



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

Financial Statements

For the Years Ended September 30, 2019 and 2018



**and
Report Thereon**



**Reports Required in Accordance with the
Uniform Guidance**

For the Year Ended September 30, 2019



UNITED PLANNING ORGANIZATION

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For the Years Ended September 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Planning Organization

Report on the Financial Statements

We have audited the accompanying financial statements of United Planning Organization (UPO), which comprise the statements of financial position as of September 30, 2019 and 2018, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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.

Continued

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Planning Organization as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards on page 24, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 July 15, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UPO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UPO's internal control over financial reporting and compliance.

Marcum LLP

Washington, DC
July 15, 2020

UNITED PLANNING ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
September 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,851,439	\$ 4,335,598
Contracts and grants receivable, net, Note 3	4,831,078	5,582,495
Prepaid expenses and other assets	450,724	317,903
Total Current Assets	11,133,241	10,235,996
Property and equipment, net, Note 4	8,003,627	8,310,650
TOTAL ASSETS	\$ 19,136,868	\$ 18,546,646
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses, Note 5	\$ 1,980,246	\$ 2,275,111
Accrued delegate agency expenses	271,482	433,218
Deferred contracts and grants revenue, Note 6	4,771,951	4,542,061
Bonds payable, current portion, Note 8	663,246	639,747
Other liabilities	969,642	57,838
Total Current Liabilities	8,656,567	7,947,975
Bonds payable, net of current portion, Note 8	4,612,880	5,276,126
TOTAL LIABILITIES	13,269,447	13,224,101
Net Assets		
Without donor restrictions, Note 11	5,867,421	5,322,545
TOTAL NET ASSETS	5,867,421	5,322,545
TOTAL LIABILITIES AND NET ASSETS	\$ 19,136,868	\$ 18,546,646

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

UNITED PLANNING ORGANIZATION
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Pass-through grants and contracts	\$ 13,934,226	\$ -	\$ 13,934,226	\$ 16,961,967	\$ -	\$ 16,961,967
Direct federal grants and contracts	10,440,970	-	10,440,970	10,511,625	-	10,511,625
Private and general grants and contributions	2,703,133	-	2,703,133	1,873,046	-	1,873,046
Direct D.C. grants and contracts	7,452,265	-	7,452,265	1,460,765	-	1,460,765
Fees and contributions	29,664	-	29,664	38,989	-	38,989
TOTAL REVENUE AND SUPPORT	34,560,258	-	34,560,258	30,846,392	-	30,846,392
EXPENSES						
Program Services:						
Community services	9,863,469	-	9,863,469	8,893,995	-	8,893,995
Head Start and Early Head Start	8,473,488	-	8,473,488	8,426,968	-	8,426,968
Preschool and day care	5,014,639	-	5,014,639	2,738,075	-	2,738,075
Homeless	3,633,362	-	3,633,362	2,344,924	-	2,344,924
Special Emphasis	2,638,342	-	2,638,342	2,671,282	-	2,671,282
Other programs	478,179	-	478,179	427,714	-	427,714
Private and general	634,035	-	634,035	566,433	-	566,433
Total Program Services	30,735,514	-	30,735,514	26,069,391	-	26,069,391
Supporting Services:						
General and administrative:						
Other general and administrative	3,738,888	-	3,738,888	3,895,580	-	3,895,580
Interest, fees and other	40,404	-	40,404	297,467	-	297,467
Total General and Administrative	3,779,292	-	3,779,292	4,193,047	-	4,193,047
TOTAL EXPENSES	34,514,806	-	34,514,806	30,262,438	-	30,262,438
Change in net assets before capitalization of program expenses	45,452	-	45,452	583,954	-	583,954
Capitalization of program expenses	499,424	-	499,424	23,028	-	23,028
CHANGES IN NET ASSETS	544,876	-	544,876	606,982	-	606,982
NET ASSETS, BEGINNING OF YEAR, as previously stated	5,322,545	-	5,322,545	2,526,705	2,188,858	4,715,563
Prior Period Adjustment	-	-	-	2,188,858	(2,188,858)	-
NET ASSETS, BEGINNING OF YEAR, as restated	5,322,545	-	5,322,545	4,715,563	-	4,715,563
NET ASSETS, END OF YEAR	\$ 5,867,421	\$ -	\$ 5,867,421	\$ 5,322,545	\$ -	\$ 5,322,545

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

UNITED PLANNING ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2019

	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	\$ 4,167,778	\$ 4,248,238	\$ 2,699,326	\$ 1,847,237	\$ 1,306,798	\$ 93,371	\$ 303,165	\$ 14,665,913	\$ 2,375,395	\$ 17,041,308
Purchase of services	2,379,955	1,062,594	642,340	145,846	197,999	6,759	93,439	4,528,932	675,116	5,204,048
Fringe benefits	928,970	953,821	600,858	412,143	293,230	17,941	67,578	3,274,541	483,244	3,757,785
Occupancy	833,585	285,123	89,661	260,187	171,264	93	64,004	1,703,917	41,972	1,745,889
Client assistance	230,696	9,995	310,659	36,797	491,147	358,558	18,451	1,456,303	-	1,456,303
Supplies and construction	337,216	258,446	611,855	8,817	94,427	270	25,958	1,336,989	64,074	1,401,063
Travel and transportation	67,458	34,689	3,924	655,015	53,637	595	54	815,372	33,660	849,032
Equipment	137,588	49,451	56,016	267,320	23,932	592	2,266	537,165	12,118	549,283
Other expenses	15,466	-	-	-	5,908	-	59,105	80,479	40,404	120,883
Delegate agencies expenses	-	1,571,131	-	-	-	-	-	1,571,131	-	1,571,131
Depreciation and amortization	554,717	-	-	-	-	-	-	554,717	53,309	608,026
Interest and fees	210,040	-	-	-	-	-	15	210,055	-	210,055
TOTAL EXPENSES	\$ 9,863,469	\$ 8,473,488	\$ 5,014,639	\$ 3,633,362	\$ 2,638,342	\$ 478,179	\$ 634,035	\$ 30,735,514	\$ 3,779,292	\$ 34,514,806

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

UNITED PLANNING ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018

	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	\$ 3,912,060	\$ 4,087,438	\$ 1,422,951	\$ 1,376,646	\$ 1,205,281	\$ 77,626	\$ 267,074	\$ 12,349,076	\$ 2,305,123	\$ 14,654,199
Purchase of services	2,180,038	1,214,855	175,702	141,180	327,436	-	84,912	4,124,123	854,368	4,978,491
Fringe benefits	885,453	920,538	323,065	311,653	269,895	17,609	60,101	2,788,314	611,583	3,399,897
Occupancy	831,220	269,495	75,488	201,207	183,267	357	70,689	1,631,723	-	1,631,723
Client assistance	78,137	2,976	183,503	30,481	476,396	322,532	12,854	1,106,879	-	1,106,879
Supplies and construction	192,983	186,607	427,302	5,322	70,359	3,953	5,929	892,455	54,774	947,229
Travel and transportation	46,221	11,676	2,164	277,195	92,413	5,637	2,419	437,725	24,054	461,779
Equipment	2,190	32,801	127,900	1,240	33,034	-	17,121	214,286	3,103	217,389
Other expenses	900	-	-	-	12,961	-	45,334	59,195	64,898	124,093
Delegate agencies expenses	-	1,700,582	-	-	-	-	-	1,700,582	-	1,700,582
Depreciation and amortization	531,572	-	-	-	-	-	-	531,572	56,980	588,552
Interest and fees	233,221	-	-	-	240	-	-	233,461	23	233,484
Bad debt	-	-	-	-	-	-	-	-	218,141	218,141
TOTAL EXPENSES	<u>\$ 8,893,995</u>	<u>\$ 8,426,968</u>	<u>\$ 2,738,075</u>	<u>\$ 2,344,924</u>	<u>\$ 2,671,282</u>	<u>\$ 427,714</u>	<u>\$ 566,433</u>	<u>\$ 26,069,391</u>	<u>\$ 4,193,047</u>	<u>\$ 30,262,438</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, 2019 and 2018

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 544,876	\$ 606,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	853,963	764,272
Changes in assets and liabilities:		
Contracts and grants receivable	751,417	(1,097,508)
Prepaid expenses and other assets	(132,821)	(156,869)
Accounts payable and accrued expenses	(294,865)	370,707
Accrued delegate agency expenses	(161,736)	10,749
Deferred contracts and grants revenue	229,890	708,118
Other liabilities	911,804	(26,581)
	2,702,528	1,179,870
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(546,940)	(402,202)
	(546,940)	(402,202)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on bonds payable	(639,747)	(616,604)
	(639,747)	(616,604)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,515,841	161,064
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,335,598	4,174,534
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,851,439	\$ 4,335,598
SUPPLEMENTAL CASH FLOW INFORMATION ON FINANCING TRANSACTIONS:		
Interest paid	\$ 211,151	\$ 233,918

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

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

NOTE 1 – ORGANIZATION

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; the homeless; and 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, and youth and community outreach and advocacy programs.

UPO's Office of Early Learning includes one Head Start delegate agency, 12 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 with 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 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 the Emergency Rental Assistance Program.

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

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

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2019 and 2018

NOTE 1 – ORGANIZATION (continued)

(CWA AFL-CIO) Local 2336. Approximately 50% of UPO's employees are covered by the collective bargaining agreement.

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 acts or activity for which corporations may be organized under the District of Columbia Nonprofit Corporation Act.

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.

UPO Inspire and UPO CDC are required to be consolidated with UPO. However, due to the insignificance of the operations and account balances of UPO Inspire and UPO CDC as of and for the years ended September 30, 2019 and 2018, the accounts and transactions of UPO Inspire and UPO CDC have not been consolidated with those of UPO as of September 30, 2019 and 2018, and for the years then ended.

UPO CDC did not reimburse UPO for any services for the year ended September 30, 2019 and 2018, as UPO CDC had minimal activity. As of September 30, 2019 and 2018, UPO CDC had no amount due to UPO for these services.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

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.

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.

Property and Equipment and Related Depreciation and Amortization

Property and equipment with a unit cost of \$5,000 and above and an economic life in excess of one year 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 to 9 years
Vehicles	5 years
Leasehold improvements	5 years

Property and equipment also include capitalized interest. These costs are being amortized on a straight-line basis over the life of the assets to which the costs apply.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019 and 2018.

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 having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor restrictions that are met during the fiscal year are recorded as without donor restrictions.

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 net assets with donor restrictions. The net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions upon satisfaction of the restricted use periods of the assets and upon final approval by the donor that the restriction has been lifted.

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 net assets with donor restrictions. The net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions when placed in service.

UPO has contracts and grants with the federal government and the District of Columbia in which fees are received 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

Expenses incurred by the delegate agencies under grants awarded by UPO are recorded as delegate agencies expenses on the accompanying statements of functional expenses. Expenses incurred but not yet paid are recorded as accrued delegate agency expenses in the accompanying statements of financial position.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets

The net assets of UPO are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of UPO's operations. Board-designated net assets represent a portion of net assets without donor restrictions designated for the Martin Luther King, Jr. Breakfast Scholarship Award.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors for a specific purpose or use in future periods. As of September 30, 2019 and 2018, UPO had no net assets with donor restrictions that are required to be maintained in perpetuity.

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 hours charged to the programs or supporting activities. Indirect costs including occupancy and information technology expenses are allocated by the square footage used by the related department.

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 reclassified to net assets in the statements of activities as capitalization of program expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. UPO has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. One of the major changes that UPO adopted was to use the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor restrictions. This required UPO to change its policy for how it recognizes the expiration of restrictions on gifts used to acquire or construct long-lived assets and reclassify a significant portion of net assets with donor restrictions to net assets without donor restrictions.

Continued

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

NOTE 3 – CONTRACTS AND GRANTS RECEIVABLE

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

	2019	2018
U.S. Department of Health and Human Services	\$ 1,197,232	\$ 2,373,174
D.C. Department of Behavioral Health	785,143	973,614
Office of the State Superintendent of Education (OSSE)	1,346,537	965,205
D.C. Department of Human Services	963,644	674,466
Corporation for National and Community Service	172,026	173,235
U.S. Department of Justice	65,130	103,275
D.C. Department of Employment Services	-	93,750
Fidelity National Information Services (FIS) Global	106,979	53,790
D.C. Department of Housing and Community Development (DCDHCD)	12,142	12,142
The Community Partnership for the Prevention of Homelessness (TCP)	22,664	10,956
Other	186,926	176,233
Total Contracts and Grants Receivable	4,858,423	5,609,840
Less: Provision for Bad Debts	(27,345)	(27,345)
Contracts and Grants Receivable, Net	\$ 4,831,078	\$ 5,582,495

NOTE 4 – PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION AND AMORTIZATION

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

	2019	2018
Land	\$ 1,295,520	\$ 1,295,520
Buildings	15,276,453	15,276,453
Capitalized interest	366,778	366,778
Furniture and equipment	1,129,398	1,101,693
Vehicles	1,958,970	1,439,735
Leasehold improvements	774,484	774,484
Total Property and Equipment	20,801,603	20,254,663
Less: Accumulated Depreciation and Amortization	(12,797,976)	(11,944,013)
Property and Equipment, Net	\$ 8,003,627	\$ 8,310,650

Continued

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2019 and 2018

NOTE 4 – PROPERTY AND EQUIPMENT AND ACCUMULATED DEPRECIATION AND AMORTIZATION (continued)

Depreciation and amortization expense for the years ended September 30, 2019 and 2018, totaled \$ 853,963 and \$764,272, 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 (DCDHCD) 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 lifted upon expiration of the period of restrictive use or repayment of the grant proceeds, whichever occurs first, and upon written approval to release by the grantor.

Also included are vehicles totaling \$1,137,449 and other equipment totaling \$126,721 purchased with grant funds. The vehicles and equipment will remain in use for the duration of the programs but released from restriction when placed in service.

UPO recorded the grant funds used to purchase property and vehicles as revenue with donor restrictions upon award of the grants. UPO releases such funds from restriction upon satisfaction of the restricted use periods of the property and upon approval of the grantor, or when placed in service if no donor conditions apply within the grant agreements.

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 who 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.

In fiscal year 2015, UPO amended its leave policy. The amended policy awards 43.5 hours of flexible leave for ECDC staff with over four years of service and 4.5 hours for those employed under four 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 31 or they will be lost.

Continued

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2019 and 2018

NOTE 5 – ACCRUED ANNUAL LEAVE (continued)

UPO's predetermined vacation/annual leave policy for 2019 and 2018 allowed 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 \$589,402 and \$549,909 as of September 30, 2019 and 2018, 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:

	<u>2019</u>	<u>2018</u>
Community Services Block Grant	\$ 4,611,773	\$ 4,181,200
Other	<u>160,178</u>	<u>360,861</u>
Total Deferred Contracts and Grants Revenue	<u>\$ 4,771,951</u>	<u>\$ 4,542,061</u>

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 5.75% and 6.25% at September 30, 2019 and 2018, respectively. 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 September 30, 2006, except for the fiscal year ended September 30, 2016, in which the debt service coverage ratio was required to be at least 1.0 times; and total net assets of at least \$3,500,000 as measured at the end of the fiscal year. The line of credit is being renewed annually, and is extended to October 31, 2019. There was no outstanding balance on the line of credit as of September 30, 2019 and 2018. UPO was in compliance with all of the financial covenant requirements.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

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% and 3.64% as of September 30, 2019 and 2018. The EZ Bonds are callable at the option of the holder on every fifth anniversary of the bond issue date with a six-month advance notice required. The EZ Bonds are secured by a first deed of trust on the properties, including any personal property attached to the real estate, and an assignment of leases and rents.

The 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</u>	<u>Total</u>
2020	\$ 663,246	\$ 184,042	\$ 847,288
2021	688,657	158,631	847,288
2022	714,507	132,781	847,288
2023	704,931	142,357	847,288
2024	768,932	78,356	847,288
Thereafter	<u>1,735,853</u>	<u>32,413</u>	<u>1,768,266</u>
Total	<u>\$ 5,276,126</u>	<u>\$ 728,580</u>	<u>\$ 6,004,706</u>

NOTE 9 – CONCENTRATION OF CREDIT RISK

UPO maintains cash and cash equivalents at several banks. As of September 30, 2019 and 2018, balances in UPO's deposit accounts were insured by the Federal Deposit Insurance Corporation (the FDIC) up to \$250,000 per depositor per bank. As of September 2019 and 2018, UPO had cash balances on deposit with one bank that exceeded the balance insured by the FDIC by approximately \$5,859,000 and \$4,635,000, respectively. Management does not expect any risk of loss from the concentration.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Compliance Audit

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

Operating Leases

UPO has operating leases for certain equipment and facilities at several locations. The lease terms range from two to seven years and expire at various dates through 2022. 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:

<u>Year Ending September 30,</u>	
2020	\$ 131,144
2021	54,101
2022	<u>41,482</u>
Total	<u>\$ 226,727</u>

Rental expense related to these leases and other leases that are on a month-to-month basis for the years ended September 30, 2019 and 2018, totaled \$360,872, and \$391,668, respectively.

NOTE 11 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions 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 \$231,872 and \$208,828 as of September 30, 2019 and 2018, respectively.

UNITED PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2019 and 2018

NOTE 12 – AVAILABILITY AND LIQUIDITY

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 at September 30, 2019, were as follows:

	2019
Cash and cash equivalents	\$ 5,851,439
Contracts and grants receivable	4,831,078
Total Financial Assets	
Available Within One Year	10,682,517
Less:	
Amounts unavailable to management without Board approval:	
Board-designated for Martin Luther King, Jr. Breakfast program	(231,872)
Financial Assets Available to Meet	
General Expenditures Within One Year	\$ 10,450,645

UPO has various sources of liquidity at its disposal, including cash and cash equivalents and investments, 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. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. UPO can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. To help manage unanticipated liquidity needs, UPO has a committed line of credit of up to \$1,500,000, all of which was unused and available to draw upon as of September 30, 2019. Additionally, UPO has board-designated net assets that could be available for current operations with Board approval, if necessary.

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 pre-tax and or post-tax basis. UPO contributes 5.5% of an employee’s basic earnings for all eligible employees. UPO also matches employee pre-tax contributions to the plan on a dollar-for-dollar basis up to 1% of earnings as an additional contribution. UPO contributed \$931,949 and \$812,476 for the fiscal years ended September 30, 2019 and 2018, 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.

UNITED PLANNING ORGANIZATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2019 and 2018

NOTE 13 – PENSION PLAN (continued)

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 have significant unrelated business income for the years ended September 30, 2019 and 2018. 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 uncertainty in income taxes for the years ended September 30, 2019 and 2018, 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, 2019, the statute of limitations for certain tax years remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which UPO files tax returns, however, no examinations are currently in progress. It is UPO's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest or income tax expense. As of September 30, 2019 and 2018, UPO had no accruals for interest and/or penalties.

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, UPO has evaluated for potential recognition or disclosure, events and transactions, through July 15, 2020, the date the financial statements were available to be issued.

The novel coronavirus (COVID-19) outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. UPO has been able to continue most of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact UPO's financial condition or results of operations is uncertain.

Except as noted above, there were no subsequent events that require recognition or disclosure in the financial statements.

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

To the Board of Directors of
United Planning Organization

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 United Planning Organization (UPO), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, 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 July 15, 2020.

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
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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 results 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.

Marcum LLP

Washington, DC
July 15, 2020

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

To the Board of Directors of
United Planning Organization

Report on Compliance for Each Major Federal Program

We have audited United Planning Organization's (UPO) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on UPO's major federal program for the year ended September 30, 2019. UPO's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 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). Those standards and the Uniform Guidance 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 UPO's major federal program. However, our audit does not provide a legal determination of UPO's compliance.

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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 its major federal program for the year ended September 30, 2019.

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 its 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 the Uniform Guidance, 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 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 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.

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.

Marcum LLP

Washington, DC
July 15, 2020

UNITED PLANNING ORGANIZATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Direct Grants:</i>				
Head Start	93.600	-	\$ 391,331	\$ 2,806,747
Head Start	93.600	-	1,803,204	6,926,877
Total Direct Grants			2,194,535	9,733,624
<i>Pass-Through Grant:</i>				
Office of the State Superintendent of Education (OSSE)				
Quality Improvement Network Continuation	93.600	91600A	-	940,933
Total CFDA 93.600			2,194,535	10,674,557
477 Cluster				
<i>D.C. Department of Human Services</i>				
Community Services Block Grant (CSBG)	93.569	-	1,750,710	11,147,875
<i>D.C. Department of Behavioral Health</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	-	196,919
Total U.S. Department of Health and Human Services			3,945,245	22,019,351
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Foster Grandparent Program	94.011	-	-	749,971
Total Corporation for National and Community Service			-	749,971
U.S. DEPARTMENT OF AGRICULTURE				
<i>Pass-Through Grant:</i>				
Office of the State Superintendent of Education (OSSE)				
Child and Adult Care Food Program	10.558	V-44	-	342,332
SNAP Cluster				
Supplemental Nutrition Assistance Program (SNAP)	10.551	-	-	57,516
Total U.S. Department of Agriculture			-	399,848
U.S. DEPARTMENT OF EDUCATION				
<i>Pass-Through Grant:</i>				
Office of the State Superintendent of Education (OSSE)				
Twenty-First Century Community Learning Centers	84.287	S287C170008	-	65,763
Total U.S. Department of Education			-	65,763
U.S. DEPARTMENT OF JUSTICE				
Second Chance Act Reentry Initiative	16.812	-	-	256,785
Total U.S. Department of Justice			-	256,785
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,945,245	\$ 23,491,718

See accompanying notes to this schedule.

UNITED PLANNING ORGANIZATION

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of United Planning Organization (UPO) under programs of the federal government for the year ended September 30, 2019. The information on the SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of UPO, it is not intended to and does not present the financial position, changes in net assets, or cash flows of UPO.

2. Basis of Accounting

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

UPO has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

UNITED PLANNING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

 X Unmodified Qualified
 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

Type of auditors’ report issued on compliance for major program(s):

 X Unmodified Qualified
 Adverse Disclaimer

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?

 Yes X No

Identification of Major Program:

CFDA/Grant Number	Program Title
93.569	Community Services Block Grant (477 Cluster)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

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, 2019

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None required to be reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None required to be reported.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

Financial Statement Audit Findings

None required to be reported.

Major Federal Award Programs Audit Findings and Questioned Costs

None required to be reported.