

BOARD OF DIRECTORS MEETING

Dinosaur Bar-B-Q

Monday, June 27th, 2022

MEMBERS PRESENT: David A. Scharoun, Eric Caballero, Judge James Cecile (Development Chair), Paula Freedman (via Zoom), Steven Hodgins, Pastor Phyllis Lee-Williams (EEO/Personnel Chair), Edward Perry, Robert Tackman (Finance Chair), Patricia Usherwood Fitzpatrick (via Zoom), Jason Wallace (via Zoom), DJ Williams

MEMBERS EXCUSED: Shirley Copes (Planning Chair), Erich Shafer

MEMBERS ABSENT: Nicholas DeMartino, Charles Garland, Elizabeth Hakanson, Tonia Thornton

STAFF PRESENT: Carolyn Brown, Todd Goehle, Catherine Green Harris, Rollin Mincher, Kathleen O'Brien, Nancy Turo, Jamie Colucci

GUESTS PRESENT: Michelle Mundy (The Bonadio Group), Joseph O'Hara

CALL TO ORDER:

The Board of Directors meeting was called to order by President Scharoun at 4:19pm.

ROLL CALL:

President Scharoun noted for the record that a quorum was participating in person and remotely.

MOMENT OF SILENCE:

Board members observed a moment of silence.

APPROVAL OF MINUTES:

***The President requested a motion to approve the May Board Meeting minutes;
Judge James Cecile moved to approve the May Board Meeting minutes;
Mr. Robert Tackman seconded the motion;
The motion carried unanimously.***

DEVELOPMENT COMMITTEE REPORT:

Chair James Cecile reported that the committee reviewed the slate of Board officer candidates at its June 8th meeting, and unanimously approved a motion to recommend the finalized list to the full Board:

James Cecile – President
Paula Freedman – 1st Vice President
Shirley Copes – 2nd Vice President
Robert Tackman – Treasurer
Erich Shafer – Secretary

President Scharoun asked if there were any new nominations for any offices, and hearing none:

***The President requested a motion to elect the recommended slate of officers;
Ms. Patricia Usherwood Fitzpatrick moved to elect the recommended slate of officers;
Mr. Edward Perry seconded the motion;
The motion carried unanimously.***

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

ANNUAL AUDIT REPORT:

CFO Kathleen O'Brien introduced Michelle Mundy from The Bonadio Group to present a summary of the annual audit report for fiscal year 2/1/21 – 1/31/22. Ms. Mundy noted three key takeaways:

- An unmodified opinion was issued on the financial statements and Uniform Guidance reports;
- No material weaknesses in internal controls were identified during the audit;
- No adjustments were identified in connection with the audit.

Ms. Mundy 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 Single Audit Results in which the agency was determined to be a low-risk auditee for the 14th consecutive year.

***The President requested a motion to accept the Annual Audit Report;
Mr. Eric Caballero moved to accept the Annual Audit Report;
Pastor Phyllis Lee-Williams seconded the motion;
The motion carried unanimously.***

FINANCE COMMITTEE REPORT:

Chair Robert Tackman asked Ms. O'Brien to review the May financial statement. Ms. O'Brien reported that the net income before depreciation as of the end of May is (\$80,277) versus a budget of \$57,037. Ms. O'Brien noted that net income from normal operations is \$76,229 which reflects the timing differences of fixed asset purchases, revenue recognition grants, and donation cost centers.

Mr. Tackman reported that the 990 Tax Return and the CHAR500 Annual Filing for the fiscal year ending 1/31/22 were unanimously approved by the Finance Committee at their June meeting, signed by Ms. Brown, and filed with the appropriate agencies.

The President requested a motion to accept the Finance Committee report;
Mr. Jason Wallace moved to accept the Finance Committee report;
Ms. Patricia Usherwood Fitzpatrick seconded the motion;
The motion carried unanimously.

ACTION ITEM #1:

President Scharoun reported that the CSBG reapplication for FFY2023 requires Board approval of a list of authorized signers, which is unchanged from FFY2022 and was sent to all Board members for their review.

The President requested a motion to approve the CSBG Authorized Signers List;
Mr. Steve Hodgins moved to approve the CSBG Authorized Signers List;
Mr. Robert Tackman seconded the motion;
The motion carried unanimously.

ACTION ITEM #2:

Ms. Brown itemized expenses for building improvements at the Merrick and Sumner sites, which would be covered by a request to the Office of Head Start to carryover unobligated funds from the previous fiscal year. These would include new doors and an air conditioning unit at Merrick and work on the parking lot, roof, and windows at Sumner.

The President requested a motion to approve the HS/EHS budget carryover request;
Mr. DJ Williams moved to approve the HS/EHS budget carryover request;
Mr. Edward Perry seconded the motion;
The motion carried unanimously.

ACTION ITEM #3:

The President requested a motion to reaffirm the agency mission statement:

"Helping people in the community realize their potential for becoming self-sufficient";

Pastor Phyllis Lee-Williams moved to reaffirm the agency mission statement;

Mr. Eric Caballero seconded the motion;

The motion carried unanimously.

PRESIDENT'S REPORT:

President Scharoun asked Ms. Brown to give the Board an update on the sale of 811 East Washington Street to Upstate Properties Development, Inc. Ms. Brown reported that while some parts of the purchase agreement are still being negotiated, a price and date have been set, with the stipulation that DEHS can remain in their current location until they are ready to move to a new location, which is expected to be at 717 Erie Blvd. West after some necessary renovations. Ms. Brown credited Mr. O'Hara, attorney Frank Price, and the Board for their work toward this outcome. President Scharoun noted that the Executive Committee may need to act quickly on behalf of the full Board to finalize the agreement, and no concerns were noted.

President Scharoun noted that new officer terms will begin in September, and thanked the Board and staff for their support during his tenure. Ms. Brown presented President Scharoun with a gift from the Board, and thanked him for his work over many years with Mr. O'Hara to strengthen the agency, and for his assistance during her transition into the Executive Director position.

EEO/PERSONNEL COMMITTEE REPORT:

Chair Phyllis Lee-Williams reported that representatives from Mutual of America presented to the committee a summary of the annual 401(k) plan performance review, which covered analyses of assets, fees and expenses, and demographics of plan participants.

Pastor Lee-Williams reported that the committee also discussed the monthly applicant pool report and an ongoing human rights claim.

The President requested a motion to accept the EEO/Personnel Committee report;

Mr. Steve Hodgins moved to accept the EEO/Personnel Committee report;

Mr. Edward Perry seconded the motion;

The motion carried unanimously.

PLANNING COMMITTEE REPORT:

President Scharoun asked Mr. Hodgens to give the committee report. Mr. Hodgens reported that Eastwood Community Center Manager Rollin Mincher presented to the committee a report on his center's enrollment, programming, and success stories.

Mr. Hodgens reported that the committee also discussed the updated Grant Summary Report and the pending Impact Statement and Annual Report from the Community Engagement Department.

***The President requested a motion to accept the Planning Committee report;
Ms. Paula Freeman moved to accept the Planning Committee report;
Ms. Patricia Usherwood Fitzpatrick seconded the motion;
The motion carried unanimously.***

EXECUTIVE DIRECTOR'S REPORT:

Ms. Brown thanked the fiscal team "for their amazing work" which resulted in yet another completely successful annual audit.

Ms. Brown gave an update on the pending retirement of Ms. Harris and the work of a search firm which will begin in mid-August to identify a new Human Resources Director utilizing CSBG funds.

Ms. Brown discussed on-site and off-site summer programming for children that is being provided by the Family Resource Centers.

Ms. Brown reported that day trips for Foster Grandparent Volunteers are being planned utilizing funding obtained through Assemblyman Magnarelli.

Ms. Brown reported on the tree dedication ceremony for Mr. O'Hara that was held on June 21st.

CENTER 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 their review.

OLD BUSINESS:

None.

NEW BUSINESS:

Mr. Tackman reported on a recent BBBS event that he attended which included an engaging performance by a mentalist.

ADJOURNMENT:

The President requested a motion to adjourn the June 27th, 2022, Annual Board Meeting;

Mr. Robert Tackman moved to adjourn the June 27th, 2022, Annual Board Meeting;

Pastor Phyllis Lee-Williams seconded the motion;

The motion carried unanimously.

The June 27th, 2022, Annual Board Meeting adjourned at 5:01pm.



Annual Meeting Presentation

June 27, 2022

THE BONADIO GROUP
CPAs, Consultants & More

Albany | Batavia | Buffalo | Dallas | East Aurora | New York City | Rochester | Rutland | Syracuse | Utica

June 27, 2022

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

We are pleased to meet with you today for the purpose of discussing the results of the 2022 annual audit of People's Equal Action and Community Effort, Inc. (the Agency).

Our audit approach was developed after careful consideration and review of the overall business environment, the Agency's control environment, and industry specific matters affecting your business.

The purpose of this meeting is to assist the Board of Directors in meeting its governance and compliance responsibilities. Our discussion of these documents with you helps ensure that you understand the results of the audit procedures we performed and provides discussion regarding future considerations for the Agency. We value and encourage your observations and your input.

We are committed to providing you with the highest level of professional service.

A summary of the results are as follows:

- We issued an unmodified (clean) opinion on the financial statements and Uniform Guidance reports.
- There were no material weaknesses in internal controls identified during our audit.
- There were no adjustments identified in connection with our audit.

Yours truly,

THE BONADIO GROUP

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(Continued)

FINANCIAL HIGHLIGHTS

People's Equal Action and Community Effort, Inc.

STATEMENTS OF FINANCIAL POSITION

January 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total assets	\$ 5,400,381	\$ 5,097,739	\$ 5,795,920	\$ 5,794,498	\$ 6,133,094
Total liabilities	\$ 2,158,714	\$ 1,919,548	\$ 2,125,298	\$ 1,843,649	\$ 2,429,975
Net assets	\$ 3,241,668	\$ 3,178,191	\$ 3,670,622	\$ 3,950,849	\$ 3,703,119

- Total assets increased \$338K or 6% due to the receipt of new grants, HS Stabilization Grant and Dept. of Energy Housing Plus grant.
- Total liabilities increased \$586K or 32%, the majority of the increase is due to deferred revenue related to grants of \$774K offset by decreases in self-insurance reserves and the PPP loan being paid back in May 2021.
- The Agency did not have any outstanding borrowings on the line of credit at year end.
- Total net assets consisted of \$3.7M and \$437K with donor restrictions and \$3.2M without donor restrictions.

STATEMENTS OF ACTIVITIES

For the years ended January 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total revenue	\$ 22,962,476	\$ 22,624,230	\$ 24,323,685	\$ 22,671,700	\$ 25,932,662
Total expenses	<u>22,617,517</u>	<u>22,686,706</u>	<u>23,831,255</u>	<u>22,391,473</u>	<u>26,180,392</u>
Program services	19,869,739	19,906,804	20,967,170	19,601,831	23,258,093
Management and general	2,714,780	2,742,994	2,833,332	2,783,424	2,912,883
Fundraising	<u>32,998</u>	<u>36,908</u>	<u>30,753</u>	<u>6,218</u>	<u>9,416</u>
Total expenses	<u>22,617,517</u>	<u>22,686,706</u>	<u>23,831,255</u>	<u>22,391,473</u>	<u>26,180,392</u>
Change in net assets	\$ <u>344,959</u>	\$ <u>(62,476)</u>	\$ <u>492,430</u>	\$ <u>280,227</u>	\$ <u>(247,730)</u>

- Total revenue increased \$3.2M or 14%, the majority of the increase is due to an increase in Inkind contributions of \$3.2M, the large increase in donated supplies is due to receiving a very large shipment of clothing.
- Total expenses increased \$3.8M or 17%, the majority of the increase is due to an increase in consumable supplies of \$3.3M, which is mainly attributable to the Inkind donated supplies by the Delivering Goods membership.
- Expenditures of Federal Awards were \$18.3M.

FINANCIAL HIGHLIGHTS

People's Equal Action and Community Effort, Inc.

SINGLE AUDIT RESULTS

- *Government Auditing Standards*
 - No material weaknesses in internal control were identified.
 - No material weaknesses in internal controls over compliance were identified.
- Uniform Guidance Compliance
 - No material weaknesses in internal controls over compliance were identified.
 - The auditor's report over compliance was unmodified.
- Type A threshold was \$750,000.
- The Agency was determined to be a low risk auditee.
- The major programs were:
 - U.S. Department of Health and Human Services:
 - Head Start
 - Community Service Block Grant

MANAGEMENT CONSIDERATIONS

We have not identified any deficiencies in internal control that we consider to be material weaknesses. Additionally, we are pleased to report that our audit process did not identify any deficiencies to be reported to the Board. It is important to note that the continued oversight provided by the Board is an important component of maintaining a strong internal control environment.

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

**Financial Statements as of
January 31, 2022 and 2021
Together with
Independent Auditor's Report
And Single Audit Reports**

Bonadio & Co., LLP
Certified Public Accountants

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 17
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 <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i>	18 - 19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	20 - 22
Schedule of Expenditures of Federal Awards	23 - 25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27 - 28

INDEPENDENT AUDITOR'S REPORT

May 12, 2022

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, 2022 and 2021, 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, 2022 and 2021, 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 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, including omissions, 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 (CFR) 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 12, 2022 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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,104,230	\$ 887,944
Grants receivable	1,969,893	1,404,343
Program service fees receivable	130,729	127,997
Inventory	187,165	184,504
Other current assets	<u>42,026</u>	<u>214,074</u>
Total current assets	<u>3,434,043</u>	<u>2,818,862</u>
LONG-TERM DEPOSITS	<u>92,688</u>	<u>85,072</u>
PROPERTY:		
Land	204,793	204,793
Buildings	2,742,270	2,742,270
Leasehold improvements	5,754,986	5,693,723
Vehicles	3,056,166	2,943,265
Equipment	1,072,056	997,533
Construction in progress	<u>13,000</u>	<u>26,862</u>
Total	12,843,271	12,608,446
Less accumulated depreciation	<u>10,236,908</u>	<u>9,717,882</u>
Property, net	<u>2,606,363</u>	<u>2,890,564</u>
Total assets	<u>\$ 6,133,094</u>	<u>\$ 5,794,498</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 288,756	\$ 180,610
Accrued payroll and related liabilities	819,214	969,353
Accrued compensated absences	268,296	277,575
Deferred revenue	1,048,402	273,831
Refundable advance	-	140,514
Custodial accounts, deposits, and other current liabilities	<u>5,307</u>	<u>1,766</u>
Total current liabilities	<u>2,429,975</u>	<u>1,843,649</u>
NET ASSETS:		
Without donor restrictions	3,265,429	3,696,433
With donor restrictions	<u>437,690</u>	<u>254,416</u>
Total net assets	<u>3,703,119</u>	<u>3,950,849</u>
Total liabilities and net assets	<u>\$ 6,133,094</u>	<u>\$ 5,794,498</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:			
Direct contributions	\$ 76,212	\$ 40,149	\$ 116,361
In-kind contributions	4,961,985	-	4,961,985
Fundraising	33,393	25,530	58,923
Net assets released from restrictions	<u>101,510</u>	<u>(101,510)</u>	<u>-</u>
Total support	<u>5,173,100</u>	<u>(35,831)</u>	<u>5,137,269</u>
REVENUE:			
Governmental agencies	19,836,375	219,105	20,055,480
Program service fees	727,235	-	727,235
Interest income	125	-	125
Rental income	12,528	-	12,528
Other Income	<u>25</u>	<u>-</u>	<u>25</u>
Total revenue	<u>20,576,288</u>	<u>219,105</u>	<u>20,795,393</u>
Total support and revenue	<u>25,749,388</u>	<u>183,274</u>	<u>25,932,662</u>
EXPENSES:			
Program services	23,258,093	-	23,258,093
Management and general	2,912,883	-	2,912,883
Fundraising	<u>9,416</u>	<u>-</u>	<u>9,416</u>
Total expenses	<u>26,180,392</u>	<u>-</u>	<u>26,180,392</u>
CHANGE IN NET ASSETS	(431,004)	183,274	(247,730)
NET ASSETS - FEBRUARY 1, 2021	<u>3,696,433</u>	<u>254,416</u>	<u>3,950,849</u>
NET ASSETS - JANUARY 31, 2022	<u>\$ 3,265,429</u>	<u>\$ 437,690</u>	<u>\$ 3,703,119</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:			
Direct contributions	\$ 70,424	\$ 38,626	\$ 109,050
In-kind contributions	1,726,534	-	1,726,534
Fundraising	26,402	8,593	34,995
Net assets released from restrictions	383,284	(383,284)	-
Total support	2,206,644	(336,065)	1,870,579
REVENUE:			
Governmental agencies	20,000,376	45,021	20,045,397
Program service fees	740,299	-	740,299
Interest income	145	-	145
Rental income	15,280	-	15,280
Total revenue	20,756,100	45,021	20,801,121
Total support and revenue	22,962,744	(291,044)	22,671,700
EXPENSES:			
Program services	19,601,831	-	19,601,831
Management and general	2,783,424	-	2,783,424
Fundraising	6,218	-	6,218
Total expenses	22,391,473	-	22,391,473
CHANGE IN NET ASSETS	571,271	(291,044)	280,227
NET ASSETS - FEBRUARY 1, 2020	3,125,162	545,460	3,670,622
NET ASSETS - JANUARY 31, 2021	\$ 3,696,433	\$ 254,416	\$ 3,950,849

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, 2022**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 10,104,970	\$ 1,563,184	\$ 42	\$ 11,668,196
Payroll taxes and fringe benefits	2,977,848	346,323	22	3,324,193
Consumable supplies	6,108,482	16,053	6,135	6,130,670
Occupancy costs	1,546,085	151,733	-	1,697,818
Professional fees and contract services	1,137,545	69,579	-	1,207,124
Depreciation	16,633	530,663	-	547,296
Equipment expense	320,091	50,950	3,000	374,041
Insurance	373,524	29,329	-	402,853
Telephone	163,676	13,082	-	176,758
Conferences and travel	186,429	24,302	-	210,731
Vehicle maintenance	188,276	2,581	-	190,857
Advertising, printing, postage and dues	92,142	35,548	-	127,690
Other costs	13,575	78,036	217	91,828
Program service fee overhead	28,817	-	-	28,817
Interest expense	-	1,520	-	1,520
Total expenses	<u>\$ 23,258,093</u>	<u>\$ 2,912,883</u>	<u>\$ 9,416</u>	<u>\$ 26,180,392</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, 2021

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 10,200,599	\$ 1,505,059	\$ 93	\$ 11,705,751
Payroll taxes and fringe benefits	2,785,782	314,523	55	3,100,360
Consumable supplies	2,803,806	19,008	2,532	2,825,346
Occupancy costs	1,430,236	157,906	-	1,588,142
Professional fees and contract services	1,020,822	69,263	-	1,090,085
Depreciation	15,737	499,242	-	514,979
Equipment expense	417,624	54,470	2,889	474,983
Insurance	361,836	28,084	53	389,973
Telephone	177,581	13,878	-	191,459
Conferences and travel	134,055	23,197	-	157,252
Vehicle maintenance	123,556	3,722	-	127,278
Advertising, printing, postage and dues	77,989	33,665	250	111,904
Other costs	10,063	58,343	346	68,752
Program service fee overhead	30,401	-	-	30,401
Loss on disposal of property	11,744	1,642	-	13,386
Interest expense	-	1,422	-	1,422
Total expenses	<u>\$ 19,601,831</u>	<u>\$ 2,783,424</u>	<u>\$ 6,218</u>	<u>\$ 22,391,473</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (247,730)	\$ 280,227
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	547,296	514,979
Loss on disposal of property	-	13,386
Changes in operating assets and liabilities:		
Grants receivable	(565,550)	294,307
Program service fees receivable	(2,732)	40,554
Inventory	(2,661)	(36,385)
Other current assets	172,048	(59,789)
Long-term deposits	(7,616)	(29,333)
Accounts payable - trade	108,146	(162,896)
Accrued payroll and related liabilities	(150,139)	(313,255)
Accrued compensated absences	(9,279)	10,959
Deferred revenue	774,571	43,003
Refundable advance	(140,514)	140,514
Custodial accounts, deposits, and other current liabilities	<u>3,541</u>	<u>27</u>
Net cash from operating activities	<u>479,381</u>	<u>736,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property	<u>(263,095)</u>	<u>(539,444)</u>
Net cash from investing activities	<u>(263,095)</u>	<u>(539,444)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on short-term bank borrowings	-	(250,000)
Proceeds from short-term bank borrowings	<u>-</u>	<u>250,000</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	216,286	196,854
CASH - beginning of year	<u>887,944</u>	<u>691,090</u>
CASH - end of year	<u>\$ 1,104,230</u>	<u>\$ 887,944</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 1,520</u>	<u>\$ 1,422</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, 2022 AND 2021

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; community health 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).

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.

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 government grants. Unconditional grants and restricted grants are recognized as revenues in the period received 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.

Conditional grants were received from the following sources as of January 31:

	<u>2022</u>	<u>2021</u>
Federal grants	\$ 11,891,357	\$ 12,816,051
Other than federal grants	<u>1,079,275</u>	<u>559,304</u>
	<u>\$ 12,970,632</u>	<u>\$ 13,375,355</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable and Revenue (Continued)

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 considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded as of January 31, 2022 and 2021. 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.

Program Service Fees Receivable and Revenue

The Agency recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Agency expects to be entitled in exchange for those goods or services. The Agency's accounting policies related to revenue recognition are set forth below.

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 are no implicit price concessions.

Program service fees revenue is related to fee for service contracts with customers to provide training, consultation services and educational programs. 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.

Other Current Assets

Included in other current assets are fee for service weatherization program costs related to projects that have not been completed. Revenue is recognized when projects have been finalized in accordance with grant agreements. These programs include Department of Energy and Housing Fee-For-Service and EmPower New York.

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.

Property and Depreciation

Property \$5,000 and greater is capitalized and stated at cost if purchased or fair market 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 received. Depreciation expense for the years ended January 31, 2022 and 2021 was \$547,296 and \$514,979, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Depreciation (Continued)

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 - net purchased with grant funds was \$1,751,225 and \$1,978,071 as of January 31, 2022 and 2021, respectively.

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 claim through policy years ended June 30, 2016, through September 30, 2021 and \$75,000 per claim through policy years ended September 30, 2022. 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 claims incurred but not reported. The total accrued liability for self-insurance costs was \$473,885 and \$650,953 as of January 31, 2022 and 2021 respectively and is included in accrued payroll and related liabilities.

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 receives in-kind contributions from outside parties. The donations include, but are not limited to, services, vehicles, consumable supplies and space. All donations are without donor restriction and used to support and further the Agency's objectives. Estimated value as provided by the Salvation Army guidelines when available or if unavailable, internet research is performed to determine a conservative valuation for consumable supplies. Donated space is recorded based on estimated fair market value of the leased space as determined by professional appraisals and third party published sources. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Agency without compensation.

Contributed services are recognized as in-kind revenue and expense by the Agency when they meet the requirements of GAAP for the year ended January 31 as follows:

	<u>2022</u>	<u>2021</u>
In-kind contributions:		
Donated professional and contract services	\$ 194,380	\$ 128,899
Donated facilities	363,093	373,530
Donated supplies	<u>4,404,512</u>	<u>1,224,104</u>
Total in-kind contributions	<u>\$ 4,961,985</u>	<u>\$ 1,726,533</u>
In-kind expenses:		
Professional fees and contract services	\$ 194,380	\$ 128,899
Occupancy costs	363,093	373,530
Consumable supplies	<u>4,404,512</u>	<u>1,224,104</u>
Total in-kind expenses	<u>\$ 4,961,985</u>	<u>\$ 1,726,533</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions (Continued)

In addition, the Agency received in-kind contributions from outside parties that do not meet the recognition requirement. Management estimates these in-kind contributions had a value of \$2,941,452 and \$2,462,455 for the years ended January 31, 2022 and 2021, respectively.

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%. 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

People's Equal Action and Community Effort, Inc. 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.

Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The future impact of this situation on the Agency and its results and financial position is not presently determinable.

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 as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,104,230	\$ 887,944
Grants receivable	1,969,893	1,404,343
Program service fees receivable	130,729	127,997
Other receivables	<u>13,832</u>	<u>120,529</u>
Financial assets, at year end	<u>3,218,684</u>	<u>2,540,813</u>

3. LIQUIDITY (Continued)

	<u>2022</u>	<u>2021</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor with time or purposes restrictions	<u>(437,690)</u>	<u>(254,416)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,780,994</u>	<u>\$ 2,286,397</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 4), which it could draw upon in the event of an unanticipated liquidity need.

4. SHORT TERM BORROWINGS

The Agency has a \$2,000,000 revolving loan with Key Bank. Borrowings accrue interest at the prime rate (3.25% as of January 31, 2022) and are not collateralized. The outstanding balance on the line of credit was zero as of January 31, 2022 and 2021.

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>2022</u>	<u>2021</u>
Head Start/Early Head Start	\$ 181,162	\$ 14,379
Family Resource Centers	54,905	51,875
Big Brothers Big Sisters	142,019	123,200
Foster Grandparents	7,295	7,201
Community Development	1,722	966
Senior Services	450	430
Free tax prep	165	3,643
Employee training	2,451	2,451
Employee emergency	1,100	1,100
Food services	4,252	3,956
Weatherization	2,805	18,204
Frank DeFrancisco Eastwood Community Center	4,962	4,190
Foundation for the future	1,500	1,500
Maintenance	30	30
Camp fund	16,512	16,137
Crop walk	234	477
Give-a-holiday	16,109	4,660
KIDS (Kids in Distressed Situations)	<u>17</u>	<u>17</u>
Total	<u>\$ 437,690</u>	<u>\$ 254,416</u>

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following:

	<u>2022</u>	<u>2021</u>
Head Start/Early Head Start	\$ 3,650	\$ 280,409
Family Resource Centers	13,441	14,273
Big Brothers Big Sisters	59,698	63,636
Foster Grandparents	106	6
Community Development	144	8,771
Senior Services	-	140
Employee training	-	49
Food services	1,461	9,760
Weatherization	18,250	-
Camp fund	185	500
Give-a-holiday	708	5,715
Frank DeFrancisco Eastwood Community Center	106	-
Crop walk	243	-
Free tax prep	3,518	-
Information technology	-	25
	<u>-</u>	<u>-</u>
Total	<u>\$ 101,510</u>	<u>\$ 383,284</u>

6. 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, 2021 and 2020, respectively.

Retirement plan expense was \$210,100 and \$213,107 for 2022 and 2021, respectively.

7. OPERATING LEASES

The Agency leases space and equipment under arrangements accounted for as operating leases. Agreements require monthly payments expiring at various dates through May 2029.

Future minimum lease payments are as follows for the year ending January 31:

2023	\$ 1,302,677
2024	614,224
2025	472,897
2026	283,843
2027	178,027
Thereafter	<u>284,563</u>
Total	<u>\$ 3,136,231</u>

7. OPERATING LEASES (Continued)

Total lease expense for space and equipment included in occupancy costs, equipment and telephone expense was \$1,384,534 and \$1,360,062 for the years ended January 31, 2022 and 2021, respectively.

8. 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 there 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 \$12,400,000 for years ended January 31, 2022 and 2021. Accounts receivable related to this grant were approximately \$945,000 and \$752,000 at January 31, 2022 and 2021, respectively.

9. 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.

Paycheck Protection Program Arrangement

In April 2020, the Agency entered into an arrangement with a bank as part of the US. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid Relief, and Economic Security (CARES) Act and received \$322,290. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Agency's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements.

The Agency has elected to account for the PPP arrangement as a conditional contribution, where revenue is recorded as the conditions meeting the requirements for forgiveness are met. Through January 31, 2021, the Agency estimated that it has administered the PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness of the \$181,776. This amount is recorded in governmental agencies revenue on the statements of activities. The remaining \$140,514 has been recorded as a refundable advance in the statements of financial position as of January 31, 2021. In April 2021, the Agency's forgiveness application for \$181,776 was approved by the Small Business Administration. In May 2021, the Agency repaid the bank principal and interest of \$140,514 and \$1,520, respectively.

The Agency's PPP arrangement calls for the Agency to claim certain operating costs as support for its PPP forgiveness. The possibility exists that one or more of the Agency's recurring funders might view the funding received through the PPP arrangement as reducing their obligation to fund the Agency at previously planned or committed levels. Such funders may choose to retroactively modify funding amounts covering services rendered.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 12, 2022, 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 12, 2022

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, 2022, 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 12, 2022.

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 Agency'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 12, 2022

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 each of The Agency's major federal programs for the year ended January 31, 2022. The Agency's major federal programs are 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 each of its major federal programs for the year ended January 31, 2022.

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's 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 each 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 noncompliance, 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 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, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Period	Agency or Pass-through Number	Program or Award Amount	Federal Expenditures
U.S. Department of Health and Human Services					
Head Start Cluster:					
Head Start	93.600	02/01/21-01/31/22	02CH011394/02	\$ 14,009,177	\$ 12,240,440
COVID 19 - Head Start	93.600	02/01/20-01/31/22	02CH011394-02/C3	916,586	157,337
COVID 19 - Head Start - Coronavirus Response and Relief Supplemental Appropriations Act	93.600	04/01/21-03/31/23	02HE000125-01/C5	313,911	89,779
COVID 19 - Head Start - American Rescue Plan	93.600	04/01/21-03/31/23	02HE000125-01/C6	1,247,950	219,553
Total Head Start				16,487,634	12,707,109
Total Head Start Cluster				16,487,634	12,707,109
Pass-through from:					
NYS Department of State					
Community Services Block Grant	93.569	10/01/20-09/30/21	C1001476	1,827,786	999,312
Community Services Block Grant	93.569	10/01/21-09/30/22	C1001476	1,587,686	582,117
COVID-19 - Community Services Block Grant	93.569	04/01/20-09/30/22	T1001809	2,133,526	885,251
Total Community Services Block Grant				5,548,998	2,466,680
NYS Division of Housing & Community Renewal					
Low-Income Home Energy Assistance	93.568	04/01/19-03/31/21	C093490-19	3,148,854	448,975
Low-Income Home Energy Assistance	93.568	04/01/21-03/31/22	C093490-21	1,930,873	1,141,220
Total Low-Income Home Energy Assistance				5,079,727	1,590,195
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	01/01/21-12/31/21	PEA220002	25,000	23,350
Grants for Supportive Services and Senior Centers	93.044	01/01/22-12/31/22	PEA220002	25,000	6,303
Total Special Programs for the Aging - Title III, Part B				50,000	29,653
Special Programs for the Aging - Title III, Part C -					
Nutrition Services	93.045	01/01/21-12/31/21	PEA220001	427,506	393,442
Special Programs for the Aging - Title III, Part C -					
Nutrition Services	93.045	01/01/22-12/31/22	PEA220001	33,952	33,952
Total Special Programs for the Aging - Title III, Part C				461,458	427,394
Total Aging Cluster				511,458	457,047
Total - U.S. Department of Health and Human Services				27,827,817	17,221,031

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JANUARY 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Period</u>	<u>Agency or Pass-through Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
Foster Grandparent/Senior Companion Cluster:					
<u>The Corporation for National Service</u>					
Foster Grandparent Program	94.011	07/01/20-06/30/21	19SFANY006	451,105	186,821
COVID-19 - Foster Grandparent Program	94.011	07/01/20-06/30/21	19SFANY006	550	550
Foster Grandparent Program	94.011	07/01/21-06/30/22	19SFANY006	475,298	198,256
COVID-19 - Foster Grandparent Program	94.011	07/01/21-06/30/22	19SFANY006	9,450	1,155
Total - The Corporation for National Service, Total Foster Grandparent/Senior Companion Cluster				936,403	386,782
<u>U.S. Department of Agriculture</u>					
Pass-through from:					
NYS Department of Health					
Child and Adult Care Food Program (CACFP)	10.558	10/01/20-09/30/21	2139	234,938	171,875
Child and Adult Care Food Program (CACFP)	10.558	10/01/21-09/30/22	2139	90,571	90,571
Child and Adult Care Food Program (CACFP) - Emergency Costs	10.558	12/27/20-09/30/21	214NY204H1706	73,349	73,349
Total - U.S. Department of Agriculture				398,858	335,795
<u>U.S. Department of Energy</u>					
Pass-through from:					
NYS Division of Housing & Community Renewal					
Weatherization Assistance for Low-Income Persons	81.042	04/01/19-03/31/21	C093490-19	1,786,540	573
Weatherization Assistance for Low-Income Persons	81.042	04/01/20-03/31/22	C093490-21	1,233,335	392,828
Total - U.S. Department of Energy				3,019,875	393,401
<u>U.S. Department of Housing & Urban Renewal</u>					
Pass-through from:					
City of Syracuse Department of Neighborhood and Business Development					
Community Development Block Grants/Entitlement Grants	14.218	05/01/20-04/30/21	Year 46	17,583	11,805
Total - U.S. Department of Housing & Urban Renewal				17,583	11,805

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JANUARY 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Period</u>	<u>Agency or Pass-through Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</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	03/09/21-09/30/22	2019-EW-AX-K001	24,172	8,924
Total - U.S. Department of Justice				24,172	8,924
Total				<u>\$ 32,024,708</u>	<u>\$ 18,357,738</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2022**

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 Organization 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, 2022**

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:

Assistance Listing Number

Program Title

U.S. Department of Health and Human Services:

93.568	Low-Income Home Energy Assistance
96.569	Community Service Block Grant

U.S. Department of Energy:

81.042	Weatherization Assistance for Low-Income Persons
--------	--

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

Auditee qualified as low-risk auditee ☒ yes ☐ no

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JANUARY 31, 2022**

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

None noted.

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

None noted.

Carolyn D. Brown, Executive Director

June 15, 2022

TO: **PEACE, Inc. Board of Directors**

FROM: **Carolyn D. Brown** *CDB*

SUBJECT: **Request for Board Approval of the CSBG FFY2023 Authorized Signors**

For the CSBG FFY2023 Reapplication that is due in July 2022, it requires Board approval of the authorized signors.

We will forward the FFY2023 CSBG form to the Board President for signature as soon as we receive it.

FYI, attached is the listing of authorized signors from our current FFY2022 CSBG contract and these will remain the same for our FFY2023 contract.

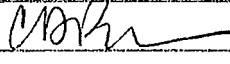
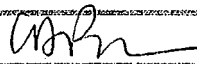
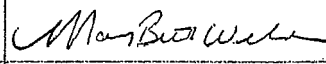
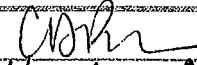
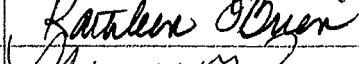
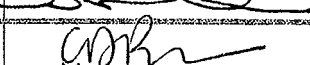
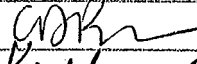
Encl.

COMMUNITY SERVICES BLOCK GRANT
Federal Fiscal Year 2022
Grantee Authorized Signatures

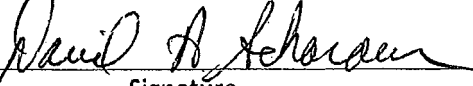
Date: February 11, 2022

Contract #: C1001476

Contractor: People's Equal Action and Community Effort, Inc.

DOCUMENT	TITLE	NAME	SIGNATURE
Contracts/Amendments	Executive Director	Carolyn D. Brown	
Program Reports	Executive Director	Carolyn D. Brown	
	Director of Family Services	Mary Beth Welch	
Financial Reports	Executive Director	Carolyn D. Brown	
	CFO	Kathleen O'Brien	
	Controller	Nancy C. Turo	
	Senior Accountant	Sandy Williamson	
Vouchers	Executive Director	Carolyn D. Brown	
	CFO	Kathleen O'Brien	
	Controller	Nancy C. Turo	
	Senior Accountant	Sandy Williamson	

The above authorizations were approved by the board of directors.

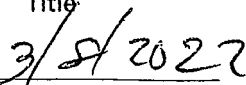

Signature

Board Chair

Title

David A. Scharoun

Printed Name


Date

June 27, 2022

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

RE: Grant No. 02CH011394
Approval of Carryover Request

Dear Ms. Gordon:

The Board of Directors of PEACE, Inc. has reviewed and approved the carryover request from the Head Start / Early Head Start budget period 02/01/21 – 01/31/22 to the 02/01/22 – 01/31/23 budget period.

Sincerely,



David A. Scharoun
President
PEACE, Inc.
Board of Directors

Peace, Inc.
Grant # 02CH011394
Budget Year 02/01/2021-01/31/22

Carryover Request for Head Start/Early Head Start

This is a request to reprogram funds from the February 1, 2021-January 31, 2022 fiscal year to the February 1, 2022-January 31, 2023 fiscal year. We have an unobligated balance of \$1,757,999 from the previous fiscal year, and our amendment 1: carryover request – reprogram requested to carryover over \$1,409,543, which will leave a remaining unobligated balance of \$348,456.

Items requested in carryover request:

1. Sumner – professional services - **\$82,200.00**
 - \$77,400.00 – VIP Architecture – Construction documents, construction administration, reimbursement allowance, site design and schematic design.
 - \$4,800 – CNY Pomeroy Appraisers - Appraisal
2. Merrick – air conditioning unit - **\$23,251.00** (new item)
3. Merrick – back doors - **\$12,082.00**

\$117,533 – Total requests

\$230,923 – remaining unobligated funds (if our amendment 1: carryover request – reprogram is approved)

All of the items listed above, except for the air conditioning unit, were reviewed and approved by the Board as a budget modification on December 13, 2021. We submitted the modification by The Office of Head Start's (OHS) deadline – December 17, 2021. OHS returned the modification on January 6, 2022, due to the items could not be completed by the end of the fiscal year (January 31, 2022).

Since these items were not approved in the previous fiscal year, technically, these items do not qualify as a carryover, but this is our only option to obligate the remaining funds from the previous fiscal year.

Although the items do not meet the carryover requirements, we have discussed this at length with our Grants Management Specialist, who is going to advocate for an exception due we followed their guidance, step-by-step, in order to have the items approved last year and OHS returned it in error.

In order to repair the roof, parking lot and windows at Sumner, we must complete a 1303 preapproval checklist, which requires the professional services.



EMPOWERING PEOPLE TO THRIVE | EST. 1968

MISSION STATEMENT

*Helping people in the
community realize their
potential for becoming
self-sufficient*

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this "Agreement") by and between **PEACE, INC. A/K/A PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT**, a New York not-for-profit corporation ("Seller"), and **UPSTATE PROPERTIES DEVELOPMENT, INC.**, a New York corporation ("Buyer").

Buyer desires to purchase the Property (as defined below) from Seller and Seller desires to sell the Property to Buyer, as set forth and provided in this Agreement. For and in consideration of the mutual covenants and promises hereinafter set forth, the parties hereby mutually covenant and agree as follows:

ARTICLE I

DEFINITIONS

In addition to any other terms defined elsewhere in this Agreement, the following terms shall have the following meanings for all purposes of this Agreement:

"*Business Day*" means any day which is not a Saturday, Sunday, or legal holiday on which banks located in New York, New York are closed for business.

"*Deed*" means that certain Bargain & Sale Warranty Deed ~~With Lien Covenant~~, to be executed and delivered by Seller at Closing.

"*Environmental Law*" means, as amended and in effect from time to time, any federal, state or local statute, ordinance, rule, regulation, standard, restriction, judicial decision, or the judgment or decree of a Governmental Authority, arbitrator or other private adjudicator by which Buyer or the Property is bound, pertaining to health, welfare, industrial hygiene, occupational safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation & Liability Act of 1980, the Resource, Conservation & Recovery Act of 1976 as amended by the Hazardous and Solid Waste Amendments of 1984, the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. Sec. 11001 et seq., and all rules adopted and guidelines promulgated pursuant to the foregoing including their state and local counterparts or equivalents.

"*Effective Date*" means the date the last party signs this Agreement.

"*Governmental Authority*" means the United States of America, any state, local or other political subdivision thereof, any other entity exercising executive, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

"*Hazardous Substances*" means: (a) those substances included within any of the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" in CERCLA, RCRA, or the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., and in the regulations promulgated pursuant thereto; (b) those substances listed in the United States Department of Transportation Hazardous Materials Table at 49 CFR 172.101 and amendments thereto, or by the U.S. Environmental Protection Agency as hazardous substances in 40 CFR Part 302 and amendments thereto; and (c) all other substances, materials and wastes that are, or that become, regulated under, or that are classified as hazardous or toxic under, any Environmental Law.

"*OFAC List*" means the list of specially designated nationals and blocked Persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control

pursuant to any legal requirements, including, without limitation, trade embargo, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States.

"*Permitted Encumbrances*" means any matters disclosed by the Title Documents which are approved, deemed approved, or waived by Buyer pursuant to the terms of this Agreement.

"*Person*" means any natural person, firm, corporation, partnership, limited liability company, other entity, state, political subdivision of any state, the United States of America, any agency or instrumentality of the United States of America, any other public body or other organization or association.

"*Property*" has the meaning set forth in Section 2.01.

"*Title Company*" means any company authorized to issue title insurance in New York State as selected by the Buyer.

"*Title Policy*" means any policy of title insurance obtained by the Buyer with respect to the Property.

"*Transfer Documents*" means, collectively, the Deed and such other documents and agreements as may be expressly required under this Agreement to be delivered by Buyer or Seller to close this transaction.

ARTICLE II

PURCHASE AND SALE OF PROPERTY

Section II.1. Purchase and Sale. Buyer agrees to purchase, and Seller agrees to sell, in accordance with the terms, conditions and stipulations set forth in this Agreement (the "Transaction"), all of Seller's right, title and interest in and to (a) the real property located at 811 East Washington Street a/k/a 101 Forman Avenue, Syracuse, New York being one (1) parcel comprising approximately .57 acres, ~~and as more particularly described on Exhibit A attached hereto~~, and any and all improvements thereon and appurtenances thereto (collectively, the "Real Property"); (b) the fixtures, equipment, machinery affixed thereto or used in connection therewith; ~~(e) the Leases;~~ (cd) all of Seller's interest in all permits and licenses, warranties, contractual rights and intangibles with respect to the operation, maintenance, repair or improvement of the Real Property; and ~~(de)~~ all other property interests belonging or appurtenant to the Real Property (all of the foregoing items in clauses (a) through (df) above, now or hereafter existing, collectively, the "Property").

Section II.2. Purchase Price. The purchase price to be paid by Buyer to Seller for the Property is Two Million Two Hundred Thousand and 00/100 Dollars (\$2,200,000.00) subject to the adjustments provided for in this Agreement (the "Purchase Price"). Buyer shall deposit the sum of One Hundred Ten Thousand and 00/100 Dollars (\$110,000.00) (the "Deposit") payable to the order of Barclay Damon LLP. (the "Agent"), upon the execution of this Agreement by Buyer, which shall be held and disbursed in accordance with this Agreement. The Purchase Price less the Deposit shall be paid by Buyer by wire transfer in immediately available federal funds at Closing.

ARTICLE III

TITLE INSURANCE; DUE DILIGENCE

Section III.1. Title Documents. Seller shall deliver to Buyer no later than ~~fifteen~~thirty-five (35) days from the Effective Date (a) an up-to-date abstract of title prepared by a title or abstract company

authorized to do business in this State and made in accordance with Onondaga County Bar Association Standards, made from the records of the County Clerk's office and commencing with a Warranty Deed conveying a one hundred percent (100%) fee interest and recorded no later than 1945, (b) a tax search covering County, City or other taxes for the applicable lien period, (c) current property tax receipts and proof of payment of common charges, if any and (d) an up-to-date instrument survey showing improvements, courses and distances of all boundaries and relation to a monument or other fixed point, all fences, driveways, encroachments and easements affecting or appurtenant to the Premises, setback lines, certified to the Buyer, its lender and the Title Company (the items in (a) through (d) hereof being the "Title Documents"). In the event this Agreement is terminated, the Title Documents shall be promptly returned to Seller or Seller's attorney by Buyer or Buyer's- attorney and Buyer shall reimburse the Seller for the costs of the Title Documents from the Deposit and the remaining Deposit shall be returned to Buyer. This provision shall survive the termination of this Agreement.

Section III.2. Title Objections.

(a) No later than thirty (30) days after the Effective Date, Buyer shall notify Seller in writing of Buyer's objection, if any, to any exceptions or other title matters (each, a "Title Objection"). If Seller does not indicate in writing to Buyer that Seller will cure any such Title Objection to Buyer's satisfaction within five (5) days after such notice, then Buyer shall have the option, as its sole remedy, to terminate this Agreement upon written notice to Seller within five (5) days after such notice, in which neither Buyer nor Seller shall have any further duties or obligations under this Agreement, except as otherwise provided herein and received the return of the Deposit. With respect to any Title Objection which Seller has indicated in writing that it will cure, Seller shall use commercially reasonable efforts to remove, resolve or to agree to endorse over such Title Objection on or before the Closing Date.

(b) If any bringdown of Title Documents discloses any additional title defects which were not disclosed in the original Title Documents and which were not created by or with the consent of Buyer, and which are not acceptable to Buyer, Buyer shall notify Seller in writing of Buyer's objection thereto (each, an "Additional Title Objection"). If any Additional Title Objection is not removed or resolved by Seller to Buyer's satisfaction at least one (1) day prior to the Closing Date, then Buyer shall have the option to terminate this Agreement upon written notice to Seller on or before the Closing Date, in which event neither Buyer nor Seller shall have any further duties or obligations under this Agreement, except as otherwise provided herein and Buyer shall receive the return of the Deposit.

(c) Buyer's failure to timely deliver a Title Objection or an Additional Title Objection as to all or any matters disclosed by the Title Documents shall be deemed to be Buyer's acceptance of any matters not objected to by Buyer, and all such matters shall thereafter be Permitted Encumbrances. Additionally, subject to Section 3.02(d) below, if Buyer does not terminate this Agreement by reason of any Title Objection or Additional Title Objection as provided in this Section, then such Title Objection or Additional Title Objection shall be deemed waived and approved by Buyer and shall thereafter be deemed a Permitted Encumbrance.

(d) Seller shall remove any lien of a monetary judgment against Seller or any mortgage, deed of trust, or other security interest created by Seller, or any other lien caused by the acts or omissions of Seller (collectively, "Monetary Liens"), whether or not Buyer raises such lien as a Title Objection. Except for Monetary Liens, which Seller shall be obligated to cure on or before Closing, Seller's failure to cure any Title Objection pursuant to this Section 3.02 whether made by Buyer (or deemed to have been made by Buyer) shall not constitute an Event of Default by Seller, but Buyer shall be entitled to terminate this Agreement for any such uncured Title Objections, including Monetary Liens and receive the return of the Deposit. Seller shall be entitled to a reasonable adjournment of the Closing (not to exceed thirty (30) days) for the purpose of the removal of any Title Objection or Additional Title Objection which Seller elects in its sole discretion to remove, and/or for the purpose of removal of any Monetary Liens. For purposes of this Article III, the term "remove" with respect to any Title Objection or

Additional Title Objection shall mean that Seller causes the Title Company to remove or affirmatively insure over the same as an exception to the Title Policy.

Section III.3. Inspections. During the Due Diligence Period as defined in Section 3.04(b), Seller grants Buyer and its duly authorized agents and employees permission to enter upon the Property to make such inspections, surveys, tests and measurements as Buyer shall deem necessary (collectively, the “**Inspections**”). Buyer shall defend, indemnify and hold Seller harmless against all claims, damages, costs, expenses and liability, including, but not limited to, damage to property, injury or death to persons and claims of mechanic's or materialmen's liens, caused by or resulting from Buyer's or any of its designee's entry on the Property for the purposes of conducting such Inspections. Buyer shall restore the Property, at Buyer's sole cost and expense, to substantially the same condition as it was immediately prior to Buyer's Inspections. Buyer shall procure adequate insurance covering this indemnity obligation and naming Seller as an additional insured prior to entering the Property to complete the Inspections.

Section III.4. Due Diligence.

(a) To the extent that Seller has any of the following items in its possession, Seller shall, within ten (10) days from the date hereof, deliver copies of such items to Buyer: (i) all studies, building plans, reports, appraisals, environmental materials and reports, and site inspection reports covering the Property, and (ii) the current deed, survey and any title insurance policies covering the Property as of the date of this Agreement; and (iii) any other documents reasonably requested by Buyer (the “**Seller Deliverables**”). Should Buyer elect not to close on this transaction, Buyer agrees to return to Seller the Seller Deliverables.

(b) Buyer shall have one hundred twenty (120) days after its receipt of the Seller Deliverables (the “**Due Diligence Period**”) to complete any Inspections and review the Seller Deliverables. If Buyer is unsatisfied with the results of the Inspections or the Seller Deliverables, or for any reason or no reason at all, Buyer may terminate this Agreement prior to the expiration of Due Diligence Period upon written notice to Seller (the “**Due Diligence Contingency**”). If Buyer terminates this Agreement during the Due Diligence Period, this Agreement shall terminate, Buyer shall receive the return of the Deposit and neither party shall have any further rights or liability to the other under this Agreement. In the event that Buyer does not exercise Buyer's right to terminate this Agreement by providing written notice prior to the expiration of the Due Diligence Period, then Buyer shall automatically be deemed to have waived any and all rights Buyer has pursuant to this Section.

ARTICLE IV

CLOSING

Section IV.1. Closing Date. Subject to the provisions of Article V of this Agreement, the closing date of the Transaction (the “Closing”) shall occur on November 1, 2022 or such other date as set by mutual agreement of Seller and Buyer (the “Closing Date”).

Section IV.2. Possession. Subject to the Permitted Encumbrances ~~and the Leases~~, Seller may retain possession of the Property rent free for a period of no more than [] to purchase and relocate Seller's existing program located at the Property. Seller shall deliver possession of the Property to Buyer upon Closing. Upon vacating the Property, Seller may leave behind any office furniture and personal property.

Section IV.3. Prorations; Transaction Fees and Costs.

(a) **Taxes.** All real estate taxes and assessments, PILOT payments and personal property taxes relating to the Property shall be prorated as of Closing.

(b) **Utilities; Insurance and Maintenance Expenses.** All utilities, insurance premiums and maintenance expenses relating to the Property shall be prorated as of Closing.

(c) ~~**Rents.** Rents actually paid to and received by Seller with respect to the Property for the month in which Closing occurs shall be prorated as of the Closing Date. Prorated rent for the Closing Date shall be credited to Seller. Any delinquent rent received by Buyer post Closing shall be applied by Buyer first to pay the most current rent then due and any costs and expenses of Buyer in securing such past due rent, and thereafter to rent payable for pre Closing periods, and any rent so received for periods pre Closing after application in accordance with the terms hereof shall be promptly remitted by Buyer to Seller. Any rents for the period after Closing received by Seller after Closing shall be promptly remitted in full to Buyer. The obligations in the immediately preceding sentence shall survive the Closing. Any security deposit held by Seller with respect to the Property shall be credited to Buyer at Closing. All prorations shall be made on the basis of actual days of the month of which the Closing Date occurs and actual days elapsed. All prorations shall be final.~~

(d) **Title Premiums, Transfer Taxes and Closing Costs.** At Closing, Seller shall pay (i) the costs of releasing all liens, judgments, and other encumbrances that are to be released and of recording such releases, (ii) any New York State Real Estate Transfer Tax, and (iii) all other costs to be paid by Seller under this Agreement. At Closing, Buyer shall pay (A) the cost of issuing the Title Policy except for any additional costs for extended coverage title endorsements or affirmative coverage necessary to resolve Title Objections which shall be paid by Seller, (B) the cost (other than transfer taxes) of recording the Deed and any other Transfer Documents, and (C) all other costs to be paid by Buyer under this Agreement. Except as otherwise provided for in this Agreement, Seller and Buyer will each be solely responsible for and bear all of their own respective expenses, including, without limitation, expenses of legal counsel, accountants, and other advisors incurred at any time in connection with pursuing or consummating the transaction contemplated herein. Any other closing costs not specifically designated as the responsibility of either party in this Agreement shall be paid by Seller and Buyer according to the usual and customary allocation of the same in the jurisdiction in which the Property is located.

(e) **Survival.** The provisions of this Section 4.03 shall survive the Closing or earlier termination of this Agreement.

Section IV.4. Closing Deliveries.

(a) **Seller Closing Deliveries.** At Closing, Seller agrees to deliver the following documents to ~~Buyer~~**Buffalo** (fully executed and notarized by Seller as appropriate):

(i) Seller-executed (1) Deed, (2) Forms TP-584 and RP-5712, (3) Non-Foreign Seller's Certificate, (4) a bill of sale in form reasonably acceptable to the parties, and (5) owner's affidavit in form acceptable to the Title Company;

(ii) Resolutions of Seller's governing body authorizing the sale pursuant to this Agreement;

(iii) a closing settlement statement reflecting the prorations, credits and adjustments contemplated by or specifically provided for in this Agreement; and

(iv) such further documents as reasonably and customarily may be reasonably required by the Title Company or Buyer in order to fully and legally close the Transaction.

(b) **Buyer Closing Deliveries.** At Closing (except as set forth below), Buyer agrees to deliver the following items (fully executed and notarized by Buyer as appropriate) to the Seller:

(i) the Purchase Price (in accordance with Section 2.02), subject to the prorations, credits and adjustments contemplated by or specifically provided for in this Agreement;

(ii) a closing settlement statement reflecting the prorations, credits and adjustments contemplated by or specifically provided for in this Agreement; and

(iii) such further funds, documents, instruments and certificates as reasonably and customarily may be required by the Title Company or Seller in order to fully and legally close this Transaction.

ARTICLE V

CONDITIONS PRECEDENT TO CLOSING

Section V.1. Buyer Conditions to Closing. The following conditions must be satisfied not later than the Closing Date or such period of time as may be specified below and, as such, are conditions precedent for Buyer to proceed with the Closing:

(a) Seller shall have delivered to the Buyer the items described in Section 4.04(a) in accordance therewith;

(b) Buyer's waiver or satisfaction of the Due Diligence Contingency;

(c) As of the Closing Date, the Title Company having irrevocably committed to issue the Title Policy to Buyer, subject to the Permitted Encumbrances;

(d) Seller performing and complying in all material respects with each of the terms of this Agreement to be performed and complied with by Seller prior to or at the Closing; and

(e) All representations and warranties of Seller set forth in this Agreement shall be true and correct as of the Closing Date.

If the foregoing conditions set forth in this Section 5.01 are not satisfied or waived by Buyer on or prior to the Closing Date (but without limiting any other rights or remedies of Buyer under this Agreement to the extent such failure constitutes a default by Seller of Seller's obligations under this Agreement), Buyer may, at its election, terminate this Agreement by written notice delivered to Seller, in which case, so long as Buyer has not caused an Event of Default, neither party shall have any further obligation or liability, except for the obligations and provisions which are expressly stated to survive termination of this Agreement and Buyer shall receive the return of the Deposit. Notwithstanding the foregoing, if the condition described in 5.01(b) is not satisfied or waived by Buyer on or prior to the Closing Date, Seller and/or Buyer shall have the one-time right to extend the Closing Date for up to twenty (20) days to allow for the satisfaction of such condition.

Section V.2. Seller's Conditions Precedent to Closing. The following conditions must be satisfied not later than the Closing Date or such period of time as may be specified below and, as such, are conditions precedent for Seller to proceed with the Closing:

(a) Buyer shall have delivered to the Seller the items and amounts described in Section 4.04(b) in accordance therewith;

(b) Buyer performing and complying in all material respects with each of the terms of this Agreement to be performed and complied with by Buyer prior to or at the Closing;

(c) All representations and warranties of Buyer set forth in this Agreement shall be true and correct as of the Closing Date; and

(d) Approval of the sale by the New York State Attorney General.

If the foregoing conditions set forth in this Section 5.02 are not satisfied or waived by Seller on or prior to the Closing Date, as may be extended, Seller shall have the right, at Seller's sole option (but without limiting any other rights or remedies of Seller under this Agreement to the extent such failure constitutes a default by Buyer of Buyer's obligations under this Agreement), by giving written notice to Buyer, to cancel this Agreement, whereupon, so long as Seller has not caused an Event of Default, neither party shall have any further obligation or liability, except for the obligations and provisions which are expressly stated to survive termination of this Agreement.

Section V.3. Operation of Property Prior to Closing. Between the Effective Date and the Closing Date, Seller will (a) use commercially reasonable efforts to maintain (or cause any tenant to maintain, as appropriate) the Property in substantially the same condition as existed on the Effective Date, subject to reasonable wear and tear and any damage or destruction by any Risk of Loss Event (as defined below), or other causes or events beyond the reasonable control of Seller; and (b) obtain Buyer's consent prior to entering into any amendment or modification to any lease with respect to any such amendment or modification that is proposed between the expiration of the Inspection Period and Closing. Seller shall promptly provide Buyer with copies of any notices of violation issued by any governmental authority with respect to Seller or the Property.

ARTICLE VI

REPRESENTATIONS WARRANTIES AND COVENANTS

Section VI.1. Seller. Seller represents, warrants and covenants to Buyer on and as of the Effective Date and as of the Closing Date, as follows:

(a) **Organization and Authority.** Seller is duly organized and formed, validly existing and in good standing under the laws of its state of formation. Seller has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and all of the other documents and instruments delivered in accordance with this Agreement and to carry out the Transaction. The Person who has executed this Agreement on behalf of Seller has been duly authorized to do so.

(b) **Enforceability of Documents.** Upon execution by Seller, this Agreement and the other documents and instruments delivered in accordance with this Agreement to which Seller is a party shall constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws relating to or affecting the rights of creditors generally, or by general equitable principles.

(c) **Good Title.** Seller holds good and marketable fee simple title to the Property free and clear of all liens and encumbrances.

(d) **No Violation.** To the best of Seller's knowledge, no written notice of violation has been issued to Seller with regard to any applicable regulation, ordinance, requirement, covenant, condition or restriction relating to the present use or occupancy of the Property by any person, authority or agency having jurisdiction.

(e) **No Condemnation.** To the best of Seller's knowledge and without any duty to investigate, there is no impending or contemplated condemnation or taking of the Property, or any portion thereof, by any governmental authorities.

(f) **No Breach of Other Agreements.** The Transaction will not in any way violate or breach any other agreements to which Seller is a party.

(g) **OFAC List.** Seller is not currently identified on the OFAC List, and is not a Person with whom a citizen of the United States is prohibited from engaging in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or executive order of the President of the United States.

(h) **Public Improvements.** To the best of Seller's knowledge and without any duty to investigate, there are no intended public improvements which will or could result in any charges being assessed against the Property which will result in a lien upon the Property.

(i) **Litigation.** There are no suits or claims pending or, to the best of Seller's knowledge and without any duty to investigate, threatened with respect to or in any manner affecting the Property or the Seller.

(j) **Zoning Changes.** Seller has not and will not, without the prior written consent of Buyer (not to be unreasonably conditioned or delayed), take any action before any governmental authority having jurisdiction thereover, the object of which would be to change the present zoning of or other land use limitations, upon the Property, or any portion thereof, or its potential use, and, to the best of Seller's knowledge, there are no pending proceedings, the object of which would be to change the present zoning or other land use limitations.

(k) **No Tenants.** There are no tenants occupying the Property.

(l) **Increased Assessment.** To the best of Seller's knowledge and without any duty to investigate there are no proceedings pending for the increase of the assessed valuation of the Real Property.

(m) **Material Information.** Should Seller receive notice or knowledge of any material information regarding any of the matters set forth in this Section after the Effective Date and prior to Closing, Seller will promptly notify Buyer of the same in writing.

(n) **Contracts.** There are no management, leasing or service contracts to which Seller is a party which will bind or encumber the Property following Closing (it being agreed that Seller will terminate any existing management, leasing or service contracts to which Seller is a party prior to Closing).

Section VI.2. Buyer. Buyer represents, warrants and covenants to Seller on and as of the Effective Date and as of the Closing Date:

(a) **Organization and Authority.** Buyer is duly organized and formed, validly existing and in good standing under the laws of its state of formation. Buyer has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and all of the other documents and instruments delivered in accordance with this Agreement and to carry out the Transaction. The Person who has executed this Agreement on behalf of Buyer has been duly authorized to do so.

(b) **Enforceability of Documents.** Upon execution by Buyer, this Agreement and the other documents and instruments delivered in accordance with this Agreement shall constitute the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other similar laws relating to or affecting the rights of creditors generally, or by general equitable principles.

(c) **OFAC List.** Buyer is not currently identified on the OFAC List, and is not a Person with whom a citizen of the United States is prohibited from engaging in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or executive order of the President of the United States.

ARTICLE VII

DEFAULTS; REMEDIES

Section VII.1. Default. Each of the following shall be deemed an event of default of a party to this Agreement (each, an “Event of Default”):

(a) if any representation or warranty of a party set forth in this Agreement or any other document or instrument delivered in accordance with this Agreement is false in any material respect or if a party renders any materially false statement; or

(b) if such party fails to timely perform any covenant, obligation or satisfy any condition required to be performed or satisfied by such party pursuant to this Agreement.

Section VII.2. Buyer Remedies. In the event of any Event of Default by Seller on or before the Closing Date, then, Buyer may elect, as its sole and exclusive remedy, to either (i) seek specific performance of this Agreement, or (ii) terminate this Agreement by delivering written notice to Seller and immediately upon termination by Buyer ~~and Buyer shall receive the return of the Deposit. Seller shall promptly reimburse to Buyer its actual, demonstrated and reasonable out of pocket and third party property diligence expenses in an amount not to exceed Two Million Two Hundred Thousand Dollars and 00/100 (\$2,200,000.00).~~

Section VII.3. Seller Remedies. IN THE EVENT OF ANY EVENT OF DEFAULT BY BUYER, SELLER, AS ITS SOLE AND EXCLUSIVE REMEDY, SHALL BE ENTITLED TO RECEIVE AS LIQUIDATED DAMAGES (AND NOT AS A PENALTY) THE SUM OF TWO MILLION TWO HUNDRED THOUSAND DOLLARS AND 00/100 (\$2,200,000.00) AND TO TERMINATE THIS AGREEMENT WHEREUPON NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY, EXCEPT FOR THE OBLIGATIONS AND PROVISIONS WHICH ARE EXPRESSLY STATED TO SURVIVE TERMINATION OF THIS AGREEMENT. NOTHING IN THIS SECTION 7.03 SHALL BE DEEMED IN ANY WAY TO LIMIT, AFFECT OR IMPAIR ANY OF BUYER'S INDEMNITIES OR OBLIGATIONS THAT SURVIVE THE TERMINATION OF THIS AGREEMENT OR LIMIT OR IMPAIR SELLER FROM PURSUING ANY REMEDIES AVAILABLE TO SELLER AT LAW OR IN EQUITY AS A RESULT OF SUCH INDEMNITIES OR OTHER OBLIGATIONS OF BUYER THAT SURVIVE THE TERMINATION OF THIS AGREEMENT.

Section VII.4. Waiver. THE PARTIES FURTHER WAIVE THE RIGHT TO SEEK PUNITIVE, CONSEQUENTIAL, SPECIAL AND INDIRECT DAMAGES IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND/OR ANY DOCUMENT OR INSTRUMENT CONTEMPLATED HEREIN OR RELATED HERETO.

ARTICLE VIII

MISCELLANEOUS

Section VIII.1. Risk of Loss. Seller shall bear all risk of loss resulting from or related to damage of or to the Property or any part thereof which may occur prior to Closing. Seller shall also bear all risk of loss resulting from or related to a taking or condemnation of the Property or any part thereof with respect to

which written notice of a proposed condemnation or taking is received, a condemnation proceeding is commenced, a condemnation proceeding is concluded or all or any part of the Property is conveyed in lieu of condemnation prior to Closing (any such damage, taking or condemnation event a "Risk of Loss Event"). In the event of any Risk of Loss Event prior to Closing, if such Risk of Loss Event involves loss or damage greater than One Hundred Fifty Thousand Dollars and 00/100 (\$150,000.00), then Buyer may, at Buyer's sole option, by written notice to Seller within ten (10) days of receiving notice of the Risk of Loss Event, terminate this Agreement whereupon neither party shall have any further obligation or liability, except for the obligations and provisions which are expressly stated to survive termination of this Agreement. If the Risk of Loss Event does not allow termination as provided above or if Buyer has the option to terminate but does not timely elect to do so, this Agreement shall remain in full force and effect and the parties shall proceed to closing. In the event of any Risk of Loss Event which does not result in a termination of this Agreement, Seller shall at Closing assign to Buyer all rights of Seller to any resulting casualty insurance or condemnation proceeds receivable by Seller, or assign to Buyer, as of Closing and in a form acceptable to Buyer, all rights or claims for relief to the same, less any losses or other amounts reasonably incurred by Seller prior to Closing with respect to any Risk of Loss Event, including without limitation to protect, repair or restore the Property, and to negotiate or collect the insurance proceeds or condemnation award. ~~To the extent required by the Lease, Seller agrees to keep and maintain its present policies of fire insurance on the Property, or their equivalent, in full force and effect, from the date hereof to and including the date of Closing. Seller shall immediately notify Buyer of any damage to or destruction of the Property.~~

Section VIII.2. Notices. All notices, demands, designations, certificates, requests, offers, consents, approvals, appointments and other instruments given pursuant to this Agreement (collectively, the "Notices") shall be in writing and given by (a) ~~hand delivery~~; (b) express overnight delivery service; (be) certified or registered mail, return receipt requested; or (cd) electronic mail message, and shall be deemed to have been delivered upon (i) ~~receipt, if hand delivered~~; (ii) the next Business Day, if delivered by a reputable express overnight delivery service; (iii) the third Business Day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested; or (iii*) transmission. Notices shall be provided to the parties and addresses (or facsimile numbers, as applicable) specified below:

If to Buyer:

Upstate Properties Development, Inc.
750 E. Adams Street
Syracuse, New York 13210
Attn: Eric J. Smith, President
Telephone No.: (315) 464-4654
Email: SmitheR@upstate.edu

With copy to:

Hancock Estabrook LLP
1800 AXA Tower I, 100 Madison Street
Syracuse, New York 13202
Attn: Richard W. Cook, Esq.
Telephone No.: 315-565-4514
Email: rcook@hancocklaw.com

If to Seller:

PEACE, Inc.
~~217 South Salina Street~~ ~~1300 E. Washington Street to Beech-~~
~~Street~~
Syracuse, New York 13202 ~~40~~
Attn: Carolyn Brown
Telephone: 315-634-3737
E-Mail: carolyn.brown@peace-caa.org

With copy to: Barclay Damon, LLP
Barclay Damon Tower
124 East Jefferson Street
Syracuse, New York 13202
Attn: Heather Sunser, Esq.
Telephone: (315) 425-2796
E-Mail: hsunser@barclaydamon.com

or to such other address or such other Person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above. Whenever in this Agreement the giving of Notice is required, the giving thereof may be waived in writing at any time by the Person or Persons entitled to receive such Notice.

Section VIII.3. Assignment. Buyer may assign this Agreement to an entity or entities under common ownership of or control with Buyer upon written notice of such assignment delivered to Seller provided that no assignment of Buyer's right and interest hereunder shall relieve Buyer of any liability for the performance of any obligation of Buyer contained herein.

Section VIII.4. Confidentiality. Each party agrees that it is an essential economic element of this Agreement that any proprietary non-public information related to the parties or their affiliates or the Property revealed, disclosed or discovered in connection with the Transaction and, during the Inspection Period, the terms of this Agreement, remains strictly confidential. Therefore, except as otherwise expressly provided in this Section 8.04, the parties and their agents hereby agree to strictly maintain the confidentiality of this Agreement and its terms, and any such non-public proprietary information that may be revealed, disclosed or discovered during the course of the offers, counteroffers and other negotiations relating to this Agreement and the purchase and sale of the Property or during the course of Buyer's investigation and reviews relating to the acquisition of the Property. The parties agree that they shall not disclose any such non-public information nor suffer, permit, cause or allow, any of their respective representatives, employees and/or agents to disclose, whether intentionally, negligently or otherwise any such nonpublic information except (i) as may be required by law or valid legal process (reasonable notice of the receipt of which each party agrees to provide to the other party, so that the other party will have a reasonable opportunity to seek a protective order before disclosure pursuant to such legal process), (ii) as such disclosure to Buyer's lenders, financial partners, investors, accountants, attorneys and consultants (collectively, "Buyer Parties") may be necessary in order for Buyer to perform or complete its investigations or to consummate the purchase of the Property pursuant to this Agreement, (iii) as such disclosures are required by Seller under the rules and regulations of the Securities and Exchange Act of 1934, as amended, by Seller's regulators, or Seller's auditors, (iv) as such disclosures are related to information which now is or hereafter becomes known or available to the public (including, without limitation, any information filed with any Governmental Authority and known or available to the public) other than a result of a disclosure by Buyer in breach of this Agreement, or (v) as such disclosures are with representatives of the applicable city or other Governmental Authority concerning the Property and any development thereof. If any such non-public information is so disclosed to Buyer Parties, then Buyer agrees to notify any such Buyer Parties that such information is confidential and may not be further disseminated without the consent of Seller. If Closing does not occur and this Agreement is terminated, then the provisions of this Section 8.04 shall survive such termination for a period of one (1) year. If Closing does occur, then the provisions of this Section 8.04 shall no longer apply. Upon any termination of this Agreement, Buyer shall promptly return to Seller all documents and other tangible materials representing the Diligence Materials and all copies thereof.

Section VIII.5. Brokerage Commission. Buyer and Seller represent and warrant to each other that neither has dealt with any brokers in connection with the Transaction. If any other person shall assert a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as a finder or broker or performance of services as a finder or broker in connection with the Transaction,

the party under whom the finder or broker is claiming shall indemnify, defend, and hold harmless the other party and such party's affiliates for, from and against any and all Claims in connection with such claim or any action or proceeding brought on such claim including but not limited to fees and court costs in defending against such claim. This indemnity obligation shall survive the Closing or termination of this Agreement.

Section VIII.6. Reporting Requirements.— The parties agree to comply with any and all reporting requirements applicable to the Transaction which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any Governmental Authority, and further agree upon request, to furnish the other party with evidence of such compliance.

Section VIII.7. Time of Performance. Except as may otherwise be set forth in this Agreement, any performance provided for herein shall be timely made if completed no later than 5:00 p.m., local time, where the Property is located, on the day of performance.

Section VIII.8. ~~Time is of the Essence.~~ ~~The parties hereto expressly agree that time is of the essence with respect to this Agreement.~~

Section VIII.9. Non-Business Days. If the Closing Date or the date for delivery of a notice or performance of some other obligation of a party falls on a Saturday, Sunday or legal holiday in the state in which the Property is located, then the Closing Date or such other date for notice or performance shall be postponed until the next Business Day.

Section VIII.10. Waiver and Amendment. No provision of this Agreement shall be deemed waived or amended except by a written instrument unambiguously setting forth the matter waived or amended and signed by the party against which enforcement of such waiver or amendment is sought. Waiver of any matter shall not be deemed a waiver of the same or any other matter on any future occasion. This Agreement may only be amended by a written agreement executed by Seller and Buyer.

Section VIII.11. Headings; Internal References. The headings of the various sections and exhibits of this Agreement have been inserted for reference only and shall not to any extent have the effect of modifying the express terms and provisions of this Agreement.

Section VIII.12. Construction Generally. This is an agreement between parties who are experienced in sophisticated and complex matters similar to the Transaction, is entered into by both parties in reliance upon the economic and legal bargains contained herein and therein, and shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party. Seller and Buyer were each given opportunity to consult with independent legal counsel of such party's choice competent in advising them of their obligations and liabilities hereunder.

Section VIII.13. Further Assurances. Each of the parties agrees, whenever and as often as reasonably requested so to do by the other party, to execute, acknowledge, and deliver, or cause to be executed, acknowledged, or delivered, any and all such further conveyances, assignments, confirmations, satisfactions, releases, instruments, or other documents as may be necessary, expedient or proper, in order to complete any and all conveyances, transfers, sales and assignments herein provided and to do any and all other acts and to execute, acknowledge and deliver any and all documents as so requested in order to carry out the intent and purpose of this Agreement.

Section VIII.14. Entire Agreement. This Agreement and all other documents, certificates, instruments or agreements to be delivered hereunder and thereunder constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no other representations, warranties or agreements, written or oral, between Seller and Buyer with respect to the subject matter of this

Agreement. This Agreement shall supersede any previous discussions, agreements, letters of intent, term sheets or commitment letters relating to the Transaction, and the terms and conditions of this Agreement shall control notwithstanding that such terms are inconsistent with or vary from those set forth in any of the foregoing agreements.

Section VIII.15. Recording. This Agreement shall not be recorded in any office of any Governmental Authority.

Section VIII.16. Severability; Binding Effect; Governing Law. Each provision hereof shall be valid and shall be enforceable to the extent not prohibited by law. If any provision hereof or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Subject to the provisions of Section 8.03, all provisions contained in this Agreement shall be binding upon, inure to the benefit of and be enforceable by the successors and assigns of each party hereto, including, without limitation, any United States trustee, any debtor-in-possession or any trustee appointed from a private panel, in each case to the same extent as if each successor and assign were named as a party hereto. This Agreement shall be governed by, and construed with, the laws of the state in which the Property is located, without giving effect to any state's conflict of laws principles.

Section VIII.17. Survival. Except for the conditions of Closing set forth in Article V, which shall be satisfied or waived in writing as of the Closing Date, all representations, warranties, agreements, obligations and indemnities of Seller and Buyer expressly set forth in this Agreement to survive the Closing or termination of this Agreement shall survive the Closing or termination of this Agreement for the periods, if any, as expressly stated herein and otherwise indefinitely.

Section VIII.18. ~~Waiver of Jury Trial. THE PARTIES HERETO SHALL AND THEY HEREBY DO INTENTIONALLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT AND/OR ANY CLAIM OR INJURY OR DAMAGE RELATED THERETO.~~

Section VIII.19. Counterparts; Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all such counterparts shall be deemed to constitute one and the same document. Either party may deliver its signature to the other via facsimile or electronic transmission (such as in the form of a PDF), and any signature so delivered will be binding on the delivering party.

Section VIII.20. IRC Section 1031 Exchange of Property. The parties agree that a party may elect to complete an Internal Revenue Code 1031 tax-deferred exchange that will not affect the terms and conditions of this Agreement; *provided, however*, that (a) the non-requesting party will cooperate with the requesting party to complete such exchange in a timely manner on the conditions that the non-requesting party shall not be obligated to pay, suffer or incur any additional expenses or liabilities as a result of cooperating in the requesting party's exchange and the non-requesting party shall not be obligated to acquire any other real property in connection with such exchange; (b) the non-requesting party shall not have any liability to the requesting party for failure of the exchange to qualify under the Internal Revenue Code and Treasury Regulations; (c) any assignment(s) made by the requesting party in connection with such exchange shall not relieve the requesting party of its obligations under this Agreement; (d) the non-requesting party shall not be obligated to execute or acknowledge any instrument in connection with such exchange, but shall upon request cause its representatives to provide acknowledgement of receipt of notice of such exchange via electronic mail; and (e) the completion of one or more tax-deferred exchanges is not a condition to the performance by the requesting party of its obligations set forth in this

Agreement. Notwithstanding anything to the contrary contained herein, Seller hereby consents to Buyer's assignment to a qualified intermediary as part of Internal Revenue Code 1031 tax-deferred exchange.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the Effective Date.

Date: June ____, 2022

SELLER:

PEACE, INC.

By: _____
Name: David Scharoun _____
Title: President _____

Dated: June ____, 2022

BUYER:

UPSTATE PROPERTIES DEVELOPMENT, INC.

By: _____
Eric J. Smith, President

EXHIBIT A

Property Description

DRAFT