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Annual Meeting Presentation

June 26, 2023

THE BONADIO GROUP
CPAs, Consultants & More

June 26, 2023

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 2023 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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FINANCIAL HIGHLIGHTS

People's Equal Action and Community Effort, Inc.

STATEMENTS OF FINANCIAL POSTION

January 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total assets	\$ 5,097,739	\$ 5,795,920	\$ 5,794,498	\$ 6,133,094	\$ 9,897,327
Total liabilities	\$ 1,918,889	\$ 2,125,298	\$ 1,843,649	\$ 2,429,975	\$ 4,155,615
Net assets	\$ 3,178,850	\$ 3,670,622	\$ 3,950,849	\$ 3,703,119	\$ 5,741,712

- Total assets increased \$3.76M or 61% due to the proceeds on the sale of 811 E. Washington Property and the recognition of the lease right-to-use asset
- Total liabilities increased \$1.73M or 71%, most of this increase is due to the recognition of the lease right-to-use liabilities.
- The Agency did not have any outstanding borrowings on the line of credit at year end.
- Total net assets consisted of \$5.7M and \$376K with donor restrictions and \$5.4M without donor restrictions.

STATEMENTS OF ACTIVITIES

For the years ended January 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total revenue	\$ 22,962,476	\$ 22,624,140	\$ 24,323,275	\$ 25,932,663	\$ 27,359,783
Total expenses	<u>22,686,706</u>	<u>23,831,255</u>	<u>22,391,473</u>	<u>26,180,392</u>	<u>25,321,191</u>
Program services	19,906,804	20,967,170	19,601,831	23,258,093	22,343,252
Management and general	2,742,994	2,833,332	2,783,424	2,912,883	2,967,436
Fundraising	<u>36,908</u>	<u>30,753</u>	<u>6,218</u>	<u>9,416</u>	<u>10,503</u>
Total expenses	<u>22,686,706</u>	<u>23,831,255</u>	<u>22,391,473</u>	<u>26,180,392</u>	<u>25,321,191</u>
Change in net assets	\$ <u>275,770</u>	\$ <u>(1,207,115)</u>	\$ <u>1,931,802</u>	\$ <u>(247,729)</u>	\$ <u>2,038,592</u>

- Total revenue increased \$1.4M or 5%, the majority of the increase is due to increases in grant funding for Weatherization as well as the receipt of Stabilization Funds for Head Start, Early Head Start. This increase was offset by a decrease in in-kind contributions as a result of the membership with Delivering Goods ending.
- Total expenses decreased \$859K or 3%.
- Expenditures of Federal Awards were \$20.4M.

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
- *The Agency has been a low risk auditee for the last sixteen years. In addition, PEACE, Inc. has received no audit findings or significant deficiencies for the last eighteen audited financial statements.*

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.