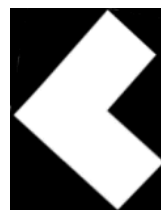


Solutions That Empower People, Inc.

Report on Audit of Financial Statements

Years Ended June 30, 2025 and 2024



*Creedle, Jones
& Associates, P.C.
Certified Public Accountants*

Solutions That Empower People, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Solutions That Empower People, Inc. (STEP)

Report on the Audit Financial Statements

Opinion

We have audited the accompanying financial statements of Solutions That Empower People, Inc. (a nonprofit organization), which comprise the statement financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2025 financial statements present fairly, in all material respects, the financial position of Solutions That Empower People, Inc. as of June 30, 2025 and the changes in its nets assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Solutions That Empower People, Inc. and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Prior Period Financial Statements

The financial statements of Solutions That Empower People, Inc. as of June 30, 2024 were audited by other auditors whose report dated July 11, 2025 expressed an unmodified opinion on those statements.

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 control 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 Solutions That Empower People, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards 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 control. 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 generally accepted auditing standards 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 control 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 Solutions That Empower People, Inc.'s internal control. 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 Solutions That Empower People, Inc.'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 control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 schedule of expenditures of federal awards 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 February 19, 2026, on our consideration of Solutions That Empower People, Inc.'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 Solutions That Empower People, Inc.'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 Solutions That Empower People, Inc.'s internal control over financial reporting and compliance.

Credle, Jones & Associates, P.C.

Credle, Jones & Associates, P.C.

Certified Public Accountants

South Hill, Virginia

February 19, 2026

Solutions That Empower People, Inc.

Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,112,348	\$ 1,114,725
Cash restricted for debt service	66,672	66,672
Grants receivable	568,888	370,064
Prepaid expenses	<u>-</u>	<u>31,697</u>
Total Current Assets	1,747,908	1,583,158
Noncurrent Assets		
Property and equipment, net	<u>1,630,932</u>	<u>1,723,118</u>
Noncurrent Assets, Net	<u>1,630,932</u>	<u>1,723,118</u>
Total Assets	<u>\$ 3,378,840</u>	<u>\$ 3,306,276</u>
Liabilities and Net Assets		
Liabilities		
<i>Current Liabilities</i>		
Accounts payable	\$ 174,289	\$ 184,042
Wages payable	119,146	72,372
Interest payable	1,861	2,033
Accrued liabilities	2,598	18,646
Accrued leave	110,630	157,241
Notes payables, current	<u>31,559</u>	<u>29,728</u>
Total Current Liabilities	440,083	464,062
<i>Long-Term Liabilities</i>		
Notes payable, net of current	<u>795,071</u>	<u>827,356</u>
Total Long-Term Liabilities	<u>795,071</u>	<u>827,356</u>
Total Liabilities	1,235,154	1,291,418
Net Assets		
Without donor restrictions	2,143,686	2,014,858
With donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>2,143,686</u>	<u>2,014,858</u>
Total Liabilities and Net Assets	<u>\$ 3,378,840</u>	<u>\$ 3,306,276</u>

See independent auditor's report and accompanying notes to the financial statements.

Solutions That Empower People, Inc.

Statement of Activities

Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Grants	\$ 5,429,250	\$ -	\$ 5,429,250
Contributions	34,910	-	34,910
Interest income	12,598	-	12,598
In-kind contributions	714,463	-	714,463
Miscellaneous income	1,984	-	1,984
Proceeds from sale of fixed assets	8,503	-	8,503
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	6,201,708	-	6,201,708
Expenses			
<i>Program Activities</i>			
Head start	3,392,291	-	3,392,291
Youth services	410,179	-	410,179
Housing	705,512	-	705,512
Senior services	484,859	-	484,859
CSBG	354,095	-	354,095
Financial services	71,858	-	71,858
<i>Supporting Activities</i>			
Management and general	<u>654,086</u>	<u>-</u>	<u>654,086</u>
Total Expenses	<u>6,072,880</u>	<u>-</u>	<u>6,072,880</u>
Change in Net Assets	128,828	-	128,828
Net Assets - Beginning	<u>2,014,858</u>	<u>-</u>	<u>2,014,858</u>
Net Assets - Ending	<u>\$ 2,143,686</u>	<u>\$ -</u>	<u>\$ 2,143,686</u>

See independent auditor's report and accompanying notes to the financial statements.

Solutions That Empower People, Inc.

Statement of Activities

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Grants	\$ 5,594,268	\$ -	\$ 5,594,268
Contributions	28,217	-	28,217
Program service fees	8,198	-	8,198
Realized and unrealized gain (loss) on investments	(876)	-	(876)
Dividend income	851	-	851
In-kind contributions	867,839	-	867,839
Miscellaneous income	31,357	-	31,357
Proceeds from sale of fixed assets	4,500	-	4,500
Net assets released from restrictions	<u>66,672</u>	<u>(66,672)</u>	<u>-</u>
 Total Revenues and Support	 6,601,026	 (66,672)	 6,534,354
Expenses			
<i>Program Activities</i>			
Head start	3,616,698	-	3,616,698
Youth services	356,543	-	356,543
Housing	935,457	-	935,457
Senior services	355,285	-	355,285
Homeless prevention	220,667	-	220,667
CSBG	293,910	-	293,910
Financial services	8,000	-	8,000
<i>Supporting Activities</i>			
Management and general	<u>715,662</u>	<u>-</u>	<u>715,662</u>
 Total Expenses	 <u>6,502,222</u>	 <u>-</u>	 <u>6,502,222</u>
 Change in Net Assets	 98,804	 (66,672)	 32,132
Net Assets - Beginning	<u>1,916,054</u>	<u>66,672</u>	<u>1,982,726</u>
Net Assets - Ending	<u>\$ 2,014,858</u>	<u>\$ -</u>	<u>\$ 2,014,858</u>

See independent auditor's report and accompanying notes to the financial statements.

Solutions That Empower People, Inc.

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 128,828	\$ 32,132
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	199,695	204,317
Principal payment on operating lease liabilities	-	(13,893)
Unrealized (gains) losses on investments	-	(876)
<i>Change in current assets and liabilities</i>		
<i>(Increase) decrease in assets</i>		
Grants receivable	(198,824)	(17,119)
Accounts receivable	-	41,682
Prepaid expenses	31,697	(31,697)
<i>Increase (decrease) in liabilities</i>		
Accounts payable	(9,753)	(12,819)
Wages payable	46,774	72,372
Accrued interest payable	(172)	-
Accrued liabilities	(16,048)	6,928
Accrued leave	(46,611)	30,461
Net Cash Provided by Operating Activities	<u>135,586</u>	311,488
Cash Flows from Investing Activities		
Proceeds from sale of investments	<u>-</u>	<u>226,631</u>
Net Cash Provided by Investing Activities	-	226,631
Cash Flows from Financing Activities		
Repayment of notes payable	(30,454)	(28,701)
Purchase of property and equipment	<u>(107,509)</u>	<u>(65,616)</u>
Net Cash Used in Financing Activities	<u>(137,963)</u>	<u>(94,317)</u>
Increase (Decrease) in Cash	(2,377)	443,802
Cash		
Beginning	<u>1,181,397</u>	<u>737,595</u>
Ending	<u>\$ 1,179,020</u>	<u>\$ 1,181,397</u>
Reconciliation to Statement of Financial Position		
Cash and cash equivalents	\$ 1,112,348	\$ 1,114,725
Cash restricted for debt service	<u>66,672</u>	<u>66,672</u>
	<u>\$ 1,179,020</u>	<u>\$ 1,181,397</u>

See independent auditor's report and accompanying notes to the financial statements.

Solutions That Empower People, Inc.

Notes to the Financial Statements

Years Ended June 30, 2025 and 2024

1 Summary of Significant Accounting Policies

Nature of Activities

Solutions that Empower People, Inc. (the "Organization") is a nonstock non-profit corporation organized as a Community Action Agency serving the Virginia localities of Franklin, Patrick, Bedford, Pittsylvania, and Henry counties along with Martinsville and Danville city. The organization was organized to plan and coordinate programs designed to combat problems of poverty and seek the elimination or reduction of conditions of poverty as they affected the inhabitants of the communities served. Principal sources of revenue are federal, and state grants primarily designed to aid low-income individuals or other disadvantaged groups.

The Board of Directors is composed of representatives of local governments, the disadvantaged, and community interest groups. The Board elects officers from its members and employs a full-time Executive Director to manage Organization affairs.

Basis of Accounting

The Organization maintains its assets and liabilities, and records its income and expenses, by use of the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization as well as net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. At June 30, 2025 and 2024, there were no net assets with donor restrictions.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months from the date of acquisition or less to be cash equivalents.

Accounts Receivable

Accounts receivables are stated at book value less an allowance for expected credit losses, if any. The Organization provides for losses on accounts receivable using the allowance method when applicable. As of June 30, 2025 and 2024, no allowance was considered necessary.

Prepaid Expenses

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid expenses. The cost of prepaid expenses is recorded as expenses when consumed rather than when purchased.

Inventories

Inventories consist of supplies, materials, and equipment and are carried at the lower of cost or net realizable value. Inventories are tracked utilizing the first-in, first-out method.

Property and Equipment

Property and equipment acquired by the Organization are considered to be owned by Solutions That Empower People, Inc. However, funding sources may have a reversionary interest in the property as well as the determination of use of any proceeds from the sale of these assets.

All acquisitions of property and equipment in excess of \$10,000 with a useful life of greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the asset:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30 - 50 years
Vehicles	5 years
Equipment	5 - 10 years

Donated Goods and Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in senior services and meal delivery. The Organization also receives donated space to conduct their Head Start program.

Donated goods and services that meet recognition criteria are detailed below:

<u>Type</u>	<u>Amount</u> <u>2025</u>	<u>2024</u>	<u>Donor Restriction</u>	<u>Fair Value Techniques</u>
Space	\$ 55,965	\$ 22,200	None	Fair value of comparable space in area
IT contractual services	123,314	124,320	None	Contractor's standard hourly rates
Volunteer services	535,024	721,319	None	Fair value of comparable cost of services rendered
Goods	<u>160</u>	<u>-</u>	None	Fair market value of similar items
Total	<u>\$ 714,463</u>	<u>\$ 867,839</u>		

All above donated goods and services are used to provide program services, and are broken out separately on the note of functional expenses.

Contributions

Contributions are recognized as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions in the period the donor's commitment is received.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

The Organization reports gifts of property and equipment as net assets support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

In-kind contributions are recorded at fair market value and recognized as revenue in the accounting period when they are received.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates and assumptions.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note 5 for additional information.

Accrued Leave

Upon separation of employment the Organization's employees are entitled to the amount of unused vacation time that has accrued. At June 30, 2025 and 2024, the amounts totaled \$110,630 and \$157,241, respectively.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories.

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Inputs to valuations are obtained from third party pricing services for identical or similar assets or liabilities and include observable inputs other than quoted prices in Level 1, such as quoted prices for similar assets or liabilities.

Level 3 – Inputs to valuations for assets and liabilities that are derived from other unobservable inputs that are supported by little or no market activity and are significant to the fair value, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions.

For the years ended June 30, 2025 and 2024, the application of valuation techniques applied to similar assets and liabilities have been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

- *Cash and cash equivalents*: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Recently Adopted Accounting Pronouncements

In March 2023, the FASB issued Accounting Standards Update No. 2023-01, *Leases (Topic 842): Common Control Arrangements*, simplifies lease accounting for entities under common control by allowing private companies to use written terms for lease identification and classification and requiring all entities to amortize common control leasehold improvements over the asset's useful life to the common control group, rather than the shorter of the lease term or useful life. The Organization adopted this guidance effective July 1, 2024, using the modified retrospective approach.

In March 2022, the FASB issued Accounting Standards Update No. 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging-Portfolio Layer Method*, expands the "last-of-layer" method of hedge accounting to allow multiple hedged layers within a single closed portfolio, renaming it the "portfolio layer method." It also expands this method to include nonprepayable financial assets and clarifies how to account for fair value hedge basis adjustments at the portfolio level, rather than allocating them to individual assets. The Organization adopted this guidance effective July 1, 2024, using the modified retrospective approach.

In October 2021, the FASB issued Accounting Standards Update No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which allows the acquirer to measure these items as if they had originated the contracts themselves, applying ASC 606 principles, rather than at fair value. This promotes greater consistency, comparability, and transparency in financial reporting by aligning acquired revenue contracts with existing ones. The Organization adopted this guidance effective July 1, 2024, using the modified retrospective approach.

Recently Issued Accounting Pronouncements

ASU 2025-02, Liabilities (405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122, which amends the guidance in ASC 450-10-S99-1 to remove the text of SAB Topic 5.FF, “Accounting for Obligations to Safeguard Crypto-Assets an Entity Holds for Its Platform Users.” The Organization is currently evaluating the adoption of this guidance.

ASU 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets, to improve the accounting for and disclosure of crypto assets. The Organization is currently evaluating the adoption of this guidance.

ASU 2023-02, Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method, permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The Organization is currently evaluating the adoption of this guidance.

ASU 2022-05, Financial Services—Insurance (Topic 944): Transition for Sold Contracts, amends transition guidance in ASU No. 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (LDTI), for contracts that have been derecognized because of a sale or disposal of individual or a group of contracts or legal entities before the LDTI effective date. The Organization is currently evaluating the adoption of this guidance.

ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, clarifies how to determine the fair value of equity securities subject to contractual sale restrictions. The Organization is currently evaluating the adoption of this guidance.

2 Deposits

The Federal Deposit Insurance Corporation insures all bank accounts maintained by the Organization thereby limiting potential credit risk to balances in excess of \$250,000. The deposit balance does periodically exceed the FDIC \$250,000 insurance cap, but to date the Organization has not experienced any losses on such accounts. As of June 30, 2025 and 2024, the Organization had \$361,368 and \$331,154, respectively in excess of the FDIC insured amounts.

3 Property and Equipment

Property and equipment consist of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 265,286	\$ 265,286
Buildings and improvements	2,509,178	2,515,872
Vehicles	440,413	461,859
Furniture and equipment	<u>449,185</u>	<u>367,430</u>
	3,664,062	3,610,447
Accumulated depreciation	<u>(2,033,130)</u>	<u>(1,887,329)</u>
	<u>\$ 1,630,932</u>	<u>\$ 1,723,118</u>

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$199,695 and \$204,317, respectively.

4 Notes Payable

The Organization's notes payable consist of the following:

	<u>2025</u>	<u>2024</u>
Note payable USDA - Rural Development with monthly installments of \$4,942, including interest at 4.38%, maturing March 2049. Note is secured by real estate.	\$ 712,169	\$ 739,874
Note payable USDA - Rural Development with monthly installments of \$614, including interest at 4.00%, maturing January 2050. Note is secured by real estate.	<u>114,461</u>	<u>117,210</u>
	826,630	857,084
Less: current portion	<u>(31,559)</u>	<u>(29,728)</u>
	<u>\$ 795,071</u>	<u>\$ 827,356</u>

Future scheduled maturities of the notes are as follows:

<u>Year(s)</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 31,559	\$ 35,113	\$ 66,672
2027	32,957	33,715	66,672
2028	34,417	32,255	66,672
2029	35,941	30,731	66,672
2030	37,533	29,140	66,673
2031 and thereafter	<u>654,223</u>	<u>203,646</u>	<u>857,869</u>
	<u>\$ 826,630</u>	<u>\$ 364,600</u>	<u>\$ 1,191,230</u>

In addition to the monthly payments of principal and interest, the Organization's debt agreement requires that cash funds be deposited in a separate account in amounts equaling 10% of debt service payments, until the amount accumulated equals 12 months of debt service payments. The funds are ultimately to be used for debt retirement. The funds are termed "cash restricted for debt reserve" in the Statement of Financial Position.

5 Functional Allocation of Expenses

Joint costs are those cost incurred for the common benefit of all Organization programs. Based on the type of joint cost, various methods are used to allocate such costs to benefited programs. The following are cost allocation methods utilized:

Personnel

General administration and accounting personnel (Executive Director, Deputy Director, Finance Director and Fiscal Staff) record time spent working on specific programs and general Organization matters. Hours identified to a specific program are charged to that program. Hours spent on general Organization matters are charged to an indirect cost pool account with over-runs (salaried, payroll expenses, benefits, etc.) being paid by the Community Services Block Grant. The percentage used to fund the indirect cost pool is determined by the Department of Health and Human resources on an annual basis.

Building

Occupancy costs (repairs and maintenance and supplies) are allocated based on square footage of space occupied by a program to the total square footage of the building. Administrative and common area space allocations are based on space occupied by a single program as a ratio of the occupied space of all programs. Utilities, including telephone and internet, are allocated based on the Cost Allocation Plan – Building Pool.

Copy Cost

Copier costs are allocated to the program based on location of the copier, with the exception of multi-purpose or administrative copiers, which are allocated to the Indirect Cost Pool.

Insurance

Insurance cost is allocated to a benefit program based on premiums for each coverage (equipment, space, people, etc.).

6 Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while attempting to maximize the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2025</u>	<u>2024</u>
Current assets, excluding non-financial assets	\$ 1,681,236	\$ 1,484,789
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	_____ -	_____ -
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,681,236</u>	<u>\$ 1,484,789</u>

The Organization does not have a formal policy related to investing excess cash and maintaining balances but strives to keep funds in highly liquid accounts that are readily convertible to cash should a need arise.

7 Commitments, Contingencies, and Concentrations

The Organization may be involved in potential lawsuits or other claims arising in the normal course of business. It is management's belief that any liability resulting from such claims would not be material in relation to the Organization's financial position. Management notes that the Organization was not party to any litigation as of June 30, 2025.

The Organization receives a substantial amount of support from state and federal agencies. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

Grants

Under the terms of certain grant programs, periodic audits may be made, and certain costs may be questioned as not being appropriate expenses. Laws and regulations governing the grant programs and allowability of program costs are complex and subject to interpretation. Accordingly, such audits could lead to disallowances requiring reimbursements to the grantor agencies, which could be material to the Organization's financial statements. Management of the Organization believes that the Organization is in compliance with applicable laws and regulations in all material respects.

8 Functional Expenses

The chart below presents expenses for fiscal years ended June 30, 2025 and 2024 respectively:

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2025

Program Activities

Supporting Activities

	<u>Head Start</u>	<u>Youth Services</u>	<u>Housing</u>	<u>Senior Services</u>	<u>CSBG</u>	<u>Financial Services</u>	<u>Programs Subtotal</u>	<u>Management and General</u>	<u>Supporting Subtotal</u>	<u>Total</u>
Personnel costs	\$ 1,780,766	\$ 226,348	\$ 189,761	\$ 161,610	\$ 208,339	\$ 54,266	\$ 2,621,090	\$ 153,322	\$ 153,322	\$ 2,774,412
Tuition, training and travel	14,512	5,269	10,837	183	8,369	73	39,243	824	824	40,067
Insurance	24,110	1,597	1,924	9,122	6,642	-	43,395	2,549	2,549	45,944
Consultants and contracts	139,915	8,205	439,048	15,517	19,437	-	622,122	93,466	93,466	715,588
Advertising	-	910	2,857	751	100	201	4,819	21,425	21,425	26,244
Food and kitchen services	72,609	7,259	-	81,859	8,748	-	170,475	807	807	171,282
Office supplies	2,575	1,106	2,135	80	4,106	-	10,002	145	145	10,147
Program supplies	53,540	10,080	103	33,353	10,098	1,758	108,932	8,132	8,132	117,064
Allocated indirect	476,124	59,845	50,816	44,687	56,250	14,438	702,160	45,134	45,134	747,294
Postage and printing	5,413	1,791	30	107	2,981	-	10,322	1,251	1,251	11,573
Space costs (occupancy)	117,370	39,074	4,625	25,012	-	-	186,081	42,131	42,131	228,212
Space costs (occupancy) - in kind	55,965	-	-	-	-	-	55,965	-	-	55,965
Dues and subscriptions	29,867	3,869	2,166	839	10,985	-	47,726	1,076	1,076	48,802
Program service expenses	6,914	6,688	57	1,552	1,508	-	16,719	15,231	15,231	31,950
Program service expenses - in kind	109,468	-	-	-	-	-	109,468	13,846	13,846	123,314
Volunteer services - in kind	431,037	34,033	-	69,954	-	-	535,024	-	-	535,024
Meeting expenses	926	-	-	-	-	105	1,031	-	-	1,031
Automobile expenses	58,944	1,061	(589)	38,612	300	-	98,328	191	191	98,519
Tools and equipment	7,443	2,478	1,742	1,621	16,232	1,017	30,533	3,895	3,895	34,428
Interest expense	-	-	-	-	-	-	-	36,044	36,044	36,044
Supplies and materials	4,633	566	-	-	-	-	5,199	40	40	5,239
Supplies - in kind	160	-	-	-	-	-	160	-	-	160
Miscellaneous	-	-	-	-	-	-	-	14,882	14,882	14,882
Total Expenses Before Depreciation	<u>3,392,291</u>	<u>410,179</u>	<u>705,512</u>	<u>484,859</u>	<u>354,095</u>	<u>71,858</u>	<u>5,418,794</u>	<u>454,391</u>	<u>454,391</u>	<u>5,873,185</u>
Depreciation	-	-	-	-	-	-	-	199,695	199,695	199,695
Total Expenses	<u>\$ 3,392,291</u>	<u>\$ 410,179</u>	<u>\$ 705,512</u>	<u>\$ 484,859</u>	<u>\$ 354,095</u>	<u>\$ 71,858</u>	<u>\$ 5,418,794</u>	<u>\$ 654,086</u>	<u>\$ 654,086</u>	<u>\$ 6,072,880</u>

2024

	Program Activities							Supporting Activities			Total
	Head Start	Youth Services	Housing	Senior Services	Homeless Prevention	CSBG	Financial Services	Programs Subtotal	Management and General	Supporting Subtotal	
Personal costs	\$ 1,880,847	\$ 158,661	\$ 141,505	\$ 129,124	\$ -	\$ 158,953	\$ -	\$ 2,469,090	\$ 156,034	\$ 156,034	\$ 2,625,124
Tuition, training and travel	101,173	3,450	13,591	767	-	12,718	-	131,699	1,526	1,526	133,225
Insurance	22,750	2,106	1,835	8,688	-	6,401	-	41,780	1,968	1,968	43,748
Consultants and contracts	14,354	4,973	718,244	-	188,455	6,341	7,579	939,946	130,701	130,701	1,070,647
Advertising	48,492	6,133	-	144	-	7,219	-	61,988	8,251	8,251	70,239
Food and kitchen services	95,904	3,679	-	67,411	-	-	-	166,994	-	-	166,994
Office supplies	3,778	731	2,077	3,941	-	5,147	-	15,674	16,521	16,521	32,195
Program supplies	46,139	6,325	558	8,623	-	23,493	359	85,497	42,449	42,449	127,946
Allocated indirect	514,653	43,566	38,591	36,321	-	43,386	-	676,517	58,783	58,783	735,300
Postage and printing	6,069	1,636	-	-	-	4,352	-	12,057	2,223	2,223	14,280
Space costs (occupancy)	49,069	63,445	16,604	10,041	6,600	1,039	-	146,798	24,942	24,942	171,740
Space costs (occupancy) - in kind	22,200	-	-	-	-	-	-	22,200	-	-	22,200
Dues and subscriptions	10,610	2,984	1,500	10	-	19,989	-	35,093	1,155	1,155	36,248
Program service expenses	8,114	526	-	113	25,612	28	-	34,393	5,929	5,929	40,322
Program service expenses - in kind	124,320	-	-	-	-	-	-	124,320	-	-	124,320
Volunteer services - in kind	607,468	58,196	-	55,655	-	-	-	721,319	-	-	721,319
Meeting expenses	1,513	-	-	-	-	185	-	1,698	111	111	1,809
Automobile expenses	59,245	132	906	34,447	-	1,476	62	96,268	2,651	2,651	98,919
Tools and equipment	-	-	-	-	-	2,999	-	2,999	-	-	2,999
Interest expense	-	-	-	-	-	-	-	-	37,971	37,971	37,971
Supplies and material	-	-	46	-	-	184	-	230	19,050	19,050	19,280
Miscellaneous	-	-	-	-	-	-	-	-	1,080	1,080	1,080
Total Expenses Before Depreciation	3,616,698	356,543	935,457	355,285	220,667	293,910	8,000	5,786,560	511,345	511,345	6,297,905
Depreciation	-	-	-	-	-	-	-	-	204,317	204,317	204,317
Total Expenses	<u>\$ 3,616,698</u>	<u>\$ 356,543</u>	<u>\$ 935,457</u>	<u>\$ 355,285</u>	<u>\$ 220,667</u>	<u>\$ 293,910</u>	<u>\$ 8,000</u>	<u>\$ 5,786,560</u>	<u>\$ 715,662</u>	<u>\$ 715,662</u>	<u>\$ 6,502,222</u>

9 Subsequent Events

The Organization has evaluated subsequent events through February 19, 2026, the date which the financial statements were available to be issued.

Solutions that Empower People, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed-through to Subrecipients</u>
Department of Health and Human Services				
Pass-Through Payments				
<i>Department of Social Services</i>				
Community Services Block Grant	93.569	765	\$ 195,000	\$ -
Temporary Assistance for Needy Families (TANF)	93.558	765	163,225	-
<i>Department of Housing and Community Development</i>				
Low-Income Home Energy Assistance	93.568	165	199,669	-
<i>Southern Area Agency on Aging, Inc.</i>				
Aging Cluster				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	44,864	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	262,060	-
Subtotal - Aging Cluster			306,924	-
Direct Payments				
<i>Head Start Cluster</i>				
Head Start	93.600	N/A	2,933,637	-
Subtotal - Head Start Cluster			2,933,637	-
Total U. S. Department of Health and Human Services			3,798,455	-
U.S. Department of Energy				
Pass-Through Payments				
<i>Department of Housing and Community Development</i>				
Weatherization Assistance for Low-Income Persons	81.042	165	354,175	-
Total U. S. Department of Energy			354,175	-
U.S. Department of Agriculture				
Pass-Through Payments				
<i>Department of Education</i>				
Local Food Purchase Assistance Program	10.182	197	5,113	-
<i>Department of Health and Human Services</i>				
Child and Adult Care Food Program	10.558	197	163,770	-
Total U. S. Department of Agriculture			168,883	-
U. S. Department of Housing and Urban Development				
Pass-Through Payments				
<i>Virginia Housing Development Authority</i>				
<i>Section 8 Project-Based Cluster</i>				
Project Based Rental Assistance (PBRA)	14.195	Unavailable	31,706	-
Subtotal - Section 8 Project-Based Cluster			31,706	-
Total U. S. Department of Housing and Urban Development			31,706	-
Total Expenditures of Federal Awards			\$ 4,353,219	\$ -

See accompanying notes to schedule of expenditures of federal awards.

Solutions That Empower People, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Solutions That Empower People, Inc. under programs of the federal government for the year ended June 30, 2025. The information in this Schedule 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 Schedule presents only a selected portion of the operations of Solutions That Empower People, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Solutions That Empower People, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule 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

Solutions That Empower People, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Subrecipients

No awards passed through to subrecipients.

5. Relationship to the Financial Statements

Federal expenditures, revenues, and capital contributions are reported in the Organization's basic financial statements as follows:

Total Grant Revenues per Statement of Activities	\$5,429,250
Less: State and Local Grants	<u>1,076,031</u>
Amount Presented on SEFA	<u>\$4,353,219</u>



INDEPENDENT AUDITOR'S 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
Solutions That Empower People, Inc.

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 Solutions That Empower People, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Solutions That Empower People, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Solutions That Empower People, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Solutions That Empower People, Inc.'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

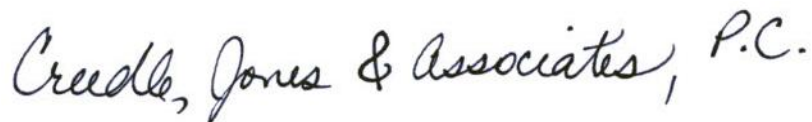
As part of obtaining reasonable assurance about whether Solutions That Empower People, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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*.

Solutions That Empower People, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Solutions That Empower People, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Solutions That Empower People, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
February 19, 2026



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

To the Board of Directors
Solutions That Empower People, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Solutions That Empower People, Inc.'s 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 each of Solutions That Empower People, Inc.'s major federal programs for the year ended June 30, 2025. Solutions That Empower People, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Solutions That Empower People, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). 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 Solutions That Empower People, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Solutions That Empower People, Inc.'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 control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Solutions That Empower People, Inc.'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 Solutions That Empower People, Inc.'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Solutions That Empower People, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Solutions That Empower People, Inc.'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 Solutions That Empower People, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Solutions That Empower People, Inc.'s internal control 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 control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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

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

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
February 19, 2026

Solutions That Empower People, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on whether the financial statements of Solutions That Empower People, Inc. were prepared in accordance with GAAP.
2. **One significant deficiency** was disclosed during the audit of the financial statements as reported in the Independent Auditor's 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*. No material weaknesses were reported.
3. **No instances of noncompliance** material to the financial statements of Solutions That Empower People, Inc. were disclosed during the audit.
4. **No significant deficiencies** in internal control over major federal award programs were disclosed during the audit as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Solutions That Empower People, Inc. expresses an **unmodified opinion** on all major federal programs.
6. The audit disclosed **no audit findings** that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs included:

93.600	Head Start Cluster
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8. The **threshold for** distinguishing Types A and B programs was **\$750,000**.
9. Solutions That Empower People, Inc. **was not** determined to be a **low-risk auditee**.

Findings – Financial Statements Audit

2025-001 (Repeat Finding): In-Kind Revenue Documentation (Significant Deficiency)

Criteria

An auditee should retain proper documentation to support the balance of In-Kind Revenue.

Condition

The Organization was not able to provide documentation supporting certain items recorded as In-Kind Revenue

Cause

The Organization does not have proper procedures in place to ensure that documentation is being properly retained.

Effect

There is a reasonable possibility that amounts related to In-Kind Revenue are not being correctly recorded. There is also a reasonable possibility that items are being incorrectly classified as In-Kind Revenue.

Recommendation

We recommend that documentation for each item within In-Kind Revenue is retained. We recommend that this documentation includes support showing how each amount was determined. We also recommend that this documentation includes the reasoning behind each item that is included and how each item meets the criteria to be properly recorded as In-Kind Revenue.

Views of Responsible Officials and Planned Corrective Action

Accounting will be sure to keep detailed underlying support for each In-Kind adjustment going forward.

Findings and Questioned Costs – Major Federal Award Programs Audit

None

Solutions That Empower People, Inc.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

Finding 2024-001: Audit Adjustments (Material Weakness)

Condition: The financial statements as presented for audit did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, there were proposed adjustments that were material to the financial statements.

Recommendation: The Organization should review the auditor's proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Current Status:

Corrective action has been taken and this matter has been resolved.

Finding 2024-002: Segregation of Duties (Material Weakness)

Condition: The Organization lacks a proper segregation of duties related to the journal entry review and processing function. We noted multiple instances of journal entries being posted without being properly reviewed and approved by an individual other than the preparer.

Recommendation: We recommend that every journal entry that is posted be supported by appropriate documentation, and that each entry should be reviewed and approved by an individual other than the preparer.

Current Status:

Corrective action has been taken and this matter has been resolved.

Finding 2024-003: In-Kind Revenue Documentation (Significant Deficiency)

Condition: The Organization was not able to provide documentation supporting certain items recorded as In-Kind Revenue.

Recommendation: We recommend that documentation for each item within In-Kind Revenue is retained. We recommend that this documentation includes support showing how each amount was determined. We also recommend that this documentation includes the reasoning behind each item that is included and how each item meets the criteria to be properly recorded as In-Kind Revenue.

Current Status:

The Organization is in the process of implementing the corrective action. See current year finding number 2025-001 for additional details.