



October 17, 2024

To the Board of Directors
One Step Further, Inc.
Greensboro, North Carolina 27401

We have audited the financial statements of One Step Further, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated October 17, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 12, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of One Step Further, Inc., solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope we previously communicated to you and based on when information was provided to the audit team.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

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Significant Risks Identified

We have identified the following significant risks:

- Management override of internal controls
- Improper revenue recognition due to fraud
- Estimation of the fair market value of donated materials
- Allocation of functional expenses

The risk related to estimation of the fair market value of donated materials and the allocation of functional expenses were added subsequent to completion of the engagement letter due to the significance of the dollar value of the donated assets and the significant estimates embodied in the statement of functional expenses.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by One Step Further, Inc. is included in Note 1 to the financial statements. The Organization has adopted the provisions of Accounting Standards Update 2016-02, *Leases* (Topic 842), during the year ended June 30, 2023. The new standard substantially required all long-term leases to be recorded on the statement of financial position as a right of use asset and corresponding liability. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allocations of functional expenses and the value of donated materials.

We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting One Step Further, Inc.'s financial statements relate to:

- Composition of net asset restrictions
- Concentrations of revenue with Guilford County

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were noted during our audit of your financial statements.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred during the year ended June 30, 2023.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes all material, corrected misstatements identified as a result of our audit as of and for the year ended June 30, 2023.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to One Step Further, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No circumstances occurred during the audit that affected the form or content of our auditor's report for your audit.

One Step Further, Inc.

October 17, 2024

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Representations Requested from Management

We have requested certain written representations from management, which are included in the representation letter dated October 17, 2024.

Management's Consultations with Other Accountants

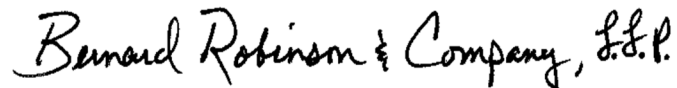
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with One Step Further, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as One Step Further, Inc.'s auditors.

This report is intended solely for the information and use of the Board of Directors and management of One Step Further, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Bernard Robinson & Company, L.L.P.".

BERNARD ROBINSON & COMPANY, L.L.P.

One Step Further, Inc.
SUMMARY OF AUDIT DIFFERENCES
Uncorrected Misstatements
Year Ended June 30, 2023

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
To adjust rent expense for prepaid rent.			
1400	Prepaid Rent	\$ 9,000	
6500-22	Rent Expense-22		\$ 9,000
To adjust fixed assets and AP for purchases on credit, but not yet charged/placed in service as of year end.			
1160	BB&T VISA	\$ 5,363	
1751-22	Computers & Equipment-22		\$ 3,654
1751-4	Computers & Equipment-4		1,709

One Step Further, Inc.
SUMMARY OF AUDIT DIFFERENCES
Material Audit Adjustments
Year Ended June 30, 2023

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
To adjust GCC deferred revenue			
4009-19	City of Greensboro/GCC-CV-19	\$ 53,863	
2341-19	Deferred Revenue-GCC/CV		\$ 53,863

ONE STEP FURTHER, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



ONE STEP FURTHER, INC.

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Independent Auditor's Report

To the Board of Directors
One Step Further, Inc.
Greensboro, North Carolina

Opinion

We have audited the financial statements of One Step Further, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of One Step Further, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of One Step Further, Inc. 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 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 One Step Further, 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 GAAS 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 GAAS, 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 One Step Further, 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 One Step Further, 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.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
October 17, 2024

ONE STEP FURTHER, INC.
Statements of Financial Position
June 30, 2023 and 2022

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and cash equivalents	\$ 105,065	\$ 83,505
Grants receivable	73,759	54,544
Promises to give	101,027	93,193
CSNP inventory	23,695	3,037
Receivable from employees	199	5,292
Other current assets	4,314	4,314
Total current assets	<u>308,059</u>	<u>243,885</u>
Property and Equipment:		
Land	104,074	104,074
Building	322,021	322,021
Computers and equipment	139,931	121,426
Office furniture and equipment	15,560	21,828
Vehicles	29,595	29,595
	<u>611,181</u>	<u>598,944</u>
Less accumulated depreciation	<u>296,811</u>	<u>273,877</u>
	<u>314,370</u>	<u>325,067</u>
Other Assets:		
Deposits	1,250	1,250
Operating lease right of use asset	209,007	-
	<u>210,257</u>	<u>1,250</u>
Total assets	<u>\$ 832,686</u>	<u>\$ 570,202</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Current portion of long-term debt	\$ 5,668	\$ 8,699
Accounts payable	11,096	6,284
Deferred revenues	92,711	12,477
Operating lease liability, current portion	33,271	-
Other current liabilities	1,294	68
Accrued vacation pay	42,521	36,247
Total current liabilities	<u>186,561</u>	<u>63,775</u>
Other Liabilities:		
Long-term debt, noncurrent portion	162,391	165,178
Operating lease liability, noncurrent portion	179,345	-
Total liabilities	<u>528,297</u>	<u>228,953</u>
Net Assets:		
Without donor restrictions	203,362	248,056
With donor restrictions	101,027	93,193
Total net assets	<u>304,389</u>	<u>341,249</u>
Total liabilities and net assets	<u>\$ 832,686</u>	<u>\$ 570,202</u>

See Notes to Financial Statements

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Program Revenue:						
Guilford County - JCPC	\$ 345,867	\$ -	\$ 345,867	\$ 274,505	\$ -	\$ 274,505
Guilford County - CBO	63,350	-	63,350	63,550	-	63,550
Guilford County - Pre Trial	100,000	-	100,000	100,000	-	100,000
City of Greensboro - GCC1	369,766	-	369,766	389,156	-	389,156
Guilford County - GCC2	217,826	-	217,826	-	-	-
Program Fees	-	-	-	350	-	350
MNNC/CSC Fees	1,758	-	1,758	4,826	-	4,826
MNNC/Medicaid Appeals Fees	40,150	-	40,150	11,955	-	11,955
IOLTA	1,615	-	1,615	-	-	-
Conflict resolution training income	-	-	-	2,250	-	2,250
City of Burlington	14,374	-	14,374	37,799	-	37,799
Total program revenue	<u>1,154,706</u>	<u>-</u>	<u>1,154,706</u>	<u>884,391</u>	<u>-</u>	<u>884,391</u>
Support Revenue:						
United Way of Greater Greensboro	-	84,096	84,096	-	76,262	76,262
United Way of Greater High Point	-	16,931	16,931	-	16,931	16,931
Contributions	97,400	-	97,400	47,000	-	47,000
In-kind donations	1,806,260	-	1,806,260	1,681,145	-	1,681,145
In-kind rent	120,325	-	120,325	92,025	-	92,025
CSNP community contributions	23,836	-	23,836	38,469	-	38,469
EFSP-Food Purchase Funding	18,800	-	18,800	2,500	-	2,500
Piedmont Triad Regional Council	-	-	-	61,392	-	61,392
Total support revenue	<u>2,066,621</u>	<u>101,027</u>	<u>2,167,648</u>	<u>1,922,531</u>	<u>93,193</u>	<u>2,015,724</u>
Other Revenue:						
Rent	6,350	-	6,350	6,600	-	6,600
Miscellaneous income	1,626	-	1,626	7,366	-	7,366
Interest income	2	-	2	7	-	7
Total other revenue	<u>7,978</u>	<u>-</u>	<u>7,978</u>	<u>13,973</u>	<u>-</u>	<u>13,973</u>
Total revenue	<u>3,229,305</u>	<u>101,027</u>	<u>3,330,332</u>	<u>2,820,895</u>	<u>93,193</u>	<u>2,914,088</u>

See Notes to Financial Statements

Statements of Activities and Changes in Net Assets (Continued)

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets Released From Restrictions:						
Satisfaction of program and time restrictions	\$ 93,193	\$ (93,193)	\$ -	\$ 118,789	\$ (118,789)	\$ -
Total revenue and net assets released from restrictions	<u>3,322,498</u>	<u>7,834</u>	<u>3,330,332</u>	<u>2,939,684</u>	<u>(25,596)</u>	<u>2,914,088</u>
Expenses:						
Program services	3,058,309	-	3,058,309	2,707,032	-	2,707,032
Management and general	308,347	-	308,347	279,743	-	279,743
Fundraising	536	-	536	9	-	9
Total expenses	<u>3,367,192</u>	<u>-</u>	<u>3,367,192</u>	<u>2,986,784</u>	<u>-</u>	<u>2,986,784</u>
Changes in net assets	(44,694)	7,834	(36,860)	(47,100)	(25,596)	(72,696)
Net assets, beginning	<u>248,056</u>	<u>93,193</u>	<u>341,249</u>	<u>295,156</u>	<u>118,789</u>	<u>413,945</u>
Net assets, ending	<u>\$ 203,362</u>	<u>\$ 101,027</u>	<u>\$ 304,389</u>	<u>\$ 248,056</u>	<u>\$ 93,193</u>	<u>\$ 341,249</u>

ONE STEP FURTHER, INC.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services											Supporting Services			Grand Total	
	Adult Mediation Services	Guilford County Teen Court Program	Guilford County Junior/Senior Life Skills Program	Guilford Community Service/Restitution Program	Community Offender Resource Program	Community Support and Nutrition Program	Family Factor Program	Guilford Teen Traffic Diversion Program	Gate City Coalition Program 1	Gate City Coalition Program 2	Burlington Police Dept.- Juvenile Mediation	Total	Management and General	Fundraising		Total
Expenses:																
Salaries	\$ 37,000	\$ 69,656	\$ 66,939	\$ 42,800	\$ 72,619	\$ 80,280	\$ 27,309	\$ 2,000	\$ 229,647	\$ 105,684	\$ 11,787.00	\$ 745,721	\$ 118,626	\$ -	\$ 118,626	\$ 864,347
ESC Payroll Taxes	-	1,393	-	-	472	302	-	-	1,743	1,281	-	5,191	-	-	-	5,191
FICA Expense	2,831	5,329	5,121	3,274	5,555	6,141	2,089	153	17,568	8,085	901	57,047	9,075	-	9,075	66,122
Fringe Benefits-Insurance	761	6,138	7,613	7,613	8,123	7,613	97	-	42,593	9,021	-	89,572	10,411	-	10,411	99,983
Fringe Benefits-Accrued Vacation	1,022	1,034	610	(531)	595	(181)	(2)	44	1,088	2,092	(196)	5,575	702	-	702	6,277
Food Pantry Expense	-	-	-	-	-	1,793,158	-	-	-	-	-	1,793,158	-	-	-	1,793,158
CSR Restitution	-	-	-	9,811	-	-	-	-	-	-	-	9,811	-	-	-	9,811
Contractual Services	-	14,667	22,554	5,291	12,794	25,200	-	30,319	10,500	-	-	121,325	-	-	-	121,325
Staff Training - Conferences	-	547	300	185	-	-	-	-	2,005	1,872	150	5,059	-	-	-	5,059
Mileage Reimbursement	330	415	390	235	-	-	-	348	1,242	387	-	3,347	-	-	-	3,347
Office Supplies Expense	1,521	1,055	732	632	940	77	-	282	755	195	-	6,189	1,841	-	1,841	8,030
Program/Training Supplies	50	957	982	-	1,168	734	-	-	1,110	128	-	5,129	-	-	-	5,129
Staff Apparel	-	-	-	-	-	-	-	-	4,474	4,032	-	8,506	-	-	-	8,506
Background Screening	-	258	218	-	-	-	-	-	273	434	-	1,183	-	-	-	1,183
Community Events/Participant Activities	-	-	-	-	-	-	-	-	12,669	11,471	-	24,140	-	-	-	24,140
Emergency Client Assistance	-	-	-	-	-	-	-	-	591	-	-	591	-	-	-	591
Printing	-	528	528	500	215	67	88	217	663	807	-	3,613	1,204	-	1,204	4,817
Postage	-	800	500	800	372	146	-	103	88	319	-	3,128	600	-	600	3,728
Office/Equipment Repairs/Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	3,318	-	3,318	3,318
Box Truck Repair/Maintenance/Gas	-	-	-	-	-	-	-	-	-	-	-	-	2,329	-	2,329	2,329
In-Kind Facility Use	-	13,375	4,000	15,400	-	82,800	-	3,600	1,150	-	-	120,325	-	-	-	120,325
In-Kind Donated Program Supplies	-	-	-	-	-	-	-	-	7,771	3,500	-	11,271	-	-	-	11,271
Lease expense	-	-	-	-	-	-	-	-	-	-	-	-	51,465	-	51,465	51,465
Interest expense and bank fees	-	-	-	-	-	-	-	-	-	-	-	-	13,833	-	13,833	13,833
Professional expense	-	-	-	-	-	-	-	-	-	-	-	-	22,000	-	22,000	22,000
Telephone	-	3,100	-	3,478	2,704	778	-	-	6,023	1,771	-	17,854	4,407	-	4,407	22,261
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	3,602	-	3,602	3,602
Miscellaneous expense	2,157	-	-	47	110	76	138	45	1,055	-	-	3,628	837	-	837	4,465
Utilities	-	1,200	1,000	1,700	-	-	-	-	747	-	-	4,647	1,922	-	1,922	6,569
Food Inventory Software Renewal	-	-	-	-	-	11,940	-	-	-	-	-	11,940	-	-	-	11,940
Accident Insurance	-	-	-	359	-	-	-	-	-	-	-	359	-	-	-	359
Professional Liability/EPLI/D&O Insurance	-	-	-	-	-	-	-	-	-	-	-	-	16,417	-	16,417	16,417
Workers' Compensation Insurance	-	-	-	-	-	-	-	-	-	-	-	-	3,145	-	3,145	3,145
Commercial/Property Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-	10,910	-	10,910	10,910
Box Truck Insurance	-	-	-	-	-	-	-	-	-	-	-	-	2,085	-	2,085	2,085
Fundraising Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	536	536	536
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	29,618	-	29,618	29,618
	<u>\$ 45,672</u>	<u>\$ 120,452</u>	<u>\$ 111,487</u>	<u>\$ 91,594</u>	<u>\$ 105,667</u>	<u>\$ 2,009,131</u>	<u>\$ 29,719</u>	<u>\$ 37,111</u>	<u>\$ 343,755</u>	<u>\$ 151,079</u>	<u>\$ 12,642</u>	<u>\$ 3,058,309</u>	<u>\$ 308,347</u>	<u>\$ 536</u>	<u>\$ 308,883</u>	<u>\$ 3,367,192</u>

ONE STEP FURTHER, INC.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services										Supporting Services			Grand Total	
	Adult Mediation Services	Guilford County Teen Court Program	Guilford County Junior/Senior Life Skills Program	Guilford Community Service/Restitution Program	Community Offender Resource Program	Community Support and Nutrition Program	Family Factor Program	Guilford Teen Traffic Diversion Program	Gate City Coalition Program I	Burlington Police Dept.- Juvenile Mediation	Total	Management and General	Fundraising		Total
Expenses:															
Salaries	\$ 37,200	\$ 66,435	\$ 42,000	\$ 43,996	\$ 65,766	\$ 64,418	\$ 31,256	\$ -	\$ 218,730	\$ 33,745	\$ 603,546	\$ 115,936	\$ -	\$ 115,936	\$ 719,482
ESC Payroll Taxes	449	921	-	-	958	103	-	-	850	400	3,681	-	-	-	3,681
FICA Expense	2,846	5,082	4,261	3,366	5,031	3,880	2,391	-	16,733	2,581	46,171	8,870	-	8,870	55,041
Fringe Benefits-Insurance	761	6,138	6,458	6,405	6,818	6,458	97	-	37,044	-	70,179	7,836	-	7,836	78,015
Fringe Benefits-Accrued Vacation	-	-	-	-	-	-	-	-	-	-	-	2,603	-	2,603	2,603
Food Pantry Expense	-	-	-	-	-	1,691,120	-	-	-	-	1,691,120	-	-	-	1,691,120
CSR Restitution	-	-	-	18,293	-	-	-	-	-	-	18,293	-	-	-	18,293
Contractual Services	-	14,562	20,786	7,422	13,650	26,146	52	-	16,500	-	99,118	-	-	-	99,118
Staff Training - Conferences	359	401	373	407	20	10	-	-	74	50	1,694	-	-	-	1,694
Mileage Reimbursement	329	728	7	65	165	-	-	-	59	-	1,353	-	-	-	1,353
Office Supplies Expense	896	998	700	600	900	175	-	-	973	-	5,242	2,300	-	2,300	7,542
Program/Training Supplies	147	1,004	-	650	-	12,029	-	5,576	-	-	19,406	-	-	-	19,406
Staff Apparel	-	-	-	-	-	-	-	-	5,187	-	5,187	-	-	-	5,187
Background Screening	-	720	130	42	42	-	-	-	109	-	1,043	-	-	-	1,043
Community Events/Participant Activities	-	-	-	-	-	-	-	-	14,056	-	14,056	-	-	-	14,056
Emergency Client Assistance	-	-	-	-	-	-	-	-	396	-	396	-	-	-	396
Printing	241	561	485	536	360	63	151	-	1,018	-	3,415	603	-	603	4,018
Postage	-	900	600	600	307	52	-	99	-	-	2,558	300	-	300	2,858
Office/Equipment Repairs/Maintenance	-	-	-	-	-	-	-	-	-	-	-	12,139	-	12,139	12,139
Van/Truck Repair/Maintenance/Gas	-	-	-	-	-	-	-	-	-	-	-	1,000	-	1,000	1,000
In-Kind Facility Use	-	5,900	1,500	625	-	84,000	-	-	-	-	92,025	-	-	-	92,025
Rent	-	-	-	-	-	-	-	-	-	-	-	23,121	-	23,121	23,121
Interest expense and bank fees	-	-	-	-	-	-	-	-	-	-	-	11,629	-	11,629	11,629
Professional expense	-	-	-	-	-	-	-	-	-	-	-	20,500	-	20,500	20,500
Telephone	-	3,813	-	2,802	1,138	255	-	-	6,534	163	14,705	2,595	-	2,595	17,300
Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	-	824	-	824	824
Miscellaneous expense	1,897	270	61	100	149	675	135	-	331	-	3,618	10,811	-	10,811	14,429
Utilities	-	1,000	1,000	1,079	1,024	-	-	-	2,335	-	6,438	800	-	800	7,238
Accident Insurance	-	-	-	359	-	-	-	-	-	-	359	-	-	-	359
Professional Liability/EPLI/D&O Insurance	-	-	-	-	-	-	-	-	-	-	-	10,351	-	10,351	10,351
Workers' Compensation	-	-	-	-	-	-	-	-	-	-	-	2,286	-	2,286	2,286
Commercial/Property Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	10,549	-	10,549	10,549
Van/Box Truck Insurance	-	-	-	600	700	2,129	-	-	-	-	3,429	-	-	-	3,429
Postage Meter and Copier Leases	-	-	-	-	-	-	-	-	-	-	-	4,640	-	4,640	4,640
Fundraising Expense	-	-	-	-	-	-	-	-	-	-	-	-	9	9	9
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	30,050	-	30,050	30,050
	<u>\$ 45,125</u>	<u>\$ 109,433</u>	<u>\$ 78,361</u>	<u>\$ 87,947</u>	<u>\$ 97,028</u>	<u>\$ 1,891,513</u>	<u>\$ 34,082</u>	<u>\$ 5,675</u>	<u>\$ 320,929</u>	<u>\$ 36,939</u>	<u>\$ 2,707,032</u>	<u>\$ 279,743</u>	<u>\$ 9</u>	<u>\$ 279,752</u>	<u>\$ 2,986,784</u>

ONE STEP FURTHER, INC.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ (36,860)	\$ (72,696)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	29,618	30,050
Non-cash lease expense	3,609	-
(Increase) decrease in:		
Grants receivable	(19,215)	14,473
Promises to give	(7,834)	25,596
Receivable from employees	5,093	(3,392)
CSNP inventory	(20,658)	1,269
Increase (decrease) in:		
Accounts payable	(551)	(1,891)
Deferred revenues	80,234	10,344
Other current liabilities	1,226	(7,127)
Accrued vacation pay	6,274	2,603
Net cash provided by (used in) operating activities	<u>40,936</u>	<u>(771)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(13,558)</u>	<u>(21,339)</u>
Net cash used in investing activities	<u>(13,558)</u>	<u>(21,339)</u>
Cash flows from financing activities:		
Payments on long-term debt	<u>(5,818)</u>	<u>(7,961)</u>
Net cash used in financing activities	<u>(5,818)</u>	<u>(7,961)</u>
Net increase (decrease) in cash and cash equivalents	21,560	(30,071)
Cash and cash equivalents at beginning of year	<u>83,505</u>	<u>113,576</u>
Cash and cash equivalents at end of year	<u>\$ 105,065</u>	<u>\$ 83,505</u>
Supplemental disclosure of cash flow information:		
Cash payments for interest	<u>\$ 13,546</u>	<u>\$ 11,406</u>
Supplemental disclosures of non-cash investing and financing activities:		
Property and equipment included in accounts payable	<u>\$ 5,363</u>	<u>\$ -</u>

ONE STEP FURTHER, INC.

Notes to Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

One Step Further, Inc., ("the Organization") is a nonprofit organization providing sentencing alternatives, victim restitution, conflict resolution, substance abuse counseling, and mediation services to residents of Guilford County within the criminal justice system. The Organization receives a variety of public and private funding from foundations, clubs, state, city and county agencies.

A summary of significant accounting policies follows:

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842), requiring an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. Under this standard, the lessee is required to record an asset for the right to use the underlying asset for the lease term and a corresponding liability for the contractual lease payments. The Organization adopted this standard effective July 1, 2022, the first day of the Organization's fiscal year using the modified retrospective approach and have not restated comparative periods. In addition, the Organization elected the package of practical expedients permitted under the transition guidance, which among other things, allowed the Organization to carry forward the historical lease classification.

Adoption of the new standard did not materially impact the Organization's net income and had no impact on cash flows.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Organization includes all cash accounts and all highly liquid investments with maturities of three months or less as cash and cash equivalents.

Grants Receivable

Grants receivable at year end represent reimbursements or allocations due from related grant agreements or contracts. Grant payments outstanding longer than the contractual terms are considered past due. The Organization determines if an uncollectible allowance is necessary by considering a number of factors, including the length of time past due, the previous loss history, the Grantor's current ability to pay and the condition of the general economy as a whole. The Organization's policy is to write off receivables as bad debts when they become uncollectible. Subsequent receipts of amounts written off are credited against bad debts. As of June 30, 2023 and 2022, the Organization considers all grants receivable to be fully collectible.

Contributions and Promises to Give

Contributions, including promises to give, are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Promises to Give (Continued)

When a donor restriction expires, that is, when a stipulated time and/or purpose restriction is satisfied, those net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions which have restrictions that are met in the same accounting period as received are included in unrestricted net assets during that period. As of June 30, 2023 and 2022, the Organization considers all promises to give receivables to be fully collectible.

CSNP Inventory

Inventory represents donated food for the Community Support and Nutrition Program. Inventory value is estimated at a rate per pound as provided by Feeding America. For the years ended June 30, 2023 and 2022, the rate provided was \$1.93 and \$1.92, respectively.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated assets at fair market value at the date of donation, and depreciated using the straight-line method over the estimated useful lives of the assets.

Leases

At the inception of a lease, the Organization assesses whether the lease represents an operating or financing lease. Operating leases are included in the balance sheet as a right-of-use ("ROU") asset and a corresponding lease liability. Financing leases are recorded in property and equipment and corresponding lease liability. The Organization has elected not to recognize a right-of-use asset or lease liability for leases with an initial term of 12 months or less that do not include a purchase option that is reasonably expected to be exercised. The expense associated with short-term leases is included in lease expense in the accompanying statement of activities and changes in net assets.

Right-of use assets and lease liabilities are recognized at the commencement date. The lease liabilities are measured at the present value of the lease payments over the lease term. The Organization uses the rate implicit in the lease if it is determinable. If not determinable, the Organization is using the US Treasury rate for all classes of underlying assets. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. To the extent a lease agreement includes both lease and nonlease components, the Company has elected to account for lease and nonlease components separately.

Net Assets

The Organization reports information regarding its financial position and activities using two classes of net assets; net assets without donor restrictions, and net assets with donor restrictions.

Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Organization in accordance with its bylaws.

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions represent resources currently available for use, but expendable only for those purposes specified by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Net assets with donor restrictions received and expended during the same year are classified as net assets without donor restrictions in the statements of activities and changes in net assets.

Gifts of property and equipment are measured at their estimated values at the date of receipt and reported as support without donor restrictions, 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 restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenues

Deferred revenues represent grant funds received in advance for expenses not yet incurred.

Revenue Recognition

The Organization has several revenue streams that fall within the context of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) which are reported as program revenue in the accompanying statement of activities and changes in net assets.

County and City grant funds are typically cost reimbursement grants and revenue is recognized in the month the service is provided and expenses are incurred. Any prepayments are deferred when received. Program fees are recognized as received as services are performed. All contain a single delivery element and therefore revenue is recognized at a single point in time when ownership, risks and rewards transfer.

Due to the nature of the Organization's business, there is typically no significant variable consideration, such as discounts, allowances, and returns. However, if variable consideration is deemed significant, variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Functional Allocation of Expenses

The costs of programs and supporting services are reported on a functional basis in the statements of activities and changes in net assets. This requires the allocation of indirect costs among the various programs and supporting services based on estimates made by management.

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets and Facilities

The Organization records the value of donated assets and facilities when there is an objective basis available to measure their value. Significant donated amounts are recorded at their fair value as a contribution and related purchase or expense. For the years ended June 30, 2023 and 2022, the Organization recorded \$1,926,585 and \$1,773,170, respectively, in donated service revenue and expense related to various programs including the Community Support and Nutrition Program.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization related to various programs. The value of this donated time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. The Organization estimates it received a fair market value of \$148,910 and \$108,284 in voluntary hours received during the years ended June 30, 2023 and 2022, respectively within the following programs:

	<u>2023</u>	<u>2022</u>
Guilford County Teen Court	\$ 20,205	\$ 13,430
Guilford County Junior/Senior Life Skills	1,989	2,223
Guilford County Service/Restitution	14,190	8,115
Community Offender Resource Program	2,400	5,203
Community Support and Nutrition	92,883	71,974
Gate City Coalition	12,293	7,339
Adult Mediation Services	4,950	-
	<u>\$ 148,910</u>	<u>\$ 108,284</u>

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under the IRC.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2023 and 2022.

Use of Estimates

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

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are expensed as incurred.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through October 17, 2024, which is the date the financial statements were available to be issued.

NOTE 2 - PROGRAM ACTIVITIES

The following provides a description of the Organization's programs:

Adult Mediation Services ("AMS") - This program provides mediation sessions for adult parties who have disputes and are willing to participate in the mediation process. Staff and trained volunteer mediators facilitate each mediation session. Referrals come from the criminal justice system and community self-referrals. The program also provides Medicaid mediation services for Union and Anson Counties. (Clerk of Court Fee For Court-Referred Cases)

Guilford County Teen Court Program ("GTC") - This program provides hearings for youth offenders ages 6 to 17 years old who are referred by SROs or juvenile court. Referred youth may be first offenders or youth who have not participated in Teen Court before. Charges addressed by Teen Court are Class I-III misdemeanors. Youth are sentenced by a peer jury and given mandatory sanctions such as self-enrichment programs, educational seminars, community service work, and jury duties. Other sanctions include letters of apology, curfews, research papers, and drug assessments. Offenders who do not successfully fulfill their contracts are sent to juvenile court for stricter sanctions and/or probationary supervision. (Free Service)

Guilford County Junior/Senior Life Skills Program ("JLSL") - This program provides classes for at-risk, undisciplined, or delinquent juveniles ages 8 to 17. Curriculum topics include conflict resolution, anger management, peer pressure, decision making, health and wellness, goal setting, and job readiness. Referrals are received from Teen Court, juvenile court counselors, school resource officers, school personnel, and the community. (Free Service)

Guilford Community Service-Restitution Program ("CSR") - This program provides 7 to 16 year-old youth opportunities to work at human service and non-profit agencies to fulfill court-ordered community service and victim restitution sanctions. One Step Further pays the victims. Program staff monitors client performance and submits reports to juvenile court counselors. Referrals come from the juvenile court system. (Free Service)

Community Offender Resource Program ("CORP") - This program provides adult offenders released from jail, adult offenders waiting for their court date, or cases referred for deferred prosecution a structured program to address their needs while they await trial. Services include anger management instruction, adult life skills/parenting skills, and attitude orientation/values clarification instruction. Referrals are received from the District Attorney's Office, the Public Defenders' Office, private attorneys, probation, and judges. (Free Service)

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 2 - PROGRAM ACTIVITIES (Continued)

Community Support and Nutrition Program ("CSNP") - This program provides patron-choice grocery distribution, home-delivered grocery assistance, Lunch & Learn Nutrition Education & Budgeting Skills, and Container Gardening Assistance to federal TEFAP (The Emergency Food Assistance Program) to eligible low income Guilford County individuals and families including but not limited to the unemployed/underemployed, the homeless, veterans, children, the LGBTQ community, the disabled, seniors, Cone Health Family Clinic patients, and immigrants seeking U.S. citizenship. (Free Service)

Family Factor Program ("FF") - This program utilizes current LGBTQ support services, family therapy community providers, and trained facilitators to improve family relationships and provide support and guidance to LGBTQ youth and their families. The program is conducted in 10-week (20 hours) blocks throughout the year. The program serves LGBTQ youth ages 12-24 and their family and/or care providers. Referrals are accepted from schools, juvenile court officials, school resource officers, foster care providers, PFLAG, Youth SAFE, Triad Health Project, DSS, the Guardian Ad Litem Office, GSAs (Gay Student Alliances), Youth Focus-Act Together, community agencies, and self referrals. (Free Service)

Guilford Teen Traffic Diversion Program ("TTD") - The Guilford Teen Traffic Diversion Program provides the opportunity for 16-18 year olds charged with traffic offences to be diverted from adult court while addressing potential causes for the offense and increasing public safety. The required sanction for program completion and dismissal of charges is satisfactory completion of the Alive at 25 4-hour or 8-hour class.

Gate City Coalition ("GCC") - GCC is an antiviolence initiative designed to utilize the Cure Violence health model developed by the University of Chicago to address the acts of violence in Greensboro, North Carolina. The target populations are individuals at high risk of involvement in shootings and killings. In order to be served by the program, prospective clients must meet certain criteria. Program objectives include community mobilization, public education, and improvement in law enforcement relationships, outreach services, and victim advocacy. (Free Service)

Burlington Police Department/Juvenile Mediation Services ("BPD-JUVMED") - Provides effective diversion, pre-adjudication, probation and re-entry options to address juvenile crime in selected Burlington/Alamance County schools by utilizing Restorative Justice processes such as Victim-Offender Mediation, Family Group Conferencing, and Peacemaker Circles. Services are provided on-site. Youth referrals are received from juvenile court counselors, judges, school resource officers, and school representatives. (Free Service)

NOTE 3 - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
United Way of Greater Greensboro	\$ 84,096	\$ 76,262
United Way of Greater High Point	16,931	16,931
	<u>\$ 101,027</u>	<u>\$ 93,193</u>

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Note payable to a bank secured by a deed of trust on property with a carrying value of \$248,443 as of June 30, 2023. The note is payable in monthly installments of \$1,614, including interest at a fixed rate of 6.290%, with all outstanding interest and principal due on September 22, 2023.	<u>\$ 168,059</u>	<u>\$ 173,877</u>

Subsequent to the year ended June 30, 2023, the Organization refinanced their note payable which matured on September 22, 2023. The note was refinanced on October 10, 2023, for the principal amount of \$167,432. The subsequent refinancing terms include monthly installments of \$1,664, including interest at a fixed rate of 7.140%, with all outstanding interest and principal due on September 22, 2028. Therefore, the future maturities of long-term debt have been adjusted for the refinanced terms and are as follows:

Required future maturities of the note payable is as follows:

<u>Year Ending June 30:</u>	
2024	\$ 5,668
2025	8,651
2026	9,290
2027	9,975
2028	10,711
Thereafter	123,764
	<u>\$ 168,059</u>

Interest expense was \$13,546 and \$11,406 for the years ended June 30, 2023 and 2022, respectively.

NOTE 5 - RETIREMENT PLAN

All qualified employees of the Organization are eligible to participate in a voluntary defined contribution 403(b) pension plan. The Organization does not match employee contributions or contribute funds to the plan on behalf of employees.

NOTE 6 - OPERATING LEASES

The Organization has leases for office space and equipment that have an initial or remaining noncancelable lease terms in excess of one year as of June 30, 2023. Leases greater than 12 months result in the recognition of a right of use ("ROU") asset and a liability at the lease commencement date based on the present value of the lease payments over the term of the lease. Because the Organization does not have access to the rate implicit in the lease, the US Treasury rate was utilized in associated present value calculations.

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 6 - OPERATING LEASES (Continued)

The components of lease expense for the year ended June 30, 2023 are as follows:

Operating lease expense	\$ 33,294
Short-term lease expense	18,171
	<u>\$ 51,465</u>

Other Information:

Cash paid for amounts included in the measurement of lease liabilities -	
Operating cash flows from operating leases	<u>\$ 26,417</u>
ROU assets obtained in exchange for new operating lease liabilities	<u>\$ 232,719</u>
Weighted-average remaining lease term in years for operating leases	5.25
Weighted-average discount rate for operating leases	3.76%

Maturities of lease liabilities due as of June 30, 2023 are as follows:

2024	\$ 40,573
2025	42,440
2026	44,401
2027	46,460
2028	48,622
Thereafter	<u>12,293</u>
Total undiscounted cash flows	234,789
Less present value discount	<u>(22,173)</u>
Present value of lease liabilities	<u>\$ 212,616</u>

NOTE 7 - ASSET LIQUITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 279,851
Less those unavailable for general expenditures within one year due to donor imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 279,851</u>

NOTE 8 - CONCENTRATIONS AND UNCERTAINTIES

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

Revenue earned from Guilford County or passed through Guilford County amounted to approximately 22% and 14% of total revenue for the years ended June 30, 2023 and 2022, respectively. A decrease in direct Guilford County funding or the Guilford County pass-through funding agency could dramatically affect the operations of the Organization.



October 17, 2024

To the Board of Directors
One Step Further, Inc.
Greensboro, North Carolina 27401

We have audited the financial statements of One Step Further, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated October 17, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 12, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of One Step Further, Inc., solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope we previously communicated to you and based on when information was provided to the audit team.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

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Significant Risks Identified

We have identified the following significant risks:

- Management override of internal controls
- Improper revenue recognition due to fraud
- Estimation of the fair market value of donated materials
- Allocation of functional expenses

The risk related to estimation of the fair market value of donated materials and the allocation of functional expenses were added subsequent to completion of the engagement letter due to the significance of the dollar value of the donated assets and the significant estimates embodied in the statement of functional expenses.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by One Step Further, Inc. is included in Note 1 to the financial statements. The Organization has adopted the provisions of Accounting Standards Update 2016-02, *Leases* (Topic 842), during the year ended June 30, 2023. The new standard substantially required all long-term leases to be recorded on the statement of financial position as a right of use asset and corresponding liability. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allocations of functional expenses and the value of donated materials.

We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting One Step Further, Inc.'s financial statements relate to:

- Composition of net asset restrictions
- Concentrations of revenue with Guilford County

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were noted during our audit of your financial statements.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred during the year ended June 30, 2023.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes all material, corrected misstatements identified as a result of our audit as of and for the year ended June 30, 2023.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to One Step Further, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No circumstances occurred during the audit that affected the form or content of our auditor's report for your audit.

One Step Further, Inc.

October 17, 2024

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Representations Requested from Management

We have requested certain written representations from management, which are included in the representation letter dated October 17, 2024.

Management's Consultations with Other Accountants

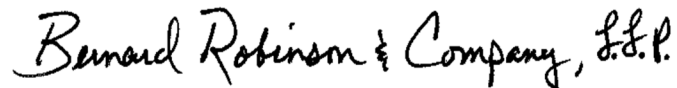
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with One Step Further, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as One Step Further, Inc.'s auditors.

This report is intended solely for the information and use of the Board of Directors and management of One Step Further, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Bernard Robinson & Company, L.L.P.".

BERNARD ROBINSON & COMPANY, L.L.P.

One Step Further, Inc.
SUMMARY OF AUDIT DIFFERENCES
Uncorrected Misstatements
Year Ended June 30, 2023

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
To adjust rent expense for prepaid rent.			
1400	Prepaid Rent	\$ 9,000	
6500-22	Rent Expense-22		\$ 9,000
To adjust fixed assets and AP for purchases on credit, but not yet charged/placed in service as of year end.			
1160	BB&T VISA	\$ 5,363	
1751-22	Computers & Equipment-22		\$ 3,654
1751-4	Computers & Equipment-4		1,709

One Step Further, Inc.
SUMMARY OF AUDIT DIFFERENCES
Material Audit Adjustments
Year Ended June 30, 2023

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
To adjust GCC deferred revenue			
4009-19	City of Greensboro/GCC-CV-19	\$ 53,863	
2341-19	Deferred Revenue-GCC/CV		\$ 53,863