PRO ACTION OF STEUBEN AND YATES, INC.

Financial Statements and
Supplementary Information

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

PRO ACTION OF STEUBEN AND YATES, INC.

Table of Contents

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pro Action of Steuben and Yates, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro Action of Steuben and Yates, Inc. as of December 31, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Prior Period Financial Statements

The financial statements of Pro Action of Steuben and Yates, Inc. as of December 31, 2022, were audited by other auditors whose report dated April 18, 2023, expressed an unmodified opinion on those statements.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Organization'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 Organization'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.

Supplemental 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 accompanying supplemental information 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 April 16, 2024, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 16, 2024

PRO ACTION OF STEUBEN AND YATES, INC.
Statements of Financial Position
December 31, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and equivalents	$ 3,297,722	3,250,913
Certificate of deposit	119,290	96,406
Funds held for others	44,664	46,498
Grants receivable	2,290,798	2,554,660
Inventory	50,157	57,921
Total current assets	5,802,631	6,006,398
Property and equipment:		
Building and improvements	1,334,226	972,089
Leasehold improvements	210,631	191,495
Furniture and equipment	1,274,272	1,117,245
Vehicles	1,033,916	922,319
	3,853,045	3,203,148
Less accumulated depreciation and amortization	(2,318,436)	(2,014,247)
Net property and equipment	1,534,609	1,188,901
Right-of-use assets - operating leases	90,513	81,517
Total assets	$ 7,427,753	7,276,816
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	811,636	661,232
Accrued payroll and related expenses	712,193	775,296
Program advances	833,149	1,172,521
Funds held for others	44,664	46,498
Current installments of operating lease liabilities	49,371	41,926
Total current liabilities	2,451,013	2,697,473
Operating leases, net of current installments	41,142	40,026
Total liabilities	2,492,155	2,737,499
Net assets:		
Without donor restrictions:	4,820,943	4,481,229
With donor restrictions	114,655	58,088
Total net assets	4,935,598	4,539,317
Total liabilities and net assets	$ 7,427,753	7,276,816

See accompanying notes to financial statements.

PRO ACTION OF STEUBEN AND YATES, INC.
Statement of Activities
Year ended December 31, 2023
with comparative totals for 2022

	Without donor restrictions	With donor restrictions	Total 2023	Total 2022
Revenue and other support:				
Federal agencies	$ 8,478,752	90,267	8,569,019	8,645,511
State agencies	3,279,900	-	3,279,900	2,535,940
County agencies	7,759,680	-	7,759,680	5,159,576
Organizational grants	1,010,715	11,275	1,021,990	1,553,799
Contributions	238,147	26,871	265,018	314,714
Fees	154,654	-	154,654	162,129
Nonfederal cash match	101,992	-	101,992	100,595
Contributed nonfinancial assets	324,956	-	324,956	412,477
Other	314,349	-	314,349	257,432
Net assets released from restrictions	71,846	(71,846)	-	-
Total revenue and other support	21,734,991	56,567	21,791,558	19,142,173
Expenses:				
Program services	19,476,558	-	19,476,558	16,768,222
Management and general	1,283,747	-	1,283,747	1,226,322
Total expenses	20,760,305	-	20,760,305	17,994,544
Change in net assets before other expense	974,686	56,567	1,031,253	1,147,629
Other expense - funding reimbursement	(634,972)	-	(634,972)	(40,960)
Change in net assets	339,714	56,567	396,281	1,106,669
Net assets at beginning of year	4,481,229	58,088	4,539,317	3,432,648
Net assets at end of year	$ 4,820,943	114,655	4,935,598	4,539,317

See accompanying notes to financial statements.

PRO ACTION OF STEUBEN AND YATES, INC.
Statement of Activities
Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Revenue and other support:			
Federal agencies	$ 8,645,511	-	8,645,511
State agencies	2,535,940	-	2,535,940
County agencies	5,159,576	-	5,159,576
Organizational grants	1,533,449	20,350	1,553,799
Contributions	263,624	51,090	314,714
Fees	162,129	-	162,129
Nonfederal cash match	100,595	-	100,595
Contributed nonfinancial assets	412,477	-	412,477
Other	257,432	-	257,432
Net assets released from restrictions	56,079	(56,079)	-
Total revenue and other support	19,126,812	15,361	19,142,173
Expenses:			
Program services	16,768,222	-	16,768,222
Management and general	1,226,322	-	1,226,322
Total expenses	17,994,544	-	17,994,544
Change in net assets before other expenses	1,132,268	15,361	1,147,629
Other expense - funding reimbursement	(40,960)	-	(40,960)
Change in net assets	1,091,308	15,361	1,106,669
Net assets at beginning of year	3,389,921	42,727	3,432,648
Net assets at end of year	$ 4,481,229	58,088	4,539,317

See accompanying notes to financial statements.

PRO ACTION OF STEUBEN AND YATES, INC.
Statement of Functional Expenses
Year ended December 31, 2023
with comparative totals for 2022

	Program Services								Total	
	Adult Nutrition Services	Early Childhood Services	Energy Services	Employment Services	Other Aging Programs	CSBG Operating and Other	Total Program Services	Management and General	2023	2022
Salaries and wages	$ 521,651	5,517,823	385,382	551,173	503,757	805,516	8,285,302	647,540	8,932,842	8,489,365
Employee benefits and payroll taxes	97,795	1,383,164	103,103	85,561	121,268	192,426	1,983,317	158,627	2,141,944	2,160,114
Provider payments	-	5,783,970	-	-	-	-	5,783,970	-	5,783,970	3,167,777
Consumable supplies	86,179	167,529	262,732	2,719	25,631	43,987	588,777	16,521	605,298	694,319
Food	334,611	192,935	-	-	-	11,788	539,334	-	539,334	546,184
Contractual	356	87,287	5,001	-	120,540	105,875	319,059	287,290	606,349	538,712
Occupancy	11,256	306,940	26,949	12,223	-	88,687	446,055	24,357	470,412	445,658
Contributed nonfinancial assets	-	57,387	-	30,932	38,509	198,128	324,956	-	324,956	412,477
Equipment	4,593	99,607	916	2,814	1,212	1,967	111,109	(1,748)	109,361	297,740
Travel	109,656	140,442	33,254	4,195	32,672	15,181	335,400	2,120	337,520	286,009
Communications	9,470	94,991	6,464	1,451	14,601	20,144	147,121	65,556	212,677	239,383
Staff development	1,496	85,017	10,953	5,503	2,514	28,047	133,530	6,845	140,375	184,744
Direct assistance	-	24,508	-	57,260	1,975	23,407	107,150	-	107,150	154,637
Insurance	1,253	9,897	167	-	380	475	12,172	51,069	63,241	65,976
Printing	640	9,123	-	-	15,668	183	25,614	25,295	50,909	57,463
Miscellaneous	711	849	20,791	-	3,768	3,384	29,503	275	29,778	8,488
Total expenses before depreciation and amortization	1,179,667	13,961,469	855,712	753,831	882,495	1,539,195	19,172,369	1,283,747	20,456,116	17,749,046
Depreciation and amortization	39,132	145,393	26,939	-	63,554	29,171	304,189	-	304,189	245,498
Total expenses	$ 1,218,799	14,106,862	882,651	753,831	946,049	1,568,366	19,476,558	1,283,747	20,760,305	17,994,544

See accompanying notes to financial statements.

PRO ACTION OF STEUBEN AND YATES, INC.
Statement of Functional Expenses
Year ended December 31, 2022

	Program Services								
	Adult Nutrition Services	Early Childhood Services	Energy Services	Employment Services	Other Aging Programs	CSBG Operating and Other	Total Program Services	Management and General	Total
Salaries and wages	$ 469,101	4,983,507	519,623	591,706	487,789	795,298	7,847,024	642,341	8,489,365
Employee benefits and payroll taxes	91,336	1,233,389	157,753	94,130	119,718	311,072	2,007,398	152,716	2,160,114
Provider payments	-	3,167,777	-	-	-	-	3,167,777	-	3,167,777
Consumable supplies	65,174	207,628	310,433	4,778	55,735	35,006	678,754	15,565	694,319
Food	301,258	221,091	-	130	8,633	15,072	546,184	-	546,184
Contractual	193	109,138	5,850	-	147,384	31,328	293,893	244,819	538,712
Occupancy	8,740	283,275	23,087	8,052	150	91,422	414,726	30,932	445,658
Contributed nonfinancial assets	-	175,840	-	-	38,509	198,128	412,477	-	412,477
Equipment	16,130	247,327	991	1,472	(3,719)	27,828	290,029	7,711	297,740
Travel	93,460	103,078	35,143	3,347	24,652	24,833	284,513	1,496	286,009
Communications	8,564	77,077	7,743	2,271	11,880	75,891	183,426	55,957	239,383
Staff development	746	102,508	20,737	1,428	900	55,124	181,443	3,301	184,744
Direct assistance	-	13,576	90	72,273	3,495	65,203	154,637	-	154,637
Insurance	1,253	14,697	167	-	380	475	16,972	49,004	65,976
Printing	61	14,206	-	-	20,991	-	35,258	22,205	57,463
Miscellaneous	863	2,835	-	-	3,609	906	8,213	275	8,488
Total expenses before depreciation and amortization	1,056,879	10,956,949	1,081,617	779,587	920,106	1,727,586	16,522,724	1,226,322	17,749,046
Depreciation and amortization	28,867	137,372	28,392	-	36,256	14,611	245,498	-	245,498
Total expenses	$ 1,085,746	11,094,321	1,110,009	779,587	956,362	1,742,197	16,768,222	1,226,322	17,994,544

See accompanying notes to financial statements.

PRO ACTION OF STEUBEN AND YATES, INC.
Statements of Cash Flows
Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 396,281	1,106,669
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	304,189	245,498
Noncash lease expense	(435)	435
Gain on sale of property and equipment	-	(79,345)
Changes in:		
Grants receivable	263,862	(830,482)
Inventory	7,764	(13,240)
Accounts payable	150,404	276,487
Accrued payroll and related expenses	(63,103)	72,515
Program advances	(339,372)	102,779
Net cash provided by operating activities	719,590	881,316
Cash flows from investing activities:		
Net purchases of investments	(22,884)	(145)
Proceeds from sale of property and equipment	-	79,345
Purchases of property and equipment	(649,897)	(625,765)
Net cash used in investing activities	(672,781)	(546,565)
Net change in cash and equivalents	46,809	334,751
Cash and equivalents at beginning of year	3,250,913	2,916,162
Cash and equivalents at end of year	$ 3,297,722	3,250,913
Supplemental schedules of cash flow information:		
Cash paid for amounts included in measurement of lease liabilities - operating leases principal payments	$ 32,581	99,367
Lease assets obtained in exchange for lease liabilities - operating leases	$ 41,577	180,195

See accompanying notes to financial statements.

(1) 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

(a) Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization.

(c) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For the purposes of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts in financial institutions. The Organization maintains cash and equivalents at financial institutions which periodically may exceed federal limits. At December 31, 2023, the Organization had $36,620 in excess of the federally insured limit. At December 31, 2022, the Organization had no amounts in excess of the federally insured limit.

(f) Receivables and Bad Debts

The Organization's accounts receivable are primarily derived from grants. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of the Organization's historical losses based on an aging of receivables. Historical losses have been consistent. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that the allowance for credit losses is not deemed necessary at December 31, 2023 and 2022.

(2) Summary of Significant Accounting Policies, Continued

(f) Receivables and Bad Debts, Continued

The Organization writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in revenue. There were no write-offs for the years ended December 31, 2023 and 2022.

(g) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the accompanying statements of activities.

(h) Deferred Grant Revenue and Revenue Recognition

The Organization recognizes grants and contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization generally accounts for grants and contract revenue as exchange transactions in the statements of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each program are used as guidance. Unexpended contract funds are recorded as grants or contract payables at the end of the contract period. Funds received in advance of their use are accounted for as program advances in the statements of financial position.

(i) Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(2) Summary of Significant Accounting Policies, Continued

(j) Funds Held for Others

The Organization has assets that are held on behalf of others related to the Wheels II purchase guaranteed loan program in the amounts of $44,664 and $46,498 at December 31, 2023 and 2022, respectively. Funds are received from a federal agency to administer guaranteed loans to low-income families. Upon completion of the program, any unspent funds are to be returned to the federally agency. These assets consist of cash in demand deposit accounts at a financial institution that may, at times, exceed federally insured limits. The amounts are included in the accompanying statements of financial position as an asset and an equal liability.

(k) 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.

(l) Contributed Space and Services

The Organization utilizes office space and certain services made available to it. The cost savings associated with such arrangements are recorded as contributed space and services and are recognized as revenue and expense in the accompanying financial statements based on the fair value of such services (note 10).

(m) Allocation of Certain Expenses

The accompanying statements 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.

(n) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. the Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities.

(2) Summary of Significant Accounting Policies, Continued

(o) Indirect Cost Rate

The Organization uses an indirect cost rate for the purpose of allocating indirect costs. The methodology used to develop the indirect cost rate was approved by the U.S. Department of Health and Human Services. The indirect cost allocation plan for the years ended December 31, 2023 and 2022 was approved by the Organization's Federal Cognizant Agency, the U.S. Department of Health and Human Services. The costs, basis and methods of allocation per the plan were in accordance with the provisions of OMB Circular A-122, Cost Principles for Nonprofit Organizations. The actual indirect cost rate for the years ended December 31, 2023 and 2022 was 9.27% and 9.06%. The Organization's rates are based on actual indirect costs of $1,195,634 and $1,151,631, and a total direct cost base of $12,902,884 and $12,706,189 for the years ended December 31, 2023 and 2022, respectively.

(p) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(q) New Accounting Standards

At the beginning of 2023, the Organization adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments, as amended which modifies the measurement of expected credit losses on certain financial instruments, including rent receivables, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The Organization adopted this new standard utilizing the modified retrospective transition method. The adoption of this Standards did not have a material impact on the Organization's financial instruments.

(r) Reclassifications

Reclassifications have been made to certain 2022 balances in order to conform them to the 2023 presentation.

(3) Liquidity

The Organization has $5,707,810 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of $3,297,722 of cash and equivalents, $2,290,798 of receivables, and $119,290 of investments (certificate of deposit). As more fully described in note 5, the Organization has a line of credit in the amount of $500,000, which it could draw upon in the event of an unanticipated liquidity need.

(4) Investments

The fair value of the certificate of deposit at December 31, 2023 and 2022 were as follows:

	2023	2022
Certificate of deposit - 3.92%, maturing December 4, 2024	$ 119,290	-
Certificate of deposit - 0.15%, maturing April 4, 2023	-	96,406
	$ 119,290	96,406

Investments at December 31, 2023 and 2022 are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation is included in investment income in the accompanying statements of activities. Investment income, consisting of interest and dividends, amounted to $3,087 and $144 for the years ended December 31, 2023 and 2022, respectively.

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data through correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(4) Investments, Continued

Fair Value Measurements, Continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2023 and 2022.

- Certificates of deposit - Valued at amortized cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023 and 2022:

		2023			
		Level 1	Level 2	Level 3	Total
Certificates of deposit	$	-	119,290	-	119,290

		2022			
		Level 1	Level 2	Level 3	Total
Certificates of deposit	$	-	96,406	-	96,406

(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 at the bank's prime rate, with an interest rate floor of 4.25% (8.5% at December 31, 2023). This arrangement is subject to annual review and approval by the bank. There were no borrowings outstanding on the line of credit at December 31, 2023 or 2022.

(6) Compensated Absences

Included in accrued expenses is the Organization's liability for future payments of accrued vested vacation wages, which amounted to $334,987 and $346,934 at December 31, 2023 and 2022, respectively. Under the terms of the existing personnel manual, the Organization's employees receive annual vacation leave; the number of days awarded and allowed to be carried forward is dependent upon the employees' years of service. Upon an employee's termination, all accumulated vacation time will be forfeited; upon an employee's resignation, accumulated vacation will be paid under the terms of the existing personnel manual.

(7) Program Advances

Program advances amounted to $833,149 and $1,172,521 at December 31, 2023 and 2022, respectively. This amount represents cash provided to the Organization in advance of the period to be benefited in order to provide working capital for the operation of various programs.

(8) Right-of-Use Assets - Lease Liabilities

The Organization leases facilities at various sites under operating leases and has elected the practical expedient not to separate lease and nonlease components for all lease transactions. The Organization also has certain leases for other properties that contain variable lease payments and lease with terms less than 12 months. The Organization has elected to recognize these lease expenses on the straight-line basis or when incurred. The lease inception or period of adoption, unless explicitly stated, is in accordance with the Organization's accounting policies. Additional information about the Organization's leases are as follows for the years ended December 31, 2023 and 2022:

(8) Right-of-Use Assets - Lease Liabilities, Continued

	2023	2022
Operating leases - program services - rent	$ 56,013	99,803
Short term leases - program services - rent	24,000	33,242
Total lease expense	$ 80,013	133,045
Weighted Averages:		
Remaining lease term - operating leases	1.8 years	2.4 years
Discount rate - operating leases	1.35%	1.09%

The aggregate maturity of the lease payments under ASC 842 for the three years following December 31, 2023 is as follows:

	Operating
2024	$ 50,372
2025	33,423
2026	10,772
	94,567
Less unamortized discount	(4,054)
Total lease liabilities	$ 90,513

Leases liabilities at December 31, 2023 and 2022:

	2023	2022
Current installments	$ 49,371	41,926
Noncurrent installments	41,142	40,026
Total lease liabilities	$ 90,513	81,952

(9) Net Assets With Donor Restrictions

Net assets with donor restrictions are summarized as follows at December 31, 2023 and 2022:

	2023	2022
Hope Center	$ 24,388	58,088
Head Start CACFP	90,267	-
Total	$ 114,655	58,088

Net assets of $71,846 and $56,079 were released from donor restrictions during the years ended December 31, 2023 and 2022, respectively, through the satisfaction of donor stipulations.

(10) Contributed Nonfinancial Assets

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 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. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Organization recorded contributed nonfinancial assets as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Materials	$ 15,042	8,084
Facilities	278,982	404,393
Services	30,932	-
	$ 324,956	412,477

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.

(11) Retirement Plans

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 nonelective 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 $321,307 and $280,653 for the years ended December 31, 2023 and 2022, respectively.

(12) Economic Dependency

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 $4,814,000 and $4,400,000 for the years ended December 31, 2023 and 2022, respectively. Grants receivable related to this grant were approximately $72,000 and $342,000 at December 31, 2023 and 2022, respectively.

(13) Contingencies

Financial awards from Federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liability that may rise from such audits since the amounts, if any, cannot be determined at this date.

PRO ACTION OF STEUBEN AND YATES, INC.
Schedule of Expenditures of Federal Awards
Year ended December 31, 2023

Federal Grantor Program Title	Assistance Listing Number	Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health and Human Services:				
Head Start	93.600	02CH01089603	$4,814,015	-
Passed through NYS Department of State:				
Community Services Block Grant	93.569	C1001486	445,774	-
Community Services Block Grant	93.569	C1001966	9,157	-
Community Services Block Grant	93.569	T1002268	3,642	-
			458,573	-
Passed through NYS Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C093660-22	218,150	-
Low-Income Home Energy Assistance	93.568	C093660-23	99,708	-
Passed through NYS Office of Temporary and Disability Assistance - Low-Income Home Energy	93.568	N/A	86,594	-
			404,452	-
Passed through NYS Office of Children and Family Services - Community-Based Child Abuse Prevention Grants	93.590	C028529	177,146	-
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	51,542	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	131,904	-
Nutrition Services Incentive Program	93.053	N/A	14,002	-
			145,906	-
Passed through Steuben County Office of the Aging:				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	211,105	-
Nutrition Services Incentive Program	93.053	N/A	72,671	-
			283,776	-
			481,224	-
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	3,104	-
National Family Caregiver Support, Title III, Part E	93.052	N/A	25,638	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

Federal Grantor Program Title	Assistance Listing Number	Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health and Human Services, Cont.:				
Medicare Enrollment Assistance Program	93.071	N/A	$ 15,194	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	7,133	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	14,070	-
Total U.S. Department of Health and Human Services			6,400,549	-
U.S. Department of Labor - passed through Center for Workforce Inclusion - Senior Community Service Employment Program	17.235	145	236,759	-
U.S. Department of Agriculture - Passed through NYS Department of Health:				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C38257GG	2,023,023	-
Child and Adult Care Food Program	10.558	1222/1223	725,497	-
Total U.S. Department of Agriculture			2,748,520	-
U.S. Department of Energy - passed through NYS Division of Housing and Community Renewal:				
Weatherization Assistance for Low-Income Persons	81.042	C093660-22	131,104	-
Weatherization Assistance for Low-Income Persons	81.042	C093660-23	109,012	-
Weatherization Assistance for Low-Income Persons	81.042	C09666GG	116,494	-
Total U.S. Department of Energy			356,610	-
Appalachian Regional Commission - Appalachian Area Development	23.002	NY-20271	4,173	-
Total Federal Awards			$9,746,611	-

See accompanying notes to schedule of expenditures of federal awards.

PRO ACTION OF STEUBEN AND YATES, INC.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activities of all federal awards programs administered by the Organization. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Relationship to Basic Financial Statements

Federal award expenditures are reported on the statement of functional expenses as program services and any related allowable general and administrative expenses under the category of management and general expenses. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to program expenditures exceeding grant or contract budget limitations, matching or contributed nonfinancial assets or capitalization policies required under accounting principles generally accepted in the United States of America.

(4) Indirect Costs

The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. The Organization uses a Federally approved indirect cost rate of 9.27%.

(5) Fair Value of Noncash Awards

Included in the amount reported for Assistance Listing No. 10.557, Special Supplemental Nutrition Program for Women, Infants and Children, is $1,267,860 for the fair market value of the redeemed food instrument issuances. A food instrument is a check produced through the New York State WIC Statewide Information System that is issued to WIC participants and may be redeemed to obtain WIC approved foods/formula from authorized vendors.

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INDEPENDENT AUDITORS' 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

The Board of Directors
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 statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated April 16, 2024.

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 Organization'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.

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.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 16, 2024

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

The Board of Directors
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 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, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pro Action of Steuben and Yates, Inc. 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, 2023.

Basis for Opinion on Each Major 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 Auditors' 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 for 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.

Auditors' Responsibility 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 its 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 responsive 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 the compliance requirements of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 16, 2024

PRO ACTION OF STEUBEN AND YATES, INC.
Schedule of Findings and Questioned Costs
Year ended December 31, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __x__ No
- Significant deficiency(ies) identified? _____ Yes __x__ None reported
- Noncompliance material to financial statements noted? _____ Yes __x__ No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __x__ No
- Significant deficiency(ies) identified? _____ Yes __x__ None reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? _____ Yes __x__ No
- The Organization's major programs audited were:

Name of Federal Program	Assistance Listing Number
Head Start	93.600
Low-Income Home Energy Assistance	93.568

- The dollar threshold for distinguishing between Type A and B programs was $750,000.
- Auditee qualified as low-risk auditee? __x__ Yes _____ No

SECTION II - FINANCIAL STATEMENTS FINDINGS

There were no findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings.

PRO ACTION OF STEUBEN AND YATES, INC.

Status of Prior Year Audit Findings

Year ended December 31, 2023

There were no audit findings with regard to the prior year financial statements (December 31, 2022).