

*Financial Statements*

LOUDOUN CITIZENS  
FOR SOCIAL JUSTICE, INC.

June 30, 2023

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

Loudoun Citizens for Social Justice, Inc. (Organization) is a nonstock, tax-exempt charitable organization formed in Virginia on April 5, 1984. The Organization provides direct services and programs to victims of domestic violence, sexual assault, and child abuse. The Organization maintains an emergency shelter in Loudoun County for victims of domestic violence and sexual assault, as well as provides counseling, legal services, advocacy and education to victims of domestic and sexual violence. The Organization also provides violence prevention outreach and education to the community.

### **OFFICERS AND BOARD OF DIRECTORS**

#### **OFFICERS**

Terrence Allen, Chair  
Brenda MacEoin, Vice Chair  
Deborah Owings, Secretary  
Robert Fiolek, Treasurer

#### **BOARD OF DIRECTORS**

Terrence Allen	Brenda MacEoin
Dawn Crawley	Deborah Owings
Robert Fiolek	Alison Shea
Steven Fraser	Paul Siker
Karina Giglio	Lisa Williams

#### **CHIEF EXECUTIVE OFFICER**

Debra Gilmore

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Loudoun Citizens for Social Justice, Inc.  
Leesburg, Virginia

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Loudoun Citizens for Social Justice, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loudoun Citizens for Social Justice, Inc. as of June 30, 2023, and the changes in its net 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 the Loudoun Citizens for Social Justice, 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.

#### *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 the Loudoun Citizens for Social Justice, 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 the Loudoun Citizens for Social Justice, 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 the Loudoun Citizens for Social Justice, 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 September 13, 2023 on our consideration of the Loudoun Citizens for Social Justice, 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 the Loudoun Citizens for Social Justice, 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 the Loudoun Citizens for Social Justice, Inc.'s internal control over financial reporting and compliance.

#### ***Report on Summarized Comparative Information***

We have previously audited the Loudoun Citizens for Social Justice, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia  
September 13, 2023

*Mitchell, Burns & Co., P.C.*

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2023**

(with June 30, 2022 comparative totals)

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 1,428,680	\$ 1,407,848
Restricted	345,971	255,680
Grants receivable	263,610	255,218
Capital campaign pledges receivable, current portion	22,000	-
Other pledged receivables	33,883	20,301
Prepaid expenses	67,901	51,171
Client gift cards	7,308	18,528
Thrift store inventory	23,078	23,466
<b>Total current assets</b>	<b>2,192,431</b>	<b>2,032,212</b>
Capital campaign pledges receivable, net of current portion	130,534	-
Property and equipment, net of accumulated depreciation	1,005,079	1,070,421
<b>Total assets</b>	<b>\$ 3,328,044</b>	<b>\$ 3,102,633</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 15,185	\$ 14,771
Accrued payroll and leave	127,041	104,958
Current portion of note payable	25,722	25,002
Deferred revenue		
Unearned grants	140,066	96,652
Unearned fundraising sponsorships	14,000	18,000
<b>Total current liabilities</b>	<b>322,014</b>	<b>259,383</b>
Long-term debt - less current portion, net of refinance fees	560,480	584,918
Net Assets		
Without donor restriction		
Undesignated	392,264	183,766
Designated by the governing board	1,288,438	1,358,385
Invested in capital assets, net of related debt	418,877	460,501
	<b>2,099,579</b>	<b>2,002,652</b>
With donor restriction	345,971	255,680
<b>Total net assets</b>	<b>2,445,550</b>	<b>2,258,332</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,328,044</b>	<b>\$ 3,102,633</b>

See Notes to Financial Statements.

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**STATEMENT OF ACTIVITIES**

**For The Year Ended June 30, 2023**

(with June 30, 2022 comparative totals)

	Without Donor Restriction	With Donor Restriction	Totals	
			2023	2022
<b>SUPPORT AND REVENUE</b>				
Government program grants	\$ 1,916,990	\$ -	\$ 1,916,990	\$ 1,214,972
Local government COVID-19 grants	-	-	-	709,395
Contributions	752,022	32,000	784,022	832,045
Thrift shop income	291,078	-	291,078	274,090
Special fundraising events, net	48,869	-	48,869	-
Foundation grants	15,000	49,500	64,500	136,578
Investment income	10,665	-	10,665	217
In-kind donations	84,483	-	84,483	63,115
	3,119,107	81,500	3,200,607	3,230,412
Net assets released from restrictions:				
Satisfaction of usage restriction	139,085	(139,085)	-	-
<b>Total support and revenue</b>	<b>3,258,192</b>	<b>(57,585)</b>	<b>3,200,607</b>	<b>3,230,412</b>
<b>EXPENSES</b>				
Program services	2,602,202	-	2,602,202	2,630,620
Supporting services:				
Management and general	508,038	-	508,038	365,745
Fundraising	51,025	-	51,025	87,516
<b>Total expenses</b>	<b>3,161,265</b>	<b>-</b>	<b>3,161,265</b>	<b>3,083,881</b>
<b>Change in net assets from operations</b>	<b>96,927</b>	<b>(57,585)</b>	<b>39,342</b>	<b>146,531</b>
<b>NON OPERATING</b>				
Capital campaign	-	228,838	228,838	-
Net assets released from restrictions:				
Satisfaction of usage restriction	80,962	(80,962)	-	-
Capital campaign expenses	(80,962)	-	(80,962)	-
	-	147,876	147,876	-
<b>Change in net assets</b>	<b>96,927</b>	<b>90,291</b>	<b>187,218</b>	<b>146,531</b>
<b>Net Assets, beginning of year</b>	<b>2,002,652</b>	<b>255,680</b>	<b>2,258,332</b>	<b>2,111,801</b>
<b>Net Assets, end of year</b>	<b>\$ 2,099,579</b>	<b>\$ 345,971</b>	<b>\$ 2,445,550</b>	<b>\$ 2,258,332</b>

See Notes to Financial Statements.

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended June 30, 2023**

(with June 30, 2022 comparative totals)

	Program Services						Total Program Services	Supporting Services		Totals	
	Domestic Violence	Children	CAC	Legal	Sexual Assault	Thrift Shop		Management and General	Fundraising	2023	2022
Salaries	\$ 761,013	\$ 50,156	\$ 221,006	\$ 190,108	\$ 142,028	\$ 97,706	\$ 1,462,017	\$ 252,628	\$ 34,355	\$ 1,749,000	\$ 1,565,727
Payroll taxes	55,903	3,603	16,401	14,408	10,233	6,304	106,852	18,257	2,616	127,725	117,015
Employee benefits	106,251	-	24,495	3,617	-	28,907	163,270	72,967	-	236,237	224,343
Worker's compensation	6,322	665	1,442	887	887	-	10,203	887	-	11,090	17,911
Total personnel costs	929,489	54,424	263,344	209,020	153,148	132,917	1,742,342	344,739	36,971	2,124,052	1,924,996
Professional fees	72,358	4,327	10,252	6,056	5,770	276	99,039	80,050	2,152	181,241	178,152
Building maintenance and repairs	19,501	6,510	4,238	2,901	3,449	1,514	38,113	9,391	-	47,504	39,067
Depreciation and amortization	49,709	5,141	11,139	6,856	6,856	-	79,701	14,018	-	93,719	91,500
Telephone	39,339	1,283	6,040	5,070	1,480	2,452	55,664	2,279	-	57,943	49,778
Utilities	6,194	3,065	-	1,314	1,576	2,221	14,370	1,317	-	15,687	16,837
Insurance	20,416	2,149	4,657	4,313	2,866	-	34,401	2,866	-	37,267	28,433
Supplies	7,163	1,200	19,518	884	1,019	1,450	31,234	8,464	-	39,698	31,147
Travel	2,229	-	169	-	-	-	2,398	20	-	2,418	2,072
Client support and services	42,746	1,653	167	-	539	-	45,105	-	-	45,105	42,135
Alternative safe housing	227,765	-	-	-	-	-	227,765	-	-	227,765	410,287
Conference expense	7,665	35	12,321	13	-	-	20,034	828	-	20,862	34,582
Development	-	-	-	-	-	-	-	-	8,504	8,504	13,698
Equipment and technology	26,719	2,722	17,715	3,432	3,450	531	54,569	14,068	3,392	72,029	32,301
Membership dues	7,425	96	1,069	1,174	710	-	10,474	2,526	-	13,000	14,823
Printing and publications	1,875	-	14	-	-	217	2,106	2,989	-	5,095	2,944
Postage expense	1,176	119	224	138	127	-	1,784	162	6	1,952	2,430
Credit card fees and other	-	-	-	-	-	8,924	8,924	634	-	9,558	9,525
Advertising	2,552	-	400	-	-	-	2,952	2,361	-	5,313	10,052
Rent	-	-	54,616	-	-	72,784	127,400	-	-	127,400	123,601
Other	2,200	-	-	-	-	1,627	3,827	2,530	-	6,357	6,655
Interest expense	-	-	-	-	-	-	-	18,796	-	18,796	18,866
Total expenses	\$ 1,466,521	\$ 82,724	\$ 405,883	\$ 241,171	\$ 180,990	\$ 224,913	\$ 2,602,202	\$ 508,038	\$ 51,025	\$ 3,161,265	\$ 3,083,881

See Notes to Financial Statements.



**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**STATEMENT OF CASH FLOWS**

**For The Year Ended June 30, 2023**

(with June 30, 2022 comparative totals)

<b>Cash Flows from Operating Activities</b>	<u>2023</u>	<u>2022</u>
Change in Net Assets	\$ 187,218	\$ 146,531
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	93,719	91,500
Discount on capital campaign pledges receivable	12,488	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(8,392)	(135,603)
Capital campaign pledges receivable	(165,022)	-
Other pledged receivables	(13,582)	(5,262)
Prepaid expenses	(16,730)	4,582
Inventory	388	4,524
Gift cards on hand	11,220	(2,727)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	414	(42,884)
Accrued payroll and leave	22,083	(4,272)
Deferred revenue	39,414	114,652
<b>Net cash provided by operations</b>	<u>163,218</u>	<u>171,041</u>
<b>Cash Flows from Investing Activities</b>		
Building improvements, equipment and furniture	(27,506)	(22,474)
<b>Net cash (used in) investing activities</b>	<u>(27,506)</u>	<u>(22,474)</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(24,589)	(24,518)
<b>Net cash (used in) financing activities</b>	<u>(24,589)</u>	<u>(24,518)</u>
<b>Net increase in cash and cash equivalents</b>	111,123	124,049
<b>Cash and cash equivalents</b>		
Beginning	1,663,528	1,539,479
Ending	<u>\$ 1,774,651</u>	<u>\$ 1,663,528</u>
<b>Supplemental Disclosure of Cash Flow</b>		
Cash payments for interest expense	<u>\$ 18,796</u>	<u>\$ 18,866</u>

See Notes to Financial Statements.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Organization and Nature of Activities**

Loudoun Citizens for Social Justice, Inc. (LCSJ) (Organization) is a nonstock, tax-exempt charitable organization formed in Virginia on April 5, 1984. The Organization operates under a registered Doing Business As (DBA) of 'LAWS Domestic Violence and Sexual Assault Services'. The Organization provides direct services and programs to victims of domestic violence, sexual assault, and child abuse. The Organization maintains an emergency shelter in Loudoun County for victims of domestic violence and sexual assault, as well as provides counseling, legal services, advocacy and education to victims of domestic and sexual violence. The Organization also provides violence prevention outreach and education to the community. Major sources of revenue include contributions from donors, thrift shop operations, grant revenue, special fundraising events, and investment income.

#### **Note 2. Summary of Significant Accounting Policies**

The financial statements of LCSJ have been prepared in accordance with policies followed by non-profit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Accounting:* The financial statements of LCSJ have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation:* Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restriction:* Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

*Net Assets With Donor Restriction:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Cash and Cash Equivalents:* The Organization considers amounts in checking and money market funds to be cash and cash equivalents.

*Investments:* The Organization reports its investments in equity securities and mutual funds at fair value in the statement of financial position. Gains and losses, both realized and unrealized, are included in the statement of activities as changes in unrestricted net assets.

*Grants Receivable:* Grants receivable represents amounts due primarily from federal, state and local government agency funding grants and are stated at the amount management expects to collect from balances outstanding at year-end. Management considers all grants receivable to be fully collectible; therefore, no allowance for doubtful accounts has been established.

*Thrift Stores Inventory:* Substantially all the items sold in LCSJ Thrift Store are donated to the organization. For year-end reporting, donated inventory items held for resale are recorded and valued based on subsequent month sales. Throughout the year donated inventory items are recorded upon sale and final realization of value.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

*Promises to Give:* Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

*Property and Equipment:* Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated over the estimated useful service lives ranging from three to five years for furniture and equipment and three to thirty-nine years for building and improvements using the straight-line method.

The Organization capitalizes property and equipment acquired with a value in excess of \$5,000. When the assets are sold or disposed, the cost and corresponding accumulated depreciation are removed from the accounts with any gain or loss reported in the statements of activities. Maintenance and repairs that do not improve or extend the lives of property and equipment are expensed as incurred.

*Public Support and Revenue:* Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a stipulated time restriction ensures or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization receives grant funding from government agencies for various purposes. Grant revenues not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. The Organization defers grant revenues received under approved awards from grantors to the extent they exceed expenses incurred for the purposes specified under the grant restrictions.

*Donated Noncash Assets:* Contributions of donated noncash assets are recorded at their fair values in the period received.

*Donated Services:* Contributions of services are recognized at their fair value when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skill provided by individuals possessing those skills, and would typically need to be purchased if not donated.

*Advertising:* Advertising costs are expensed as incurred. Total advertising cost for 2023 amounted to \$5,313.

*Income Tax Status:* LCSJ is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes. In addition, the Organization has no unrelated business taxable income. The Organization has adopted the guidance under ASC Topic 740, *Income Taxes* and management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of this guidance. Income tax years open for IRS inspection include years ended fiscal year ended June 30, 2020, 2021, 2022, and 2023.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Summary of Significant Accounting Policies (Continued)

*Use of Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Reclassifications:* Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

*Measure of Operations:* The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to LCSJ's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

*Functional Allocation of Expenses:* The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Management allocates all costs directly when possible. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on based on their natural cost driver. The expenses that are allocated include the following:

Description	Allocation Method
Personnel costs	Time and effort
Occupancy and related costs	Square foot usage
Overhead	Time and effort

#### Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

Description	Balances		
	Brokerage Accts.	Bank Deposits	Accounting
Truist Bank	\$ -	\$ 212,145	\$ 216,019
Bank of Charles Town	-	1,559,230	1,555,814
Bill.com	-	-	2,308
Petty cash held	-	-	510
	<u>\$ -</u>	<u>\$ 1,771,375</u>	<u>\$ 1,774,651</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2023, bank deposits in Bank of Charles Town exceeded FDIC insurance coverage by \$1,309,230.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Capital Campaign Pledges Receivable

LCJS has plans to construct a new shelter facility. To fund the renovation costs, the Organization launched a capital campaign. A summary of pledge activity during the year ended June 30, 2023 is as follows:

Description	Amount
Capital campaign pledges receivable, July 1, 2022	\$ -
Additional pledges	245,000
Collected pledges	(76,304)
	<u>168,696</u>
Less: unamortized discount on long-term pledges	(16,162)
Capital campaign pledges receivable, June 30, 2023	<u>\$ 152,534</u>

Management has evaluated collectability and deemed no allowance is necessary. Due to the long-term nature of pledges, LCJS has recorded pledges at the net present value. A discount rate of 4% was used. A summary of expected future cash collections is as follows:

Fiscal year ended June 30,	Amount
2024	\$ 22,000
2025	73,196
2026	24,500
2027	24,500
2028	24,500
	<u>\$ 168,696</u>

#### Note 5. Property and Equipment

Property and equipment is summarized as follows:

Description	Amount
Office furniture and equipment	\$ 297,397
Land	349,835
Building and improvements	<u>1,338,606</u>
	<u>1,985,838</u>
Less accumulated depreciation	(980,759)
	<u>\$ 1,005,079</u>

Depreciation and amortization expense for fiscal year ended June 30, 2023 was \$93,719.

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. Beneficial Interest in Assets Held by Others**

Community Foundation for Loudoun and Northern Fauquier Counties (CFLNFC) holds a non-agency beneficial interest endowment fund for the benefit of LCSJ. The funding for the non-agency fund was provided by independent third party donors. LCSJ does not hold a specific right to these non-agency funds but can request disbursements requiring approval by CFLNFC. All the funds held by CFLNFC are dedicated for charitable purposes and directed disbursements are done under the CFLNFC distribution policy. The funds held are subject to the terms and provisions of the articles of incorporation and bylaws of the Foundation including the ability of the Foundation Board of Directors to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified charitable organization if in the sole judgment of the Foundation Board, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

**Note 7. Note Payable**

A summary of the note payable at June 30, 2023 is as follows:

Description	Amount
\$737,889 note payable to EagleBank dated February 19, 2015, refinanced to a \$650,000 note payable with Bank of Charles Town dated February 17, 2021, fixed interest rate of 2.99% through February 2023 and then 3.75% through maturity, set monthly payments \$3,615, principal and interest, amortized over 20 years, collateralized by land, building improvements at 105 East Market St., Leesburg, VA., loan due in full February 17, 2031.	\$ 592,880
Refinance fee amortized against loan at net	(6,678)
Less - current portion	(25,722)
	<u>\$ 560,480</u>

Estimated future principal payments for years ending June 30 are as follows:

Fiscal Year	Principal
2024	\$ 25,722
2025	26,561
2026	27,378
2027	28,219
2028	29,048
Thereafter	455,952
	<u>\$ 592,880</u>

**Note 8. Line of Credit**

The Organization has available on an annual renewal basis, a \$100,000 revolving line of credit financing instrument established with Bank of Charles Town. Terms include interest at 3.750% due monthly, principal due on demand and is secured by real property located in Leesburg, Virginia. At June 30, 2023 there was no outstanding balance on the line of credit.

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9. Net Assets with Donor Restriction**

A summary of net assets with donor restriction at June 30, 2023 is as follows:

Description	Balance 6/30/2022	Additions	Usage	Balance 6/30/2023
Children's support group and education project	\$ 7,689	\$ -	\$ (7,689)	\$ -
Client gift cards	18,528	-	(11,220)	<b>7,308</b>
Shelter food and support	15,138	32,000	(16,949)	<b>30,189</b>
General client support	9,701	-	(9,701)	-
New shelter	129,607	228,838	(80,962)	<b>277,483</b>
College fund	6,725	-	(3,692)	<b>3,033</b>
Corks for a Cause	5,000	-	(5,000)	-
Karuna Charities project	1,232	-	-	<b>1,232</b>
COVID relief	46,307	-	(46,307)	-
Victims service outreach	15,753	-	(14,027)	<b>1,726</b>
Trauma-informed sanctuary training	-	25,000	-	<b>25,000</b>
Domestic violence and Sexual assault	-	24,500	(24,500)	-
	<b>\$ 255,680</b>	<b>\$ 310,338</b>	<b>\$ (220,047)</b>	<b>\$ 345,971</b>

All net assets with donor restriction were restricted for a specific purpose at June 30, 2023.

**Note 10. Designated Net Assets**

The Board of Directors has designated net assets and related cash balances for specific future uses summarized as follows:

Designated obligation	Balance 6/30/2022	Additions	Usage	Balance 6/30/2023
Working capital	\$ 1,208,385	\$ 30,053	\$ -	\$ <b>1,238,438</b>
Strategic initiatives	100,000	-	(100,000)	-
Facilities	50,000	-	-	<b>50,000</b>
	<b>\$ 1,358,385</b>	<b>\$ 30,053</b>	<b>\$ (100,000)</b>	<b>\$ 1,288,438</b>

*Working capital:* The level and amount of operations funding varies each year dependent on donations and grants received. To ensure continued service and operations, net assets and funds are set aside for a future operating funding shortfall.

**Note 11. Concentration of Economic Support**

Approximately 56 percent of LCSJ's programs and operations are supported by governmental agencies in FY2023. LCSJ anticipates continued support for their programs but a reduction in funding could affect the level of program of activity.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Lease Agreements

*Facility:* The Organization leases space in Leesburg, Virginia for its thrift shop operations. The original lease term was for five years beginning September 1, 2012 and renegotiated effective October 1, 2015 with a renewed term of five years at a fixed monthly rent of \$5,300 plus annual taxes. Lease was extended through September 2023. Effective, January 10, 2022 the Organization signed an additional lease to expand the space available for thrift operations. The lease has a one year term with fixed monthly rent of \$500. The lease continued on a month-to-month basis after expiration. Fiscal year end June 30, 2023 rent expense for the thrift shop was \$69,600 and is included in rent expense.

Future minimum lease payments under this non-cancelable operating lease for years ending June 30 are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2024	<u>\$ 15,900</u>

ASU 2016-02 was adapted by the Organization for the year ending June 30, 2023. Because of the short-term nature of the lease, there was no effect of implementation of the new standard on the financial statements.

#### Note 13. Retirement Plan

The Organization maintains a tax-deferred annuity plan (Plan) under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the Plan and to contribute any percentage of their annual compensation to the maximum permitted by law. The Plan does provides for discretionary matching contributions by the Organization. During fiscal year ended June 30, 2023, the employer match amounted to \$23,454.

#### Note 14. In-kind Donations

The fair value of in-kind donations included as contributions in the financial statements and the corresponding program expenses for the year ended June 30, 2023 is as follows:

<u>Description</u>	<u>Amount</u>
Audit fee	\$ 1,011
CAC program facility	54,616
New shelter architecture and legal	13,356
Other	15,500
	<u>\$ 84,483</u>

In addition, clothing and other items are donated to be sold in the Resourceful Woman thrift shop. The value of these donations are reflected in contributions when the goods are sold.

#### Note 15. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2022 of the prior year, from which the summarized information was derived.



**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 16. Fair Value of Instruments**

LCJS's financial instruments are cash deposits, grants and pledges receivable, accounts payable and accrued expenses, and notes payable, the recorded values of which approximate their fair values based on their short-term nature.

**Note 17. Donated Volunteer Services**

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skill provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization receives services from individuals that assist in the thrift shop and shelter. These services have not been recorded in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles. In FY2023 the organization received approximately 5,139 volunteer hours. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$163,420 for the year ended June 30, 2023.

**Note 18. Liquidity**

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalent without donor restriction	\$ 1,428,680
Grants and other pledged receivables	297,493
Current bills	(15,185)
	<u>\$ 1,710,988</u>

**Note 19. Subsequent Events**

The Organization has evaluated events and transactions subsequent to June 30, 2023 through September 13, 2023, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events requiring adjustment to or disclosure in the financial statements that have occurred subsequent to June 30, 2023, except as follows:

*Capital campaign activity:* Subsequent to June 30, 2023, the Organization received additional donor pledges and contributions totaling \$523,500 towards its capital campaign to fund the construction of a new shelter. These pledges will be reflected in the FY2024 financial statements. Total gross contributions raised for the new shelter through September 13, 2023 total \$885,619.

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 20, 2023**

Federal Grantor/Program or Cluster Title	Federal Assistance Listing #	Pass Through Entity	Grant Number/ Pass-Through Entity Identifying Number	Federal Expenditures
<b>477 Cluster</b>				
<b>U.S. Department of Health and Human Services</b>				
Domestic Violence Prevention and Services Program	93.558	Virginia Department of Social Services	FAM-22-078-27	\$ 81,938
Child Advocacy Center	93.558	Virginia Department of Social Services	FAM-22-100-10	58,545
Total Cluster 477 - Temporary Assistance for Needy Families				<u>140,483</u>
<b>CDBG - Entitlement Grants Cluster</b>				
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant	14.218	Loudoun County Government		<u>335,714</u>
<b>Other Programs</b>				
<b>U.S. Department of Justice</b>				
Crime Victim Assistance Program				
Child Advocacy Center	16.575	Virginia Department of Social Services	FAM-22-100-10	124,064
Sexual Assault/Domestic Violence	16.575	Virginia Dept. of Criminal Justice Services	22-C3446VP20	437,604
Total Crime Victim Assistance Program				<u>561,668</u>
Sexual Assault Services Program	16.017	Virginia Dept. of Criminal Justice Services		10,497
Virginia Services, Training, Officers, Prosecution	15.588	Virginia Dept. of Criminal Justice Services		24,383
Coronavirus Emergency Supplemental Funding	16.034	Virginia Dept. of Criminal Justice Services		14,646
Improving Criminal Justice Responses Program	16.590	Loudoun County Government		14,112
Total U.S. Department of Justice				<u>625,306</u>
<b>U.S. Department of Health and Human Services</b>				
Domestic Violence Prevention and Services Program	93.667	Virginia Department of Social Services	CVS-19-057-A-27	22,495
Domestic Violence Prevention and Services Program	93.671	Virginia Department of Social Services	CVS-19-057-A-27	43,943
				<u>66,438</u>
Promoting Safe and Stable Families	93.556	Loudoun County Government		18,300
Total U.S. Department of Health and Human Services				<u>84,738</u>
<b>U.S. Department of the Treasury</b>				
Coronavirus Relief Fund	21.027	Loudoun County Government		170,096
Coronavirus Relief Fund	21.027	Virginia Dept. of Criminal Justice Services		100,078
Coronavirus Relief Fund	22.027	Virginia Department of Social Services		14,700
Total Coronavirus Relief Fund				<u>284,874</u>
<b>U.S. Department of Housing and Urban Development</b>				
Emergency Solutions Grant Program	14.231	Loudoun County Government	RFQ-136782B	<u>283,845</u>
				<u>\$ 1,754,960</u>

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 20, 2023**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of LCSJ under programs of the federal government for the year ended June 30, 2023. 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 Requirement for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of LCSJ, it is not intended to and does not present the financial position, changes in net assets or cash flows of LCSJ.

**Note 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**MITCHELL, BURNS & Co., P.C.**  
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**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  
Loudoun Citizens for Social Justice, Inc.  
Leesburg, Virginia

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 Loudoun Citizens for Social Justice, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Loudoun Citizens for Social Justice, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Loudoun Citizens for Social Justice, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Loudoun Citizens for Social Justice, 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Loudoun Citizens for Social Justice, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Leesburg, Virginia  
September 13, 2023

*Mitchell, Burns & Co., P.C.*

# MITCHELL, BURNS & Co., P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

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### 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 of  
Loudoun Citizens for Social Justice, Inc.  
Leesburg, Virginia

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, Inc.'s major federal programs for the year ended June 30, 2023. Loudoun Citizens for Social Justice, 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, Loudoun Citizens for Social Justice, 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, 2023.

##### ***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 Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, 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 Loudoun Citizens for Social Justice, 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.

Leesburg, Virginia  
September 13, 2023

*Mitchell, Burns & Co., P.C.*

**LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2023**

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**Section I – Summary of Auditor’s Results**

*Financial Statements:*

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting  
· Material weakness(es) identified:      yes   ✓   no  
· Significant deficiency(ies) identified:      yes   ✓   none reported

Noncompliance material to financial statements noted:      yes   ✓   no

*Federal Awards:*

Internal control over major programs  
· Material weakness(es) identified:      yes   ✓   no  
· Significant deficiency(ies) identified:      yes   ✓   none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance section 510(a) of 2CFR.516(a):      yes   ✓   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program Cluster</u>
16.575	U.S. Department of Justice

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

Auditee qualified as a low-risk auditee:   ✓   yes      no

**Section II – Financial Statement Findings**

There are no current year questioned costs or prior year findings requiring follow-up.

**Section III – Federal Award Findings and Questioned Costs**

There are no current year questioned costs or prior year findings requiring follow-up.