

Financial Statements

LOUDOUN CITIZENS
FOR SOCIAL JUSTICE, INC.

June 30, 2021

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. Major sources of revenue include contributions from donors, thrift shop operations, grant revenue, special fundraising events, and investment income.

OFFICERS AND BOARD OF DIRECTORS

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

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CHIEF EXECUTIVE OFFICER

Judith A. Hanley, Ph.D.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2021 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.

Other Matters

Other 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 Requirement 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Loudoun Citizens for Social Justice, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021, on our consideration of 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 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 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 Loudoun Citizens for Social Justice, Inc.'s internal control over financial reporting and compliance.

Leesburg, Virginia
September 10, 2021

Mitchell & Co., P.C.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(with June 30, 2020 comparative totals)

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents		
Undesignated	\$ 609,714	\$ 421,906
Designated	929,765	671,880
Grants receivable	119,615	104,667
Pledges receivable	15,039	13,790
Other receivables	-	3,647
Prepaid expenses	55,753	39,307
Client gift cards	15,801	8,040
Thrift store inventory	27,990	16,375
Total current assets	1,773,677	1,279,612
Property and equipment, net of accumulated depreciation	1,138,576	1,115,279
Total assets	\$ 2,912,253	\$ 2,394,891
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 57,655	\$ 94,366
Accrued payroll and leave	109,230	106,152
Current portion of note payable	24,044	19,555
Total current liabilities	190,929	220,073
Long-term debt - less current portion, net of refinance fees	609,523	622,529
Net Assets		
Without donor restriction		
Undesignated	322,423	344,403
Designated by the governing board	929,765	671,880
Donated inventory	27,990	16,375
Invested in capital assets	505,009	473,195
Total without donor restriction	1,785,187	1,505,853
With donor restriction	326,614	46,436
Total net assets	2,111,801	1,552,289
Total liabilities and net assets	\$ 2,912,253	\$ 2,394,891

See Notes to Financial Statements.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2021

(with June 30, 2020 comparative totals)

	Without Donor Restriction	With Donor Restriction	Totals	
			2021	2020
SUPPORT AND REVENUE				
Government program grants	\$ 1,564,492	\$ -	\$ 1,564,492	\$ 1,489,871
COVID-19 related grants	-	763,219	763,219	
CARES Act PPP funding	-	-	-	57,900
Contributions	743,869	117,000	860,869	724,831
Thrift shop income	242,111	-	242,111	172,703
Special fundraising events (less expenses \$11,428 and \$25,163)	15,732	-	15,732	9,534
Foundation grants	51,416	146,500	197,916	82,538
Investment income	7,254	-	7,254	6,638
In-kind donations	53,775	8,114	61,889	77,050
Insurance premium refund/other	-	-	-	-
	2,678,649	1,034,833	3,713,482	2,621,065
Net assets released from restrictions:				
Satisfaction of usage restriction	754,655	(754,655)	-	-
Total support and revenue	3,433,304	280,178	3,713,482	2,621,065
EXPENSES				
Program services	2,759,246	-	2,759,246	2,160,857
Supporting services:				
Management and general	331,368	-	331,368	226,761
Fundraising	63,356	-	63,356	94,962
Total expenses	3,153,970	-	3,153,970	2,482,580
Change in net assets	279,334	280,178	559,512	138,485
Net Assets, beginning of year	1,505,853	46,436	1,552,289	1,413,804
Net Assets, end of year	\$ 1,785,187	\$ 326,614	\$ 2,111,801	\$ 1,552,289

See Notes to Financial Statements.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2021

(with June 30, 2020 comparative totals)

	Program Services						Total Program Services	Supporting Services		Totals	
	Domestic Violence	Children	CAC	Legal	Sexual Assault	Thrift Shop		Management and General	Fundraising	2021	2020
Salaries	\$ 717,061	\$ 102,794	\$ 198,300	\$ 206,278	\$ 103,588	\$ 86,714	\$ 1,414,735	\$ 167,580	\$ 41,844	\$ 1,624,159	\$ 1,458,729
Payroll taxes	54,031	7,871	14,770	15,273	7,937	6,127	106,009	11,319	3,347	120,675	99,225
Employee benefits	87,507	4,258	26,572	18,046	7,487	36,057	179,927	61,765	-	241,692	152,439
Worker's compensation	7,930	1,600	2,307	1,817	1,396	-	15,050	1,079	-	16,129	14,990
Total personnel costs	866,529	116,523	241,949	241,414	120,408	128,898	1,715,721	241,743	45,191	2,002,655	1,725,383
Professional fees	77,259	6,338	9,712	7,026	8,830	-	109,165	17,200	300	126,665	90,281
Building repair and replacements	8,628	6,669	3,415	4,804	4,354	874	28,744	7,409	-	36,153	34,049
Depreciation and amortization	44,727	4,708	10,201	6,278	6,278	-	72,192	12,837	-	85,029	66,846
Telephone	26,650	5,064	4,481	10,342	2,164	1,961	50,662	1,862	-	52,524	39,556
Utilities	6,569	2,289	-	981	1,177	2,324	13,340	981	-	14,321	15,888
Insurance	12,397	2,701	3,738	4,339	2,255	-	25,430	1,679	-	27,109	21,098
Supplies	24,471	7,267	6,950	2,065	1,492	2,744	44,989	7,878	843	53,710	35,447
Travel	797	-	60	-	-	-	857	11	-	868	18,214
Client support and services	116,309	2,220	86	-	-	-	118,615	-	-	118,615	103,780
Alternative safe housing	367,819	-	-	-	-	-	367,819	-	-	367,819	108,174
Conference expense	7,417	1,386	2,729	1,310	508	-	13,350	987	40	14,377	12,638
Development	564	145	184	158	110	-	1,161	129	14,100	15,390	5,425
Equipment and technology	25,651	3,160	8,309	3,656	3,764	545	45,085	3,411	207	48,703	14,461
Membership dues	4,841	135	3,310	2,453	931	-	11,670	1,510	948	14,128	15,017
Printing and publications	2,097	208	558	89	107	-	3,059	1,687	244	4,990	1,549
Postage expense	748	91	171	123	105	-	1,238	332	-	1,570	3,851
Credit card fees and other	13	-	-	-	-	5,874	5,887	685	218	6,790	5,271
Advertising	5,537	1,106	1,291	631	569	-	9,134	1,148	1,265	11,547	7,298
Rent	-	-	52,254	-	-	66,965	119,219	-	-	119,219	113,973
Other	799	89	332	96	40	553	1,909	1,315	-	3,224	10,227
Interest expense	-	-	-	-	-	-	-	28,564	-	28,564	34,154
Total expenses	\$ 1,599,822	\$ 160,099	\$ 349,730	\$ 285,765	\$ 153,092	\$ 210,738	\$ 2,759,246	\$ 331,368	\$ 63,356	\$ 3,153,970	\$ 2,482,580

See Notes to Financial Statements.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2021

(with June 30, 2020 comparative totals)

Cash Flows from Operating Activities	<u>2021</u>	<u>2020</u>
Change in Net Assets	\$ 559,512	\$ 138,485
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	85,029	66,846
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(14,948)	(390)
Pledges receivable	(1,249)	(221)
Other receivables	3,647	(3,647)
Prepaid expenses	(16,446)	(12,414)
Inventory	(11,615)	6,021
Gift cards on hand	(7,761)	80
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(36,711)	90,514
Accrued payroll and leave	3,078	40,353
Deferred revenue	-	(10,000)
Net cash provided by operations	<u>562,536</u>	<u>315,627</u>
Cash Flows from Investing Activities		
Building improvements, equipment and furniture	(101,767)	(72,442)
Net cash (used in) investing activities	<u>(101,767)</u>	<u>(72,442)</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(6,366)	(18,503)
Payments for refinancing fees	(8,710)	-
Net cash (used in) financing activities	<u>(15,076)</u>	<u>(18,503)</u>
Net increase in cash and cash equivalents	445,693	224,682
Cash and cash equivalents		
Beginning	1,093,786	869,104
Ending	<u>\$ 1,539,479</u>	<u>\$ 1,093,786</u>
Supplemental Disclosure of Cash Flow		
Cash payments for interest expense	<u>\$ 28,564</u>	<u>\$ 34,154</u>

See Notes to Financial Statements.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

NOTES TO FINANCIAL STATEMENTS

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 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: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958 dated August 2016, *Not-For-Profit Entities*, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations". (ASC) 958-205 was effective January 1, 2018. 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 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.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Promises to Give: Unconditional promises to give are recognized as revenues and related asset, reduction of liabilities, or as an expense on the date of the promise. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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 \$500. 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: The Organization receives contributions from the general public. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use. The Organization also receives contributed services in various capacities from volunteers to help accomplish its program objectives. The estimated value of donated, nonprofessional services are not reflected in the financial statements as these services do not meet the criteria for recognition as contributed services. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

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.

Advertising: Advertising costs are expensed as incurred. Total advertising cost for 2021 amounted to \$11,547.

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 2018, 2019, 2020 and 2021.

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.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

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

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.

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. There were no non-operating activities in 2021 or 2020.

Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

Description	Balances		
	Brokerage Accts.	Bank Deposits	Accounting
Charles Schwab deposit account	\$ 49	\$ -	\$ 49
BB&T Bank	-	49,268	51,787
Eagle Bank	-	1,278,513	1,280,520
Bank of Charles Town	-	212,970	206,201
Bill.com Clearing	-	-	562
Petty cash held	-	-	360
	<u>\$ 49</u>	<u>\$ 1,540,751</u>	<u>\$ 1,539,479</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2021, bank deposits in Eagle Bank exceeded FDIC insurance coverage by \$1,028,513. Cash deposits held in brokerage accounts are fully insured under SIPC private insurance.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment

Property and equipment is summarized as follows:

Description	Amount
Office furniture and equipment	\$ 305,824
Land	349,835
Building and improvements	1,351,944
	<u>2,007,603</u>
Less accumulated depreciation	(869,027)
	<u>\$ 1,138,576</u>

Depreciation expense for 2021 was \$85,029.

Note 5. Note Payable

A summary of the note payable at June 30, 2021 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.	\$ 641,987
Refinance fee amortized against loan at net	(8,420)
Less - current portion	(24,044)
	<u>\$ 609,523</u>

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

Fiscal Year	Principal
2022	\$ 24,044
2023	25,002
2024	25,722
2025	26,561
Thereafter	540,658
	<u>\$ 641,987</u>

Note 6. 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, 2021 there was no outstanding balance on the line of credit.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7. Net Assets with Donor Restriction

A summary of net assets with donor restriction at June 30, 2021 and 2020 is as follows:

Description	Balance 6/30/2020	Additions	Usage	Balance 6/30/2021
Children's support group and education project	\$ 7,589	\$ 10,000	\$ (12,533)	\$ 5,056
Client gift cards	7,686	8,114	-	15,800
Shelter food and support	3,014	15,000	-	18,014
General client support	9,976	12,000	(11,244)	10,732
New Shelter	-	176,500	(22,000)	154,500
College fund	13,171	-	(3,504)	9,667
Corks for a Cause	5,000	-	-	5,000
COVID Relief	-	763,219	(655,374)	107,845
Legal Services program	-	50,000	(50,000)	-
	<u>\$ 46,436</u>	<u>\$ 1,034,833</u>	<u>\$ (754,655)</u>	<u>\$ 326,614</u>

All net assets with donor restriction were restricted for a specific purpose at June 30, 2021 and 2020.

Note 8. 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 6/30/2020	Additions	Usage	Balance 6/30/2021
Working capital	\$ 601,880	\$ 227,885	\$ -	\$ 829,765
Strategic initiatives	20,000	30,000	-	50,000
Facilities	50,000	-	-	50,000
	<u>\$ 671,880</u>	<u>\$ 257,885</u>	<u>\$ -</u>	<u>\$ 929,765</u>

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 9. Concentration of Economic Support

Approximately 55 and 57 percent of LCSJ's programs and operations are supported by governmental agencies in FY2021 and FY2020, respectively. 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

Note 10. 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 2021. Fiscal year end June 30, 2021 rent expense for the thrift shop was \$66,965 and is included in rent expense.

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

Year ending June 30:	Amount
2021	<u><u>\$ 15,900</u></u>

Note 11. 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, 2021, the employer match amounted to \$22,677.

Note 12. 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, 2021 is as follows:

Description	Amount
Audit fee	\$ 1,521
CAC program facility	52,254
Direct client services - gift cards	8,114
	<u><u>\$ 61,889</u></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 13. 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.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 14. Fair Value of Instruments

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

Note 15. 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 FY2021 the organization received approximately 5,784 volunteer hours. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$165,075 for the year ended June 30, 2021.

Note 16. 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, 2020 of the prior year, from which the summarized information was derived.

Note 17. 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	\$ 1,212,865
Grants and other receivable	134,654
Current bills	(57,655)
	<u>\$ 1,289,864</u>

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 19. Risks and Uncertainties

COVID-19: The extent of the impact of COVID-19 on LCSJ's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, as well as the impact on LCSJ's customers, employees, and vendors, all of which are uncertain and cannot be reasonably predicted.

Note 20. Subsequent Events

The Organization has evaluated events and transactions subsequent to June 30, 2021 through September 10, 2021, 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 that have occurred subsequent to June 30, 2021.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 20, 2021**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Entity	Grant Number/ Pass-Through Entity Identifying Number	Federal Expenditures
477 Cluster				
U.S. Department of Health and Human Services				
Family Violence Prevention and Services Program	93.558	Virginia Department of Social Services	CVS-19-057-A-27	71,000
Child Advocacy Center	93.558	Virginia Department of Social Services	FAM-19-106-10	<u>51,149</u>
Total Cluster 477 - Temporary Assistance for Needy Families				<u>122,149</u>
CDBG - Entitlement Grants Cluster				
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.218	Loudoun County Government	N/A	<u>28,383</u>
Other Programs				
U.S. Department of Justice				
Crime Victim Assistance Program				
Child Advocacy Center	16.575	Virginia Department of Social Services	FAM-19-106-10	195,635
Victims of Crime Act - Child Abuse Treatment	16.575	Virginia Department of Criminal Justice Services	20-A4790VD18	81,731
Sexual Assault/Domestic Violence	16.575	Virginia Department of Criminal Justice Services	20-A3446VP18	<u>540,081</u>
Total Crime Victim Assistance Program				<u>817,447</u>
Coronavirus Emergency Supplemental Funding	16.037	Virginia Department of Criminal Justice Services	20-A5214CE20	24,688
Virginia Services, Training, Officers, Prosecution	16.588	Virginia Department of Criminal Justice Services	19-X9205VA18	29,136
Improving Criminal Justice Resposnes Program	16.59	Loudoun County Government	N/A	1,550
Legal Assistance to Victims	16.524	N/A - Direct	2015-WL-AX-0021	<u>\$ 85,246</u>
Total U.S. Department of Justice				<u>958,067</u>
U.S. Department of Health and Human Services				
Family Violence Prevention and Services Program	93.671	Virginia Department of Social Services	CVS-19-057-A-27	81,771
Promoting Safe and Stable Families	93.556	Loudoun County Government	N/A	<u>18,788</u>
Total U.S. Department of Health and Human Services				<u>100,559</u>
U.S. Department of the Treasury				
Coronavirus Relief Fund	21.019	Loudoun County Government	N/A	378,836
Coronavirus Relief Fund	21.019	Town of Leesburg	N/A	<u>56,000</u>
Total Coronavirus Relief Fund				<u>434,836</u>
U.S. Department of Housing and Urban Development				
Emergency Solutions Grant Program	14.231	Loudoun County Government	N/A	<u>750</u>
				<u>\$ 1,644,744</u>

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 20, 2021**

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, 2021. 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.

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**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***

INDEPENDENT AUDITOR'S REPORT

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. (LCSJ) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LCSJ'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 LCSJ's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LCSJ'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 10, 2021

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Loudoun Citizens for Social Justice, Inc. (LCSJ) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LCSJ' major federal programs for the year ended June 30, 2021. LCSJ' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LCSJ' major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LCSJ' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of LCSJ' compliance.

Opinion on Each Major Federal Program

In our opinion, LCSJ 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, 2021.

REPORT IN ACCORDANCE WITH UNIFORM GUIDANCE

Report on Internal Control over Compliance

Management of LCSJ is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LCSJ' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LCSJ' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 10, 2021

Mitchell & Co., P.C.

LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021**

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.