

*Financial Statements*

LOUDOUN CITIZENS  
FOR SOCIAL JUSTICE, INC.

June 30, 2019

## **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**

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Terrence Allen, Vice Chair  
Ann Chopivsky, Secretary  
Robert Fiolek, Treasurer

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Robert Fiolek	Paul Siker

#### **EXECUTIVE DIRECTOR**

Judith 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, 2019, 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, 2019 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 4, 2019, 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 4, 2019

*Mitchell & Co., P.C.*

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

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2019**

**(with June 30, 2018 comparative totals)**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Current Assets		
Cash and cash equivalents		
Undesignated	\$ 323,174	\$ 185,567
Designated	545,930	365,000
Grants receivable	117,846	371,942
Prepaid expenses	26,893	11,068
Client gift cards	8,120	2,703
Thrift store inventory	22,396	19,824
<b>Total current assets</b>	<b>1,044,359</b>	<b>956,104</b>
Property and equipment, net of accumulated depreciation	<b>1,108,364</b>	1,123,658
<b>Total assets</b>	<b>\$ 2,152,723</b>	<b>\$ 2,079,762</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,852	\$ 4,495
Accrued payroll and leave	65,799	70,345
Event sponsorship paid in advance	10,000	10,000
Current portion of note payable	18,482	17,642
<b>Total current liabilities</b>	<b>98,133</b>	<b>102,482</b>
Long-term debt - less current portion, net of refinance fees	<b>640,786</b>	657,985
Net Assets		
Without donor restriction		
Undesignated	341,597	445,265
Designated by the governing board	545,930	365,000
Donated inventory	22,396	19,824
Invested in capital assets	449,096	448,031
	<b>1,359,019</b>	<b>1,278,120</b>
With donor restriction	54,785	41,175
<b>Total net assets</b>	<b>1,413,804</b>	<b>1,319,295</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,152,723</b>	<b>\$ 2,079,762</b>

See Notes to Financial Statements.

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

**STATEMENT OF ACTIVITIES**

**For The Year Ended June 30, 2019**

**(with June 30, 2018 comparative totals)**

	Without Donor Restriction	With Donor Restriction	Totals	
			2019	2018
<b>SUPPORT AND REVENUE</b>				
Government grants	\$ 989,928	\$ 88,221	\$ 1,078,149	\$ 1,091,531
Contributions	479,654	20,538	500,192	508,376
Thrift shop income	253,349	-	253,349	254,347
Special fundraising events (less expenses \$21,590 and \$26,482)	45,710	-	45,710	58,409
Foundation grants	27,495	46,500	73,995	82,317
Investment income	4,640	-	4,640	765
In-kind donations	68,011	32,226	100,237	75,010
Insurance premium refund/other	12,398	-	12,398	-
	1,881,185	187,485	2,068,670	2,070,755
Net assets released from restrictions:				
Satisfaction of usage restriction	173,875	(173,875)	-	-
<b>Total support and revenue</b>	<b>2,055,060</b>	<b>13,610</b>	<b>2,068,670</b>	<b>2,070,755</b>
<b>EXPENSES</b>				
Program services	1,841,330	-	1,841,330	1,784,070
Supporting services:				
Management and general	114,323	-	114,323	87,295
Fundraising	18,508	-	18,508	16,476
<b>Total expenses</b>	<b>1,974,161</b>	<b>-</b>	<b>1,974,161</b>	<b>1,887,841</b>
<b>Change in net assets</b>	<b>80,899</b>	<b>13,610</b>	<b>94,509</b>	<b>182,914</b>
<b>Net Assets, beginning of year</b>	<b>1,278,120</b>	<b>41,175</b>	<b>1,319,295</b>	<b>1,136,381</b>
<b>Net Assets, end of year</b>	<b>\$ 1,359,019</b>	<b>\$ 54,785</b>	<b>\$ 1,413,804</b>	<b>\$ 1,319,295</b>

See Notes to Financial Statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2019**  
**(with June 30, 2018 comparative totals)**

	Program Services						Total Program	Supporting Services		Totals	
	Domestic Violence	Children	CAC	Legal	Sexual Assault	Thrift Shop		Management and General	Fundraising	2019	2018
Salaries	\$ 472,522	\$ 97,164	\$ 135,556	\$ 164,637	\$ 179,447	\$ 79,886	\$ 1,129,212	\$ 40,595	\$ 12,391	\$ 1,182,198	\$ 1,131,613
Payroll taxes	29,713	6,632	9,293	11,859	9,756	5,455	72,708	15,650	-	88,358	84,229
Employee benefits	39,399	8,879	15,158	20,218	6,175	15,263	105,092	26,383	-	131,475	118,063
Worker's compensation	7,587	1,842	2,303	1,996	1,381	-	15,109	1,182	-	16,291	19,322
Total personnel costs	549,221	114,517	162,310	198,710	196,759	100,604	1,322,121	83,810	12,391	1,418,322	1,353,227
Professional fees	27,911	7,194	9,024	10,368	5,474	36	60,007	3,654	-	63,661	78,793
Interest expense	5,947	12,243	-	5,247	6,296	-	29,733	5,247	-	34,980	35,869
Building repair and replacements	20,045	5,768	3,399	3,428	2,730	514	35,884	1,841	-	37,725	39,008
Depreciation and amortization	23,454	17,159	-	7,354	8,825	-	56,792	7,354	-	64,146	58,327
Telephone	15,714	3,893	5,018	6,365	1,818	1,353	34,161	1,396	-	35,557	24,613
Utilities	5,627	4,966	45	1,423	1,485	2,381	15,927	1,309	-	17,236	16,683
Insurance	7,023	1,873	2,341	3,341	1,405	-	15,983	1,982	-	17,965	17,154
Supplies	7,569	2,205	656	3,568	875	1,837	16,710	619	-	17,329	18,635
Travel	9,030	202	3,571	1,264	1,662	-	15,729	244	-	15,973	22,741
Client support and services	53,807	66	211	397	5	54	54,540	47	-	54,587	41,824
Conference expense	1,705	518	2,621	1,346	655	320	7,165	145	58	7,368	14,899
Development	1,563	-	-	-	-	-	1,563	-	4,610	6,173	3,590
Equipment and technology	7,257	1,895	4,522	7,552	1,386	-	22,612	1,492	-	24,104	24,623
Membership dues	3,016	357	1,721	2,214	1,655	-	8,963	1,986	949	11,898	6,255
Printing and publications	3,982	300	319	346	265	29	5,241	243	-	5,484	4,853
Postage expense	1,158	278	372	434	209	-	2,451	163	-	2,614	2,322
Credit card fees and other	470	111	138	120	83	5,482	6,404	768	-	7,172	7,068
Educational program expense	-	-	-	-	-	-	-	-	-	-	1,574
Advertising	2,408	753	871	655	451	-	5,138	675	500	6,313	3,373
Rent	-	-	45,679	-	-	67,091	112,770	-	-	112,770	111,622
Other	8,884	619	774	682	477	-	11,436	1,348	-	12,784	788
Total expenses	\$ 755,791	\$ 174,917	\$ 243,592	\$ 254,814	\$ 232,515	\$ 179,701	\$ 1,841,330	\$ 114,323	\$ 18,508	\$ 1,974,161	\$ 1,887,841

See Notes to Financial Statements.

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

**STATEMENT OF CASH FLOWS**  
**For The Year Ended June 30, 2019**  
**(with June 30, 2018 comparative totals)**

<b>Cash Flows from Operating Activities</b>	<u>2019</u>	<u>2018</u>
Change in Net Assets	\$ 94,509	\$ 182,914
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	64,146	58,327
Donated gift cards on hand	-	(2,703)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	254,096	(206,150)
Prepaid expenses	(15,825)	13,036
Inventory	(2,572)	1,601
Gift cards on hand	(5,417)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(643)	494
Accrued payroll and leave	(4,546)	(285)
Deferred revenue	-	(5,000)
<b>Net cash provided by operations</b>	<u>383,748</u>	<u>42,234</u>
 <b>Cash Flows from Investing Activities</b>		
Building improvements, equipment and furniture	<u>(47,533)</u>	<u>(38,203)</u>
<b>Net cash (used in) investing activities</b>	<u>(47,533)</u>	<u>(38,203)</u>
 <b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	<u>(17,678)</u>	<u>(16,789)</u>
<b>Net cash (used in) financing activities</b>	<u>(17,678)</u>	<u>(16,789)</u>
 <b>Net increase (decrease) increase in cash and cash equivalents</b>	<b>318,537</b>	<b>(12,758)</b>
 <b>Cash and cash equivalents</b>		
Beginning	550,567	563,325
Ending	<u>\$ 869,104</u>	<u>\$ 550,567</u>
 Supplemental Disclosure of Cash Flow		
Cash payments for interest expense	<u>\$ 34,980</u>	<u>\$ 35,869</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 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

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#### **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 2019 amounted to \$6,313.

*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 2016, 2017, 2018 and 2019.

*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

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#### 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 LTV'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 are broken out in 2019 or 2018.

*New Accounting Pronouncement:* On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. LCSJ has adjusted the presentation of these statements accordingly.

#### 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	\$ 34	\$ -	\$ 34
BB&T Bank	-	56,620	58,645
Eagle Bank	-	813,376	810,112
Petty cash held	-	-	313
	<u>\$ 34</u>	<u>\$ 869,996</u>	<u>\$ 869,104</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2019, bank deposits in Eagle Bank exceeded FDIC insurance coverage by \$563,376. Cash deposits held in brokerage accounts are fully insured under SIPC private insurance.

## LOUDOUN CITIZENS FOR SOCIAL JUSTICE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Property and Equipment

Property and equipment is summarized as follows:

Description	Amount
Office furniture and equipment	\$ 144,825
Land	349,835
Building and improvements	1,338,735
	<u>1,833,395</u>
Less accumulated depreciation	(725,031)
	<u>\$ 1,108,364</u>

Depreciation expense for 2019 was \$62,826.

#### Note 5. Note Payable

A summary of the note payable at June 30, 2019 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.	\$ 666,857
Refinance fee amortized against loan at net	(7,589)
Less - current portion	<u>(18,482)</u>
	<u>\$ 640,786</u>

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

Fiscal Year	Principal
2020	\$ 18,482
2021	19,555
2022	21,141
2023	22,248
2024	22,746
Thereafter	562,685
	<u>\$ 666,857</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 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, 2019 there was no outstanding balance on the line of credit.

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 7. Net Assets with Donor Restriction**

A summary of net assets with donor restriction at June 30, 2019 and 2018 is as follows:

Description	Balance 6/30/2018	Additions	Usage	Balance 6/30/2019
Children's support group and education project	\$ 927	\$ 8,500	\$ (6,178)	\$ 3,249
Legal services equipment, security and witnesses	24,975	-	(24,975)	-
Shelter food and support	9,426	19,000	(19,773)	8,653
General client support	2,703	36,764	(30,500)	8,967
Domestic violence prevention	3,144	10,000	(4,228)	8,916
Budgeted operations	-	88,221	(88,221)	-
Van purchase	-	25,000	-	25,000
	<u>\$ 41,175</u>	<u>\$ 187,485</u>	<u>\$ (173,875)</u>	<u>\$ 54,785</u>

All net assets with donor restriction were restricted for a specific purpose at June 30, 2019 and 2018.

**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 6/30/2018	Additions	Usage	Balance 6/30/2019
Working capital	\$ 240,000	\$ 225,930	\$ -	\$ 465,930
Strategic initiatives	75,000	-	(45,000)	30,000
Facilities	50,000	-	-	50,000
	<u>\$ 365,000</u>	<u>\$ 225,930</u>	<u>\$ (45,000)</u>	<u>\$ 545,930</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 52 and 53 percent of LCJS's programs and operations are supported by governmental agencies in FY2019 and FY2018, respectively. LCJS 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 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. 2019 rent expense for the thrift shop was \$67,091 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>
2020	63,600
2021	15,900
	<u>\$ 79,500</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 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. 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, 2019 is as follows:

<u>Description</u>	<u>Amount</u>
Audit fee	9,647
CAC program facility	45,679
Direct client services	44,912
	<u>\$ 100,238</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.

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. 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 FY2019 the organization received approximately 7,415 volunteer hours. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$183,066 for the year ended June 30, 2019.

**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, 2018 of the prior year, from which the summarized information was derived.

**Note 16. Liquidity**

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

Description	Amount
Net assets without donor restriction	\$ 1,359,019
Less: amounts designated by the governing board	(545,930)
Less: invested in capital	(449,096)
Less: assets in nonspendable form	(57,409)
	<u>\$ 306,584</u>

**Note 17. Subsequent Events**

The Organization has evaluated events and transactions subsequent to June 30, 2019 through September 4, 2019, 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, 2019.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 20, 2019**

Grant Information	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
Direct Awards			
Legal Assistance to Victims	16.524	2015-WL-AX-0021	<u>\$ 153,441</u>
Subawards from Virginia Department of Social Services			
Victims of Crime Act - Child Abuse Treatment	16.575	FAM-16-064-06	91,865
Child Advocacy Center	16.575	FAM-15-065-11	<u>122,361</u>
			<u>214,226</u>
Subawards from Virginia Department of Criminal Justice Services			
Sexual Assault/Domestic Violence	16.575	19-T3446SA17	311,965
Sexual Assault Services Program	16.017	19-I2220SP18	10,548
Virginia Services, Training, Officers, Prosecution	16.588	19-X9205VA18	<u>24,301</u>
			<u>346,814</u>
Subawards from National Children's Alliance			
NCAS Grant	16.575	N/A	<u>3,970</u>
<b>U.S. Department of Health and Human Services</b>			
Subawards from Virginia Department of Social Services			
Family Violence Prevention and Services Program	93.671	CVS 16-056-29	<u>124,564</u>
Subawards from Loudoun County Government			
Promoting Safe and Stable Families	93.556	N/A	<u>10,796</u>
			<u>10,796</u>
			<u><u>\$ 853,811</u></u>

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 20, 2019**

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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, 2019. 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, 2019, 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 4, 2019.

**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 4, 2019

*Mitchell & Co., P.C.*

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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, 2019. 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, 2019.

## 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 4, 2019

*Mitchell & Co., P.C.*

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2019**

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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.