

UNITED PLANNING ORGANIZATION

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

For the Years Ended September 30, 2023 and 2022

UNITED PLANNING ORGANIZATION

Financial Statements Together with Reports of Independent Public Accountants

SEPTEMBER 30, 2023 AND 2022

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Directors
United Planning Organization

Opinion

We have audited the statements of financial position of United Planning Organization (UPO) as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

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 controls-related matters that we identified during the audit.

Supplementary Information

Our audits were 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 financial statements. Such information is the responsibility of management and was derived from and

relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the 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 May 15, 2024 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.
May 15, 2024

SBC + Company, LLC

UNITED PLANNING ORGANIZATION

Statements of Financial Position As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 6,226,362	\$ 4,897,931
Grants and contracts receivable	6,518,889	10,138,211
Prepaid expenses and other assets	138,021	322,408
Property and equipment, net	5,111,103	5,878,800
Total Assets	<u>\$ 17,994,375</u>	<u>\$ 21,237,350</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,142,254	\$ 5,938,125
Deferred revenue	857,276	1,278,948
Bonds payable	2,468,339	3,209,666
Total Liabilities	<u>6,467,869</u>	<u>10,426,739</u>
Net Assets		
Without donor restrictions	5,740,658	4,764,695
With donor restrictions	5,785,848	6,045,916
Total Net Assets	<u>11,526,506</u>	<u>10,810,611</u>
Total Liabilities and Net Assets	<u>\$ 17,994,375</u>	<u>\$ 21,237,350</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, 2023 and 2022

	2023			2022		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Pass-through grants and contributions	\$ 14,644,780	\$ -	\$ 14,644,780	\$ 29,977,116	\$ -	\$ 29,977,116
Direct Federal grants and contributions	12,593,095	-	12,593,095	10,185,006	-	10,185,006
Direct D.C. contracts	9,610,245	-	9,610,245	7,561,261	-	7,561,261
Fee for services	2,494,104	-	2,494,104	1,873,657	-	1,873,657
Private and general grants and contributions	2,007,935	900	2,008,835	1,326,101	6,003,025	7,329,126
Parking	82,440	-	82,440	65,470	-	65,470
Other income	93,117	-	93,117	154,692	-	154,692
Contributed nonfinancial assets	2,977,859	-	2,977,859	2,443,927	-	2,443,927
Net assets released from restrictions	260,968	(260,968)	-	-	-	-
Total Revenue and Support	44,764,543	(260,068)	44,504,475	53,587,230	6,003,025	59,590,255
EXPENSES						
Program services:						
Community services	13,455,349	-	13,455,349	26,672,588	-	26,672,588
Head start and early head start	21,174,672	-	21,174,672	21,722,597	-	21,722,597
Homeless	3,227,232	-	3,227,232	2,644,137	-	2,644,137
Total Program Services	37,857,253	-	37,857,253	51,039,322	-	51,039,322
Supporting services:						
General and administrative	5,723,241	-	5,723,241	5,775,454	-	5,775,454
Fundraising	208,086	-	208,086	283,131	-	283,131
Total Expenses	43,788,580	-	43,788,580	57,097,907	-	57,097,907
Changes in net assets	975,963	(260,068)	715,895	(3,510,677)	6,003,025	2,492,348
Net assets, beginning of year	4,764,695	6,045,916	10,810,611	8,275,372	42,891	8,318,263
Net Assets, End of year	\$ 5,740,658	\$ 5,785,848	\$ 11,526,506	\$ 4,764,695	\$ 6,045,916	\$ 10,810,611

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

UNITED PLANNING ORGANIZATION

Statements of Functional Expenses For the Years Ended September 30, 2023 and 2022

	2023							
	Program Services				Support Services			
	Community Services	Head Start and Early Head Start	Homeless	Total Program Services	General Administrative	Fundraising	Total Support Services	Total
Personnel	\$ 6,528,180	\$ 11,546,617	\$ 1,928,573	\$ 20,003,370	\$ 3,554,859	\$ 146,671	\$ 3,701,530	\$ 23,704,900
Fringe benefits	1,504,735	2,657,076	443,766	4,605,577	21,404	33,734	55,138	4,660,715
Purchase of services	2,199,641	2,090,781	247,110	4,537,532	1,268,993	25,202	1,294,195	5,831,727
Rent	142,413	211,626	6,617	360,656	-	-	-	360,656
Occupancy	155,613	50,369	777	206,759	541,841	1,290	543,131	749,890
Client assistance	1,549,631	411,541	53,467	2,014,639	-	-	-	2,014,639
Supplies	401,311	1,095,419	25,582	1,522,312	165,591	994	166,585	1,688,897
Travel and transportation	68,552	33,240	700	102,492	10,316	195	10,511	113,003
Repairs & maintenance	33,454	16,051	358,679	408,184	94,826	-	94,826	503,010
Equipment	54,573	65,907	9,288	129,768	16,254	-	16,254	146,022
Donated services and facilities	-	2,977,859	-	2,977,859	-	-	-	2,977,859
Other expenses	156,080	289	95	156,464	4,497	-	4,497	160,961
Interest and fees	105,961	-	-	105,961	1,489	-	1,489	107,450
Depreciation and amortization	555,205	17,594	152,578	725,377	42,320	-	42,320	767,697
Special events and operations	-	303	-	303	851	-	851	1,154
Total expenses	<u>\$ 13,455,349</u>	<u>\$ 21,174,672</u>	<u>\$ 3,227,232</u>	<u>\$ 37,857,253</u>	<u>\$ 5,723,241</u>	<u>\$ 208,086</u>	<u>\$ 5,931,327</u>	<u>\$ 43,788,580</u>
	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	\$ 2,770,523	\$ 175,757	\$ 2,946,280	\$ 21,564,921
Fringe benefits	1,784,871	2,138,067	363,513	4,286,451	201,065	40,553	241,618	4,528,069
Purchase of services	7,964,814	4,915,422	183,186	13,063,422	1,775,663	57,747	1,833,410	14,896,832
Rent	252,361	205,184	2,210	459,755	-	-	-	459,755
Occupancy	261,481	70,041	-	331,522	577,494	910	578,404	909,926
Client assistance	6,204,373	549,183	34,064	6,787,620	-	-	-	6,787,620
Supplies	1,208,193	901,660	8,599	2,118,452	117,087	449	117,536	2,235,988
Travel and transportation	63,146	6,154	100	69,400	9,052	236	9,288	78,688
Repairs & maintenance	139,193	7,744	354,125	501,062	118,566	-	118,566	619,628
Equipment	228,969	78,207	2,678	309,854	40,676	7,479	48,155	358,009
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	1,176,941
Interest and fees	132,796	-	-	132,796	466	-	466	133,262
Depreciation and amortization	612,118	21,242	115,573	748,933	14,631	-	14,631	763,564
Special events and operations	12,471	8,784	3,147	24,402	116,375	-	116,375	140,777
Total expenses	<u>\$ 26,672,588</u>	<u>\$ 21,722,597</u>	<u>\$ 2,644,137</u>	<u>\$ 51,039,322</u>	<u>\$ 5,775,454</u>	<u>\$ 283,131</u>	<u>\$ 6,058,585</u>	<u>\$ 57,097,907</u>

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

UNITED PLANNING ORGANIZATION

Statements of Cash Flows For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flow from Operating Activities		
Changes in net assets	\$ 715,895	\$ 2,492,348
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	767,697	763,564
Effects from changes in non-cash operating assets and liabilities:		
Grants and contracts receivable	3,619,322	(3,431,056)
Prepaid expenses and other assets	184,387	(208,333)
Accounts payable and accrued expenses	(2,795,871)	2,690,932
Deferred revenue	(421,672)	(5,189,116)
Net Cash from Operating Activities	<u>2,069,758</u>	<u>(2,881,661)</u>
Cash Flow from Investing Activities		
Purchases of property and equipment	<u>-</u>	<u>(229,993)</u>
Cash Flow from Financing Activities		
Principal payments on bonds payable	<u>(741,327)</u>	<u>(714,507)</u>
Net change in cash and cash equivalents	1,328,431	(3,826,161)
Cash and cash equivalents, beginning of year	<u>4,897,931</u>	<u>8,724,092</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,226,362</u>	<u>\$ 4,897,931</u>
Supplemental Disclosure		
Cash paid for interest	<u>\$ 105,961</u>	<u>\$ 132,796</u>

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

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

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 D.C., 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 D.C.

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 September 30, 2023 and 2022

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 D.C.; 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 D.C. and surrounds areas having concentrations of substantial numbers of low-income persons;
- To have an appreciable impact in such communities and neighborhoods in arresting tendencies toward dependency, chronic unemployment, and community deterioration; and

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

1. ORGANIZATION (continued)

- 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 United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

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, 2023 and 2022, cash equivalents consisted of overnight sweep accounts and certificates of deposit. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed Federally insured limits.

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 fair value. Receivables that are past due are individually analyzed for collectability based on historical write offs, collections, and current credit conditions.

Management adjusts the allowance account based upon its estimate of those receivables it believes to be uncollectible. There was no allowance for doubtful accounts as of September 30, 2023 and 2022, as management believes all amounts are collectible.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022.

Deferred Revenue

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

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.

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 September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Direct D.C. Contracts

UPO has contracts with D.C. 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.

Fee for Services

Fees for services consist of request for proposal and daycare fees related to the Head Start program, opioid maintenance therapy fees, and Supplemental Nutrition Assistance Program administration fees. Fee for services is recognized as revenue at the point in time the event occurs.

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.

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.

Contributed Nonfinancial Assets

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 revenue and expense on the statements of activities and changes in net assets.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

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 IRC. 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 for the years ended September 30, 2023 and 2022.

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, 2023 and 2022, 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.

As of September 30, 2023, the statute of limitations for fiscal years 2020 through 2023 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.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 6,226,362	\$ 4,897,931
Grants and contracts receivable	<u>6,518,889</u>	<u>10,138,211</u>
Available financial assets	<u>12,745,251</u>	15,036,142
Less: financial assets not available within one year:		
Amounts unavailable due to donor restrictions	<u>5,785,848</u>	<u>6,045,916</u>
	<u>\$ 6,959,403</u>	<u>\$ 8,990,226</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 \$519,532 and \$452,609, as of September 30, 2023 and 2022, respectively. UPO has a line of credit with \$1,500,000 available as of September 30, 2023.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update 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 effect of this pronouncement on the financial statements and will implement this pronouncement by its effective dates.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

UPO evaluated the subsequent events and transactions through May 15, 2024, 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 2022 financial statements have been reclassified to conform to the 2023 presentation. The reclassification had no effect on net assets as of September 30, 2022.

3. PROPERTY AND EQUIPMENT, NET

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

	<u>2023</u>	<u>2022</u>	<u>Useful Lives</u>
Land	\$ 1,295,520	\$ 1,295,520	N/A
Buildings	15,643,230	15,643,230	25-30 years
Vehicles	1,958,400	1,958,400	5 years
Furniture and equipment	1,477,649	1,477,649	5-9 years
Leashold improvements	774,483	774,483	5 years
	<u>21,149,282</u>	<u>21,149,282</u>	
Less: accumulated depreciation and amortization	16,038,179	15,270,482	
Property and Equipment, Net	<u>\$ 5,111,103</u>	<u>\$ 5,878,800</u>	

Depreciation and amortization expense for the years ended September 30, 2023 and 2022, totaled \$767,697 and \$763,564, 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 was restricted for not less than 30 years, while the other two buildings had 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.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

3. PROPERTY AND EQUIPMENT, NET (continued)

The restrictions imposed by the grantor are 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, 2023, while the restricted periods have lapsed for the properties and they are all placed in service, UPO has not received formal approval to release the restrictions from the grantors. 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 has a line of credit agreement with a bank with a maximum credit line of \$1,500,000, which expires on June 28, 2024. 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 8.5% as of September 30, 2023. 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. There was no balance outstanding on the line of credit as of September 30, 2023 and 2022. The line of credit agreement required UPO to maintain certain non-financial and financial covenants measured at the end of the fiscal year.

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, 2023 and 2022, respectively. 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. Interest expense was \$107,450 and \$133,262, for the years ended September 30, 2023 and 2022, respectively.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

5. BONDS PAYABLE (continued)

As of September 30, 2023, the future minimum payments under the bonds are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2024	\$ 768,932
2025	798,016
2026	901,391
Total	<u><u>\$ 2,468,339</u></u>

6. COMMITMENTS AND CONTINGENCIES

Federal Funding

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.

7. NET ASSETS WITH DONOR RESTRICTIONS

Without Donor Restrictions

Net assets without donor restrictions as of September 30, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 5,221,125	\$ 4,312,086
Board-designated scholarship fund	519,533	452,609
Total Net Assets Without Donor Restrictions	<u><u>\$ 5,740,658</u></u>	<u><u>\$ 4,764,695</u></u>

With Donor Restrictions

Net assets with donor restrictions as of September 30, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Subject to purpose restriction	\$ 5,754,032	\$ 6,015,000
Dana Jones Scholarship Fund	31,816	30,916
Total Net Assets With Donor Restrictions	<u><u>\$ 5,785,848</u></u>	<u><u>\$ 6,045,916</u></u>

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2023 and 2022

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, 2023 and 2022, contributed nonfinancial assets included the following:

	<u>2023</u>	<u>2022</u>
Utilities	\$ 1,456,378	\$ 1,195,479
Supplies	428,542	154,869
Labor	<u>1,092,939</u>	<u>1,093,579</u>
Total Contributed Nonfinancial Assets	<u>\$ 2,977,859</u>	<u>\$ 2,443,927</u>

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, 2023 and 2022, UPO contributed \$1,135,278 and \$1,180,259, respectively.

SUPPLEMENTARY INFORMATION



**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, 2023, 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 May 15, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a significant deficiency.

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*.

UPO's Response to Findings

UPO's response to the findings identified in our audit is described in the accompanying schedule of corrective action plan. UPO's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.
May 15, 2024

SBC + Company, LLC



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, 2023. UPO's major Federal program is 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 program for the year ended September 30, 2023.

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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected,

on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Washington D.C.
May 15, 2024



UNITED PLANNING ORGANIZATION

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2023

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Contract Number or Grant Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services (HHS)				
Early Head Start (EHS) FED Base	93.600	03CH011092-04-02	\$ 9,217,677	\$ 423,742
Head Start (HS) FED Expansion	93.600	03CH011713-03-00	2,676,027	-
Total Head Start			<u>11,893,704</u>	<u>423,742</u>
<i>Pass-through DC Department of Health and Human Services:</i>				
Community Services Block Grant (CSBG)	93.569	JA-FSA-00-2023	10,414,298	-
American Rescue Plan QIN HUB	93.600	03HE000963-01-01	471,998	-
Opioid/Methadone Treatment Center/HCA FED (SOR)	93.788	6H79T10833 1 I -02	42,708	-
Total Pass-through DC Department of Health and Human Services			<u>10,929,004</u>	<u>-</u>
<i>Pass-through DC Department of Health and Human Services/OSSE:</i>				
Child Care Stabilization	93.575	2101DCCSC6	167,491	-
Quality Improvement Network - Expansion & Federal Continuation	93.600	03HP000186 & 03HP000352	2,940,298	-
Total Pass-through DC Department of Health and Human Services/OSSE			<u>3,107,789</u>	<u>-</u>
Total HHS			<u>25,930,497</u>	<u>423,742</u>
Corporation for National Community Service (CNCS)				
Foster Grandparent Program - CNCS	94.011	18SFADC001	699,391	-
Total CNCS			<u>699,391</u>	<u>-</u>
U.S. Department of Housing and Urban Development (HUD)				
<i>Pass-through Community Partnership for the Prevention of Homelessness:</i>				
Community Partnership/DCDHS/HUD	14.238	SS2107UPOSPC	95,728	-
Total HUD			<u>95,728</u>	<u>-</u>
U.S. Department of Education (USDE)				
<i>Pass-through OSSE/USDE:</i>				
21st Century Community Learning Centers	84.287	C2287C	153,525	-
Total USDE			<u>153,525</u>	<u>-</u>
U.S. Department of Agriculture (USDA)				
<i>Pass-through DC Department of Human Services/FDA:</i>				
Supplemental Nutritional Assistance Program Employment and Training (SNAP)	10.551	SNAP E&T-23-006	142,067	-
<i>Pass-through OSSE/USDA:</i>				
Nutrition Child and Adult Care Food Program	10.558	V44-1	216,667	-
Total USDA			<u>358,734</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 27,237,875</u>	<u>\$ 423,742</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, 2023

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, 2023. 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 2023 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 56%.

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>
U.S. Department of Health and Human Services (HHS)		
Head Start Cluster	93.600	\$ 15,306,000
		<u>\$ 15,306,000</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, 2023**

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? Yes

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? None Noted

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

Identification of Major Programs:

<u>Major Program</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (HHS)		
Head Start Cluster	93.600	\$ 15,306,000
		<u>\$ 15,306,000</u>
Threshold for distinguishing between Type A and B programs		\$ 817,136
Did UPO qualify as a low risk auditee?		No

UNITED PLANNING ORGANIZATION

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2023

Section II – Financial Statement Findings

All Programs

2023-001: Significant Deficiency in Internal Controls Over Financial Reporting

Repeat Finding:

No

Condition:

Certain asset and liability accounts were not reconciled as of September 30, 2023 prior to the start of the audit. There were 3 cash accounts and 1 accounts payable account that were not reconciled on a timely basis or not reconciled at all. An audit adjustment was made to correct the cash accounts in the general ledger.

Criteria:

Strong internal controls require that all accounts on the statement of financial position be reviewed and reconciled monthly and at year end.

Cause:

Management in the finance department did not properly review cash account reconciliations and investigate unreconciled differences. Additionally, the year end accounts payable aging report was not properly reviewed by management of the finance department, which caused certain invoices to be improperly included in the aging reports.

Effect:

Financial statements generated throughout the year may not have been accurate and complete.

Questioned Costs:

Unknown

Recommendation:

We recommend that all general ledger accounts be reconciled on a monthly basis. A monthly financial close checklist should be utilized to identify and track all general ledger account reconciliations. This will reduce the occurrence of unreconciled general accounts and activity that may result in a material misstatement of the financial statements. We further recommend that management of the finance department review all reconciliations and investigate unreconciled differences. Lastly, we recommend that all system generated reports are reviewed for accuracy.

Management's Response and Corrective Action Plan

See Schedule of Corrective Action Plan.

Section III – Federal Award Findings

None noted.

UNITED PLANNING ORGANIZATION

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended September 30, 2023**

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.

2023 Conclusions:

Finding has been cleared based on our 2023 testing procedures.

Recommendation:

We recommend that all general ledger accounts be reconciled on a monthly basis. A monthly financial close checklist should be utilized to identify and track all general ledger account reconciliations. This will reduce the occurrence of unreconciled general accounts and activity that may result in a material misstatement of the financial statements. We further recommend that management of the finance department review all reconciliations and investigate unreconciled differences. Lastly, we recommend that all system generated reports are reviewed for accuracy.

Management's Response and Corrective Action Plan :

Finding 2023-001	Management Response	Completion Date
Certain asset and liability accounts were not reconciled as of September 30, 2023 prior to the start of the audit. There were 3 cash accounts and 1 accounts payable account that were not reconciled on a timely basis or not reconciled at all. An audit adjustment was made to correct the cash accounts in the general ledger.	Management acknowledges the recommendations associated with this finding and will ensure that—going forward—all reconciliations will be completed timely.	09/30/2024

Responsible Person:
 Andrew Harris - Chief Financial Officer