

BOARD OF DIRECTORS MEETING

DEHS Conference Room, 717 Earle Blvd. West, Syracuse

Monday, June 23rd, 2025

MEMBERS PRESENT: Judge James Cecile (President/Development Chair), Eric Caballero, Shirley Copes (Planning Chair), Nicholas DeMartino, Paula Freedman, Steven Hodgins, Pastor Phyllis Lee-Williams (EEO/ Personnel Chair) Tysha Martin, Christopher Montgomery, Edward Perry, Erich Shafer, Robert Tackman (Finance Chair), Patricia Usherwood Fitzpatrick, Jason Wallace

MEMBERS ABSENT: None

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

GUESTS PRESENT: Keeley Hines – The Bonadio Group

CALL TO ORDER:

The Board of Directors meeting was called to order by President Cecile at 4:52pm.

ROLL CALL:

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

MOMENT OF SILENCE:

Board members observed a moment of silence.

APPROVAL OF MINUTES:

The President requested a motion to approve the May Board Meeting minutes;

Ms. Shirley Copes moved to approve the May Board Meeting minutes;

Mr. Steve Hodgins seconded the motion;

The motion carried unanimously.

AUDITED FINANCIAL STATEMENTS FOR FYE 1/31/25:

President Cecile introduced Keeley Hines from The Bonadio Group to present a summary of the annual audit report for the fiscal year 2/1/24 – 1/31/25. Ms. Hines reviewed the Statement of Financial Position which summarized assets and liabilities over a period of several years, and the Statement of Activities which summarized revenue and expenses for the previous fiscal year. She then stated the following key takeaways from the report:

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

Ms. Hines reported that all Type A programs, with an annual budget exceeding \$750,000, were tested as is required every three years, and they included Weatherization, CSBG, and Head Start.

Mr. Wallace noted that during FYE 1/31/24, the agency was not deemed to be a low-risk auditee because a change in government procedures resulted in the agency submitting the Data Collection form one day late, and asked why that designation had not been restored. Ms. Hines reported that because of that incident the agency was not able to be designated as a low-risk auditee for FYE 1/31/24 and FYE 1/31/25, however the agency will qualify as a low-risk auditee for FYE 1/31/26.

REAFFIRMATION OF AGENCY MISSION STATEMENT:

President Cecile reviewed the agency Mission Statement:

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

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

Mr. Eric Caballero moved to reaffirm the agency mission statement;

Ms. Paula Freedman seconded the motion;

The motion carried unanimously.

PRESIDENT'S REPORT:

President Cecile reviewed the following proposed staff changes in the fiscal department that had been approved by the Head Start Policy Council and recommended by the Finance Committee:

- CFO Kathleen O'Brien changing to part-time status, with a new title to be determined;
- Controller Nancy Turo promotion to the position of CFO;
- Senior Accountant Brenda Curinga promotion to the position of Controller.

The President requested a motion to approve the proposed fiscal staff changes;

Mr. Robert Tackman moved to approve the proposed fiscal staff changes;

Mr. Erich Shafer seconded the motion;

The motion carried unanimously.

ELECTION OF OFFICERS

President Cecile read the ballot of nominees for Board officer positions, which was emailed to Board members on May 27th:

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

The President requested a motion to elect the slate of nominated officer candidates;
Mr. Nicholas DeMartino moved to elect the slate of nominated officer candidates;
Mr. Steve Hodgins seconded the motion;
The motion carried unanimously.

DEVELOPMENT COMMITTEE REPORT:

President Cecile reviewed the minutes of the June committee meeting.

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

EEO/PERSONNEL COMMITTEE REPORT:

President Cecile asked Mr. Wallace to present the committee report. Mr. Wallace reviewed the minutes of the June committee meeting.

The President requested a motion to accept the EEO/Personnel Committee report;
Ms. Tysha Martin moved to accept the EEO/Personnel Committee report;
Ms. Mitayah Donerlson seconded the motion;
The motion carried unanimously.

PLANNING COMMITTEE REPORT:

Chair Shirley Copes reviewed the summary of the analysis of the HS/EHS *Teaching Strategies Gold* Child Outcomes Assessment Data for Winter 2024 – 2025, which was presented at the June committee meeting by Early Childhood Learning Specialist Darlene Prickel and Child Development Coach Katie Taylor.

The President requested a motion to accept the Planning Committee report;
Pastor Phyllis Lee-Williams moved to accept the Planning Committee report;
Ms. Patricia Usherwood Fitzpatrick seconded the motion;
The motion carried unanimously.

FINANCE COMMITTEE REPORT:

President Cecile asked Mr. Caballero to present the committee report. Mr. Caballero asked Ms. O'Brien to present the monthly financial statistics.

Ms. O'Brien reported that the net income before depreciation as of May 31st is (\$355,231) versus a budget of \$115,839, that the net income after depreciation is (\$552,087), and that the net income from normal operations is \$56,554 reflecting timing differences of fixed asset purchases, revenue recognition grants and donation cost centers. Ms. O'Brien also reported that as of May 31st the current ratio of assets over liabilities was 176%, the line of credit balance was at \$0, and the indirect rate is 22.1%.

Ms. O'Brien discussed fundraising revenue, the in-kind analysis, the administrative rate, and the capital improvement account. She reported on the Captive Health Insurance reserve balance, noting that the agency has experienced more high-cost claims than is typical. She also reviewed the rationale behind the fiscal staff changes discussed earlier.

***The President requested a motion to accept the Finance Committee report;
Ms. Mitayah Donerlson moved to accept the Finance Committee report;
Mr. Jason Wallace seconded the motion;
The motion carried unanimously.***

FUNDRAISING COMMITTEE REPORT:

Ms. Brown reported that the May 22nd Champions of Diversity event was successful, noting that compared to the previous year there were slightly few attendees in person but more new donors and more total donations. Mr. Goehle reported that the event grossed approximately \$14,000 more than the previous year, while expenses decreased by approximately \$2,000, and he summarized some of the positive feedback.

EXECUTIVE DIRECTOR'S REPORT:

Ms. Brown reported that funds the Foster Grandparent Program through Americorp had been approved for the new program year starting July 1st, but that those funds have not been released by the Office of Management and Budget.

Ms. Brown reported on agency participation at the recent Juneteenth and Pride parades.

Ms. Brown reported on the ongoing Leadership Pathways staff development and career advancement initiative.

Ms. Brown reported that the Senior Nutrition Program will serve lunches at the Regional Market every Thursday from July 10th through August 14th with the assistance of staff volunteers.

Ms. Brown reported that the agency received a perfect score on its recent annual CSBG review.

PROGRAM REPORTS:

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

OLD BUSINESS:

None.

NEW BUSINESS:

Pastor Phyllis Lee-Williams announced that she is retiring from the Board of Directors. President Cecile acknowledged her many years of service as a calming influence, and asked her to consider recommending a nominee to serve in her place.

ADJOURNMENT: President Cecile adjourned the Board meeting at 5:51pm with wishes for a great summer for all, and thanked Board members for their efforts.



EMPOWERING PEOPLE TO THRIVE | EST. 1968

Annual Board Presentation

June 23, 2025

Big firm capability. Small firm personality.

THE BONADIO GROUP

Accounting Consulting & More

June 23, 2025

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 2025 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.

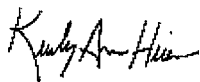
The purpose of this meeting is to assist the Board of Directors in meeting its governance and compliance responsibilities. Our discussion of these documents with you helps ensure that you understand the results of the audit procedures we performed and provides discussion regarding future considerations 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 opinion on the financial statements
- There were no material weaknesses or significant deficiencies in internal controls over financial reporting identified during our audit.
- There were no adjustments identified in connection with our audit.
- We did not identify any instances of noncompliance (4 major programs).
- We did not identify any material weaknesses or significant deficiencies in internal controls over compliance (4 major programs).

Yours truly,



Keeley Ann Hines, CPA
Partner

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(Continued)

FINANCIAL HIGHLIGHTS

People's Equal Action and Community Effort, Inc.

STATEMENTS OF FINANCIAL POSITION

January 31:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total assets	\$ 5,794,498	\$ 6,133,094	\$ 9,897,327	\$ 10,263,764	\$ 10,495,767
Total liabilities	\$ 1,843,649	\$ 2,429,975	\$ 4,155,615	\$ 4,197,385	\$ 4,713,830
Net assets	\$ 3,950,849	\$ 3,703,119	\$ 5,741,712	\$ 6,066,379	\$ 5,781,937

- Total assets remained consistent with an increase of approximately \$200k and 2%
- Total liabilities increased by approximately \$500k or 12%
- The Agency did not have any outstanding borrowings on the line of credit at year end.
- Total net assets consisted of \$5.6m of unrestricted net assets, and \$180k with donor restrictions.

STATEMENTS OF ACTIVITIES

For the years ended January 31:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total revenue	<u>22,962,476</u>	<u>22,623,706</u>	<u>26,595,597</u>	<u>26,443,918</u>	<u>25,723,556</u>
Total expenses	<u>23,831,255</u>	<u>22,391,473</u>	<u>26,180,392</u>	<u>25,321,191</u>	<u>26,007,999</u>
Program services	20,967,170	19,601,831	23,258,093	22,343,252	22,485,049
Management and general	2,833,332	2,783,424	2,912,883	2,967,436	3,488,733
Fundraising	30,753	6,218	9,416	10,503	34,217
Total expenses	<u>23,831,255</u>	<u>22,391,473</u>	<u>26,180,392</u>	<u>25,321,191</u>	<u>26,007,999</u>
Change in net assets	\$ <u>(868,779)</u>	\$ <u>232,233</u>	\$ <u>415,205</u>	\$ <u>1,122,727</u>	\$ <u>(284,443)</u>

- Total revenue increased \$700k or nearly 3%
- Total expenses increased nearly \$700k or 3%
- Expenditures of Federal Awards were \$21m

FINANCIAL HIGHLIGHTS

People's Equal Action and Community Effort, Inc.

SINGLE AUDIT RESULTS

- Unmodified Opinion on the Audited Financial Statements
- *Government Auditing Standards*
 - No material weaknesses in internal control were identified.
 - No significant deficiencies in internal control were identified.
- Uniform Guidance Compliance
 - No material weaknesses in internal controls over compliance were identified.
 - No significant deficiencies in internal controls over compliance were identified.
 - The auditor's report over compliance was unmodified.
- Type A threshold was \$750,000.
- The Agency did not qualify as a low-risk auditee.
- The major programs were:
 - U.S. Department of Health and Human Services:
 - 81.042 Weatherization Assistance for Low-Income Persons
 - 93.568 Low-Income Home Energy Assistance
 - 93.569 Community Service Block Grant
 - 93.600 Head Start

MANAGEMENT CONSIDERATIONS

It is important to note that the continued oversight provided by the Board is an important component of maintaining a strong internal control environment. Federal funds have increased approximately 22% since 2019 and increased volume brings increased risk and necessary oversight.

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

**Financial Statements as of
January 31, 2025 and 2024
Together with
Independent Auditor's Report
and Single Audit Reports**

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

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INDEPENDENT AUDITOR'S REPORT

May 15, 2025

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. (the Agency) (a nonprofit organization), which comprise the statements of financial position as of January 31, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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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 15, 2025 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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,063,517	\$ 1,575,216
Grants receivable	3,003,164	2,821,845
Program service fees receivable	20,509	32,012
Inventory	139,713	133,032
Other current assets	168,472	150,727
Total current assets	<u>4,395,375</u>	<u>4,712,832</u>
DEPOSITS	<u>97,413</u>	<u>97,413</u>
OPERATING LEASE RIGHT-OF-USE ASSETS	<u>2,508,544</u>	<u>1,717,699</u>
PROPERTY:		
Land	352,153	352,153
Buildings	3,138,059	3,138,059
Leasehold improvements	6,274,496	6,251,802
Vehicles	3,204,498	3,204,478
Equipment	1,444,689	1,607,424
Construction in progress	2,500	-
Total	14,416,395	14,553,916
Less: Accumulated depreciation	<u>(10,921,960)</u>	<u>(10,818,096)</u>
Property, net	<u>3,494,435</u>	<u>3,735,820</u>
Total assets	<u>10,495,767</u>	<u>10,263,764</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	279,254	611,320
Accrued payroll and related liabilities	1,097,395	905,888
Accrued compensated absences	226,341	242,104
Deferred revenue	499,388	670,836
Operating lease liability - current portion	541,350	476,053
Custodial accounts, deposits, and other current liabilities	93,258	37,667
Total current liabilities	2,736,986	2,943,868
OPERATING LEASE LIABILITY, net of current portion	<u>1,976,847</u>	<u>1,253,519</u>
Total liabilities	<u>4,713,833</u>	<u>4,197,387</u>
NET ASSETS:		
Without donor restrictions	5,603,773	5,872,543
With donor restrictions	178,161	193,834
Total net assets	<u>5,781,934</u>	<u>6,066,377</u>
Total liabilities and net assets	<u>\$ 10,495,767</u>	<u>\$ 10,263,764</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, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT:			
Direct contributions	\$ 113,097	\$ 63,126	\$ 176,223
Contribution of nonfinancial assets	1,349,716	-	1,349,716
Fundraising	71,554	26,131	97,685
Net assets released from restrictions	<u>106,230</u>	<u>(106,230)</u>	<u>-</u>
Total support	<u>1,640,597</u>	<u>(16,973)</u>	<u>1,623,624</u>
REVENUE:			
Governmental agencies	23,555,479	1,300	23,556,779
Program service fees	506,124	-	506,124
Rental income	11,328	-	11,328
Other	<u>25,701</u>	<u>-</u>	<u>25,701</u>
Total revenue	<u>24,098,632</u>	<u>1,300</u>	<u>24,099,932</u>
Total support and revenue	<u>25,739,229</u>	<u>(15,673)</u>	<u>25,723,556</u>
EXPENSES:			
Program services	22,485,049	-	22,485,049
Management and general	3,488,733	-	3,488,733
Fundraising	<u>34,217</u>	<u>-</u>	<u>34,217</u>
Total expenses	<u>26,007,999</u>	<u>-</u>	<u>26,007,999</u>
CHANGE IN NET ASSETS	(268,770)	(15,673)	(284,443)
NET ASSETS - beginning of year	<u>5,872,543</u>	<u>193,834</u>	<u>6,066,377</u>
NET ASSETS - end of year	<u>\$ 5,603,773</u>	<u>\$ 178,161</u>	<u>\$ 5,781,934</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

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

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

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2025**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 11,466,115	\$ 1,762,348	\$ 3,154	\$ 13,231,617
Payroll taxes and fringe benefits	3,325,995	613,237	515	3,939,747
Consumable supplies	3,189,627	35,956	26,919	3,252,502
Occupancy costs	1,667,211	158,611	-	1,825,822
Professional fees and contract services	1,394,717	80,695	-	1,475,412
Depreciation	64,345	510,808	-	575,153
Equipment expense	256,952	44,592	3,000	304,544
Insurance	418,039	35,710	-	453,749
Telephone	81,960	15,344	-	97,304
Conferences and travel	272,386	34,786	-	307,172
Vehicle maintenance	242,989	4,999	-	247,988
Advertising, printing, postage, and dues	83,053	35,036	138	118,227
Other	7,144	156,611	491	164,246
Program service fee overhead	<u>14,516</u>	<u>-</u>	<u>-</u>	<u>14,516</u>
Total expenses	<u>\$ 22,485,049</u>	<u>\$ 3,488,733</u>	<u>\$ 34,217</u>	<u>\$ 26,007,999</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

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

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

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (284,443)	\$ 324,665
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	575,153	609,119
Loss on disposal of property	25,852	20,761
Changes in operating assets and liabilities:		
Grants receivable	(181,319)	(664,738)
Program service fees receivable	11,503	31,435
Inventory	(6,681)	8,910
Other current assets	(17,745)	(84,010)
Accounts payable	(332,066)	(31,200)
Accrued payroll and related liabilities	191,507	13,715
Accrued compensated absences	(15,763)	(6,198)
Deferred revenue	(171,448)	(46,530)
Lease liability	(2,220)	(503)
Custodial accounts, deposits, and other current liabilities	<u>55,591</u>	<u>-</u>
Net cash from operating activities	<u>(152,079)</u>	<u>175,426</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisitions of property	<u>(359,620)</u>	<u>(958,230)</u>
Net cash flow from investing activities	<u>(359,620)</u>	<u>(958,230)</u>
CHANGE IN CASH	(511,699)	(782,804)
CASH - beginning of year	<u>1,575,216</u>	<u>2,358,050</u>
CASH - end of year	<u>\$ 1,063,517</u>	<u>\$ 1,575,216</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, 2025 AND 2024

1. THE ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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 bank 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 revenue in the period in which all barriers to revenue recognition are overcome. 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. There were no current expected credit losses as of January 31, 2025 and 2024. If amounts become uncollectable, they will be charged to bad debt expense when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable and Revenue (Continued)

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

	<u>2025</u>	<u>2024</u>
Federal grants	\$ 12,321,947	\$ 6,040,028
Other than federal grants	<u>1,910,208</u>	<u>1,100,629</u>
	<u>\$ 14,232,155</u>	<u>\$ 7,140,657</u>

Program Service Fees Receivable and Revenue

Program service fees revenue is related to fee for service contracts with customers to provide consultation services and nutrition services. Program service fees are set by contracts established with customers. Program service fees revenue is recognized at the point in time the program is provided for short-term programs and over time for long-term programs. Management has determined there are no allowance for expected credit losses associated with the program service fees receivable at January 31, 2025 and 2024.

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, 2025 and 2024.

Inventory

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

Property and Depreciation

Property additions in excess of \$5,000 are 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.

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 \$1,881,804 and \$2,009,500 as of January 31, 2025 and 2024, respectively.

Leases

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

For all underlying classes of assets, the Agency has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Agency is reasonably certain to exercise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease (Continued)

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.

Deferred Revenue

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

Self-Insurance

The Agency is self-insured for its employees' health care costs. The Agency was liable for losses on claims up to \$70,000 per claimant through policy years ended June 30, 2016 through September 30, 2021, and \$75,000 per claimant through policy years ended September 30, 2025. The Agency has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statements of financial position date, as well as an estimated liability for future claims incurred but not reported. The total accrued liability for self-insurance costs was \$444,850 and \$394,636 as of January 31, 2025 and 2024, 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.

Contributed Nonfinancial Assets

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

Contributions of services are recognized as revenues when they create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Agency received in-kind contributions from outside parties that do not meet the recognition requirement, which management estimated a value of \$4,119,881 and \$4,004,545 for the years ended January 31, 2025 and 2024, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Nonfinancial Assets (Continued)

In-kind contribution 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, the U.S. Department of Health and Human Services, to apply a provisional indirect cost rate not to exceed 26.0% and 24.0% for the years ended January 31, 2025 and 2024, respectively. Indirect costs are allocated to all programs of the Agency. Total direct salaries are used as the base to calculate the Agency's indirect cost rate.

Income Taxes

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

Use of Estimates

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

3. LIQUIDITY

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

	<u>2025</u>	<u>2024</u>
Cash	\$ 1,063,517	\$ 1,575,216
Grants receivable	3,003,164	2,821,845
Program service fees receivable	20,509	32,012
Other receivables	<u>15,025</u>	<u>1,195</u>
	4,102,215	4,430,268
Less: Those unavailable for general expenditure within one year, due to donor restrictions	<u>(178,161)</u>	<u>(193,834)</u>
	<u>\$ 3,924,054</u>	<u>\$ 4,236,434</u>

3. LIQUIDITY (Continued)

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, which it could draw upon in the event of an unanticipated liquidity need.

4. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consisted of the following for the years ended January 31:

	<u>2025</u>	<u>2024</u>
Family services:		
Donated space	\$ 57,735	\$ 58,109
Donated supplies	789,658	1,282,796
Head start and early head start:		
Donated space	198,550	207,292
Donated professional and contracted services	231,376	223,027
Donated supplies	14,053	1,530
Senior services:		
Donated space	19,863	17,284
Free tax prep:		
Donated space	5,603	5,852
Big Brothers Big Sisters		
Donated supplies	645	-
Energy and housing services:		
Donated space	165	165
Management and general:		
Donated space	31,459	31,223
Donated professional and contracted services	<u>609</u>	<u>-</u>
	<u>\$ 1,349,716</u>	<u>\$ 1,827,278</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>2025</u>	<u>2024</u>
Head Start/Early Head Start	\$ 21,793	\$ 15,888
Family Resource Centers	29,719	37,413
Big Brothers Big Sisters	82,585	96,818
Foster Grandparents	6,969	6,868
Community Development	3,576	1,722
Senior Services	450	450
Employee emergency	1,600	1,600
Food services	5,327	3,171
Weatherization	2,667	1,367
Frank DeFrancisco Eastwood Community Center	225	2,878
Foundation for the future	1,500	1,500
Maintenance	30	30
Camp fund	8,094	8,094
Crop walk	-	34
Give-a-holiday	13,626	16,001
	<u>\$ 178,161</u>	<u>\$ 193,834</u>

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

	<u>2025</u>	<u>2024</u>
Head Start/Early Head Start	\$ 6,048	\$ 154,590
Family Resource Centers	20,657	25,819
Big Brothers Big Sisters	66,976	61,499
Foster Grandparents	1,626	1,183
Community Development	1,646	-
Food services	1,355	3,547
Weatherization	-	10,596
Camp fund	-	747
Give-a-holiday	3,390	2,153
Frank DeFrancisco Eastwood Community Center	4,498	6,967
Crop walk	34	-
	<u>\$ 106,230</u>	<u>\$ 267,101</u>

6. LINE OF CREDIT

The Agency has a \$2,000,000 revolving line of credit with a bank. Borrowings bear interest at the prime rate (7.50% and 8.50% as of January 31, 2025 and 2024, respectively) and are not collateralized. There were no borrowings on the line of credit as of January 31, 2025 and 2024.

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, 2024 and 2023.

Retirement plan expense was \$290,380 and \$222,135 for 2025 and 2024, respectively.

8. LEASES

The Agency leases certain buildings and equipment under operating leases that expire between June 2024 and August 2034. These leases have various extension terms, but none of the options are considered reasonably certain of exercise and are therefore, not recognized as part of the ROU asset and lease liability.

The components of total lease cost were as follows for the years ended January 31:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 597,721	\$ 577,974
Variable lease expense	<u>121,208</u>	<u>114,070</u>
	<u>\$ 718,929</u>	<u>\$ 692,044</u>

Supplemental cash flow information related to operating leases were as follows for the years ended January 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 591,494</u>	<u>\$ 576,386</u>
ROU assets obtained in exchange for operating lease obligations	<u>\$ 1,319,099</u>	<u>\$ 658,779</u>

Other information related to operating leases were as follows as of January 31:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term	5.86 years	4.29 years
Weighted-average discount rate	3.31%	2.79%

8. LEASES (Continued)

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

2026	\$ 614,902
2027	511,495
2028	492,923
2029	434,711
2030	209,599
Thereafter	<u>524,413</u>
	2,788,043
Less: Present value discount	<u>(269,846)</u>
Total present value of lease liability	2,518,197
Less: Current portion	<u>(541,350)</u>
	<u>\$ 1,976,847</u>

9. CONCENTRATIONS OF CREDIT RISK

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

A significant portion of the Agency's revenue is generated through Federal, New York State, and County grants that are renewed annually, without which would have 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 \$14,671,000 and \$13,750,000 for the years ended January 31, 2025 and 2024, respectively. Grants receivable related to this grant were approximately \$1,404,000 and \$1,550,000 at January 31, 2025 and 2024, respectively.

10. CONTINGENCIES

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 require 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 to the accompanying financial statements.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 15, 2025, 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 15, 2025

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 (the Agency) (a nonprofit organization), which comprise the statement of financial position as of January 31, 2025, 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 15, 2025.

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 15, 2025

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited People's Equal Action and Community Effort, Inc.'s (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended January 31, 2025. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2025.

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 each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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(Continued)

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material 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.

(Continued)

**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, 2025**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
Head Start Cluster:		
Head Start	93.600	\$ 14,670,902
Total Head Start Cluster		<u>14,670,902</u>
Pass-through from:		
New York State Department of State		
Community Services Block Grant	93.569	<u>1,742,800</u>
Total Community Services Block Grant		<u>1,742,800</u>
NYS Division of Housing and Community Renewal		
Low-Income Home Energy Assistance	93.568	<u>832,517</u>
Total Low-Income Home Energy Assistance		<u>832,517</u>
Aging Cluster:		
Onondaga County Department of Aging and Youth		
Special Programs for the Aging - Title III, Part B -		
Grants for Supportive Services and Senior Centers	93.044	<u>128,778</u>
Total Special Programs for the Aging - Title III, Part B		<u>128,778</u>
Onondaga County Department of Aging and Youth		
Special Programs for the Aging - Title III, Part C -		
Nutrition Services	93.045	<u>953,385</u>
Total Special Programs for the Aging - Title III, Part C		<u>953,385</u>
Total Aging Cluster		<u>1,082,163</u>
Total - U.S. Department of Health and Human Services		<u>18,328,382</u>
<u>The Corporation for National Service</u>		
Foster Grandparent/Senior Companion Cluster:		
Foster Grandparent Program	94.011	<u>476,571</u>
Total - The Corporation for National Service, Total Foster Grandparent/Senior Companion Cluster		<u>476,571</u>

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2025 (Continued)**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Pass-through from:		
NYS Department of Health		
Child and Adult Care Food Program	10.558	<u>444,911</u>
Total - U.S. Department of Agriculture, Total NYS Department of Health		<u>444,911</u>
<u>U.S. Department of Energy</u>		
Pass-through from:		
NYS Division of Housing & Community Renewal		
Weatherization Assistance for Low-Income Persons	81.042	<u>1,681,692</u>
Total - U.S. Department of Energy		<u>1,681,692</u>
<u>U.S. Department of Housing & Urban Renewal</u>		
Pass-through from:		
City of Syracuse Department of Neighborhood and Business Development		
Community Development Block Grant/Entitlement Grant	14.218	<u>31,595</u>
Subtotal - U.S. Department of Housing & Urban Renewal		<u>31,595</u>
<u>U.S. Department of Justice</u>		
Pass-through from:		
Vera House		
Consolidated And Technical Assistance Grant Program to Address		
Children and Youth Experiencing Domestic and Sexual Violence		
and Engage Men and Boys as Allies	16.888	<u>3,193</u>
Total - U.S. Department of Justice		<u>3,193</u>
		<u>\$ 20,966,344</u>

The accompanying notes are an integral part of these statements.

PEOPLE'S EQUAL ACTION AND COMMUNITY EFFORT, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JANUARY 31, 2025**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal financial assistance programs administered by People's Equal Action and Community Efforts, Inc. (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% 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, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Program Title</u>
81.042	Weatherization Assistance for Low-Income Persons
93.568	Low-Income Home Energy Assistance
93.569	Community Service Block Grant
93.600	Head Start Cluster

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

Auditee qualified as low-risk auditee ☐ yes ☒ no

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

None noted.

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

None noted.



EMPOWERING PEOPLE TO THRIVE | EST. 1968

Mission Statement

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

June 23, 2025

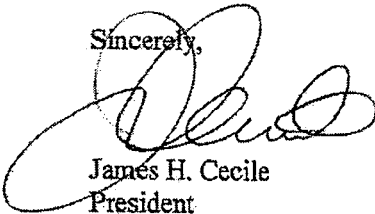
Regional Grants Management Officer
Department of Health and Human Services

RE: Grant No. 02CH013040
New Hire of Chief Financial Officer

To Whom It May Concern:

The PEACE, Inc. Board of Directors has approved the hiring of Nancy Turo as Chief Financial Officer during the meeting held on June 23, 2025.

Sincerely,



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

