

RISING FOR JUSTICE, INC.

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

For the Years Ended December 31, 2023 and 2022

RISING FOR JUSTICE, INC

Financial Statements Together with Report of Independent Public Accountants

DECEMBER 31, 2023 AND 2022

CONTENTS

	1
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8
SUPPLEMENTAL INFORMATION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	23
Schedule of Expenditures of Federal Awards	27
Notes to the Schedule of Expenditures of Federal Awards	28
Schedule of Findings and Questioned Costs	29
Corrective Action Plan	34
Schedule of Prior Year Findings and Questioned Costs	35

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 statements of financial position of Rising for Justice, Inc. (the Organization), as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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, 2023 and 2022, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

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 years ended December 31, 2023, 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* 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 May 22, 2025, 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.
May 22, 2025



RISING FOR JUSTICE, INC.**Statements of Financial Position
As of December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 878,401	\$ 722,734
Investments	1,337,160	1,205,335
Contributions and grants receivable	1,617,041	2,656,056
Prepaid expenses and other assets	93,371	111,098
Property and equipment, net	1,305	1,753
Right-of-use asset - operating	2,368,925	2,667,366
Right-of-use asset - financing	15,030	37,633
Total Assets	<u><u>\$ 6,311,233</u></u>	<u><u>\$ 7,401,975</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 184,789	\$ 207,722
Deferred revenue	183,275	131,875
Lease liability - operating	2,429,771	2,701,625
Lease liability - financing	15,030	37,633
Total Liabilities	<u><u>2,812,865</u></u>	<u><u>3,078,855</u></u>
Net Assets		
Without donor restrictions	241,847	700,278
With donor restrictions	3,256,521	3,622,842
Total Net Assets	<u><u>3,498,368</u></u>	<u><u>4,323,120</u></u>
Total Liabilities and Net Assets	<u><u>\$ 6,311,233</u></u>	<u><u>\$ 7,401,975</u></u>

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

RIISING FOR JUSTICE, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023 and 2022**

	2023			2022 Totals
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Support				
Contributions	\$ 79,316	\$ 1,246,420	\$ 1,325,736	\$ 3,337,223
Federal grants	1,224,267		1,224,267	1,312,178
University fees	270,764	-	270,764	311,508
Federal grant-PPP loan forgiven	-	-	-	412,433
In-kind contributions - services	2,877,348	-	2,877,348	1,140,392
Investment income	907	29,615	30,522	28,419
Unrealized/realized gains (losses), net	129,735	-	129,735	(258,641)
Special events, net of direct expenses of \$180,180 and \$155,025, respectively	187,371	-	187,371	254,686
Net assets released from restrictions	1,642,356	(1,642,356)	-	-
Total Revenue and Support	6,412,064	(366,321)	6,045,743	6,538,198
Expenses				
Legal services	6,308,696	-	6,308,696	3,886,357
Management and general	266,098	-	266,098	345,136
Fundraising	295,701	-	295,701	295,759
Total Expenses	6,870,495	-	6,870,495	4,527,252
Changes in net assets	(458,431)	(366,321)	(824,752)	2,010,946
Net assets, beginning of year	700,278	3,622,842	4,323,120	2,312,174
Net Assets, End of Year	\$ 241,847	\$ 3,256,521	\$ 3,498,368	\$ 4,323,120

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

RIISING FOR JUSTICE, INC.**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 971,291	\$ 2,365,932	\$ 3,337,223
Federal grants	1,312,178	-	1,312,178
University fees	311,508	-	311,508
Federal grant-PPP loan forgiven	412,433	-	412,433
In-kind contributions - services	1,140,392	-	1,140,392
Investment income	719	27,700	28,419
Unrealized and realized (losses) gains, net	(261,539)	2,898	(258,641)
Special events, net of direct expenses of \$155,025	254,686	-	254,686
Net assets released from restrictions	814,419	(814,419)	-
Total Revenue and Support	4,956,087	1,582,111	6,538,198
Expenses			
Legal services	3,886,357	-	3,886,357
Management and general	345,136	-	345,136
Fundraising	295,759	-	295,759
Total Expenses	4,527,252	-	4,527,252
Changes in net assets	428,835	1,582,111	2,010,946
Net assets, beginning of year	271,443	2,040,731	2,312,174
Net Assets, End of Year	\$ 700,278	\$ 3,622,842	\$ 4,323,120

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, 2023, with Comparative Totals for 2022**

	2023				2022 Totals
	Legal Services	Management and General	Fundraising	Total	
Salaries and related expenses	\$ 2,087,089	\$ 164,279	\$ 221,361	\$ 2,472,729	\$ 2,237,733
Occupancy	369,223	59,644	39,075	467,942	463,931
Consultants	315,972	6,694	5,137	327,803	205,073
Subgrants awarded	270,002	-	-	270,002	202,650
Professional fees	161,479	-	-	161,479	5,800
Technology	65,213	4,870	5,295	75,378	75,598
Insurance	51,027	1,043	1,205	53,275	43,042
Training and conferences	19,815	629	1,680	22,124	34,054
Copiers	21,523	2,143	2,329	25,995	25,776
Telephone	19,029	1,898	2,050	22,977	21,051
Dues and subscriptions	7,748	13,559	5,141	26,448	18,543
Client Support Fund	23,727	-	-	23,727	-
In-house meetings and event	3,994	4,329	534	8,857	8,588
Office supplies	4,854	1,283	605	6,742	8,006
Printing	608	21	3,469	4,098	4,927
Travel	-	2,765	85	2,850	3,293
Investigation and litigation support	725	-	-	725	552
Equipment rental	1,040	19	125	1,184	527
Postage	368	221	2,866	3,455	199
Depreciation	-	449	-	449	448
Miscellaneous	7,912	2,252	4,744	14,908	27,069
In-kind legal services	2,877,348	-	-	2,877,348	1,140,392
Total Expenses	\$ 6,308,696	\$ 266,098	\$ 295,701	\$ 6,870,495	\$ 4,527,252

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 subscriptions	3,981	10,177	4,385	18,543
In-house meetings and event	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	<u>\$ 3,886,357</u>	<u>\$ 345,136</u>	<u>\$ 295,759</u>	<u>\$ 4,527,252</u>

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

RIISING FOR JUSTICE, INC.

Statements of Cash Flows For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (824,752)	\$ 2,010,946
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	448	448
Unrealized/realized (gains) loss	(129,735)	258,641
Investment income	(29,615)	(27,700)
PPP loan forgiveness	-	(412,433)
Lease remeasurement	49,190	57,209
Effects from changes in non-cash operating assets and liabilities:		
Contributions and grants receivable	1,039,015	(1,764,784)
Prepaid expenses and other assets	17,727	(15,393)
Accounts payable and accrued expenses	(22,933)	113,985
Deferred revenue	51,400	131,875
Net Cash Flows from Operating Activities	<u>150,745</u>	<u>352,794</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	<u>27,525</u>	<u>16,601</u>
Cash Flows from Financing Activities		
Lease payment	<u>(22,603)</u>	<u>(22,950)</u>
Net change in cash and cash equivalents	155,667	346,445
Cash and cash equivalents, beginning of year	<u>722,734</u>	<u>376,289</u>
Cash and Cash Equivalents, End of Year	<u>\$ 878,401</u>	<u>\$ 722,734</u>
Supplemental Cash Flow Disclosure		
Cash paid for interest	<u>\$ 307,718</u>	<u>\$ -</u>

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

RISING FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 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, 2023, and 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).

RIISING FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 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, 2023 and 2022. Fair values are estimated based on current market rates, prices, or current liquidation value.

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, 2023 and 2022, were fully collectible, and thus no allowance for doubtful accounts was required.

RIISING FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 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 Assets

The Organization records right-of-use assets related to the office space where the Organization conducts its operation and its copier. The right-of-use assets are amortized over the term of the lease.

The lease liability represents the future commitments for the Organization's office lease and copiers. 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.

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.

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.

RISING FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue (continued)

University fees revenue is recognized when services are delivered.

Investment gains/losses include both realized and unrealized gains and losses on investments. Realized gains and losses are calculated based on the difference between the cost of the investments and the proceeds received from the sale of the respective investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Investment income is classified as with and without donor restrictions, based on the purpose of the underlying investments.

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 statements 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 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.

RISE FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2023 and 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 May 22, 2025, the statute of limitations for fiscal years 2021 through 2024 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, 2023, and 2022, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 878,401	\$ 722,734
Investments	1,337,160	1,205,335
Contributions and grants receivable	<u>1,617,041</u>	<u>2,656,056</u>
Financial assets, at year-end	<u>3,832,602</u>	4,584,125
Less: those assets unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>3,256,521</u>	<u>3,622,842</u>
Financial Assets Available to Meet Cash		
Needs for General Expenses Within One Year	<u><u>\$ 576,081</u></u>	<u><u>\$ 961,283</u></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.

Reclassification

Certain amounts have been reclassified from the 2022 presentation to conform with the 2023 presentation. These reclassifications had no effect on the changes in net assets

Subsequent Events

The Organization evaluated the accompanying financial statements for subsequent events and transactions through May 22, 2025, 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.

RIISING FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 2022

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, 2023 and 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.

The following table sets forth by level, the fair value hierarchy of the Organization's investments at fair value as of December 31, 2023 and 2022:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 33,784	\$ -	\$ -	\$ 33,784
Mutual funds:				
Equity funds	599,861	-	-	599,861
International bond funds	112,060	-	-	112,060
U.S. bond funds	591,455	-	-	591,455
Total	\$ 1,337,160	\$ -	\$ -	\$ 1,337,160

	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

4. EQUIPMENT

Equipment as of December 31, 2023 and 2022 consisted of the following:

	2023	2022	Useful Life
Furniture and fixtures	\$ 3,141	\$ 3,141	3-5 years
Less: accumulated depreciation	1,836	1,388	
Equipment, Net	\$ 1,305	\$ 1,753	

Depreciation expense was \$448 for each of the years ended December 31, 2023 and 2022.

RISING FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 2022

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023 and 2022, were available for the following purposes:

	<u>2023</u>	<u>2022</u>
Endowment: disputes for low income Washington residents	\$ 1,286,525	\$ 1,256,910
Civil Legal Counsel Project Program	723,576	1,583,612
Access to Justice - civil protection order	79,497	51,753
Expungent clinic	139,796	112,120
Access to Justice - stabilizing	306,457	247,218
Eviction diversion	720,670	371,229
Total	\$ 3,256,521	\$ 3,622,842

6. IN-KIND CONTRIBUTIONS

Donated and other legal services that would have been purchased were valued at their estimated fair market value per hour of \$180 and \$75 for the years ended December 31, 2023 and 2022, respectively. 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 years ended December 31, 2023 and 2022, were valued \$2,877,348 and \$1,140,392, respectively, 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 Financial Statements December 31, 2023 and 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 years 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 years ended December 31, 2023 and 2022.

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, 2023 and 2022, there were no deficiencies of this nature that were reported in net assets with donor restrictions, and the Organization's endowment fund is not required to be retained as a fund of perpetual duration.

RIISING FOR JUSTICE, INC.

Notes to the Financial Statements December 31, 2023 and 2022

7. FRIEDMAN FUND (continued)

Changes in Endowment Net Assets

For the years ended December 31, 2023 and 2022, the changes in endowment net assets were as follows:

	<u>2023</u>	<u>2022</u>
	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>
Endowment net assets, beginning of the year	\$ 1,256,910	\$ 1,226,312
Net investment return	29,615	30,598
Endowment net assets, end of year	\$ 1,286,525	\$ 1,256,910

8. LEASE COMMITMENTS

Operating Lease

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, 2023 and 2022, the lease payable was \$2,429,771 and 2,739,258, respectively. The rent expense associate with the lease was \$467,942 and \$463,931 for the years December 31, 2023 and 2022, respectively.

The rent expense included the Common area maintenance (CAM) expenses for the years ended December 31, 2023, and 2022 associated with the lease was \$467,942 and \$463,931 for the years ended December 31, 2023 and 2022, respectively .

Future minimum lease payments as of December 31, 2023, required under the above operating leases are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2024	\$ 321,728
2025	329,747
2026	338,004
2027	346,457
2028	355,089
Thereafter	894,980
Total	2,586,005
Less: discount for present value	156,234
Total Operating Lease Liability	\$ 2,429,771

RISING FOR JUSTICE, INC.

**Notes to the Financial Statements
December 31, 2023 and 2022**

8. LEASE COMMITMENTS (continued)

Financing Leases

Effective September 1, 2017, the Organization entered into a five-year on-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. Lease expense under these leases was \$25,995 and \$25,776, for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2024, the lease liability includes a future minimum lease payment of \$15,100. This amount has been discounted to present value resulting in a present value discount of \$70 for the fiscal year ending December 31, 2023. Accordingly, the recorded lease liability was \$15,030.

SUPPLEMENTAL INFORMATION



**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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated May 22, 2025.

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.

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.
May 22, 2025





**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 years ended December 31, 2023. 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 its major federal program for the years ended December 31, 2023.

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 its 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 program.

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 its 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 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 Finding 2023-001, 2023-002. Our opinion on its 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 findings 2023-001 and 2023-002 to be significant deficiencies.

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.

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.
May 22, 2025



RISING FOR JUSTICE, INC.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

<u>Department of Treasury</u>	<u>Federal Assistance Listing</u>	<u>Pass-through or Agency Number</u>	<u>Federal Program Expenditures</u>	<u>Passed Through to Subrecipient</u>
Department of Treasury				
Pass-through District of Columbia Bar Foundation				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	<u>\$ 1,224,267</u>	<u>\$ 210,000</u>

The accompanying notes are an integral part of this schedule.

RIISING FOR JUSTICE, INC.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023

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 for the year ended 2023, cash or noncash expenditures activities. For our Single Audit testing, we tested federal award programs to ensure coverage of at least 20% 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>Federal Grantor/ Program Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-through or Agency Number</u>	<u>Federal Program Expenditures</u>
Department of Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	<u>\$ 1,224,267</u>

2. BASIS OF PRESENTATION

The accompanying Schedule includes the federal award activity of the Organization under programs of the federal government for the years ended December 31, 2023, and is accounted for on the accrual basis of accounting. The information in this Schedule is presented in accordance with Uniform Guidance.

RIISING FOR JUSTICE, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023**

Section I - Summary of Independent Public Accountant’s Results

Financial Statements

Type of independent public accountants' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Noted
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of independent public accountants report issued on compliance for major program	Unmodified
Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?	Yes

Identification of Major Program:

Major Federal Award Program Description	Federal Assistance Listing	Federal Expenditures
Department of Treasury		
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 1,224,267
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the Organization qualify as a low risk auditee?		Yes

RISING FOR JUSTICE, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023**

Section II - Financial Statement Findings

None noted.

Section III – Federal Award Findings

See Finding 2023–001

See Finding 2023–002

RISING FOR JUSTICE, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023**

Finding 2023–001

Department of Treasury

Federal Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds

Significant Deficiency and Noncompliance over Procurement and Suspension and Debarment

Repeat Finding: Yes

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.

Corrective Action Plan For the Year Ended December 31, 2023

Finding 2023–001 (continued)

Criteria: (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.

**Corrective Action Plan
For the Year Ended December 31, 2023**

Finding 2023–001 (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:

Management agrees with the finding. Refer to the Corrective Action Plan

RISING FOR JUSTICE, INC.

**Corrective Action Plan
For the Year Ended December 31, 2023**

Finding 2023-02

Federal Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery

Significant Deficiency and Noncompliance Over Reporting

Repeat Finding: No

Condition:

The Organization's single audit report and the data collection form were not completed within nine months after the end of the audit period.

Criteria:

Per 2 CFR 200.512: Report Submission. (a) General. (1) The audit must be completed, and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day. (2) Unless restricted by Federal statutes or regulations, the auditee must make copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.

Cause:

The Organization's fiscal year 2023, financial statements and Single Audit was not completed within the nine months after the end of the audit period. The Organization did not have the policies and resources in place to complete a single audit in a timely manner.

Effect:

Failure to submit the reporting package and data collection form within the required timeframe results in non-compliance with the Uniform Guidance reporting requirements.

Questioned Costs:

None.

Recommendation:

We recommend that the Organization creates policies and procedures to ensure that audits are started and completed in a timely fashion so the reporting package submission to the Federal government can be made in accordance with Federal guidelines. We also recommend that individuals responsible for administering Federal assistance programs with the Organization receive training in grant administration.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the Corrective Action Plan.

Rising for Justice, Inc.

Schedule of Corrective Action Plan

For the Year Ended December 31, 2023

Finding: 2023-01 Significant Deficiency and compliance over Procurement and Suspension and Debarment.

Responsible Official's Response and Corrective Action Plan

Rising for Justice, Inc. (RFJ) implemented a corrective action plan effective October 1, 2023. RFJ updated its Office Operations Manual to include a process for verifying that vendors are not debarred from doing business using federal funding, by reviewing the federal System for Award Management (SAM) at www.sam.gov. Documentation of vendor verification and procurement compliance is maintained in the vendor files and reviewed with final approval by the Executive Director.

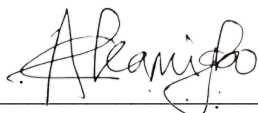
Procurement Policy Summary (Effective October 1, 2023)

RFJ adopted a comprehensive Procurement Policy to ensure that all purchases and contracts are executed through an open, fair, documented, and competitive process. Key provisions include:

- **Applicability:** The policy covers all purchases and contracts regardless of funding source or total cost, unless specifically exempted.
- **Allowability:** Expenditures must be necessary, reasonable, allocable, and documented.
- **Conflict of Interest:** All staff must comply with RFJ's Conflict of Interest Policy; no personal gain from vendor relationships is permitted.
- **Authorization:** The Executive Director approves contracts per policy thresholds. Delegation of authority must be in writing.
- **Competition Requirements:**
 - *Under \$10,000:* No formal bidding required; professional judgment applies.
 - *\$10,001–\$25,000:* At least two quotes required.
 - *Over \$25,000:* At least three quotes and/or RFPs.
- **Sole Source & Emergency Purchases:** Allowed with proper documentation.
- **Federal Debarment Check:** Vendors for federal contracts over \$25,000 must be verified through www.sam.gov.

Conclusion: All the vendors listed in the auditor's findings for FY23 were selected before the corrective action was taken in October 2023.

Person Responsible for Corrective Action Plan



Chijioke Akamigbo, Executive Director

April 15, 2025

Rising for Justice, Inc.

**Schedule of Corrective Action Plan
For the Year Ended December 31, 2023
Finding 2023-02: Significant Deficiency and Noncompliance Over Reporting
Responsible Official's Response and Corrective Action Plan**

Rising for Justice (RFJ) concurs with the findings. RFJ acknowledges the importance of adhering to the Federal guidelines for the submission of the reporting package within the mandated nine-month period. This finding is a result of the carry-over of certain grant funds from FY 2023 to FY 2024, as well as a transition in the organization's accounting team.

To address this, RFJ will implement the following actions:

1. Policies and Procedures Development:

RFJ will create and enforce comprehensive policies and procedures to ensure that audits are initiated and completed promptly. This will include detailed timelines and checkpoints to monitor progress throughout the audit process. In addition, RFJ will adhere to a year end closing process that reconciles all significant accounts.

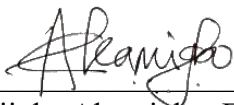
2. Training for Grant Administration:

RFJ will provide training for individuals responsible for administering grants within RFJ. This training will cover essential aspects of grant administration, ensuring that our team is well-equipped to manage these programs efficiently and in compliance with Federal requirements.

Planned Implementation Date of Corrective Action Plan

June 20, 2025

Person Responsible for Corrective Action Plan



Chijioke Akamigbo, Executive Director

April 15, 2025

RISING FOR JUSTICE, INC.

**Schedule of Prior Year Findings and Questioned Costs
For the Years Ended December 31, 2023**

Finding 2022–001

Department of Treasury

Federal Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery

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.

2023 Status:

See finding 2023-001 in current year.