



STEPHEN CENTER, INC.
REPORT TO THE BOARD OF DIRECTORS
July 29, 2024

blandTM
& associates
beyond accounting

BlandCPA.com

July 29, 2024

Stephen Center, Inc.
2723 Q Street
Omaha, NE 68107

Attention: Board of Directors

We are pleased to present this report related to our audit of the consolidated financial statements of Stephen Center, Inc. (the Organization) for the year ended December 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to the Organization.

Very truly yours,

BLAND & ASSOCIATES, P.C.



Justin J. Frauendorfer, CPA, CFE, CVA
Partner

Contents

Required Communications	1-4
Summary of Significant Accounting Estimate	5
Summary of Recorded Audit Adjustment	6
Summary of Uncorrected Audit Adjustments	7
Exhibit A - Significant Written Communications Between Management and Our Firm	
Representation Letter	

Stephen Center, Inc.

Required Communications

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Consolidated Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 15, 2024. Our audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities, which are described in that letter.
Overview of the Planned Scope and Timing of the Consolidated Financial Statement Audit	We have issued a separate communication dated June 6, 2024 regarding the planned scope and timing of our audit and identified significant risks.
Accounting Policies and Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 <i>Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> Accounting Standards Codification (ASC) 326. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The Organization adopted ASC 326 effective January 1, 2023 using the modified retrospective approach. There was no material impact on the Organization's consolidated financial statements upon implementation.</p> <p>Significant or Unusual Transactions and Significant Accounting Policies</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>

Stephen Center, Inc.

Required Communications (Continued)

Area	Comments
Accounting Policies and Practices (Continued)	Management's Judgments and Significant Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimate."
Basis of Accounting	The consolidated financial statements were prepared on the assumption that the Organization will continue as a going concern. We evaluated the events and conditions and concluded that there was not substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.
Audit Adjustment	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Company are shown on the attached "Summary of Recorded Audit Adjustment."
Uncorrected Misstatements	The uncorrected misstatements are summarized on the attached "Summary of Uncorrected Audit Adjustments."
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the consolidated financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Shared Responsibilities: AICPA Independence	The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a joint responsibility and is managed

Stephen Center, Inc.

Required Communications (Continued)

Area	Comments
Shared Responsibilities: AICPA Independence (Continued)	<p data-bbox="695 384 1432 611">most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For Bland & Associates, P.C. (Bland) to fulfill its professional responsibility to maintain and monitor independence, management, and Bland each play an important role.</p> <p data-bbox="695 646 979 678">Our Responsibilities</p> <ul data-bbox="743 684 1432 982" style="list-style-type: none"><li data-bbox="743 684 1432 884">• AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. Bland is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.<li data-bbox="743 890 1432 982">• Maintain a system of quality management over compliance with independence rules and firm policies. <p data-bbox="695 1018 1190 1050">The Organization's Responsibilities</p> <ul data-bbox="743 1056 1432 1824" style="list-style-type: none"><li data-bbox="743 1056 1432 1318">• Timely inform Bland, before the effective date of transactions or other business changes, of the following:<ul data-bbox="792 1157 1432 1318" style="list-style-type: none"><li data-bbox="792 1157 1292 1188">– New affiliates, directors, or officers.<li data-bbox="792 1194 1432 1255">– New beneficial owners of the Organization's stock which have significant influence.<li data-bbox="792 1262 1432 1318">– Change in corporate structure impacting affiliates such as add-on acquisitions or exits.<li data-bbox="743 1325 1432 1486">• Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.<li data-bbox="743 1493 1432 1654">• Understand and conclude on the permissibility, prior to the Organization and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with Bland.<li data-bbox="743 1661 1432 1824">• Not entering into relationships resulting in close family members of Bland covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Organization.

Stephen Center, Inc.

Required Communications (Continued)

Area	Comments
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as Exhibit A.

Stephen Center, Inc.

Summary of Significant Accounting Estimate

Accounting estimates are an integral part of the preparation of the consolidated financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record this accounting estimate. The following describes the significant accounting estimate reflected in the Organization's December 31, 2023 consolidated financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
In-Kind Contributions and Donated Services	Contributions of gifts in-kind and donated services should be recorded at fair value.	The Organization records at fair value the contributions of gifts in-kind and donated services in the period received. Donated food is based on weight upon intake and Feeding America published rates per pound. Donated personal items are based on pounds received and the current market rates for scrap clothing items. Donated furnishings are valued based on the number of items received and the Salvations Army's average rate for donated furniture published in their donation value guide. Donated vehicles are valued based on estimation of the fair value of prices of identical or similar vehicles.	This method of estimation appears reasonable.

Stephen Center, Inc.

Year End: December 31, 2023

Summary of Recorded Audit Adjustment

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Debit	Credit
AJE01	12/31/2023	Invest in 2723 Q St LLC	1402		32.00
AJE01	12/31/2023	Unrealized Gain (Loss) on Investments	4907	32.00	
		To adjust the equity investment to actual.			
				32.00	32.00

Stephen Center, Inc.

Year End: December 31, 2023

Summary of Uncorrected Audit Adjustments

Date: 1/1/2023 To 12/31/2023

Account No: PAJE01 To PAJE03

Number	Date	Name	Account No	Debit	Credit
PAJE01	12/31/2023	Foundations	4020		35,000.00
PAJE01	12/31/2023	Pledges Receivable	BLAND6	35,000.00	
		To propose adjusting for a promise to give for 2024 operations, awarded in 2023.			
PAJE02	12/31/2023	Fund Bal Unrestricted	3101		35,000.00
PAJE02	12/31/2023	Foundations	4020	35,000.00	
		To propose an entry to reverse the prior year passed on adjusting entry.			
PAJE03	12/31/2023	State Vouchers	1146V		16,677.00
PAJE03	12/31/2023	Phase I	4302.4	16,677.00	
		To propose an entry to adjust State Vouchers accounts receivable and revenue based on a projection of the misstatement found in our cutoff testing.			
				86,677.00	86,677.00

Exhibit A
Significant Written Communications Between Management and Our Firm



July 29, 2024

Bland & Associates, P.C.
450 Regency Parkway Ste. 340
Omaha, NE 68114

This representation letter is provided in connection with your audits of the consolidated financial statements of Stephen Center, Inc. (the Organization), which comprise the consolidated statements of financial position as of December 31, 2023, and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, for the purpose of expressing an opinion on whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$197,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the consolidated financial statements.

We confirm, to the best of our knowledge and belief, that as of July 29, 2024:

Consolidated Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 15, 2024 for the preparation and fair presentation of the consolidated financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the consolidated financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. All assets and liabilities under the Organization's control are included in the consolidated financial statements.
9. Net assets presented in the consolidated statement of financial position are appropriately classified, and reclassifications between net asset classes are appropriate.
10. We have maintained the composition of the Organization's assets in amounts needed to comply with all donor restrictions.
11. The Organization's disclosed tax exempt status is accurate.
12. The Organization has disclosed all matters of taxation that are deemed to be reasonably uncertain including, but not limited to, aggressive tax elections, the status or result of IRS examinations, provisions for unpaid unrelated business income taxes and tax benefits to the extent that the entity believes that it is "more likely than not" that its tax positions will be sustained upon IRS examination.
13. The basis used for the allocation of functional expenses is reasonable.
14. Internal controls over the receipt and recording of contributions are adequate.
15. As of and for the year ended December 31, 2023, we believe that the effects of the uncorrected misstatements aggregated by you and summarized are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
16. We have evaluated that no conditions or events exist that, when considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time (one year from the date these consolidated financial statements are available to be issued) and that management's use of the going concern basis of accounting continues to be appropriate under U.S. GAAP.
17. We have requested an unsecured electronic copy of the auditor's report and consolidated financial statements and agree that the auditor's report and consolidated financial statements will not be modified in any manner.

Information Provided

18. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

19. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
20. We have disclosed to you the results of our assessment of risk that the consolidated financial statements may be materially misstated as a result of fraud.
21. We have no knowledge of allegations of fraud or suspected fraud, affecting the Organization's consolidated financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the consolidated financial statements.
22. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's consolidated financial statements received in communications from employees, former employees, regulators, or others.
23. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
24. We are not aware of any pending or threatened litigation, claims whose effects were considered when preparing the consolidated financial statements.
25. We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
26. We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize, and report financial data.
27. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
28. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
29. We have reviewed, approved, and take full responsibility for the consolidated financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
30. We have reviewed, approved, and take full responsibility for all accrual adjustments and an acknowledgement of the auditor's role in the preparation of the adjustment.

Joshua Randall

Josh Randall, Outsourced CFO services

Teri corcoran

Teri Corcoran, Interim Executive Director