

UNITED PLANNING ORGANIZATION

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

For the Years Ended September 30, 2025 and 2024

UNITED PLANNING ORGANIZATION

Financial Statements Together with Reports of Independent Public Accountants

SEPTEMBER 30, 2025 AND 2024

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

To the Board of Directors
United Planning Organization

Opinion

We have audited the financial statements of United Planning Organization (UPO) which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UPO as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2026 on our consideration of UPO's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UPO's internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UPO's internal controls over financial reporting and compliance.

Washington D.C.
June 11, 2026

SBC & Company, LLC

UNITED PLANNING ORGANIZATION

Statements of Financial Position As of September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,518,925	\$ 4,659,665
Grants and contracts receivable, net	3,861,363	5,707,785
Prepaid expenses and other assets	317,894	355,730
Property and equipment, net	3,906,363	4,433,525
Total Assets	<u>\$ 10,604,545</u>	<u>\$ 15,156,705</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,861,023	\$ 3,403,382
Deferred revenue	2,284,580	826,445
Line of credit	700,000	-
Bonds payable	901,442	1,700,218
Total Liabilities	<u>7,747,045</u>	<u>5,930,045</u>
Net Assets		
Without donor restrictions	2,821,034	6,603,398
With donor restrictions	36,466	2,623,262
Total Net Assets	<u>2,857,500</u>	<u>9,226,660</u>
Total Liabilities and Net Assets	<u>\$ 10,604,545</u>	<u>\$ 15,156,705</u>

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

UNITED PLANNING ORGANIZATION

Statements of Activities and Changes in Net Assets For the Years Ended September 30, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Pass-through grants and contributions	\$ 14,815,426	\$ -	\$ 14,815,426	\$ 15,639,987	\$ -	\$ 15,639,987
Direct Federal grants and contributions	12,966,912	-	12,966,912	13,839,499	-	13,839,499
Direct D.C. contracts	12,537,347	-	12,537,347	16,510,017	-	16,510,017
Private and general	2,181,005	2,400	2,183,405	2,714,583	2,250	2,716,833
Other income	10,339	-	10,339	1,401	-	1,401
Contributed nonfinancial assets	3,117,336	-	3,117,336	2,946,217	-	2,946,217
Net assets released from restrictions	2,589,196	(2,589,196)	-	3,164,836	(3,164,836)	-
Total Revenue and Support	48,217,561	(2,586,796)	45,630,765	54,816,540	(3,162,586)	51,653,954
EXPENSES						
Program services						
Community services	15,235,887	-	15,235,887	17,945,128	-	17,945,128
Head start and early head start	25,590,367	-	25,590,367	25,450,316	-	25,450,316
Homeless	3,131,752	-	3,131,752	3,327,845	-	3,327,845
Total Program Services	43,958,006	-	43,958,006	46,723,289	-	46,723,289
Supporting services						
General and administrative	7,991,250	-	7,991,250	7,107,370	-	7,107,370
Fundraising	50,669	-	50,669	123,141	-	123,141
Total Expenses	51,999,925	-	51,999,925	53,953,800	-	53,953,800
Changes in net assets	(3,782,364)	(2,586,796)	(6,369,160)	862,740	(3,162,586)	(2,299,846)
Net assets, beginning of year	6,603,398	2,623,262	9,226,660	5,740,658	5,785,848	11,526,506
Net Assets, End of year	\$ 2,821,034	\$ 36,466	\$ 2,857,500	\$ 6,603,398	\$ 2,623,262	\$ 9,226,660

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

UNITED PLANNING ORGANIZATION

Statements of Functional Expenses For the Years Ended September 30, 2025 and 2024

	2025							
	Program Services				Support Services			
	Community Services	Head Start and Early Head Start	Homeless	Total Program Services	General Administrative	Fundraising	Total Support Services	Total
Personnel	\$ 6,736,110	\$ 14,402,783	\$ 1,747,749	\$ 22,886,642	\$ 5,078,655	\$ -	\$ 5,078,655	\$ 27,965,297
Fringe benefits	1,459,809	3,121,453	378,782	4,960,044	1,154,489	-	1,154,489	6,114,533
Purchase of services	2,189,147	1,673,143	345,913	4,208,203	1,481,059	36,328	1,517,387	5,725,590
Occupancy	1,178,592	1,647,015	238,121	3,063,728	29,417	69	29,486	3,093,214
Client assistance	902,877	332,516	20,308	1,255,701	11,411	896	12,307	1,268,008
Supplies	498,260	1,001,955	61,728	1,561,943	104,768	8,236	113,004	1,674,947
Travel and transportation	116,373	25,242	156	141,771	27,141	201	27,342	169,113
Repairs & maintenance	9,308	4,050	290,059	303,417	11,671	-	11,671	315,088
Equipment	33,726	35,366	-	69,092	64,986	-	64,986	134,078
Donated services and facilities	-	3,117,336	-	3,117,336	-	-	-	3,117,336
Other expenses	117,375	57,699	341	175,415	7,553	2,500	10,053	185,468
Interest and fees	55,825	8,582	-	64,407	4,027	2,439	6,466	70,873
Depreciation	561,944	8,550	48,595	619,089	16,073	-	16,073	635,162
Bad debt	1,376,541	154,677	-	1,531,218	-	-	-	1,531,218
Total expenses	\$ 15,235,887	\$ 25,590,367	\$ 3,131,752	\$ 43,958,006	\$ 7,991,250	\$ 50,669	\$ 8,041,919	\$ 51,999,925

	2024							
	Program Services				Support Services			
	Community Services	Head Start and Early Head Start	Homeless	Total Program Services	General Administrative	Fundraising	Total Support Services	Total
Personnel	\$ 7,262,280	\$ 14,925,306	\$ 2,133,016	\$ 24,320,602	\$ 4,076,312	\$ 30,030	\$ 4,106,342	\$ 28,426,944
Fringe benefits	1,452,879	2,993,106	419,542	4,865,527	845,364	6,021	851,385	5,716,912
Purchase of services	2,070,548	3,103,505	227,150	5,401,203	1,118,612	4,602	1,123,214	6,524,417
Occupancy	335,649	305,689	1,941	643,279	659,039	18	659,057	1,302,336
Client assistance	5,195,227	262,161	46,503	5,503,891	-	822	822	5,504,713
Supplies	648,788	804,179	38,638	1,491,605	248,464	80,774	329,238	1,820,843
Travel and transportation	103,740	21,737	1,282	126,759	57,642	31	57,673	184,432
Repairs & maintenance	18,261	10,741	363,291	392,293	56,264	-	56,264	448,557
Equipment	112,452	63,088	8,275	183,815	21,048	-	21,048	204,863
Donated services and facilities	-	2,946,217	-	2,946,217	-	-	-	2,946,217
Other expenses	103,885	1,215	319	105,419	10,298	843	11,141	116,560
Interest and fees	78,180	-	-	78,180	1,248	-	1,248	79,428
Depreciation	563,239	13,372	87,888	664,499	13,079	-	13,079	677,578
Total expenses	\$ 17,945,128	\$ 25,450,316	\$ 3,327,845	\$ 46,723,289	\$ 7,107,370	\$ 123,141	\$ 7,230,511	\$ 53,953,800

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

UNITED PLANNING ORGANIZATION

Statements of Cash Flows For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flow from Operating Activities		
Changes in net assets	\$ (6,369,160)	\$ (2,299,846)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Bad debt expense (recovery)	1,288,976	(45,178)
Depreciation	635,162	677,578
Effects from changes in non-cash operating assets and liabilities:		
Grants and contracts receivable, net	557,446	856,282
Prepaid expenses and other assets	37,836	(217,709)
Accounts payable and accrued expenses	457,641	261,128
Deferred revenue	1,458,135	(30,831)
Net Cash from Operating Activities	<u>(1,933,964)</u>	<u>(798,576)</u>
Cash Flow from Investing Activities		
Purchases of property and equipment	<u>(108,000)</u>	-
Cash Flow from Financing Activities		
Proceeds from line of credit	700,000	-
Principal payments on bonds payable	<u>(798,776)</u>	<u>(768,121)</u>
Net Cash from Financing Activities	<u>(98,776)</u>	<u>(768,121)</u>
Net change in cash and cash equivalents	(2,140,740)	(1,566,697)
Cash and cash equivalents, beginning of year	4,659,665	6,226,362
Cash and Cash Equivalents, End of Year	<u>\$ 2,518,925</u>	<u>\$ 4,659,665</u>
Supplemental Disclosure		
Cash paid for interest	<u>\$ 70,873</u>	<u>\$ 79,428</u>

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

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

1. ORGANIZATION

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

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

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

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

1. ORGANIZATION (continued)

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

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

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

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

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

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

- Supporting programs directed to the solution of the critical problems existing within D.C. and surrounds areas having concentrations of substantial numbers of low-income persons;
- To have an appreciable impact in such communities and neighborhoods in arresting tendencies toward dependency, chronic unemployment, and community deterioration; and

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

1. ORGANIZATION (continued)

- Provide financial and other assistance to start, expand, or locate enterprises in or near the area to be served so as to provide employment and/or ownership opportunities for residents of such areas.

UPO Inspire and CDC are not consolidated with the accompanying financial statements, as they do not meet the criteria in accordance with generally accepted accounting principles in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

UPO considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents. As of September 30, 2025 and 2024, cash equivalents consisted of overnight sweep accounts and certificates of deposit. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed federally insured limits.

Grants and Contracts Receivable

Reimbursable expenditures for which payment has not been received as of the financial statement date are recorded as grants and contracts receivable at net fair value. Receivables that are past due are individually analyzed for collectability based on historical write-offs, collections, and current credit conditions.

Management adjusts the allowance account based upon its estimate of those receivables it believes to be uncollectible. The allowance for doubtful accounts was \$572,826 as of September 30, 2025. There was no allowance for doubtful accounts as of September 30, 2024, as management believes all amounts are collectible.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment, Net

Property and equipment is recorded at cost if purchased and fair value if donated. It is the UPO's policy to capitalize expenditures for property and equipment in excess of \$5,000. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of property and equipment is depreciated using the straight-line method over their estimated useful lives. Assets purchased with federal funds are subject to appropriate federal and local government regulations regarding their acquisitions and dispositions. UPO reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There was no impairment loss recognized as of September 30, 2025 and 2024.

Deferred Revenue

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

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors, or for which restrictions have expired. Net assets without donor restrictions also include assets that are restricted by the Board for a particular time period or purpose.

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

Revenue Recognition

Grants and Contributions – Pass Through and Direct Federal Grants

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

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

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Direct D.C. Contracts

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

Direct D.C contracts also include requests for proposal and daycare fees related to the Head Start program, opioid maintenance therapy fees, and Supplemental Nutrition Assistance Program administration fees. Revenue is recognized at the point in time the event occurs.

Private and General

Private and general consists of contributions from individuals and private institutions, as well as rental and parking income. Contributions received are recorded as net assets without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

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

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

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

Contributed Nonfinancial Assets

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

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

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

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

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

Income Taxes

UPO is exempt from income taxes on its exempt activities under the provisions of Section 501(c)(3) of the IRC. In addition, UPO qualifies under Section 509(a)(2) as an organization other than a private foundation. However, UPO is subject to unrelated business income taxes (UBIT) on its unrelated business income activity (primarily advertising income). UPO had no Unrelated Business Income for the years ended September 30, 2025 and 2024.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. UPO performed an evaluation of uncertain tax positions as of September 30, 2025 and 2024, and determined that there were no matters that would require recognition in the accompanying financial statements or which may have any effect on its tax-exempt status.

As of September 30, 2025, the statute of limitations for fiscal years 2022 through 2025 remains open with the U.S. federal jurisdiction and the various states and local jurisdictions in which UPO files tax returns. It is UPO's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources

UPO regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. UPO's financial assets available within one year of the statement of financial position date for general expenditures as of September 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 2,518,925	\$ 4,659,665
Grants and contracts receivable, net	<u>3,861,363</u>	<u>5,707,785</u>
Available financial assets	<u>6,380,288</u>	10,367,450
Less: financial assets not available within one year:		
Amounts unavailable due to donor restrictions	<u>36,466</u>	<u>2,623,262</u>
	<u>\$ 6,343,822</u>	<u>\$ 7,744,188</u>

UPO has various sources of liquidity at its disposal, including cash and cash equivalents which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of UPO throughout the year. This is done through monitoring and reviewing UPO's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of UPO's cash flow related to UPO's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. Additionally, UPO has board-designated net assets that could be available for current operations with Board approval, if necessary, in the amounts of \$638,271 and \$564,751, as of September 30, 2025 and 2024, respectively. UPO also has a line of credit with \$800,000 and \$1,500,000 available as of September 30, 2025 and 2024, respectively.

Reclassification

Certain prior year balances have been reclassified to conform to the current year presentation. These reclassifications have no effect on changes in net assets.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

UPO evaluated the subsequent events and transactions through June 11, 2026, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. PROPERTY AND EQUIPMENT, NET

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

	<u>2025</u>	<u>2024</u>	<u>Useful Lives</u>
Land	\$ 1,295,520	\$ 1,295,520	N/A
Buildings	15,643,230	15,643,230	25-30 years
Vehicles	2,188,393	2,188,393	5 years
Furniture and equipment	1,247,656	1,247,656	5-9 years
Leashold improvements	882,483	774,483	5 years
	<u>21,257,282</u>	<u>21,149,282</u>	
Less: accumulated depreciation	17,350,919	16,715,757	
Property and Equipment, Net	<u>\$ 3,906,363</u>	<u>\$ 4,433,525</u>	

Depreciation expense for the years ended September 30, 2025 and 2024, totaled \$635,162 and \$677,578, respectively.

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

The restrictions imposed by the grantor are lifted when properties are placed in service, upon expiration of the period of restrictive use or repayment of the grant proceeds upon written approval of release by the grantor. As of September 30, 2025, while the restricted periods have lapsed for the properties and they are all placed in service, UPO has not received formal approval to release the restrictions from the grantors. These assets are reported as net assets without donor restrictions in the accompanying financial statements as the restricted period has lapsed and the buildings are in use for their restricted purpose.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

4. LINE OF CREDIT

UPO has a line of credit agreement with a bank with a maximum credit line of \$1,500,000, which expires on June 28, 2026. Funds drawn on this line bear interest at a floating daily rate of 1% over the Prime Rate as published in the Wall Street Journal, which was 8.25% and 8.0% as of September 30, 2025 and 2024, respectively. The line of credit was collateralized by a second deed of trust on three UPO properties and a blanket first lien on all UPO assets. The balance on the line of credit was \$700,000 as of September 30, 2025. There was no balance outstanding on the line of credit as of September 30, 2024. Interest expense was \$12,750, for the year ended September 30, 2025.

The line of credit has financial covenants that requires audited financials to be provided by June 30th of each year. The financial covenants also require the UPO to maintain a minimum debt service ratio of 1.20:1.0, maintain a minimum tangible net worth of \$3,000,000, and maintain a debt to tangible net worth ratio of no more than 5.0:1.0, as of September 30, 2025 and 2024, respectively. UPO did not meet the minimum debt service ratio as of September 30, 2025. UPO obtained a waiver from the bank for the minimum debt service ratio covenant.

5. BONDS PAYABLE

On September 1, 2010, UPO refinanced its Enterprise Zone Facility Revenue Bonds (EZ Bonds) with United Bank of Virginia. The original bond proceeds were used to purchase UPO's headquarters property at 301 Rhode Island Avenue, N.W., under a turn-key agreement and also to construct two new community service centers at 2907-2913 Martin Luther King Jr. Avenue, S.E., and 1647-1649 Good Hope Road, S.E. Monthly principal and interest payments on the obligation began in October 2010 with a maturity of October 1, 2026. The obligation is amortized over a period of 16 years at an interest rate of 3.64% per annum, with monthly payments of principal and interest of \$70,607. The interest rate is variable based on the tax-exempt equivalent of the average yield on U.S. Treasury obligations maturing in five years, plus 2.5%. The rate is fixed for five years on each fifth anniversary of the bond issue date. The interest rate was 3.64% as of September 30, 2025 and 2024. The EZ Bonds are callable at the option of the holder on every fifth anniversary of the bond issue date with a six-month advance notice required. The EZ Bonds are secured by a first deed of trust on the properties, including any personal property attached to the real estate, and an assignment of leases and rents. Interest expense was \$58,123 and \$79,428, for the years ended September 30, 2025 and 2024, respectively.

As of September 30, 2025, the future minimum payments under the bonds were \$901,442 due through September 2026.

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

6. NET ASSETS

Without Donor Restrictions

Net assets without donor restrictions as of September 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 2,791,971	\$ 6,038,647
Board-designated scholarship fund	638,271	564,751
Total Net Assets Without Donor Restrictions	<u>\$ 3,430,242</u>	<u>\$ 6,603,398</u>

With Donor Restrictions

Net assets with donor restrictions as of September 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Subject to purpose restriction	\$ -	\$ 2,589,196
Dana Jones Scholarship Fund	36,466	34,066
Total Net Assets With Donor Restrictions	<u>\$ 36,466</u>	<u>\$ 2,623,262</u>

7. CONTRIBUTED NONFINANCIAL ASSETS

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

UNITED PLANNING ORGANIZATION

Notes to the Financial Statements September 30, 2025 and 2024

7. CONTRIBUTED NONFINANCIAL ASSETS (continued)

For the years ended September 30, 2025 and 2024, contributed nonfinancial assets included the following:

	<u>2025</u>	<u>2024</u>
Utilities	\$ 1,336,716	\$ 1,450,644
Supplies	41,851	15,819
Labor	1,738,769	1,479,754
Total Contributed Nonfinancial Assets	\$ 3,117,336	\$ 2,946,217

8. RETIREMENT PLAN

The Retirement Income Plan of United Planning Organization (the Plan) is a defined contribution plan covering all salaried employees of UPO. UPO contributes a safe harbor nonelective contribution of 5.5% of an eligible participant's annual eligible compensation to the Plan. Additional discretionary matching contributions may be contributed at the option of the Board of Directors. For the years ended September 30, 2025 and 2024, UPO contributed \$1,550,610 and \$1,357,288, respectively.

9. COMMITMENTS AND CONTINGENCIES

Federal Funding

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

SUPPLEMENTARY INFORMATION



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

To the Board of Directors
United Planning Organization

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United Planning Organization (UPO) which comprise the statement of financial position as of September 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 11, 2026.

Report on Internal Controls over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

Washington, D.C.
June 11, 2026

SBC + Company, LLC



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

To the Board of Directors
United Planning Organization

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Planning Organization's (UPO) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on UPO's major federal program for the year ended September 30, 2025. UPO's major federal program is identified in the summary of independent public accountant's results section of the accompanying schedule of findings and questioned costs.

In our opinion, UPO complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on UPO's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. UPO's response was not subjected to

the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on UPO's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. UPO's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Washington D.C.
June 11, 2026



UNITED PLANNING ORGANIZATION

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2025

Federal Grantors/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Contract Number or Grant Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services (HHS)				
Early Head Start (EHS) FED Base	93.600	03CH012722-01-00	\$ 8,725,722	\$ 199,729
Head Start (HS) FED Expansion	93.600	03CH011713-05-00	3,451,013	-
<i>Pass-through D.C. Department of Health and Human Services/OSSE:</i>				
Quality Improvement Network - Expansion & Federal Continuation	93.600	03HP000186 & 03HP000352	2,295,761	-
Total Head Start Cluster			<u>14,472,496</u>	<u>199,729</u>
<i>Pass-through D.C. Department of Health and Human Services:</i>				
Community Services Block Grant (CSBG)	93.569	JA-FSA-00-2023	11,797,391	-
Total Pass-through D.C. Department of Health and Human Services			<u>11,797,391</u>	<u>-</u>
Total HHS			<u>26,269,887</u>	<u>199,729</u>
Corporation for National Community Service (CNCS)				
Foster Grandparent Program - CNCS	94.011	24SFBD001	698,260	-
Total CNCS			<u>698,260</u>	<u>-</u>
U.S. Department of Housing and Urban Development (HUD)				
<i>Pass-through Community Partnership for the Prevention of Homelessness:</i>				
Community Partnership/DCDHS/HUD	14.238	SS2507UPOSPC	103,953	-
Resident Opportunity and Supportive Services - Service Coordinator	14.870	ROSS241975-01-00	91,917	-
Total HUD			<u>195,870</u>	<u>-</u>
U.S. Department of Education (USDE)				
<i>Pass-through OSSE/USDE:</i>				
21st Century Community Learning Centers	84.287	S287C210008	205,476	-
Total USDE			<u>205,476</u>	<u>-</u>
U.S. Department of Agriculture (USDA)				
<i>Pass-through D.C. Department of Human Services/FDA:</i>				
Supplemental Nutritional Assistance Program Employment and Training (SNAP)	10.551	SNAP E&T-23-006	148,283	-
<i>Pass-through OSSE/USDA:</i>				
Nutrition Child and Adult Care Food Program	10.558	V44-1	264,562	-
Total USDA			<u>412,845</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 27,782,338</u>	<u>\$ 199,729</u>

The accompanying notes are an integral part of this schedule.

UNITED PLANNING ORGANIZATION

Notes to the Schedule of Expenditures of Federal Awards September 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All federal grant operations of United Planning Organization (UPO) are included in the scope of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit) for the year ended September 30, 2025. The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant program noted below. The programs on the schedule of expenditures of federal awards (the Schedule) represent all federal award programs for fiscal year 2025 cash or non-cash expenditure activities. For our Single Audit testing, we tested federal award programs to ensure coverage of at least 20% of federally granted funds. Our actual coverage was 42%.

Expenditures reported on the accompanying Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Single Audit, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Management has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Program</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (HHS)		
Community Services Block Grant (CSBG)	93.569	\$ 11,797,391
		<u>\$ 11,797,391</u>

2. BASIS OF PRESENTATION

The accompanying Schedule includes the federal award activity of UPO under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Single Audit. Because the Schedule 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.

UNITED PLANNING ORGANIZATION

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025**

Section I - Summary of Independent Public Accountant’s Results

Financial Statements

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

Internal controls over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Noted

Noncompliance material to the financial statements noted? No

Federal Awards

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

Internal controls over major Federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

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

Identification of Major Program:

Major Program	Federal Assistance Listing	Federal Expenditures
U.S. Department of Health and Human Services (HHS)		
Community Services Block Grant (CSBG)	93.569	\$ 11,797,391
		\$ 11,797,391
Threshold for distinguishing between Type A and B programs		<u>\$ 833,470</u>
Did UPO qualify as a low risk auditee?		Yes

UNITED PLANNING ORGANIZATION

**Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2025**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings

2025-001 and 2025-002.

UNITED PLANNING ORGANIZATION

Schedule of Findings and Questioned Costs (continued) For the Year Ended September 30, 2025

Finding 2025-001

Agency: U.S. Department of Health and Human Services (CSBG)

Program: Community Service Block Grant (AL No. 93.569)

Significant Deficiency and Noncompliance over Allowable Costs / Period of Performance

Repeat Finding: No

Condition:

During our testing over allowable costs, we identified 2 transactions in the amount of \$38,225 that were incurred in fiscal years 2022 and 2023, however, those costs were recorded as federal expenditure and revenue in fiscal year 2025. The current CSBG grant covering fiscal year 2025 covers the period October 1, 2024 – September 30, 2025, as such, those costs were recorded outside of the period of performance and as such are unallowable.

Criteria:

As provided in 2 CFR section 200.309: The period of performance is the time during which the non-federal entity is authorized to incur allowable costs. The period of performance starts and ends on the dates specified in the federal award, and costs incurred outside of this period are generally unallowable, unless specifically authorized.

Cause:

The Organization did not follow its policies and procedures to ensure that all vendor invoices have been received timely and recorded in the accounting records.

Effect:

The Organization recorded expenditures that were outside of the period of performance and as such are unallowable.

Questioned Costs:

Unknown

Recommendation:

We recommend that management strengthen controls over the timing of federal expenditure recognition to ensure costs are recorded in the proper period of performance. Additionally, the entity should implement procedures to review and reconcile expected expenses to actual invoices received on a periodic basis to ensure all vendor invoices have been timely received.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the schedule of corrective action plans.

UNITED PLANNING ORGANIZATION

Schedule of Findings and Questioned Costs (continued) For the Year Ended September 30, 2025

Finding 2025-002

Agency: U.S. Department of Health and Human Services (CSBG)

Program: Community Service Block Grant (AL No. 93.569)

Significant Deficiency and Noncompliance over Eligibility

Repeat Finding: No

Condition:

During our testing of participant eligibility for the CSBG program, we noted the following exceptions out of a sample size of 40: (1) for one participant, the CSBG eligibility form was not signed by the case manager; and (2) for two participants, we were unable to obtain documentation to support proof of residence.

Criteria:

As provided in 2 CFR section 200.303: An entity must establish internal controls to ensure compliance with federal statutes and program requirements, including eligibility. Additionally, 2 CFR section 200.403 requires that costs must be adequately documented to be allowable.

Cause:

The Organization did not follow its policies and procedures to ensure all eligibility documents are properly completed, authorized, and retained.

Effect:

The Organization was unable to provide adequate documentation that eligibility criteria were met prior to providing services.

Questioned Costs:

Unknown

Recommendation:

We recommend that management strengthen internal controls over eligibility determination and documentation to ensure compliance with federal program requirements. Management should establish procedures to require complete and signed eligibility forms prior to approving or providing program benefits and consider implementing a standardized eligibility checklist to ensure all required supporting documentation (e.g., income verification, residency, other criteria) is obtained and retained.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the schedule of corrective action plans.



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FINDING – Federal Award

Finding 2025-001:

Agency: U.S. Department of Health and Human Services (CSBG) Program: Community Service Block Grant (AL No. 93.569) Significant Deficiency and Noncompliance over Allowable Costs / Period of Performance Repeat Finding: No

Condition:

During our testing over allowable costs, we identified 2 transactions in the amount of \$38,225 that were incurred in fiscal years 2022 and 2023; however, those costs were recorded as federal expenditure and revenue in fiscal year 2025. The current CSBG grant covering fiscal year 2025 covers the period October 1, 2024 – September 30, 2025, as such, those costs were recorded outside of the period of performance and as such are unallowable.

Recommendation:

We recommend that management strengthen controls over the timing of federal expenditure recognition to ensure costs are recorded in the proper period of performance. Additionally, the entity should implement procedures to review and reconcile expected expenses to actual invoices received on a periodic basis to ensure all vendor invoices have been timely received.

Auditee Response and Corrective Action Plan:

UPO has recently implemented two methods for procuring goods and services to address the noted condition. Use of the P-Card for micropurchases and the Purchase Request for larger purchases. P-Card purchases will allow recurring vendor invoices and payments to be captured in real time and recorded in the appropriate billing and funding period. Mandatory use of Purchase Request/PO for all other purchases, to allow the program and finance team to monitor invoices and obligations, and record them within the funding period.

Finding 2025-002:

Agency: U.S. Department of Health and Human Services (CSBG) Program: Community Service Block Grant (AL No. 93.569) Significant Deficiency and Noncompliance over Eligibility

Condition:

During our testing of participant eligibility for the CSBG program, we noted the following exceptions out of a sample size of 40: (1) for one participant, the CSBG eligibility form was not signed by the case manager; and (2) for two participants, we were unable to obtain documentation to support proof of residence.

Recommendation:

We recommend that management strengthen internal controls over eligibility determination and documentation to ensure compliance with federal program requirements. Management should establish procedures to require complete and signed eligibility forms prior to approving or providing program benefits and consider implementing a standardized eligibility checklist to ensure all required supporting documentation (e.g., income verification, residency, other criteria) is obtained and retained.

Auditee Response and Corrective Action Plan:

UPO Management acknowledges the audit finding and will ensure that staff follow established internal control activities to ensure compliance with CSBG participant eligibility. UPO will institute continuous training and increased monitoring of compliance by the internal Office of Performance Management regarding the review, retention, and documentation of eligibility determination evidence submitted by program participants.

Anticipated Completion Date: September 30, 2026

If there are any questions regarding this plan, please call **Charles Akinmade, VP and Chief Financial Officer (CFO)**, at 202-889-3801.

Sincerely yours,

Signed by:

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Andrea Thomas
President and CEO

UNITED PLANNING ORGANIZATION

**Schedule of Prior Year Findings
For the Year Ended September 30, 2025**

There were no findings noted in the September 30, 2024 single audit.