

BOARD OF DIRECTORS MEETING

Via Teleconference

Monday, June 26th, 2023

MEMBERS PRESENT: Judge James Cecile (President & Development Chair), Nicholas DeMartino, Paula Freedman, Christopher Montgomery, Edward Perry, Erich Shafer, Robert Tackman (Finance Chair), Patricia Usherwood Fitzpatrick, Jason Wallace

MEMBERS EXCUSED: Eric Caballero, Steven Hodgins, DJ Williams

MEMBERS ABSENT: Shirley Copes (Planning Chair), Charles Garland, Pastor Phyllis Lee-Williams (EEO/Personnel Chair), Tonia Thornton

STAFF PRESENT: Carolyn Brown, Jamie Colucci, Todd Goehle, Rebecca Heberle, Mandy King, Kathleen O'Brien, Nancy Turo, Sally Ward

GUEST PRESENT: Michelle Mundy – The Bonadio Group

CALL TO ORDER:

The Board of Directors meeting was called to order by President Cecile at 4:33pm.

ROLL CALL:

President Cecile noted for the record that the number of Board members participating either in person or via Zoom did not yet constitute a quorum.

EXECUTIVE DIRECTOR'S REPORT:

Ms. Brown reported that St. Joseph's Hospital has approached the agency about a prospective collaboration for a value-based payment project, with which they could study food pantry clients to help determine how food insecurity impacts other needs.

Ms. Brown reported that the Senior Nutrition Program is serving lunches at the CNY Regional Market this summer on Thursdays, and that employees are being given the opportunity to volunteer time to assist.

Ms. Brown reported that the Big Brothers Big Sisters Program will hold its Golf Scramble event on July 21st at Drumlins.

Ms. Brown reported that this summer Early Head Start classrooms will remain open, and we will not provide additional summer Head Start programming.

Ms. Brown reported that discussions have begun with some Board members about plans for an annual fundraising event and how it might differ from previous Champions of Diversity events.

Ms. Brown reviewed data compiled on volunteer hours served agency-wide over the previous year.

Ms. Brown reported that the recent federal review of the Head Start and Early Head Start program yielded two recommendations: ensuring that background checks are completed by NYS Office of Child and Family Services prior to hire, and ensuring that staff comply with work plans mandating that certain credentials are obtained by specified deadlines.

Ms. Brown reported that the agency received written approval from the county for an increase in the Senior Nutrition Program per-meal reimbursement from \$12 to \$16.

ROLL CALL:

President Cecile noted for the record that a quorum had been reached of Board members participating either in person or via Zoom.

APPROVAL OF MINUTES:

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

AUDITED FINANCIAL STATEMENTS FOR FYE 1/31/23:

President Cecile introduced Michelle Mundy from The Bonadio Group to present a summary of the annual audit report for fiscal year 2/1/22 – 1/31/23. 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 16th consecutive year.

***The President requested a motion to accept the Annual Audit Report;
Mr. Nicholas DeMartino to accept the Annual Audit Report;
Ms. Patricia Usherwood Fitzpatrick seconded the motion;
The motion carried unanimously.***

REAFFIRMATION OF AGENCY MISSION STATEMENT:

***The President requested a motion to reaffirm the agency mission statement:
"Helping people in the community realize their potential for becoming self-sufficient";
Mr. Jason Wallace moved to reaffirm the agency mission statement;
Mr. Edward Perry seconded the motion;
The motion carried unanimously.***

DEVELOPMENT COMMITTEE REPORT:

President Cecile reported that the three-year term for Mr. Shafer expires at the end of August, and that the Development Committee unanimously approved his reappointment to a new term.

***President James Cecile moved to approve the reappointment of Mr. Shafer to a new three-year term;
Mr. Robert Tackman seconded the motion;
The motion carried unanimously.***

President Cecile reported that per a CSBG requirement, agency by-laws were reviewed by attorney Chris Harrigan with Barclay Damon LLP, who proposed changes that will be reviewed by the Development Committee and then shared with the full Board in the fall.

***The President requested a motion to accept the Development Committee report;
Mr. Christopher Montgomery moved to accept the Development Committee report;
Mr. Erich Shafer seconded the motion;
The motion carried unanimously.***

EEO/PERSONNEL COMMITTEE REPORT:

President Cecile asked HR Director Mandy King to review the committee meeting minutes. Ms. King reported that the committee meeting included a presentation by representatives from Mutual of America regarding the annual 401(k) Plan Performance Review.

***The President requested a motion to accept the EEO/Personnel Committee report;
Ms. Patricia Usherwood Fitzpatrick moved to accept the EEO/Personnel Committee report;
Mr. Erich Shafer seconded the motion;
The motion carried unanimously.***

FINANCE COMMITTEE REPORT:

Chair Robert Tackman reported that Ms. Mundy from The Bonadio Group gave a detailed review to the committee regarding the audited financial statements and key statistics and reporting changes for the fiscal year ending January 31st, 2023, and that she responded to questions during the committee meeting and the committee executive session that followed. Mr. Tackman thanked the entire fiscal team for their efforts that resulted in an unmodified opinion with no material weaknesses or misstatements noted, and for the continued designation of the agency as a low-risk auditee.

Mr. Tackman reported that Controller Nancy Turo presented the CHAR500 and Form 990 report for the fiscal year ending 1/31/2023 to the committee for their approval and answered their questions.

Mr. Tackman asked CFO Kathleen O'Brien to present the monthly financial statistics. Ms. O'Brien reported that the net income before depreciation as of May 31st is \$91,673 versus a budget of \$452,285, and that the net income after depreciation is (\$84,747), noting that there have not been many fixed asset purchases to date in the new fiscal year. Ms. O'Brien also reported that the current ratio of assets over liabilities is 186.48%, that the line of credit balance is at \$0, and that the indirect rate is 20.33%, noting that the agency is approved for an indirect rate of 24%.

Ms. O'Brien reported that the Captive Insurance reserve account is within a reasonable range of the targeted amount, and that there is a contingency in the event that it deviates from the target.

Ms. O'Brien reported that the allocations process is being reviewed, as it normally is every few years.

President Cecile announced that Ms. O'Brien has reached her 20-year anniversary at the agency.

***The President requested a motion to accept the Finance Committee report;
Mr. Nicholas DeMartino moved to accept the Finance Committee report;
Ms. Paula Freedman seconded the motion;
The motion carried unanimously.***

PLANNING COMMITTEE REPORT:

President Cecile asked HS/EHS Director Rebecca Heberle to review the program restructuring plan that she outlined at the committee meeting, which was prompted by guidance for all grantees from the National Office of Head Start. Ms. Heberle reported that under this comprehensive plan, programming would be reconfigured to reduce enrollment by 306 slots and staffing by 29 unfilled positions while utilizing the same amount of funding, which would allow for improved staff recruitment and retention by raising pay rates. She reported that no staff layoffs are anticipated, and noted that the program would seek to expand its operations in the future if circumstances allowed. Ms. Brown noted that any families impacted will be referred to other agency services for any needs that can be met.

***The President requested a motion to approve the HS/EHS Restructuring Plan;
Ms. Paula Freedman moved to approve the HS/EHS Restructuring Plan;
Mr. Erich Shafer seconded the motion;
The motion carried unanimously.***

Ms. Brown reported that Mr. Goehle presented an update on the Strategic Plan at the committee meeting, and that the committee unanimously approved and recommended to the Board a one-year extension for the Strategic Plan to June 2024.

***The President requested a motion to approve a Strategic Plan one-year extension;
Mr. Robert Tackman moved to approve a Strategic Plan one-year extension;
Mr. Christopher Montgomery seconded the motion;
The motion carried unanimously.***

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

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 review.

OLD BUSINESS:

None.

NEW BUSINESS:

None.

ADJOURNMENT: President Cecile adjourned the Board meeting at 5:25pm.

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

**Financial Statements as of
January 31, 2023 and 2022
Together with
Independent Auditor's Report
And Single Audit Reports**

Bonadio & Co., LLP
Certified Public Accountants

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

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INDEPENDENT AUDITOR'S REPORT

May 18, 2023

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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Agency adopted Accounting Standards Codification 842, *Leases*, as of February 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023 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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,358,050	\$ 1,104,230
Grants receivable	2,157,107	1,969,893
Program service fees receivable	63,447	130,729
Inventory	141,942	187,165
Other current assets	<u>66,687</u>	<u>42,026</u>
Total current assets	<u>4,787,233</u>	<u>3,434,043</u>
LONG-TERM ASSETS:		
Long-term deposits	97,413	92,688
Long-term right-of-use assets	<u>1,605,212</u>	<u>-</u>
PROPERTY:		
Land	352,153	204,793
Buildings	3,138,059	2,742,270
Leasehold improvements	5,818,670	5,754,986
Vehicles	3,192,792	3,056,166
Equipment	1,043,349	1,072,056
Construction in progress	<u>185,631</u>	<u>13,000</u>
Total	13,730,654	12,843,271
Less: Accumulated depreciation	<u>(10,323,185)</u>	<u>(10,236,908)</u>
Property, net	<u>3,407,469</u>	<u>2,606,363</u>
Total assets	<u>\$ 9,897,327</u>	<u>\$ 6,133,094</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 642,520	\$ 288,756
Accrued payroll and related liabilities	892,173	819,214
Accrued compensated absences	248,302	268,296
Deferred revenue	717,366	1,048,402
Lease liability - current portion	528,216	-
Custodial accounts, deposits, and other current liabilities	<u>37,667</u>	<u>5,307</u>
Total current liabilities	<u>3,066,244</u>	<u>2,429,975</u>
LONG-TERM LEASE LIABILITY	<u>1,089,371</u>	<u>-</u>
NET ASSETS:		
Without donor restrictions	5,366,063	3,265,429
With donor restrictions	<u>375,649</u>	<u>437,690</u>
Total net assets	<u>5,741,712</u>	<u>3,703,119</u>
Total liabilities and net assets	<u>\$ 9,897,327</u>	<u>\$ 6,133,094</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JANUARY 31, 2023

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

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2023**

	Program <u>Services</u>	Management and <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 11,068,729	\$ 1,588,850	\$ -	\$ 12,657,579
Payroll taxes and fringe benefits	3,030,022	331,590	-	3,361,612
Consumable supplies	3,575,665	23,183	7,420	3,606,268
Occupancy costs	1,654,010	157,289	-	1,811,299
Professional fees and contract services	1,336,544	92,433	-	1,428,977
Depreciation	16,918	516,749	-	533,667
Equipment expense	329,150	54,111	3,000	386,261
Insurance	394,138	29,885	-	424,023
Telephone	188,124	14,191	-	202,315
Conferences and travel	246,083	27,979	-	274,062
Vehicle maintenance	321,504	3,282	-	324,786
Advertising, printing, postage, and dues	97,536	35,927	-	133,463
Other costs	19,131	91,967	83	111,181
Program service fee overhead	13,698	-	-	13,698
Interest expense	52,000	-	-	52,000
Total expenses	<u>\$ 22,343,252</u>	<u>\$ 2,967,436</u>	<u>\$ 10,503</u>	<u>\$ 25,321,191</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**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.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,038,593	\$ (247,730)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Bad debt expense	7,000	-
Depreciation	533,667	547,296
Gain on disposal of property	(2,148,000)	-
Changes in operating assets and liabilities:		
Grants receivable	(194,214)	(565,550)
Program service fees receivable	67,282	(2,732)
Inventory	45,223	(2,661)
Other current assets	(24,661)	172,048
Long-term deposits	(4,725)	(7,616)
Accounts payable - trade	353,764	108,146
Accrued payroll and related liabilities	72,959	(150,139)
Accrued compensated absences	(19,994)	(9,279)
Deferred revenue	(331,036)	774,571
Refundable advance	-	(140,514)
Lease liability	12,375	-
Custodial accounts, deposits, and other current liabilities	32,360	3,541
Net cash from operating activities	<u>440,593</u>	<u>479,381</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property	(1,386,773)	(263,095)
Proceeds from sale of property	<u>2,200,000</u>	<u>-</u>
Net cash flow from investing activities	<u>813,227</u>	<u>(263,095)</u>
NET CHANGE IN CASH	1,253,820	216,286
CASH - beginning of year	<u>1,104,230</u>	<u>887,944</u>
CASH - end of year	<u>\$ 2,358,050</u>	<u>\$ 1,104,230</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 1,520</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, 2023 AND 2022

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).

Recently Adopted Accounting Guidance

Leases

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (ASUs) codified as Accounting Standards Codification (ASC) 842, Leases, to increase transparency and comparability among Agency's by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standards is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standards, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Agency adopted the standard effective February 1, 2022 using the modified retrospective approach and summarized comparative financial information has not been restated. In addition, lease disclosures for the year ended January 31, 2022 are made under prior lease guidance in FASB ASC 840.

The Agency elected the available practical expedients to account for the existing operating leases as operating leases under the new guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement

As a result of the adoption of the new lease accounting guidance, the Agency recognized on February 1, 2022 an operating lease liability of \$1,617,587, and an operating lease ROU asset of \$1,605,212. The standard did not have an impact on the statements of activities or cash flows.

Contributed Nonfinancial Assets

The Agency adopted FASB ASU) 2020-07, "Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets" for the year ended January 31, 2023. This ASU enhances presentation and disclosures relating to nonfinancial assets. The standard is effective for annual periods beginning after June 15, 2021. The adoption of this guidance did not have an impact on the financial statement amounts reported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Grants receivable represents amounts due to the Agency under grant agreements where conditions were substantially met at year end. Receivables are stated at the amount management expects to collect from outstanding balances. The Agency has established an allowance for doubtful accounts of \$7,000 as of January 31, 2023. There was no allowance for uncollectible accounts as of January 31, 2022. If amounts become uncollectable, they will be charged to bad debt expense when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due.

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

	<u>2023</u>	<u>2022</u>
Federal grants	\$ 7,696,961	\$ 11,891,357
Other than federal grants	<u>809,542</u>	<u>1,079,275</u>
	<u>\$ 8,506,503</u>	<u>\$ 12,970,632</u>

Program Service Fees Receivable and Revenue

The Agency reviews individual contracts, at the time of performance, in order to determine estimated uncollectible amounts due from customers and records these implicit price concessions as a direct reduction to revenue. Based on this, the Agency determined there were no implicit price concessions at January 31, 2023 and 2022.

Program service fees revenue is related to fee for service contracts with customers to provide consultation services and nutrition services. Program service fees are set by contracts established with customers. Program service fees revenue is recognized at the point in time the program is provided for short-term programs and over time for long-term programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 additions in excess of \$5,000 and greater is capitalized and stated at cost if purchased or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 40 years. Long-lived donated property and equipment is recognized as support without donor restrictions when placed into service. Depreciation expense for the years ended January 31, 2023 and 2022 was \$533,667 and \$547,296, respectively.

Property acquired with grant resources is owned by the Agency for use in authorized programs. The funding sources retain reversionary interest in property purchased with grant funds. Disposition of such assets, as well as any sale proceeds, are subject to a recorded Notice of Federal Interest. Property purchased with grant funds was \$1,849,941 and \$1,751,225 as of January 31, 2023 and 2022, respectively.

Leases

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$483,171 and \$473,885 as of January 31, 2023 and 2022, 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 recognizes contributed nonfinancial assets within support as in-kind contributions, including services, consumable supplies, and space. All in-kind contributions are without donor restriction and used to support and further the Agency's objectives.

Contributions of services are recognized as revenues when they create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Agency received in-kind contributions from outside parties that do not meet the recognition requirement, which management estimated a value of \$3,214,719 and \$2,941,452 for the years ended January 31, 2023 and 2022, respectively. The Agency receives services from volunteers within the community. However, no amounts have been recognized in the accompanying statements of activities for these contributed services because the criteria for recognition of such volunteer efforts have not been satisfied.

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

Allocation of Certain Expenses

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

Indirect Cost Rate

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

Income Taxes

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

3. LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 2,358,050	\$ 1,104,230
Grants receivable	2,157,107	1,969,893
Program service fees receivable	63,447	130,729
Other receivables	<u>9,663</u>	<u>13,832</u>
	4,588,267	3,218,684
Less those unavailable for general expenditure within one year, due to donor restrictions	<u>(375,649)</u>	<u>(437,690)</u>
	<u>\$ 4,212,618</u>	<u>\$ 2,780,994</u>

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

4. IN-KIND CONTRIBUTIONS

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

	<u>2023</u>	<u>2022</u>
Family services:		
Donated space	\$ 71,685	\$ 71,745
Donated supplies	1,202,144	4,404,512
Head start and early head start:		
Donated space	207,017	218,628
Donated professional and contracted services	170,301	194,380
Senior services:		
Donated space	18,035	16,784
Free tax prep:		
Donated space	5,852	22,192

4. IN-KIND CONTRIBUTIONS (Continued)

	<u>2023</u>	<u>2022</u>
Energy and housing services:		
Donated space	179	3,210
Management and general:		
Donated space	<u>30,516</u>	<u>30,534</u>
	<u>\$ 1,705,729</u>	<u>\$ 4,961,985</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Head Start/Early Head Start	\$ 162,958	\$ 181,162
Family Resource Centers	47,722	54,905
Big Brothers Big Sisters	108,672	142,019
Foster Grandparents	7,451	7,295
Community Development	1,722	1,722
Senior Services	450	450
Free tax prep	-	165
Employee training	-	2,451
Employee emergency	1,600	1,100
Food services	3,223	4,252
Weatherization	10,298	2,805
Frank DeFrancisco Eastwood Community Center	4,936	4,962
Foundation for the future	1,500	1,500
Maintenance	30	30
Camp fund	8,842	16,512
Crop walk	34	234
Give-a-holiday	16,211	16,109
KIDS (Kids in Distressed Situations)	<u>-</u>	<u>17</u>
	<u>\$ 375,649</u>	<u>\$ 437,690</u>

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

	<u>2023</u>	<u>2022</u>
Head Start/Early Head Start	\$ 171,216	\$ 3,650
Family Resource Centers	30,128	13,441
Big Brothers Big Sisters	80,555	59,698
Foster Grandparents	45	106
Community Development	-	144
KIDS (Kids in Distressed Situations)	17	-
Employee Training	2,451	-
Food services	3,782	1,461
Weatherization	3,035	18,250
Camp fund	7,715	185
Give-a-holiday	2,327	708
Frank DeFrancisco Eastwood Community Center	101	106
Crop walk	200	243
Free tax prep	165	3,518
	<u>\$ 301,737</u>	<u>\$ 101,510</u>

6. SHORT TERM BORROWINGS

The Agency has a \$2,000,000 revolving loan with a bank. Borrowings bear interest at the prime rate (7.50% as of January 31, 2023) and are not collateralized. The outstanding balance on the line of credit was zero as of January 31, 2023 and 2022.

7. RETIREMENT PLAN

The Agency sponsors a 401(k) defined contribution profit sharing plan covering employees who have completed one year of service and are 18 years of age. Employees may contribute a percentage of their compensation on a pre-tax basis, subject to limitations by the Internal Revenue Service. Agency contributions to the plan are at the sole discretion of the Board of Directors. The Board elected to match up to 3% of employee deferred compensation for the plan years ended December 31, 2022 and 2021.

Retirement plan expense was \$207,645 and \$210,100 for 2023 and 2022, respectively.

8. LEASES

Leases (ASC 842)

The Agency leases certain buildings and equipment. Under operating leases that expire between April 2023 and May 2029. These leases have various extension terms, but none of the options are considered reasonably certain of exercise and are therefore, not recognized as part of the ROU asset and lease liability.

8. LEASES (Continued)

Leases (ASC 842) (Continued)

The components of total lease cost for the year ended January 31, 2023 was as follows:

Operating lease cost	\$ 573,668
Variable lease expense	<u>115,247</u>
Total lease cost	<u>\$ 688,915</u>

Supplemental cash flow information related to leases for the year ended January 31, 2023 are as follows:

Cash paid for amounts included in the measurement of lease liabilities:	<u>\$ 559,312</u>
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ROU assets obtained in exchange for operating lease obligations	<u>\$ 2,148,261</u>
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Other information related to operating leases as of January 31, 2023 was as follows:

Weighted-average remaining lease term	4.16 years
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Weighted-average discount rate	1.73%
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Maturities of operating lease liabilities are as follows for the years ending January 31:

2024	\$ 551,310
2025	427,602
2026	246,818
2027	167,014
2028	121,369
Thereafter	<u>163,195</u>
	1,677,308
Less: Present value discount	<u>(59,720)</u>
Total present value of lease liability	1,617,588
Less: Current portion	<u>(528,216)</u>
	<u>\$ 1,089,372</u>

Leases (ASC 840)

Future minimum lease payments as of January 31, 2022 were as follows for the years ending January 31:

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

8. LEASES (Continued)

Lease Expense

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.

9. CONCENTRATIONS OF CREDIT RISK

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

A significant portion of the Agency's revenue is generated through Federal, New York State, and County grants that are renewed annually, without which would be an impact on the Agency's level of service and operation. The Agency derives a substantial portion of its revenues from one grant. Total revenues related to this grant were approximately \$12,900,000 for the years ended January 31, 2023 and 2022. Accounts receivable related to this grant were approximately \$951,000 and \$945,000 at January 31, 2023 and 2022, respectively.

10. CONTINGENCIES

Grants

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

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 18, 2023, 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 18, 2023

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, 2023, 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 18, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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(Continued)

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

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Bonadio & Co., LLP

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

May 18, 2023

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited People's Equal Action and Community Effort, Inc.'s (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended January 31, 2023. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended January 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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(Continued)

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

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

Bonadio & Co., LLP

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Period	Agency or Pass-through Number	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>					
Head Start Cluster:					
Head Start	93.600	02/01/21-01/31/22	02CH011394/02	\$ 12,599,634	\$ 10,738
COVID 19 - Head Start - Coronavirus Response and Relief Supplemental Appropriations Act	93.600	02/01/22-01/31/23	02CH011394/03	14,932,708	12,878,485
COVID 19 - Head Start - American Rescue Plan	93.600	04/01/21-03/31/23	02HE000125-01/C5	313,911	119,011
Total Head Start	93.600	04/01/21-03/31/23	02HE000125-01/C6	1,247,950	490,666
Total Head Start Cluster				29,094,203	13,498,900
<u>Pass-through from:</u>					
NYS Office of Children & Families					
Child Care and Development Fund Grant	93.575	12/01/21-09/30/23	13610	732,400	498,002
Total Child Care and Development Fund Grant				732,400	498,002
<u>Pass-through from:</u>					
NYS Department of State					
Community Services Block Grant	93.569	10/01/21-09/30/22	C1001476	1,822,096	996,509
Community Services Block Grant	93.569	10/01/22-09/30/23	C1001476	1,604,644	555,185
Community Services Block Grant	93.569	08/01/22-09/30/22	T1002258	45,000	
COVID-19 - Community Services Block Grant	93.569	04/01/20-09/30/22	T1001809	2,133,526	834,237
Total Community Services Block Grant				5,605,266	2,430,931
<u>NYS Division of Housing & Community Renewal</u>					
Low-Income Home Energy Assistance	93.568	04/01/21-06/30/22	C093490-21	1,930,873	215,464
Low-Income Home Energy Assistance	93.568	04/01/22-06/30/23	C095490-22	1,712,668	995,144
Low-Income Home Energy Assistance	93.568	01/04/22-09/30/23	C094449-22	577,539	274,696
Total Low-Income Home Energy Assistance				4,221,080	1,489,304
<u>Aging Cluster:</u>					
Onondaga County Department of Aging & Youth					
Special Programs for the Aging - Title III, Part B -	93.044	01/01/22-12/31/22	PEA220002	25,000	18,697
Grants for Supportive Services and Senior Centers	93.044	01/01/23-12/31/23	PEA250001	35,000	139
Grants for Supportive Services and Senior Centers				60,000	18,836
Total Special Programs for the Aging - Title III, Part B					

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, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Period	Agency or Pass-through Number	Program or Award Amount	Federal Expenditures
Aging Cluster (Continued):					
Onondaga County Department of Aging & Youth (Continued)					
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	01/01/22-12/31/22	PEA220001	519,067	485,115
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	01/01/23-12/31/23	PEA250002	53,088	9,839
Total Special Programs for the Aging - Title III, Part C				572,155	494,954
Total Aging Cluster				632,155	513,790
Total - U.S. Department of Health and Human Services				40,285,104	18,430,927
The Corporation for National Service					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparent Program	94.011	07/01/19-06/30/22	19SFANY006	475,298	198,140
COVID-19 - Foster Grandparent Program	94.011	07/01/19-06/30/22	19SFANY006	9,450	9,450
Foster Grandparent Program	94.011	07/01/22-06/30/23	22SFFNY006	461,186	185,210
Total - The Corporation for National Service, Total Foster Grandparent/Senior Companion Cluster				945,934	392,800
U.S. Department of Agriculture					
Pass-through from:					
NYS Department of Health					
Child and Adult Care Food Program (CACFP)	10.558	10/01/21-09/30/22	2139	284,684	194,113
Child and Adult Care Food Program (CACFP)	10.558	10/01/22-09/30/23	2139	154,589	154,589
Total - U.S. Department of Agriculture, Total NYS Department of Health				439,273	348,702

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, 2023

<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 Energy</u>					
Pass-through from:					
NYS Division of Housing & Community Renewal					
Weatherization Assistance for Low-Income Persons	81.042	04/01/21-06/30/22	C093490-21	1,233,335	341,383
Weatherization Assistance for Low-Income Persons	81.042	04/01/22-06/30/23	C095490-22	898,333	898,333
Total - U.S. Department of Energy				2,131,668	1,239,716
<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	03/09/21-09/30/23	2019-EW-AX-K001	36,264	15,080
Engage Men and Boys as Allies in the Prevention of Violence Against Women and Girls	16.888	10/01/22-09/30/25	15JOVW-22-GG-01083	130,426	-
Total - U.S. Department of Justice				166,690	15,080
				\$ 43,968,669	\$ 20,427,225

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, 2023

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. INDIRECT COSTS

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

4. MATCHING COSTS

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

5. SUBRECIPIENTS

The Agency does not have any subrecipients of federal awards.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JANUARY 31, 2023**

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

93.600

Head Start

Dollar threshold used to distinguish between Type A and
Type B programs:

\$750,000

Auditee qualified as low-risk auditee

☒ yes

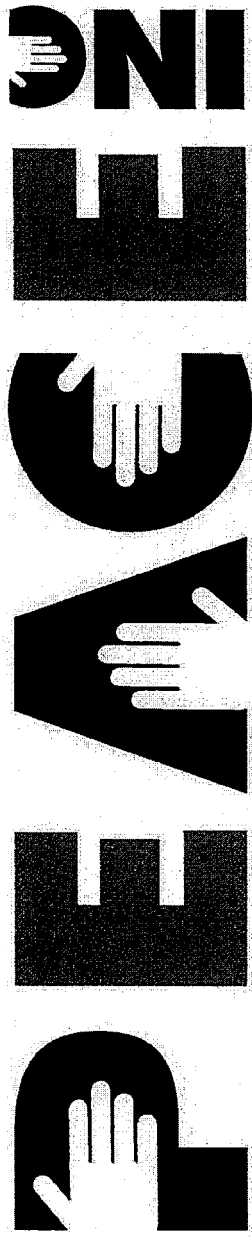
☐ no

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

None noted.

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

None noted.



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Mission Statement

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

