PEACE INC
EMPOWERING PEOPLE TO THRIVE | EST. 1968

Finance Committee Minutes

Monday, September 13, 2021

Part 2 of 2

PEACE

EMPOWERING PEOPLE TO THRIVE | EST. 1968

Proposal to Provide Independent Audit Services

July 30, 2021

Submitted to:

Kathleen O'Brien, CFO
PEACE, Inc.
217 South Salina Street, 2nd Floor
Syracuse, NY 13202

Submitted by:

Michelle Mundy, CPA, Partner
Bettina Lipphardt, CPA, Advisory Partner
The Bonadio Group
432 North Franklin Street
Syracuse, NY 13204
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Big firm capability. Small firm personality.

THE BONADIO GROUP

CPAs, Consultants & More

Bonadio & Co., LLP
Certified Public Accountants

July 30, 2021

Kathleen O'Brien, CFO
PEACE, Inc.
217 South Salina Street, 2nd Floor
Syracuse, NY 13202

RE: Response to Request for Proposal to Provide Independent Audit Services

Dear Ms. O'Brien:

It is our distinct pleasure to submit this proposal to continue to provide professional services to PEACE, Inc. (the Agency) for the year ending January 31, 2022 with the possibility of four additional one-year extensions. We appreciate this opportunity to present our credentials.

We understand that the Agency seeks a firm that can provide high quality, timely and accurate audit and tax services in conformity with applicable regulations. The Bonadio Group (Bonadio) will complement these required audit deliverables with a service delivery style built around working to assist you in achieving the Agency's goals. Our seasoned engagement team is dedicated to meeting your needs and exceeding your expectations.

We believe that we offer value to the Agency in terms of relevant expertise and advice that differentiates us from our competition. We have built a practice in the tax-exempt market niche based on providing value to our clients. Our practice now consists of over 600 not-for-profit organizations served by a specialized team who are supported by a complement of senior and staff accountants. In addition, we have a substantial specialty niche in serving those organizations who receive significant funding from local, state, and federal governmental sources.

We are committed to providing you with knowledgeable, experienced staff and commit to continuity of staffing, being a collaborative business partner with you, and demonstrating the outstanding level of service we will continue to provide on a routine basis with our tax-exempt clients. You will not find comparable dedication of resources and practice size in any other firm in Upstate New York. This allows your client service team to have the depth of knowledge and experience to meet your critical needs. Also, we have the resources and commitment to provide proactive advisory information and services.

We believe our firm has a unique combination of technical ability, relevant experience, and a commitment to service that makes us the best firm for this important assignment.

The opportunity to continue to serve as your professional service providers is important to our team; we want to work with you and help the Agency achieve your critical mission in our community.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

The balance of this proposal outlines our services and qualifications. Bonadio is committed to providing you with the highest quality of professional services. If you have any questions regarding the information contained in this proposal or on any other matter, please contact Michelle at 315-214-7564 / mmundy@bonadio.com.

Very truly yours,

THE BONADIO GROUP

Michelle Mundy

by:
Michelle Mundy, CPA
Engagement Partner

Bettina Lipphardt

by:
Bettina Lipphardt, CPA
Advisory Partner

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- Peer Review Report

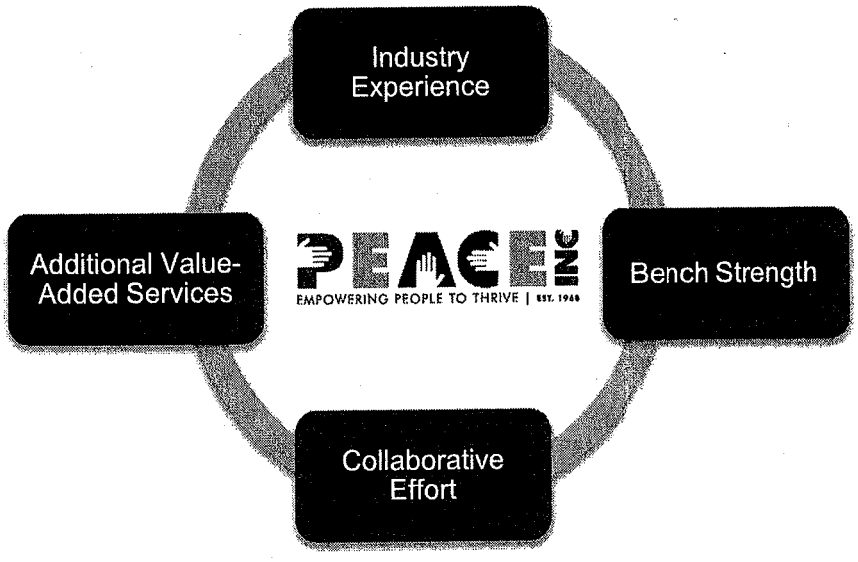
01 EXECUTIVE SUMMARY

Industry Experience

Bonadio has one of the largest tax-exempt practices in New York State outside the Big 4 accounting firms. We provide services to over 600 tax-exempt organizations. Many of the community action programs we serve exceed $15 million or more in revenues. Our size results from our ability to add new clients while maintaining existing relationships. Turnover of clients in our tax-exempt sector is very limited. We attribute this to the outstanding service and attention that we give to each of our tax-exempt clients. the Agency will benefit from working with a client service team that knows your complex structure from years of working together and is knowledgeable about the issues the Agency faces in achieving its mission. This experience has allowed us to work with you in a collaborative manner and to develop an in-depth client service relationship. We will continue to bring those skills and experience to the Agency.

Bonadio's experience also ensures that the Agency will be kept apprised of the latest developments in matters affecting tax-exempt organizations. The size of our tax-exempt practice allows us to dedicate resources to being current in areas such as new accounting and auditing standards, Internal Revenue Service developments, COVID relief programs, compliance related changes, and other similar areas.

Your proposed engagement team spends 100% of their time in the tax-exempt sector. We know your industry and understand your challenges. Our professionals do not consider tax-exempt organization work an "off-season filler" and, as such, we feel this provides our clients a unique experience.



Comprehensive Training Program

Bonadio takes its responsibility to stay abreast of issues and concerns facing its clients seriously and, as a result, has made the time and financial commitment to stay current on technical and industry business issues.

Our professionals are required to annually attend approximately 40 hours of comprehensive, focused training. Our training program is developed internally and utilizes a mix of internal and external speakers.

Timely Submissions

We are committed to meeting a timeline agreed to by the Agency's management. Through our years of working together, we have consistently demonstrated our ability to meet your requirements and expectations. Please refer to our "audit work plan" contained in this document for further details on our anticipated engagement timing.

Value-Added Services

Bonadio wants to be the Agency's trusted business advisor. As a result, we recognize the need to provide the Agency with added value beyond that of a typical audit firm. This value takes many forms and is inherent in Bonadio's approach to client service. Examples of benefits that the Agency would expect to receive (at no additional cost) as a client of Bonadio include the following:

Financial Trend Analysis
Financial trend analysis highlighting key financial and operational metrics as part of the standard year-end audit report.

Financial Reporting
Summary board level financial report focused on key messages.

Quarterly Newsletter
Quarterly tax-exempt newsletters highlighting significant accounting, reporting and operational considerations for tax-exempt entities.

Management Consulting
Preparation of a comprehensive management letter focusing not only on control related matters, but also providing operational and other recommendations, if considered necessary.

IT Consulting
We have a dedicated IT Consulting team that from day one adds to your team and delivers our intellectual property from the moment you engage us. We deploy personnel who are certified regulatory, audit, and technology experts with experience.

02 FIRM QUALIFICATIONS & PROFESSIONAL EXPERIENCE

Bonadio is a Leading CPA & Management Advisory Firm to Not-For-Profit Entities

Bonadio has a wealth of tax-exempt institutional experience and expertise. Our clients in these tax-exempt institutional sectors mirror the Agency's organizational structure in terms of complexity, regulatory environment, economic realities, and risk.

Keeping tax-exempt entities compliant and fiscally healthy is one of the core segments of our business. Since our founding, Bonadio has been committed to the tax-exempt sector. Our commitment is directly related to our belief that we have an obligation to serve the communities that we live in. In fulfillment of that obligation, we use our professional experience and expertise to help our clients protect and grow their assets, while keeping them in compliance with applicable laws and regulations.

Types of Bonadio's Tax-Exempt Clients

- Arts & Cultural
- Auxiliary Service Corporations
- Clinics / Ambulatory Care Facilities
- Colleges & Universities
- Education
- Foundations
- Health & Human Service Providers
- Hospitals
- Housing
- Labor
- Mental Health / Developmental Disabilities Agencies
- Nursing Facilities & Services for the Aging
- Religious
- Support / Research
- Youth / Community Centers

On an annual basis, hundreds of tax-exempt organizations throughout New York – ranging from small start-up operations to large, complex, multi-entity organizations – depend upon Bonadio's expertise in performing quality and comprehensive traditional audit and tax preparation services. Our tax-exempt client list represents a broad and diverse mix of organizations with varied missions and stakeholders, all requiring high levels of service and technical excellence delivered at the lowest possible costs.

We currently have one of the largest tax-exempt practices in the state. In fact, our clients have access to more than 400 dedicated tax-exempt staff consisting of professionals with backgrounds in accounting, auditing, tax, internal controls, management consulting & more. We currently provide services to more than 600 tax-exempt organizations that represent approximately 30% of our total firm revenues.

Beyond traditional audit and tax services, Bonadio provides many different types of audit and consulting services to tax-exempt organizations. Some of these are compliance related, such as grant audits. Other services we offer are designed to help our clients lower costs, increase productivity and efficiency, and minimize risk.

We regularly support our clients' missions in a variety of ways, and many Bonadio professionals serve in voluntary board and other positions for numerous organizations.

Tax Expertise

Helping our clients while also controlling risk is the focus of Bonadio's tax professionals.

At Bonadio, our tax professionals are able to deliver a technically correct answer to a question, no matter how complex. We have known from our inception in 1978 that having this capability is not enough. Our hallmark has been and continues to be creative thinking and proactive idea generation and planning.

You can be assured that we will deliver excellent tax compliance services that minimize your tax burden and compliance risk. Your Bonadio team will advise you on tax implications, both in response to, and in anticipation of, changes in tax environments and to their own needs.

As a result of the size of our practice, we employ two tax attorneys (one partner and one principal) who specialize in the tax regulations specific to tax-exempt organizations.

Overview of Bonadio Tax Capabilities

- **Team consists of 11 Partners, 15 Principals, and over 50 staff members.**
- **Over 80% of senior tax staff have Big 4 background.**
- **Each team member completes at least 40 tax-training hours annually.**
- **On-line resources for notifications of legislative or regulatory changes.**

Given the size of our tax-exempt practice, we are able to employ a tax attorney who specializes in the tax regulations specific to tax-exempt organizations. Her skills are a welcome addition to our audit team.

Uniform Guidance Audit Experience

Bonadio performs over 150 Uniform Guidance audits for a variety of clients, including twelve New York State counties. Our approach to completing audits under Uniform Guidance is based on integrating, to the extent possible, audit procedures under Uniform Guidance with the financial statement audit. As such, our total time is reduced and the disruption to your accounting and program staff is minimized.

We believe it is important to never lose sight of the risks and costs of noncompliance. Our extensive experience in this area can keep you focused on all emerging compliance issues. Any exceptions with regulations that are noted as part of our Uniform Guidance audit will be discussed with the appropriate level of management before, they are finalized in our report.

Our approach to the audit of non-federal grants and contracts is similar to our federal approach – integration with the financial statement and Uniform Guidance audits, obtaining a full understanding of the compliance requirements, and evaluation of internal controls and systems relating to the administration of the grants and contracts.

These are areas we focus on to ensure an effective and efficient audit while at the same time, providing valuable insight to management relating to the programs.

Bonadio recognizes that regulatory compliance related to federally (and state) funded programs poses the greatest risk not only to our clients, but to our firm. As such, a large percentage of our hours will be centered on testing of controls, transactions and compliance related to this area.

Audit Quality Center Participation

AICPA
Governmental Audit Quality Center

We are a member of AICPA's Government Audit Quality Center. We are proud of the quality of our work. In order to ensure that this high level of quality is maintained, we have established a comprehensive quality assurance program. This program starts with hiring the best people available and continues with extensive training - 80 hours annually, per person, on average.

We are also members of the AICPA Center for Public Company Audit Firms and Moore Stephens International. We annually attend the AICPA National Government Conference, and all managers, seniors and staff are required to attend annual in-house training on audits of government agencies.

Of most importance to us is our commitment to the AICPA Government Audit Quality Center. Involvement in this is optional; but indicates a level of commitment above all other non-member CPA firms. Our participation requires that our firm and personnel attain additional continuing professional education on an annual basis. We have an established program that ensures that all audit engagement personnel possess current knowledge, appropriate to their level of involvement in the engagement, of applicable professional standards, rules, and regulations

Employee Benefit Plan Qualifications and Experience

We are an original member of the AICPA Employee Benefit Audit Quality Center (EBPAQC). **Simply put, Bonadio's benefit plan experience and expertise are second to none. In addition to auditing the most benefit plans in New York State, we maintain one of the largest benefit plan practices in the United States.**

Most Certified Public Accounting (CPA) firms perform employee benefit plan services, but few truly specialize in this complex and highly regulated area. Benefit plans are a completely different specialty from traditional engagements and require benefit plan specific knowledge to provide quality service and present suggestions to the Plan's administrator. Our job is to help you identify any potential issues so that you can proactively address them and self-correct, if necessary, mitigating the potential penalties from Internal Revenue Service (IRS) and Department of Labor (DOL) audits, and protecting the Plan's Administrator against costly litigation from participants.

Our employee benefits practice has grown consistently over the last 40 years. Our current practice consists of over 500 plan audits. The plans that we audit range in size from 100 participants to over 40,000 participants with net assets of over $4.6 billion. Our experience includes all types of plans including defined benefit plans, frozen plans, 401(k), 401(a) and 403(b) plans, ESOPs, money purchase plans, VEBAs, and other types of qualified retirement and welfare plans. Because of our vast experience, the Plan will benefit from working with experienced benefit plan audit specialists, ensuring that the Plan will receive efficient, high quality service at a reasonable cost.

DOL Audit Quality Study

In 2015, the DOL issued its report on Audit Quality, entitled "Assessing the Quality of Employee Benefit Plan Audits". The objective of the study was to assess the level and quality of independent qualified public accountants with respect to financial statement audits of employee benefit plans covered under the Employee Retirement Income Security Act (ERISA). The DOL concluded that there is a clear link between the number of employee benefit plan audits performed by a CPA and the quality of the audit work performed. Analysis of the data indicates a wide disparity between those CPAs who perform the fewest plan audits and those firms that perform the largest number of plan audits. In addition, the smaller the firm's employee benefit plan audit practice, the greater the number of audit deficiencies.

Members of the AICPA's EBPAQC had fewer audits containing multiple deficiencies. Additionally, non-EBPAQC member firms tended to have a larger number of deficiencies, per audit engagement, than EBPAQC members.

Client Service

While many firms claim to focus on service, at Bonadio, client service is a strategic cornerstone. Bonadio's philosophy of client service is best expressed through our mission of helping ...

9.41
out of 10
Client Satisfaction Score

" ... (1) grow our clients' wealth, (2) protect our clients' assets, and (3) ensure statutory/regulatory compliance. We accomplish this through providing an integrated set of audit, tax, financial, business consulting, and compliance services delivered by highly trained, credentialed professionals committed to helping clients realize their fiscal goals."

&MORE

This is summarized in our logo and slogan - "& More". From our clients' perspective, we bring this mission and slogan to life through delivering:

- A well-balanced engagement team with appropriate industry and technical experience/expertise,
- Regular interaction with client service team partners, principals, and managers,
- A commitment to continuity of the engagement team,
- Utilization of state-of-the-art research tools,
- A quality assurance program anchored by continuous training and dedicated Quality Assurance partners,
- Proactivity, in terms of identification and discussion of operational improvement and business development opportunities, and
- Highly competitive and reasonable fees.

We strive to move beyond client satisfaction to client delight.

We are extremely interested in our client feedback and satisfaction. To that end, we utilize ongoing client satisfaction surveys which are provided to each client. These are scored on a 1 – 10 scale, with 10 being outstanding. The average score received for our healthcare tax-exempt practice area during the last fiscal year was 9.41.

Bonadio is a Leading CPA & Management Advisory Firm to Not-For-Profit Entities

Representative Tax-Exempt Clients

Community Action Programs/Head Start Providers
Action for a Better Community
Commission on Economic Opportunity for the Greater Capital Region
Cortland County Community Action Program, Inc.
Finger Lakes United Cerebral Palsy
Ibero-American Action League, Inc.
Livingston-Wyoming ARC
Niagara Valley Community Action Program
Wayne County Action Program, Inc.
Wyoming County Community Action, Inc.

Outreach Organizations
Access CNY
Al Sigl Community of Agencies
ARISE
Before and After School Child Care on Location
Behavioral Health Services
Children's Home of Wyoming Conference
Citizens Advocates, Inc.
Coordinated Care Services, Inc.
Contact Community Services, Inc.
Credo Community Center
DePaul Community Services
DePaul Developmental Services, Inc.
Equinox, Inc.
Girl Scouts of NYPENN Pathways
Home Headquarters, Inc.
J.M. Murray Center, Inc.
Lakeview Mental Health Services
Liberty Resources, Inc.
Lifetime Assistance, Inc.
Living Opportunities of DePaul
North Country Transitional Living Services
St. Luke Health Services
The Rescue Mission Alliance of Syracuse New York
YMCA of Greater Syracuse
YMCA of Greater Rochester

Religious
Catholic Diocese of Albany
Catholic Diocese of Buffalo
Catholic Diocese of Rochester
Communis Fund of the Diocese of Rochester
Daughters of Sarah Senior Community
Episcopal Diocese of Rochester
NyPPaW FIDES, Inc.
Partners in Franciscan Ministries, Inc.
Sisters of St. Francis of the Neumann Communities
Sisters of St. Joseph
The Sisters of Mercy, New York, Pennsylvania, Pacific West

Local Governments – Central New York
City of Syracuse
City School District of Syracuse
County of Onondaga
County of Cayuga
City of Binghamton

Foundations
Binghamton University Foundation
Central New York Community Foundation
Corning Incorporated Foundation
Daisy Marquis Jones Foundation
ESN Foundation, Inc.
Finger Lakes Health Foundation
Foundation of Roman Catholic Diocese of Syracuse
Fred L. Emerson Foundation
Genesee Community College Foundation
Good News Foundation
Heritage Christian Services Foundation
McDevitt Foundation
Near East Foundation
The Allyn Foundation
The Rosamond Gifford Foundation

Higher Education
Alfred University
Broome Community College
Cazenovia College
Christ the King Seminary
Colgate Rochester Crozer Divinity School
Colgate University
Elmira College
Hobart and William Smith Colleges
Houghton College
Keuka College
Monroe Community College
Niagara University
Onondaga Community College
Rochester Institute of Technology
St. John Fisher College
St. Lawrence University
Tompkins Cortland Community College
University of Rochester
Utica College

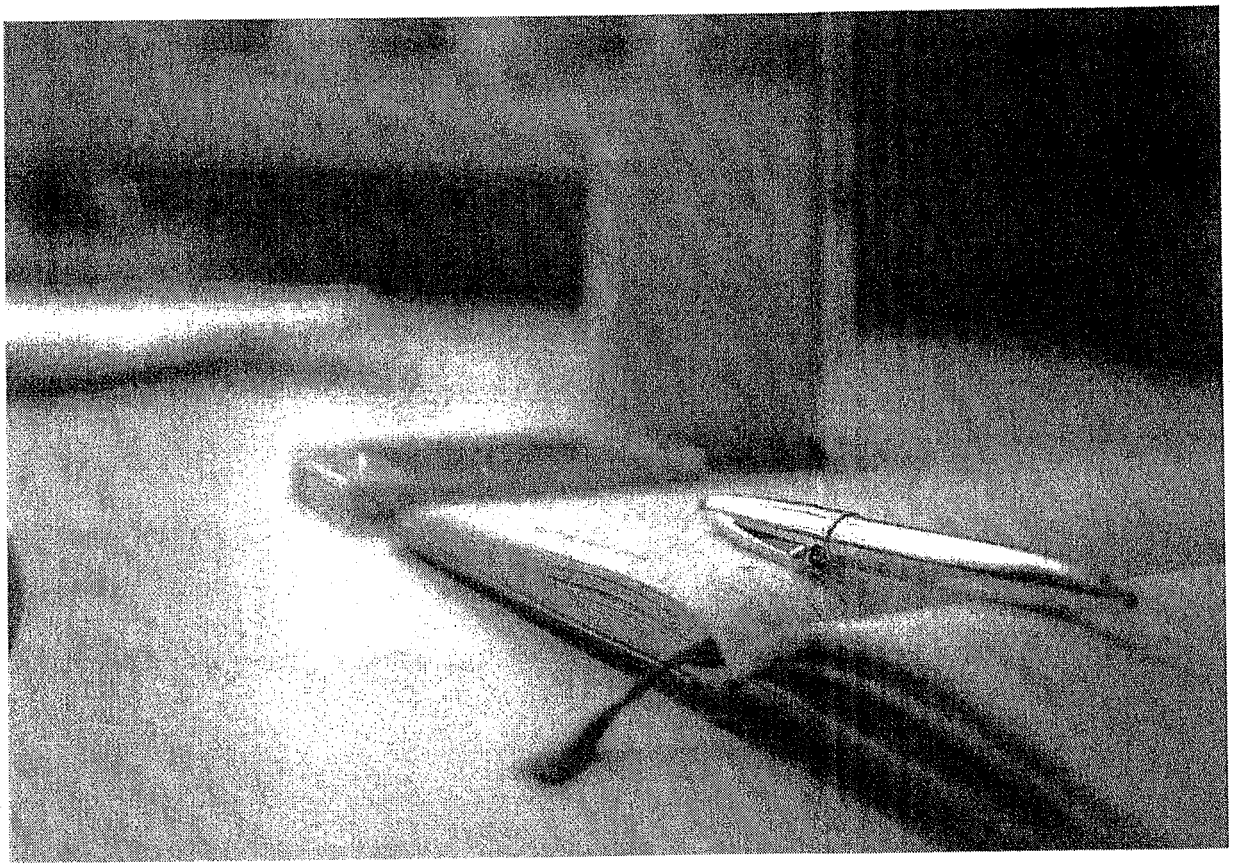
Arts, Cultural and Education
Corning Museum of Glass
Notre Dame High School
Rochester Philharmonic Orchestra
Rochester Museum and Science Center
Syracuse Stage
The Strong National Museum of Play

References

We believe the best judges of our service level and quality (i.e., timeliness and accuracy) are our existing clients. We encourage you to contact any of the following individuals regarding their satisfaction level with our services.

Contact Name	Organization Name	Phone Number
Traci Faulkner	The Rescue Mission Alliance of Syracuse New York	315-701-3890
Lindy Glennon	Cortland County Community Action Program, Inc.	607-753-6781
Kim Pavlus	Contact Community Services	315-794-4740

Should you wish to inquire of additional clients, we would be pleased to provide contact information.

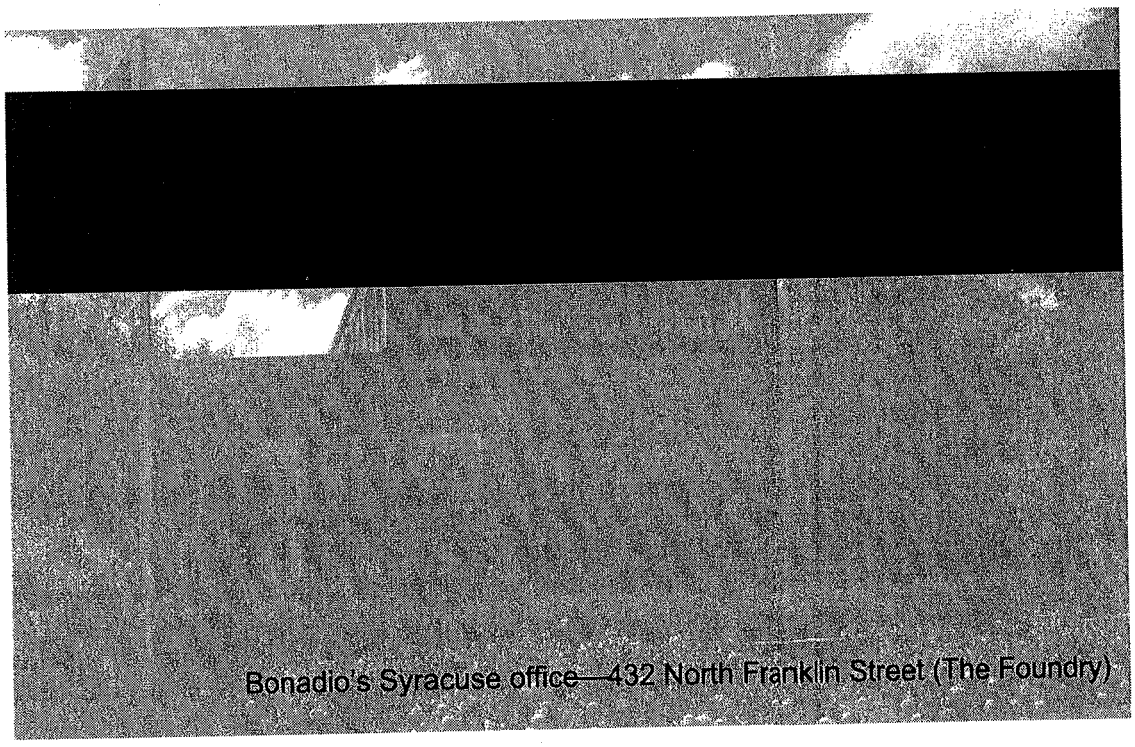


03 FIRM OVERVIEW, SIZE & STRUCTURE

More Than a Typical CPA Firm

Bonadio was founded in 1978 **(40+ years of providing auditing/tax services)** and has grown to be the largest independent provider of accounting, business advisory, and financial services in Upstate New York. Bonadio now currently employs approximately 800 personnel, including a ***dedicated tax-exempt client service team consisting of approximately 140 individuals.***

Bonadio has 10 office locations, however, the core client service team for the Agency will work from our Syracuse office.



Bonadio's Syracuse office—432 North Franklin Street (The Foundry)

More Than a Typical CPA Firm (continued)

We serve organizations that desire quality professional accounting, tax, and other services at a reasonable cost and who need personalized and timely delivery. Bonadio provides an environment where creative, people-oriented professionals practice accounting and other professional services without some of the constraints inherent in the national firms. We believe that our size reflects the outstanding service level we provide to all of our clients. This combination has made us successful and is responsible for our growth.

We provide highly technical and quality service commensurate with that of the national public accounting firms. However, we are able to respond quickly and personally to the needs of our clients because of our internal structure. You will interact regularly with our most experienced personnel, i.e., our partners, principals, and managers. This is in sharp contrast to the other accounting firms where involvement of their most experienced personnel is limited.

We perform the majority of our audit fieldwork on-site over an agreed-upon timeframe. This means that our staff will not accumulate all the necessary information, perform the requisite audit procedures, and take everything back to our offices for manager, principal, and partner review. We take pride in being a "hands on" firm and we do our work on-site. Answers to questions can be quickly and effectively addressed through face-to-face discussions with the Agency's management and staff. We understand that to truly bring value to the Agency we need to do more than just provide you with an audit report – we need to help you find solutions.

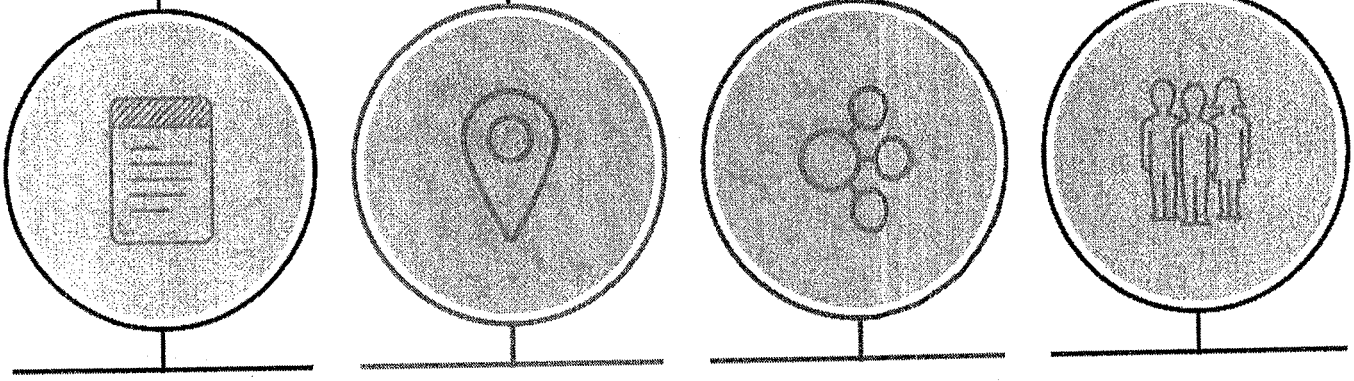
Bonadio has grown and diversified from a firm offering only public accounting and auditing services to a multi-dimensional accounting, business advisory, and financial services organization.

Bonadio is a diversified professional services firm offering multi-dimensional accounting and auditing, business advisory and financial services to clients around the world.

- A Top 100 CPA Firm in the U.S. by *Public Accounting Report* and *Inside Public Accounting*.
  - Ranked 46th in 2021 on Accounting Today's list of Top 100 Firms
- Identified by *Practical Accountant* as a CPA Innovative Firm.
- Identified by *Accounting & Financial Women's Alliance (AFWA)* and *the American Women's Society of Certified Public Accountants (AWSCPA)* as a Best Accounting Firm for Women
- Named as one of *the 2021 Best Companies to Work For in New York* by *FORTUNE* and Great Place to Work®
- Ranked in Forbes as one of America's Best Tax and Accounting Firms in 2021

THE BONADIO GROUP

The Nation's 46th Largest CPA Firm



OVERVIEW

- Approximately 800 employees
- More than $120 million/year in firm revenues
- 161 partners/ principals
- 112 managers

LOCATIONS

- Albany
- Batavia
- Buffalo
- Dallas, TX
- East Aurora
- New York City
- Rochester
- **Syracuse**
- Utica
- Rutland, VT

WHAT WE DO

- Accounting and Auditing
- Business Advisory
- Healthcare Consulting IT Consulting
- Internal Audit Services
- Outsourced Quality Control Function
- Outsourced Training
- Peer Reviews
- Risk Management
- Tax Planning and Preparation

WHO WE SERVE

- Arts and Cultural
- Foundations
- Colleges and Universities
- Broker-dealers
- Financial Institutions
- Governments
- Healthcare
- Human Service Providers
- Individuals Labor
- Privately-Held
- Businesses
- Private School K-12
- Public Companies
- Small Businesses
- Tax-Exempt Entities

Independence

Bonadio has determined that it is independent of the Agency in accordance with the Code of Professional Conduct of the American Institute of Certified Public Accountants (AICPA) Rule 101 and its related interpretations.

In order to ensure that we are independent with all existing and new attest clients, we have an annual process of surveying all employees and obtaining a response in writing as to any potential conflicts, which are then reviewed in detail and resolved. This process involves an individual, detail review of our full firm client list and answering a questionnaire with specific independence-related questions.

Conflict of Interest

Bonadio affirms that our engagement with the Agency will not create any potential conflict of interest or appearance of impropriety relating to other clients/customers of Bonadio or former officers and employees of the Agency.

Quality Control

The firm maintains a partner-level position of Director of Professional Excellence. The Director and her team are responsible for all of the firm's quality control processes and procedures, including peer review and inspection, and directing and coordinating all training for the firm. Specific responsibilities include:

- Performing second partner quality reviews for all of the firm's offices.
- Coordinating annual inspection and triennial peer review activities and ensure the firm's compliance with the related requirements to maintain successful results from these activities.
- Implementing all new technical accounting and auditing pronouncements and providing personnel with the appropriate communication, including technical memoranda, training sessions, etc.
- Developing and delivering, where appropriate, a comprehensive training curriculum for all personnel of the firm.

The centerpiece of Bonadio's quality assurance/control system is a policy that every audit report produced by the firm includes involvement from the Quality Assurance division. Last, but not least, our quality assurance program is complemented by independent periodic peer reviews, the most recent of which was successfully executed in October 2020. **A copy of the Peer Review Report is attached to this proposal.**

Small or M/WBE Enterprise

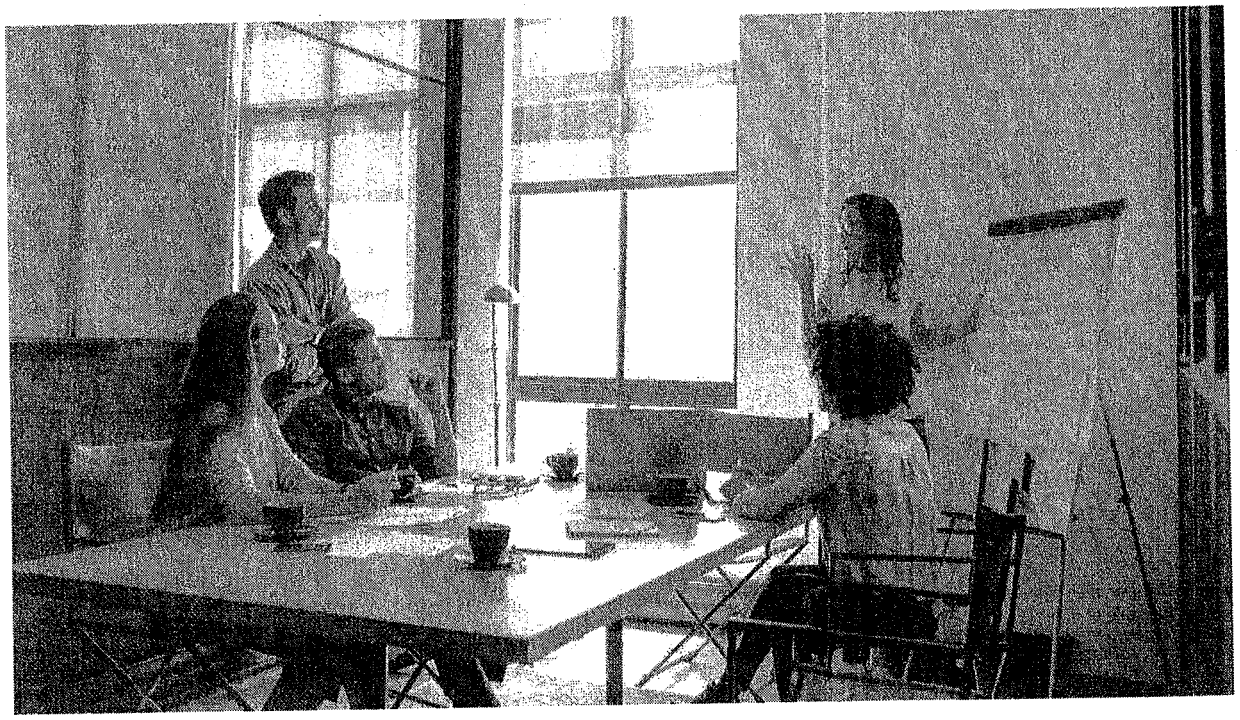
Bonadio & Co., LLP is not designated as a small business or minority-owned business. We do , however, have an active Diversity Equity & Inclusion program to promote these principles both internally and externally.

Bonadio & Co., LLP core employees, not including subsidiaries or affiliates, total **712.** Women comprise **49.8% (355).** Minorities comprise **7.5% (54).** Bonadio would also like to note that **32%** of our Partner Group are women; **48%** of our Principal Group are women; and **40%** of our Directors are women.

04 STAFF QUALIFICATIONS

Key Engagement Team Qualifications & Experience

The personnel available to serve you have extensive experience in working with tax-exempt organizations. Resumes for your engagement team, led by Michelle Mundy, are included below. We are hopeful that our depth of personnel resources reflects our commitment to the tax-exempt sector and, once again, more specifically to the Agency.



Professional Biographies

Michelle Mundy, CPA — Engagement Partner (mmundy@bonadio.com)

Michelle is a partner with Bonadio's Healthcare/Tax-Exempt division in the Syracuse office. She has serviced the tax-exempt industry for nearly 20 years, providing both audit and consulting services. Michelle's experience in both the financial and operational aspects of not-for-profit organizations has helped many clients achieve their defined missions.

Over her career, she has provided accounting, and accounting services for a variety of clients with a primary focus on not-for-profit organizations, including OMB Uniform Guidance. Michelle also has extensive experience auditing employee benefit plans, including single and multi-employer plans. Michelle regularly consults with her clients on best practices recommendations, efficiency ideas and compliance initiatives.

On this engagement, Michelle will have the direct responsibility for supervising all fieldwork performed by our Syracuse-based audit team and for signing the opinion. She would also serve as a primary contact for the Agency personnel related to all audit and tax services.

Michelle graduated from The College of Saint Rose. She is a member of the American Institute of Certified Public Accountants. Michelle is an active member of the firm's Single Audit Committee who are responsible for training staff on audits in accordance with Uniform Guidance. In addition to her professional career, Michelle is active in the local community and has served on a variety of nonprofit boards.

Bettina L. Lipphardt, CPA — Advisory Partner (blipphardt@bonadio.com)

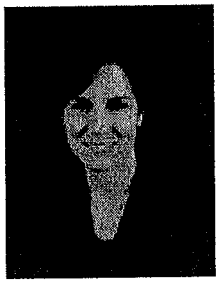
Bettina is the team leader of Bonadio's HealthCare/Tax-Exempt Syracuse-Utica Division Bettina has over 20 years of experience in providing business advisory, assurance, and consulting services to tax-exempt organizations. She has provided services to more than 100 tax-exempt and organizations.

Bettina regularly presents at training seminars on various topics to audiences within and outside of the firm. Topics that Bettina has presented on include New York State funding issues and Board governance. Bettina is an expert in self-directed services and regularly provides trainings to clients in this growing and ever evolving field.

Bettina graduated from St. John Fisher College with a B.S. degree in Accounting. She is a member of the American Institute of Certified Public Accountants and a Certified Internal Auditor. Bettina is active in her local community as a board member of Silver Fox Senior Social Club.

Relative to this engagement, Bettina will serve as the advisory partner. She will be available to the Agency as requested and she will be available to the engagement team for advice and support as required.

Gail McIntyre, CPA — Quality Assurance Partner (gmcintyre@bonadio.com)



Gail is a partner in our Syracuse office and the Firm's Professional Excellence Division, which is responsible for quality, education, and risk management. Her experience includes financial reporting, compliance, and consulting services to a wide range of not-for-profit, governmental, and closely held organizations.

Gail is active in the community and the accounting profession, currently serving as Treasurer of the Upstate Foundation and member of United Way of Central New York Women United and 100 Women Who Care. Gail is past chair of the United Way of Central New York and Hospice of Central New York, past President of the NYSSCPA and has served NYSSCPA in a variety of roles, including President of the Foundation for Accounting Education and Syracuse Chapter President. Gail also served as Chair of the Accounting and Auditing Committee of CPAmerica International, Trustee of the Onondaga County Public Library, and Director of Beacon Federal, Beacon Federal Bancorp., Inc.

Gail received her B.S. degree in Accounting from Le Moyne College and is a member of the AICPA and the NYSSCPA.

A graduate of Leadership Greater Syracuse, she is the recipient of the Women of Distinction Award from the Girl Scouts of NYPenn Pathways, American Red Cross Women Who Mean Business Award, Central New York Women in Business Award, CBS TV-5 Women in Leadership Award, The President's Volunteer Service Award. Central New York 40 under Forty Award and the Junior League's in League and Community Service Awards.

Relative to this engagement, Gail will be responsible for review and approval of all audit reports and related financial statements and will act as an advisor to the engagement's client service team on technical matters.

Kyle Lyskawa, CPA — Engagement Manager (klyskawa@bonadio.com)

Kyle is a manager with Bonadio's Healthcare and Tax-Exempt Division and is based out of our Syracuse, NY office. He began his accounting career with Bonadio in 2012 and provides a full range of services to tax-exempt, governmental, and healthcare organizations. Kyle specializes in providing accounting and audit services for a variety of clients with a primary focus on long-term care, human services, mental health, and healthcare/clinic organizations.

Kyle received his B.S. in Business Economics at SUNY Cortland and his M.B.A at SUNY Oswego. Kyle is a member of the American Institute of Certified Public Accountants (AICPA), the New York State Society of Certified Public Accountants (NYSSCPA), and the Healthcare Financial Management Professional Association (HFMA). He serves as secretary for the NYSSCPA's Syracuse chapter, and is also a member of the HFMA Central New York chapter's education committee.

Kyle is active in the community and has served as Treasurer for the Hope for Bereaved, Inc. Board of Directors.

Shelby Reeves — Senior Accountant (sreeves@bonadio.com)

Shelby is a senior accountant in Bonadio's Healthcare/Tax-Exempt Syracuse/Utica Division. She has provided audit services to CNY Works for the past three years. Shelby has a range of experience providing audit and accounting services to not-for-profit organizations, foundations, healthcare organizations, and colleges.

Shelby graduated from SUNY Cortland with a bachelor's degree in economics. In addition, she earned bachelor's and master's degrees in public accounting from SUNY Oswego.

License and Affirmation

Bonadio & Co., LLP along with all professionals assigned to this engagement are properly registered to practice in New York State. We do not intend to utilize any subcontractors in performing this engagement.

Bonadio meets all of the general standards concerning qualifications, independence, due professional care, and quality control standards as required under *Government Auditing Standards* (Yellow Book), including all amendments.

Staff Continuity/Rotation

Bonadio's turnover rate over the last three years has been less than 12%, which compares favorably to industry norms of up to 30%. We are strongly committed to driving our retention rate up as a means of ensuring staff continuity for our clients. To this end, we have: 1) developed a *Purpose Statement* for our Firm and its partners and staff intended as an internal reminder of WHY we do what we do as a Firm. Our purpose is to "*Provide Opportunity. Strengthen Communities. Inspire Growth*"; 2) installed a set of core values called "The PROMISE that represent commitments between the firm and our staff; and 3) we have initiated a strong mentoring and training program.

The firm and/or assigned individuals are members of the following organizations (not all inclusive):

- New York State Society of CPAs (NYSSCPA)
- New York State Society of CPAs Public Schools Committee
- American Institute of Certified Public Accountants (AICPA) (includes AICPA Government Quality Center and the Employee Benefit Audit Quality Center (EBPAQC)
- Association of Certified Fraud Examiners (ACFE)
- International Foundation of Employee Benefit Plans (IFEBP)
- InterAgency Council of Developmental Disabilities Agencies, Inc.

In addition, we have provided CPE sessions to these groups on topics such as, Fraud, Internal Controls, Reading Financial Statements, Financial Accounting Standards, and Ethics.

Through our memberships, we can stay on the cutting edge of the issues that affect social service agencies and provide our clients with timely and well-informed insight. In addition to our active role in the AICPA and EBPAQC, we also are members and attend the conferences of the International Foundation of Employee Benefit Plans. Our involvement in these organizations helps us to see our clients through the perspective of management or elected officials. We believe understanding the differing perspective of our clients enables us to serve them more effectively.

05 UNDERSTANDING OF WORK TO BE PERFORMED

Background and Understanding

The Agency seeks a CPA firm to provide audit services. Bonadio is pleased to have the opportunity to provide those services.

Based on our extensive experience providing accounting services to a variety of similarly funded not-for-profit organizations, we have developed an understanding of your issues and needs, including:

- Personalized and responsive service.
- Interaction with our most experienced personnel, i.e., partners, principals, and managers.
- Completion of audits in a timely and cost -effective manner.
- Maximizing value for fees paid.
- Expertise relative to consulting services you might find beneficial to enhance operations and compliance.

We are particularly sensitive to your needs to maintain the highest possible quality of services and deliverables, yet we understand that cost is an issue. Our proposal is organized to show you that we can deliver the highest quality and a diverse scope of services at reasonable rates.

There are five key reasons, discussed further in the other sections of this proposal, why the Agency should continue to engage Bonadio:

1. The relevant experience and expertise of our proposed service team
2. Our big firm capabilities and small firm personality
3. The firm's experience, expertise and knowledge of not-for-profit organizations
4. Our philosophy of customer service: grow / protect / comply
5. Our commitment to staff continuity on engagement

Our success in serving our clients is a function of our standards of quality and responsiveness; the scope, breadth, and integration of services we can deliver; and the combination of management and staff expertise we bring. It is these attributes that differentiate us from other firms. Ultimately, we want the Agency's management and Board to view us as a business asset, not an overhead cost.

Core Services

The Agency is requesting an audit firm to meet its needs for financial and compliance audit needs for the fiscal year ending January 31,2022 with four possible one-year extensions. Specific requested services for which we will be responsible are identified as follows:

- Communicate with the Agency's Finance Committee and management regarding the audit plan including, but not limited to, the nature, timing (interim and final fieldwork) and the extent of audit procedures.
- Complete financial and compliance audit in accordance with Government Auditing Standards and OMB.
- Prepare Form 990 and CHAR 500
- Management letter containing comments and recommendations with respect to accounting and administrative controls and efficiencies.
- Meet and discuss the annual audited financial statements and the results of the audit with the Finance Committee and Board of Directors.
- Other services:
  - Availability throughout the year to provide advice and guidance on financial, accounting, and reporting issues.

We commit to adhering to the timelines established in your request for proposal and delivering all required items by the due dates established.

In addition to the specific reporting requirements as identified above, Bonadio also commits to advise the Agency in a timely manner, regarding appropriate and applicable accounting pronouncements (including proposed pronouncements and interpretations), and advise the Agency on their application, as well as provide regular industry specific updates and information relevant to the financial operations for the Agency.

In order to accomplish these objectives, we emphasize effective planning on each engagement. Planning is performed before year-end and includes: (1) review of prior year financial statements and any issues that may be pending related to accounting or financial reporting matters; (2) review of current year interim results of operations; (3) review of changes in information systems and processing routines; (4) consideration of any new accounting, reporting, regulatory, and compliance requirements which would affect the Agency; and (5) performance of interim audit procedures to reduce time at year-end. This information is discussed with you in advance and used as a basis to target our work to high-risk areas. It also allows us to identify issues at the beginning of our work, prior to year-end. This approach provides the opportunity for you to address issues while action is still possible.

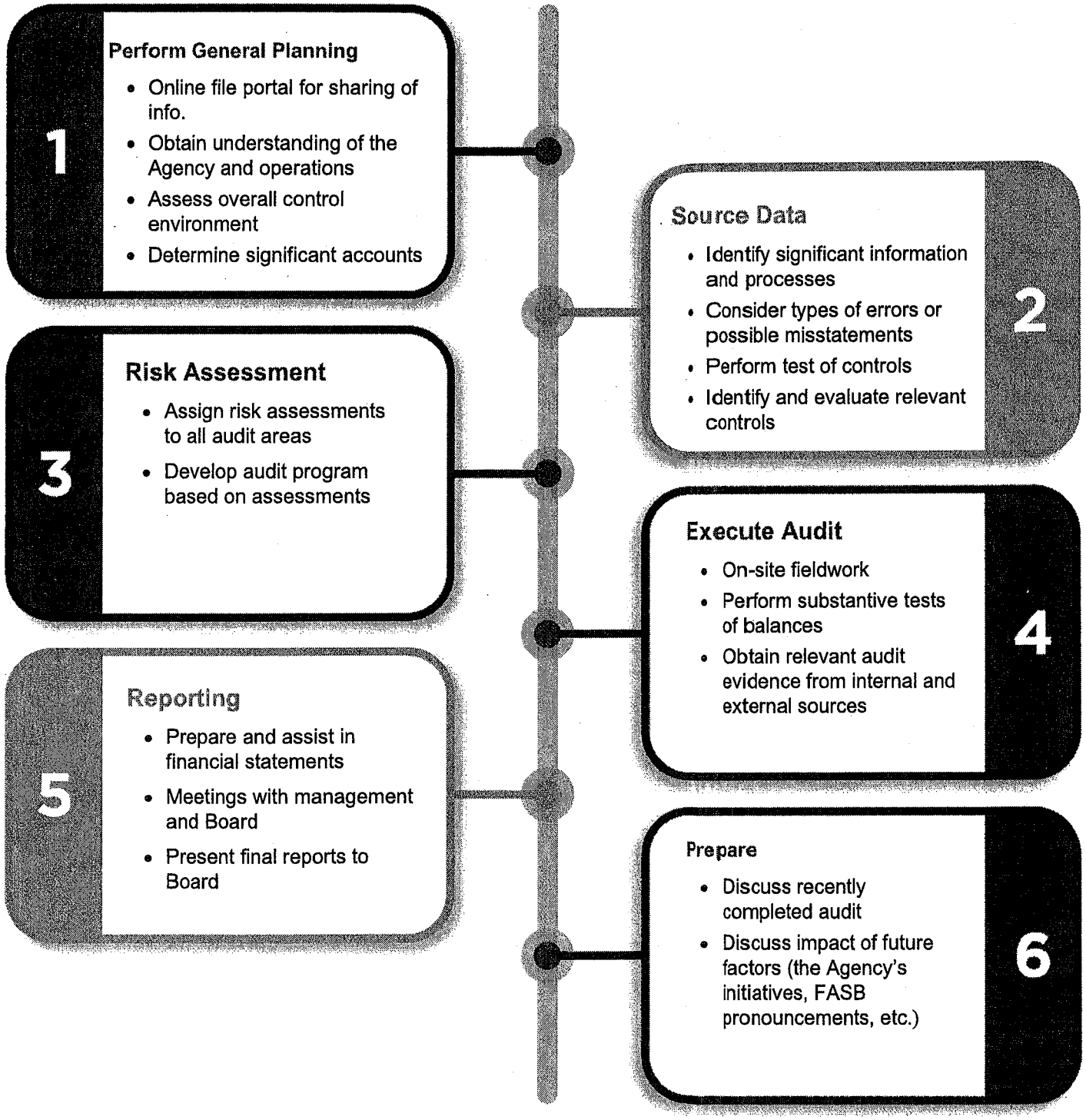
Overview of Our Audit Approach

We have developed a process that results in increased satisfaction and better recommendations for our clients. In addition, our approach includes the use of a fully secure client portal that aids in the efficiency of our audits.

Our approach is simple:

Planning	Performance	Presentation
• Timely, relevant communication at the start of audit cycle • Clear, concise requests for information for all phases of the audit • On-line file portal for sharing information	• Completion of preliminary and final audit procedures based on pre-determined timelines • Communication with key personnel throughout audit • Assignment of qualified staff to your engagement • Onsite involvement of manager and principal on engagement	• Deliverables provided on a timely basis and in an understandable format. • Keeping Committee and Board Members apprised of key items impacting the Agency (industry, FASB, etc.). • Attendance by partner or principal level personnel at Board meetings.

Overview of Our Audit Approach



Specific Audit Approach

Our audit approach is designed to provide you with timely, efficient, high quality service at a reasonable cost. In order to accomplish these objectives, we emphasize effective planning on each engagement. Planning includes: (1) review of prior year financial statements and any issues that may be pending related to accounting or financial reporting matters; (2) review of current year interim results of operations; (3) review of changes in information systems and processing routines, and (4) performance of interim audit procedures to reduce time at year-end, if necessary.

Overall, our objectives are to: (1) demonstrate our depth of experience and capabilities; (2) affirm our ability to provide audit and tax services; and (3) provide the resources and expertise to help you achieve your objectives.

Even though we have significant experience in working with healthcare and tax-exempt entities, we concentrate our audit efforts and preliminary phase of the audit to identify risks and understand the operating and internal control environment. This information is discussed with you in advance and used as a basis to formulate our audit plan and target our work to high-risk areas. It also allows us to identify issues or concerns at the beginning of our work, prior to year-end, providing ample opportunity to review and address these matters before the audit commences.

Based on the results of our planning, we will provide you with a list of information (account reconciliations and analyses) that will be required in order to effectively complete the audit. This is done well before fieldwork begins to give you sufficient time to gather the information.

Assessing Control Risk

The risk of material misstatement exists at the overall financial statement level and at the individual account level. Our audit approach emphasizes a thorough and detailed risk assessment, as this is the basis for developing the nature, timing, and extent of our audit procedures. Our risk assessment is generally performed at the assertion levels inherent within the financial statements and are classified as low, moderate, or high risk.

High		Moderate		Low	
Existence	Completeness	Valuation	Rights and Obligations	Accuracy	Cutoff

In developing our audit approach, we will gain an understanding of the key controls, including entity level controls, information technology controls, and monitoring controls over financial reporting, as well as operational activity and the strategic issues affecting the Agency.

We use a "top-down" approach and we will begin by gaining an understanding of management's and the Board of Directors and their committees' attitude, awareness of, and actions concerning internal control.

Significant transaction cycles and audit areas for the Agency would typically include revenue and receivables, contributions and receivables, investments, purchasing and payables, and payroll.

Assessing Control Risk (continued)

For each significant transaction cycle and audit area, we will determine the control objectives and the control activities associated with that cycle in order to determine the extent of auditing procedures necessary for expressing our opinion on the financial statements.

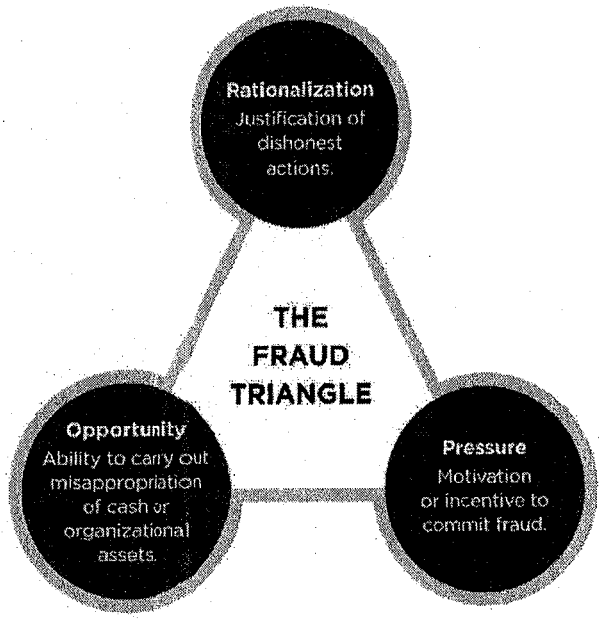
We will perform "walk-throughs" of key controls in order to ensure that our documentation and understanding of the process is accurate. We will also gain an understanding of information technology (IT) controls.

Fraud Risk Assessment

Generally accepted auditing standards require that the auditor exercise professional judgment and maintain a high level of professional skepticism. This is of utmost importance to us in planning and conducting our audit.

Our responsibility is to obtain a high level of assurance that the financial statements are free of material misstatement whether due to fraud or error. This is accomplished by obtaining the appropriate amount of audit evidence.

While we focus our audit efforts on the high risk and material areas of the financial statements, we also develop audit procedures to respond to identified fraud risks. Our audit procedures extend outside of the accounting and finance department to operational areas of an organization. We will evaluate the Agency's programs and controls designed to assess the risk of fraud and respond to those risks. Our audit efforts incorporate an element of unpredictability and focus on the risk of misappropriation of assets, as well as the risk of fraudulent financial reporting. We design procedures to test whether the Agency's fraud detection programs are designed and operating effectively.



Communication of Deficiencies

If opportunities for improvement in internal controls, or compliance deficiencies are identified as part of the audit process, we will communicate these items to management during a periodic status update. Our goal is open communication and to take a collaborative approach to ensure that we understand all the facts and circumstances to provide advice on actions that can be taken to address any deficiency noted. To the extent that material or significant matters are noted during the audit process, professional standards require these to be communicated to the Board.

Interface with Management, Board & Communications

Our engagement team will interface with management to ensure a cooperative and collaborative relationship exists between management and the engagement team. The audit services and communications we provide to you are individualized to meet your needs. Our engagement teams work with management directly to understand their concerns and expectations. As any issues arise, we will coordinate with management to obtain a complete understanding of the facts and circumstances and work with management towards resolution.

Your engagement team will be accessible to you at all levels. We want you to feel free to contact any member of our team whenever the need arises. Not only are we a phone call or an email away, we are truly accessible in terms of responsiveness, flexibility, the ability to meet your needs and the authority to make decisions on your account.

Frequent, year-round communication is the backbone of a productive partnership between client and auditor. We commit to:

- Providing status reports during planning and audit fieldwork
- Anticipating your issues and delivering relevant knowledge resources
- Addressing your questions promptly when they arise
- Discussing emerging accounting, reporting and regulatory matters in a timely, proactive fashion
- Scheduling periodic meetings with management to discuss a broad range of financial, operational, human resources, and other issues

When significant new proposals or regulations are issued, our professionals personally contact Bonadio clients to discuss these issues, to analyze how these changes affect our clients and to assist our clients in dealing with the issues. Early upfront communication and documentation of any new accounting and auditing issues is essential to our professional relationship.

We plan to meet with Governance as appropriate, at least two times a year; however, the engagement team is accessible to Governance at any time. Prior to commencing audit procedures, we will communicate to Governance our responsibilities, timing, and scope of the audit. Post audit we will communicate to Governance the results of the audit and any significant audit matters, including any issues that arise during the audit process and their resolution. Should the need arise for additional consultation with the Board, we would work through the Board chair to ensure this occurs in a timely manner.

Vision and Overall Approach to Managing Client Expectation

Exceeding client expectations and providing a level of service unmatched in the tax-exempt marketplace is a core value of Bonadio. Our firm puts in place various tools to exceed client expectations and satisfaction.

Bonadio begins each new engagement with an expectation setting meeting with the client to clearly outline deadlines and responsibilities. We then continually communicate with the client and ask for feedback during the engagement as well as at the conclusion. Not only do we request the feedback, but we also listen to concerns and are proactive about initiating recommended changes.

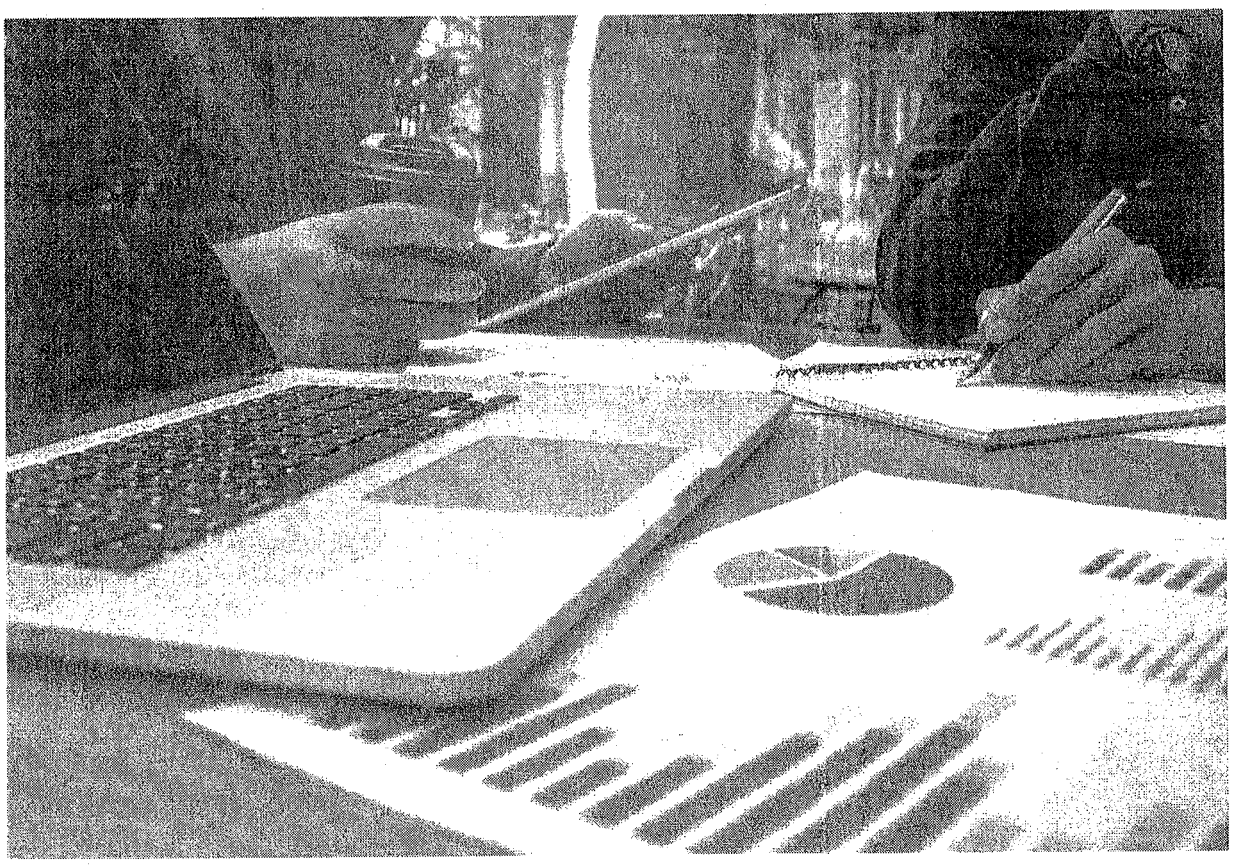
Our firm monitors client satisfaction through an independently administered survey sent to key client contacts. Results are summarized and communicated to the engagement team, the division leader, and the managing partner.

Implementation of Accounting Standards

You can count on Bonadio to provide, not only an audit opinion, but real value in the form of proactive guidance on new or modified accounting rules and consultation on significant transactions. We believe that proactive communication and provision of relevant guidance prepares our clients to meet their responsibilities as it relates to adoption of new accounting standards. We provide proactive communication to the governing bodies and management regarding new, relevant accounting changes.

We will provide the Agency with the requirements of new standards through discussions with management and the Board and through our internal publications and seminars.

We will assist management in fully understanding the requirements of any new standards. This review will be required to ensure that policies are in place to support proper disclosures and accounting and the general ledger structure is appropriate to support new financial statement presentation requirements.



Audit Technologies—Leveraging Information Systems and Technology

Bonadio uses several technology tools to streamline the audit process and enhance service efficiency. The following are some of the ways we enlist the power of information technology daily:

- **Checkpoint Research Online Library**
  A state-of-the-art library of technical accounting and auditing information, which includes authoritative audit and accounting pronouncements, as well as industry specific guidance, disclosure manuals, and emerging task force issues. Checkpoint facilitates appropriate interpretation of even the most obscure accounting and auditing issues. This research tool is updated daily, and all Checkpoint members receive a weekly summarization of FASB accounting and auditing updates.

- **Practitioners Publishing Company (PPC) Auditing**
  Provides guidance, programs, and practice aids to help minimize risk with on-line, state-of-the-art practices and audit processes.

- **ProSystems Engagement**
  Fully integrated electronic workpapers.

- ***my*Portal**
  Secure document storage website providing auditor and client access to a website created specifically for your engagement. Documents are uploaded to this website in a secure manner and the website creates a document storage system that can be utilized throughout the year to track and retain audit documents and client information.

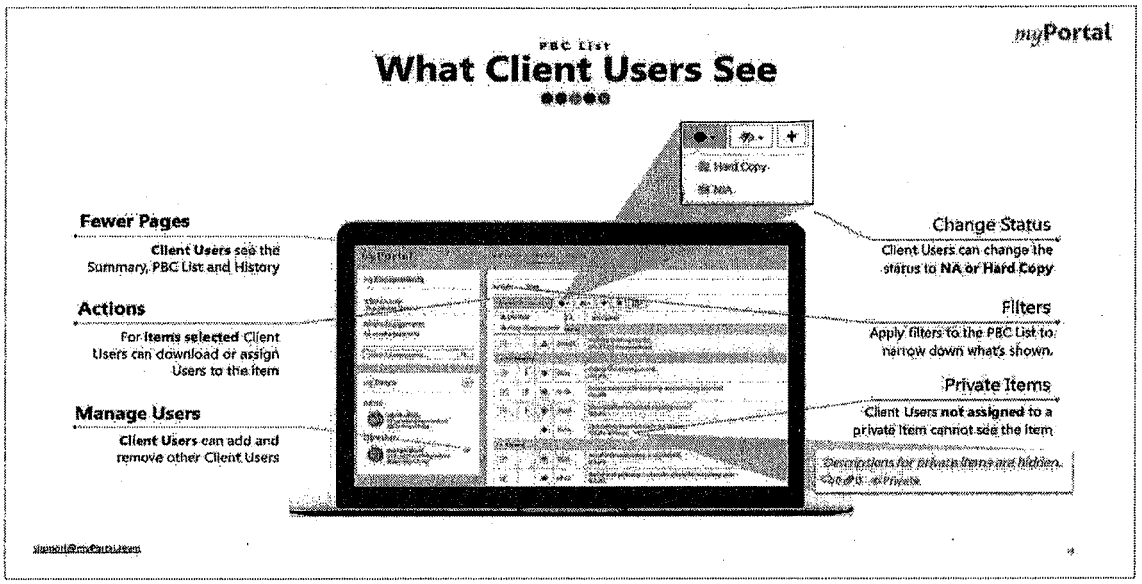
- **ProSystems Tax**
  Fully automated tax preparation software, including e-filing capabilities.

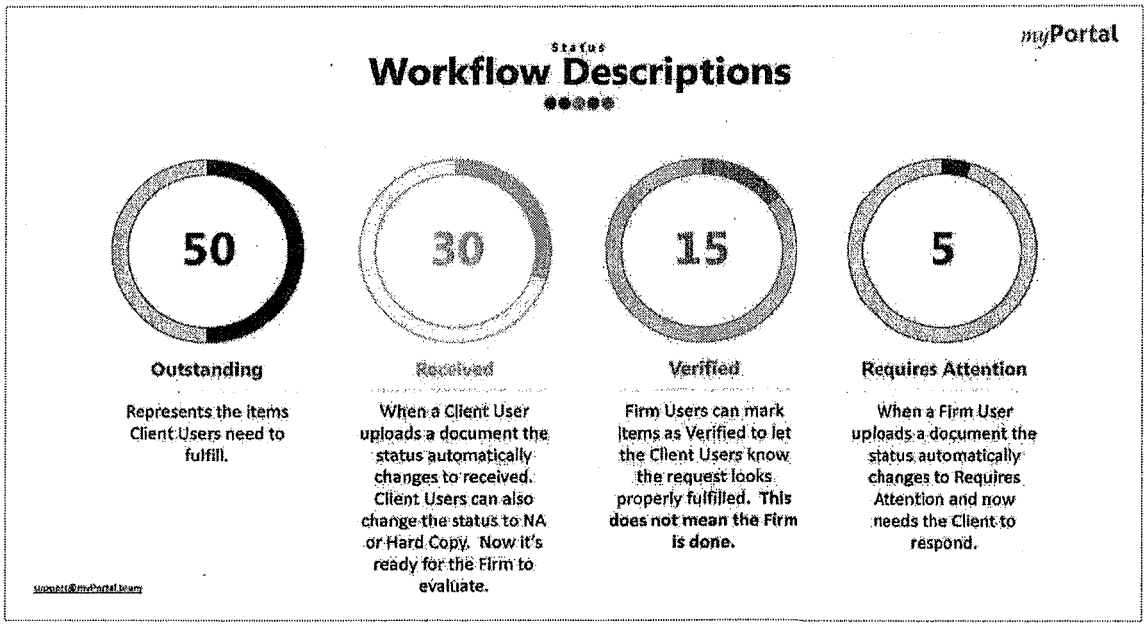
With respect to your information systems, we incorporate into our audit approach procedures to obtain an understanding of your use of various systems and the related controls around them. Depending on our assessment of the level of risk in each audit area, our conclusions as to reliance on your systems, and other audit procedures we may employ, we may use data extraction software applications to perform portions of our audit.

Audit-Related Technologies—Secure Client Portal *(myPortal)*

The Bonadio client portal is a secure cloud-based portal which provides several tools that streamline the audit process and ensure that everyone is on the same page, with no surprises. The portal allows for a fast and secure transmission of files large or small. This allows all parties to see which files have been uploaded. Information such as when and where the files were uploaded, and by who, are easily identifiable. This quick upload feature ensures that email boxes stay uncluttered with large files and that all files uploaded can easily be viewed by all members of the audit team and management.

Additionally, confidential information may be assigned to specific individuals on the team or management.





Data Security

Information security is one of our firm's highest priorities. Bonadio utilizes a third party to complete a security assessment annually. The assessment includes policies and procedures, physical and virtual servers, virtual hosts, network infrastructure, network perimeter, end user computing, mobile devices, software, and more.

Physical access to information technology areas is restricted to information technology personnel. All information technology areas require swipe card access and have video surveillance. Surveillance recordings are stored for six months.

At the perimeter of our network, there are two firewalls in an active/passive setup. IDPS is hosted on these devices. Inbound and outbound internet access is filtered and firewalled. Our firewall rules are reviewed as part of our annual security audit, which encompasses review of policies and procedures, documentation, tests of controls, penetration testing, and a variety of other aspects.

All servers have antivirus and firewalls enabled, both of which are actively monitored for changes. Our e-mail server also has two additional layers of antivirus protection. Our web content filter has its own antivirus engine and is used to filter and protect internet access.

All Bonadio employees are issued a consistent brand and model of computer and computer image. Hard drives on all laptop and desktop computers are fully encrypted. Encryption is actively monitored, and information technology staff are automatically notified if there are any errors. Passwords are changed every 90 days and must be 12 characters long, including uppercase, lowercase, number, and special characters. Security settings are managed via group policy and cannot be altered by the end user. When computers are replaced, they are wiped with a Department of Defense-level hard drive scrubbing application 10 times.

Access to all systems and applications are managed and authored by Bonadio information technology personnel. Only Bonadio employees are given access to systems and applications after going through background checks and approval from Bonadio's human resources department. All systems and applications require authentication either through single-sign-on via the Security Assertion Markup Language standard, or an application's native authentication. Access and changes to all systems and applications are logged at the user level.

Client data is stored in ProSystems Engagement on network shares. Engagement is the firm's paperless audit product. Access to it requires a domain account and a native account within Engagement. The donation and Engagement use the same username format but different passwords. Data stored in Engagement is encrypted on the server and workstation. Client data in Engagement is logically separated into Binders, which are configured to only allow access to the Bonadio engagement team actually working on your project. Network shares are only accessible to Bonadio employees who have an active account on the domain and are controlled by Access Control Lists. Adjusting the Access Control Lists requires approval from department leaders.

To transfer data securely, Bonadio utilizes Microsoft Outlook e-mail encryption, as well as myPortal. All Bonadio employees are trained on how to identify sensitive information and the best way to store and transfer it at least annually.

All devices connected to Bonadio's network are patched on a regular basis.

ATTACHMENTS

Certifications

Peer Review Report

Certifications

On behalf of the Offeror:

1. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.

2. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.

3. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.

4. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.

5. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.

6. The individual signing certifies that the Offeror is a properly licensed certified public accountant, or a public accountant licensed on or before June 1, 2016.

7. The individual signing certifies that the Offeror meets the independence standards of the *Government Auditing Standards.*

8. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours education will be in subjects directly related to the government environment and to government auditing for individuals.

9. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.

10. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:

    a. Government Auditing Standards (Yellow Book)
    b. Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance")
    c. Audits for Not-for-Profit Entities (AICPA Audit Guide)
    d. Audits of State and Local Governments (AICPA Audit Guide)
    e. New York State division of Housing and Community Renewal and New York State Housing Trust Fund corporation "Audit Guide".

    Any other standards and guidelines for our grants and funding sources.

11. The individual signing certifies that he/she has read and understands all of the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.

12. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this 30 day of July, 2021.

Bonadio & Co. LLP
(Offeror's Firm Name)

Michelle Mundy
(Signature of Offeror's Representative)

Michelle Mundy
(~~Printed Name and Title of~~ Individual Signing)

Peer Review Report

P&N
Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809
225-922-4600 Phone – 225-922-4611 Fax – pncpa.com

A Professional Accounting Corporation

Report on the Firm's System of Quality Control

To the Partners of
Bonadio & Co., LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Bonadio & Co., LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bonadio & Co., LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bonadio & Co., LLP has received a peer review rating of *pass*.

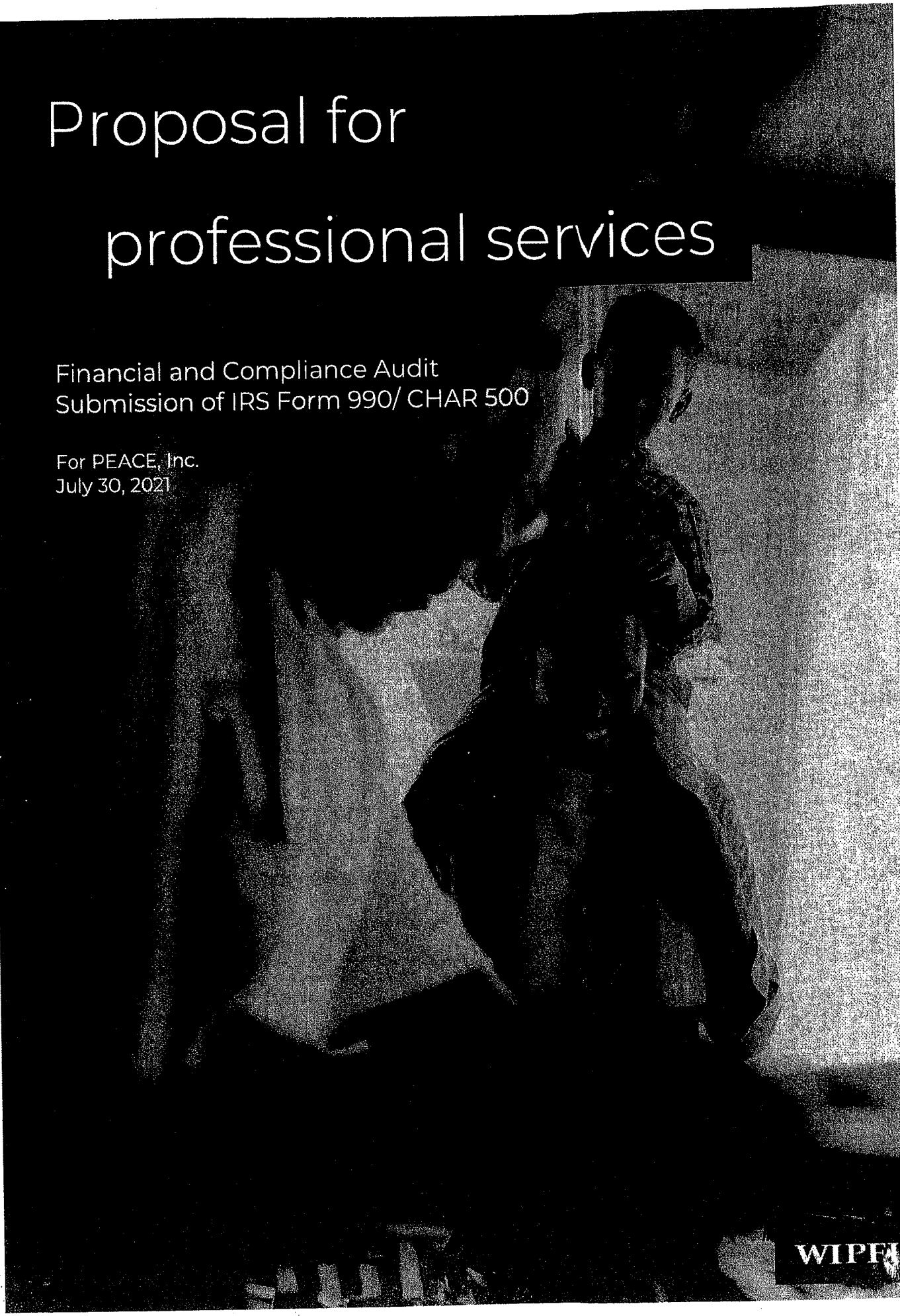
Postlethwaite & Netterville

Baton Rouge, Louisiana
October 19, 2020

Proposal for professional services

Financial and Compliance Audit
Submission of IRS Form 990/ CHAR 500

For PEACE, Inc.
July 30, 2021



WIPFLI

WIPFLI

2501 West Beltline Hwy
Suite 401
Madison, WI 53713

Ph: 608.274.1980
wipfli.com

July 30, 2021

Ms. Kathleen O'Brien
PEACE, Inc.
217 South Salina Street, 2nd Floor
Syracuse, NY 13202

Hello Kathleen:

From your mission comes your strength and your vision for how to bring positive change to the world. It's how you make a difference. Anyone you form a relationship with – from donors to community leaders – needs to align with your mission, and that includes the firm you choose to meet your audit and tax needs.

You want this firm to be an extension of your team, one you can turn to with questions and for best practices, and not someone who will just do the work and get back to you when it's convenient for them. Communication, responsiveness and a willingness to share – that's what's important in any relationship.

Work with people who are just as passionate about your mission as you are. With Wipfli, your success is our success. Like other auditing firms, we examine records and make recommendations. But more importantly, we help you fix what we find – strengthening your internal controls, improving your operating efficiency and putting in place the opportunities we find to help you grow.

In this proposal, you'll learn about our long history of working with nonprofits, the skills and experience we bring to the table and why we're best suited to meet your organization's needs. And as you make your final decision, we'd like to keep the lines of communication open. We welcome feedback from you on this proposal and ask that you call me at 608.270.2994 to discuss any concerns, observations or questions with us before making your final decision.

We welcome the opportunity to not only meet your audit and tax needs but also help you further your mission.

Sincerely,

John Hemming, CPA Partner
Mike Webber, CPA Senior Manager

Wipfli LLP

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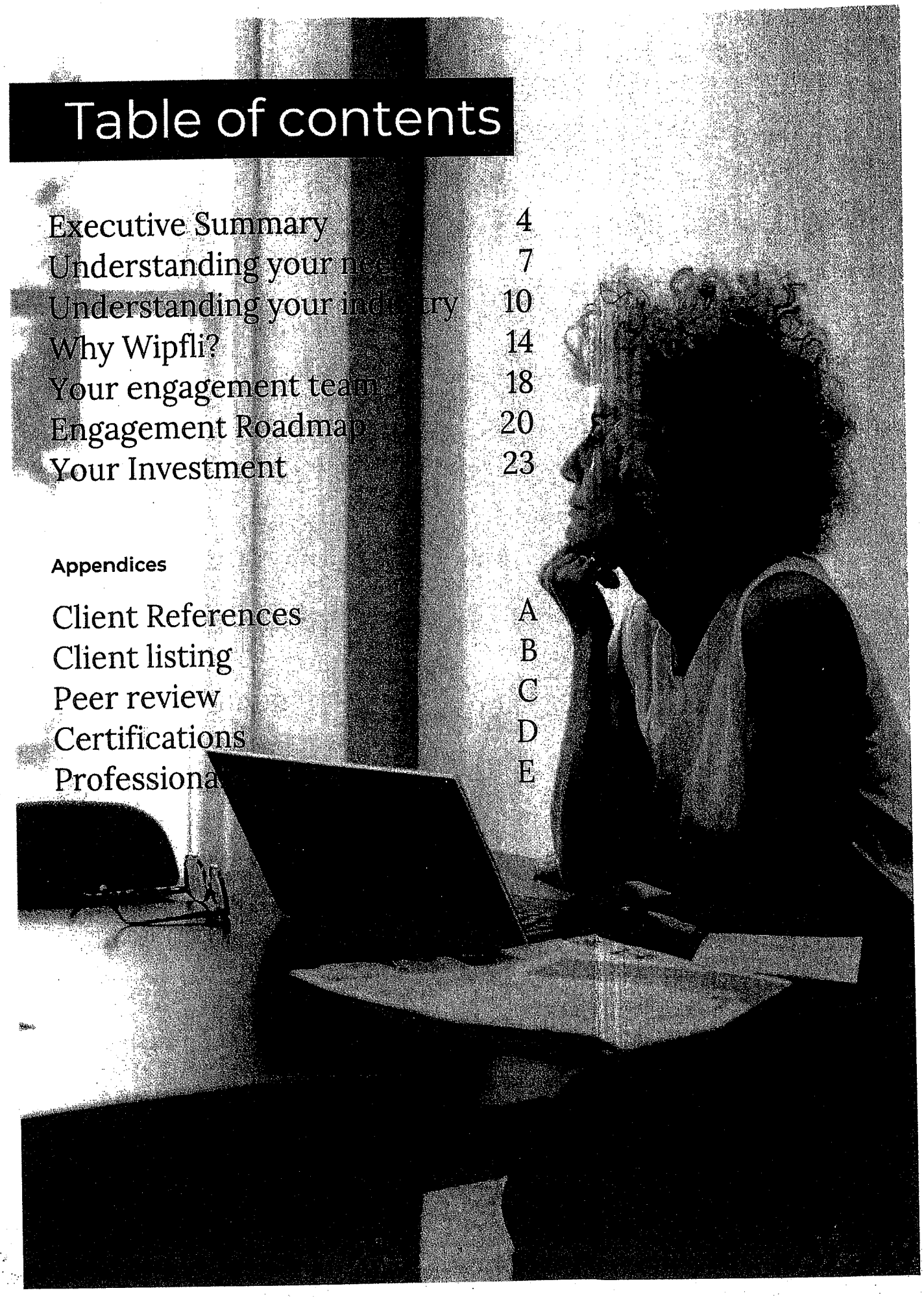


Executive Summary

Wipfli's vision is to create lasting, positive impact on every person, organization and community we engage. With over 40 years partnering with the Head Start and Community Action networks, we are proud to say that our commitment to this vision is as strong as ever.

We exist to help you fulfill your vision. And reflecting back on our four decades of partnership provides a glimpse into why our partnership to the networks is strong, resilient and ever-changing.

Decades ago, you didn't have to look far to find information on how to create programs and deliver services. Plenty of resources were ready and able to help. What Head Starts and CAAs struggled with was complying with regulations and running their back-offices. Even when the federal government began creating websites for individual departments, those websites didn't store information on regulations, so it remained difficult to look up the regulations, let alone determine whether you were properly complying with them.

Wipfli filled this need. We quickly became the go-to for Head Starts and CAAs looking to ensure fiscal and regulatory compliance through national training and performing their audit. Our professionals were so knowledgeable and up to date on changing regulations that we started getting recommended by the actual funding sources to audit grant-funded nonprofits. Even national associations started asking our opinion on upcoming legislation and the impact it would have on grant-funded organizations.

All in all, Head Starts and CAAs knew they could rely on us to provide accurate answers to their questions and guidance to help them stay successful and compliant. Wipfli has been, and continues to be, a valuable resource for finance, accounting and compliance services. In fact, Wipfli currently audits more Head Starts and CAAs than any other firm in the country. The average total revenue from the 2019 audits of the community action agencies we audit was approximately $15.6 million, and at least 19 agencies had total revenues over $15.0 million and 32 agencies had total revenues over $10.0 million.

Yet compliance was not all we specialized in. As an accounting and consulting firm, Wipfli delivers a wide range of services to a wide range of clients. We began offering our grant-funded clients technology consulting, strategic planning, talent management, and other critical services focused on strengthening the entire organization. We helped Head Starts and CAAs solidify the foundation they were built on so they could focus on executing their mission within their communities. And we helped them innovate, grow and then scale to continue supporting their success – all because we knew the grant-funded space so well, down to the accounting software that would best meet the needs of organizations with multiple funding sources.

One of the most impactful services we began offering was training. From the Wipfli National Training Conference held annually in Las Vegas, to local in-person trainings, to on-demand training series, we took our expertise and shared it with Head Starts and CAAs. Organizations could ask us questions unique to their own situation, learn best practices and connect with each other. Our annual conference became just as well known for fostering long-lasting relationships as it was for providing critical information and guidance for nonprofits.

The My Wipfli Membership Service developed as a natural extension of our support for grant-funded organizations. We created it as the ultimate resource. Organizations could look up regulations, use our templated policy and procedure documents, ask us questions and access on-demand training. We have organizations that have been members of My Wipfli for 25 years — since the very beginning — because they've found it to be such an essential resource to their operations.

Today, Wipfli continues to provide training on in-kind, ERSEA, Uniform Guidance, HS regs, CSBG org. standards, board governance and more. We help employees new to grant-funded nonprofits get up to speed so they can become strong contributors to the organization. We help boards better understand how the organization can use technology to execute on its mission and serve its communities, as well as measure the impact of its services on those communities. We help organizations improve client experiences so that anyone in their community — no matter if they call in, walk in or use the website — can learn all of what they are eligible for, not just about their current need.

We've learned over the years how important it is to listen. It's not just talking the same language as our clients but truly understanding their challenges, goals and the path from one to the other. When the COVID-19 pandemic hit, we assembled a team to rapidly adjust the services we provide or even create new ones so we could help Head Starts and CAAs pivot to meet the changing needs of their communities. We distilled information from the federal government into its impact on our clients. We helped them

manage change. And we helped them adjust strategy and perform scenario planning so they could handle whatever came next.

We're proud that we've kept so many of the same clients we've had for 30 years, while we've gained so many new ones. Our focus has always been on building long-term relationships that result in long-term impact. Part of that has been creating teams that are completely dedicated to grant-funded nonprofits, creating trainings completely specific to them, and always looking for new ways to help them continue adapting in an ever-changing world. And part of that has also been making it a priority to stay on top of trends and stay connected with associations so that we can not only see what's on the horizon but also how organizations can position themselves for change.

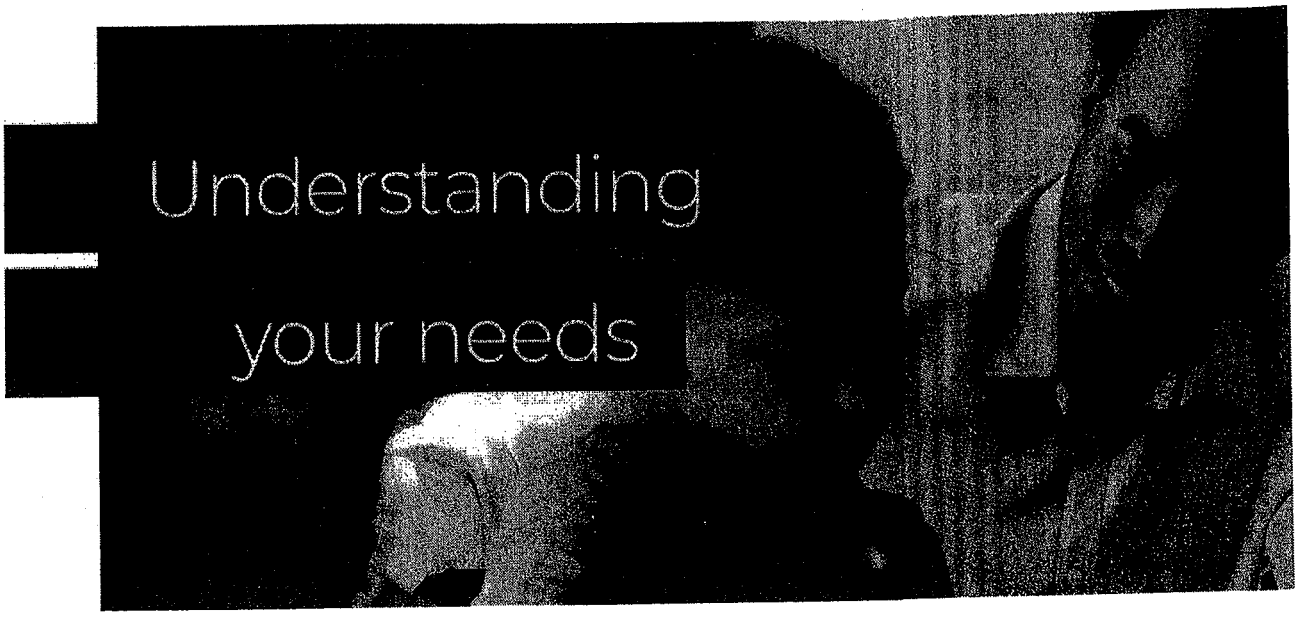
"The Wipfli team has the ability to understand what we're trying to ask for before we even ask for it. I don't think I've ever worked with a team so fast and so intuitive. Now we're able to process more applications, which has turned into being able to help more people in the community."

Rebecca Moreno, Program Services Supervisor, Community Action Partnership of Kern

Last, but certainly not least, we simply enjoy working with our grant-funded clients. We appreciate the work they do in their communities and are proud that our knowledge and assistance has helped them succeed. We look forward to another 40 years of successfully partnering with Head Starts and Community Action Agencies — and their associations — to meet change head-on and become even stronger to serve.

"Wipfli is very quick to respond, and that's important when you need extra support. They really care that we are capable and successful using the system past implementation."

LeeAnn Unruh, Chief Fiscal Officer, Greater Opportunities of the Permian Basin, Inc



Your Current Challenges and Opportunities

Nonprofits look for an independent audit for different reasons — so they can continue receiving federal or state funding, because their board of directors is committed to financial transparency or because their annual budget is large enough to need one. But the truth is, your audit is not so much about what's driving you as it is about what you can accomplish with it.

Specifically, based on our conversations with you and your Request for Proposal, you identified key considerations that will play a major role in the selection process. Considering these key needs, we believe your organization can benefit from the following solutions:

Establish a close relationship with a team of service providers that support open communication, work to understand your organization and foster a high level of trust, assurance and collaboration.

Building and maintaining long-term relationships is important to any nonprofit. You could say it's the key to not only surviving but also thriving. Your professional service providers should be accessible, collaborative and responsive. It's important for your organization to be able to meet your challenges from top to bottom and to be able to collaborate and communicate with your chosen partner in order to exchange the necessary ideas, experience and best practices to solve those challenges. Above all, you value competence and efficiency and seek a straight-forward and clear approach to the issues.

Also, working with a firm that brings a positive energy to the table and is client-focused, accessible, responsive and proactive. The Wipfli team is always looking for improvement opportunities (including operating efficiencies and general business enhancements), willing

to share best practices and able to find whatever information is necessary to keep an engagement moving forward to success. Whatever you need, you can get it with Wipfli.

Utilize a qualified CPA firm that has knowledge and experience in servicing organizations like yours, including providing solutions beyond traditional audit and tax compliance.

In a defined specialty area of client services, Wipfli has a significant client base in nonprofit organizations, especially grant-funded organizations and community action agencies. We work closely with your management to address ways to improve operating and staff efficiency, help develop new policies and procedures and discuss new accounting pronouncements and their impact on your organization.

Complete your audit within the specified time frame by engaging a firm with the resources to meet your deadlines — and the sensitivity to understand the importance of them.

Meeting your deadlines helps you satisfy not only your internal goals but also the needs of government agencies, funding sources and your board of directors. Furthermore, presenting the results of your engagement, such as an audit, in time for important meetings is crucial to being able to make strategic decisions and respond to new insights.

Being able to meet sensitive and extremely important deadlines means choosing the right firm — one with the resources, experience, knowledge and capabilities to complete your engagement on time and to the highest standard. An effective communication process and level of accessibility is also key. Leverage Wipfli as your most effective resource that brings all these qualities and abilities to the table in order to help ensure you get exactly where you need to be, when you need to be there.

Gain competitive pricing for the value you receive, along with a "no surprise" fee environment.

The value of outstanding service, rapid response and respect for your resources cannot be understated. When you work with Wipfli, you work with a firm whose fees for professional services are, and will always be, clearly communicated to you. Furthermore, management approval is always obtained before our team begins any new work that could lead to additional charges unrelated to the basic services addressed in this proposal.

If our fee estimates are not consistent with your expectations based on historical amounts or competitive bids from other professionals, we appreciate the opportunity to discuss with you what went into determining our fee estimates, with the objective of modifying these fee estimates where appropriate. (Proposed fees for this engagement are included in the "Your Investment" section of this proposal.) Your organization's mission is important, and we hope to be your trusted advisor who brings key experience and innovative solutions to help you reach your goals.

Scope of work

For our firm, understanding your challenges and overall goals comes from listening, asking questions and putting together unique solutions that fit your needs. Based on our current understanding of these needs, Wipfli is prepared to deliver the following:

- Perform the annual financial and compliance audit of PEACE, Inc. for the fiscal years of January 31, 2022, 2023, 2024, 2025, and 2026 in accordance with *Government Auditing Standards* and Uniform Guidance.
- Present the audit reports to the full Board of Directors.
- Upload the audit to the Federal Audit Clearinghouse portal.
- Input the IRS Form 990 and CHAR 500 information prepared by you into the forms and submit within time requirements.
- Be available as a resource to you through intermittent phone calls and e-mails free of charge discussing your current challenges throughout the year.

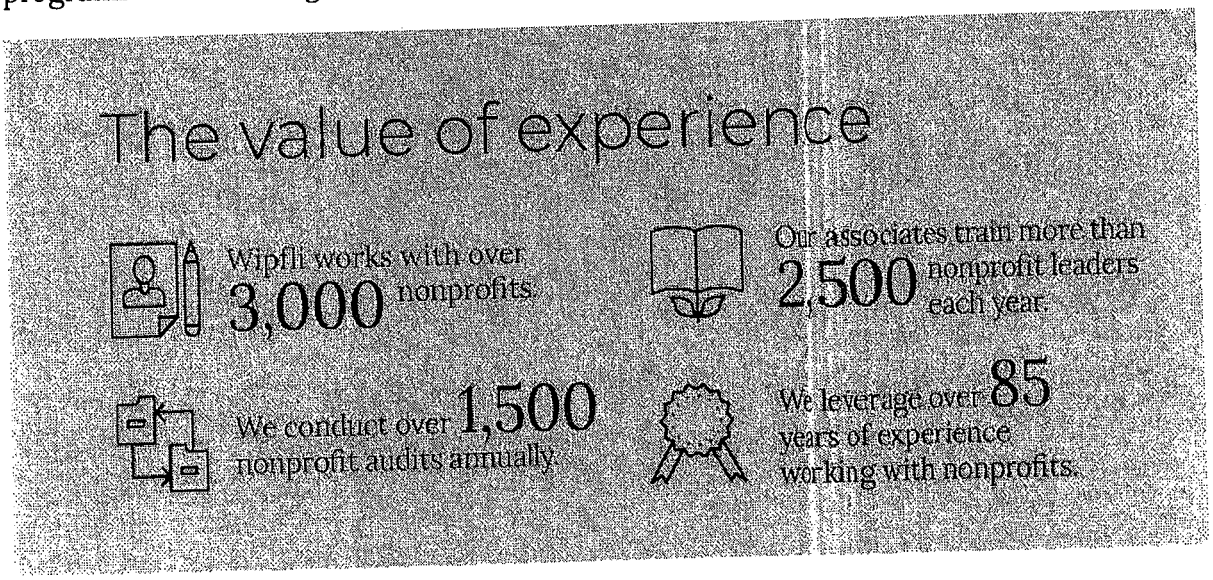
Your ideal solution:

To help you meet your needs, you're looking for a firm that:

- Provides you with a team whose members know the opportunities and issues relevant to your organization.
- Shares best practices used by similar nonprofit organizations, especially around grant regulations and Uniform Guidance, so that you are in the best position to grow your organization and fulfill your mission.
- Meets your timelines.
- Offers high-quality, value-added services — including training and consulting— delivered by an experienced, specialized team.
- Delivers strategy and pricing that match the value you're seeking.

Prior experience working with nonprofit organizations

When you choose Wipfli, you choose a firm that not only specializes in grant-funded programs but also brings the same passion to furthering your mission that you do.



In addition to the specific experience presented elsewhere in this proposal, Wipfli performs over 1,500 nonprofit audits annually.

Your engagement team has significant experience working with organizations that operate complex federally and state funded programs like yours. Our partners and associates specialize in performing single audits in accordance with Uniform Guidance regulations. Turnover in our nonprofit services area has been below industry averages. This allows us to provide you with experienced industry-knowledgeable professionals.

Our prior experience auditing grant-funded organizations

Your engagement team has significant experience working with organizations that operate complex federally funded programs like yours. Our partners and staff specialize in performing single audits in accordance with Uniform Guidance regulations.

We understand that having strong internal controls and following the rules governing how you can and cannot spend federal dollars are keys to fiscal management and overall compliance in your organization. Having an auditor that is passionate about the programs you operate, understands the requirements and is available throughout the year to answer your questions are some of the ways we help you successfully deliver on your mission and stay in compliance.

We are familiar with the appropriate General Accounting Office and other pronouncements regarding the audits of grants and governmental and nonprofit organizations and the related publications. And we are not only familiar with these publications but also have provided training sessions nationwide on the use of the following pronouncements and publications:

- Government Auditing Standards
- Auditing Compliance Supplement
- CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

Prior experience auditing organizations similar to PEACE, Inc.

What sets Wipfli apart from other firms that audit nonprofit organizations is our commitment not only to nonprofit organizations but to grant funded organizations, especially agencies that operate federally funded programs. Auditing governmental entities or nonprofits that receive funding from contributions is far different than grant funded agencies. As noted in Appendix B, Wipfli currently audits over 60 community action agencies throughout the United States. The average total revenue from the 2019 audits of the community action agencies we audit was approximately $15.6 million, and at least 19 agencies had total revenues over $15.0 million and 32 agencies had total revenues over $10.0 million. Our audit experience combined with the training and consulting services specific to community action and federally funded programs makes Wipfli a leader in the resources available to PEACE, Inc.

Many of the grant funded organizations that Wipfli works with receive similar funding to PEACE, Inc. Some of your largest federally funded programs, Head Start, CSBG, LIHEAP, and Weatherization, are programs we audit most often. Approximately 85% of the agencies listed in Appendix B operate the same programs previously mentioned and those programs are large enough that we are required to audit as major programs, including auditing in-kind (matching) requirements for the Head Start grant. This experience has allowed us to develop templates for our testing so that we only request those things that we need so we are more efficient with both our time and yours. We also can offer best practices that we see other agencies utilize when operating these programs.

Wipfli collaborates with other organizations to tackle complex issues that arise for organizations like yours. We have been a partner of the Community Action Partnership (CAP) for many years. CAP has contracted with Wipfli to provide fiscal services to grant-funded organizations, as well as produce toolkits and other products for several agencies to use to meet their various compliance requirements. In addition, Wipfli associates have presented at CAP's conferences for over 20 years. Wipfli has also partnered with Community Action Program Legal Services, Inc. (CAPLAW) by presenting at their conferences and collaborating on toolkits.

Working with Wipfli provides organizations like yours access to additional resources besides financial services. We are advisors who understand your diverse needs and work with you to develop solutions that allow for better workflow, regulation and risk management, policies and procedures, and more.

Proactive access to tax services

You can also gain proactive access to tax services that we have heavy experience in providing, including:

- Unrelated business income tax (UBIT) planning and consulting
- Compensation and benefit planning/structuring
- Ensuring your Form 990 meets both your compliance and public relations needs
- Choice of entity assistance
- Public support review
- Exemption assistance

Technology and Accounting Systems Services

Wipfli is a leading provider of technology consulting services in the nonprofit sector. We specialize in assessing, monitoring, and improving the technology of grant-funded nonprofit organizations, where we help guide organizations to leveraging best practices that fit within their budget. Our approach is to understand the strategic goals of the organization and determining how technology can support those goals. In addition, we help advise our clients with technology improvements over multiple years, not just the quick fixes. Creating a roadmap for your technology that supports your organization-wide strategies is key to meet the needs of your community.

Partner with Wipfli and get the highest-quality technology consultants in the business. Not only will we become a part of your team and help meet your organization's goals, we'll likely save you money too. Get the technology service you deserve at a predictable, monthly cost that works for your budget.

Our team crafts and implements accounting systems for community action agencies that offer:

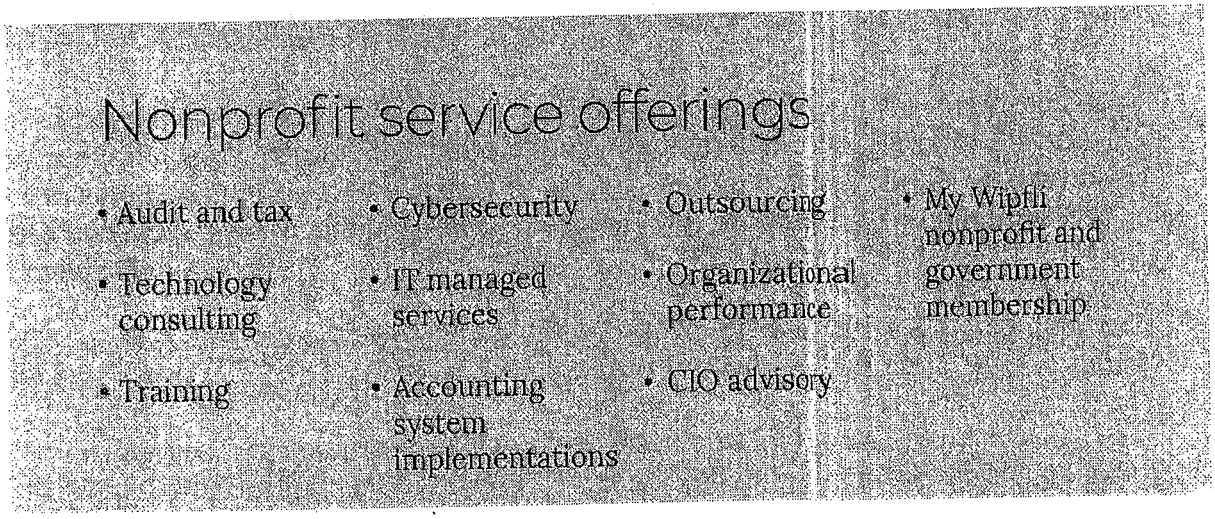
- Easy-to-use interfaces
- Dashboards that empower you by giving you insight into the data you need, whenever you need it
- Simplified and/or automated workflows that replace manual processes, especially related to accounts payable
- On-demand training

We bring industry knowledge and best practices to help you evaluate your needs, select systems and implement sustainable solutions. As a reseller of Sage Intacct — a best-in-class cloud accounting platform built to meet the needs of nonprofits — we have teams that can implement, maintain, train and support you in achieving the unique goals of your organization.

Our prior experience providing additional services to organizations similar to PEACE, Inc.

Nonprofits also face countless regulatory requirements and other unique industry challenges. Working with a firm that has a full understanding of these challenges and the solutions that meet them helps ensure your needs are met the right way, the first time around. From technology upgrades to staff training, our specialized consultants provide more than just audit and tax.

Benefit from highly personalized nonprofit services that focus on lowering your costs and streamlining your operations, while satisfying regulatory requirements.



Positioned to better serve you

You're looking for the ideal firm – one that provides the close, personal touch and communication of a regional firm along with the extensive resources and specialized knowledge of a large, national firm. At Wipfli, we pride ourselves on delivering that close level of attention and responsiveness, alongside a wide breadth of capabilities. Whether it's navigating new regulations or implementing technology that can make a true difference to your organization – this means we can grow with you.

Local CPA firm	Top 10 global CPA firm	WIPFLI
Provides mostly compliance services to small organizations.	Attempts to be the provider of all services to all organizations.	Specializes and is extremely experienced in serving specific industries with specific services.
Growth is limited by resource constraints and capacity.	Grows primarily via mergers and acquisitions.	Grows both organically and through strategic acquisitions to strengthen capabilities in existing markets and grow into new markets.
Client base is concentrated on local businesses.	Targets large, publicly held companies.	Concentrates on small- to mid-sized organizations, both regionally and nationally.

Local CPA firm	Top 10 global CPA firm	WIPFLI
Resources are concentrated locally and limited in scope. Small offices are restricted to a single region.	Has many resources and offices spread throughout the U.S. and the world.	Has 40+ locations across the U.S., with two specialized offices in India and one in the Philippines. Is centrally located with easy access to regional markets and clients.
Partners are autonomous and actively involved in the hands-on work, but they lack the time and resources to perform a larger variety of work outside of tax.	Partners don't have much autonomy, and control is centralized in order to manage the firm's scale.	Maintains an entrepreneurial environment where partners have the flexibility to meet client needs.
Focused on providing historical analysis of financial information.	Thought leaders drive conversations but are not involved in the actual work and implementation.	Focuses on helping clients with compliance and enabling improved decision-making.
Prices engagements by time and material.	Premium price points that only fit larger budgets.	Provides multiple solution package options at prices our clients can afford.

Client satisfaction

It's one thing to say client satisfaction is important — it's quite another to measure it. Our annual Client Experience index (CX) shows how our clients feel about the service and solutions they receive. Your feedback — and satisfaction — is critical to our firm.

In 2021, Wipfli's nonprofit and government practice received a CX score of 89% and an average of 9 out 10 clients plan to continue doing business with us.

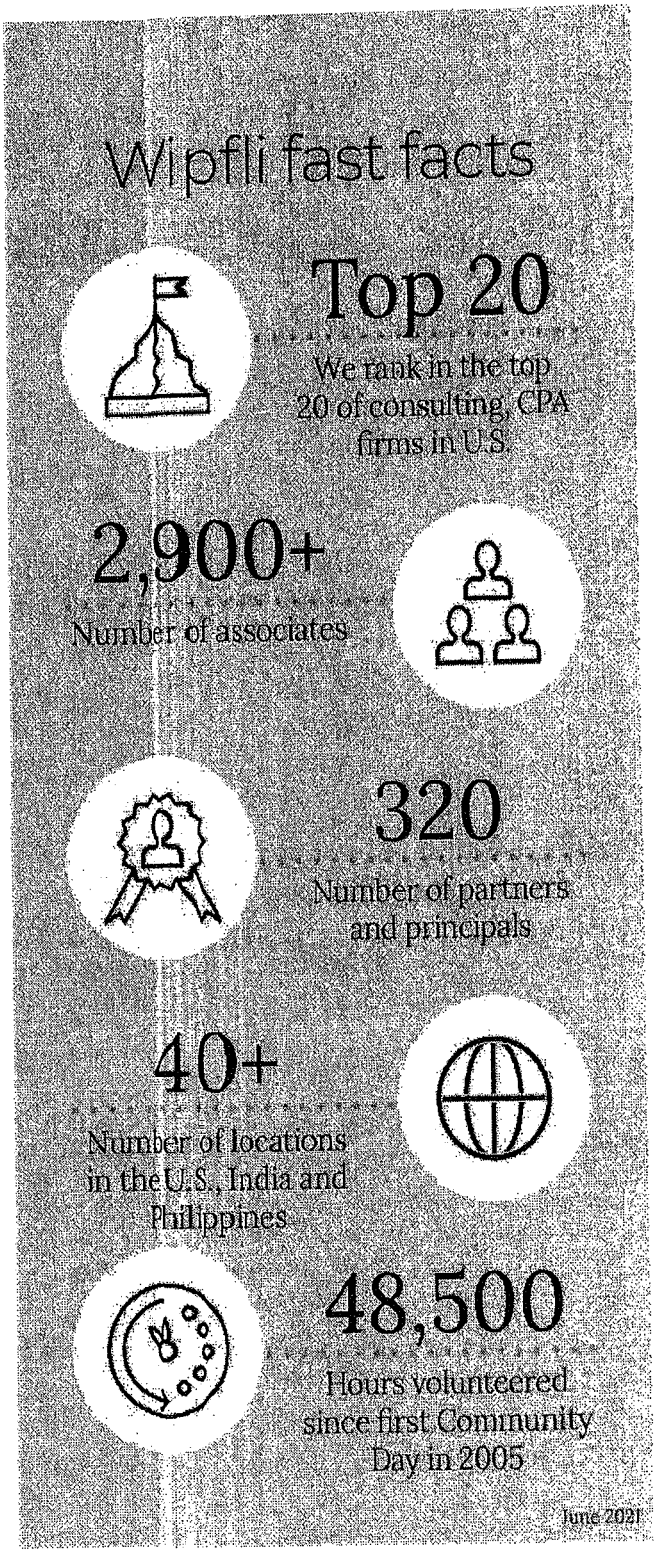
Commitment to the community

Like you, we're passionate about making a difference. On our annual Community Day, we close every office across the U.S. so that hundreds of our associates and partners can volunteer in their communities. Our annual impact is over 4,000 hours of service to dozens of organizations.

Diversity, equity and inclusion

At Wipfli, we believe in a workplace — and world — where everyone feels included and diversity is embraced.

We honor the unique strengths and contributions of every associate because we know that diversity makes us stronger. Through initiatives focused on leadership, recruitment, training, and diverse business resource groups, we are dedicated to building a more diverse workforce. Through our foundation, we also help fund the next generation through donations to colleges, universities and organizations.



Commitment to women's advancement

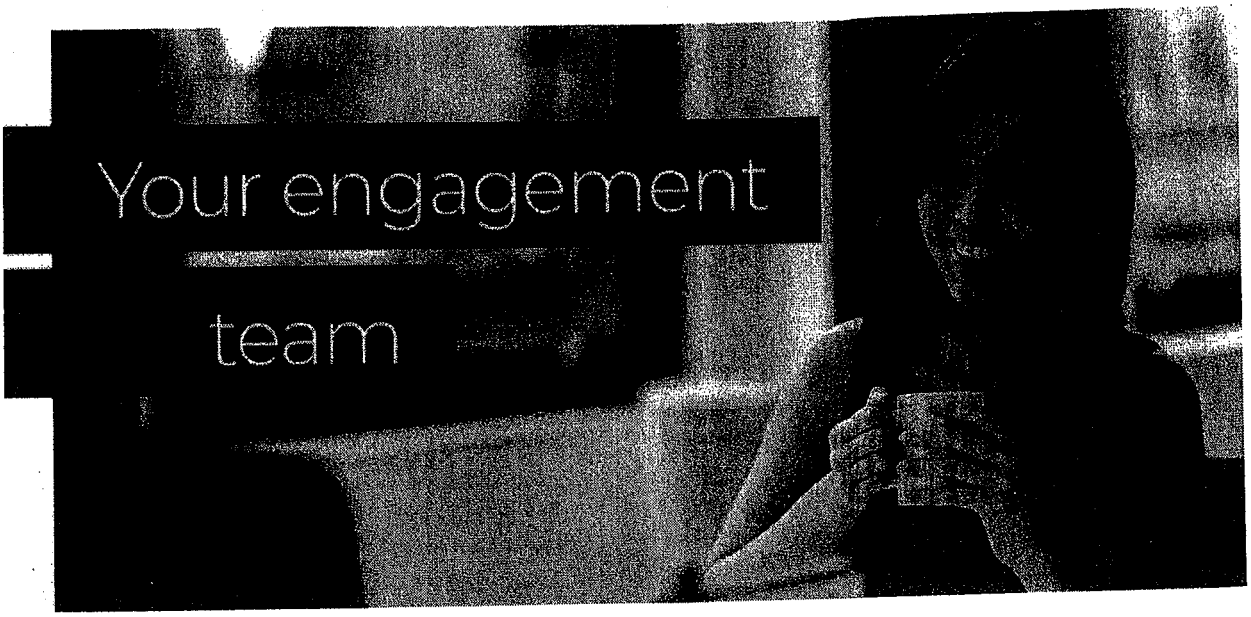
Did you know Wipfli was the first CPA firm in Wisconsin to have a woman partner? We have long demonstrated a strong commitment to women in the workplace. Today, the majority of our managers and senior managers are women, and each of our offices has a Women's Impact Network program to support the recruitment and advancement of women at Wipfli.

Minority-owned business

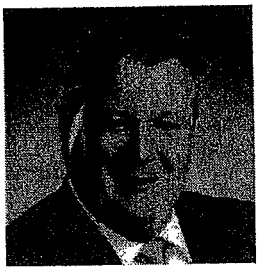
Wipfli does not qualify as a small business firm as defined by the Small Business Administration (13 CFR 121.201) because our annual receipts for the last three fiscal years total more than $20,500,000. We do not meet the definition of a minority or women business enterprise (51% ownership). We are, however, above the AICPA's average for female to male partner ratios compared with other firms.

Conflict of interest

We are not aware of any potential conflicts of interest.



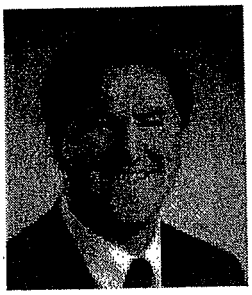
Solving the challenges you face means getting access to a skilled team – trusted advocates who listen to your concerns and provide the support, advice and strategies you need to succeed. Meet your project leaders:



John E. Hemming, CPA

Partner

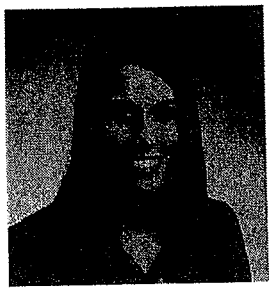
John Hemming, a partner in our NGP group, will be the engagement partner for your audit. He has over 20 years of audit experience with nonprofit organizations, including auditing and analyzing federally funded programs, community action agencies, work force investment boards, Head Start organizations, as well as auditing low income housing partnerships. John understands complex accounting issues for organizations of all sizes. He currently manages audits of over 40 nonprofit organizations. John will review regulations, audit guides, and related audit requirements to decide on the overall audit approach (and the principal problems involved, if any). He enjoys teaching and applying the many facets of nonprofit and federally funded audit standards to clients. What really makes his job worthwhile are the people he works with at the various organizations, the services he provides for them, and the outcomes achieved. John received has accounting degree from St. Cloud State University. He has been with the firm since 2003.



Mike Webber, CPA

Senior Manager

Mike Webber, a senior manager in our NGP group, will be in charge of this engagement. He has worked on over 150 audits and currently manages about 25 clients. His experience as an assurance specialist includes service to several different nonprofit organizations, community action programs, Head Start organizations, work force investment boards, associations, foundations, and community-based nonprofit organizations. Mike appreciates that most of his clients exist to help people in need, and he enjoys helping them accomplish that goal. He strives to ensure that his clients are great stewards of the funding they receive. Mike received his accounting and risk management and insurance degrees from the University of Wisconsin - Madison. He has been with the firm since 2006.



Alyssa Hartung, CPA

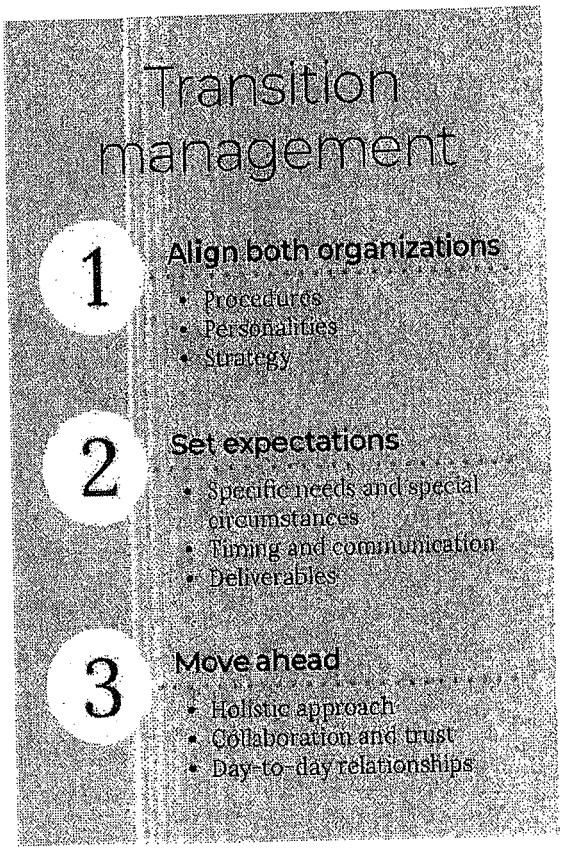
Manager

Alyssa Hartung is a manager with over 5 years of experience. Alyssa has worked on over 30 audit engagements as well as preparing Form 990s. Her experience encompasses a variety of nonprofit organizations, including community action programs, Head Start organizations, and workforce development boards. She enjoys working towards helping her clients accomplish their goals. Alyssa received her accounting degree from the University of Wisconsin – La Crosse and has been with the firm since 2014.

Transitioning to a new auditor

For many organizations, the transition to a new auditor can be stressful. But your transition can be a smooth one – and that's our main goal. The Wipfli team meets with you in advance to develop our audit strategy and choose an approach that tackles the risks we discover. We also work with your previous auditors to examine prior year working papers so that we can understand their audit approach and the timing of their procedures. This helps us determine if any additional procedures are performed on opening balances of your financial statements.

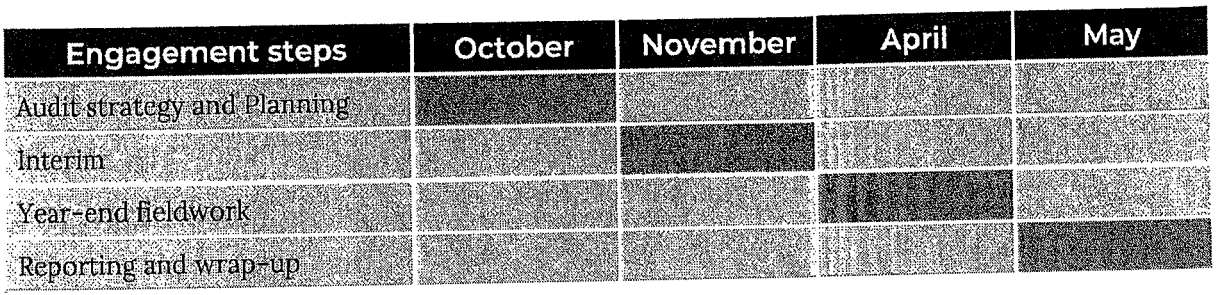
Overall, by aligning our organizations and setting expectations, we can move forward with an approach that meets your needs with minimal disruption.



Engagement timetable and approach

PEACE, Inc. is unique; therefore, no cookie-cutter audit would be appropriate for the results you expect. That's why Wipfli has developed state-of-the-art audit tools and methodologies that identify your risk areas and focus your audit accordingly. We further encourage our staff to exercise professional judgment so as to conduct an audit that's specific to your organization rather than simply completing an audit "checklist." Our staff is trained to develop practical suggestions for improvements or recommend alternatives where opportunities exist. This value-added advice is communicated formally in the management report.

Below you'll find the estimated timetable for each step of the engagement. The schedule is planned around your specific requirements and to meet your deadlines, but it can be adjusted based on input from the audit committee or finance team.



Interim and year-end fieldwork procedures will include both analytical and substantive procedures on account balances and activity for the year as well as auditing major program compliance and internal controls. We develop expectations and perform analytical procedures while determining our risk assessment during the planning phase of the audit. We also perform substantive analytical procedures on specific account balances and final analytical procedures as a part of our review of the financial statements.

In addition to analytical procedures, we select samples of transactions for detailed testing (using both statistical and non-statistical methods). Examples of audit areas we commonly utilizing sampling include accounts receivable for the financial audit and tests performed for the direct and material compliance requirements of the major programs. Common compliance testing utilizing sampling include cash disbursements and payroll transactions. We determine our sample sizes based on the risk assessments performed during planning and guidelines in the auditing standards. In addition to sampling, we commonly utilize scoping procedures, which is testing transactions that are greater than a predetermined amount.

Our knowledge of the nonprofit industry and federally funded programs gives us an excellent background to efficiently gain an understanding of your organization and its internal control structure based on discussions with management and review of policies and procedures and organizational charts. Our discussions will include areas of concern that management has as well as changes in operations and funding. We will review the

nature of prior audit adjustments, management letter recommendations, and our initial assessment of the effectiveness of controls to assess financial statement and other risks.

In addition, our knowledge of federally funded programs ensures that we properly determine the direct and material compliance requirements subject to testing for the compliance audit. We rely on the most recently issued Office of Management Budget (OMB) Compliance Supplement to determine compliance requirements that are applicable to the major programs and perform risk assessments to ensure we only test the requirements that are direct and material to the major programs.

Wipfli leverages technology to increase the efficiency of audits by performing certain audit procedures remotely. We provide access to a convenient and secure internet portal to easily transfer audit information electronically. This allows us to focus on the most important aspects of the audit while we are on site with you.

While the process of conducting an audit can be very similar from accounting firm to accounting firm, the Wipfli difference includes the value you receive from our audit process.

Our audit services approach is designed to deliver you with timely, cost-effective, high-quality professional services. It centers around service excellence, communication and our continuing quest to be on the leading edge of industry changes.

Right from the start of the audit engagement, you can expect Wipfli to understand your industry and provide skilled assistance. Our well-planned approach ensures an efficient and effective audit experience.

Fees

Professional Services	2021	2022	2023	2024	2025
Uniform Guidance Audit	$35,000	$35,700	$36,400	$37,100	$37,800
Submission of IRS Form 990 / CHAR 500	2,000	2,000	2,000	2,000	2,000
Total	**$37,000**	**$37,700**	**$38,400**	**$39,100**	**$39,800**

Schedule of Audit and Tax Hours and Rates

	Hours	Standard Rate	Total
Partner	10	$475	$4,750
Senior Manager	50	$275	$13,750
Manager	70	$200	$14,000
Staff	70	$125	$8,750
Travel and out of pocket costs			$2,000
Discount			($6,250)
Total all-inclusive price for audit	200		$37,000

Out-of-pocket expenses

The above pricing is all inclusive of out-of-pocket travel, printing and postage costs. No additional billings are expected.

Included at no cost to your organization, $10,575 of value-added services designed to benefit your organization.

Added-Value Product/Service	Year 1	Year 2	Year 3	Year 4	Year 5
MyWipfli Membership Service	$ 995	$ 995	$ 995	$ 995	$ 995
2 Webinar Trainings	400	400	400	400	400
2 Registrations for Annual Conference	1,800			1,800	
Total	**$3,195**	**$1,395**	**$1,395**	**$3,195**	**$1,395**

Assumptions

The quote above is based on the following assumptions:

- PEACE, Inc. will be cooperative participants in the process and will effectively communicate with the auditors.
- PEACE, Inc. staff will perform a comprehensive financial close process, and there will be minimal adjusting of journal entries.
- PEACE, Inc. staff will prepare financial statements, including footnotes.
- Requested information will be provided on a timely basis.
- There will be no significant changes in the operation of PEACE, Inc. There will be no significant new accounting or audit requirement that will impact PEACE, Inc.
- PEACE, Inc. will assist in the preparation, communication and resolution of confirmation exceptions.

Cost overruns

We work closely with your management team to contain the cost of professional services. We do this by:

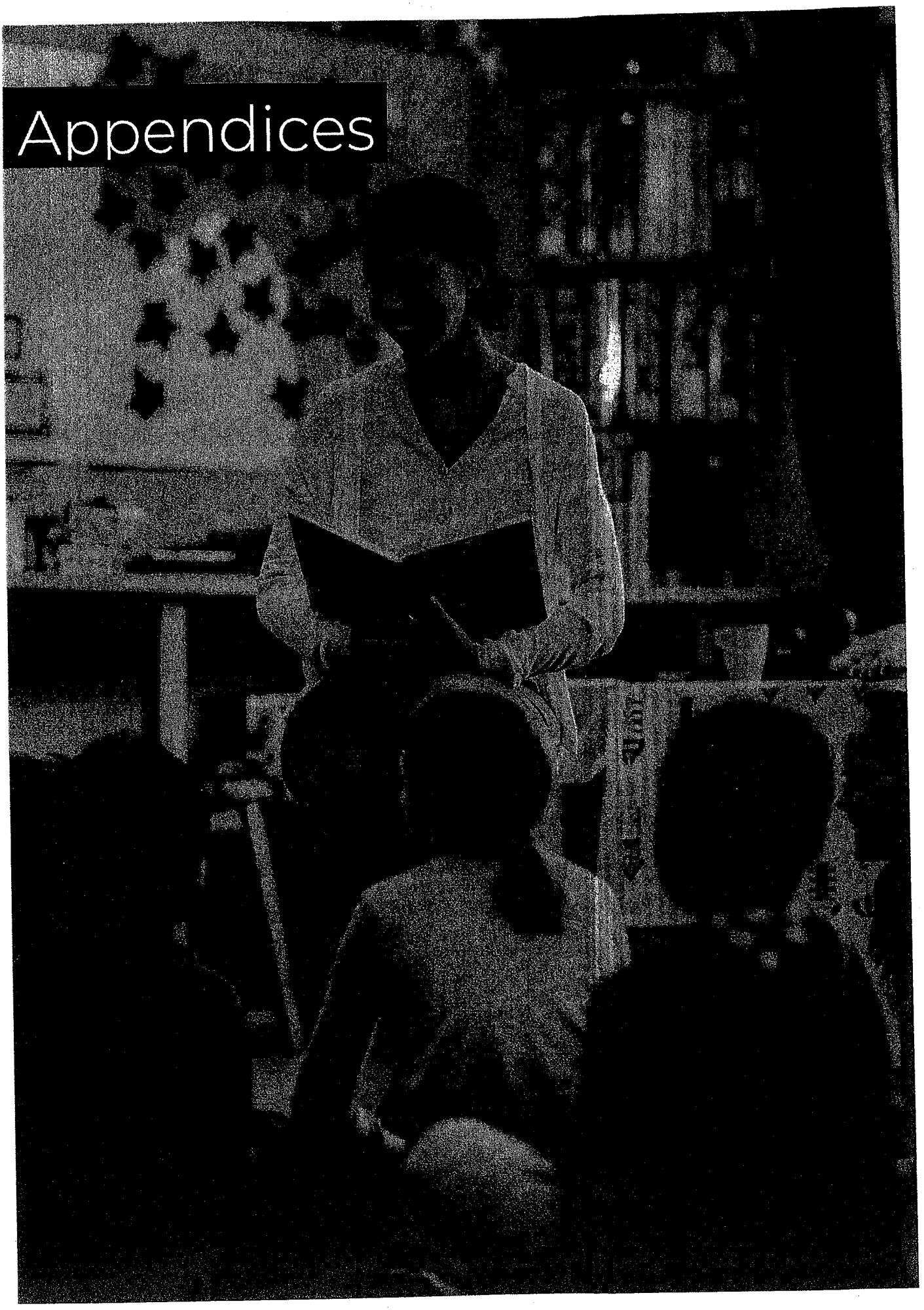
- Making recommendations to improve efficiency and controls.
- Obtaining a comprehensive understanding of your year-end closing process. This avoids misunderstandings and inefficiencies for both your personnel and ours.
- Preparing a comprehensive listing of client-prepared workpapers.
- Using technology efficiently in workpaper preparation and audit testing.

We will work with PEACE, Inc.'s staff to agree on required schedules, informational needs and due dates. Any fee adjustments required if assumptions are not met will be discussed and agreed to by PEACE, Inc. and Wipfli before additional work is performed.

Going forward

The information contained in this proposal document is for discussion purposes only and does not constitute a binding contract between you or your organization and Wipfli LLP. If the above services and information are acceptable and you wish to proceed, we will prepare a formal engagement letter for you to sign, which will address the specific scope, responsibilities, and criteria relative to our engagement. The engagement letter will constitute the entirety of the terms and conditions of our arrangement.

Appendices



Client references

Great Lakes Community Action Partnership

127 South Front Street
Fremont, OH 43420

Contact:	David Kipplen, CFO
Telephone:	419.333.6086
Scope of Work:	Single audit, IRS Form 990 preparation, 403(b) plan audit
Partner in Charge:	John Hemming

Hawkeye Area Community Action Program

1515 Hawkeye Dr.
Hiawatha, IA 52233

Contact:	Ms. Jane Drapeaux
Telephone:	319.393.7811
Scope of Work:	Single audit, IRS Form 990 preparation, 403(b) plan audit
Partner in Charge:	John Hemming

Greater Opportunities of the Permian Basin

206 West Fifth Street
Odessa, TX 79760

Contact:	Ms. LeeAnn Unruh
Telephone:	800.368.1426
Scope of Work:	Single audit, IRS Form 990 preparation
Partner in Charge:	John Hemming
Senior Manager:	Mike Webber

CAP Services, Inc.

2900 Hoover Road, Suite A
Stevens Point, WI 54481

Contact:	Trena Larson
Telephone:	715.343.7500
Scope of Work:	Single audit, IRS Form 990 preparation, 403(k) plan audit
Senior Manager:	Mike Webber

If PEACE, Inc. would like to contact additional clients from the client listing in Appendix B, that information can be provided upon request.

Client listing

See below for a list of current community action audit clients.

State	Name
Alabama	Mobile Community Action Agency
	Montgomery Community Action Committee, Inc.
California	Campesmos Unidos, Inc.
	Community Action Agency of Butte County, Inc.
Colorado	Southern Colorado Community Action Agency, Inc.
Florida	Central Florida Community Action
Georgia	Community Action for Improvement
	Tallatoona Community Action Partnership, Inc.
Idaho	Community Council of Idaho
	Eastern Idaho Community Action Partnership, Inc.
	Southeastern Idaho Community Action Agency, Inc.
Illinois	East Central Illinois Community Action Agency
	Northwestern Illinois Community Action Agency
	Project Now, Inc.
	St. Clair County Intergovernmental Grants Department
	Western Illinois Regional Council Community Action Agency
Indiana	Area IV Agency on Aging & Community Action Programs, Inc.
	Community Action of Northeast Indiana, Inc.
	Northwest Indiana Community Action Corporation
	Western Indiana Community Action Agency, Inc.
Iowa	Hawkeye Area Community Action Program
	IMPACT Community Action Partnership
	MATURA Action Corporation
	Sieda Community Action
	Upper Des Moines Opportunity, Inc.
Kentucky	CAC for Lexington-Fayette-Bourbon-Harrison
	Middle Kentucky Community Action Partnership, Inc.
Michigan	Dickinson Iron Community Services Agency
	Gogebic-Ontonagon Community Action Agency
	Mid Michigan Community Action Agency, Inc.
	Northeast Michigan Community Services Agency
	Northwest Michigan Community Action Agency, Inc.
	Muskegon-Oceana Community Action Partnership
	Saginaw County Community Action Committee, Inc.

State	Name
Minnesota	Anoka County-Community Action Program, Inc.
	Community Action Duluth
	Scott-Carver-Dakota CAP Agency, Inc.
	Tri-County Action Program, Inc.
	Tri-Valley Opportunity Council, Inc.
Missouri	Community Action Agency of St. Louis County
	West Central Missouri Community Action Agency
Nebraska	Community Action Partnership of Lancaster and Saunders Counties
North Carolina	Community Action Opportunities
Ohio	Akron-Summit Community Action Inc.
	Council of Economic Opportunities in Greater Cleveland
	Hancock-Hardin-Wyandot-Putnam Community Action
	Hocking Athens Perry Community Action
	WSOS Community Action Commission, Inc.
Oklahoma	Community Action Project of Tulsa County, Inc.
South Dakota	Inter-Lakes Community Action Partnership
Texas	Brazos Valley Community Action Agency
Wisconsin	CAP Services, Inc.
	Central Wisconsin Community Action Council, Inc.
	Community Action Coalition for South Central Wisconsin, Inc.
	Community Action, Inc. of Rock and Walworth Counties
	NEWCAP, Inc.
	North Central CAP, Inc.
	Southwestern Wisconsin Community Action Program, Inc.
	West Central Wisconsin Community Action Agency, Inc.
	Western Dairyland Economic Opportunity Council, Inc.

Peer review

weaver
Assurance · Tax · Advisory

Report on the Firm's System of Quality Control

To the Partners of Wipfli, LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Wipfli LLP (the Firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice applicable to engagements not subject to PCAOB permanent inspection of Wipfli LLP in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Wipfli LLP has received a peer review rating of pass.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

June 2, 2020

San Antonio, Texas

Weaver and Tidwell, L.L.P. 9311 San Pedro Avenue, Suite 1400 | San Antonio, Texas 78216

Main: 210.737.1042

AICPA® Peer Review Program
Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

July 17, 2020

Kurt Gresens
Wipfli LLP
469 Security Blvd
Green Bay, WI 54313-9707

Dear Kurt Gresens:

It is my pleasure to notify you that on July 16, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2022. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Michael Fawley

Michael Fawley
Chair, National PRC
nprc@aicpa.org
+1.919.402.4502

cc: Brett Siegfried, Daniel Szidon

Firm Number: 900010077210 Review Number: 570754

Certifications

On behalf of the Offeror:

1. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.

2. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.

3. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.

4. The individual signing certifies that the prices quoted on this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.

5. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.

6. The individual signing certifies that the Offeror is a properly licensed certified public accountant on or before June 1, 2016.

7. The individual signing certifies that the Offeror meets the independence standards of the *Government Audit Standards*.

8. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours education will be in subjects directly related to the government environment and to government auditing for individuals.

9. The individual signing certifies that he/she has read and understands the GAO requirement of an external quality control (peer) review at least once every three years.

10. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:

    a. *Government Audit Standards* (Yellow Book)
    b. Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance")
    c. *Audits of Not-for-Profit Entities* (AICPA Audit Guide)
    d. *Audits of State and Local Governments* (AICPA Audit Guide)
    e. New York State Division of Housing and Community Renewal and New York State Housing Trust Fund Corporation "Audit Guide".
    f. Any other standards and guidelines for our grants and funding sources.

11. The individual signing certifies that he/she has read and understands all the information in this Request for Proposal, including the information on the program/grants/contracts to be audited.

12. The individual signing certifies that the Offeror, and any individuals to be assigned to the audit, does not have a record of substandard work and has not been debarred or suspended from doing work with any federal, state or local government.

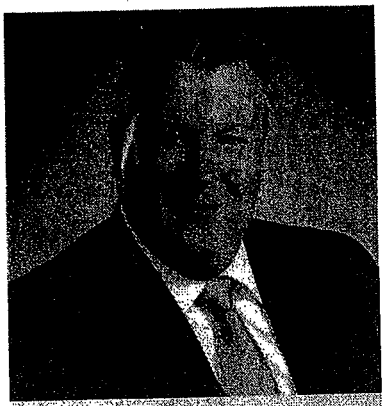
Dated this 30th day of July 2021.

Wipfli LLP
(Name of Offeror's Firm)

(Signature of Offeror's Representative)

John E. Hemming, CPA, Partner
(Printed Name and Title of Individual Signing)

Professional profiles



John Hemming

Partner, CPA

Madison office
608 270 2921
jhemming@wipfli.com

wipfli.com

John Hemming is a partner in Wipfli LLP's nonprofit and government practice, John Hemming oversees audit engagements and consulting opportunities, as well as works with clients to maintain compliance with laws and regulations. With over 20 years of experience, he has assisted large and small nonprofit organizations in fulfilling their mission. In addition, John performs live training throughout the year on topics such as internal controls, Office of Management and Budget (OMB) Uniform Guidance compliance, financial statement understanding, and Head Start in-kind.

Specializations

- Audits of nonprofit organizations
- Audits of 401(k) and 403(b) employee benefit plans
- Compliance audits
- Tax-exempt reporting and compliance
- Consulting services
- Training on OMB Uniform Guidance
- Training on specialized topics

Past experience

- Local and regional CPA firms for 10 years
- Internal auditor for University of Minnesota

Awards

- Leadership Greater Madison - Class #15

Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) - Member
- Wisconsin Institute of Certified Public Accountants (WICPA) - Member
- Foundation for Madison Public Schools - Board treasurer

Education

St. Cloud State University
- Bachelor of science degree in business with a major in accounting

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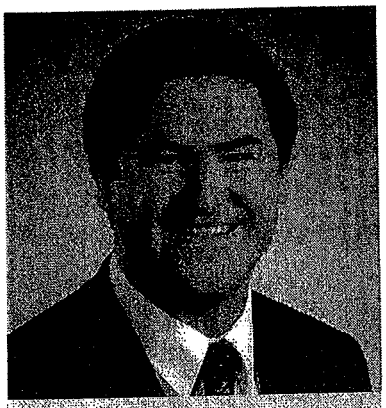

Michael Webber

Senior Manager, CPA

Madison office
608 270 2994
mwebber@wipfli.com

wipfli.com

Michael Webber is an auditor in Wipfli's nonprofit and government practice, with over 10 years of experience in auditing nonprofit organizations. His specialty in and focus on nonprofit organizations gives him a deep understanding of the challenges they face. Clients appreciate Mike's attention to detail and his dedication to helping them achieve their mission.

Specializations

- Audits of community action agencies, Head Start agencies, workforce development organizations, associations, foundations, and community-based nonprofit organizations
- Compliance requirements of Head Start; Weatherization Assistance Program; Workforce Innovation and Opportunity Act; and other federal, state, and locally funded programs
- Accounting principles generally accepted in the United States (GAAP) for nonprofits
- Form 990 preparation and disclosure requirements

Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) - Member
- Wisconsin Institute of Certified Public Accountants (WICPA) - Member
- Leadership Greater Madison - Class #26
- StageQ, Inc., a local theater company in Madison, WI - Board treasurer

Education

University of Wisconsin-Madison

- Bachelor of business administration degree in accounting
- Bachelor of business administration degree in risk management and insurance

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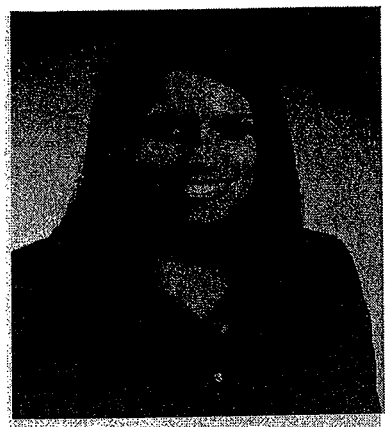

Alyssa M. Hartung

Manager

Madison office
608 661 2687
ahartung@wipfli.com

wipfli.com

Alyssa Hartung is a manager in Wipfli's nonprofit and government practice, with over five years of experience in auditing nonprofit organizations. She excels in her ability to actively listen to clients and her dedication to helping them achieve their mission.

Specializations

- Audits of community action agencies, Head Start agencies, associations, community-based nonprofit organizations, and projects regulated by the U.S. Department of Housing and Urban Development
- Compliance requirements of Head Start; Weatherization Assistance Program; and other federal, state, and locally funded programs
- Accounting principles generally accepted in the United States (GAAP) for nonprofit
- Form 990 preparation and disclosure requirements

Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) – Member
- Wisconsin Institute of Certified Public Accountants (WICPA) – Member

Certification

- Certified Public Accountant

Education

University of Wisconsin-La Crosse

- Bachelor of science degree in business with a major in accounting

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