDING JUNE 30, 2008**

Payroll Procedures

During our audit, we noted that two payroll tax deposits were not made on a timely basis. This resulted in the Agency being required to pay some rather large penalties.

We understand that the Agency has taken steps on its own to prevent this occurring in the future.

Program Year Closing

The Agencies' fiscal year 2008 closing was delayed in part due to procedures that were not performed at the time of program closing. This resulted in delays in producing closing entries, trial balances, schedules, and other analysis reports needed by management and the auditors.

We recommend that the program closing procedures be completed as soon as possible on each program that has a fiscal year end other than the Agency's fiscal year. Performing these closing procedures at the end of the program year should allow for a more timely and less burdensome closing of the Agency's fiscal year.

Improve Documentation of Travel and Food Expenses

We reviewed certain invoices for travel and food expenses that we believe did not have adequate documentation. Documentation should include the related detailed receipts, date and time of expense, person(s) involved, and the business purpose of the expense. The expenses should all be reviewed and signed off on by the related program director or his/her appointed designee.

Restrict Posting Transactions Directly to Fund Balance

During the audit, we noted that certain entries were posted directly to Fund Balance by the previous CFO. Since posting entries directly to fund balance is rarely appropriate we recommend that the new CFO review the Fund Balance activity each month to ensure that the account only contains appropriate entries.

Program Directors Program involvement

From inquiries made during our audit we became aware that some of the program directors were not as involved in accounting for their budgets or understanding contract requirements as we believe they should be.

We recognize that the Agency has added section 10.7 "The AACS Grants Management Process" to its Financial Policies and Procedures Manual. We believe with the Agency following this new guidance our concerns will be alleviated.