



CERTIFIED PUBLIC ACCOUNTANTS

BLACK VETERANS FOR SOCIAL JUSTICE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SIX MONTHS ENDED JUNE 30, 2024

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
SIX MONTHS ENDED JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Black Veterans for Social Justice, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities and cash flows for the six months 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 June 30, 2024, and the changes in its net assets and its cash flows for the six months 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 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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Matters

Supplementary Information

Our audits were 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 December 18, 2025 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.



December 18, 2025

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 3,859,215
Grants receivable	54,370,993
Prepaid expenses	322,861
Due from affiliates, net	<u>415,992</u>

Total current assets 58,969,061

Property and equipment, net	191,192
Right of use asset - operating leases	<u>57,401,629</u>

Total assets \$ 116,561,882

LIABILITIES AND NET DEFICIT

Liabilities

Current Liabilities

Accounts payable and accrued expenses	\$ 23,576,976
Refundable advances	41,657,671
Other current liabilities	38,398
Lease liabilities - current portion	<u>9,723,636</u>

Total current liabilities 74,996,681

Loans payable	1,967,325
Lease liabilities - non-current portion	<u>48,257,785</u>

Total Liabilities 125,221,791

Net Deficit

Without donor restrictions	(8,659,909)
With donor restrictions	<u>-</u>

Total net deficit (8,659,909)

Total liabilities and net deficit \$ 116,561,882

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT
SIX MONTHS ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Government grants	\$ 36,151,330	\$ -	\$ 36,151,330
Other contributions	38,926	-	38,926
Rental income	92,837	-	92,837
Management and other service fees	62,026	-	62,026
Other income	5,197	-	5,197
	<hr/>	<hr/>	<hr/>
Total support and revenue	36,350,316	-	36,350,316
Functional expenses:			
Program services			
Employment services	4,545,510	-	4,545,510
Housing services	967,521	-	967,521
Social services	27,444,693	-	27,444,693
Security services	82,561	-	82,561
	<hr/>	<hr/>	<hr/>
Total functional expenses	33,040,285	-	33,040,285
Supporting services:			
Management and general	4,678,988	-	4,678,988
Fundraising	30,011	-	30,011
	<hr/>	<hr/>	<hr/>
Total supporting services	4,708,999	-	4,708,999
	<hr/>	<hr/>	<hr/>
Total expenses	37,749,284	-	37,749,284
Net change in net assets	(1,398,968)	-	(1,398,968)
Net deficit, beginning of year	(7,260,941)	-	(7,260,941)
	<hr/>	<hr/>	<hr/>
Net deficit, end of year	<u>\$ (8,659,909)</u>	<u>\$ -</u>	<u>\$ (8,659,909)</u>

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
SIX MONTHS ENDED JUNE 30, 2024

	Employment Services	Housing Services	Social Services	Security Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 1,392,031	\$ 298,737	\$ 6,615,359	\$ 71,651	\$ 8,377,778	\$ 980,960	\$ -	\$ 980,960	\$ 9,358,738
Fringe benefits and payroll taxes	336,227	91,041	1,037,396	10,910	1,475,574	160,372	-	160,372	1,635,946
Professional fees	-	-	100	-	100	704,312	-	704,312	704,412
Consultants	-	5,000	-	-	5,000	686,439	-	686,439	691,439
Computer software	-	-	309	-	309	15,829	-	15,829	16,138
Automobile expenses	10,260	-	204,817	-	215,077	10,903	-	10,903	225,980
Travel	6,931	361	4,059	-	11,351	1,847	-	1,847	13,198
Staff training, seminars and conferences	5,454	-	5,020	-	10,474	450	-	450	10,924
Client travel	656	747	8,660	-	10,063	-	-	-	10,063
Office supplies	62,735	8,913	319,473	-	391,121	4,295	-	4,295	395,416
Office equipment	-	-	9,621	-	9,621	361	-	361	9,982
Office expenses	(95)	2,250	24,655	-	26,810	2,342	-	2,342	29,152
Dues and subscription	-	-	11,846	-	11,846	9,789	-	9,789	21,635
Rent	59,491	264,791	4,047,084	-	4,371,366	3,001	-	3,001	4,374,367
Operating lease expense	-	-	3,943,784	-	3,943,784	1,741,210	-	1,741,210	5,684,994
Telephone	8,525	8,561	64,719	-	81,805	46,823	-	46,823	128,628
Copier and printing	4,378	1,398	19,245	-	25,021	458	-	458	25,479
Postage	210	86	8,772	-	9,068	1,832	-	1,832	10,900
Utilities	42,351	-	257,340	-	299,691	-	-	-	299,691
Fundraising	-	-	-	-	-	-	1,900	1,900	1,900
TFA	-	106,803	-	-	106,803	-	-	-	106,803
Insurance	82,444	-	214,841	-	297,285	277,582	-	277,582	574,867
Repairs and maintenance	488,126	2,059	1,355,668	-	1,845,853	2,925	-	2,925	1,848,778
Maintenance supplies	-	2,423	50,472	-	52,895	-	-	-	52,895
Contractual services	1,666,216	-	7,453,984	-	9,120,200	-	-	-	9,120,200
Meal and food costs	316,126	-	1,743,627	-	2,059,753	5,575	1,800	7,375	2,067,128
Bank charges	-	25	30	-	55	1,749	-	1,749	1,804
Depreciation	-	-	-	-	-	40,775	-	40,775	40,775
Other expenses	63,444	174,326	43,812	-	281,582	(20,841)	26,311	5,470	287,052
Total expenses	\$ 4,545,510	\$ 967,521	\$ 27,444,693	\$ 82,561	\$ 33,040,285	\$ 4,678,988	\$ 30,011	\$ 4,708,999	\$ 37,749,284

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

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024

Cash Flows From Operating Activities	
Net change in net assets	\$ (1,398,968)
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:	
Depreciation	40,775
Operating lease amortization, net	100,061
Changes in operating assets and liabilities:	
Grants receivable	(12,115,769)
Prepaid expenses	(213,110)
Accounts payable and accrued expenses	5,853,224
Refundable advances	<u>9,944,629</u>
Net cash used in operating activities	<u>2,210,842</u>
Cash Flows From Investing Activities	
Repayments from affiliates	<u>(200,917)</u>
Net change in cash	2,009,925
Cash, beginning of period	<u>1,849,290</u>
Cash, end of period	<u><u>\$ 3,859,215</u></u>

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

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 THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

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 and Allowance for Credit Losses

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

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 credit losses.

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.

Leases

The Organization accounts for its leases under ASC Topic 842. The Company leases certain office space and warehouses. 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 the 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.

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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

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 June 30, 2024.

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

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.

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.

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 six months ended June 30, 2024, 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.

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.

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Expected Credit Losses

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 estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Organization recognizes credit losses at the inception of the asset based on historical experience, current conditions, and reasonable and supportable forecasts.

New Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (ASC Topic 740): Improvements to Income Tax Disclosures, which is intended to enhance the transparency and decision usefulness of income tax disclosures by requiring that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The rate reconciliation disclosures will require specific categories and additional information for reconciling items that meet a quantitative threshold. The income taxes paid disclosures will require disaggregation by individual jurisdictions that are greater than 5% of total income taxes paid. The guidance will be effective for annual disclosures for annual periods beginning after December 15, 2025. Early adoption is permitted. The amendments are required to be applied on a prospective basis; however, retrospective application is permitted. The Organization is currently evaluating the impact that adopting this guidance will have on the Organization's financial statement disclosures.

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

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:

	2024
Financial assets at year-end:	
Cash and cash equivalents	\$ 3,859,215
Grants receivable	54,370,993
Due from affiliates, net	415,992
 Total financial assets at year-end	 \$ 58,646,200
Less: donor-imposed restrictions	-
 Financials assets available to meet cash needs for general expenditures within one year	 \$ 58,646,200

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 THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

NOTE 5 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following as of June 30th:

	Estimated Useful Lives (Years)	2024
Office building	27.5	\$ 422,582
Office equipment	7	518,965
Furniture and fixtures	7	97,581
Vehicle	5	43,742
Total		1,082,870
Less: Accumulated depreciation and amortization		891,678
Property and equipment, net		\$ 191,192

Depreciation and amortization expense is recorded within general and administrative expense in the amounts of approximately \$41,000 for the six months ended June 30, 2024.

NOTE 6 - LEASING ARRANGEMENTS

The Organization leases certain office space, warehouses, equipment, and vehicles with remaining lease terms of 3 years to 7 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.

The Organization has not committed to any leases which have not yet commenced. As of June 30, 2024, the ROU assets had a balance of \$57,401,629, as shown in noncurrent assets on the statements of financial position; the lease liability is included in other current liabilities \$9,723,636, and other long-term liabilities \$48,257,785. 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.

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

NOTE 6 - LEASING ARRANGEMENTS (Continued)

Additional information about the Company's leases for the six months ended June 30, 2024 is as follows:

Operating:

Operating leases, included in operating expenses	\$ 5,684,994
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Other information:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 5,584,934
Weighted average remaining lease term - operating leases (years)	6.24
Weighted average discount rate - operating leases	2.80%

Maturities of operating lease liabilities:

Six Months Ending June 30:

2025	\$ 11,192,702
2026	11,065,976
2027	10,502,424
2028	9,381,715
2029	6,874,587
Thereafter	14,634,008
Total lease payments	63,651,412
Less: present value discount	5,669,993
Present value of lease liabilities	\$ 57,981,419

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 June 30, 2024, the total net amount due from affiliates was approximately \$416,000.

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 June 30, 2024, total refundable advances amounted to approximately \$41,658,000.

BLACK VETERANS FOR SOCIAL JUSTICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024

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 June 30, 2024, amounted to \$1,967,325.

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. No losses have been incurred to date.

Economic Dependencies

The Organization received 93% of its grants from New York City Department of Homeless Services for the six months ended June 30, 2024. This grantor consists of 98% of grants receivable on June 30, 2024. 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.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through December 18, 2025 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 SIX MONTHS ENDED JUNE 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Pass-Through Number</u>	<u>Federal Expenditures</u>
US Department of Labor - Veterans Employment and Training Service			
Homeless Veterans Reintegration Program	17.805		\$ 487,647
US Department of Housing and Urban Development			
New York City Department of Homeless Services			
Emergency Solutions Grant Program	14.431	20070001138/ 20070001104	-
US Department of Housing and Urban Development			
Continuum of Care Program	14.267		344,944
US Department of the Treasury			
Emergency Rental Assistance Program	21.023		6,018
US Veterans Affairs			
Supportive Services for Veteran Families	64.055		306,704
US Department of Labor - Veterans Employment and Training Service			
Homeless Veterans Reintegration Program			
Incarcerated Veterans Transitional Program	17.289		<u>32,138</u>
Total Expenditures for Federal Awards			<u>\$ 1,177,451</u>
Sub-recipients			
NONE			
Questioned findings and unallowed costs			
NONE			



CERTIFIED PUBLIC ACCOUNTANTS

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

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

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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 December 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Black Veterans for Social Justice, Inc.'s 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 Black Veterans for Social Justice, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Black Veterans for Social Justice, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Black Veterans for Social Justice, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.



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.



December 18, 2025



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of:
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 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 Black Veterans for Social Justice, Inc.'s major federal programs for the six-month period ended June 30, 2024. Black Veterans for Social Justice, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 six-month period ended June 30, 2024.

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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 items 2024-001 – CFDA #17.805 and 2024-002 – CFDA #17.805. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Black Veterans for Social Justice, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Black Veterans for Social Justice, Inc.'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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

LMC 

Certified Public Accountants

December 18, 2025

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.
SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

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

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)? _____ X Yes No

Identification of major federal programs:

CFDA # Name of Federal program or cluster
17.805 Homeless Veterans Reintegration Program

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

Auditee qualified as low-risk auditee? _____ Yes X No

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.
SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

Section 1 - Summary of Auditors' Results

2024-001 – CFDA #17.805

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 December XX, 2025 in lieu of the due date of September 15, 2024.

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.

2024-002 – CFDA #17.805

Criteria - Uniform Guidance 2 CFR 200.334(a) states that The records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken if any litigation, claim, or audit is started before the expiration of the three-year period.

Condition – Personnel records were not properly retained.

Effect – Key controls were missing personnel data records.

Cause – Closing of HVRP federal program

Recommendation – Management should prepare a quality control assessment to ensure data retention of personnel records is properly retained in line with Uniform guidance requirements.

**BLACK VETERANS FOR SOCIAL JUSTICE, INC.
CORRECTIVE ACTION PLAN
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

2024-001

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

Management will engage the services of an auditor before the end of the fiscal year.

2024-002

Management has provided corrective action plan to address these retention issues

Rehired individuals who will better maintain the retention process of personnel records

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