



**UNITED PLANNING ORGANIZATION
Washington, D.C.**

Financial Statements

For the Years Ended September 30, 2015 and 2014



**and
Report Thereon**



**Reports Required in Accordance with
Office of Management and Budget Circular A-133**

For the Year Ended September 30, 2015

UNITED PLANNING ORGANIZATION

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Planning Organization

Report on the Financial Statements

We have audited the accompanying financial statements of the United Planning Organization (UPO), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the United Planning Organization as of September 30, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 25 to 26, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2016 on our consideration of UPO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UPO's internal control over financial reporting and compliance.

Raffa, P.C.

Raffa, P.C.

Washington, DC
March 24, 2016

UNITED PLANNING ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,665,771	\$ 1,129,766
Contracts and grants receivable, net, Note 3	3,862,190	4,473,827
Prepaid expenses and other assets	577,806	282,496
Total Current Assets	7,105,767	5,886,089
Property and equipment, net, Note 4	10,317,625	10,610,712
TOTAL ASSETS	\$ 17,423,392	\$ 16,496,801
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses, Note 5	\$ 3,245,919	\$ 2,360,072
Accrued delegate agency expenses	414,257	1,747,547
Deferred contracts and grants revenue, Note 6	1,026,768	422,942
Line of credit, Note 7	600,000	-
Bonds payable, current, Note 8	572,054	552,099
Other liabilities	126,676	122,302
Total Current Liabilities	5,985,674	5,204,962
Bonds payable, net of current portion, Note 8	7,126,771	7,698,825
TOTAL LIABILITIES	13,112,445	12,903,787
Net Assets		
Unrestricted		
Undesignated	1,675,123	1,352,569
Board-designated	123,515	102,557
Total Unrestricted	1,798,638	1,455,126
Temporarily restricted	2,512,309	2,137,888
TOTAL NET ASSETS	4,310,947	3,593,014
TOTAL LIABILITIES AND NET ASSETS	\$ 17,423,392	\$ 16,496,801

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

UNITED PLANNING ORGANIZATION
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Direct federal grants and contracts	\$ 9,433,390	\$ -	\$ 9,433,390	\$ 15,766,248	\$ -	\$ 15,766,248
Pass-through grants and contracts	12,966,258	520,380	13,486,638	13,398,309	-	13,398,309
Direct district grants and contracts	6,714,598	-	6,714,598	6,254,828	-	6,254,828
Private and general grants and contributions	966,903	-	966,903	1,277,065	-	1,277,065
Fees and contributions	41,102	-	41,102	56,105	-	56,105
Net assets released from restrictions:						
Satisfaction of time/purpose restrictions	145,959	(145,959)	-	169,671	(169,671)	-
TOTAL REVENUE AND SUPPORT	30,268,210	374,421	30,642,631	36,922,226	(169,671)	36,752,555
EXPENSES						
Program Services:						
Community services	9,216,953	-	9,216,953	9,673,983	-	9,673,983
Head Start and Early Head Start	7,605,500	-	7,605,500	13,349,142	-	13,349,142
Preschool and day care	1,944,853	-	1,944,853	879,373	-	879,373
Homeless	2,448,877	-	2,448,877	2,091,639	-	2,091,639
Special Emphasis	3,402,006	-	3,402,006	3,602,945	-	3,602,945
Other programs	974,556	-	974,556	2,267,281	-	2,267,281
Private and general	641,133	-	641,133	650,481	-	650,481
Total Program Services	26,233,878	-	26,233,878	32,514,844	-	32,514,844
Supporting Services:						
General and administrative:						
Other general and administrative	3,998,776	-	3,998,776	4,049,867	-	4,049,867
Interest, fees and other	231,343	-	231,343	343,035	-	343,035
Total General and Administrative	4,230,119	-	4,230,119	4,392,902	-	4,392,902
TOTAL EXPENSES	30,463,997	-	30,463,997	36,907,746	-	36,907,746
CHANGE IN NET ASSETS BEFORE CAPITALIZATION OF PROGRAM EXPENSES						
Capitalization of program expenses	(195,787)	374,421	178,634	14,480	(169,671)	(155,191)
	539,299	-	539,299	16,291	-	16,291
CHANGES IN NET ASSETS	343,512	374,421	717,933	30,771	(169,671)	(138,900)
NET ASSETS, BEGINNING OF YEAR	1,455,126	2,137,888	3,593,014	1,424,355	2,307,559	3,731,914
NET ASSETS, END OF YEAR	\$ 1,798,638	\$ 2,512,309	\$ 4,310,947	\$ 1,455,126	\$ 2,137,888	\$ 3,593,014

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

UNITED PLANNING ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2015

	Program Services									
	Community Services	Head Start and Early Head Start	Preschool and Day Care	Homeless	Special Emphasis	Other Programs	Private and General	Total Program Services	General and Administrative	Total
Personnel	\$ 2,814,358	\$ 3,823,555	\$ 1,322,310	\$ 1,469,951	\$ 1,553,184	\$ 183,715	\$ 347,968	\$ 11,515,041	\$ 3,193,670	\$ 14,708,711
Fringe benefits	647,302	879,418	304,131	338,089	357,232	42,254	80,033	2,648,459	683,965	3,332,424
Purchase of services	2,340,661	1,156,916	474,027	50,292	878,153	329,686	17,072	5,246,807	328,875	5,575,682
Occupancy	708,810	303,773	5,871	135,752	152,829	16,461	119,834	1,443,330	(274,001)	1,169,329
Travel and transportation	42,660	17,254	1,749	743,475	69,454	10,961	18,919	904,472	38,467	942,939
Supplies and construction	193,420	123,508	71,327	6,632	77,487	3,878	8,575	484,827	64,943	549,770
Equipment	97,451	51,364	22,955	756	28,489	2,735	9,659	213,409	4,177	217,586
Client-related costs	321,499	1,499	80	5,987	499,659	456,975	1,520	1,287,219	-	1,287,219
Other expenses	8,419	-	-	-	16,743	-	53,204	78,366	-	78,366
Subtotal	7,174,580	6,357,287	2,202,450	2,750,934	3,633,230	1,046,665	656,784	23,821,930	4,040,096	27,862,026
Delegate agencies expenses	-	1,646,896	-	-	-	-	-	1,646,896	-	1,646,896
Co-funded expense allocation	1,277,616	(398,683)	(257,597)	(302,057)	(231,399)	(72,109)	(15,771)	-	-	-
Unallocated depreciation and amortization	467,068	-	-	-	-	-	-	467,068	179,685	646,753
Interest and fees	297,689	-	-	-	175	-	120	297,984	9,897	307,881
Other	-	-	-	-	-	-	-	-	441	441
Subtotal	9,216,953	7,605,500	1,944,853	2,448,877	3,402,006	974,556	641,133	26,233,878	4,230,119	30,463,997
Allocation of indirect costs	1,148,358	1,090,552	376,660	470,469	621,390	179,002	112,345	3,998,776	(3,998,776)	-
TOTAL EXPENSES	<u>\$ 10,365,311</u>	<u>\$ 8,696,052</u>	<u>\$ 2,321,513</u>	<u>\$ 2,919,346</u>	<u>\$ 4,023,396</u>	<u>\$ 1,153,558</u>	<u>\$ 753,478</u>	<u>\$ 30,232,654</u>	<u>\$ 231,343</u>	<u>\$ 30,463,997</u>

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

UNITED PLANNING ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2014

Program Services										
	Community Services	Head Start and Early Head Start	Preschool and Day Care	Homeless	Special Emphasis	Other Programs	Private and General	Total Program Services	General and Administrative	Total
Personnel	\$ 2,858,169	\$ 3,698,202	\$ 812,556	\$ 1,401,979	\$ 1,438,367	\$ 234,580	\$ 412,620	\$ 10,856,473	\$ 3,156,770	\$ 14,013,243
Fringe benefits	657,379	850,587	186,888	322,455	330,825	53,954	94,903	2,496,991	718,481	3,215,472
Purchase of services	2,872,412	1,166,895	304,264	54,514	999,439	1,859,821	(47,230)	7,210,115	363,479	7,573,594
Occupancy	777,659	329,052	-	140,423	171,269	38,090	120,751	1,577,244	(268,202)	1,309,042
Travel and transportation	42,105	42,874	466	264,504	70,747	17,223	327	438,246	28,001	466,247
Supplies and construction	170,072	157,996	24,914	4,924	72,824	95,849	3,796	530,375	86,549	616,924
Equipment	38,762	59,695	149	5,704	31,246	3,683	4,624	143,863	12,067	155,930
Client-related costs	170,185	108	3,268	7,056	486,599	848	1,632	669,696	-	669,696
Other expenses	402	-	-	-	1,452	-	58,709	60,563	3,617	64,180
Subtotal	7,587,145	6,305,409	1,332,505	2,201,559	3,602,768	2,304,048	650,132	23,983,566	4,100,762	28,084,328
Delegate agencies expenses	-	7,763,495	-	-	-	-	-	7,763,495	-	7,763,495
Co-funded expense allocation	1,319,581	(719,762)	(453,132)	(109,920)	-	(36,767)	-	-	-	-
Unallocated depreciation and amortization	447,094	-	-	-	-	-	-	447,094	200,438	647,532
Interest and fees	320,163	-	-	-	177	-	349	320,689	29,611	350,300
Other	-	-	-	-	-	-	-	-	62,091	62,091
Subtotal	9,673,983	13,349,142	879,373	2,091,639	3,602,945	2,267,281	650,481	32,514,844	4,392,902	36,907,746
Allocation of indirect costs	1,108,712	1,342,978	211,026	348,657	570,592	364,887	103,015	4,049,867	(4,049,867)	-
TOTAL EXPENSES	<u>\$ 10,782,695</u>	<u>\$ 14,692,120</u>	<u>\$ 1,090,399</u>	<u>\$ 2,440,296</u>	<u>\$ 4,173,537</u>	<u>\$ 2,632,168</u>	<u>\$ 753,496</u>	<u>\$ 36,564,711</u>	<u>\$ 343,035</u>	<u>\$ 36,907,746</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, 2015 and 2014

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 717,933	\$ (138,900)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	811,683	854,908
Losses (gains) on disposals of property and equipment	(1,975)	60,841
Changes in assets and liabilities:		
Contracts and grants receivable	611,637	163,621
Advances to delegate agencies	-	64,310
Prepaid expenses and other assets	(295,310)	(10,393)
Accounts payable and accrued expenses	885,847	172,578
Accrued delegate agency expenses	(1,333,290)	(101,500)
Deferred contracts and grants revenue	603,826	110,080
Other liabilities	4,374	75,187
	<u>2,004,725</u>	<u>1,250,732</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of property and equipment	22,678	229,000
Purchases of property and equipment	(539,299)	(16,291)
	<u>(516,621)</u>	<u>212,709</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	<u>(516,621)</u>	<u>212,709</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	600,000	-
Principal payments on line of credit	-	(664,000)
Principal payments on bonds payable	(552,099)	(532,125)
	<u>47,901</u>	<u>(1,196,125)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
	<u>47,901</u>	<u>(1,196,125)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,536,005	267,316
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,129,766</u>	<u>862,450</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,665,771</u>	<u>\$ 1,129,766</u>
SUPPLEMENTAL CASH FLOW INFORMATION ON FINANCING TRANSACTIONS:		
Interest paid	<u>\$ 307,514</u>	<u>\$ 349,462</u>

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

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2015 and 2014

NOTE 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. The agency was founded in 1962 as a charitable and educational organization. Following passage of the Economic Opportunity Act of 1964, UPO was designated as 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 through community service and preschool and day care networks.

The community service network includes three community service centers, and seven contractors providing community-based services for youth, health care initiatives, immigrant populations, the elderly, homeless, housing, employment and education programs. UPO works with community organizations, businesses and governmental agencies to plan and implement Community Services Block Grant (CSBG) programs. These programs are designed to have an influence on the quality of life of low-income residents in the areas of education; housing; income management; emergency services; nutrition; self-sufficiency; health; and coordination and linkages to other UPO, private and government support service programs. Programs complemented by CSBG support include Head Start, day care, homeless programs and services, youth and community outreach and advocacy programs.

UPO's Office of Early Learning includes one Head Start delegate agency, twelve Early Childhood Development Centers (ECDCs) and four other nonprofit child care providers that have service agreements. UPO's Head Start program was initiated in 1964 and was one of the first pilot programs in the country. UPO continues to support a rapidly expanding Head Start operation and is one of the District of Columbia's largest service providers of day care programs. In District of Columbia neighborhoods where poverty is most highly concentrated, this delegate agency and the ECDCs provide children ages five and under with child care services; age-appropriate, curriculum-based educational programs; health screenings; and nutritional meals. Parents participate in the parent policy council, in parenting classes and as center volunteers. Coordination and linkages to other UPO private and governmental support services are also provided.

A significant portion of UPO's programs is included in a category called Special Emphasis. These programs are funded by the District of Columbia and the United States Federal government (the Federal government). They include the UPO In-School Youth Program, the Foster Grandparents Program, DOES-YouthTech and the Comprehensive Treatment Center. Other programs include weatherization programs with the District of Columbia Department of Environment, the Housing Counseling Program, the Home Savers Program and Emergency Rental Assistance Program.

The activities of UPO are primarily funded through direct and pass-through grants and grants from the District of Columbia.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 1 – ORGANIZATION (continued)

All employees, excluding supervisors, and confidential and managerial staff, 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% percent of UPO's employees are covered by the collective bargaining agreement.

The UPO Inspire Foundation (UPO Inspire) is organized exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the 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 act or activity for which corporations may be organized under the District of Columbia Nonprofit Corporation Act.

At September 30, 2015 and 2014, UPO Inspire had assets of \$20,440 and \$19,302, respectively. UPO Inspire had liabilities of \$8 at September 30, 2014. There were no liabilities as of September 30, 2015. For the year ended September 30, 2015 and 2014, UPO Inspire earned revenue of \$9,853, and \$37,369, respectively, and incurred expenses of \$8,706 and \$23,075, respectively. Due to the insignificance of these operations, the accounts and transactions of UPO Inspire have not been consolidated as of September 30, 2015 and 2014, and for the years then ended. Also, there were no intercompany transactions between UPO and UPO Inspire during the years ended September 30, 2015 and 2014.

UPO Community Development Corporation (UPO CDC) is organized exclusively for charitable, scientific, literary and educational purposes within the meaning of Section 501 (c)(3) of the IRC and engages in efforts to develop and implement economic and other special programs which (1) are directed to the solution of the critical problems existing within the District of Columbia and surrounding areas having concentrations of substantial numbers of low-income persons; (2) are of sufficient size, scope and duration to have an appreciable impact in such communities and neighborhoods in arresting tendencies toward dependency, chronic unemployment, and community deterioration; or (3) 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, including those who are disadvantaged in the labor market including, but not limited to, persons of limited speaking, reading and writing abilities in the English language.

UPO CDC is organized and is operated exclusively for the benefit of, to perform the functions of and to carry out the purposes of UPO.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 1 – ORGANIZATION (continued)

At September 30, 2015 and 2014, UPO CDC had assets of \$359,951 and \$341,055, and liabilities of \$29,065 and \$77,781, respectively. For the years ended September 30, 2015 and 2014, UPO CDC earned revenue of \$407,499 and \$425,238, respectively, and incurred expenses of \$338,723 and \$373,934, respectively. Due to the insignificance of these operations, the accounts and transactions of UPO CDC have not been consolidated as of September 30, 2015 and 2014, and for the years then ended.

UPO CDC shares office space with UPO and reimburses UPO for shared space, employees and other administrative expenses. The amount reimbursed by UPO CDC to UPO for these services totaled \$106,019 and \$117,353 for the years ended September 30, 2015 and 2014, respectively. As of September 30, 2015 and 2014, UPO CDC owed UPO \$8,232 and \$62,635, respectively, for these services, which is included in prepaid expenses and other assets in the accompanying statements of financial position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recognized when the obligations are incurred, without regard to the date of receipt or payment of cash.

Basis of Presentation

UPO's financial statements have been prepared on the accrual basis of accounting and utilize the principles outlined in the Financial Accounting Standard Board (FASB) Accounting Standard Codification (ASC) Topic 958-205, *Presentation of Financial Statements* (formerly Statement of Financial Accounting Standards No. 117), which requires UPO to report information regarding its net assets according to the three classes: unrestricted, temporarily restricted and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents are considered to be all unrestricted, highly liquid investments with maturities of three months or less at the time of acquisition.

Contracts and Grants Receivable

Reimbursable expenditures for which payment has not been received as of the financial statement date are recorded as contracts and grants receivable at their net realizable value. Receivables that are past due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against an allowance account. Management annually adjusts the allowance account based upon its estimate of those receivables it believes to be uncollectible.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment and Related Depreciation and Amortization

Property and equipment with a unit cost of \$5,000 and above are recorded at acquisition cost if purchased or estimated fair value if donated. Assets purchased with federal funds are subject to appropriate federal and local government regulations regarding their acquisitions and dispositions. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts, and the resulting gain or loss is included in revenue and support or expenses. Depreciation and amortization of assets are calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	25 to 30 years
Furniture and equipment	5 years
Vehicles	5 years
Leasehold improvements	5 years

Property and equipment also includes capitalized interest. Capitalized interest consists of bond issuance costs incurred in connection with the issuance of the tax-exempt bonds of which the proceeds were used in the construction financing transactions of UPO's buildings. These costs are being amortized on a straight-line basis over the life of the assets to which the costs apply.

Impairment of Long-Lived Assets

In accordance with FASB ASC Topic 360-10, *Property, Plant and Equipment*, 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 has been no impairment loss recognized as of September 30, 2015 and 2014.

Revenue Recognition

Contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promises are made. UPO reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated asset. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met during the year are recorded as unrestricted.

Contributions of long-lived assets or of cash and other assets restricted for the purchase of long-lived assets are reported as restricted support that increases temporarily restricted net assets. The net assets are reclassified from temporarily restricted to unrestricted upon satisfaction of the restricted use periods of the assets upon final approval by the donor.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions of vehicles and equipment or of cash and other assets restricted to the purchase of vehicles and equipment are reported as restricted support that increases temporarily restricted net assets. The net assets are reclassified from temporarily restricted to unrestricted as depreciation is recognized on the vehicles and equipment.

UPO has contracts and grants with the Federal government and the District of Columbia in exchange for services. Revenue from cost-reimbursable contracts and grants is recognized as costs are incurred for the restricted purpose on the basis of direct costs plus allowable indirect costs. Revenue recognized on contracts and grants for which payments have not been received is reflected as contracts and grants receivable in the accompanying statements of financial position. Grant awards received in advance, but not yet expended, are reflected as deferred contracts and grants revenue in the accompanying statements of financial position.

Accrued Delegate Agency Expenses

Accrued delegate agency expenses represent delegate agency's expenses to be reimbursed. Expenses incurred by the delegate agencies under grants awarded by UPO are recorded as delegate agencies expenses on the accompanying statements of functional expenses.

Classification of Net Assets

The net assets of UPO are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of UPO's operations. Board-designated net assets represent a portion of unrestricted net assets designated for the Martin Luther King, Jr. Breakfast Scholarship Award.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors for a specific purpose or use in future periods.

In-Kind Contributions

In-kind contributions consist of contributed goods. The value of the in-kind contributions is recorded as revenue and expense at the estimated fair value as of the date of receipt or the date the services were provided.

Use of Estimates

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

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs to UPO of providing the various programs and other activities have been presented on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the square footage occupied or number of employees who work on the programs or supporting activities.

Capitalization of Program Expenses

Grant funds used to purchase property and equipment and recorded as expense for grant reimbursement purposes are included in property and equipment in the statements of financial position and added to net assets in the statements of activities as capitalization of program expenses.

NOTE 3 – CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable consisted of the following as of September 30:

	2015	2014
U.S. Department of Health and Human Services	\$ 981,560	\$ 2,770,407
The Community Partnership for the Prevention of Homelessness (TCP)	765,368	-
D.C. Department of Behavioral Health	652,405	283,952
Office of the State Superintendent of Education (OSSE)	519,875	194,505
D.C. Department of Environment	331,060	331,880
D.C. Department of Employment Services	262,144	240,731
Fidelity National Information Services (FIS) Global	171,837	56,454
D.C. Department of Human Services	113,614	411,426
Corporation for National and Community Service	39,443	101,255
D.C. Department of Housing and Community Development (DCDHCD)	37,695	29,704
U.S. Department of Veterans Affairs	5,367	69,973
Other	9,167	10,885
Total	3,889,535	4,501,172
Less: Provision for Bad Debts	(27,345)	(27,345)
Contracts and Grants Receivable, Net	\$ 3,862,190	\$ 4,473,827

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 4 – PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION AND AMORTIZATION

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

	2015	2014
Land	\$ 1,295,520	\$ 1,295,520
Buildings	15,276,453	15,276,453
Capitalized interest	366,778	366,778
Furniture and equipment	712,946	712,946
Vehicles	1,463,628	960,864
Leasehold improvements	774,484	774,484
Total	19,889,809	19,387,045
Less: Accumulated Depreciation and Amortization	(9,572,184)	(8,776,333)
Property and Equipment, Net	\$10,317,625	\$10,610,712

Depreciation and amortization expense for the years ended September 30, 2015 and 2014, totaled \$811,683 and \$854,908, respectively.

Included in buildings are four properties acquired with grant funds from the U.S. Department of Housing and Urban Development (HUD) of \$38,214 in 1989, \$69,968 in 1990 and \$769,000 in 2003. These buildings are restricted as to disposition and use for periods ranging between 20 and 30 years. The building purchased with the \$38,214 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 \$975,000 grant received from the D.C. Department of Housing and Community Development (DHCD) in 2002. The headquarters building is restricted as to disposition and use for a period of not less than 10 years.

The restrictions imposed by the grantor will be released upon expiration of the period of restrictive use or repayment of the grant proceeds, whichever occurs first.

Also included are vehicles totaling \$1,211,044 and other equipment totaling \$126,721 purchased with grant funds. The vehicles and equipment will remain in use for the duration of the programs as restricted by the donor.

As required by GAAP, UPO recorded the grant funds used to purchase property and vehicles as temporarily restricted revenue upon award of the grants. UPO released such funds from restriction upon satisfaction of the restricted use periods of the property and upon approval of the grantor or over the depreciable life of the vehicles.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 5 – ACCRUED ANNUAL LEAVE

In accordance with UPO’s collective bargaining agreement with CWA AFL-CIO and its policy for management personnel, annual leave is accrued at the rate of 117 hours per year for full-time employees with less than four years of service and 156 hours per year for full-time employees with four or more years of service. All employees, except executive management staff and those that work at the ECDCs, are allowed to carry over the maximum 37.5 hours of annual leave earned during the calendar year to December 31 of the following year. UPO’s policy does, however, allow employees hired before March 15, 2001, to carry forward a maximum of 225 hours of annual leave earned prior to that date (grandfathered leave) from year to year. The annual leave liability is determined accordingly.

Effective March 22, 2009, UPO changed its annual leave policy for all of its ECDCs. The new policy allows for 75 hours of predetermined vacation/annual leave and for some flexible days. UPO’s flexible leave policy for 2014 allows flexible leave of 37.5 hours for the ECDC staff with over four years of service and does not allow any for those employed under four years.

In fiscal year 2015, UPO amended its leave policy. The amended policy awards 43.5 hours of flexible leave for ECDC staff with over 4 years of service and 4.5 hours for those employed under 4 years.

Flexible leave unused at the end of the calendar year will be carried over up to the maximum of 37.5 hours. Carried over flexible days have to be used by December 31st or they will be lost.

UPO’s predetermined vacation/annual leave policy for 2015 and 2014 allows for 15 days (112.5 hours) for all of the ECDC staff. Predetermined vacations are taken during the year when the ECDCs are scheduled to close.

In March 2010, UPO’s Board of Directors authorized executive management staff to carry over annual leave up to the maximum of 350 hours from year to year. However, upon separation from UPO, executive management staff would be paid for the annual leave balance they have on the books, not to exceed 156 hours, unless the grandfathered leave policy applies.

Accrued annual leave totaled \$605,776 and \$542,194 as of September 30, 2015 and 2014, respectively, and is included in accounts payable and accrued expenses in the accompanying statements of financial position.

NOTE 6 – DEFERRED CONTRACTS AND GRANTS REVENUE

Deferred contracts and grants revenue consisted of the following as of September 30:

	2015	2014
Community Services Block Grant	\$ 827,806	\$ 280,368
Other	198,962	142,574
Total	\$ 1,026,768	\$ 422,942

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 7 – LINE OF CREDIT

On September 1, 2005, United Bank of Virginia, as part of a bond refinancing, provided UPO with a working capital line of credit of up to \$1,500,000, limited to 75% of the total contracts and grants receivable outstanding less than 91 days. Funds drawn on the line bear interest at a floating daily rate at the higher of 4.5% or 1% over the Prime Rate as published in the Wall Street Journal. The interest rate was 4.5% at September 30, 2015 and 2014. The line of credit is collateralized by a second deed of trust on three UPO properties and a blanket first lien on all UPO assets. The line of credit agreement requires UPO to maintain certain covenants, including a debt service coverage of at least 1.2 times as measured at the end of the fiscal year, beginning with the fiscal year ended September 30, 2014, and total net assets of at least \$3,000,000 as measured at the end of the fiscal year. The line of credit is being renewed annually and it is extended to August 31, 2016.

During the year ended September 30, 2015, UPO borrowed \$600,000 from the line of credit, and this amount remains outstanding at September 30, 2015. There was no outstanding balance on the line of credit as of September 30, 2014. UPO is in compliance with all of the covenant's requirements as of September 30, 2015 and 2014.

NOTE 8 – 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. 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, 2015 and 2014. The 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 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.

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 8 – BONDS PAYABLE (continued)

The following is a schedule of the bond amortization for the next five years and thereafter:

<u>Fiscal Year Ending September 30,</u>	<u>Required Principal Payments</u>	<u>Interest and Other Fees</u>	<u>Total</u>
2016	\$ 572,054	\$ 275,234	\$ 847,288
2017	594,295	252,993	847,288
2018	616,603	230,685	847,288
2019	639,747	207,541	847,288
2020	663,246	184,042	847,288
Thereafter	<u>4,612,880</u>	<u>544,538</u>	<u>5,157,418</u>
Total	<u>\$ 7,698,825</u>	<u>\$ 1,695,033</u>	<u>\$ 9,393,858</u>

NOTE 9 – CONCENTRATION OF CREDIT RISK

UPO maintains cash and cash equivalents at several banks. As of September 30, 2015 and 2014, balances in UPO's deposit accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per bank. As of September 2015 and 2014, UPO has cash balances on deposit with two banks that exceeded the balance insured by the FDIC. Management does not expect any risk of loss from the concentration.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Office of Management and Budget Circular A-133

UPO has instructed its independent auditors to audit its applicable federal programs for the year ended September 30, 2015, in compliance with Circular A-133, issued by the U.S. Office of Management and Budget (OMB). Until such audit is reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal or state agencies of the independent auditor's reports for fiscal year ended September 30, 2015 will not have a material effect on UPO's financial position as of September 30, 2015, or its results of operations for the year then ended.

Provisional Indirect Cost Rates

Billings under cost-reimbursable government contracts and grants are calculated using provisional rates that permit recovery of indirect costs. These rates are subject to review by the U.S. Department of Health and Human Services (HHS), UPO's cognizant agency. The review results in the negotiation and determination of the final indirect cost rates, which may create a liability for indirect cost recovery for amounts billed in excess of the actual rates, or may allow for additional billings for unbilled indirect costs. HHS has yet to review the indirect cost rates for the year ended September 30, 2015. Management believes that HHS's review will not have a material effect on UPO's financial position as of September 30, 2015, or its results of operations for the year then ended.

Continued

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 10 – COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases

UPO has operating leases for certain facilities at several locations. The lease terms range from two to seven years and expire at various times through 2020. The terms of the leases require UPO to pay normal maintenance expenses and maintain minimum insurance coverage.

Future minimum lease payments under these leases are as follows:

Year Ending September 30,		
2016	\$	113,558
2017		112,478
2018		94,456
2019		76,329
2020		78,619
Total	\$	475,440

Rental expense for the years ended September 30, 2015 and 2014, totaled \$365,440 and \$371,781, respectively.

Litigation

UPO is a defendant in claims relating to matters arising in the ordinary course of business. The claims are insured but subject to a deductible. The amount of liability, if any, from the claims cannot be determined with certainty; however, management is of the opinion that the outcome of the claims will not have a material adverse impact on UPO's financial position.

NOTE 11 – TEMPORARILY RESTRICTED AND BOARD-DESIGNATED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30:

	2015	2014
Property and equipment:		
Buildings – HUD and DHCD funding	\$ 1,852,182	\$ 1,852,182
Vehicles – The Community Partnership for Prevention of Homelessness	654,385	222,998
Vehicle and equipment – CSBG funding	5,742	62,708
Total	\$ 2,512,309	\$ 2,137,888

Unrestricted net assets include board-designated cash set aside from the Martin Luther King, Jr. Breakfast program to award scholarships to students in need. The board-designated net assets totaled \$123,515 and \$102,557 as of September 30, 2015 and 2014, respectively.

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2015 and 2014

NOTE 12 – DONATED GOODS AND SERVICES

UPO received donated goods valued at \$23,283 and \$21,632 for its Shelter Hotline program for the years ended September 30, 2015 and 2014, respectively. The amounts have not been recorded in the accompanying statements of activities because the criteria for recognition have not been satisfied.

NOTE 13 – PENSION PLAN

UPO has a defined contribution pension plan in accordance with Section 401(k) of the IRC. Full-time and part-time employees working more than 21 hours per week are eligible to participate in the plan upon completion of six months of service. Employees have the option to make voluntary contributions on a pretax and or posttax basis. UPO contributes 5.5% of an employee's basic earnings for all eligible employees. UPO also matches employee pretax contributions to the plan on a dollar-for-dollar basis up to 1% of earnings as an additional contribution. UPO contributed \$799,202 and \$760,114 for the fiscal years ended September 30, 2015 and 2014, respectively.

In addition, UPO has a voluntary Tax Sheltered Annuity Plan in accordance with Section 403(b) of the IRC. UPO does not contribute to this plan.

UPO also offers a 457(b) Deferred Compensation Plan for management and highly compensated employees. Participation is voluntary and UPO does not contribute to the plan.

NOTE 14 – INCOME TAXES

UPO is exempt from federal and local income tax in accordance with IRC, Section 501(c)(3). However, income from certain activities not directly related to UPO's tax-exempt purpose is subject to taxation as unrelated business income. UPO did not realize unrelated business income for the years ended September 30, 2015 and 2014. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

UPO follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions 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 and derecognition of tax positions taken or expected to be taken in a tax return. UPO performed an evaluation of uncertain tax positions for the years ended September 30, 2015 and 2014, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of September 30, 2015, the statute of limitations for tax years ending September 30, 2012, through September 30, 2014, remains open with the U.S. federal jurisdiction or 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. As of September 30, 2015 and 2014, UPO had no accruals for interest and/or penalties.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, UPO has evaluated events and transactions for potential recognition or disclosure through March 24, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.



Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Planning Organization

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the United Planning Organization (UPO), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated March 24, 2016.

Internal Control Over Financial Reporting

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

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

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

Continued

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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Raffa, P.C.

Raffa, PC

Washington, DC
March 24, 2016



Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Planning Organization

Report on Compliance for Each Major Federal Program

We have audited the United Planning Organization's (UPO) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of UPO's major federal programs for the year ended September 30, 2015. UPO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of UPO's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UPO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of UPO's compliance.

Opinion on Each Major Federal Program

In our opinion, UPO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of UPO is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered UPO's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UPO's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Raffa, P.C.

Raffa, PC

Washington, DC
March 24, 2016

UNITED PLANNING ORGANIZATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015**

<u>Agency or Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal/ Pass-Through Grant Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Direct Grants:			
Head Start	03CH3446/01	93.600	\$ 6,452,190
Head Start	03CH3446-02-00	93.600	<u>2,243,788</u>
Total Direct Grants			<u>8,695,978</u>
Pass-Through Grants:			
D.C. Department of Human Services			
Community Services Block Grant (CSBG)	JA-FSA-00-0011	93.569	<u>10,365,308</u>
<i>Subtotal D.C. Department of Human Services</i>			<u>10,365,308</u>
Office of the State Superintendent of Education (OSSE)			
TANF – Out of School Time Program	DELTANFOSTP07252014	93.558	<u>148,790</u>
<i>Subtotal OSSE</i>			<u>148,790</u>
The Community Partnership for Prevention of Homelessness (TCP)			
TANF – Shelter Hotline Program	15-05-UPO-HOTL	93.558	<u>11,829</u>
<i>Subtotal TCP</i>			<u>11,829</u>
District Department of the Environment			
Low Income Energy Efficiency Conservation Programs	15BIDCLIEA	93.568	<u>129,511</u>
<i>Subtotal District Department of the Environment</i>			<u>129,511</u>
Total Pass-Through Grants			<u>10,655,438</u>
Total U.S. Department of Health and Human Services			<u>19,351,416</u>
Corporation for National and Community Service			
Foster Grandparents	12SFADC001	94.011	553,457
Foster Grandparents	15SFADC001	94.011	<u>153,849</u>
Total Corporation for National and Community Services			<u>707,306</u>

See accompanying notes to this schedule.

UNITED PLANNING ORGANIZATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015**

<u>Agency or Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal/ Pass-Through Grant Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy			
<i>Pass-Through Grant:</i>			
<i>D.C. Department of Environment</i>			
Weatherization Assistance for Low- Income Persons (WAP)	15-WAP/EECP-UPO-01	81.042	\$ <u>324,038</u>
Total U.S. Department of Energy			<u>324,038</u>
U.S. Department of Agriculture			
<i>Pass-Through Grants:</i>			
<i>Office of the State Superintendent of Education (OSSE)</i>			
Childcare Food – Centers	V-44	10.558	195,455
Childcare Food – Home	V-44-1	10.558	<u>19,435</u>
Total U.S. Department of Agriculture			<u>214,890</u>
U.S. Department of Housing and Urban Development			
<i>Pass-Through Grant:</i>			
<i>The Community Partnership for Prevention of Homelessness (TCP)</i>			
Shelter Plus Care	SS15-07-UPO-SPC	14.238	<u>96,196</u>
<i>Subtotal TCP</i>			<u>96,196</u>
<i>D.C. Department of Housing and Community Development (DCDHCD)</i>			
Housing Service Program	DC-DHCD GRANT NO. 2014-14	14.218	<u>30,107</u>
<i>Subtotal DCDHCD</i>			<u>30,107</u>
Total U.S. Department of Housing and Urban Development			<u>126,303</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 20,723,953</u>

See accompanying notes to this schedule.

UNITED PLANNING ORGANIZATION

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015**

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

2. Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, UPO provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Subrecipient Name</u>	<u>Expenditures</u>		
Community Services Block Grant (CSBG)	93.569	VIDA Senior Centers	\$ 379,784		
		Edgewood/Brookland Family Support Collaborative	270,000		
		Covenant House of Washington	218,004		
		DC Central Kitchen	205,810		
		Washington English Center	169,685		
		Community Services Agency of Metropolitan Washington Council AFL-CIO	155,000		
		Opportunities Industrialization Center	132,485		
		Lutheran Social Services	131,377		
		Collaborative Solutions for Communities	<u>127,600</u>		
		Total CSBG		<u>1,789,745</u>	
		Head Start	93.600	Educare DC	1,646,896
				Apple Tree Institute	217,087
				Spanish Education Development Center	193,200
Christian Tabernacle	175,930				
Healthy Babies Project, Inc.	<u>99,247</u>				
Total Head Start				<u>2,332,360</u>	
TOTAL SUBRECIPIENTS			<u>\$ 4,122,105</u>		

UNITED PLANNING ORGANIZATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

3. Reconciliation of Schedule of Expenditures of Federal Awards to the Financial Statements

Expenditures per the schedule of expenditures of federal awards	\$ 20,723,953
Plus: State government contracts	<u>2,196,075</u>
Direct Federal and Pass-Through Grants and Contracts Revenue Reported in the Statements of Activities	<u>\$ 22,920,028</u>

Reconciliation to Amounts on Statements of Activities:

Direct Federal Grants and Contracts	\$ 9,433,390
Pass-Through Grants and Contracts	<u>13,486,638</u>
Total	<u>\$ 22,920,028</u>

UNITED PLANNING ORGANIZATION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2015**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: X Unmodified Modified
 Adverse Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor's report issued on compliance for major program: X Unmodified Qualified
 Adverse Disclaimer

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes X No

Identification of Major Programs:

<u>CFDA/Grant Number</u>	<u>Program Title</u>
93.569	Community Services Block Grant (CSBG)
81.042	Weatherization Assistance for Low-Income Persons (WAP)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 621,719

Auditee qualified as a low-risk auditee? X Yes No

UNITED PLANNING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2015

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None required to be reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None required to be reported.