



**CERTIFIED PUBLIC ACCOUNTANTS**

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITORS' REPORT**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Black Veterans for Social Justice Inc.  
Brooklyn, New York

### **Opinion**

We have audited the accompanying financial statements of Black Veterans for Social Justice, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Black Veterans for Social Justice, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Organization, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



## **Auditors' Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



## **Other Matters**

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Black Veterans for Social Justice, Inc.'s internal control over financial reporting and compliance.

**LMC**   
Certified Public Accountants  
March 15, 2024

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 3,965,985	\$ 6,694,610
Grants receivable	23,218,803	16,460,112
Other receivables	24,322	34,566
Prepaid expenses	2,698	347,603
Due from affiliates, net	686,197	749,703
	<hr/>	<hr/>
Total current assets	27,898,005	24,286,594
Property and equipment, net	321,380	410,793
Right of use asset - operating leases	48,732,084	-
	<hr/>	<hr/>
Total assets	<u>\$ 76,951,469</u>	<u>\$ 24,697,387</u>
<b>LIABILITIES AND NET DEFICIT</b>		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 11,382,368	\$ 8,299,276
Due to affiliates, net	-	-
Refundable advances	23,337,954	22,118,759
Other current liabilities	38,798	38,798
Lease liabilities - current portion	7,269,565	-
	<hr/>	<hr/>
Total current liabilities	42,028,685	30,456,833
Loans payable	1,352,012	1,538,054
Lease liabilities - non-current portion	41,712,057	-
	<hr/>	<hr/>
Total Liabilities	85,092,754	31,994,887
Net Deficit		
Without donor restrictions	(8,141,285)	(7,297,500)
With donor restrictions	-	-
	<hr/>	<hr/>
Total net deficit	(8,141,285)	(7,297,500)
	<hr/>	<hr/>
Total liabilities and net deficit	<u>\$ 76,951,469</u>	<u>\$ 24,697,387</u>

The accompanying notes are an integral part of these financial statements.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue:</b>			
Government grants	\$ 59,375,130	\$ -	\$ 59,375,130
Other contributions	112,229	-	112,229
Rental income	181,383	-	181,383
Management and other service fees	194,985	-	194,985
Other income	5,366	-	5,366
Total support and revenue	59,869,093	-	59,869,093
<b>Functional expenses:</b>			
Program services			
Employment services	693,317	-	693,317
Housing services	2,465,374	-	2,465,374
Social services	51,538,454	-	51,538,454
Security services	212,334	-	212,334
Total functional expenses	54,909,479	-	54,909,479
<b>Supporting services:</b>			
Management and general	5,729,739	-	5,729,739
Fundraising	73,660	-	73,660
Total supporting services	5,803,399	-	5,803,399.00
Total expenses	60,712,878	-	60,712,878
Net change in net assets	(843,785)	-	(843,785)
Net deficit, beginning of year	(7,297,500)	-	(7,297,500)
Net deficit, end of year	\$ (8,141,285)	\$ -	\$ (8,141,285)

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue:</b>			
Government grants	\$ 50,222,099	\$ -	\$ 50,222,099
Other contributions	82,547	-	82,547
Rental income	69,041	-	69,041
Management and other service fees	181,527	-	181,527
Other income	49,570	-	49,570
Total support and revenue	50,604,784	-	50,604,784
<b>Functional expenses:</b>			
Program services			
Employment services	677,954	-	677,954
Housing services	2,233,031	-	2,233,031
Social services	48,890,912	-	48,890,912
Security services	137,491	-	137,491
Total functional expenses	51,939,388	-	51,939,388
<b>Supporting services:</b>			
Management and general	5,029,200	-	5,029,200
Fundraising	51,722	-	51,722
Total supporting services	5,080,922	-	5,080,922
Total expenses	57,020,310	-	57,020,310
Net change in net assets	(6,415,526)	-	(6,415,526)
Net assets, beginning of year	(881,974)	-	(881,974)
Net deficit, end of year	\$ (7,297,500)	\$ -	\$ (7,297,500)



**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Employment Services	Housing Services	Social Services	Security Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 526,001	\$ 846,372	\$ 10,788,981	\$ 171,430	\$ 12,332,784	\$ 2,168,721	\$ -	\$ 2,168,721	\$ 14,501,505
Fringe benefits and payroll taxes	126,751	250,931	2,597,144	40,904	3,015,730	927,466	-	927,466	3,943,196
Professional fees	-	-	79,132	-	79,132	277,075	-	277,075	356,207
Consultants	15	94,716	-	-	94,731	551,407	-	551,407	646,138
Computer software	-	40,041	8,286	-	48,327	39,068	-	39,068	87,395
Automobile expenses	-	2,386	244,950	-	247,336	1,974	-	1,974	249,310
Travel	2,186	9,560	563	-	12,309	27,505	(1,910)	25,595	37,904
Staff training, seminars and conferences	11,183	-	26,529	-	37,712	51,740	-	51,740	89,452
Client travel	1,540	1,783	69,557	-	72,880	-	-	-	72,880
Office supplies	6,113	30,935	221,501	-	258,549	17,494	-	17,494	276,043
Office equipment	-	9,475	103,195	-	112,670	-	-	-	112,670
Office expenses	-	1,850	1,026,654	-	1,028,504	51,871	1,500	53,371	1,081,875
Dues and subscription	-	-	-	-	-	23,965	4,788	28,753	28,753
Rent	-	410,965	14,347,140	-	14,758,105	62,566	-	62,566	14,820,671
Operating lease expense	-	-	6,224,937	-	6,224,937	567,960	-	567,960	6,792,897
Telephone	9,617	15,440	156,300	-	181,357	17,013	-	17,013	198,370
Copier and printing	5,856	4,061	12,976	-	22,893	15,086	-	15,086	37,979
Postage	-	333	469	-	802	14,528	-	14,528	15,330
Utilities	-	-	70,916	-	70,916	-	-	-	70,916
Fundraising	-	-	-	-	-	947	46,340	47,287	47,287
TFA	-	652,928	-	-	652,928	-	-	-	652,928
Bad debts	-	-	-	-	-	54,676	-	54,676	54,676
Insurance	2,267	129	403,027	-	405,423	348,987	-	348,987	754,410
Repairs and maintenance	-	1,642	1,678,294	-	1,679,936	74,792	-	74,792	1,754,728
Maintenance supplies	-	-	149,631	-	149,631	80,253	-	80,253	229,884
Contractual services	-	23,093	9,789,379	-	9,812,472	-	-	-	9,812,472
Program supplies	-	-	-	-	-	84,000	-	84,000	84,000
Meal and food costs	-	120	3,488,237	-	3,488,357	45,982	1,400	47,382	3,535,739
Bank charges	31	83	50	-	164	2,082	(30)	2,052	2,216
Depreciation	-	-	-	-	-	89,413	-	89,413	89,413
Other expenses	1,757	68,531	50,606	-	120,894	133,168	21,572	154,740	275,634
Total expenses	<u>\$ 693,317</u>	<u>\$ 2,465,374</u>	<u>\$ 51,538,454</u>	<u>\$ 212,334</u>	<u>\$ 54,909,479</u>	<u>\$ 5,729,739</u>	<u>\$ 73,660</u>	<u>\$ 5,803,399</u>	<u>\$ 60,712,878</u>

The accompanying notes are an integral part of these financial statements.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2021**

	Employment Services	Housing Services	Social Services	Security Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 468,915	\$ 767,423	\$ 14,169,322	\$ 120,651	\$ 15,526,311	\$ 2,730,303	\$ -	\$ 2,730,303	\$ 18,256,614
Fringe benefits and payroll taxes	125,920	173,436	2,468,259	16,840	2,784,455	856,339	-	856,339	3,640,794
Professional fees	-	-	150	-	150	46,173	-	46,173	46,323
Consultants	2,500	13,235	4,344	-	20,079	350,782	-	350,782	370,861
Computer software	-	6,875	-	-	6,875	5,033	-	5,033	11,908
Automobile expenses	-	1,165	218,654	-	219,819	1,755	-	1,755	221,574
Travel	1,410	4,066	77	-	5,553	2,316	-	2,316	7,869
Staff training, seminars and conferences	3,472	-	26,696	-	30,168	9,226	-	9,226	39,394
Client travel	4,342	2,799	10,481	-	17,622	-	-	-	17,622
Office supplies	4,533	18,925	344,570	-	368,028	24,902	-	24,902	392,930
Office equipment	-	28,770	142,445	-	171,215	9,403	-	9,403	180,618
Office expenses	-	3,113	399,982	-	403,095	5,596	-	5,596	408,691
Dues and subscription	-	-	2,957	-	2,957	19,480	-	19,480	22,437
Rent	50,669	520,021	12,922,638	-	13,493,328	337,865	-	337,865	13,831,193
Telephone	3,180	3,698	166,063	-	172,941	798	-	798	173,739
Copier and printing	5,798	3,862	15,371	-	25,031	7,186	-	7,186	32,217
Postage	-	584	202	-	786	11,774	-	11,774	12,560
Utilities	-	-	9,634	-	9,634	-	-	-	9,634
Fundraising	-	-	-	-	-	-	40,772	40,772	40,772
TFA	-	670,262	-	-	670,262	-	-	-	670,262
Recovery of bad debts	-	-	-	-	-	(11,863)	-	(11,863)	(11,863)
Insurance	-	3,697	501,824	-	505,521	10,529	-	10,529	516,050
Repairs and maintenance	-	921	1,482,852	-	1,483,773	43,573	-	43,573	1,527,346
Maintenance supplies	-	-	139,452	-	139,452	415	-	415	139,867
Contractual services	-	-	11,947,855	-	11,947,855	49,438	-	49,438	11,997,293
Meal and food costs	-	-	3,863,170	-	3,863,170	85,306	-	85,306	3,948,476
Bank charges	336	144	70	-	550	2,767	-	2,767	3,317
Depreciation	-	-	-	-	-	89,413	-	89,413	89,413
Other expenses	6,879	10,035	53,844	-	70,758	340,691	10,950	351,641	422,399
<b>Total expenses</b>	<b>\$ 677,954</b>	<b>\$ 2,233,031</b>	<b>\$ 48,890,912</b>	<b>\$ 137,491</b>	<b>\$ 51,939,388</b>	<b>\$ 5,029,200</b>	<b>\$ 51,722</b>	<b>\$ 5,080,922</b>	<b>\$ 57,020,310</b>

The accompanying notes are an integral part of these financial statements.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Net change in net assets	\$ (843,785)	\$ (6,415,526)
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:		
Depreciation	89,413	89,413
Operating lease amortization, net	249,538	-
Changes in operating assets and liabilities:		
Grants receivable	(6,758,691)	1,962,657
Other receivables	10,244	(7,223)
Prepaid expenses	344,905	(173,295)
Accounts payable and accrued expenses	3,083,092	1,735,890
Refundable advances	1,219,195	3,529,592
Other liabilities	-	(20,707)
Net cash provided by (used in) operating activities	(2,606,089)	700,801
<b>Cash Flows From Investing Activities</b>		
Repayments from affiliates	63,506	77,063
Repayment of loan receivable	-	1,750,000
Net cash provided by investing activities	63,506	1,827,063
<b>Cash Used In Financing Activities</b>		
Repayment of loans payable	(186,042)	(31,997)
Net change in cash	(2,728,625)	2,495,867
Cash, beginning of year	6,694,610	4,198,743
Cash, end of year	\$ 3,965,985	\$ 6,694,610

The accompanying notes are an integral part of these financial statements.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 – NATURE OF OPERATIONS**

Black Veterans for Social Justice, Inc., (the "Organization") is a not-for-profit corporation, incorporated on August 28, 1980. It was formed to provide program services to assist military personnel in making a smooth transition to civilian life from active duty. The Organization is dedicated to serving military personnel, veterans, and their families in the areas of social readjustment, housing, employment, compensation, disability, substance abuse, medical treatment, post-traumatic stress syndrome, family intervention, prison counseling, and relocation into the community, legal advocacy, discharge upgrade and redress of grievances within and outside the military. The Organization also provides counseling, benefits information, and "tender loving care and a listening ear".

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting. Accordingly, the financial statements are intended to present the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") in accordance with the Accounting Standards Codification ("ASC") of the Financial Accounting Standards Board ("FASB").

**Basis of Presentation**

The Organization net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions in accordance with FASB ASC 958-205-05, "Presentation of Financial Statements for Not-For-Profit Entities". It requires that the amounts for each of the classes of net assets be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities and changes in net assets.

- 1) **Net assets without donor restrictions:** include net assets that are 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.
- 2) **Net assets with donor restrictions:** Net assets subject to stipulation 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, whereby the donor has stipulated the funds be maintained in perpetuity.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

**Grants Receivable**

The Organization recognizes grants receivable when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants compensate the Organization for expenses incurred and are recognized in the month in which the services are provided. Promises to contribute those stipulate conditions to be met before the contribution is made are not accrued until the conditions are met.

**Other Receivables and Allowance for Doubtful Accounts**

Other receivables are based on receivables related to amounts billed to related housing entities and tenants and presented on the statement of financial position net of the allowance for doubtful accounts. The allowance is determined by a variety of factors, including the age of the receivables, current economic conditions, historical losses, and other information management obtains regarding the financial condition of clients. There was no allowance for doubtful accounts as of December 31, 2022 and 2021.

**Property and Equipment**

Property and equipment are stated at cost, less depreciation and amortization. The cost of additions and improvements is capitalized and expenditures for repairs and maintenance are expensed as incurred. Fully depreciated assets are retained in property and depreciation accounts until they are removed from service. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation and amortization are removed from the accounts and resulting gains or losses are included in operations. Depreciation of property and equipment is accounted for using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is calculated using the straight-line method over the shorter of the term of the related lease or the useful lives of the improvements.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Leases**

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC Topic 842). The guidance in this ASU supersedes the leasing guidance in ASC Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify ASC Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to ASC Topic 842; ASU 2018-10, Codification Improvements to ASC Topic 842, Leases; ASU 2018-11, Leases (ASC Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (ASC Topic 842): Codification Improvements. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and changes in net assets.

The Organization elected to adopt these ASUs effective January 1, 2022, and the Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, permits the Organization not to reassess under the new standard the Organization's prior conclusions about lease identification, lease classification, and initial direct costs. The adoption had a material impact on the Organization's statements of financial position but did not have a material impact on the statements of activities and changes in net assets. While the Organization continues to assess all of the effects of adoption, the Organization currently believes the most significant effects relate to (1) the recognition of new right-of-use (ROU) assets and lease liabilities on the Organization's statements of financial position for the Organization's operating leases; (2) providing significant new disclosures about the Organization's leasing activities. On adoption, the Organization recognized additional operating lease assets and lease liabilities of \$32,588,944 based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

The Organization leases certain office space and commercial properties. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease ROU assets and operating lease liabilities in the statements of financial position.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Leases** (Continued)

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. ROU assets and liabilities are recognized at the lease commencement date, based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management has elected to use a risk-free discount rate, determined using a period comparable with that of the lease term. ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option.

The Organization elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases, the Organization will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. For certain equipment leases, like vehicles, the Organization accounts for the lease and non-lease components as a single lease.

**Impairment of Long-Lived Assets**

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If such circumstances are determined to exist then the estimated undiscounted future cash flows produced by the long-lived asset is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value. An estimate of the asset's fair value is based on quoted market prices in active markets, if available. If quoted market prices is not available, the estimate of the fair value is based on various valuation techniques, including a discounted value or its estimated net realizable value. The Organization reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value. The Organization concluded there were no indicators of impairment as of December 31, 2022 and 2021.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

The Organization complied with ASC Topic 606; Revenue from Contracts with Customers. The Organization determines revenue recognition by applying the following 5-step model:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue as the performance obligations are satisfied.

The Organization recognizes revenue as performance obligations are satisfied by fulfilling specific performance obligations outlined in the federal, state, and local government grant contracts. Control of a performance obligation may transfer to the customer either at a point in time or over time depending on an evaluation of the specific facts and circumstances for each contract, including the terms and conditions of the contract as agreed with the customer, as well as the nature of products to be provided.

The Organization's primary performance obligation to its constituents is the completion of consulting arrangements, pursuant to contracts. Organization contracts are distinct and accounted for as separate performance obligations. The Organization's performance obligations for services are satisfied when the services are rendered within the arranged service period.

The Organization estimates variable consideration based on historical experience to determine the expected amount to which the Organization will be entitled in exchange for transferring the promised goods or services to a customer. The realization of variable consideration occurs within a short period of time from performance of service; therefore, the time value of money effect is not significant.

The Organization records a contract asset when it has a right to payment from a customer that is conditioned on events other than the passage of time. The Organization also records deferred revenue when customers prepay but the Organization has not yet satisfied its performance obligation. This is represented when the Organization receives advanced payments for future consulting services, which will be earned upon usage.



**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Revenue and Expenses**

Revenue is reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. The Organization reports donor-restricted contributions where restrictions are met in the same reporting period as changes in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and or the stipulated time period had elapsed) are reported as reclassifications between the applicable classes of net assets.

**Contributed Goods and Services**

The Organization received contributed goods in connection with its programs. The estimated fair values of these items are reported in the statements of activities and changes in net assets as public support revenues and expenses in the year in which they are received. Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services; (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. For the years ended December 31, 2022 and 2021, there were no recorded contributed goods or services revenue and related expenses in support of its programs.

**Expenses and Functional Allocation of Expenses**

Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

The statement of functional expenses reports expenses classified by function. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible. General operating costs across nearly all-natural categories are allocated on the basis of estimates of time and effort.

**Advertising Costs**

The Organization expenses advertising costs when incurred. Advertising expense was approximately \$51,700 and \$9,200 for the years ended December 31, 2022 and 2021, respectively.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Income Tax Status**

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Code; the Organization is also exempt from state and local income taxes. Accordingly, no provision for income taxes has been made in the financial statements. The Organization has concluded that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Organization's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations, and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Organization's tax returns for three years from the date of filing.

**New Accounting Pronouncement Not Yet Adopted**

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses" ("ASC Topic 326") Measurement of Credit Losses on Financial Instruments. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The core principle of the new guidance is that ASC Topic 326 requires an entity to reflect its current estimate of all expected credit losses at the inception of the financial asset (e.g., accounts receivables, contract assets, lease receivables, financial guarantees, loans and loan commitments, etc.). ASC Topic 326 is effective for annual and interim reporting periods beginning after December 15, 2022. The Organization adopted ASC Topic 326 with a date of initial application of January 1, 2023.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the date of the financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date:

	<b>2022</b>	<b>2021</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,965,985	\$ 6,694,610
Grants receivable	23,218,803	16,460,112
Other receivables	24,322	34,566
Due from affiliates, net	-	749,703
Total financial assets at year-end	\$ 27,209,110	\$ 23,938,991
Less: donor-imposed restrictions	-	-
Financials assets available to meet cash needs for general expenditures within one year	<u>\$ 27,209,110</u>	<u>\$ 23,938,991</u>

The Board utilizes contributions without donor restrictions for programs services and supporting services expenses.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

**NOTE 4 - GRANTS RECEIVABLE**

The Organization receives federal, state, and local government grants when eligible costs to be reimbursed are incurred and claimed in compliance with grantors' requirements or when performance requirements stipulated in the grants and contracts are achieved and the related amounts are claimed by the Organization.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment consist of the following as of December 31st:

	<b>Estimated Useful Lives (Years)</b>	<b>2022</b>	<b>2021</b>
Office building	27.5	\$ 422,582	\$ 422,582
Office equipment	7	518,965	518,965
Furniture and fixtures	7	97,581	97,581
Vehicle	5	43,742	43,742
 Total		 1,082,870	 1,082,870
 Less: Accumulated depreciation and amortization		 761,490	 672,077
 Property and equipment, net		 <u>\$ 321,380</u>	 <u>\$ 410,793</u>

Depreciation and amortization expense is recorded within general and administrative expense in the amounts of approximately \$89,000 for both of the years ended December 31, 2022 and 2021, respectively.

**NOTE 6 - LEASING ARRANGEMENTS**

The Organization leases certain office space, warehouses, equipment, and vehicles with remaining lease terms of 5 years to 9 years. All leases are operating leases.

Some leases include one or more options to renew, with renewal terms that can extend the lease term from 9 years to 18 years. Only lease options that a) the Organization believes are reasonably certain to exercise or b) the renewal option rests with the lessor, are included in the measurement of the lease assets and liabilities.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 6 - LEASING ARRANGEMENTS (Continued)**

The Organization has not committed to any leases which have not yet commenced. As of December 31, 2022, the ROU assets had a balance of \$48,732,084, as shown in noncurrent assets on the statements of financial position; the lease liability is included in other current liabilities \$7,269,565 and other long-term liabilities \$41,712,057. The lease asset and liability were calculated utilizing the risk-free discount rate (ranging from 1.37% to 3.26%), according to the Organization's elected policy.

Additional information about the Company's leases for the year ended December 31, 2022 is as follows:

**Operating:**

Operating leases, included in operating expenses	\$ 6,792,897
Short-term leases, included in operating expenses	
Total lease expense	<u>\$ 6,792,897</u>

**Other information:**

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 6,368,559
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Leased assets obtained in exchange for lease liabilities:

Operating leases	\$ 54,629,677
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Weighted average remaining lease term - operating leases (years)	6.72
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Weighted average discount rate - operating leases	2.27%
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**Maturities of operating lease liabilities:**

Years Ending December 31:

2023	\$ 8,282,478
2024	8,352,537
2025	8,421,163
2026	7,975,207
2027	6,831,555
Thereafter	13,311,576
Total lease payments	<u>53,174,516</u>
Less: present value discount	4,192,894
Present value of lease liabilities	<u>\$ 48,981,622</u>

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 7 - DUE TO / FROM AFFILIATES**

In the normal course of business, the Organization regularly advances and receives funds from related entities. Additionally, the Organization provides back-office support and management services to related entities. As of December 31, 2022, the total net amount due to affiliates was approximately \$(686,000).

As of December 31, 2021, the total net amount due from affiliates was approximately \$750,000.

**NOTE 8 - REFUNDABLE ADVANCES**

The Organization is the recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs. In those cases, the amount received in excess of amounts spent on reimbursable costs is reported as refundable advances. As of December 31, 2022 and 2021, total refundable advances amounted to approximately \$23,338,000 and \$22,119,000, respectively.

**NOTE 9 - LOANS PAYABLE**

Loans payable consists of non-interest-bearing bridge loans from New York City that are being recouped by the New York Department of Homeless Services through the Organization's billings under grants and contracts. The loans outstanding at December 31, 2022 and 2021, amounted to approximately \$1,352,000 and \$1,538,000, respectively.

**NOTE 10 - EMPLOYEE BENEFIT PLAN**

The Organization sponsors non-contributory employee defined contribution plan (the "Plan") under Section 401 of the Code, which covers substantially all full-time employees. Under the Plan, eligible employees may make voluntary contributions subject to IRS limits. The Plan was established on October 31, 2011 and is managed by a third party administrator.

**NOTE 11 - RISKS AND UNCERTAINTIES**

**Concentration of Credit Risk**

Cash is maintained at financial institutions located in the United States and is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. The Organization holds cash in reputable financial institutions and does not believe it is exposed to significant credit risk from this concentration. As of December 31, 2022 and 2021, the balance exceeded the limit by approximately \$5,922,000 and \$6,703,000, respectively. No losses have been incurred to date.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 11 – RISKS AND UNCERTAINTIES** (Continued)

**Economic Dependencies**

The Organization received 91% of its grants from New York City Department of Homeless Services for the years ended December 31, 2022 and 2021. This grantor consists of 90% and 96% of grants receivable on December 31, 2022 and 2021, respectively. If for any reason this grantor discontinues funding, there is a risk that the Organization will not be able to continue operations and provide its current services.

**Legal**

The Organization is engaged, from time to time, in routine legal proceedings or litigation which arise in the ordinary course of business. In the opinion of management and after consultation with counsel, the resolution of these proceedings is not expected to have a material adverse effect on the Organization's financial position, results of operations or cash flows.

**COVID-19 Outbreak**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2022.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events occurring through March 15, 2024, the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**



**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency Pass-Through Number</b>	<b>Federal Expenditures</b>
<b>US Department of Labor – Veterans Employment and Training Service</b>			
Homeless Veterans Reintegration Program	17.805		\$ 723,550
<b>US Department of Housing and Urban Development</b>			
New York City Department of Homeless Services			
Emergency Solutions Grant Program	14.431	20070001138/ 20070001104	443,815
<b>US Department of Housing and Urban Development</b>			
Continuum of Care Program	14.267		702,378
<b>US Department of the Treasury</b>			
Emergency Rental Assistance Program	21.023		906,382
Total Expenditures for Federal Awards			<u>\$ 2,776,125</u>

**Sub-recipients**

NONE

**Questioned findings and unallowed costs**

NONE



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Black Veterans for Social Justice, Inc.

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 Black Veterans for Social Justice, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Organization internal control over financial reporting (internal control) as a basis for designing 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 The Organization internal control. Accordingly, we do not express an opinion on the effectiveness of The Organization 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 or significant deficiencies may exist that were not identified.



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

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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*.

## **Black Veterans For Social Justice Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Black Veterans for Social Justice, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**LMC**   
Certified Public Accountants  
March 15, 2024



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

To the Board of Directors of  
Black Veterans for Social Justice, Inc.

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

**Opinion on Each Major Federal Program**

We have audited Black Veterans for Social Justice, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. the Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Black Veterans for Social Justice, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.



### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.



### **Other Matters** (Continued)

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. the Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**LMC**  
Certified Public Accountants  
March 15, 2024

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTION COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section 1 – Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with

GAAP

Unmodified

Internal Control over financial reporting:

• Material weakness(es) identified?	_____ Yes	_____ X	_____ No
• Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ No

Noncompliance material to financial statements noted?

_____ Yes	_____ X	_____ No
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**Federal Awards**

Internal control over major federal programs:

• Material weakness(es) identified?	_____ Yes	_____ X	_____ No
• Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes	_____ X	_____ No
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Identification of major federal programs:

CFDA #	Name of Federal program or cluster
17.805	Homeless Veterans Reintegration Program
14.431	Emergency Solutions Grant Program

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

Auditee qualified as low-risk auditee?

_____ Yes	_____ X	_____ No
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**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTION COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section 1 – Summary of Auditors' Results**

2022-001 – CFDA #17.805, 14.431

**Criteria** – Uniform Guidance 2 CFR 200.512(a) (1) states that the audit report must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.

**Condition** – The financial statements were filed March 15, 2024 in lieu of the due date of September 30, 2023.

**Effect** – Late filing of reports can result in the entity being a high risk auditee.

**Cause** – Management engage an auditor late after the year end.

**Recommendation** – Management should engage the services of an auditor in a sufficient time after the year end, or if possible before the year end.



**BLACK VETERANS FOR SOCIAL JUSTICE, INC.**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**2022-001**

Management will monitor and file all reports on a timely basis.

Management will engage the services of an auditor shortly after the issuance of 2022 financial statements.

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