

**UNITED PLANNING ORGANIZATION**

**Financial Statements Together with  
Reports of Independent Public Accountants**

**For the Years Ended September 30, 2022 and 2021**



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**SEPTEMBER 31, 2022 AND 2021**

**CONTENTS**

<b>REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8
<b>SUPPLEMENTARY INFORMATION</b>	
<b>REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	21
<b>REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE</b>	23
Schedule of Expenditures of Federal Awards	26
Notes to the Schedule of Expenditures of Federal Awards	27
Schedule of Findings and Questioned Costs	28
Schedule of Corrective Action Plan	31
Schedule of Prior Year Findings and Questioned Costs	32



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Directors  
United Planning Organization

### **Opinion**

We have audited the accompanying statement of financial position of United Planning Organization (UPO), as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UPO as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Other Matter***

The financial statements of UPO as of and for the year ended September 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on June 30, 2022.

### ***Responsibilities of Management for the Financial Statements***

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



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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of UPO's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UPO's internal controls over financial reporting and compliance.

Washington D.C.  
June 29, 2023

# UNITED PLANNING ORGANIZATION

## Statements of Financial Position As of September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,897,931	\$ 8,724,092
Grants and contracts receivable, net	10,138,211	6,707,155
Prepaid expenses and other assets	322,408	114,075
Property and equipment, net	5,878,800	6,412,370
<b>Total Assets</b>	<u>\$ 21,237,350</u>	<u>\$ 21,957,692</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrues expenses	\$ 5,938,125	\$ 3,247,193
Deferred revenue	1,278,948	6,468,064
Bonds payable	3,209,666	3,924,173
<b>Total Liabilities</b>	<u>10,426,739</u>	<u>13,639,430</u>
<b>Net Assets</b>		
Without donor restrictions	4,764,695	8,275,372
With donor restrictions	6,045,916	42,891
<b>Total Net Assets</b>	<u>10,810,611</u>	<u>8,318,263</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 21,237,350</u>	<u>\$ 21,957,692</u>

The accompanying notes are an integral part of these financial statements.

## UNITED PLANNING ORGANIZATION

### Statements of Activities and Changes in Net Assets For the Years Ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Pass-through grants and contributions	\$ 29,977,116	\$ -	\$ 29,977,116	\$ 18,837,812	\$ -	\$ 18,837,812
Direct federal grants and contributions	10,185,006	-	10,185,006	8,626,968	-	8,626,968
Direct D.C. contracts	7,717,340	-	7,717,340	8,211,390	-	8,211,390
Private and general grants and contributions	2,231,921	6,003,025	8,234,946	3,725,923	42,891	3,768,814
Parking	65,470	-	65,470	12,180	-	12,180
Other income	154,692	-	154,692	114,570	-	114,570
Daycare Fees	811,758	-	811,758	48,838	-	48,838
In-kind revenue	2,443,927	-	2,443,927	1,603,301	-	1,603,301
<b>Total Revenue and Support</b>	<b>53,587,230</b>	<b>6,003,025</b>	<b>59,590,255</b>	<b>41,180,982</b>	<b>42,891</b>	<b>41,223,873</b>
<b>EXPENSES</b>						
Program Services:						
Community services	26,672,589	-	26,672,589	17,871,560	-	17,871,560
Head Start and Early Head Start	21,722,597	-	21,722,597	14,847,102	-	14,847,102
Homeless	2,644,138	-	2,644,138	2,706,420	-	2,706,420
<b>Total Program Services</b>	<b>51,039,325</b>	<b>-</b>	<b>51,039,325</b>	<b>35,425,083</b>	<b>-</b>	<b>35,425,083</b>
Supporting Services:						
General and administrative	5,775,451	-	5,775,451	4,840,578	-	4,840,578
Fundraising	283,131	-	283,131	153,178	-	153,178
<b>Total Expenses</b>	<b>57,097,907</b>	<b>-</b>	<b>57,097,907</b>	<b>40,418,839</b>	<b>-</b>	<b>40,418,839</b>
Changes in net assets	(3,510,677)	6,003,025	2,492,348	762,143	42,891	805,034
Net Assets, beginning of year	8,275,372	42,891	8,318,263	7,513,229	-	7,513,229
<b>Net Assets, End of year</b>	<b>\$ 4,764,695</b>	<b>\$6,045,916</b>	<b>\$ 10,810,611</b>	<b>\$ 8,275,372</b>	<b>\$ 42,891</b>	<b>\$ 8,318,263</b>

The accompanying notes are an integral part of these financial statements.

# UNITED PLANNING ORGANIZATION

## Statements of Functional Expenses For the Years Ended September 30, 2022 and 2021

	2022							
	Program Services				Support Services			
	Community Services	Head Start and Early Head Start	Homeless	Total Program Services	General Administrative	Fundraising	Total Support Services	Total
Personnel	\$ 7,731,974	\$ 9,309,997	\$ 1,576,670	\$ 18,618,641	\$ 2,770,522	\$ 175,757	\$ 2,946,279	\$ 21,564,920
Fringe Benefits	1,784,871	2,138,067	363,513	4,286,451	201,065	40,553	241,617	4,528,069
Purchase of Services	7,964,815	4,915,422	183,186	13,063,423	1,775,663	57,747	1,833,410	14,896,833
Rent	252,361	205,184	2,210	459,756	-	-	-	459,756
Occupancy	261,481	70,041	-	331,522	577,494	910	578,404	909,927
Client Assistance	6,204,373	549,183	34,064	6,787,620	-	-	-	6,787,620
Supplies	1,208,193	901,660	8,599	2,118,451	117,087	449	117,536	2,235,987
Travel and Transportation	63,146	6,154	100	69,401	9,052	236	9,288	78,689
Repairs & Maintenance	139,193	7,744	354,125	501,062	118,566	-	118,566	619,628
Equipment	228,969	78,207	2,678	309,855	40,676	7,479	48,155	358,010
Donated Services and Facilities	-	2,443,927	-	2,443,927	-	-	-	2,443,927
Other Expenses	75,828	1,066,985	272	1,143,085	33,856	-	33,856	1,176,940
Interest and Fees	132,796	-	-	132,796	466	-	466	133,262
Depreciation and Amortization	612,117	21,242	115,573	748,933	14,631	-	14,631	763,564
Special Events and operations Expenses	12,471	8,784	3,147	24,402	116,375	-	116,375	140,776
<b>Total expenses</b>	<b>\$ 26,672,589</b>	<b>\$ 21,722,597</b>	<b>\$ 2,644,138</b>	<b>\$ 51,039,325</b>	<b>\$ 5,775,451</b>	<b>\$ 283,131</b>	<b>\$ 6,058,582</b>	<b>\$ 57,097,907</b>

  

	2021							
	Program Services				Support Services			
	Community Services	Head Start and Early Head Start	Homeless	Total Program Services	General Administrative	Fundraising	Total Support Services	Total
Personnel	\$ 6,758,725	\$ 8,154,562	\$ 1,835,161	\$ 16,748,449	\$ 2,637,116	\$ 118,071	\$ 2,755,187	\$ 19,503,636
Fringe Benefits	1,556,951	1,911,261	353,318	3,821,531	349,395	27,731	377,126	4,198,657
Purchase of Services	3,345,137	1,893,971	176,362	5,415,470	1,078,736	2,796	1,081,532	6,497,002
Rent	199,856	213,545	6,226	419,626	-	-	-	419,626
Occupancy	257,027	69,593	101,419	428,040	367,008	1,346	368,354	796,394
Client Assistance	3,040,328	264,673	-	3,305,001	-	-	-	3,305,001
Supplies	824,835	632,045	5,331	1,462,211	176,301	289	176,590	1,638,801
Travel and Transportation	12,718	772	-	13,490	3,083	-	3,083	16,573
Repairs & Maintenance	79,645	9,877	227,005	316,526	81,673	-	81,673	398,199
Equipment	1,033,853	55,255	1,331	1,090,440	82,026	2,944	84,970	1,175,409
Donated Services and Facilities	-	1,603,301	-	1,603,301	-	-	-	1,603,301
Other Expenses	39,976	1,492	267	41,734	49,832	-	49,832	91,567
Interest and Fees	163,312	-	-	163,312	242	-	242	163,554
Depreciation and Amortization	559,197	36,755	-	595,952	15,166	-	15,166	611,118
Special Events and operations Expenses	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 17,871,560</b>	<b>\$ 14,847,102</b>	<b>\$ 2,706,420</b>	<b>\$ 35,425,083</b>	<b>\$ 4,840,578</b>	<b>\$ 153,178</b>	<b>\$ 4,993,756</b>	<b>\$ 40,418,839</b>

The accompanying notes are an integral part of these financial statements.



# UNITED PLANNING ORGANIZATION

## Statements of Cash Flows For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flow from Operating Activities</b>		
Changes in net assets	\$ 2,492,348	\$ 805,034
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	763,564	806,615
Effects from changes in non-cash operating assets and liabilities:		
Grants and contracts receivable	(3,431,056)	1,086,567
Prepaid expenses and other assets	(208,333)	653,720
Accounts payable and accrued expenses	2,690,932	(986,534)
Deferred revenue	(5,189,116)	(424,228)
<b>Net Cash From by Operating Activities</b>	<u>(2,881,661)</u>	<u>1,941,174</u>
<b>Cash Flow from Investing Activities</b>		
Purchases of property and equipment	<u>(229,994)</u>	<u>(25,820)</u>
<b>Cash Flow from Financing Activities</b>		
Principal payments on bonds payable	<u>(714,507)</u>	<u>(688,707)</u>
Net change in cash and cash equivalents	(3,826,162)	1,226,647
Cash and cash equivalents, beginning of year	<u>8,724,092</u>	<u>7,497,445</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,897,931</u>	<u>\$ 8,724,092</u>
<b>Supplemental Disclosure</b>		
Cash paid for interest	<u>\$ 133,190</u>	<u>\$ 163,524</u>

The accompanying notes are an integral part of these financial statements.

# UNITED PLANNING ORGANIZATION

## Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

### 1. ORGANIZATION

The United Planning Organization (UPO) is a private, nonprofit corporation whose major functions are to plan, coordinate and implement human service programs in the District of Columbia (D.C.). The organization was founded in 1962 as a charitable and educational organization. Following the Economic Opportunity Act of 1964, UPO was designated the Community Action Agency (CAA) for the Washington Metropolitan area. Today, as the designated CAA for the District of Columbia, UPO is responsible for providing leadership, support, and advocacy to low-income residents as a means of attaining and maintaining self-sufficiency. These services are provided to individuals, families, and communities with high concentrations of poverty in the District of Columbia.

UPO's community service network includes eight community service centers, seventeen Early Head Start centers, and seven community-based organizations that serve in the capacity of service providers for UPO. Altogether, this network serves individuals of all ages, from birth to the elderly, in families and communities characterized by economic insecurity. The individuals and communities served receive a variety of case management and supportive services from UPO for the purpose of attaining economic security and self-sufficiency. UPO also works with partners in the private and public sectors to plan and implement Community Services Block Grant (CSBG) programs. These programs are designed to have direct influence on the quality of life for D.C.'s low-income residents through employment services; education and cognitive development services; income and asset building services; housing services; community health and social/behavioral development services; civic engagement and community involvement services.

UPO's Early Learning Program was initiated in 1964 and was one of the first pilot Head Start programs in the country. UPO now primarily focuses on Early Head Start (EHS) services and continues to support a rapidly expanding Early Head Start operation in the District of Columbia. Today, UPO is one of D.C.'s largest providers of early learning services. In D.C. neighborhoods, where poverty is most highly concentrated, UPO's Early Learning Centers provide children aged three and under with early learning; age-appropriate, curriculum-based educational programs; health screenings; and nutritional meals. Parents and pregnant/expectant mothers have opportunities to participate in the parent policy council; prenatal services; parenting classes; and as center volunteers. Parents of the children served are also able to pursue employment as a result of receiving childcare support through UPO. Additionally, each year, UPO's EHS program gives more than 1,000 infants and toddlers the tools to develop their social-emotional, physical, cognitive, and language skills — steering them toward happiness, success and school-readiness. UPO's Office of Early Learning partners with five other nonprofit childcare providers and serves multiple families in a Home-based program.

# UNITED PLANNING ORGANIZATION

## Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

### 1. ORGANIZATION (continued)

UPO's Office of Early Learning is also a Hub for the Quality Improvement Network (QIN) of the D.C. Office of the State Superintendent of Education. The Hub is a multi-year effort that was established to boost outcomes for infants and toddlers. Through the QIN, UPO oversees 16 child development centers serving over 500 children and families. UPO's aim is to ensure that every center adequately meets the Head Start Performance Standards and that each remains on a path to continuous improvement.

Portions of UPO's programs are funded by the District of Columbia; the United States federal government; private foundations; and individual donors. Programs that are co-funded include the Foster Grandparents Program; the Comprehensive Treatment Center; the Permanent Supportive Housing Program; the Joseph A. Beavers Scholarship Program; the Free Tax Preparation Assistance Program; the Housing Counseling Program; the Home Savers Program; as well as the Emergency Rental Assistance Program, among others.

All employees, excluding supervisors, managerial staff, and staff responsible for handling confidential materials (according to the UPO Handbook) are employed in accordance with the terms of UPO's collective bargaining agreement with the Communications Workers of America and American Federation of Labor and Congress of Industrial Organizations (CWA AFL-CIO) Local 2336. Approximately 50% of UPO's employees are covered by the collective bargaining agreement.

UPO is related to UPO Inspire, a nonprofit organization organized exclusively for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (IRC). UPO Inspire was formed to support, complement, and fulfill certain purposes and objectives of UPO, including but not limited to:

- Supporting and improving educational opportunities for Washington, D.C., residents;
- Supporting research directed toward alleviating poverty, homelessness, and other issues confronting low-income citizens of Washington, D.C.;
- Facilitating forums that address various civic issues; and
- Engaging in any lawful acts or activity for which corporations may be organized under the District of Columbia Nonprofit Corporation Act.

UPO is also related to UPO Community Development Corporation (CDC), a nonprofit organized exclusively for charities, educational and scientific purposes within the meaning of section 501(c)(3) of the IRC. The CDC was formed to support, complement, and fulfill certain purposes and objectives of UPO, including but not limited to:

- Supporting programs directed to the solution of the critical problems existing within Washington DC and surrounds areas having concentrations of substantial numbers of low-income persons;

# **UNITED PLANNING ORGANIZATION**

## **Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021**

### **1. ORGANIZATION (continued)**

- To have an appreciable impact in such communities and neighborhoods in arresting tendencies toward dependency, chronic unemployment, and community deterioration; and
- Provide financial and other assistance to start, expand, or locate enterprises in or near the area to be served so as to provide employment and/or ownership opportunities for residents of such areas.

UPO Inspire and CDC are not consolidated with the accompanying financial statements as they do not meet the criteria in accordance with generally accepted accounting principles in the U.S.

#### **Basis of Accounting**

The accompanying financial statements of UPO are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires UPO's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

For the purpose of financial statement presentation, UPO considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents. As of September 30, 2022 and 2021, cash equivalents consisted of certificates of deposit.

#### **Grants and Contracts Receivable**

Reimbursable expenditures for which payment has not been received as of the financial statement date are recorded as grants and contracts receivable at net realizable value. Receivables that are past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against an allowance account.

# UNITED PLANNING ORGANIZATION

## Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management annually adjusts the allowance account based upon its estimate of those receivables it believes to be uncollectible. Allowance for doubtful accounts was 77,177 as of September 30, 2021. There was no allowance for doubtful accounts as of September 30, 2022.

#### **Property and Equipment, Net**

Property and equipment is recorded at cost if purchased and fair value if donated. It is the UPO's policy to capitalize expenditures for property and equipment in excess of \$5,000. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of property and equipment is depreciated using the straight-line method over their estimated useful lives. Assets purchased with Federal funds are subject to appropriate federal and local government regulations regarding their acquisitions and dispositions. UPO reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There was no impairment loss recognized as of September 30, 2022 and 2021.

#### **Deferred Revenue**

Deferred revenue represents conditional Federal funds and direct DC contracts received in advance but not yet expended.

#### **Revenue Recognition**

##### ***Grants and Contributions - Pass-through and Direct Federal Grants***

UPO has cost reimbursable grants with the federal government through cooperative agreements with pass through organizations and directly with federal agencies. Revenue from cost-reimbursable grants is conditional upon certain performance requirements and the occurrence of allowable qualifying expenses. Revenue from pass-through and direct federal grants is recognized when UPO has met the respective conditions in the award.

Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the grantors is included in grants and contracts receivable in the accompanying statements of financial position. Conditional grant awards received in advance, but not yet expended, are reflected as deferred revenue in the accompanying statements of financial position.

# UNITED PLANNING ORGANIZATION

## Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Direct D.C. Contracts*

UPO has contracts with the District of Columbia in which fees are received in exchange for services under fixed price contracts. Revenue from fixed price contracts is recognized at the point in time that the performance obligations are satisfied. Revenue recognized on contracts for which payments have not been received is reflected as grant and contract receivable in the accompanying statements of financial position. Conditional contracts received in advance, but not yet expended, are reflected as deferred revenue in the accompanying statements of financial position.

#### *Private and General Grants and Contributions*

Contributions received are recorded as net assets without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

#### *Rental and Parking Fees*

Rental and parking services are exchange transactions and revenue related to UPO's property and facilities is recognized as revenue when the performance obligations are satisfied.

#### *Daycare Fees*

Fees consist of request for proposal and daycare fees related to the Head Start program and are recognized at the point in time the event occurs.

#### **Net Assets**

Net assets without donor restrictions are assets and contributions that are not restricted by donors, or for which restrictions have expired.

Net assets with donor restrictions are those whose use by UPO has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

# UNITED PLANNING ORGANIZATION

## Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of UPO, such as governance related expenses, accounting fees, payroll processing contracts, legal fees and CEO compensation.

Indirect costs are allocated among the program services and the supporting services that benefited. In particular, the allocation of salaries and benefits is based on informed estimates of the percentage of employee time spent on relevant activities as determined by the department directors with input from staff and management as needed. The estimates of time spent are reviewed either when staffing changes occur or at least annually in connection with the UPO's budget.

Other than salaries and benefits, indirect costs that are associated with more than one program or supporting activity include costs related to equipment leases, mailing and shipping, data lines and IT contracts, temporary front desk staffing, security services, office expenses and bank fees. The allocation of salaries are considered a representative measure of the organizational effort and this allocation is applied to these indirect costs and serve as a basis for allocation of the aforementioned shared expenses.

#### Income Taxes

UPO is exempt from income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, UPO qualifies under Section 509(a)(2) as an organization other than a private foundation. However, UPO is subject to unrelated business income taxes (UBIT) on its unrelated business income activity (primarily advertising income). UPO had no Unrelated Business Income as of September 30, 2022, and 2021 respectively. Management assessed that there was no UBIT liability for UPO as of September 30, 2022 and 2021.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. UPO performed an evaluation of uncertain tax positions as of September 30, 2022 and 2021, and determined that there were no matters that would require recognition in the accompanying financial statements or which may have any effect on its tax-exempt status.

## UNITED PLANNING ORGANIZATION

### Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of September 30, 2022, the statute of limitations for fiscal years 2019 through 2022 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which UPO files tax returns. It is UPO's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

#### Liquidity and Availability of Resources

UPO regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. UPO's financial assets available within one year of the statement of financial position date for general expenditures as of September 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 4,897,931	\$ 8,724,092
Grants and contracts receivable	<u>10,138,211</u>	<u>6,707,155</u>
Available Financial Assets	<u>15,036,142</u>	15,431,247
Less: financial assets not available within one year:		
Amounts unavailable due to donor restrictions	<u>6,045,916</u>	<u>42,891</u>
	<u>\$ 8,990,226</u>	<u>\$ 15,388,356</u>

UPO has various sources of liquidity at its disposal, including cash and cash equivalents which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of UPO throughout the year. This is done through monitoring and reviewing UPO's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of UPO's cash flow related to UPO's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. Additionally, UPO has board-designated net assets that could be available for current operations with Board approval, if necessary, in the amounts of \$452,609 and \$395,722, as of September 30, 2022 and 2021.

#### In-kind Revenue

Individuals volunteer their time and perform a variety of tasks that assist UPO. Certain services do not meet the recognition criteria under accounting principles generally accepted in the United States of America. Donations of both goods and services that meet the recognition criteria are presented at their fair market values in income and expense on the statements of activities and changes in net assets.



# UNITED PLANNING ORGANIZATION

## Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Accounting Pronouncement Implemented

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard required the presentation of contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. UPO adopted this standard during the fiscal year ended September 30, 2022. The adoption of this ASU did not have a material effect on the accompanying financial statements.

#### Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to put most leases on their statement of financial position. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The new standard is effective for fiscal years beginning after December 15, 2021, and early adoption is permitted.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses – (Topic 326)*. The objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. This standard is effective for periods beginning after December 15, 2022.

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates.

#### Subsequent Events

UPO evaluated the subsequent events and transactions through June 29, 2023, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

#### Reclassification

Certain amounts reported in the 2021 financial statements have been reclassified to conform to the 2022 presentation. The reclassification had no effect on net assets as of September 30, 2021.

## UNITED PLANNING ORGANIZATION

### Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

#### 3. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of September 30:

	<u>2022</u>	<u>2021</u>	<u>Useful Lives</u>
Land	\$ 1,295,520	\$ 1,295,520	N/A
Buildings	15,643,230	15,643,224	25-30 years
Vehicles	1,958,400	1,958,400	5 years
Furniture and equipment	1,477,649	1,247,661	5-9 years
Leashold improvements	774,483	774,483	5 years
	<u>21,149,282</u>	<u>20,919,288</u>	
Less: Accumulated depreciation and amortization	15,270,482	14,506,918	
<b>Property and Equipment, Net</b>	<b><u>\$ 5,878,800</u></b>	<b><u>\$ 6,412,370</u></b>	

Depreciation and amortization expense for the years ended September 30, 2022 and 2021, totaled \$763,564 and \$806,615, respectively.

Included in buildings are four properties acquired with grant funds from the U.S. Department of Housing and Urban Development (HUD). These buildings were restricted as to disposition and use for periods ranging between 20 and 30 years. The building purchased with the HUD assistance is restricted for not less than 30 years, while the other two buildings have a restriction of not less than 20 years. UPO's headquarters building, located at 301 Rhode Island Avenue, N.W., Washington, D.C., was purchased with the help of a grant received from the D.C. Department of Housing and Community Development (DC DHCD) in 2002. The headquarters building was restricted as to disposition and use for a period of not less than 10 years.

The restrictions imposed by the grantor was lifted when properties are placed in service, upon expiration of the period of restrictive use or repayment of the grant proceeds upon written approval of release by the grantor. As of September 30, 2022, while the restricted periods have lapsed for the properties and they are all placed in service, UPO has not received formal approval... funders. These assets are reported as net assets without donor restrictions in the accompanying financial statements as the restricted period has lapsed and the buildings are in use for their restricted purpose.

#### 4. LINE OF CREDIT

UPO had a line of credit agreement with a bank with a maximum credit line of \$3,000,000 which expired on September 30, 2022. Funds drawn on this line bore interest at a floating daily rate of 1% over the Prime Rate as published in the Wall Street Journal, which was 4.25% at September 30, 2021. The line of credit was collateralized by a second deed of trust on three UPO properties and a blanket first lien on all UPO assets.

## **UNITED PLANNING ORGANIZATION**

### **Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021**

#### **4. LINE OF CREDIT (continued)**

The line of credit agreement required UPO to maintain certain covenants measured at the end of the fiscal year, including a debt service coverage of at least 1.0 times; current ratio of at least 1.25 times; debt to worth ratio of no more than 5 times and total net assets of at least \$3,500,000. Currently UPO has a debt service coverage ratio of .77, a current ratio of 1.47 and a debt ratio of .15 as of September 30, 2022. UPO was also required to submit to the bank quarterly unaudited financial statements within 45 days and annual audited financial statements within 180 days of the end of the fiscal year. As of September 30, 2022, UPO had not submitted the quarterly unaudited and audited financial statements.

The bank issued a waiver for noncompliance with these requirements. There was no outstanding balance on the line of credit as of September 30, 2022. UPO is in the process of renewing the line of credit with the bank.

#### **5. BONDS PAYABLE**

On September 1, 2010, UPO refinanced its Enterprise Zone Facility Revenue Bonds (EZ Bonds) with United Bank of Virginia. The original bond proceeds were used to purchase UPO's headquarters property at 301 Rhode Island Avenue, N.W., under a turn-key agreement and also to construct two new community service centers at 2907-2913 Martin Luther King Jr. Avenue, S.E., and 1647-1649 Good Hope Road, S.E. Monthly principal and interest payments on the obligation began in October 2010 with a maturity of October 1, 2026. The obligation is amortized over a period of 16 years at an interest rate of 3.64% per annum, with monthly payments of principal and interest of \$70,607. The interest rate is variable based on the tax-exempt equivalent of the average yield on U.S. Treasury obligations maturing in five years, plus 2.5%. The rate is fixed for five years on each fifth anniversary of the bond issue date. The interest rate was 3.64% as of September 30, 2022. The EZ Bonds are callable at the option of the holder on every fifth anniversary of the bond issue date with a six-month advance notice required. The EZ Bonds are secured by a first deed of trust on the properties, including any personal property attached to the real estate, and an assignment of leases and rents. The bond payable agreement requires UPO to comply with certain financial covenants which consist of submission to the bank quarterly unaudited financial statements within 45 days and annual audited financial statements within 180 days of the end of fiscal year. As of September 30, 2022, UPO had not submitted the quarterly unaudited and audited financial statements within the required timeline. The bank issued a waiver for noncompliance with these requirements.

## UNITED PLANNING ORGANIZATION

### Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

#### 5. BONDS PAYABLE (continued)

As of September 30, 2022, the future minimum payments under the bonds are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2023	\$ 741,276
2024	776,028
2025	805,381
2026	886,981
<b>Total</b>	<b><u>\$ 3,209,666</u></b>

#### 6. COMMITMENTS AND CONTINGENCIES

##### Compliance Audit

UPO has received Federal grants that are subject to review, audit and adjustment by various Federal agencies for qualifying expenses charged to the grants. Such audits could lead to requests for reimbursement to the Federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenses which may be disallowed by the Federal agencies cannot be determined at this time although UPO expects such amounts, if any, to be insignificant.

##### Operating Leases

UPO has operating leases for certain equipment and facilities at several locations. The lease terms range from 2-7 years and expire at various dates through 2025. The terms of the leases require UPO to pay normal maintenance expenses and maintain minimum insurance coverage.

Future minimum lease payments as of September 30, 2022 were as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2023	\$ 180,459
2024	88,487
2025	91,141
<b>Total</b>	<b><u>\$ 360,087</u></b>

Rental expense related to these leases and other leases that are on a month-to-month basis and for the years ended September 30, 2022 and 2021 was \$217,584 and \$224,186, respectively.

## UNITED PLANNING ORGANIZATION

### Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021

#### 7. NET ASSETS WITH DONOR RESTRICTIONS

##### Without Donor Restrictions

Net assets without donor restrictions as of September 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 4,312,086	\$ 7,879,650
Board-designated Scholarship Fund	452,609	395,722
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>\$ 4,764,695</u></b>	<b><u>\$ 8,275,372</u></b>

Net assets with donor restrictions as of September 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Subject to purpose restriction	\$ 6,015,000	\$ 15,000
Dana Jones Scholarship Fund	30,916	27,891
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 6,045,916</u></b>	<b><u>\$ 42,891</u></b>

#### 8. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consist of donated utilities, supplies, and labor. Donated utilities are valued at the estimated billing rate for comparable properties in the geographical area, donated supplies are valued based on the estimated retail sales value, and donated labor is valued at the estimated fair value based on current rates for similar services. These amounts have been recorded as revenue and expense in the accompanying statements of activities and changes in net assets.

For the years ended September 30, 2022 and 2021, contributed nonfinancial assets included the following:

	<u>2022</u>	<u>2021</u>
Utilities	\$ 1,195,479	\$ 1,448,293
Supplies	154,869	96,360
Labor	1,093,579	58,648
<b>Total Contributed Nonfinancial Assets</b>	<b><u>\$ 2,443,927</u></b>	<b><u>\$ 1,603,301</u></b>

## **UNITED PLANNING ORGANIZATION**

### **Notes to the Financial Statements For the Years Ended September 30, 2022 and 2021**

#### **9. RETIREMENT PLAN**

The Plan is a defined contribution plan covering all salaried employees of UPO. UPO contributes a safe harbor nonelective contribution of 5.5% of an eligible participant's annual eligible compensation to the Plan. Additional discretionary matching contributions may be contributed at the option of the Board of Directors. For the years ended September 30, 2022 and 2021, UPO contributed \$1,180,259 and \$964,873, respectively.



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
United Planning Organization

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United Planning Organization (UPO) which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 29, 2023.

**Report on Internal Controls over Financial Reporting**

In planning and performing our audit of the financial statements, we considered UPO's internal controls over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UPO's internal controls. Accordingly, we do not express an opinion on the effectiveness of UPO's internal controls.

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

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



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

### ***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

Washington, D.C.  
June 29, 2023





**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors  
United Planning Organization

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited United Planning Organization's (UPO) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on UPO's major Federal programs for the year ended September 30, 2022. UPO's major Federal programs are identified in the summary of independent public accountant's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the UPO complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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



### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal controls over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major Federal program is not modified with respect to these matters.



UPO's response to the noncompliance findings identified in our audit are described in the accompanying schedule of corrective action plans. UPO's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Controls Over Compliance**

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

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

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

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

Washington D.C.  
June 29, 2023

# UNITED PLANNING ORGANIZATION

## Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2022

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Contract Number or Grant Number	Federal Expenditures	Amounts Pass Through to Subrecipients
<b>U.S. Department of Health and Human Services (HHS)</b>				
Early Head start (EHS) FED Base FY'21	93 600	03CH011092-02-00	\$ 7,569,219	\$ 378,320
Early Head start (EHS) FED Base FY'22	93 600	03CH011092-02-00	96,537	-
Head start (HS) FED Expansion FY'21	93 600	03CH011713 01-00	1,956,354	-
<b>Total Health Center Cluster</b>			<u>9,622,110</u>	<u>378,320</u>
<i>Pass-through DC Department of Health and Human Services :</i>				
Community Service Block Grant	93 569	JA-FSA-21-0011	14,033,087	-
CARES Act CSBG-Supplemental Fund (COVID19)	93 569	JA-FSA-21-0011	11,537,875	-
American Rescue Plan QIN HUB	93 600	03HE000963-01-01	47,152	-
Opioid/Methadone Treatment Center/HCA FED (SOR)	93 788	1H79T1081707-01	44,536	-
<b>Total Pass-through DC Department of Health and Human Services</b>			<u>25,662,650</u>	<u>-</u>
<i>Pass-through DC Department of Health and Human Services/OSSE :</i>				
Child Care Stabilization	93 575	2101DCCSC6	1,852,881	1,852,881
Quality Improvement Network -HUB Expansion	93 600	A2EHSA	1,117,999	-
Quality Improvement Network -HUB Federal	93 600	03HP000352	920,045	-
<b>Total Pass-through DC Department of Health and Human Services/OSSE</b>			<u>3,890,924</u>	<u>1,852,881</u>
Foster Grandparents Prog - CNCS	94 011	18SFADC001	562,895	-
<b>Total U.S. Department of Health and Human Services</b>			<u>39,738,579</u>	<u>2,231,201</u>
<b>U.S. Department of Housing and Urban Development (HUD)</b>				
<i>Pass-through Community Partnership for the Prevention of Homelessness:</i>				
Community Partnership/DCDHS/HUD	14 235	SS2107UPOSPC	91,356	-
<b>Total U.S. Department of Housing and Urban Development (HUD)</b>			<u>91,356</u>	<u>-</u>
<b>U.S. Department of Education</b>				
<i>Pass-through OSSE/USDOE</i>				
21st Century Community Learning Ctrs	84 287	B2287B	125,727	-
<b>Total U.S. Department of Education</b>			<u>125,727</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>				
<i>Pass-through DC Department of Human Services/FDA:</i>				
Supplemental Nutritional Assistance Prog (SNAP)	10 551	E&T-20-004	42,559	-
<i>Pass-through OSSE/USDA</i>				
USDA/Nutrition CACF Prog	10 558	V44-1	163,900	-
<b>Total U.S. Department of Agriculture</b>			<u>206,459</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 40,162,122</u>	<u>\$ 2,231,201</u>

The accompanying notes are an integral part of this schedule.

# UNITED PLANNING ORGANIZATION

## Notes to the Schedule of Expenditures of Federal Awards September 30, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of United Planning Organization (UPO) are included in the scope of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit) for the year ended September 30, 2022. The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant programs noted below. The programs on the schedule of expenditures of Federal awards represent all Federal award programs for fiscal year 2022 cash or non-cash expenditure activities. For our single audit testing, we tested Federal award programs to ensure coverage of at least 40% of Federally granted funds. Our actual coverage was 68%.

Expenditures reported on the accompanying schedule of expenditures of Federal awards (the Schedule) are reported in accordance with the cost principles contained in the Single Audit. Management has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Program</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services (HHS)</b>		
Child Care Stabilization	93.575	\$ 1,852,881
Community Service Block Grant	93.569	14,033,087
CARES Act CSBG-Supplemental Fund (COVID19)	93.569	11,537,875
		<u>\$ 27,423,842</u>

### 2. BASIS OF PRESENTATION

The accompanying Schedule includes the Federal award activity of UPO and is presented on the accrual basis of accounting.

# UNITED PLANNING ORGANIZATION

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

### Section I - Summary of Independent Public Accountant's Results

#### Financial Statements

Type of independent public accountants' report issued  
on whether the financial statements were prepared in  
accordance with GAAP Unmodified

Internal controls over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Noted

Noncompliance material to the financial  
statements noted? No

#### Federal Awards

Type of independent public accountants report issued  
on compliance for major Federal programs Unmodified

Internal controls over major Federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR 200.516(a)? Yes

#### Identification of Major Programs:

<u>Major Program</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services (HHS)</b>		
Child Care Stabilization	93.575	\$ 1,852,881
Community Service Block Grant	93.569	14,033,087
CARES Act CSBG-Supplemental Fund (COVID19)	93.569	11,537,875
		<u><u>\$ 27,423,842</u></u>

Threshold for distinguishing between Type A and B programs \$ 1,204,834

Did UPO qualify as a low risk auditee? No

**UNITED PLANNING ORGANIZATION**

**Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Section II – Financial Statement Findings**

None noted.

**Section III – Federal Award Findings**

Finding 2022-001

## **UNITED PLANNING ORGANIZATION**

### **Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022**

**Reference Number: 2022-001**

**U.S. Department of Health and Human Services**

**AL No. 93.569 Community Service Block Grant**

**Significant Deficiency over Internal Controls for Eligibility**

**Repeat Finding: No**

***Condition:***

For 5 out of 11 selections, no support was provided by management to document independent review and verification of income amounts reported by the selected participants.

***Criteria:***

In accordance with 2 CFR §200.303: The Non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

As defined in CSBG Act, at 42 USC 9902(2), Eligible Entities/Other Subrecipients: The official poverty guidelines as revised annually by HHS shall be used to determine eligibility. The poverty guidelines are issued each year in the Federal Register and on the HHS website (<http://aspe.hhs.gov/poverty/>). The CSBG Act, at 42 USC 9902(2), grants the state the authority to adopt a revised poverty threshold but it may not exceed 125 percent of the HHS-determined poverty guidelines. Audit procedures should be designed to test whether recipients of CSBG services meet the federal poverty guidelines.

***Cause:***

UPO did not have proper controls in place to ensure the eligibility requirements of the grant were met.

***Effect:***

UPO may not be in compliance with the eligibility requirements of the grant.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that UPO: (1) implement procedures and documents needed for documentation and retention of the review and approval of eligibility criteria; and (2) provide training about procedures related to the documentation of eligibility evaluations.

***Management's Response and Corrective Action Plan:***

See schedule of corrective action plan.



# UNITED PLANNING ORGANIZATION

## Schedule of Corrective Action Plan For the Year Ended September 30, 2022



**United Planning Organization**  
301 Rhode Island Avenue NW  
Washington DC 20001  
Tel: 202 238 4600  
Email: [info@upo.org](mailto:info@upo.org) Website: [www.upo.org](http://www.upo.org)

June 26, 2023

Monique Booker, Engagement Partner  
SB & Company  
10200 Grand Central Avenue, Suite 250  
Owings Mills, Maryland 21117

Dear Ms. Booker,

United Planning Organization (UPO) respectfully submits the following corrective action plan for the financial statement audit for the year ending September 30, 2022:

### **CORRECTIVE ACTION PLAN**

#### **Federal Award Findings**

*Finding No. 2022-001: Significant Deficiency over Internal Controls for Eligibility*

#### **Condition**

For 5 out of 11 selections, no support was provided by management to document independent review and verification of income amounts reported by the selected participants.

#### **Recommendation**

It was recommended that UPO: (1) Implement procedures and documents needed for documentation and retention of the review and approval of eligibility criteria, and (2) provide training about the procedures related to the documentation of eligibility evaluation.

#### **Management Action**

UPO Management acknowledges the audit finding and will ensure that staff follows the internal control activities designed to adhere to HHS guidelines as issued in the Federal Register. UPO will institute continuous training and increased monitoring of compliance with regards to the review and retention of income eligibility documentation presented by the participants.

**Anticipated Completion Date: September 30, 2023**

If there are any questions regarding this plan, please call Andrew Harris, VP and Chief Financial Officer (CFO), at 202-238-4648.

Sincerely,

A handwritten signature in blue ink that reads 'Andrea Thomas'.

Andrea Thomas  
President and CEO

COMMUNITY ACTION AGENCY FOR WASHINGTON DC  
f t i y t #IAMUPO

**UNITED PLANNING ORGANIZATION**

**Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Reference Number: 2021-001**

**U.S. Department of Health and Human Services**

**AL No. 93.569 Community Service Block Grant**

**Material Weakness in Internal Controls over Financial Reporting**

**Repeat Finding: No**

***Condition:***

Certain asset and liability general accounts were not reconciled on a monthly basis throughout the year and at year end.

**2022 Conclusions:**

Finding has been cleared. Based on our current year testing, we did not identify instances where asset and liability accounts were not reconciled.

**UNITED PLANNING ORGANIZATION**

**Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Reference Number: 2021-002**

**U.S. Department of Health and Human Services**

**AL No. 93.569 Community Service Block Grant**

**Material Weakness in Internal Controls over Financial Reporting**

**Repeat Finding: No**

***Condition:***

Management inappropriately recognized and recorded an asset (receivable) and liability (refundable advance) related to a CSBG grant award.

**2022 Conclusions:**

Finding has been cleared. Amounts related to the CSBG grant award were appropriately recorded as of and for the year ended September 30, 2022.

**UNITED PLANNING ORGANIZATION**

**Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended September 30, 2022**

**Reference Number: 2021-003**

**U.S. Department of Health and Human Services**

**AL No. 93.569 Community Service Block Grant**

**Significant Deficiency in Internal Controls over Reporting**

**Repeat Finding: No**

***Condition:***

No evidence or information was available on whether the required Quarterly Reports of Funds Pass through to Community Centers and Other Subcontractors by UPO were filed and submitted to the agency during the year ended September 30, 2021. There were also instances where other program and financial reports were prepared, but there was no evidence of review by someone other than the preparer nor evidence of the actual submission to the agency or on the agency's portal.

**2022 Conclusions:**

Finding has been cleared. Based on our current year testing, Quarterly Reports of Funds Pass through to Community Centers and Other Subcontractors were completed for the items selected for testing.