

PRO ACTION OF STEUBEN AND YATES, INC.

**Financial Statements as of
December 31, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

PRO ACTION OF STEUBEN AND YATES, INC.

TABLE OF CONTENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements:	
Balance Sheet	4
Statement of Activities and Change in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16 - 17
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	18 - 20
Schedule of Expenditures of Federal Awards	21 - 23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25
Schedule of Indirect Cost Rate Calculation	26 - 27

INDEPENDENT AUDITOR'S REPORT

April 19, 2022

To the Board of Directors of
Pro Action of Steuben and Yates, Inc.:

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Pro Action of Steuben and Yates, Inc. (a New York not-for-profit corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pro Action of Steuben and Yates, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Pro Action of Steuben and Yates, Inc. and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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 Pro Action of Steuben and Yates, Inc.'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 Pro Action of Steuben and Yates, Inc.'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 Pro Action of Steuben and Yates, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Pro Action of Steuben and Yates, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on 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*, and the schedule of indirect cost rate calculation are presented for purposes of additional analysis and are 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 schedules of expenditures of federal awards and indirect cost rate calculation are 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 April 19, 2022, on our consideration of Pro Action of Steuben and Yates, Inc.'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 Pro Action of Steuben and Yates, Inc.'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 Pro Action of Steuben and Yates, Inc.'s internal control over financial reporting and compliance.

PRO ACTION OF STEUBEN AND YATES, INC.

BALANCE SHEET DECEMBER 31, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,916,162	\$ 2,869,538
Certificate of deposit	96,261	95,691
Restricted cash	33,390	42,704
Grants receivable	1,724,178	1,739,231
Inventory	<u>44,681</u>	<u>32,380</u>
Total current assets	<u>4,814,672</u>	<u>4,779,544</u>
PROPERTY AND EQUIPMENT:		
Building and improvements	832,209	800,579
Leasehold improvements	159,886	159,886
Furniture and equipment	956,114	808,368
Vehicles	<u>1,008,841</u>	<u>913,189</u>
	2,957,050	2,682,022
Less: Accumulated depreciation and amortization	<u>(2,148,416)</u>	<u>(2,062,595)</u>
Net property and equipment	<u>808,634</u>	<u>619,427</u>
Total assets	<u>\$ 5,623,306</u>	<u>\$ 5,398,971</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 384,745	\$ 354,131
Accrued payroll and related expenses	702,781	631,185
Program advances	1,069,742	965,160
Assets held for others	<u>33,390</u>	<u>42,704</u>
Total current liabilities	2,190,658	1,993,180
PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE	<u>-</u>	<u>700,407</u>
Total liabilities	<u>2,190,658</u>	<u>2,693,587</u>
NET ASSETS:		
Without donor restrictions	3,389,921	2,628,472
With donor restrictions	<u>42,727</u>	<u>76,912</u>
Total net assets	<u>3,432,648</u>	<u>2,705,384</u>
Total liabilities and net assets	<u>\$ 5,623,306</u>	<u>\$ 5,398,971</u>

The accompanying notes are an integral part of these statements.

PRO ACTION OF STEUBEN AND YATES, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

(With Comparative Totals for 2020)

	Without	With	Total	
	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE:				
Federal agencies	\$ 8,870,749	\$ -	\$ 8,870,749	\$ 8,293,137
State agencies	2,411,052	-	2,411,052	2,350,345
County agencies	3,566,133	-	3,566,133	3,898,192
Organizational grants	1,168,963	6,634	1,175,597	1,042,855
Donations	181,385	50,645	232,030	239,881
Fees	120,353	-	120,353	106,080
Non-federal cash match	98,363	-	98,363	98,901
In-kind revenue	358,489	-	358,489	127,419
Other	215,222	-	215,222	167,103
Net assets released from restrictions	<u>91,464</u>	<u>(91,464)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>17,082,173</u>	<u>(34,185)</u>	<u>17,047,988</u>	<u>16,323,913</u>
EXPENSES:				
Program services	15,198,953	-	15,198,953	15,003,559
Management and general	<u>1,121,771</u>	<u>-</u>	<u>1,121,771</u>	<u>1,137,757</u>
Total expenses	<u>16,320,724</u>	<u>-</u>	<u>16,320,724</u>	<u>16,141,316</u>
CHANGE IN NET ASSETS	761,449	(34,185)	727,264	182,597
NET ASSETS - beginning of year	<u>2,628,472</u>	<u>76,912</u>	<u>2,705,384</u>	<u>2,522,787</u>
NET ASSETS - end of year	<u>\$ 3,389,921</u>	<u>\$ 42,727</u>	<u>\$ 3,432,648</u>	<u>\$ 2,705,384</u>

The accompanying notes are an integral part of these statements.

PRO ACTION OF STEUBEN AND YATES, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

(With Comparative Totals for 2020)

	2021								Totals	
	Program							Management and General	2021	2020
	Adult Nutrition Services	Early Childhood Services	Energy Services	Employment Services	Other Aging Programs	CSBG Operating and other	Total Program			
Salaries and wages	\$ 417,594	\$ 4,555,084	\$ 483,658	\$ 712,763	\$ 429,077	\$ 771,255	\$ 7,369,431	\$ 575,136	\$ 7,944,567	\$ 8,094,668
Provider payments	-	2,486,055	-	-	-	-	2,486,055	-	2,486,055	2,628,199
Employee benefits and payroll taxes	96,191	1,350,396	163,866	137,525	119,848	83,055	1,950,881	157,843	2,108,724	2,090,092
Consumable supplies	62,643	174,488	371,025	12,228	33,670	25,430	679,484	5,824	685,308	625,780
Contractual	916	130,140	7,403	-	165,135	12,956	316,550	209,260	525,810	617,900
Occupancy	7,959	302,024	23,639	4,758	-	75,483	413,863	23,049	436,912	351,233
Food	216,558	103,761	-	17,172	16,418	11,788	365,697	-	365,697	376,679
In-Kind	-	358,489	-	-	-	-	358,489	-	358,489	127,419
Direct assistance	-	104,083	-	57,866	4,460	80,513	246,922	-	246,922	193,401
Small equipment	1,787	160,644	1,212	4,623	40,379	6,799	215,444	7,258	222,702	211,102
Travel	72,724	62,913	39,413	14,427	12,862	13,082	215,421	524	215,945	215,813
Communications	9,152	60,344	9,413	3,746	14,990	55,645	153,290	49,590	202,880	205,651
Staff development	30	80,954	21,942	4,020	680	15,310	122,936	6,730	129,666	82,977
Insurance	1,253	7,583	167	-	380	838	10,221	67,680	77,901	63,528
Printing	-	9,867	-	-	13,828	31	23,726	18,577	42,303	47,412
Bad debt expense	-	-	-	-	-	13,648	13,648	-	13,648	-
Miscellaneous	3,275	52,213	297	-	18,239	8,002	82,026	300	82,326	57,735
Total expenses before depreciation and amortization	890,082	9,999,038	1,122,035	969,128	869,966	1,173,835	15,024,084	1,121,771	16,145,855	15,989,589
Depreciation and amortization	44,345	86,214	17,685	-	17,179	9,446	174,869	-	174,869	151,727
Total expenses	\$ 934,427	\$ 10,085,252	\$ 1,139,720	\$ 969,128	\$ 887,145	\$ 1,183,281	\$ 15,198,953	\$ 1,121,771	\$ 16,320,724	\$ 16,141,316

The accompanying notes are integral part of these statements.

PRO ACTION OF STEUBEN AND YATES, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 727,264	\$ 182,597
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	174,869	151,727
Gain on sale of property and equipment	(20,010)	(4,165)
Bad debt expense	13,648	-
Changes in:		
Grants receivable	1,405	233,356
Inventory	(12,301)	(5,252)
Prepaid expenses	-	16,004
Accounts payable	30,614	(161,017)
Accrued payroll and related expenses	71,596	(105,561)
Assets held for others	(9,314)	6,530
Program advances	104,582	334,340
Paycheck Protection Program refundable advance	<u>(700,407)</u>	<u>700,407</u>
Net cash flow from operating activities	<u>381,946</u>	<u>1,348,966</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Increase in certificate of deposit	(570)	(1,419)
Proceeds from sale of property and equipment	20,010	4,165
Purchases of property and equipment	<u>(364,076)</u>	<u>(122,918)</u>
Net cash flow from investing activities	<u>(344,636)</u>	<u>(120,172)</u>
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	37,310	1,228,794
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	<u>2,912,242</u>	<u>1,683,448</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - end of year	<u>\$ 2,949,552</u>	<u>\$ 2,912,242</u>

The accompanying notes are an integral part of these statements.

PRO ACTION OF STEUBEN AND YATES, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. THE ORGANIZATION

Pro Action of Steuben and Yates, Inc. (the Organization) is a private, nonprofit, anti-poverty agency serving the counties of Steuben and Yates, New York. The Organization administers a variety of federal, state and locally sponsored programs which are directed toward reducing or eliminating the primary causes of poverty throughout the community. The Organization is a New York State not-for-profit corporation, incorporated in 1965.

The specific purpose of the Organization is to build a community of resilient individuals and families who can meet their basic needs, overcome adversity, and prosper.

The following are descriptions of the prominent programs administered by the Organization:

Early Childhood Services

Early Childhood Services includes Head Start, Early Head Start, and Universal Pre-Kindergarten programs that assist preschoolers and their families in preparation for school. The program provides family centered services which promote healthy development of the children and families.

Employment Services

Employment Services includes career search centers, summer youth employment, and wheels to work programs that provide training and employment assistance for income and age eligible people.

Adult Nutrition Services

Adult Nutrition Services provides nutritious meals to the over sixty (60) population at both congregate meal sites and via home delivered meals. Congregate meal sites also provide the opportunity for socialization and a forum for educational programming. Home delivered meals contribute to assisting individuals in staying in their homes for as long as possible, while ensuring that these people receive a nutritious meal and a personal contact from the driver each day.

Energy Services

Energy Services programs assist eligible households with meeting the demands of home heating costs and with reducing those costs through energy conservations measures.

Other Aging Services

Other Aging Services are provided in an effort to maximize the quality of life for the over sixty (60) population. These services include transportation, health care counseling, legal services, and personal care services. These services extended the time that seniors are able to maintain a level of independence and remain in their own homes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements of the Organization as of and for the year ended December 31, 2020, from which the summarized information was obtained.

Net Assets

The Organization reports activities and the related net assets using the following net asset categories:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions represent resources that are generally available for support of the Organization's activities without donor-imposed restrictions.

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions include resources that have been donated to the Organization subject to restrictions as defined by the donor. When a donor restriction is met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. If donor imposed restrictions were met in the same reporting period as the recognition of the contribution, the contribution is reported as without donor restrictions.

Revenue, Receivables and Program Advances

The Organization receives revenue from governmental grants from federal, state, and county agencies and classifies these grants as without donor restrictions. The Organization recognizes revenue from grants and contracts when conditions from the donor are met. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, program advances, a contract liability, are recorded when cash advances exceed support and revenue earned.

Funding sources may, at their discretion, amend the grant and contract amounts. In addition, reimbursement for expenses or return of funds, or both, may be requested as a result of noncompliance by the Organization with the terms of the grants and contracts. The Organization records such amendments, reimbursements, and returns of funds as an adjustment to revenue in the year of the amendment.

Grants receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible, after collection efforts have been exhausted, are written off. Historically, collection losses have been minimal; therefore, an allowance for doubtful accounts is not recorded. Uncollectible accounts are charged to bad debt expense in the year they are determined to be uncollectible. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue, Receivables and Program Advances (Continued)

Program fees are recognized based on approved rates when the Organization satisfies their performance obligations under contracts by transferring services to individuals at a point in time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period. Revenues are charged and collected routinely throughout the month.

Contributions

Contributions are recorded at the time of receipt, or when evidence of a non-conditional promise to give has been received. Promises subject to conditions are not recorded as income until those conditions have been met. Contributions that are expected to be received in future years are recorded at their present value. Contributions are recorded without donor restrictions, unless they are subject to donor restrictions, or are required to be used or expected to be received in future years.

In-Kind Revenue

The Organization receives in-kind donations from outside parties. The donations include, but are not limited to, donated services, materials and facilities. All donations are without donor restrictions and are used to support and further the Organization's objectives. The donations are reflected in the financial statements at their estimated fair market value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Organization without compensation.

Contributed services are recognized as in-kind revenue and expense by the Organization when they meet the criteria of GAAP. In-kind contributions of \$358,489 and \$127,419 for the years ended December 31, 2021 and 2020, respectively, have been recognized by the Organization and are included in in-kind revenue and various program expenses in the statement of activities and change in net assets.

Cash and Cash Equivalents

Cash and cash equivalents include bank demand deposit accounts that may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk with respect to cash and cash equivalents.

Cash and cash equivalents and restricted cash as reported in the statements of cash flows consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,916,162	\$ 2,869,538
Restricted cash	<u>33,390</u>	<u>42,704</u>
	<u>\$ 2,949,552</u>	<u>\$ 2,912,242</u>

Certificate of Deposit

Certificates of deposit, with original maturities of one year or less, are recorded at cost, and at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk with respect to the certificates of deposit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash and Assets Held for Others

The Organization has assets that are held on behalf of others related to the Wheels II purchase guaranteed loan program. These assets consist of cash in demand deposit accounts at a financial institution that may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk with respect to these assets.

Inventory

Inventory, consisting of energy program supplies, is stated at the lower of cost and net realizable value, with cost being determined using the first-in, first-out basis.

Property and Equipment

Property and equipment is recorded at cost or at fair value at the date of donation. The Organization capitalizes property and equipment with a cost of over \$2,000 and an estimated useful life greater than one year. Depreciation and amortization is computed using the straight-line method over the assets' useful lives ranging from five (5) to twenty (20) years.

Depreciation and amortization expense was \$174,869 and \$151,727 for the years ended December 31, 2021 and 2020, respectively.

Donated Services

Volunteers have donated significant amounts of time in support of the Organization's activities. However, the value of these services is not reflected in the financial statements, as they do not meet the criteria for recognition set forth in GAAP.

Allocation of Certain Expenses

The accompanying statement of functional expenses presents expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. These expenses include salaries and wages, employee benefits and payroll taxes, occupancy, depreciation and amortization. Salaries and wages, employee benefits and payroll taxes are directly charged whenever possible and practicable and otherwise are allocated based on time spent in the various programs. Occupancy and depreciation and amortization are directly charged whenever possible and practicable and otherwise are allocated based on square footage.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Actual results could differ from those estimates.

Risks and Uncertainties

The United States is presently in the midst of a pandemic related to a virus, commonly known as Novel Coronavirus (COVID-19). As a result of COVID-19, there has been heightened market risk and volatility associated with the pandemic, and this could materially affect the amounts reported in the financial statements. The ultimate financial effects cannot be reasonably estimated at this time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the financial statements for the year ended December 31, 2020. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.

3. LIQUIDITY

The Organization is substantially supported by support from federal, state and county agencies, organizational grants, and other revenue generated by its operations that are without donor restrictions. In addition, some support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization maintains sufficient cash that is readily available for general expenditures. Additionally, the Organization's ability to meet its cash needs is further dependent, in part, on timely collection of its grants receivable. The Organization's grants receivable are due primarily from federal agencies, New York State agencies and various New York Counties. The Organization employs procedures specifically designed to collect from these payers as quickly as possible. However, timeliness of payment from these payers varies and is sometimes difficult to predict.

The Organization's financial assets available within one year of the balance sheet date for general expenditures at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,916,162	\$ 2,869,538
Certificates of deposit	96,261	95,691
Restricted cash	33,390	42,704
Grants receivable	<u>1,724,178</u>	<u>1,739,231</u>
Financial assets at December 31	4,769,991	4,747,164
Less those unavailable for general expenditures within one year, due to:		
Restricted cash	33,390	42,704
Subject to satisfaction of donor restrictions	<u>42,727</u>	<u>76,912</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,693,874</u>	<u>\$ 4,627,548</u>

Should liquidity issues arise, the Organization also has a committed line of credit in the amount of \$500,000. There were no amounts outstanding on the line of credit as of December 31, 2021 and 2020.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$42,727 and \$76,912 at December 31, 2021 and 2020, respectively, were restricted to be used for the Hope Center.

Net assets were released from donor restrictions in the amount of \$91,464 and \$82,506 for the Hope Center during the years ended December 31, 2021 and 2020, respectively.

5. LINE OF CREDIT

The Organization has an unsecured line of credit agreement with a bank providing for maximum borrowings of \$500,000 with interest on amounts borrowed at the bank's prime rate, with an interest rate floor of 4.25% (4.25% at December 31, 2021). This arrangement is subject to annual review and approval by the bank in October 2022. There were no borrowings outstanding on the line of credit at December 31, 2021 or 2020.

6. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In May 2020, the Organization entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) under which the Organization received \$750,000. This arrangement was evidenced by a loan agreement that included provisions whereby the loan balance could be fully or partially forgiven based on the Organization's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the Bank in accordance with the requirements of the PPP Program.

The Organization elected to account for its PPP arrangement as a conditional contribution, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. Through December 31, 2020, the Organization estimated that it administered the proceeds of its PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness for \$49,593 of the balance received under the PPP arrangement. This amount was included in Organizational grants in the statement of activities and change in net assets for the year ended December 31, 2020. The remaining balance of \$700,407 was recorded as Paycheck Protection Program refundable advance on the balance sheet as of December 31, 2020.

During the year ended December 31, 2021, forgiveness in the amount of \$49,593 was adjudicated by the Bank and approved by the U.S. Small Business Administration. The remaining balance of \$700,407 was repaid in full during the year ended December 31, 2021.

7. ASSETS HELD FOR OTHERS

Assets held for others include amounts related to the Wheels II purchase guaranteed loan program of \$33,390 and \$42,704 at December 31, 2021 and 2020, respectively. The guaranteed loan program liability consists of monies received from a federal agency to administer guaranteed loan programs for various purposes to low-income families of Steuben and Yates Counties. The loans are made by a local financial institution and repayment is guaranteed, in the event of default, with these funds. Upon completion or termination of these programs any unspent funds must be returned to the federal agency.

These funds are recorded on the accompanying balance sheet at December 31, 2021 and 2020 as restricted cash in the amount of \$33,390 and \$42,704, respectively.

8. DONATED SERVICES, MATERIALS, AND FACILITIES

Several of the programs the Organization administers received grants that include a matching provision which requires that an amount equal to a stated percentage of the grant be matched with public contributions. This matching element may be in the form of other non-federal grants, public cash contributions, or donated services, materials and facilities. Grants and cash donations used as matching dollars are included in donations, fees and fundraising in the statement of activities and change in net assets. Contributed services, materials and facilities that meet certain requirements are also recorded and reflected in the financial statements.

Donations of materials are recorded at their fair market value at the date of receipt. Donated use of facilities is calculated based on the square footage occupied, multiplied by the fair market value of the space as determined by appraisal. The Organization records service contributions based upon an estimated average hourly wage for that service in the geographical location, or in the case of professional services, the donors' normal billing rate.

During the years ended December 31, 2021 and 2020, donated facilities in the amounts of \$301,409 and \$59,245, respectively, and donated services and materials in the amounts of \$57,080 and \$68,174, respectively, are reported as in-kind revenue and program expense in the statement of activities and change in net assets.

In addition, the Organization occupies, without charge, space in a government owned building used for the Organization's central administration. The estimated fair rental value is reported as other revenue and program expense in the accompanying statement of activities and change in net assets in the amount of approximately \$95,000 for both of the years ended December 31, 2021 and 2020.

9. RETIREMENT PLAN

The Organization sponsors a defined contribution 403(b) retirement plan. All employees of the Organization working 20 hours or more per week are eligible to participate in the Plan after one year of service. Participants are fully vested immediately. The Organization makes a non-elective employer contribution of 3% to all employees eligible to participate and enroll in the plan. In addition, the Organization matches employee contributions up to 2% for employees with 5 years or more of service and 4% for employees with 10 years or more of service. Retirement plan expense was \$294,162 and \$298,162 for the years ended December 31, 2021 and 2020, respectively.

10. CONCENTRATION

A significant portion of the Organization's revenue is generated through federal, state and county grants that are renewed annually, without which there would be an impact on the Organization's level of service and operation. The Organization derives a substantial portion of its revenues from one grant. Total revenues related to this grant were approximately \$4,300,000 and \$3,900,000 for the years ended December 31, 2021 and 2020, respectively. Grants receivable related to this grant were approximately \$116,000 and \$84,000 at December 31, 2021 and 2020, respectively.

11. COMMITMENTS

The Organization leases facilities at various sites for the use of the Organization's programs under non-cancelable leases for program facilities and office space. These leases expire at various dates through March 2026. The future minimum operating lease payments payable under non-cancelable leases having initial or remaining lease terms in excess of one year as of December 31, 2021, are as follows:

2022	\$	124,247
2023		42,582
2024		22,685
2025		14,220
2026		<u>3,573</u>
	\$	<u>207,307</u>

Rent expense under all lease agreements totaled \$158,284 and \$116,975 for the years ended December 31, 2021 and 2020, respectively.

12. CONTINGENCIES

The Organization receives various grants from federal and state agencies which are subject to audit by these agencies. Such audits may result in disallowances and a request for a return of funds. Based on past audits the Organization believes disallowances, if any, will not be significant.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 19, 2022, which is the date the financial statements were available to be issued.

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

April 19, 2022

To the Board of Directors of
Pro Action of Steuben and Yates, 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 Pro Action of Steuben and Yates, Inc. (the Organization), which comprise the balance sheet as of December 31, 2021, and the related statements of activities and change in net assets, 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 April 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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.

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

April 19, 2022

To the Board of Directors of
Pro Action of Steuben and Yates, Inc.:

Report on Compliance For Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pro Action of Steuben and Yates, Inc.'s (the Organization) 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 Organization's major federal programs for the year ended December 31, 2021. The Organization'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 Organization 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 December 31, 2021.

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 Organization 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 Organization'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 Organization's federal programs.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR 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 Organization'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 Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures response to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization'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 Organization'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 Organization'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 and any significant deficiencies and material weaknesses in internal control over compliance 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.

PRO ACTION OF STEUBEN AND YATES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/ <u>Pass-through Grantor/Program Title</u>	Assistance Listing <u>Number</u>	<u>Contract/Grant Number</u>	Total Federal <u>Expenditures</u>
U.S. Department of Health and Human Services:			
Head Start	93.600	02CH01089603	\$ 4,208,901
COVID-19 Head Start	93.600	02HE00007001C5	54,700
Passed through Schuyler County Head Start - Head Start	93.600	N/A	<u>2,866</u>
			<u>4,266,467</u>
Passed through the NYS Department of State - Community Services Block Grant	93.569	C1001486	415,323
Community Services Block Grant	93.569	C1001966	25,822
COVID-19 Community Services Block Grant	93.569	T1001819	<u>140,277</u>
			<u>581,422</u>
Passed through Steuben County Department of Social Services - Temporary Assistance for Needy Families	93.558	N/A	218,933
Temporary Assistance for Needy Families	93.558	N/A	13,188
Passed through Yates County Department of Social Services - Temporary Assistance for Needy Families	93.558	N/A	90,462
Temporary Assistance for Needy Families	93.558	N/A	29,142
Temporary Assistance for Needy Families	93.558	N/A	<u>6,769</u>
			<u>358,494</u>
Passed through NYS Division of Housing and Community Renewal - Low-Income Home Energy Assistance	93.568	C093660-19	163,779
Low-Income Home Energy Assistance	93.568	C093660-21	440,288
Passed through NYS Office of Temporary and Disability Assistance - Low-Income Home Energy Assistance	93.568	N/A	260,723
Passed through Steuben County Department of Social Services - Low-Income Home Energy Assistance	93.568	N/A	98,615
Passed through Yates County Department of Social Services - Low-Income Home Energy Assistance	93.568	N/A	<u>14,323</u>
			<u>977,728</u>
Passed through NYS Office of Children and Family Services - Community-Based Child Abuse Prevention Grants	93.590	C028529	<u>142,871</u>
Aging Cluster			
Passed through NYS Office of the Aging - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	25,641
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	23,168
Special Programs for the Aging Title III, Part C, Nutrition Services	93.045	N/A	60,546
COVID-19 Special Programs for the Aging Title III, Part C, Nutrition Services	93.045	N/A	77,006
Nutrition Services Incentive Program	93.053	N/A	14,041
Passed through Steuben County Office of the Aging - Special Programs for the Aging Title III, Part C, Nutrition Services	93.045	N/A	207,317
Nutrition Services Incentive Program	93.053	N/A	<u>67,151</u>
			<u>474,870</u>

PRO ACTION OF STEUBEN AND YATES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

(Continued)

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract/Grant Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services: (Continued)			
Passed through NYS Office of the Aging - COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	N/A	<u>28,157</u>
Passed through NYS Office of the Aging - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	N/A	<u>3,238</u>
Passed through NYS Office of the Aging - National Family Caregiver Support, Title III, Part E	93.052	N/A	27,525
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	N/A	<u>12,817</u>
			<u>40,342</u>
Passed through NYS Office of the Aging - Medicare Enrollment Assistance Program	93.071	N/A	<u>13,431</u>
Passed through NYS Office of the Aging - Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	<u>5,845</u>
Total Department of Health and Human Services			<u>6,892,865</u>
U.S. Department of Labor:			
Passed through Center for Workforce Inclusion - Senior Community Service Employment Program	17.235	145	285,012
Passed through New York State Department of Labor - WIOA Dislocated Worker Formula Grants	17.278	N/A	<u>165,213</u>
Total Department of Labor			<u>450,225</u>
U.S. Department of Agriculture:			
Passed through NYS Department of Health Supplemental Nutrition Assistance Program	10.551	C33042GG	<u>94,515</u>
Passed through NYS Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C35465GG	<u>1,665,900</u>
Passed through NYS Department of Health Child and Adult Care Food Program	10.558	1222/1223	430,929
COVID-19 Child and Adult Care Food Program	10.558	214NY204H1706	<u>59,334</u>
			<u>490,263</u>
Total Department of Agriculture			<u>2,250,678</u>

PRO ACTION OF STEUBEN AND YATES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

(Continued)

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract/Grant Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Energy:			
Passed through NYS Division of Housing and Community Renewal - Weatherization Assistance for Low-Income Persons	81.042	C093660-19	27,116
Weatherization Assistance for Low-Income Persons	81.042	C093660-21	<u>217,153</u>
Total Department of Energy			<u>244,269</u>
Total Expenditures of Federal Awards			<u>\$ 9,838,037</u>

PRO ACTION OF STEUBEN AND YATES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal activity of Pro Action of Steuben and Yates, Inc. (the Organization) under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, change in net assets, or cash flows of the Organization.

2. BASIS OF ACCOUNTING

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized fulfilling cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amounts included in the accompanying Schedule are actual expenditures for the year ended December 31, 2021. Differences between amounts included in the Schedule and amounts reported to funding agencies for these programs result from report timing.

4. FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Non-monetary assistance is reported in the schedule for the fair market value of the food coupons redeemed during the year, totaling \$967,288.

5. INDIRECT COSTS

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

PRO ACTION OF STEUBEN AND YATES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of Pro Action of Steuben and Yates, Inc. (the Organization) were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The independent auditor's report on compliance for the Organization's major federal award programs expressed an unmodified opinion.
5. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.
6. There were no audit findings relative that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs were Special Supplemental Nutrition Program for Women, Infants, and Children, Assistance Listing Number 10.557 and Community Services Block Grant, Assistance Listing Number 93.569.
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. The Organization was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

PRO ACTION OF STEUBEN AND YATES, INC.

**SCHEDULE OF INDIRECT COST RATE CALCULATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

The calculation of the final indirect cost rates are presented below for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 549,168	\$ 551,466
Employee benefits and payroll taxes	151,477	145,466
Supplies	27,676	11,950
Contractual	239,260	249,784
Occupancy	23,049	19,155
Travel	524	175
Communications	5,234	16,025
Staff development	6,943	4,570
Small equipment and maintenance	19,894	23,059
Insurance	67,680	53,556
Miscellaneous	300	806
Costs allocated directly to daycare providers	<u>(30,000)</u>	<u>(30,000)</u>
	<u>\$ 1,061,205</u>	<u>\$ 1,046,012</u>
Management and administrative salaries and wages	\$ 549,168	\$ 551,466
Management and administrative fringe	151,477	145,466
Non-salary indirect costs	<u>360,560</u>	<u>349,080</u>
	<u>\$ 1,061,205</u>	<u>\$ 1,046,012</u>

(Continued)

PRO ACTION OF STEUBEN AND YATES, INC.

**SCHEDULE OF INDIRECT COST RATE CALCULATION (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Indirect cost base uses total direct costs adjusted for distorting items as defined in the Indirect Cost Proposal as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Total expenses	\$ 16,320,724	\$ 16,141,316
Less:		
Depreciation and amortization	174,869	151,727
In-kind expenses	358,489	127,419
Management and administrative salaries and wages	549,168	551,466
Management and administrative fringe	151,477	145,466
Management and administrative non-salary costs	360,560	349,080
Provider payments	2,486,055	2,628,199
Occupancy	117,213	101,535
Miscellaneous	<u>5,607</u>	<u>96,625</u>
	<u>4,203,438</u>	<u>4,151,517</u>
	<u>\$ 12,117,286</u>	<u>\$ 11,989,799</u>
Indirect cost rate calculation:		
Indirect costs	\$ 1,061,205	\$ 1,046,012
Divided by base	\$ 12,117,286	\$ 11,989,799
Percentage	<u>8.76%</u>	<u>8.72%</u>