

RISING FOR JUSTICE, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

For the Year Ended December 31, 2022

RISING FOR JUSTICE, INC

Financial Statements

DECEMBER 31, 2022

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Rising for Justice, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the statement of financial position of Rising for Justice, Inc. (the Organization), as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 *Auditor's Responsibilities for the Audit 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 audit. 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 controls 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 for one year after the date the financial statements are available to be issued.



Auditor's 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 auditor's 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 GAAS 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 controls. 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 GAAS and *Government 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 controls 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 controls. 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 for one year after the date the financial statements are available to be issued.

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 controls-related matters that we identified during the audit.



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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 for the year ended December 31, 2022, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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 September 29, 2023, on our consideration of the Organization's internal controls 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 controls 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 controls 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 Organization's internal controls over financial reporting and compliance.

Washington, D.C.
September 29, 2023

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RIISING FOR JUSTICE, INC.

**Statement of Financial Position
As of December 31, 2022**

ASSETS	
Cash and cash equivalents	\$ 722,734
Investments	1,205,335
Contributions and grants receivable	2,656,056
Prepaid expenses and other assets	111,098
Equipment, net	1,753
Right-of-use asset - operating	2,704,999
Total Assets	<u>\$ 7,401,975</u>
LIABILITIES AND NET ASSETS	
Accounts payable and accrued expenses	\$ 207,722
Deferred revenue	131,875
Lease liability - operating	2,739,258
Total Liabilities	<u>3,078,855</u>
Net Assets	
Without donor restrictions	700,278
With donor restrictions	3,622,842
Total Net Assets	<u>4,323,120</u>
Total Liabilities and Net Assets	<u>\$ 7,401,975</u>

The accompanying notes are an integral part of this financial statement.

RISING FOR JUSTICE, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022**

	<u>2022</u>			<u>2021</u> <u>Totals</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
Revenue and Support				
Contributions and grants	\$ 971,291	\$ 2,365,932	\$ 3,337,223	\$ 940,663
Federal grant	1,312,178	-	1,312,178	-
University fees	311,508	-	311,508	259,800
Federal grant-PPP loan forgiven	412,433	-	412,433	423,800
In-kind contributions - services	1,140,392	-	1,140,392	487,703
Interest and dividend income	719	27,700	28,419	17,509
Unrealized and realized (losses) gains, net	(261,539)	2,898	(258,641)	25,586
Special events, net of direct expenses of \$155,025	254,686	-	254,686	188,370
Net assets released from restrictions	814,419	(814,419)	-	-
Total Revenue and Support	<u>4,956,087</u>	<u>1,582,111</u>	<u>6,538,198</u>	<u>2,343,431</u>
Expenses				
Legal services	3,886,357	-	3,886,357	1,534,039
Management and general	345,136	-	345,136	144,381
Fundraising	295,759	-	295,759	126,333
Total Expenses	<u>4,527,252</u>	<u>-</u>	<u>4,527,252</u>	<u>1,804,753</u>
Changes in net assets	428,835	1,582,111	2,010,946	538,678
Net assets, beginning of year	271,443	2,040,731	2,312,174	1,773,496
Net Assets, End of Year	<u>\$ 700,278</u>	<u>\$ 3,622,842</u>	<u>\$ 4,323,120</u>	<u>\$ 2,312,174</u>

The accompanying notes are an integral part of this financial statement.

RISING FOR JUSTICE, INC.

**Statement of Functional Expenses
For the Year Ended December 31, 2022**

	<u>Legal Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,833,907	\$ 192,474	\$ 211,352	\$ 2,237,733
Occupancy	351,331	72,439	40,161	463,931
Consultants	165,292	14,910	24,871	205,073
Subgrants awarded	202,650	-	-	202,650
Computer related	62,204	9,560	3,834	75,598
Insurance	34,801	7,658	583	43,042
Training and conferences	12,316	21,738	-	34,054
Copiers	21,001	2,419	2,356	25,776
Telephone	17,081	2,006	1,964	21,051
Dues and memberships	3,981	10,177	4,385	18,543
In-house meetings and events	4,617	3,971	-	8,588
Office supplies	6,411	1,164	431	8,006
Accounting and audit	4,732	514	554	5,800
Printing	1,550	51	3,326	4,927
Travel	4	3,289	-	3,293
Investigation and litigation support	552	-	-	552
Equipment rental	427	53	47	527
Postage	99	100	-	199
Depreciation	-	448	-	448
Miscellaneous	23,009	2,165	1,895	27,069
In-kind legal services	1,140,392	-	-	1,140,392
Total Expenses	\$ 3,886,357	\$ 345,136	\$ 295,759	\$ 4,527,252

The accompanying notes are an integral part of this financial statement.

RIISING FOR JUSTICE, INC.

**Statements of Cash Flows
For the Year Ended December 31, 2022**

Cash Flows from Operating Activities

Changes in net assets	\$ 2,010,946
Adjustments to reconcile changes in net assets to net cash from operating activities:	
Depreciation	448
Unrealized and realized (losses)/gains, net	258,641
PPP loan forgiveness	(412,433)
Right-of-use asset amortization	316,440
Interest income	(27,700)
Effects from changes in non-cash operating assets and liabilities:	
Contributions and grants receivable	(1,764,784)
Prepaid expenses and other assets	(15,393)
Accounts payable and accrued expenses	113,985
Deferred revenue	131,875
Lease payments	(282,181)
Net Cash from Operating Activities	<u>329,844</u>

Cash Flows from Financing Activities

Proceeds from sale of investments	16,601
Net Cash from Financing Activities	<u>16,601</u>

Net change in cash and cash equivalents	346,445
Cash and cash equivalents, beginning of year	376,289
Cash and Cash Equivalents, End of Year	<u>\$ 722,734</u>

The accompanying notes are an integral part of this financial statement.

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

1. BACKGROUND OF THE ORGANIZATION

Rising for Justice, Inc. (the Organization) provides legal representation, assistance, and counseling to those who cannot afford legal counsel, while providing supervised clinical experience for third-year law students and social work graduate students. The Organization was incorporated as a not-for-profit organization in 1980, under the laws of the District of Columbia. On March 19, 2019, the Organization changed its name from District of Columbia Law Students in Court Program, Inc. to Rising for Justice, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2022, cash and cash equivalents consist of money market funds. Cash and cash equivalents are carried at a cost, which approximates fair value.

Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial instruments consist of investments, receivables, and payables. The carrying value of the Organization's financial instruments in the accompanying statements of financial position approximated their estimated fair values as of December 31, 2022. Fair values are estimated based on current market rates, prices, or current liquidation value.

Changes in fair value are recognized in the period in which the changes occur in the statement of activities and changes in net assets. Investment income and losses on investments of net assets with donor restrictions are added to or subtracted from net assets with donor restrictions.

Grants Receivable

Grants receivables represent unconditional promises to give from various contributors including individuals, corporations and foundations. Receivable are recorded and valued at management's estimate of the net realizable value. Estimated losses are based on specific identification of uncollectible accounts and the Organization's historical collection experience. Management believes all receivables as of December 31, 2022, were fully collectible, and thus no allowance for doubtful accounts was required.

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment, net

Equipment purchases in excess of \$2,500 with an estimated useful life of more than one year are capitalized at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Expenditures for major repairs and improvements are capitalized, and expenditures for minor repairs and maintenance are expensed as incurred. Gifts of long-lived assets are recorded at their value when donated.

Right-of-use Asset

The Organization records a right-of-use asset related to the office facilities where it conducts its operations. The Organization's 15-year lease was recorded at \$3,021,437 which represented its present value of the total remaining lease payments on January 1, 2022, at adoption. The adoption of this accounting standard did not affect the net position at adoption. The right-to-use assets are being amortized over the term of the lease. As of December 31, 2022, the value of the right-of-use asset was \$2,704,999.

The lease liability represents the future commitments for the Organization's office lease. The term of a lease is assessed as the non-cancellable period of the lease, plus any extension options that the Organization is reasonably certain to exercise. The lease liability is discounted using Treasury's risk-free estimated borrowing rate of 1.63%.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the Organization has been restricted by donors, primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions.

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue

The Organization recognizes grants and contributions when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Grants and contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

In-Kind Contributions - Services

The Organization recognizes contributed services if the services meet any of the following criteria: a) they create or enhance non-financial assets; or b) they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization's mission is continued through contributions of time by attorneys and other professionals. These are recognized as contributed revenue in the accompanying statement of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services that benefit from these costs. Management and general expenses include those not directly identified or allocated to a specific function but provide for the overall support and direction of the organization. The expenses are allocated on the basis of estimated time and effort include occupancy, salaries, and related expenses.

Income Taxes

The Organization is exempt from income taxes, other than net unrelated business income, under Section 501(c)(3) of the Internal Revenue Code and is recognized as such by the Internal Revenue Service.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return.

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2022 and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of December 31, 2022, the statute of limitations for fiscal years 2020 through 2022 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2022 reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	<u>Amount</u>	<u>2021</u>
Cash and cash equivalents	\$ 722,734	\$ 376,289
Investments	1,205,335	1,452,877
Contributions and grants receivable	<u>2,656,056</u>	<u>891,272</u>
Financial assets, at year-end	4,584,125	2,720,438
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	3,622,842	2,040,731
Financial Assets Available To Meet Cash Needs for General Expenditures Within One Year	<u>\$ 961,283</u>	<u>\$ 679,707</u>

The Organization manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

RISE FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Implemented Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Updated (ASU) No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard requires the entity to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases and Leases (Topic 842): Targeted Improvements*, which provides further clarity and transition options for adoption of FASB ASU No. 2016-02. The Organization adopted this pronouncement effective January 1, 2022, and resulted in a right-of-use asset of \$3,021,437 and a lease liability of \$3,021,437 as of January 1, 2022.

In July 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which presents contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The Organization implemented this ASU for the year ended December 31, 2022, and it did not have a material impact on the financial statements.

Subsequent Events

The Organization evaluated the accompanying financial statements for subsequent events and transactions through September 29, 2023, the date these financial statements were available for issue. Management has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. INVESTMENTS

The following is a description of the valuation methodologies used for investments measured at fair value. There were no changes in the methodologies used as of December 31, 2022.

Common Stock and Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

3. INVESTMENTS (continued)

The following table sets forth by level, the fair value hierarchy of the Organization's investments at fair value as of December 31, 2022:

	Investments at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 40,431	\$ -	\$ -	\$ 40,431
Mutual funds:				
Equity funds	504,230	-	-	504,230
International bond funds	35,153	-	-	35,153
U.S. bond funds	625,521	-	-	625,521
Total	\$ 1,205,335	\$ -	\$ -	\$ 1,205,335

For the year ended December 31, 2022, investments income consisted of the following:

	Amount
Net unrealized/realized gain	\$ (258,641)
Interest and dividend income, net	28,419
Total	\$ (230,222)

4. EQUIPMENT

Equipment as of December 31, 2022 consisted of the following:

	Amount	Useful Life
Furniture and fixtures	\$ 3,141	3-5 years
Less accumulated depreciation	1,388	
Equipment, Net	\$ 1,753	

Depreciation expense was \$448 for the year ended December 31, 2022.

RIISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 were available for the following purposes:

	<u>Amount</u>
Endowment: disputes for low income Washington residents	\$ 1,256,910
Civil Legal Counsel Project Program	1,583,612
Access to Justice - Civil protection order	51,753
Expungement clinic	112,120
Access to Justice - stabilizing	247,218
Eviction diversion	371,229
Total	<u>\$ 3,622,842</u>

6. IN-KIND CONTRIBUTIONS

Donated and other legal services that would have been purchased were valued at their estimated fair market value of \$75 per hour. The Organization's law students are granted a temporary bar number in order to practice in DC Superior Court and since they are not fully licensed practitioners, they do not command the higher rates that a licensed attorney would receive. Services donated to the Organization for the year ended December 31, 2022 were valued \$1,140,392 and are reflected as in-kind contributions and legal services expenses in the accompanying statements of activities, and changes in net assets and functional expenses.

7. FRIEDMAN FUND

Interpretation of Relevant Law

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the temporary endowment and (b) the original value of subsequent gifts to the temporary endowment.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate board-restricted endowment funds:

- a. Duration and preservation of the fund;
- b. Purposes of the Organization and the board-restricted endowment fund;
- c. General economic conditions;
- d. Possible effects of inflation and deflation;
- e. Expected total return from income and the appreciation of investments; and
- f. Investment policies of the Organization.

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

7. FRIEDMAN FUND (continued)

Return Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500, Russell 2000, and Lehman Corporate/Government indices, while assuming a moderate level of risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation.

Spending Policy

The initial objective of the Organization was to withdraw no more than \$80,000 of its endowment fund annually, withdrawn in regular installments, the schedule of which is discussed with the Investment Representative. The Organization initially expected to adjust the withdrawal amount by up to 5% annually. The expectation described herein is not binding on the Organization but could change depending on the spending needs of the Organization.

If the Organization needs funds for infrastructure or an emergency, at a time that the spending policy would not otherwise allow for additional spending, the Organization may nonetheless decide to make such additional expenditures with the intent that the Friedman fund will as soon as possible be replenished in the amount the spending exceeded that permitted by the spending policy. There was no funds expended during the year ended December 31, 2022.

RISING FOR JUSTICE, INC.

Notes to the Consolidated Financial Statements December 31, 2022

7. FRIEDMAN FUND (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual board-restricted endowment funds may fall below the level that UPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2022, there were no deficiencies of this nature that were reported in net assets without donor restrictions, and the Organization's endowment fund is not required to be retained as a fund of perpetual duration.

Changes in Endowment Net Assets

For the years ended December 31, 2022, the changes in endowment net assets were as follows:

	<u>Donor Restrictions</u>
Endowment net assets, beginning of the year	\$ 1,226,312
Net investment return	30,598
Endowment net assets, end of year	<u><u>\$ 1,256,910</u></u>

8. LEASE COMMITMENTS

Operating Leases

On April 9, 2019, the Organization entered into a lease agreement with the District of Columbia Bar until 2031. The lease commenced 90 days after the delivery date and expires on the last day of 146th month after the commencement date or May 9, 2031. Rent is paid monthly based on square foot usage, which changes each year according to the agreement. As of December 31, 2022, the lease payable was \$2,739,258. The rent expense associate with the lease was \$463,9310 for the year December 31, 2022. The rent expense included the CAM expenses for the years ended December 31, 2022, and 2021.

Effective September 1, 2017, the Organization entered into a five-year non-cancelable lease and maintenance agreement for three copiers, with monthly payments ranging from \$200 to \$1,712, which expires on August 15, 2024. The third copier is on a monthly basis after it expired in July 2021.

RISING FOR JUSTICE, INC.

**Notes to the Consolidated Financial Statements
December 31, 2022**

8. LEASE COMMITMENTS (continued)

Operating Leases (continued)

Future minimum lease payments as of December 31, 2022 required under the above operating leases are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2023	\$ 336,834
2024	336,829
2025	329,747
2026	338,004
2027	346,457
Thereafter	<u>1,250,063</u>
Total	2,937,934
Less: discount for present value	<u>198,676</u>
	<u>\$ 2,739,258</u>

SUPPLEMENTAL INFORMATION



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS
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
Rising for Justice, Inc.

Report on the Financial Statements

We have audited, 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, the financial statements of Rising for Justice, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 29, 2023.

Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal controls over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal controls.

A deficiency in internal controls 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



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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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal controls 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, D.C.
September 29, 2023

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

To the Board of Directors of
Rising for Justice, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rising for Justice, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (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 program is identified in the summary of the Independent Public Accountant's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization'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 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 GAAS, *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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. 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 GAAS, *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 controls 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 controls 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 controls 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 controls over compliance that we identified during the audit.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2022-001. Our opinion on each major Federal program is not modified with respect to this matter. *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 subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Controls Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedules of findings and questioned costs as Finding 2022-001 to be a significant deficiency.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance 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.



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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls 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.

Washington, D.C.
September 29, 2023

SBC & Company, LLC

RISING FOR JUSTICE, INC.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Grantor/ Program Title	Federal Assistance Listing	Pass-through or Agency Number	Federal Program Expenditures	Passed Through to Subrecipient
Department of Treasury				
Pass-through Office of Victim Services & Justice Grants				
Pass-through District of Columbia Bar Foundation				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	<u>\$ 1,312,178</u>	<u>\$ 202,650</u>

The accompanying notes are an integral part of this schedule.

RISING FOR JUSTICE, INC.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Rising for Justice, Inc. (the Organization) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit or Uniform Guidance). The Single Audit was performed in accordance with the provisions of the Office of Management and Budget (OMB) Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. The program included on the Schedule of Expenditures of Federal Awards (the Schedule) represents all Federal award programs with fiscal year 2022, cash or noncash expenditures activities. For our Single Audit testing, we tested Federal award programs to ensure coverage of at least 40% of Federally granted funds. Actual coverage is 100% of total cash and non-cash Federal award program expenditures.

Expenditures reported on the Schedule are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Federal Award Program Description</u>	<u>Federal Assistance Listing</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	<u>\$ 1,312,178</u>

2. BASIS OF PRESENTATION

The accompanying Schedule includes the Federal award activity of the Organization under programs of the Federal government for the year ended December 31, 2022 and is accounted for on the accrual basis of accounting. The information in this Schedule is presented in accordance with Uniform Guidance.

RISE FOR JUSTICE, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022**

Section I - Summary of Independent Public Accountant’s Results

Financial Statements

Type of Independent Public Accountant’s Report issued	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements?	No

Federal Awards

Type of Independent Public Accountant’s Report issued	Unmodified
Internal controls over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of Uniform Guidance:	Yes

<u>Major Federal Award Program Description</u>	<u>Federal Assistance Listing</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	<u>\$ 1,312,178</u>
Threshold for distinguishing between Type A and B programs			\$ 750,000
Did the Organization qualify as a low risk auditee?			No

RISING FOR JUSTICE, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022**

Section II - Financial Statement Findings

None noted.

Section III – Federal Award Findings

See Finding 2022–001.

RISING FOR JUSTICE, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022**

Finding 2022–001

Department of Treasury

Federal Assistance Listing No. 21.027 District of Columbia Bar Foundation

Compliance and Significant Deficiency over Procurement and Suspension and Debarment

Repeat Finding: No

Condition:

During our testing and review of the Organization’s procurement policy, we were unable to obtain documentation to support the Organization’s basis for sole source contracts. Additionally, documentation was not available to support the inquiries around suspension and debarment.

Criteria:

The Uniform Guidance and 45 CF Part 75 require that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal controls are presented in the context of the components of internal controls discussed in the *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate controls that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Per 2 CFR 200.320 General procurement stands:

(a) Noncompetitive procurement. There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply: (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold; (2) The item is available only from a single source; (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation; (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or (5) After solicitation of a number of sources, competition is determined inadequate.

RISING FOR JUSTICE, INC.

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

Finding 2022–001 (continued)

Per 2 CFR 200.318 General procurement stands:

(b) The Non-Federal entity must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

Per Uniform Guidance, Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at SAM.gov Home (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Cause:

The Organization did not apply the required procurement policy relative to sole source contracts in accordance with Uniform Guidance. Management also did not complete a review of vendors/contractors to verify they are not suspended, debarred, or otherwise excluded before contracting.

Effect:

The Organization does not have adequate documentation to support its sole source procurement and is not in compliance with Federal guidelines.

Questioned Costs:

Unknown

RISING FOR JUSTICE, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022**

Finding 2022–001 (continued)

Recommendation:

We recommend the Organization update and follow their controls to identify vendors that should go through the procurement process. We also recommend the Organization follow their process to verify that entities are not suspended, debarred, or otherwise excluded annually at time of award and to document those procedures.

Views of Responsible Officials:

See Corrective Action Plan

RISING FOR JUSTICE, INC.

**Corrective Action Plan
For the Year Ended December 31, 2022**



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Rising for Justice, Inc.

**Schedule of Corrective Action Plan
For the Year Ended December 31, 2022**

Finding 2022-001: Compliance and Significant Deficiency over Procurement and Suspension and Debarment

Responsible Official's Response and Corrective Action Plan

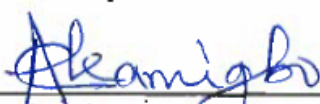
Rising for Justice, Inc. (RFJ) concurs with the finding and will implement a corrective action plan on October 1, 2023. RFJ will modify its Office Operations Manual to include reviewing the website for vendors that are debarred from doing business using Federal Funding <http://www.sam.gov/>.

This process will be documented as RFJ obtains quotes from vendors over a certain dollar amount threshold. Documentation of such will be maintained in the vendor files. The process will be completed by the Director of Operations and will be approved by the Executive Director.

Planned Implementation Date of Corrective Action Plan

October 1, 2023

Person Responsible for Corrective Action Plan



Chijioke Akamigbo, Executive Director
September 15, 2023

Our mission is to leverage the collective forces of students and experienced advocates to achieve justice for all.

RISING FOR JUSTICE, INC.

**Schedule of Prior Findings and Questioned Costs
For the Year Ended December 31, 2022**

No single audit report was issued in 2021 as Federal expenses did not meet the \$750,000 threshold.