

*Financial Statements*

LOUDOUN CITIZENS  
FOR SOCIAL JUSTICE, INC.

June 30, 2016

## **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**

#### **OFFICERS**

Dennis Drinkard, Chairperson  
Stephanie Johnson Monroe, JD, Vice Chairperson  
Reginald M. Jones, JD, Treasurer  
Deborah Owings, Secretary

#### **BOARD OF DIRECTORS**

James H. Attkisson, JD	Reginald M. Jones, JD
Michelle Roberts-Borden, MD	Stephanie Johnson Monroe, JD
Katie McAuliffe Campbell	Stephanie Nerantzis
Tracy Cross, RN	Deborah Owings
Dennis Drinkard	Alane Peragallo
Trisha Fletcher	Myrna Perry
Amy Franzer	Rachelle G. Schroeder
Steven Fraser	Rachael Remuzzi
Cynthia Jennings	Josette Zahinda

#### **EXECUTIVE DIRECTOR**

Nicole M. Acosta, LCWS

## TABLE OF CONTENTS

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
-------------------------------------	-----

---

<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

---

# MITCHELL & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY D. MITCHELL, CPA  
SANDRA M. TONDREAU, CPA  
W. MATTHEW BURNS, CPA

AMANDA L. MASON, CPA  
AMANDA M. HALSEY, CPA

110 EAST MARKET STREET | SUITE 200  
LEESBURG, VIRGINIA 20176  
P 703.777.4900 | F 703.771.3082  
WWW.MCOCPA.COM

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

VIRGINIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

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, 2016, 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. 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, 2016, 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.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, the Board of Directors has designated net assets and related cash balances for specific future uses. The year ended June 30, 2016 was the first year of such designations. Our opinion is not modified with respect to that matter.

***Report on Summarized Comparative Information***

We have previously audited the Loudoun Citizens for Social Justice, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia  
October 31, 2016

*Mitchell & Co., P.C.*

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2016**  
**(with June 30, 2015 comparative totals)**

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Current Assets		
Cash and cash equivalents		
Undesignated	\$ 350,410	\$ 350,410
Designated	132,225	-
Investments	14,819	15,239
Grants receivable	64,438	47,808
Prepaid expenses	26,539	21,557
Thrift store inventory	21,927	16,073
<b>Total current assets</b>	<b>610,358</b>	<b>451,087</b>
Property and Equipment		
Office furniture and equipment	74,420	69,877
Land	349,835	349,835
Building and improvements	1,250,341	1,126,125
	<b>1,674,596</b>	<b>1,545,837</b>
Less accumulated depreciation	(553,737)	(511,914)
	<b>1,120,859</b>	<b>1,033,923</b>
<b>Total assets</b>	<b>\$ 1,731,217</b>	<b>\$ 1,485,010</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,560	\$ 15,965
Accrued payroll and leave	46,886	72,996
Deferred revenue	10,000	2,000
Current portion of note payable	15,912	15,013
<b>Total current liabilities</b>	<b>81,358</b>	<b>105,974</b>
Long-term debt - less current portion, net of refinance fees	<b>689,811</b>	<b>703,972</b>
Net Assets		
Unrestricted		
Undesignated	353,532	309,053
Designated by the governing board for working capital	132,225	-
Donated inventory	21,927	16,073
Invested in capital assets	415,136	314,938
	<b>922,820</b>	<b>640,064</b>
Temporarily restricted	37,228	35,000
<b>Total net assets</b>	<b>960,048</b>	<b>675,064</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,731,217</b>	<b>\$ 1,485,010</b>

See Notes to Financial Statements.

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

**STATEMENT OF ACTIVITIES**

**For The Year Ended June 30, 2016**

**(with June 30, 2015 comparative totals)**

	Unrestricted	Restricted	Totals	
			2016	2015
<b>REVENUE AND GRANTS</b>				
Government grants	\$ 777,536	\$ -	\$ 777,536	\$ 615,975
Contributions	493,737	10,000	503,737	444,923
Thrift shop income	211,293	-	211,293	204,330
Special fundraising events (less expenses \$27,655 and \$9,042)	49,036	-	49,036	23,732
Foundation grants	69,116	37,000	106,116	98,650
Investment income (loss)	(252)	-	(252)	1,452
In-kind donations	7,807	-	7,807	14,193
	1,608,273	47,000	1,655,273	1,403,255
Net assets released from restrictions:				
Satisfaction of usage restriction	44,772	(44,772)	-	-
<b>Total revenues and grants</b>	<b>1,653,045</b>	<b>2,228</b>	<b>1,655,273</b>	<b>1,403,255</b>
<b>EXPENSES</b>				
Program services	1,302,526	-	1,302,526	1,261,842
Supporting services:				
Management and general	59,622	-	59,622	60,833
Fundraising	8,141	-	8,141	8,460
<b>Total expenses</b>	<b>1,370,289</b>	<b>-</b>	<b>1,370,289</b>	<b>1,331,135</b>
<b>Change in net assets</b>	<b>282,756</b>	<b>2,228</b>	<b>284,984</b>	<b>72,120</b>
<b>Net Assets, beginning of year</b>	<b>640,064</b>	<b>35,000</b>	<b>675,064</b>	<b>602,944</b>
<b>Net Assets, end of year</b>	<b>\$ 922,820</b>	<b>\$ 37,228</b>	<b>\$ 960,048</b>	<b>\$ 675,064</b>

See Notes to Financial Statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended June 30, 2016**

**(with June 30, 2015 comparative totals)**

	Program Services							Total Program Services	Supporting Services		Totals	
	Domestic		CAC	Legal	Sexual Assault	Thrift Shop	Management and General		Fundraising	2016	2015	
	Violence	Children										
Salaries	\$ 306,973	\$ 97,198	\$ 116,871	\$ 167,558	\$ 84,224	\$ 62,763	\$ 835,587	\$ 30,066	\$ 4,036	\$ 869,689	\$ 832,652	
Professional fees	9,771	2,158	3,480	7,459	3,317	140	26,325	2,015	-	28,340	32,087	
Payroll taxes	22,266	6,811	8,036	12,220	6,189	4,554	60,076	2,745	261	63,082	64,558	
Interest expense	4,138	18,055	342	6,018	3,796	-	32,349	5,266	-	37,615	41,287	
Building repair and replacements	14,430	1,619	2,101	3,655	2,727	455	24,987	1,815	-	26,802	21,258	
Depreciation and amortization	20,774	6,191	3,095	6,535	4,815	-	41,410	2,064	-	43,474	38,630	
Employee benefits	20,981	5,935	12,312	17,903	5,168	2,857	65,156	7,023	-	72,179	54,809	
Telephone	10,596	3,127	3,854	1,220	8,687	1,201	28,685	1,744	-	30,429	29,040	
Utilities	3,402	6,328	-	1,265	870	2,595	14,460	1,107	-	15,567	19,627	
Insurance	6,844	1,114	1,910	3,183	2,387	-	15,438	444	-	15,882	13,905	
Supplies	3,014	1,380	4,724	1,279	481	968	11,846	1,817	-	13,663	12,488	
Travel	2,332	684	1,332	69	-	-	4,417	-	-	4,417	7,988	
Client support and services	8,735	697	405	55	41	-	9,933	40	-	9,973	10,684	
Conference expense	874	2,345	3,849	-	310	-	7,378	439	-	7,817	3,729	
Development	-	-	-	-	-	-	-	-	2,196	2,196	-	
Equipment rental and maintenance	5,802	4,816	3,724	6,119	2,202	-	22,663	1,310	-	23,973	23,371	
Worker's compensation	5,377	875	1,500	2,501	1,876	-	12,129	375	-	12,504	18,000	
Specific assistance	1,230	950	-	66	294	-	2,540	-	-	2,540	1,735	
Membership dues	602	98	1,418	2,081	1,210	-	5,409	42	275	5,726	6,227	
Printing and publications	1,050	550	296	573	417	53	2,939	787	-	3,726	6,338	
Postage expense	912	197	301	414	310	-	2,134	287	1,360	3,781	5,358	
Credit card fees and other	-	-	-	-	-	6,718	6,718	236	13	6,967	7,119	
Educational program expense	-	1,656	-	-	-	-	1,656	-	-	1,656	2,992	
Advertising	1,117	73	35	25	-	-	1,250	-	-	1,250	984	
Rent	-	-	-	-	-	67,041	67,041	-	-	67,041	67,220	
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-	9,049	
<b>Total expenses</b>	<b>\$ 451,220</b>	<b>\$ 162,857</b>	<b>\$ 169,585</b>	<b>\$ 240,198</b>	<b>\$ 129,321</b>	<b>\$ 149,345</b>	<b>\$ 1,302,526</b>	<b>\$ 59,622</b>	<b>\$ 8,141</b>	<b>\$ 1,370,289</b>	<b>\$ 1,331,135</b>	

See Notes to Financial Statements.



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

**STATEMENT OF CASH FLOWS**

**For The Year Ended June 30, 2016**

**(with June 30, 2015 comparative totals)**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 284,984	\$ 72,120
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amoritization	43,474	38,630
Unrealized loss (gain) on investments	642	(914)
Donated assets capitalized	(5,854)	(9,193)
Loss on disposal of assets	-	9,049
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(16,630)	14,209
Prepaid expenses	(4,982)	(12,419)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(33,515)	20,117
Deferred revenue	8,000	2,000
<b>Net cash provided by operations</b>	<u>276,119</u>	<u>133,599</u>
<b>Cash Flows from Investing Activities</b>		
Building improvements, equipment and furniture	(128,759)	(33,719)
Investment purchases, donations or reinvestments	(222)	(3,614)
<b>Net cash (used in) investing activities</b>	<u>(128,981)</u>	<u>(37,333)</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(15,043)	(6,761)
(Refinancing fees)/Refund	130	(13,330)
<b>Net cash (used in) financing activities</b>	<u>(14,913)</u>	<u>(20,091)</u>
<b>Net increase in cash and cash equivalents</b>	<b>132,225</b>	<b>76,175</b>
<b>Cash and cash equivalents</b>		
Beginning	350,410	274,235
Ending	<u>\$ 482,635</u>	<u>\$ 350,410</u>
Supplemental Disclosure of Cash Flow		
Cash payments for interest expense	<u>\$ 37,615</u>	<u>\$ 41,287</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.

*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.

*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.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

---

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

*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.

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 2016 amounted to \$1,250.

*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 2013, 2014, 2015 and 2016.

*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.

*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 Standard Codification (ASC) Topic 958, *Not-For Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Functional Allocation of Expenses:* The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Direct expenses are charged to each program based on the expenditures incurred and other indirect costs have been allocated among the programs and supporting services benefited based upon the time devoted to each type of service.

*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

---

#### 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	\$ 3,121	\$ -	\$ 3,121
BB&T Bank	-	21,307	17,042
Eagle Bank	-	466,975	462,012
Petty cash held	-	-	460
	<u>\$ 3,121</u>	<u>\$ 488,282</u>	<u>\$ 482,635</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2016, bank deposits in Eagle Bank exceeded FDIC insurance coverage by \$216,975. Cash deposits held in brokerage accounts are fully insured under SIPC private insurance.

#### Note 4. Fair Value Measurements

Accounting standards require the measuring and reporting of financial assets and liabilities to be at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting standards establish a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

*Level 1:* quoted prices in active markets for identical assets or liabilities as of the reporting date;

*Level 2:* quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves);

*Level 3:* uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

*Equity Securities:* valued at quoted prices on known major equity stock exchange.

*Equity Mutual Funds:* valued at the net asset value (NAV) of shares held by the fund at year end.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 4. Fair Value Measurements (Continued)

The table below summarizes investments, by level, for items measured at fair value on a recurring basis at June 30, 2016:

Investment Type	Level 1	Level 2	Level 3	Total
Equity securities	\$ 2,787	\$ -	\$ -	\$ 2,787
Mutual funds - equities	12,032	-	-	12,032
	<u>\$ 14,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,819</u>

#### Note 5. Note Payable

A summary of the note payable at June 30, 2016 is as follows:

Description	Amount
\$737,889 note payable to EagleBank dated February 19, 2015, fixed interest rate 5.10%, set monthly payments \$4,338, principal and interest, amortized over 20 years, collateralized by land, building improvements at 105 East Market St., Leesburg, VA., loan due in full February 19 2025.	\$ 717,271
Refinance fee amortized against loan at net	(11,548)
Less - current portion	(15,912)
	<u>\$ 689,811</u>

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

Fiscal Year	Principal
2017	15,912
2018	16,755
2019	17,642
2020	18,482
2021	19,555
Thereafter	628,925
	<u>\$ 717,271</u>

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 6. 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. 2016 rent expense for the thrift shop was \$67,041 and is included in rent expense.

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

<u>Year ending June 30:</u>	<u>Amount</u>
2017	63,600
2018	63,600
2019	63,600
2020	63,600
2021	15,900
	<u>\$ 270,300</u>

#### Note 7. Line of Credit

The Organization has available on an annual renewal basis, a \$100,000 revolving line of credit financing instrument established with EagleBank. Terms include interest at prime rate plus 1.00% with a floor of 6.00% and ceiling of 10.50%, interest due monthly, principal due on demand and is secured by real property located in Leesburg, Virginia. At June 30, 2016 and 2015 there was no outstanding balance on the line of credit.

#### Note 8. Temporarily Restricted Assets

Temporarily restricted net assets are available at June 30, 2016 for the following purposes:

<u>Purpose/Project</u>	<u>Amount</u>
Shelter supplies	\$ 1,676
Program costs excluding personnel	10,000
Danger assessment training and security cameras	20,000
Shelter food	5,247
Language interpreter	305
	<u>\$ 37,228</u>

#### Note 9. Designated Net Assets

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

<u>Designated obligation</u>	<u>Amount</u>
Working capital	<u>\$ 132,225</u>

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

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

### **NOTES TO FINANCIAL STATEMENTS**

---

#### **Note 10. Concentration of Economic Support**

Approximately 47 percent of LCJS's programs and operations are supported by governmental agencies. LCJS anticipates continued support for their programs but a reduction in funding could affect the level of program of activity.

#### **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 not provide for matching contributions by the Organization.

#### **Note 12. 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 13. Subsequent Events**

The Organization has evaluated events and transactions subsequent to June 30, 2016 through October 31, 2016, 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, 2016.