

BOARD OF DIRECTORS MEETING

Via Teleconference

Monday, May 20th, 2024

MEMBERS PRESENT: Judge James Cecile (President/Development Chair), Eric Caballero, Nicholas DeMartino, Paula Freedman, Steven Hodgins, Christopher Montgomery, Erich Shafer, Robert Tackman (Finance Chair), Patricia Usherwood Fitzpatrick, Jason Wallace

MEMBERS EXCUSED: Shirley Copes (Planning Chair), Pastor Phyllis Lee-Williams (EEO/Personnel Chair), Edward Perry, DJ Williams

STAFF PRESENT: Carolyn Brown, Jamie Colucci, Brenda Curinga, Todd Goehle, Mandy King, Kathleen O'Brien, Nancy Turo

GUESTS PRESENT: Keeley Hines and Shelby Reeves from The Bonadio Group

CALL TO ORDER:

The Board of Directors meeting was called to order by President Cecile at 4:47pm.

ROLL CALL:

President Cecile noted for the record that a quorum was participating either in person or via Zoom.

MOMENT OF SILENCE:

Board members observed a moment of silence.

APPROVAL OF MINUTES:

The President requested a motion to approve the April Board Meeting minutes;
Ms. Paula Freedman moved to approve the April Board Meeting minutes;
Mr. Eric Caballero seconded the motion;
The motion carried unanimously.

PRESIDENT'S REPORT:

President Cecile announced that the Annual Board Meeting will be held on June 24th in the DEHS conference room at 717 Erie Blvd. West., and that food will be provided.

AUDITED FINANCIAL STATEMENTS FOR FYE 1/31/24:

President Cecile introduced Keely Hines and Shelby Reeves from The Bonadio Group to present a summary of the annual audit report for the fiscal year 2/1/23 – 1/31/24. Ms. Hines noted three key takeaways:

- An unmodified opinion was issued on the financial statements;
- No material weaknesses in internal controls were identified during the audit;
- No adjustments were identified in connection with the audit;
- There were no instances of non-compliance in connection with the audit.

Ms. Hines then reviewed the Statement of Financial Position which summarized assets and liabilities, and the Statement of Activities which summarized revenue and expenses, covering the previous five fiscal years. She also reviewed the Financial Highlights and the Single Audit Results.

Ms. Hines noted that during the previous fiscal year, the Data Collection form was submitted by the agency one day late because the government stopped its process of informing auditees when that form is ready to be signed. As a result, the agency is not deemed to be a low-risk auditee for that fiscal year, and will not qualify for that designation until January 31, 2026. President Cecile if any waiver or modification to the audit could mitigate this change in classification, and Ms. Hines responded that this would not be possible, and also that other agencies in the same situation have also asked and were denied. Ms. Hines also noted that The Bonadio Group is instituting new procedures going forward to contact each of their clients when the Data Collection form is ready to be signed.

Ms. Hines thanked the fiscal team for facilitating a very smooth audit process.

2024 HS/EHS CARRYOVER BUDGET:

The Board reviewed a proposal to apply to HHS for a supplemental inkind waiver and to carry over \$289,445 from the 2022-23 fiscal year to the current fiscal year, to provide the necessary funding to purchase three new school buses.

The President requested a motion to approve the HS/EHS supplemental inkind waiver and carryover budget application;

Mr. Christopher Montgomery to approve the HS/EHS supplemental inkind waiver and carryover budget application;

Mr. Erich Shafer seconded the motion;

The motion carried unanimously.

DEVELOPMENT COMMITTEE REPORT:

President Cecile reported that the committee unanimously approved the re-appointment to new three-year terms as Board members for Mr. Tackman, who was nominated by the Eastside FRC to continue to represent the low-income sector, and for Ms. Freedman representing the private sector.

The President moved to approve the re-appointment of Mr. Tackman and Ms. Freedman to new three-year terms as Board members;
Mr. Jason Wallace seconded the motion;
The motion carried unanimously.

President Cecile reported that the committee also discussed the by-laws, and will continue that discussion at the June committee meeting.

The President requested a motion to accept the Development Committee report;
Mr. Nicholas DeMartino moved to accept the Development Committee report;
Mr. Steve Hodgins seconded the motion;
The motion carried unanimously.

EEO/PERSONNEL COMMITTEE REPORT:

President Cecile asked Mr. Wallace to present the committee report. Mr. Wallace reported that the committee discussed the applicant pool report and the 401(k) audit review, and made a correction to the April committee meeting minutes.

The President requested a motion to accept the EEO/Personnel Committee report;
Mr. Reobert Tackman moved to accept the EEO/Personnel Committee report;
Mr. Eric Caballero seconded the motion;
The motion carried unanimously.

PLANNING COMMITTEE REPORT:

President Cecile asked Mr. Hodgins to present the committee report. Mr. Hodgins reported that HS/EHS Child Development and Health Services Manager Holly Hastings presented to the committee highlights of the *Teaching Strategies GOLD* Winter Snapshot Report and Growth Report. The analysis showed that between the Fall and Winter assessments, percentages of outcomes in the expected ranges increased in all six domains. In recognition of Mental Health Awareness Month, Ms. Hastings highlighted progress in four school-readiness objectives specific to the socio-emotional domain.

Mr. Hodgins reported that the committee discussed the Community Needs Assessment and the positive feedback it has received.

The President requested a motion to accept the Planning Committee report;
Mr. Nicholas DeMartino moved to accept the Planning Committee report;
Mr. Christopher Montgomery seconded the motion;
The motion carried unanimously.

FINANCE COMMITTEE REPORT:

Chair Robert Tackman congratulated CFO Kathleen O'Brien and her staff on an excellent annual audit process, and asked her to present the monthly financial statistics. Ms. O'Brien noted that minutes were not yet available for the monthly committee meeting, which was held on May 17th.

Ms. O'Brien reported that the net income before depreciation as of April 30th is \$82,084 versus a budget of \$64,550, that the net income after depreciation is (\$67,429), and that the net income from normal operations is \$85,751 reflecting timing differences of fixed asset purchases, revenue recognition grants and donation cost centers. Ms. O'Brien also reported that the current ratio of assets over liabilities is 189%, and that the line of credit balance was at \$0.

Ms. O'Brien discussed fundraising revenue, the indirect rate, the in-kind analysis, the administrative rate, and the captive health reserve.

Ms. O'Brien discussed a positive response from the county regarding the possibility of recording the revenue of Senior Nutrition Program meals less the expenses as net income for the agency, contingent on their interpretation of the contract.

Ms. O'Brien thanked Nancy Turo and Brenda Curinga for their excellent work during the audit process, and noted in particular Ms. Curinga's extraordinary effort.

FUNDRAISING COMMITTEE REPORT:

Ms. Brown discussed preparations for the May 22nd Champions of Diversity event, noting that attendees will be presented with much information about agency operations and program outcomes. In particular, Ms. Brown lauded the efforts of Marketing and Communications Manager Eddy Luce.

EXECUTIVE DIRECTOR'S REPORT:

Ms. Brown provided an update on the repairs at the Eastwood Community Center, noting that the agency is in the process of lining up vendors and we hope to complete those projects by the end of this summer.

Ms. Brown reported that the HS/EHS Change of Scope request that was submitted to HHS in August was just recently approved, which will allow for a decrease in slots in order to devote more funds to increasing salaries.

Ms. Brown reported that DEHS Director Sally Ward is one of two representatives chosen from New York State to participate in an upcoming virtual meeting with White House and HUD and Department of Energy officials, to discuss implementation strategies for weatherization of multi-family buildings.

Ms. Brown reported that a Cost Of Living Adjustment (COLA) of 2.35% to staff salaries has been announced, which will occur in the fall and be made retroactive to the beginning of the current fiscal year.

PROGRAM REPORTS:

Monthly program updates for Big Brothers Big Sisters, Family Resource Centers, Senior Services, and Head Start/Early Head Start were distributed to all Board members in meeting packets for review.

OLD BUSINESS:

None.

NEW BUSINESS:

Ms. Brown provided an update on the Head Start school bus accident in Nedrow in which there were no injuries and no children being transported, noting that another vehicle was found to be at fault and that the bus was totaled.

ADJOURNMENT: President Cecile adjourned the Board meeting at 5:39pm.

Carolyn D. Brown, Executive Director

May 9th, 2024

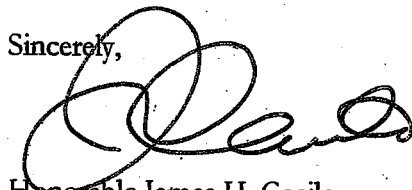
Stefanie Gordon, Regional Grants Management Officer
Department of Health and Human Services
Administration for Children and Families
26 Federal Plaza
Suite 4114
New York, NY 10278

RE: Grant No. 02CH011394
Approval of Carryover Budget Application

Dear Ms. Gordon,

The PEACE, Inc. Board of Directors has reviewed and hereby grants permission to apply for a carryover budget to carry over \$289,445 from 2022-23 fiscal year to current fiscal year (02/01/2024 to 01/31/2025) as well as supplemental inkind waiver application to provide necessary funding to buy three new buses for PEACE Inc.'s Early Head Start/Head Start program.

Sincerely,



Honorable James H. Cecile
President
PEACE, Inc.
Board of Directors

Carolyn D. Brown, Executive Director

May 3, 2024

TO: PEACE, Inc. Board of Directors
FROM: Carolyn D. Brown *CD*
SUBJECT: HS/EHS Carryover Budget

We are requesting permission from PEACE Inc.'s Board of Directors to apply for a carryover budget in the amount of \$289,445.

In the retro-budget revision (which was already submitted) we requested permission from regional office to move unspent money from "Personal", "Fringe", and "Indirect" Expenses Line Items to "Equipment" line item. There has been some review and communication from regional office on this but we are still waiting for approval.

The next step in the process is to apply to carry the funds over to this current fiscal year (02/01/2024-01/31/2025) from the year which had the unspent funds (02/01/2022-01/31/2023).

People's Equal Action and Community Effort, Inc.
217 South Salina Street
Syracuse, New York 13202

May 17, 2024

Bonadio & Co., LLP
432 North Franklin Street
Syracuse, New York 13204

This representation letter is provided in connection with your audit of the financial statements of People's Equal Action and Community Effort, Inc. (the Agency), which comprise of the statements of financial position as of January 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 8, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

11) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.

19) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

21) People's Equal Action and Community Effort, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

22) We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

23) With respect to federal awards programs:

- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200,

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), relating to preparation of the schedule of expenditures of federal awards.

- b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- d. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- e. We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- f. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- g. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- h. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- i. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- n. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have charged costs to federal awards in accordance with applicable cost principles.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- w. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- x. We have identified to you and previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- y. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

Carolyn D. Brown

Carolyn Brown
Executive Director

Kathleen O'Brien

Kathleen O'Brien
Chief Financial Officer

Please review and sign the linked document from The Bonadio Group

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Final Audit Report

May 18, 2024

Created:	May 17, 2024
By:	Bonadio & Co., LLP(sturley@bonadio.com)
Status:	ESigned
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Documents:	Rep Letter.pdf

"Please review and sign the linked document from The Bonadio Group

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- 📧 Document emailed to (carolyn.brown@peace-caa.org) for signature
5/17/2024 16:49:03 PM Eastern Daylight Time
- 👁 Document viewed by (carolyn.brown@peace-caa.org)
5/17/2024 18:50:42 PM Eastern Daylight Time - IP address: 72.228.92.78
- ✍ Document e-signed by (carolyn.brown@peace-caa.org)
Signature Date: 5/17/2024 18:54:22 PM Eastern Daylight Time - IP address: 72.228.92.78
- 📧 Document emailed to (kobrien@peace-caa.org) for signature
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Signature Date: 5/18/2024 07:44:14 AM Eastern Daylight Time - IP address: 24.103.220.130
- ✅ Document Signed
5/18/2024 07:44:14 AM Eastern Daylight Time

**PEOPLE'S EQUAL ACTION AND
COMMUNITY EFFORT, INC.**

**Financial Statements as of
January 31, 2024 and 2023
Together with
Independent Auditor's Report
And Single Audit Reports**

Bonadio & Co., LLP
Certified Public Accountants

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

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INDEPENDENT AUDITOR'S REPORT

May 17, 2024

To the Board of Directors of
People's Equal Action and Community Effort, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of People's Equal Action and Community Effort, Inc. (a nonprofit organization) (the Agency), which comprise the statements of financial position as of January 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of January 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024 on our consideration of the Agency'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 solely 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 effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Bonadio & Co., LLP

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,575,216	\$ 2,358,050
Grants receivable	2,821,845	2,157,107
Program service fees receivable	32,012	63,447
Inventory	133,032	141,942
Other current assets	<u>150,727</u>	<u>66,687</u>
Total current assets	<u>4,712,832</u>	<u>4,787,233</u>
LONG-TERM ASSETS:		
Long-term deposits	97,413	97,413
Long-term right-of-use assets	<u>1,717,699</u>	<u>1,605,212</u>
PROPERTY:		
Land	352,153	352,153
Buildings	3,138,059	3,138,059
Leasehold improvements	6,251,802	5,818,670
Vehicles	3,204,478	3,192,792
Equipment	1,607,424	1,043,349
Construction in progress	<u>-</u>	<u>185,631</u>
Total	14,553,916	13,730,654
Less: Accumulated depreciation	<u>(10,818,096)</u>	<u>(10,323,185)</u>
Property, net	<u>3,735,820</u>	<u>3,407,469</u>
Total assets	<u>\$ 10,263,764</u>	<u>\$ 9,897,327</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 611,320	\$ 642,520
Accrued payroll and related liabilities	905,888	892,173
Accrued compensated absences	242,104	248,302
Deferred revenue	670,836	717,366
Lease liability - current portion	476,053	528,216
Custodial accounts, deposits, and other current liabilities	<u>37,667</u>	<u>37,667</u>
Total current liabilities	<u>2,943,868</u>	<u>3,066,244</u>
LONG-TERM LEASE LIABILITY	<u>1,253,519</u>	<u>1,089,371</u>
NET ASSETS:		
Without donor restrictions	5,872,543	5,366,063
With donor restrictions	<u>193,834</u>	<u>375,649</u>
Total net assets	<u>6,066,377</u>	<u>5,741,712</u>
Total liabilities and net assets	<u>\$ 10,263,764</u>	<u>\$ 9,897,327</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT:			
Direct contributions	\$ 121,740	\$ 70,736	192,476
In-kind contributions	1,827,278	-	1,827,278
Fundraising	17,977	12,885	30,862
Net assets released from restrictions	<u>267,101</u>	<u>(267,101)</u>	<u>-</u>
Total support	<u>2,234,096</u>	<u>(183,480)</u>	<u>2,050,616</u>
REVENUE:			
Governmental agencies	23,887,349	1,665	23,889,014
Program service fees	478,470	-	478,470
Rental income	11,936	-	11,936
Other Income	<u>13,879</u>	<u>-</u>	<u>13,879</u>
Total revenue	<u>24,391,634</u>	<u>1,665</u>	<u>24,393,299</u>
Total support and revenue	<u>26,625,730</u>	<u>(181,815)</u>	<u>26,443,915</u>
EXPENSES:			
Program services	22,867,128	-	22,867,128
Management and general	3,244,496	-	3,244,496
Fundraising	<u>7,626</u>	<u>-</u>	<u>7,626</u>
Total expenses	<u>26,119,250</u>	<u>-</u>	<u>26,119,250</u>
CHANGE IN NET ASSETS	506,480	(181,815)	324,665
NET ASSETS - FEBRUARY 1, 2023	<u>5,366,063</u>	<u>375,649</u>	<u>5,741,712</u>
NET ASSETS - JANUARY 31, 2024	<u>\$ 5,872,543</u>	<u>\$ 193,834</u>	<u>\$ 6,066,377</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT:			
Direct contributions	\$ 95,529	\$ 54,085	\$ 149,614
In-kind contributions	1,705,729	-	1,705,729
Fundraising	40,463	14,116	54,579
Net assets released from restrictions	<u>301,737</u>	<u>(301,737)</u>	<u>-</u>
Total support	<u>2,143,458</u>	<u>(233,536)</u>	<u>1,909,922</u>
REVENUE:			
Governmental agencies	22,220,733	171,495	22,392,228
Program service fees	772,477	-	772,477
Interest income	292	-	292
Rental income	12,543	-	12,543
Gain on/proceeds from sale of asset	2,200,000	-	2,200,000
Other Income	<u>72,322</u>	<u>-</u>	<u>72,322</u>
Total revenue	<u>25,278,367</u>	<u>171,495</u>	<u>25,449,862</u>
Total support and revenue	<u>27,421,825</u>	<u>(62,041)</u>	<u>27,359,784</u>
EXPENSES:			
Program services	22,343,252	-	22,343,252
Management and general	2,967,436	-	2,967,436
Fundraising	<u>10,503</u>	<u>-</u>	<u>10,503</u>
Total expenses	<u>25,321,191</u>	<u>-</u>	<u>25,321,191</u>
CHANGE IN NET ASSETS	2,100,634	(62,041)	2,038,593
NET ASSETS - FEBRUARY 1, 2022	<u>3,265,429</u>	<u>437,690</u>	<u>3,703,119</u>
NET ASSETS - JANUARY 31, 2023	<u>\$ 5,366,063</u>	<u>\$ 375,649</u>	<u>\$ 5,741,712</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 11,223,214	\$ 1,709,785	\$ -	\$ 12,932,999
Payroll taxes and fringe benefits	3,056,401	388,851	-	3,445,252
Consumable supplies	3,809,622	24,447	4,284	3,838,353
Occupancy costs	1,774,570	161,247	-	1,935,817
Professional fees and contract services	1,320,700	85,387	-	1,406,087
Depreciation	48,398	560,721	-	609,119
Equipment expense	318,912	55,661	3,000	377,573
Insurance	396,529	32,304	-	428,833
Telephone	210,942	14,709	-	225,651
Conferences and travel	286,663	31,190	-	317,853
Vehicle maintenance	300,862	4,168	-	305,030
Advertising, printing, postage, and dues	96,241	32,449	-	128,690
Other costs	4,307	143,577	342	148,226
Program service fee overhead	19,767	-	-	19,767
Total expenses	<u>\$ 22,867,128</u>	<u>\$ 3,244,496</u>	<u>\$ 7,626</u>	<u>\$ 26,119,250</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 11,068,729	\$ 1,588,850	\$ -	\$ 12,657,579
Payroll taxes and fringe benefits	3,030,022	331,590	-	3,361,612
Consumable supplies	3,575,665	23,183	7,420	3,606,268
Occupancy costs	1,654,010	157,289	-	1,811,299
Professional fees and contract services	1,336,544	92,433	-	1,428,977
Depreciation	16,918	516,749	-	533,667
Equipment expense	329,150	54,111	3,000	386,261
Insurance	394,138	29,885	-	424,023
Telephone	188,124	14,191	-	202,315
Conferences and travel	246,083	27,979	-	274,062
Vehicle maintenance	321,504	3,282	-	324,786
Advertising, printing, postage, and dues	97,536	35,927	-	133,463
Other costs	71,131	91,967	83	163,181
Program service fee overhead	13,698	-	-	13,698
Total expenses	<u>\$ 22,343,252</u>	<u>\$ 2,967,436</u>	<u>\$ 10,503</u>	<u>\$ 25,321,191</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 324,665	\$ 2,038,593
Adjustments to reconcile change in net assets to net cash from operating activities:		
Bad debt expense	-	7,000
Depreciation	609,119	533,667
Loss on disposal of property	20,761	(2,148,000)
Changes in operating assets and liabilities:		
Grants receivable	(664,738)	(194,214)
Program service fees receivable	31,435	67,282
Inventory	8,910	45,223
Other current assets	(84,040)	(24,661)
Long-term deposits	-	(4,725)
Accounts payable - trade	(31,200)	353,764
Accrued payroll and related liabilities	13,715	72,959
Accrued compensated absences	(6,198)	(19,994)
Deferred revenue	(46,530)	(331,036)
Lease liability	(503)	12,375
Custodial accounts, deposits, and other current liabilities	-	32,360
Net cash from operating activities	<u>175,396</u>	<u>440,593</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property	(958,230)	(1,386,773)
Proceeds from sale of property	-	2,200,000
Net cash flow from investing activities	<u>(958,230)</u>	<u>813,227</u>
NET CHANGE IN CASH	(782,834)	1,253,820
CASH - beginning of year	<u>2,358,050</u>	<u>1,104,230</u>
CASH - end of year	<u>\$ 1,575,216</u>	<u>\$ 2,358,050</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

NOTES TO FINANCIAL STATEMENTS JANUARY 31, 2024 AND 2023

1. THE ORGANIZATION

The Agency provides community action programs primarily throughout Onondaga County. The programs of the Agency include senior citizen services; transportation services for elderly, disabled and isolated; activities and one-on-one interaction with a role model; programs and services covering prenatal care and early childhood education; family endeavors; emergency food needs; energy services; home weatherization; and social service introduction to families.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Recently Adopted Accounting Guidance

ASC Topic 326 Financial Instruments – Credit Losses require certain financial assets to be measured at amortized cost of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective February 1, 2023, the Agency adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost. The new accounting pronouncements did not have a material impact on the financial statements. Results for reporting periods beginning after February 1, 2023 are presented under CECL while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards, including the allowance for doubtful accounts of \$7,000 as of and for the year ending January 31, 2023.

Financial Reporting

The Agency reports its activities and the related net assets using the following categories:

- **Net Assets Without Donor Restrictions**
Net assets without donor restrictions include resources that are available for the support of the Agency's operating activities.
- **Net Assets With Donor Restrictions**
Net assets with donor restrictions include resources that have been donated to the Agency subject to restrictions as defined by the donor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash includes demand deposit accounts. The Agency has collateral agreements with two separate banks insuring all cash deposits. The Agency has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash.

Grants Receivable and Revenue

The Agency receives grants to assist in carrying out its programs from federal, state, and local governments. Unconditional grants and restricted grants are recognized as revenues in the period in which all barriers to revenue recognition are overcome or promised. Conditional grants are not recognized as revenues until the conditions on which they depend are substantially met. The Agency has adopted a policy whereby all government and other contracts be recorded as without donor restrictions if the restriction expires in the same reporting period as received.

Grants receivable represents amounts due to the Agency under grant agreements where conditions were substantially met at year end. Receivables are stated at the amount management expects to collect from outstanding balances. The Agency has established an allowance for doubtful accounts of \$7,000 as of January 31, 2023. There was no current expected credit losses as of January 31, 2024. If amounts become uncollectable, they will be charged to bad debt expense when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due.

Conditional grants that have not yet been recognized as revenue were awarded from the following sources as of January 31:

	<u>2024</u>	<u>2023</u>
Federal grants	\$ 6,040,028	\$ 7,696,961
Other than federal grants	<u>1,100,629</u>	<u>809,542</u>
	<u>\$ 7,140,657</u>	<u>\$ 8,506,503</u>

Program Service Fees Receivable and Revenue

The Agency reviews individual contracts, at the time of performance, in order to determine estimated uncollectible amounts due from customers and records these implicit price concessions as a direct reduction to revenue. Based on this, the Agency determined there were no implicit price concessions at January 31, 2024 and 2023.

Program service fees revenue is related to fee for service contracts with customers to provide consultation services and nutrition services. Program service fees are set by contracts established with customers. Program service fees revenue is recognized at the point in time the program is provided for short-term programs and over time for long-term programs. Management has determined there are no material current expected credit losses associated with the program service fees receivable.

Deferred Revenue

Deferred revenue is recorded for program service fees revenue received from exchange transactions in which performance obligations have not been met.

Inventory

Inventory of supplies and materials is stated at the lower of cost or net realizable value, with cost being determined on a first-in, first-out method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Depreciation

Property additions in excess of \$5,000 and greater is capitalized and stated at cost if purchased or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 40 years. Long-lived donated property and equipment is recognized as support without donor restrictions when placed into service. Depreciation expense for the years ended January 31, 2024 and 2023 was \$609,119 and \$533,667, respectively.

Property acquired with grant resources is owned by the Agency for use in authorized programs. The funding sources retain reversionary interest in property purchased with grant funds. Disposition of such assets, as well as any sale proceeds, are subject to a recorded Notice of Federal Interest. Property purchased with grant funds was \$2,009,500 and \$1,849,941 as of January 31, 2024 and 2023, respectively.

Leases

The Agency determines if an arrangement is a lease at inception. Right of use (ROU) assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Agency is reasonably certain to exercise these options.

For all underlying classes of assets, the Agency has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Agency is reasonably certain to exercise. The Agency recognizes fixed short-term lease costs on a straight-line basis over the lease term and variable lease costs in the period in which the obligation is incurred.

The Agency elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable and to not separate the lease and non-lease components of a contract and to account for them as a single lease component.

Variable lease costs paid to or on behalf of the lessor, consisting of maintenance, services, and supplies, are excluded from the measurement of the ROU and lease liability, and are expensed in the period incurred.

In evaluating contracts to determine if they qualify as a lease, the Agency considers factors such as if the Agency obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Self-Insurance

The Agency is self-insured for its employees' health care costs. The Agency was liable for losses on claims up to \$70,000 per claimant through policy years ended June 30, 2016 through September 30, 2021, and \$75,000 per claimant through policy years ended September 30, 2024. The Agency has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statements of financial position date as well as an estimated liability for future claims incurred but not reported. The total accrued liability for self-insurance costs was \$394,636 and \$483,171 as of January 31, 2024 and 2023, respectively, and is included in accrued payroll and related liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct Contributions

Contributions are recognized when a donor makes an unconditional promise to give to the Agency. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions as net assets released from restrictions.

In-Kind Contributions

The Agency recognizes contributed nonfinancial assets within support as in-kind contributions, including services, consumable supplies, and space. All in-kind contributions are without donor restriction and used to support and further the Agency's objectives.

Contributions of services are recognized as revenues when they create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Agency received in-kind contributions from outside parties that do not meet the recognition requirement, which management estimated a value of \$4,004,545 and \$3,214,719 for the years ended January 31, 2024 and 2023, respectively. The Agency receives services from volunteers within the community. However, no amounts have been recognized in the accompanying statements of activities for these contributed services because the criteria for recognition of such volunteer efforts have not been satisfied.

Supplies values are estimated using the Salvation Army guidelines when available or if unavailable, internet research is performed to determine a conservative valuation. Donated space is recorded based on estimated fair value of the leased space as determined by professional appraisals and third party published sources.

Allocation of Certain Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimate (salaries, fringes, commercial insurance, transportation, foodservice, maintenance and foodservice). Managements' estimates utilize square footage, time spent, and meals served. Other costs specifically identified to a program are charged directly to that program.

Indirect Cost Rate

The Agency has been approved by its cognizant agency, U.S. Department of Health and Human Services, to apply a provisional indirect cost rate not to exceed 24.0% for years ended 2023 and 2024. Indirect costs are allocated to all programs of the Agency. Total direct salaries are used as the base to calculate the Agency's indirect cost rate.

Income Taxes

The Agency is a New York not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Agency has been determined by the Internal Revenue Service not to be a private foundation.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

3. LIQUIDITY

The following reflects the Agency's financial assets available within one year of the statements of financial position date for general expenditures at January 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,575,216	\$ 2,358,050
Grants receivable	2,821,845	2,157,107
Program service fees receivable	32,012	63,447
Other receivables	<u>71</u>	<u>9,663</u>
	4,430,144	4,588,267
Less those unavailable for general expenditure within one year, due to donor restrictions	<u>(193,834)</u>	<u>(375,649)</u>
	<u>\$ 4,236,310</u>	<u>\$ 4,212,618</u>

The Agency has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Agency's ability to meet its cash needs is dependent on timely collection of its grants and program service fees receivables. In addition, as part of its liquidity management, the Agency has a line of credit of \$2,000,000 (as described in Note 6), which it could draw upon in the event of an unanticipated liquidity need.

4. IN-KIND CONTRIBUTIONS

In-kind contributions are as follows for the years ended January 31:

	<u>2024</u>	<u>2023</u>
Family services:		
Donated space	\$ 58,109	\$ 71,685
Donated supplies	1,282,796	1,202,144
Head start and early head start:		
Donated space	207,292	207,017
Donated professional and contracted services	223,027	170,301
Donated supplies	1,530	-
Senior services:		
Donated space	17,284	18,035
Free tax prep:		
Donated space	5,852	5,852
Energy and housing services:		
Donated space	165	179
Management and general:		
Donated space	<u>31,223</u>	<u>30,516</u>
	<u>\$ 1,827,278</u>	<u>\$ 1,705,729</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include donor restricted contributions and restricted program income to be used to support the following activities as of January 31:

	<u>2024</u>	<u>2023</u>
Head Start/Early Head Start	\$ 15,888	\$ 162,958
Family Resource Centers	37,413	47,722
Big Brothers Big Sisters	96,818	108,672
Foster Grandparents	6,868	7,451
Community Development	1,722	1,722
Senior Services	450	450
Employee emergency	1,600	1,600
Food services	3,171	3,223
Weatherization	1,367	10,298
Frank DeFrancisco Eastwood Community Center	2,878	4,936
Foundation for the future	1,500	1,500
Maintenance	30	30
Camp fund	8,094	8,842
Crop walk	34	34
Give-a-holiday	<u>16,001</u>	<u>16,211</u>
	<u>\$ 193,834</u>	<u>\$ 375,649</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following activities during the years ending January 31:

	<u>2024</u>	<u>2023</u>
Head Start/Early Head Start	\$ 154,590	\$ 171,216
Family Resource Centers	25,819	30,128
Big Brothers Big Sisters	61,499	80,555
Foster Grandparents	1,183	45
KIDS (Kids in Distressed Situations)	-	17
Employee Training	-	2,451
Food services	3,547	3,782
Weatherization	10,596	3,035
Camp fund	747	7,715
Give-a-holiday	2,153	2,327
Frank DeFrancisco Eastwood Community Center	6,967	101
Crop walk	-	200
Free tax prep	<u>-</u>	<u>165</u>
	<u>\$ 267,101</u>	<u>\$ 301,737</u>

6. SHORT TERM BORROWINGS

The Agency has a \$2,000,000 revolving loan with a bank. Borrowings bear interest at the prime rate (8.50% as of January 31, 2024) and are not collateralized. The outstanding balance on the line of credit was zero as of January 31, 2024 and 2023.

7. RETIREMENT PLAN

The Agency sponsors a 401(k) defined contribution profit sharing plan covering employees who have completed one year of service and are 18 years of age. Employees may contribute a percentage of their compensation on a pre-tax basis, subject to limitations by the Internal Revenue Service. Agency contributions to the plan are at the sole discretion of the Board of Directors. The Board elected to match up to 3% of employee deferred compensation for the plan years ended December 31, 2023 and 2022.

Retirement plan expense was \$222,135 and \$207,645 for 2024 and 2023, respectively.

8. LEASES

The Agency leases certain buildings and equipment. Under operating leases that expire between June 2024 and May 2029. These leases have various extension terms, but none of the options are considered reasonably certain of exercise and are therefore, not recognized as part of the ROU asset and lease liability.

The components of total lease cost for the year ended January 31:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 577,974	\$ 573,668
Variable lease expense	<u>114,070</u>	<u>115,247</u>
Total lease cost	<u>\$ 692,044</u>	<u>\$ 688,915</u>

Supplemental cash flow information related to leases for the year ended January 31:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:	<u>\$ 576,386</u>	<u>\$ 559,312</u>
ROU assets obtained in exchange for operating lease obligations	<u>\$ 658,779</u>	<u>\$ 2,148,261</u>

Other information related to operating leases as of January 31, 2024 was as follows:

Weighted-average remaining lease term	4.29 years
Weighted-average discount rate	2.79%

8. LEASES (Continued)

Maturities of operating lease liabilities are as follows for the years ending January 31:

2025	\$	516,687
2026		423,110
2027		317,985
2028		297,661
2029		237,662
Thereafter		<u>40,820</u>
		1,833,925
Less: Present value discount		<u>(104,353)</u>
Total present value of lease liability		1,729,572
Less: Current portion		<u>(476,053)</u>
	\$	<u>1,253,519</u>

9. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to credit risk consist principally of unsecured receivables.

A significant portion of the Agency's revenue is generated through Federal, New York State, and County grants that are renewed annually, without which would be an impact on the Agency's level of service and operation. The Agency derives a substantial portion of its revenues from one grant. Total revenues related to this grant were approximately \$13,750,000 and \$12,900,000 for the years ended January 31, 2024 and 2023. Accounts receivable related to this grant were approximately \$1,550,000 and \$951,000 at January 31, 2024 and 2023, respectively.

10. CONTINGENCIES

Grants

Under the terms of various grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 17, 2024, which is the date the financial statements were available to be issued.

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

May 17, 2024

To the Board of Directors of
People's Equal Action and Community Effort, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of People's Equal Action and Community Effort, Inc.'s (a nonprofit organization) (the Agency), which comprise the statement of financial position as of January 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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(Continued)

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

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

May 17, 2024

To the Board of Directors of
People's Equal Action and Community Effort, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited People's Equal Action and Community Effort, Inc.'s (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended January 31, 2024. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended January 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**
(Continued)

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bonadio & Co., LLP

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2024**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
Head Start Cluster:		
Head Start	93.600	\$ 14,345,161
COVID 19 - Head Start - Coronavirus Response and Relief Supplemental Appropriations Act	93.600	105,121
COVID 19 - Head Start - American Rescue Plan	93.600	537,731
Total Head Start		<u>14,988,013</u>
Total Head Start Cluster		<u>14,988,013</u>
Pass-through from:		
NYS Office of Children & Families		
Child Care and Development Block Grant	93.575	234,398
Total Child Care and Development BlockGrant		<u>234,398</u>
Pass-through from:		
NYS Department of State		
Community Services Block Grant	93.569	1,566,322
Total Community Services Block Grant		<u>1,566,322</u>
NYS Division of Housing & Community Renewal		
Low-Income Home Energy Assistance	93.568	1,067,440
COVID 19 - Low-Income Home Energy Assistance	93.568	261,733
Total Low-Income Home Energy Assistance		<u>1,329,173</u>
Aging Cluster:		
Onondaga County Department of Aging & Youth		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	38,182
Total Special Programs for the Aging - Title III, Part B		<u>38,182</u>
Onondaga County Department of Aging & Youth		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	1,067,798
Total Special Programs for the Aging - Title III, Part C		<u>1,067,798</u>
Total Aging Cluster		<u>1,105,980</u>
Total - U.S. Department of Health and Human Services		<u>19,223,886</u>
<u>The Corporation for National Service</u>		
Foster Grandparent/Senior Companion Cluster:		
Foster Grandparent Program	94.011	444,491
Total - The Corporation for National Service, Total Foster Grandparent/Senior Companion Cluster		<u>444,491</u>

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2024**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Pass-through from:		
NYS Department of Health		
Child and Adult Care Food Program	10.558	<u>443,056</u>
Total - U.S. Department of Agriculture, Total NYS Department of Health		<u>443,056</u>
<u>U.S. Department of Energy</u>		
Pass-through from:		
NYS Division of Housing & Community Renewal		
Weatherization Assistance for Low-Income Persons	81.042	<u>1,089,021</u>
Total - U.S. Department of Energy		<u>1,089,021</u>
<u>U.S. Department of Housing & Urban Renewal</u>		
Pass-through from:		
City of Syracuse Department of Neighborhood and Business Development		
Community Development Block Grant/Entitlement Grant	14.218	<u>29,740</u>
Subtotal - U.S. Department of Housing & Urban Renewal		<u>29,740</u>
<u>U.S. Department of Justice</u>		
Pass-through from:		
Vera House		
Enhanced Training and Services to End Violence and Abuse		
of Women Later in Life	16.528	<u>12,260</u>
Consolidated And Technical Assistance Grant Program to Address		
Children and Youth Experiencing Domestic and Sexual Violence		
and Engage Men and Boys as Allies	16.888	<u>8,645</u>
Total - U.S. Department of Justice		<u>20,905</u>
		<u>\$ 21,251,099</u>

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JANUARY 31, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the Agency, an entity as defined in the basic financial statements. The information in this schedule is presented on the accrual basis and in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented or used in the presentation of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with GAAP. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports for each program. The Agency has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. MATCHING COSTS

Matching costs, i.e., the Agency's share of certain program costs, are not included in the reported expenditures.

5. SUBRECIPIENTS

The Agency does not have any subrecipients of federal awards.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JANUARY 31, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	☐ yes	☒ no
Significant deficiencies identified?	☐ yes	☒ none reported
Noncompliance material to financial statements noted?	☐ yes	☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	☐ yes	☒ no
Significant deficiencies identified?	☐ yes	☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Program Title</u>
93.600	Head Start
93.044, 93.045	Aging Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee ☐ yes ☒ no

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None noted.

