PEACE INC
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Finance Audit Committee Minutes

Thursday, May 18, 2023
4:00PM
via zoom/telephone/in person

MEMBERS PRESENT:	Robert T. Tackman (Chair), Patricia Usherwood Fizpatrick, Eric J.T. Caballero, Christopher Montgomery
MEMBERS EXCUSED:	None
MEMBERS ABSENT:	None
STAFF PRESENT:	Kathleen O'Brien, Nancy Turo, Carolyn Brown, Karen Castle
GUESTS PRESENT:	Michelle Mundy – Principal Auditor from The Bonadio Group

CALL TO ORDER

The May 18, 2023 Finance Committee meeting was called to order at 4:04 PM by Robert Tackman. It was noted for the record that a quorum was present. Christopher Montgomery attended the meeting as part of his orientation rotation.

APPROVAL OF PREVIOUS MINUTES

Robert Tackman requested a motion to approve the April 2023 Finance Committee Meeting minutes. The motion was made by Eric Caballero, seconded by Patricia Usherwood Fitzpatrick, and unanimously approved.

990 and CHAR500 final draft will be presented to the Finance Committee at their next meeting scheduled for June 12, 2023 for the Committee's review and approval. Once approved by the Finance Committee, and signed by the Executive Director and the CFO, it will be filed prior to the submission due date of June 15, 2023.

THE AUDITORS PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS FOR YEAR ENDING JANUARY 31, 2023

Michelle Mundy, Partner of Bonadio & Co., presented the audited financial statements for the fiscal year ending January 31, 2023. The Bonadio & Co. issued an unmodified (clean) opinion, with no material weaknesses in internal controls, nor corrected or uncorrected misstatements. PEACE, Inc. is designated as a low risk auditee for the fiscal year ending January 31, 2023.

Ms. Mundy mentioned the key events and transactions included staffing shortages, inflation, sale of 811 E. Washington St., and purchase of 717 Erie Blvd West.

Ms. Mundy reviewed various statistics included in the presentation material, stating that PEACE, Inc. is above the target for each.

Ms. Mundy stated that there were two new reporting changes this year. There was a requirement to report asset and liability information regarding leases, and changes to In-Kind notes.

Ms. Mundy stated that the fiscal staff handled being short staffed, maintained and adhered to documented internal controls, and presented answers for changes to the auditors.

Finance Chair Robert Tackman expressed his appreciation and gratitude to the PEACE Inc. leadership and finance team for their incredible efforts in their hard work over the past year. He also suggested to Carolyn Brown, Executive Director that we should look to find a way to market/announce that we are a low rick auditee year after year.

A motion, via email, to accept and approve the draft of the Audited Financial Statement FY 2/1/2022-1/31/2023 was made by Robert Tackman, seconded by Christopher Montgomery; Eric Caballero and Patricia Usherwood Fitzpatrick all in favor. Motion passed. See attached email responses.

A copy of the approved audit will be provided to the entire Board on May 19, 2023; and it will be voted on at the Annual Board of Directors meeting scheduled for Monday, June 26, 2023.

CAPTIVE HEALTH RESERVE

The CFO discussed the balance in the Captive Reserve account. The target balance is $437,646, and the current balance at April 30, 2023 is $429,007. The CFO stated that this appears to be in a reasonable range of the targeted amount.

FINANCE REPORT

Kathleen O'Brien, CFO, discussed the monthly financial statements for April 2023. Ms. O'Brien stated that net income before depreciation year to date presented on page 3 is $76,830 vs a budget of $339,214. The CFO mentioned that there have not been many fixed assets purchased as yet in the new fiscal year. The net income after depreciation is ($54,253).

The current ratio as of April 30, 2023 is 188%, which equates to current assets being $1,749,790 higher than current liabilities.

The net income from normal operations presented on page 7 is $45,593. This number is the net of "timing differences" of fixed asset purchases, revenue recognition grants and donation cost centers. Ms. O'Brien mentioned that the Controller is holding meetings to review the current allocations for the Food Service Division.

The line of credit balance at April 30, 2023 is $0.

The indirect rate as of April 30, 2023 is 19.53%, and we are approved for 24%.

The Supplemental Financial Information was forwarded to the Finance Committee members.

OLD BUSINESS

Ms. O'Brien mentioned that based upon the Chairman's inquiry of M&T Bank service changes, she contacted the bank. M&T Bank stated that we will no longer have service charges on this account.

After Ms. O'Brien's financial statement presentation, the PEACE, Inc. staff members excused themselves from the meeting to enable Bonadio & Co. to meet privately with the Finance Committee.

FINANCE COMMITTEE EXECUTIVE SESSION

At 4:40 PM, after the Auditors presentation and in accordance with the GAAP standards, staff were excused from the meeting so the Finance Committee could meet privately with the auditors.

Michelle Mundy was asked if she had any concerns about the audit; the financial operations of the agency; or if she had anything she felt she needed to share with the Committee in private. Michelle stated again like last year she had no concerns and that there was nothing negative to report. She did mention that she took extra time this year going through the report with more detailed review based on the year we had with financial reporting changes and the large property sale and purchase.

Eric Caballero asked if there was any feedback or update on a plan for the surplus funds from the sale and purchase. Robert Tackman mentioned that he will follow up with Carolyn Brown to look to see where we are on the plan.

Robert Tackman asked Michelle if there was anything more as a finance committee that we should be looking at or asking of the agency to ensure we are fully performing our duty as the finance committee. Michelle suggested that we focus on always asking questions on different functions of the agency and the funding sources to ensure we are always aware of what is going on.

Michelle Mundy also shared her appreciation for our Fiscal Department and the agency as a whole.

ADJOURNMENT

At 5:11 PM, a motion was made by Robert Tackman, seconded by Eric Caballero, to adjourn the May 18, 2023 Finance Committee meeting, and was unanimously approved.

PEACE INC

Connie Magunga <cmagunga@peace-caa.org>

RE: Finance Committee Meeting -Thursday, May 18, 2023 @4:00 PM.

1 message

Robert Tackman <rtackman@solvaybank.com> Fri, May 19, 2023 at 12:06 PM
To: "ejtcaballero@outlook.com" <ejtcaballero@outlook.com>, "Patricia@centralprocessors.com" <Patricia@centralprocessors.com>, "cmontgomery@cnyworks.com" <cmontgomery@cnyworks.com>
Cc: Carolyn Brown <carolyn.brown@peace-caa.org>, Kathleen O'Brien <kobrien@peace-caa.org>, Connie Magunga <cmagunga@peace-caa.org>

Hi all,

One thing I missed from yesterday's meeting was an actual motion/approval to accept the draft audit. If your ok I would like to do it by email.

I would like to make the following motion: To accept and approve the draft audited financial statements for Fiscal Year 2/1/2022 to 1/31/2023.

Would some one like to second and approve this motion?

Thanks,

-Bob

ROBERT T. TACKMAN

AVP, Assistant Retail Banking Manager

rtackman@solvaybank.com

315-410-4667 Office

315-484-2246 Fax

SOLVAY BANK • www.solvaybank.com

Corporate Offices, 1537 Milton Ave, Solvay, NY

Mail to: PO Box 19050, Syracuse, NY 13209-4050

----- Forwarded Message -----

PEACE INC

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Re: Finance Committee Meeting -Thursday, May 18, 2023 @4:00 PM.

1 message

Christopher Montgomery <cmontgomery@cnyworks.com> Fri, May 19, 2023 at 12:15 PM
To: Robert Tackman <rtackman@solvaybank.com>, "ejtcaballero@outlook.com" <ejtcaballero@outlook.com>, "Patricia@centralprocessors.com" <Patricia@centralprocessors.com>
Cc: Carolyn Brown <carolyn.brown@peace-caa.org>, Kathleen O'Brien <kobrien@peace-caa.org>, Connie Magunga <cmagunga@peace-caa.org>

Good Afternoon Bob,

I would like to second and approve this motion.

Best,
Chris

Christopher Montgomery

Director of Syracuse Build

CNY Works, Inc.

960 James Street

Syracuse, NY 13203

315-477-6940

cmontgomery@cnyworks.com

www.cnyworks.com

Get Outlook for iOS

From: Robert Tackman <rtackman@solvaybank.com>
Sent: Friday, May 19, 2023 12:06:41 PM
To: ejtcaballero@outlook.com <ejtcaballero@outlook.com>; Patricia@centralprocessors.com <Patricia@centralprocessors.com>; Christopher Montgomery <cmontgomery@cnyworks.com>
Cc: Carolyn Brown <carolyn.brown@peace-caa.org>; Kathleen O'Brien <kobrien@peace-caa.org>; Connie Magunga <cmagunga@peace-caa.org>
Subject: RE: Finance Committee Meeting -Thursday, May 18, 2023 @4:00 PM.

EXTERNAL EMAIL: DO NOT click links or attachments unless you recognize the sender and know the content is safe.

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Eric Caballero <ejtcaballero@outlook.com> Fri, May 19, 2023 at 12:17 PM
To: Christopher Montgomery <cmontgomery@cnyworks.com>
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I will second.

I also vote in the affirmative.

Eric J.T. Caballero
EJTCaballero@outlook.com

On May 19, 2023, at 12:15 PM, Christopher Montgomery <cmontgomery@cnyworks.com> wrote:

Good Afternoon Bob,

I would like to second and approve this motion.

Best,
Chris

Christopher Montgomery
Director of Syracuse Build
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I approve.

Sincerely,
Trish

Patricia Usherwood Fitzpatrick
Chief Supply Chain Officer
Central Processors, Inc.
Patricia@centralprocessors.com
315.559.1953

Central Processors, Inc.

From: Eric Caballero <ejtcaballero@outlook.com>
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Cc: Carolyn Brown <carolyn.brown@peace-caa.org>, Kathleen O'Brien <kobrien@peace-caa.org>, Connie Magunga <cmagunga@peace-caa.org>

Great, thank you all!!

I have motion by Bob, 2nd by Chris and all in favor. Motion passed.

Kathleen, your are good to release to the board.

Happy Friday!!

-Bob

ROBERT T. TACKMAN

AVP, Assistant Retail Banking Manager

rtackman@solvaybank.com

315-410-4667 Office

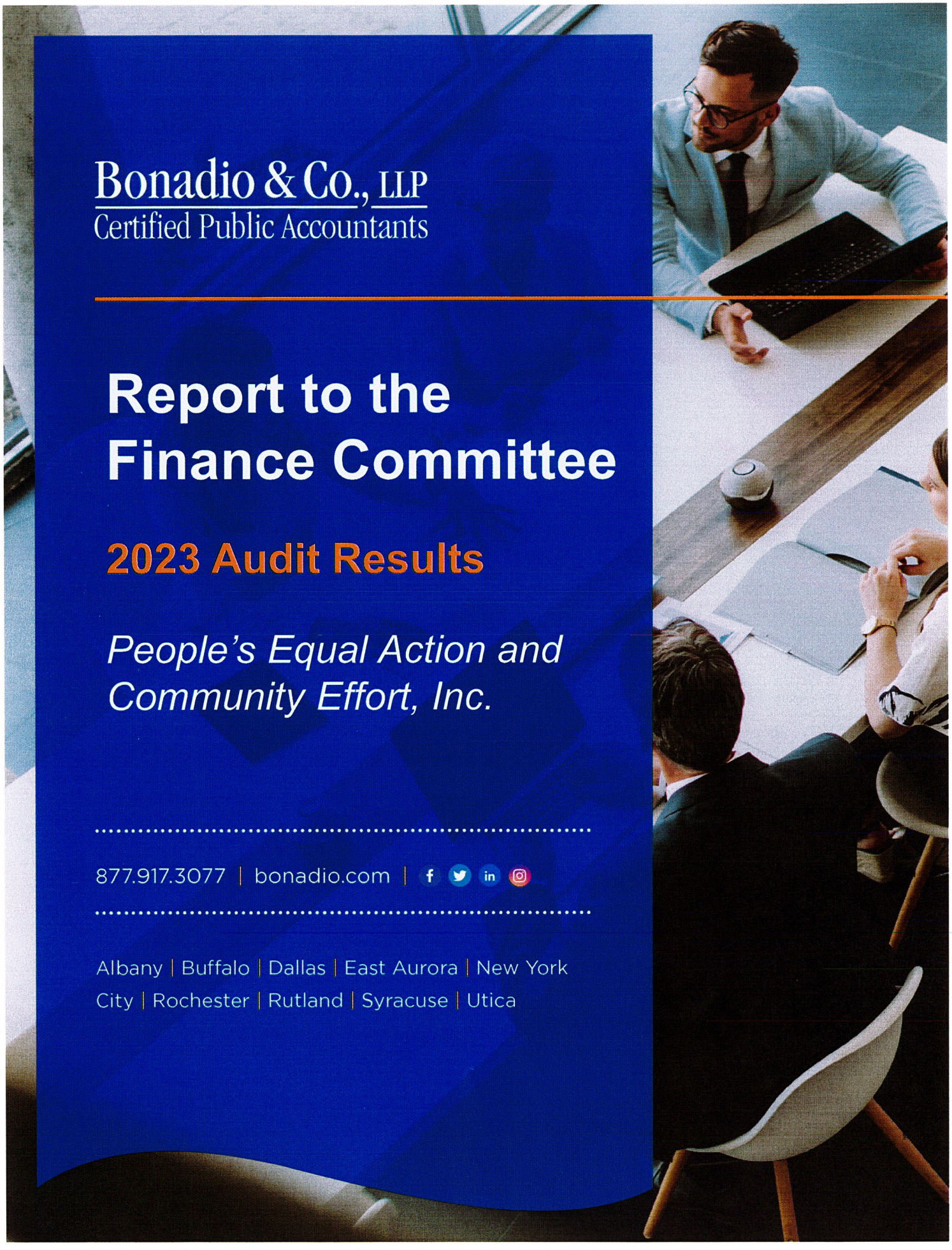
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Subject: Re: Finance Committee Meeting -Thursday, May 18, 2023 @4:00 PM.



Bonadio & Co., LLP
Certified Public Accountants

Report to the Finance Committee

2023 Audit Results

People's Equal Action and Community Effort, Inc.

877.917.3077 | bonadio.com |

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May 18, 2023

Dear Members of the Finance Committee:

We are pleased to submit our Report to the Audit and Finance Committee related to the results of our 2023 audit of People's Equal Action and Community Efforts, Inc. (collectively, the Agency). Our report includes a summary of the results of our audit work and other required communications. We have also included sections on trending topics.

We look forward to presenting this report, addressing your questions and discussing any other matters of interest. Please feel free to contact me at (315) 214-7564.

Very truly yours,

Michelle Mundy

Engagement Leader

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01

Executive Summary

Audit Results

- Pending your acceptance, we plan on issuing an unmodified (clean) opinions on the financial statements for the year ended January 31, 2023.
- In conjunction with the performance of our audit procedures, we did not identify any material weaknesses in internal controls.
- There were no corrected or uncorrected misstatements that are required to be reported under professional standards in connection with our current year audit.

Key Events and Transactions Affecting The Year

- Staffing shortages continue to be a concern.
- Inflation impacted the price of goods and services.
- Proceeds of $2.2M were realized on the sale of 811 E. Washington
- 717 Erie Blvd. W. property was purchased and renovations are in progress with approximately $1m invested in the purchase and renovations thus far



02

Audit Results

Status of Our Audit

Remaining Items To Complete

The key remaining items to complete are:

- Final review and acceptance of the financial statements by the Board of Directors
- Receipt of signed management representation letter
- Preparation of Federal Form 990

We expect to issue our unmodified report on the financial statements on or around May 18, 2023.

Significant Changes To The Audit Plan

We presented our planned audit approach, including our preliminary risk assessment, and related scoping considerations for 2023 on November 7, 2022. Throughout the audit, we continuously evaluated the appropriateness of our audit strategy. There were no significant changes to the planned audit approach.

Audit Risks and Results

Particularly Sensitive Disclosures

The following table summarizes the Organization's particularly sensitive disclosures:

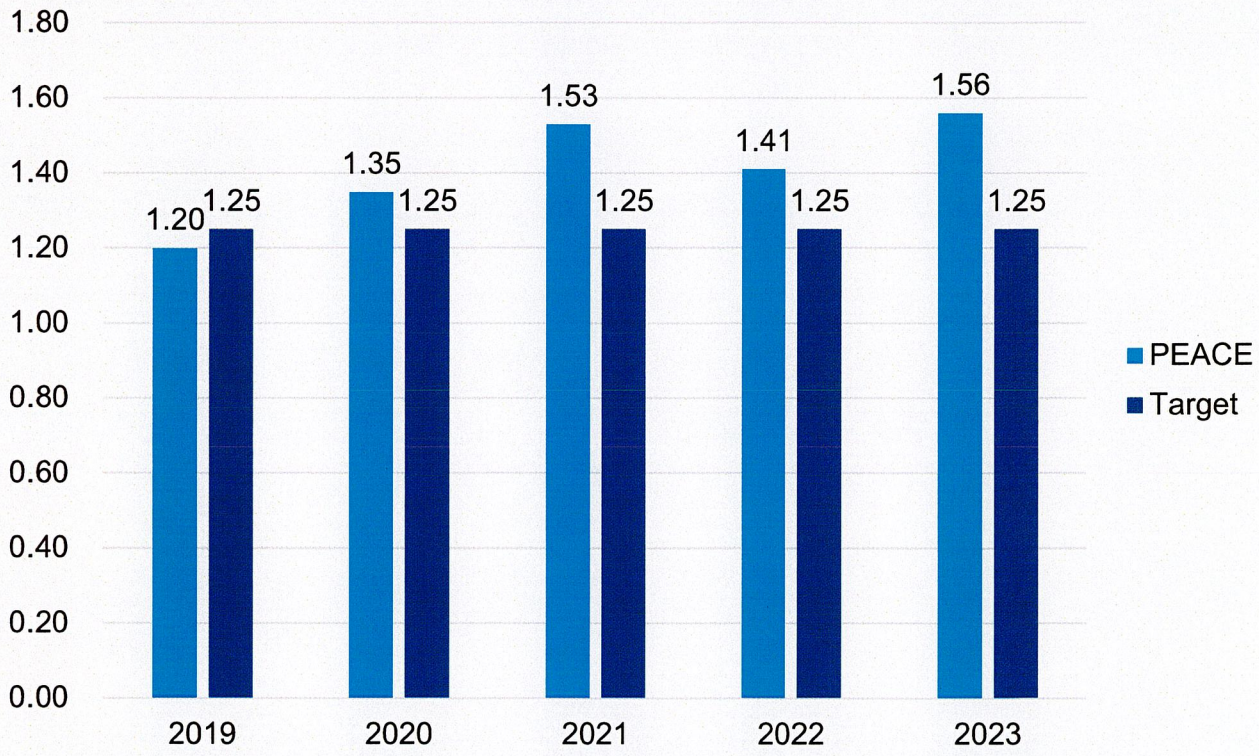
Description of Disclosure	Footnote Reference	Disclosures are Neutral, Consistent, and Clear
Liquidity	Footnote 3	We believe the disclosure is neutral, consistent and clear

Statement of Financial Position

	2019	2020	2021	2022	2023
Cash	$ 512,242	$ 691,090	$ 887,944	$ 1,104,230	$ 2,358,050
Fees and grants receivable	1,580,665	1,867,201	1,532,340	2,100,656	2,220,554
Property and equipment, net	2,744,666	2,879,485	2,890,563	2,606,364	3,407,469
Right-of-use asset	-	-	-	-	1,605,212
Other assets	260,166	358,144	483,651	321,844	306,042
Total assets	$ 5,097,739	$ 5,795,920	$ 5,794,498	$ 6,133,094	$ 9,897,327
Accounts payable	$ 245,370	$ 343,506	$ 180,610	$ 288,756	$ 642,520
Accrued payroll and compensated absences	1,458,055	1,549,225	1,246,928	1,087,510	1,140,475
Deferred revenue	215,723	230,828	273,831	1,048,402	717,366
Lease liabilities	-	-	-	-	1,617,587
Other liabilities	400	1,739	142,280	5,307	37,667
Total liabilities	1,919,548	2,125,298	1,843,649	2,429,975	4,155,615
Net assets	3,178,191	3,670,622	3,950,849	3,703,119	5,741,712
Total liabilities and net assets	$ 5,097,739	$ 5,795,920	$ 5,794,498	$ 6,133,094	$ 9,897,327

Cash	Cash increased $1.2M primarily due to net proceeds received from the sale of the 811 E. Washington property.
Fees and grants receivable	Fees and grants receivable remained consistent at $2.2m. 88% of the receivables were collected by the end of April 2023. The remaining balance is reasonable.
Lease right-of-use assets and liabilities	Lease right-of-use assets and liabilities is the result of the adoption of ASC 842 (Leases) that was effective as of February 1, 2022.
Liabilities	Total liabilities doubled, increasing by $1.7m in 2023. The bulk of this increase relates to the new operating lease liabilities of $1.6m which is caused by the adoption of ASC 842 (Leases).

Current Ratio

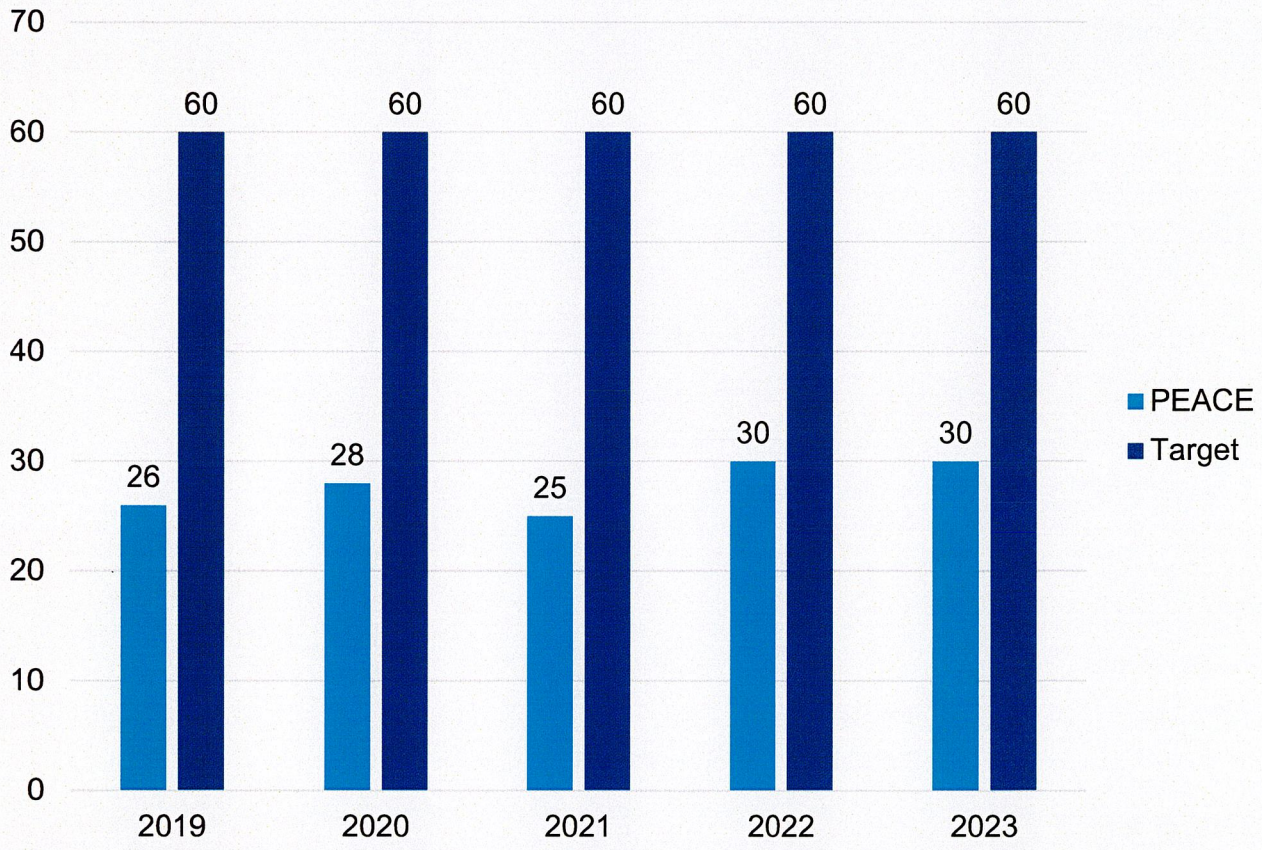


Description

Target: > 1.25

- The current ratio is calculated by dividing current assets by current liabilities.
- This ratio is a measure of liquidity – the Organization's ability to pay current liabilities utilizing current assets.

Days' Revenue in Accounts Receivable

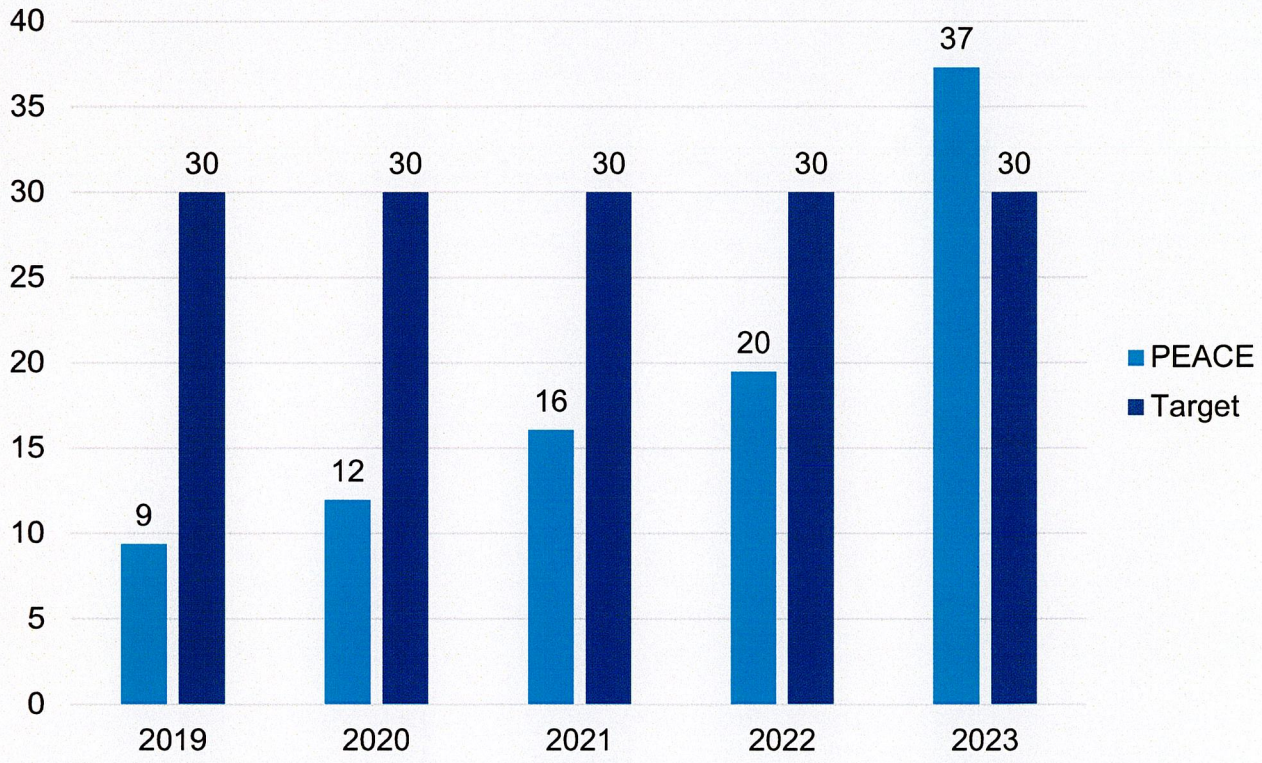


Description

Target: < 60 Days

Days' revenue in accounts receivable is a measure of the effectiveness in collection of accounts receivable.

Days' Operating Cash on Hand

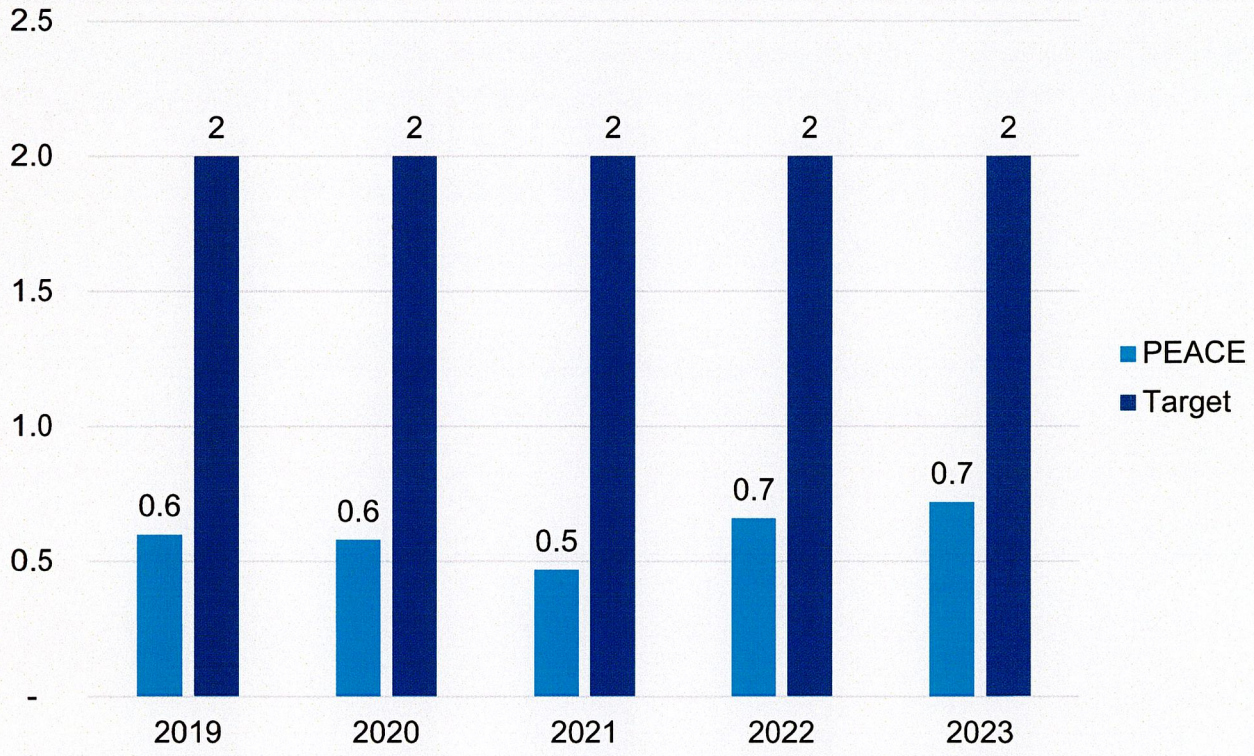


Description

Target: > 30 Days

Days' cash and investments on hand is a measure of how many days the Organization can operate without converting other assets to cash.

Total Liabilities to Net Assets



Description

Target: < 2:1

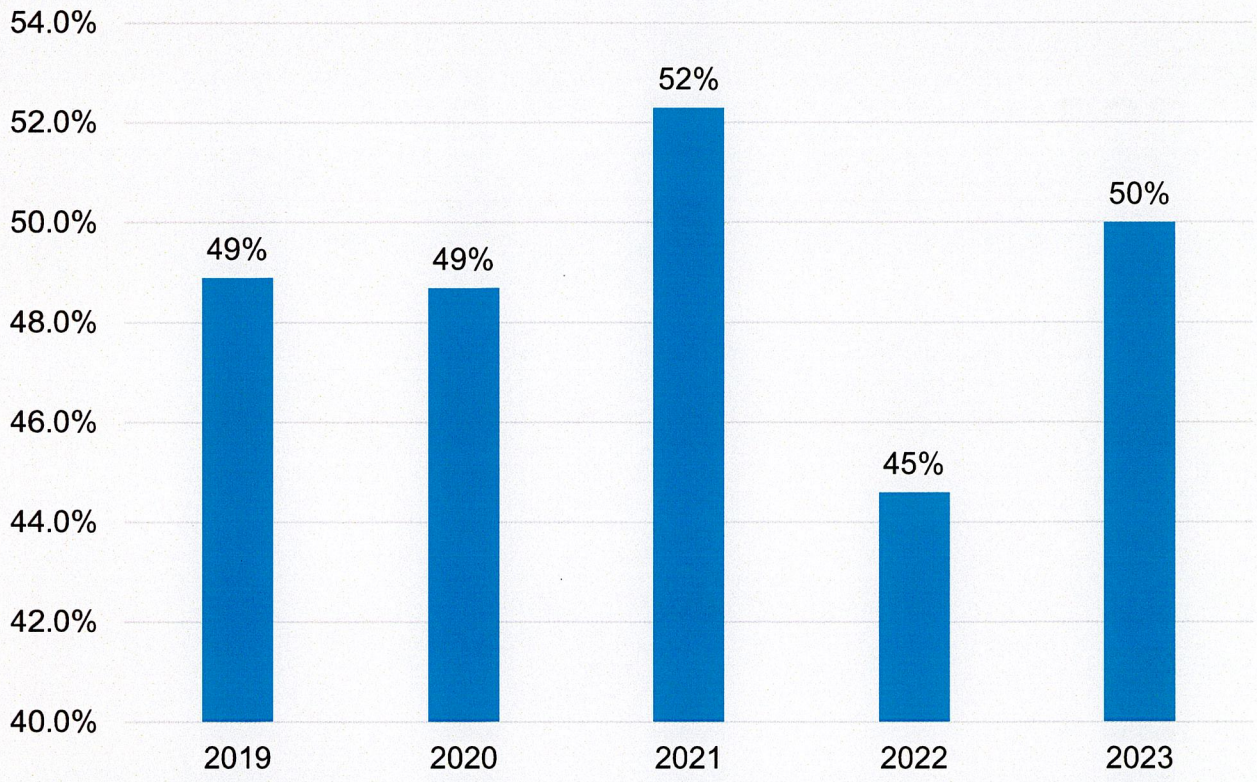
Total liabilities to net assets is a measure of how assets have been acquired and an indication of capacity to incur additional debt.

Statement of Activities

	2019	2020	2021	2022	2023
Revenue:					
Direct contributions	$ 218,967	$ 204,072	$ 109,050	$ 116,361	$ 149,61
In-kind contributions	2,341,058	2,282,912	1,726,534	4,961,985	1,705,72
Fundraising	109,854	106,117	34,995	58,923	54,57
Governmental agencies	18,880,738	20,577,971	20,045,397	20,055,480	22,392,22
Program service fees	1,000,945	1,084,567	740,299	727,234	772,47
Other income	72,667	68,047	15,425	12,679	2,285,15
Total revenue and support	22,624,229	24,323,686	22,671,700	25,932,662	27,359,78
Expenses -					
Program services	19,906,804	20,967,170	19,601,831	23,258,093	22,343,25
Management and general	2,743,994	2,833,332	2,783,424	2,912,883	2,967,43
Fundraising	36,908	30,753	6,218	9,416	10,50
Total expenses	22,687,706	23,831,255	22,391,473	26,180,392	25,321,19
Change in net assets	$ (63,477)	$ 492,431	$ 280,227	$ (247,730)	$ 2,038,59

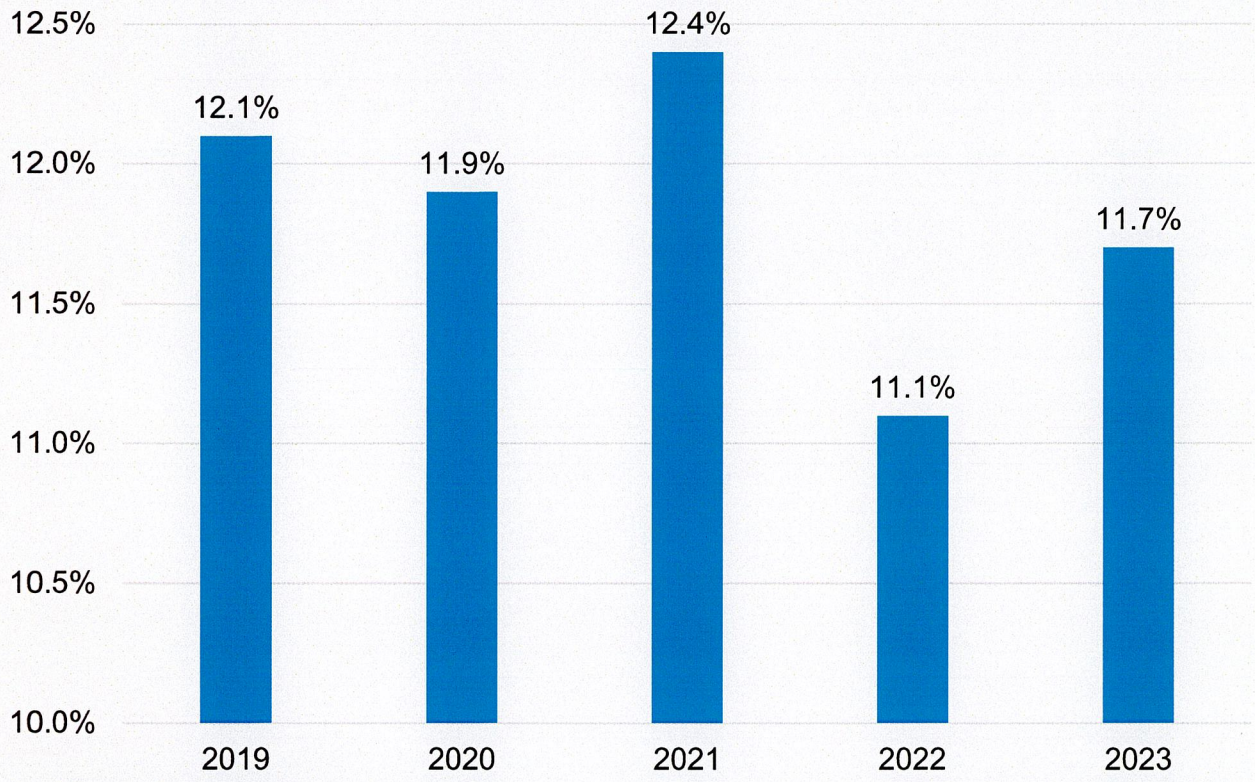
In-Kind contributions	In-kind contributions returned to historical levels. During 2023, the Organization ended its membership with Delivering Goods.
Government agencies	Governmental agencies revenue increased $2.3m primarily related to funding from Head Start, Early Head Start and stabilization grant of $2m and $490k for the weatherization program.
Other income	Other income includes $2.2m of gross proceeds on the sale of 811 E. Washington property.
Total expenses	Total expenses decreased $859k or 3%.

Salaries and Fringe Expenses to Total Expenses



Description	The above percentages show the percentage of the Organization's expenses that were paid in salaries and related fringes.

Administrative Percentage of Expenses

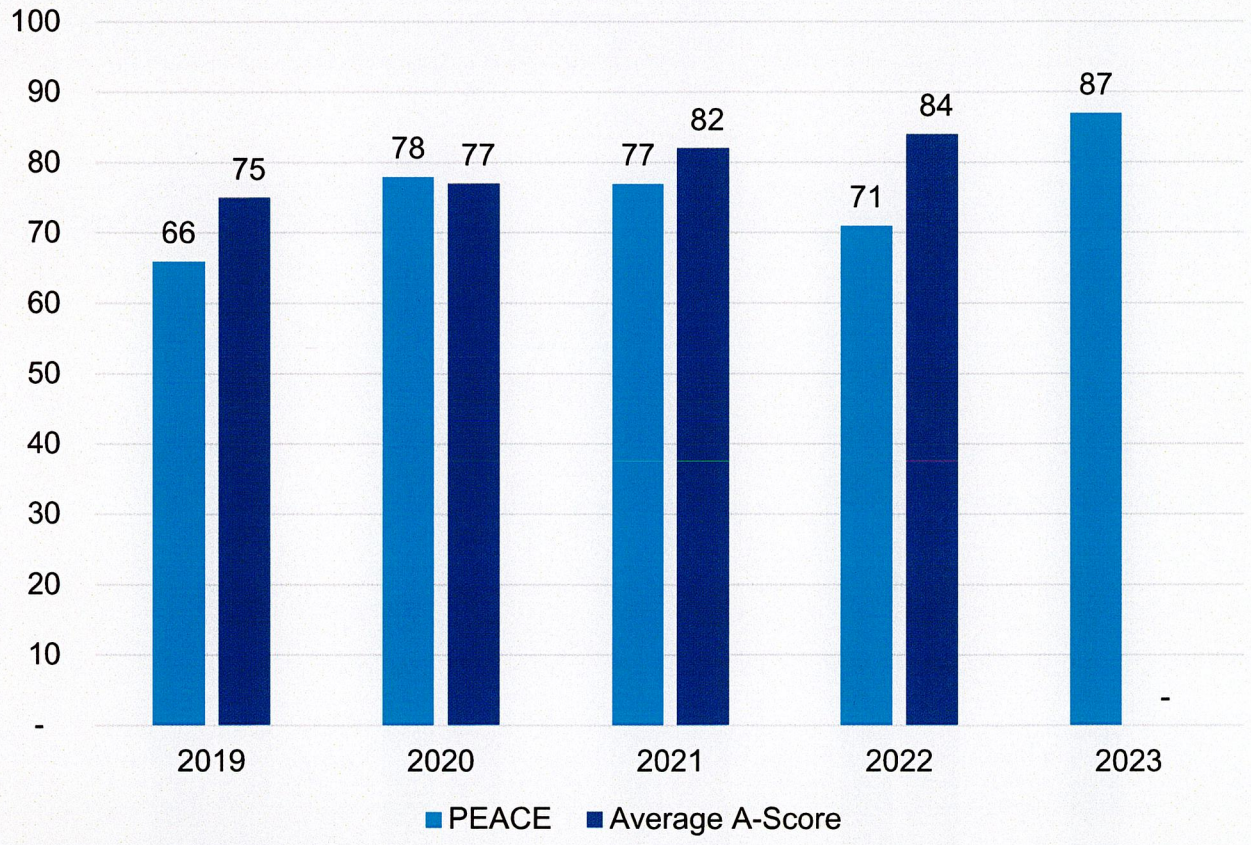


Description

Our target is 10 to 12% of every dollar spent on administrative expenses. The above percentages were calculated from the Organization's financial statements. It should be noted; however, that there are various ways to compute administrative expenses. Three of those methods are as follows:

> Financial Statements
> Form 990
> Consolidated Fiscal Report

A-Score



Description

The A-Score is a financial analysis model for non-profit organizations to analyze and communicate their overall financial condition and relative financial stability. It employs 12 readily available financial ratios to develop a "score". Each ratio is assigned a weight in the calculation. The resulting score is based on a 100-point scale.

Ratios used: Days cash on hand; Days accounts receivable outstanding; Current ratio; Debt service ratio; Net income to total revenue; Days accounts payable outstanding; Liabilities to net assets; Line of credits balance as a percentage of current assets; Diversification; Revenue as a percentage of total assets; Administrative expense to total expense; Fundraising revenue to total revenue

03

Other Required Communications



Other Required Communications

Independence re-evaluation	There were no independence matters that occurred or were identified subsequent to the date of our most recent independence communication to the Organization.
Material uncertainties related to events and conditions (specifically going concern)	There were no conditions or events that we identified indicating there is substantial doubt about the Organization's ability to continue as a going concern.
Disagreements with management	There were no disagreements with management.
Consultation with other accountants	We are not aware of any consultations management has had with other accountants about significant accounting or auditing matters.
Difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other material written communications	We will obtain a copy of the management representation letter.
Significant unusual transactions	There were no significant unusual transactions, other than previously mentioned, that are outside the normal course of business for the Organization (or that otherwise appear to be unusual due to their timing, size or nature) during the current year.
Fraud	We did not identify any potential or known fraud.
Illegal acts	We did not identify any potential or known illegal acts.

Other Required Communications

Non-compliance with laws and regulations	We did not identify any instances of non-compliance with laws and regulations.
Alternative accounting treatments	We did not identify any alternative treatments permissible under US GAAP for accounting policies and practices related to material items, including recognition, measurement, and presentation and disclosure.
Other information in documents containing audited/reviewed financial statements	We did not identify any information that was materially inconsistent with the information in the financial statements.
Quality of financial reporting	We have performed an evaluation of whether the presentation of the financial statements and the related disclosures are in conformity with the applicable financial reporting framework, including our consideration of the form, arrangement and content of the financial statements (including the accompanying notes). We did not identify any instances of non conformity. We have evaluated whether the difference between estimates best supported by the audit evidence and estimates included in the financial statements, which are individually reasonable, indicate a possible bias on the part of the Organization's management. We did not identify any areas of possible bias. In our judgment, management's accounting estimates are appropriate and reasonable.
Related Parties	We noted no related parties or related-party relationships or transactions that were previously undisclosed to us or lack business purpose.
Other matters	There were no other matters arising from the audit that are significant to the oversight of the Organization's financial reporting process.

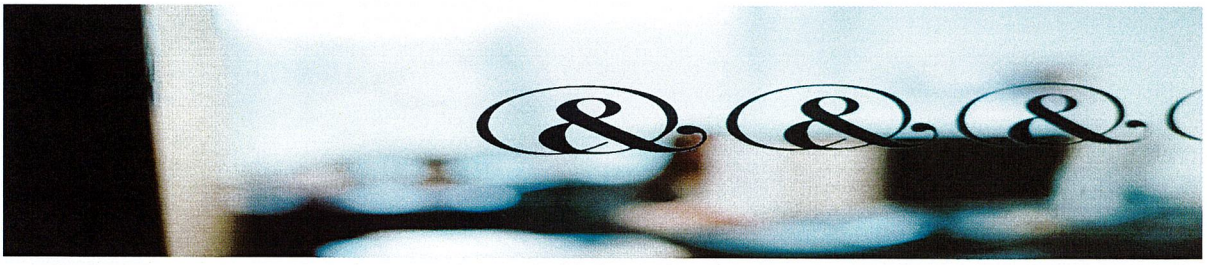
04

Trending Topics

Industry Update

Issues Facing All Health and Human Service Providers

- Inflation and interest rates
- Workforce recruitment, retention, and training challenges
- Effects of stimulus funding and possible future Medicaid cuts
- Continued emphasis on Telehealth and Telemedicine to provide ensure improved access to care
- Impact of Medicaid reform Initiatives including Section 1115 Medicaid Waiver
- Continued scrutiny related to regulatory compliance
- Suspension of COVID relief funding will be followed by reconsideration/acceleration of mergers, mergers, affiliations, and auspice changes
- NYS Demographics



Focused on Your Success

We recognize that Board members and organization leaders have tremendous responsibilities today, facing increasingly complex demands in all areas of their operations as well as navigating uncertain futures. The Bonadio Group offers a broad range of consulting solutions to help Board Members and Leadership Teams achieve their organizations' goals. From analysis to execution, we deliver focused advisory services that drive growth and profitability and mitigate risk The. following are a few select areas for which we have provided advisory services to organizations just like yours.

Operational Efficiencies: An efficiency study provides the insight to achieve goals; whether increasing profitability, mitigating risk, updating policies and procedures or analyzing cash flow.

Profitability Analysis: Our analysis helps stabilize revenues and identify new growth opportunities to increase profitability. It often provides a new perspective and encourages development of even stronger relationships with your A- list customers and your service lines.

Cash Flow Management: We calculate and review targeted forecasts, cash ratios, quick ratios, and current ratios to create various scenarios to provide the business intelligence to make strategic decisions.

Compliance Requirements: We review, assess, train and develop compliance programs in accordance with the regulations of your industry, from HIPAA to corporate compliance, including a virtual Compliance Officer for your entity.

Outsource Accounting & Finance: Our Outsource Accounting Team has helped hundreds of businesses across multiple industries achieve their goals and financial peace of mind. Take the weight of finance and accounting off your team's shoulders and give it to us, connect with me today. For assistance please contact Gregg Genovese, Partner, at 585.249.2878.

Fraud and Forensics: Our certified fraud examiners help businesses and organizations protect themselves against, or identify, quantify, and mitigate fraud and white-collar crime through our forensic accounting, fraud investigations and risk mitigation services.

Our team collaborates with you to develop tailored strategies that improve your operational performance, mitigate risk and deliver actionable insights to accomplish your strategic initiatives. If you would like a 30-minute, complimentary, confidential consultation or assistance of any nature with these or related topics please contact your Bonadio relationship manager, or Tim Ball, Executive Vice President tball@bonadio.com or call 585.249.2756.

Penetration and Vulnerability Testing: The testing team "acts" as a malicious individual simulating sophisticated real-world attacks. This identifies and remediates weaknesses by hunting and uncovering hidden threats and risks.

Cybersecurity / IT / Audit / Risk Assessment: Our cybersecurity / IT / Audit/Risk Assessment projects range from comprehensive assessments to auditing and testing of the complete infrastructure. We also offer virtual Chief Information Security Officers (vCISO). For assistance with cybersecurity, please contact Charlie Wood, Executive Vice President, .585.249.2757.

Bonadio Advisory

Analysis to Execution.

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