

Frye & Company, CPAs

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**

**AUDITED FINANCIAL STATEMENTS
&
UNIFORM GUIDANCE REPORTS**

YEAR ENDED JUNE 30, 2023



- CONTENTS -

	<u>Page</u>
Independent Auditors' Report on Financial Statements & Supplemental Schedule of Expenditures of Federal Awards	1-4
Audited Financial Statements	
Statement of Financial Position	5
Statement of Activities & Change in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-33
Supplemental Schedule	
Schedule of Expenditures of Federal Awards	34
Independent Auditors' Report on Internal Control Over Financial Reporting & On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	35-36
Independent Auditors' Report on Compliance for Each Major Program & On Internal Control Over Compliance Required by the Uniform Guidance	37-40
Schedule of Findings & Questioned Costs	41-42



9161 Liberia Avenue, Suite 304
Manassas, Virginia 20110

www.fryeandco.com

Office: 703-257-0660
Fax: 703-257-0661

**Independent Auditors' Report on Financial Statements &
Supplemental Schedule of Expenditures of Federal Awards**

To the Board of Directors
Action in Community Through
Service of Prince William, Inc.
Dumfries, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Action in Community Through Service of Prince William, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Action in Community Through Service of Prince William, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Action in Community Through Service of Prince William, Inc. 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 opinions.



**Independent Auditors' Report on Financial Statements &
Supplemental Schedule of Expenditures of Federal Awards
(Continued)**

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Action in Community Through Service of Prince William, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

**Independent Auditors' Report on Financial Statements &
Supplemental Schedule of Expenditures of Federal Awards
(Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements – Continued

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Action in Community Through Service of Prince William, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Action in Community Through Service of Prince William, Inc.'s financial statements as of and for the fiscal year ended June 30, 2022, and our report dated March 15, 2023 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 21, 2024, on our consideration of the Action in Community Through Service of Prince William, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

**Independent Auditors' Report on Financial Statements &
Supplemental Schedule of Expenditures of Federal Awards
(Continued)**

Other Reporting Required by Government Auditing Standards – Continued

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Action in Community Through Service of Prince William, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Action in Community Through Service of Prince William, Inc.'s internal control over financial reporting and compliance.



Frye & Company, CPAs
Manassas, Virginia
May 21, 2024

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2023

(WITH 2022 COMPARATIVE TOTALS)

	2023	2022
Assets		
Cash and cash equivalents	\$ 1,063,355	\$ 914,285
Grant and contractual receivables	435,603	538,561
Pledge and other receivables	208	6,096
Inventory and donated supplies	921,233	772,186
Prepaid expenses and deposits	13,130	22,115
Loan and due from related party	135,553	200,456
Property and equipment:		
Land	1,239,099	1,239,099
Building and improvements	4,914,668	4,949,555
Office furniture and equipment	390,766	390,766
Computer software	203,797	138,945
Corporate vehicles	89,921	90,641
Property and equipment, at cost	6,838,251	6,809,006
Accumulated depreciation	(2,324,431)	(2,122,793)
Property and equipment, net	4,513,820	4,686,213
Other assets:		
Operating lease right of use asset, net	38,281	-
Total other assets	38,281	-
Total Assets	\$ 7,121,183	\$ 7,139,912
Liabilities and Net Assets		
Liabilities		
Line of credit	\$ -	\$ -
Accounts payable and accrued expenses	57,838	126,152
Accrued salaries and related payroll taxes	68,588	172,465
Accrued leave liability	18,628	19,676
Deferred grant revenue	159,875	36,796
Security and other deposits held	3,340	1,840
Deferred rent and lease incentives	2,511	4,186
Operating lease liability	38,281	-
Promissory notes payable	1,962,858	2,013,163
Total liabilities	2,311,919	2,374,278
Net assets		
Without donor restrictions	4,705,973	4,706,542
With donor restrictions	103,291	59,092
Total net assets	4,809,264	4,765,634
Total Liabilities and Net Assets	\$ 7,121,183	\$ 7,139,912

See accompanying auditors' report and notes to financial statements.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**

**STATEMENT OF ACTIVITIES
& CHANGE IN NET ASSETS**

**YEAR ENDED JUNE 30, 2023
(WITH 2022 COMPARATIVE TOTALS)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Support				
In-kind donations and services	\$ 2,758,030	\$ -	\$ 2,758,030	\$ 2,981,380
Grant and contractual income	2,504,623	-	2,504,623	2,778,062
Contributions and donations	1,856,708	126,461	1,983,169	1,774,909
Program fees income	22,615	-	22,615	51,902
Fundraising events	67,422	-	67,422	151,981
Interest and other	5,805	7	5,812	6,410
Loss on disposal of assets	(1,346)	-	(1,346)	(99,291)
Inventory sales	500,890	-	500,890	548,180
Less: costs of sales	(537,006)	-	(537,006)	(498,522)
Net inventory sales	(36,116)	-	(36,116)	49,658
Net assets released from restriction:				
Restrictions met by time or usage	82,269	(82,269)	-	-
Total revenue and support	7,260,010	44,199	7,304,209	7,695,011
Expense				
Program services:				
Human services	3,059,247	-	3,059,247	3,478,613
Trauma services	2,856,273	-	2,856,273	2,640,852
Thrift store	472,396	-	472,396	508,936
Total program services	6,387,916	-	6,387,916	6,628,401
Supporting services:				
Management and general	814,030	-	814,030	847,636
Fundraising activities	58,633	-	58,633	55,772
Total supporting services	872,663	-	872,663	903,408
Total expense	7,260,579	-	7,260,579	7,531,809
Change in Net Assets	(569)	44,199	43,630	163,202
Net assets, beginning of year	4,706,542	59,092	4,765,634	4,602,432
Net Assets, End of Year	\$ 4,705,973	\$ 103,291	\$ 4,809,264	\$ 4,765,634

See accompanying auditors' report and notes to financial statements.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023
(WITH 2022 COMPARATIVE TOTALS)

Expenses	2023							2022	
	Program Services			Total Program Services	Supporting Services		Total Supporting Services		Total Expenses
	Human Services	Trauma Services	Thrift Store		Management & General	Fundraising Activities			
Salaries and wages	\$ 469,896	\$ 1,485,084	\$ 280,227	\$ 2,235,207	\$ 577,960	\$ 18,914	\$ 596,874	\$ 2,832,081	\$ 2,762,010
In-kind donations	2,024,402	44,574	-	2,068,976	3,000	-	3,000	2,071,976	2,250,663
Supplies and materials	184,759	658,109	12,931	855,799	4,755	138	4,893	860,692	1,064,243
Occupancy costs	73,759	161,310	38,953	274,022	37,369	3,119	40,488	314,510	321,180
Employer payroll taxes	35,411	117,105	21,805	174,321	44,527	933	45,460	219,781	214,988
Depreciation expense	95,682	74,375	24,258	194,315	21,130	778	21,908	216,223	194,668
Employee benefits	26,597	82,742	20,748	130,087	30,646	517	31,163	161,250	175,980
Professional fees	23,497	74,310	12,446	110,253	33,964	14,553	48,517	158,770	95,163
Repairs and maintenance	66,973	19,506	10,087	96,566	13,396	195	13,591	110,157	114,143
Insurance expense	13,054	34,505	7,439	54,998	10,231	1,182	11,413	66,411	54,026
Interest expense	15,810	22,244	20,819	58,873	4,913	-	4,913	63,786	65,416
Printing and publication	12,133	32,405	6,427	50,965	8,420	1,182	9,602	60,567	106,122
Retirement expenses	7,132	23,325	3,513	33,970	10,868	148	11,016	44,986	42,627
Staff development	7,527	11,738	2,189	21,454	5,520	298	5,818	27,272	28,344
Bank and credit card fees	1,337	3,589	9,669	14,595	4,956	121	5,077	19,672	28,983
Special events	301	-	-	301	-	16,481	16,481	16,782	1,343
Travel and lodging	117	8,863	79	9,059	1,737	71	1,808	10,867	8,139
Employment services	860	2,489	806	4,155	638	3	641	4,796	3,771
2023 Total Expenses	<u>\$ 3,059,247</u>	<u>\$ 2,856,273</u>	<u>\$ 472,396</u>	<u>\$ 6,387,916</u>	<u>\$ 814,030</u>	<u>\$ 58,633</u>	<u>\$ 872,663</u>	<u>\$ 7,260,579</u>	
2022 Total Expenses	<u>\$ 3,478,613</u>	<u>\$ 2,640,852</u>	<u>\$ 508,936</u>	<u>\$ 6,628,401</u>	<u>\$ 847,636</u>	<u>\$ 55,772</u>	<u>\$ 903,408</u>		<u>\$ 7,531,809</u>

See accompanying auditors' report and notes to financial statements.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**

STATEMENT OF CASH FLOWS

**YEAR ENDED JUNE 30, 2023
(WITH 2022 COMPARATIVE TOTALS)**

	2023	2022
Cash Provided (Used) by Operating Activities		
Change in net assets	\$ 43,630	\$ 163,202
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	216,223	194,668
Loss (gain) on disposition of assets	1,346	99,291
Donated property and equipment	-	(90,507)
Provisions for doubtful accounts	-	9,099
Changes in assets and liabilities:		
Grant and contractual receivables	102,958	(130,818)
Pledge and other receivables	5,888	2,751
Inventory and donated supplies	(149,047)	(141,689)
Prepaid expenses and other assets	8,985	20,780
Accounts payable and accrued expenses	(68,314)	(11,251)
Accrued salaries and related payroll taxes	(103,877)	(70,241)
Accrued leave liability	(1,048)	19,676
Deferred grant revenue	123,079	16,085
Operating lease and tenant deposits	(3,175)	(1,674)
Due to related party	64,903	(66,069)
Total adjustments	197,921	(149,899)
Net cash provided (used) by operating activities	241,551	13,303
Cash Provided (Used) by Investing Activities		
Proceeds on the sale of property and equipment	670	-
Purchases of property and equipment	(42,846)	(173,653)
Net cash provided (used) by investing activities	(42,176)	(173,653)
Cash Provided (Used) by Financing Activities		
Advances on loan and due to related party	-	1,144
Principal repayments on promissory notes payable	(50,305)	(48,198)
Net cash provided (used) by financing activities	(50,305)	(47,054)
Net Increase (Decrease) in Cash and Cash Equivalents	149,070	(207,404)
Cash and cash equivalents, beginning of year	914,285	1,121,689
Cash and Cash Equivalents, End of Year	\$ 1,063,355	\$ 914,285
Supplemental Cash Flows Information:		
Cash paid for interest	\$ 63,786	\$ 65,416
Cash paid for income taxes	\$ -	\$ -
Non-Cash Investing and Financing Activities:		
In-kind donations and contributed services	\$ 2,758,030	\$ 2,890,873
Donated assets (property and equipment)	\$ -	\$ 90,507

See accompanying auditors' report and notes to financial statements.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note A – Organization and Activities

Organization: The Action in Community Through Service of Prince William, Inc. (ACTS) (the Organization) was founded in 1969 and incorporated in 1971 as a nonstock, not-for-profit organization to “foster hope, provide relief, and promote self-sufficiency for its Greater Prince William County neighbors in crisis.” The Organization reaches approximately 50,000 individuals annually providing various services at 12 locations strategically placed throughout the country.

Activities: The Organization program services are aligned into the following three main divisions:

Human Services:

- Housing (emergency shelter, two safe houses for domestic violence victims, permanent housing, rapid re-housing, and case management)
- Emergency Assistance (utility bills, prescription medications, propane, and case management)
- Hunger Prevention Center and Prince William Food Rescue (distributed over 2,309,300 pounds of food)

Crisis/Trauma:

- Sexual Assault Services (hospital accompaniment, court accompaniment, individual and group therapeutic support, and community education)
- Domestic Violence Services (two safe houses, case management, court accompaniment, individual and group therapeutic support, and community education)
- Suicide Services (24/hour crisis line, survivor groups, attempters group, crisis response team, and community education)

Thrift Store:

- The only not-for-profit thrift store in the region to reinvest all proceeds into the local community

The Organization partners with other not-for-profits, the courts, hospitals, churches, businesses and government to meet the needs of its clients. Approximately half of its budget is derived from donations, with the remaining derived from government and foundation grants and thrift store sales. This allows almost all services to be offered at no cost to clients in need.

Note B - Summary of Significant Accounting Policies

Basis of Accounting and Presentation: The Organization prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note B – Summary of Significant Accounting Policies – Continued

Basis of Accounting and Presentation – Continued: The financial statements include certain prior-year summarized comparative information in total and not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements as of and for the fiscal year ended June 30, 2022, from which the summarized information was derived. Certain prior year information was reclassified to adhere with the current financial statement presentation.

Revenue Recognition: The Organization prepares its financial statements on the accrual basis of accounting, which requires that revenue is recognized when earned and expenses when obligations are incurred. The Organization evaluates its grant and other funding to determine if grants are unconditional promises-to-give and thus, accounted for as contributions and either earmarked as net assets without donor restrictions or net assets with donor restrictions. Unconditional promises-to-give are recognized as soon as they are measurable and determinable. In situations in which the grants require significant stipulations, including the refunding of unspent funds, the Organization treats the grants as conditional promises-to-give in which revenue is not recognized until the grantor’s stipulations are substantially met and allowable expenditures incurred. Funds yet to be received for allowable incurred costs are reflected as grant or contractual receivables. Any funds received in advance of the applicable award period or grant receipts received in excess of allowable costs incurred are reflected as deferred or unearned revenue. Grant receivables and grant revenue are adjusted for any known or anticipated unallowable cost and reduced for any questionable costs. The Organization is also subject to grant compliance audits which could result in questioned costs and impact grant receivables and revenue recognized. Management believes adequate allowances were established for any potential questioned or disallowed costs.

Income Tax Status: The Organization obtained a favorable tax determination letter from the Internal Revenue Service (IRS) dated September 1972 that states that the Organization is exemption from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Additionally, the IRS letter recognized the Organization as a publicly supported charity under Section 509(a) of the Internal Revenue Code. However, any activities determined to be unrelated to the Organization’s tax exemption are subject to income taxes. The Organization reported no significant unrelated business-type activities during the fiscal years ended June 30, 2023 and 2022, and as such, no provision for incomes is reflected for the years then ended. Although the Organization has not received notification from any taxing authority, the Organization’s income tax returns remain subject to examination by federal and state tax authorities pursuant to various statute of limitations. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and to recognize a tax liability (or asset) if the Organization has taken uncertain tax positions that would more likely than not be sustained upon examination.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note B – Summary of Significant Accounting Policies – Continued

Income Tax Status – Continued: Management is unaware of any significant uncertain tax positions arising during the years ended December 31, 2023 and 2022 that are more likely than not to be sustained should the Organization’s tax returns be subject to examination. Accordingly, the Organization did not incur or accrue any significant penalties or interest associated with uncertain tax positions during the fiscal years ended June 30, 2023 and 2022.

Cash and Cash Equivalents: For financial statement purposes, the Organization considers highly liquid debt instruments with maturities of three months or less, including money market accounts, to be cash equivalents. The Organization typically has funds in excess of federal insurance limits.

Grants Receivable: The Organization received grants awarded from federal, state, and local governmental agencies to help disadvantaged individuals. Grants are awarded annually based upon availability of funds and are subject to change in public policy and spending limitations. Based upon the Organization’s collection history with such grants, management determined that a reserve for uncollectible receivables was unnecessary to report grant receivables to their net realizable value as of June 30, 2023 and 2022. Bad debts expense of approximately \$-0- and \$9,100, respectively, was recognized during the fiscal years ended June 30, 2023 and 2022.

Contractual Receivables: The Organization also entered into various contractual relationships and purchase orders with governmental and local agencies to provide consulting and other consumer support services. Revenue is recognized as earned generally as allowable costs are incurred or services are satisfactorily performed in accordance with contractual provisions. Based upon the Organization’s collection history, management determined that a reserve for uncollectible receivables was unnecessary to report contractual receivables to their net realizable value as of June 30, 2023 and 2022. As noted above, bad debts expense of approximately \$-0- and \$9,100, respectively, were recognized during the fiscal years ended June 30, 2023 and 2022.

Inventory and Supplies: Inventory and supplies reflect donated food and supplies and thrift store merchandise held for distribution or for sale at discounted prices to the needy. Food inventory is valued using the estimated average wholesale value of approximately \$1.92 and \$1.79 per pound, respectively, during the fiscal years ended June 30, 2023 and 2022. Thrift store merchandise is valued at the price at which the Organization is able to sell the items to the needy. The Organization estimates the inventory on-hand based upon using the aforementioned wholesale value per pound and a three-month sales average given the shelf life of donated food and supplies. Given the valuation methodology and shelf life of food items, management determined that an allowance for obsolescence was unnecessary as of June 30, 2023 and 2022.

Prepaid Expenses and Deposits: Prepaid expenses consist primarily of prepaid rent, insurance, subscriptions, and other deferred costs that are generally recognized in the subsequent fiscal year.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note B – Summary of Significant Accounting Policies – Continued

Prepaid Expenses and Deposits – Continued: Security and other deposits consist of refundable office rent, utilities, and other deposits.

Property and Equipment: The Organization capitalizes property and equipment items at cost or estimated fair value at time of donation and depreciates them a straight-line basis over estimated useful lives, which range from 3 – 7 years for software, vehicles, equipment, furniture and fixtures. Building and related improvements are depreciated over estimated useful lives of 15 – 40 years for building and related improvements. Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or term of the lease. Depreciation expense was approximately \$216,200 and \$194,700, respectively, for the fiscal years ended June 30, 2023 and 2022. Expenditures for repairs and maintenance, supplies, and de minimis items that do not extend the useful life of an asset are expensed as incurred in accordance with the Organization’s accounting policies and procedures and capitalization threshold.

Loan Receivable: During the fiscal year ended June 30, 2021, the Organization held launch a new not-for-profit organization designed to administer the food rescue program throughout Northern Virginia. To help establish this new entity, the Organization advanced funds in April 2021 to the Northern Virginia Food Rescue, Inc. in the form of a promissory note receivable. The original loan was for \$200,000 payable over five years with the initial payment due January 2022. Interest accrued on the loan receivable at an annual effective interest rate of 3.5%. The loan matures in March 2026 and the balance outstanding, including accrued interest, totaled approximately \$135,600 and \$182,000, respectively as of June 30, 2023 and 2022. Interest income earned on the loan agreement totaled approximately \$5,600 and \$6,400, respectively, during the fiscal years ended June 30, 2023 and 2022. The Organization also provided administrative support services to the related party and as a result, the related party owed the Organization approximately \$-0- and \$18,400, respectively under the administrative support agreement as of June 30, 2023 and 2022. The administrative support agreement terminated effective June 30, 2022.

Operating and Financing Leases: At the inception of any contractual agreements, the Organization determines if the agreements are or contain lease provisions and also determines if any leases are classified as operating or financing leases. Operating and financing leases result in right to use assets and corresponding operating or financing lease liabilities. Right to use assets represent the Organization’s right to use the underlying asset over the lease term and the lease liabilities reflect the current value of the Organization’s obligations under the lease agreements. Right to use assets and lease liabilities are recognized at commencement of the lease agreements or upon adoption of the new accounting standard based upon the present value of payments over the terms of the lease agreements. Lease terms may include renewal and options to extend when it is reasonably certain that the Organization will renew or exercise the option to extend. Lease expense is recognized on a straight-line basis over the lease term.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note B – Summary of Significant Accounting Policies – Continued

Operating and Financing Leases – Continued: The Organization elected to expense payments on short-term leases with terms of 12-months or less and immaterial rental agreements. Accordingly, no right to use asset or lease liability is recognized for these short-term rental agreements. The Organization has elected to not bifurcate non-lease components from lease components and instead accounts for each as a single lease component. The Organization adopted new lease accounting standard effective July 1, 2022 using the optional transition method.

- *Operating lease liability* – for leases determined to be operating leases, the Organization recognizes right to use assets and liabilities on its long-term operating leases and recognizes rent straight-line basis over the term of the operating lease agreements. The Organization accounts for the effects of rent escalations and the difference between actual rental payments due and the straight-line amortization. The Organization recognized a right to use asset and operating lease liability at the present value of the lease payments using an imputed interest rate of approximately 4%. The leases originally required 60 monthly payments resulting in the right to use asset that is being amortized ratably over the terms of the leases. The leases expire at various times during the fiscal years ending June 30, 2025 – 2026. The remaining net right to use asset was approximately \$38,300 as of June 30, 2023, and the operating lease liability was approximately \$38,300 as of June 30, 2023. Rent expense totaled approximately \$25,600 during the fiscal year ended June 30, 2023.
- *Financing lease liability* – for leases determined to be financing leases, the Organization recognized a right to use asset and financing lease liability at the present value of the lease payments. The Organization recognizes interest expense on financing leases at its incremental borrowing rate or the similar term interest-free borrowing rate on a class-by-class basis, if the practical expedite is elected. During the fiscal year ended June 30, 2023, the Organization noted no long-term leases that would be classified as financing leases. Accordingly, no interest expense was reported as associated with financing leases.

Contingent Liabilities: The Organization’s grant and contractual awards are subject to competitive awarding and may be affected by funding delays, administrative matters, extensions, and moratoriums caused by political and administrative disagreements. The grants and contracts are also subject to compliance audits and reviews by oversight authorities. As such, cost incurred and allocated to grants and contracts may be questioned, disallowed, and grant and contract revenue adjusted accordingly. Any subsequent adjustment could be material to the financial statements.

Net Assets: The Organization classifies its net assets based upon the existence or lack of donor-imposed restrictions. Restrictions may be stipulated based upon the time in which support is available for use and/or the purposes for which the support was provided.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note B – Summary of Significant Accounting Policies – Continued

Net Assets – Continued: When the Organization receives contributory support that are restricted by the donor or limited as to their use and the Organization has not met the donor's restriction by the end of the reporting period, the Organization reports these amounts as net assets with donor restrictions. Restricted net assets in which the Organization has met the donor's stipulations during the fiscal year are reflected as net assets released from restriction in the accompanying financial statements. Any restricted amounts received and released from restriction in the same reporting period are reported as net assets without restrictions. The components of the Organization's net assets are as follows:

- *Without donor restrictions* – Represents unrestricted resources that are available to support the Organization's operations at the discretion of the Organization's board of directors. The Organization's board of directors may from time-to-time internally designate a portion of the Organization's net assets without donor restrictions for specific programs or purposes. As of June 30, 2023 and 2022, the Organization reported approximately \$77,800 was internally earmarked as the ACTS Futures Fund as an operating reserve in which any expenditures require two-thirds approval of the board of directors and \$25,000 as an Employee Benevolence Fund for employees experiencing financial hardships.
- *With donor restrictions* – Represents contributions and interest earned on restricted investments that are restricted by the donors or grantors. Net assets with donor restrictions are released from restriction by either the passage of time on time restricted support or by the Organization using the funds in accordance with the donor or grantor's requirements on purpose restricted support. Net assets with restrictions that are received and released from restriction during the same year are reported as revenue and support without donor restrictions. As of June 30, 2023 and 2022, the Organization reported approximately \$103,300 and \$59,100, respectively, of net assets with donor restrictions resulting from time and/or purpose restrictions stipulated by donors and grantors.

Contributions and Donations: Contributions and donations are recognized in the period in which an unconditional promise-to-give is known or when a contribution is received, at the earliest point the donation is both determinable and measurable by the Organization. Contributions, including any in-kind donations, donated facilities, and contributed services, are measured at fair value and recognized as net assets without donor restrictions or net assets with donor restrictions based upon the existence or lack of donor-imposed restrictions. Net assets with restrictions both received and released during the same reporting year are reflected as net assets without donor restrictions. Net assets with donor restrictions carried over from prior year that are released during the current report period are reflected as net assets released from restriction. Grants are treated as either contributory support or earned income depending upon the nature and terms of the grant agreement and other related awarding documentation and proposals.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note B – Summary of Significant Accounting Policies – Continued

In-kind Donations and Contributed Services: The Organization receives in-kind donations, donated facilities, and contributed services from concerned citizens, community volunteers, board members and other professionals to carry out its activities. Volunteer services that do not create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are not recognized in the accompanying financial statements although they are instrumental to the Organization in carrying out its program activities. In-kind donations, donated facilities, and contributed services meeting the requirements for recognition are recorded at estimated fair value at the time of receipt and allocated to the program and supporting services benefit in accordance with the Organization functional expense allocation methodology as further detailed below.

Uniform Prudent Management of Institutional Funds Act: The Organization adopted applicable provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides guidance on the classification of endowment funds and requires enhanced disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted, except for the unrestricted board designated endowment. However, UPMIFA also allows for the release of net assets with donor restrictions in certain circumstances.

Contingent Liabilities: The Organization's grant and contractual awards are subject to competitive awarding and may be affected by funding delays, administrative matters, extensions, and moratoriums caused by political and administrative disagreements. The grants and contracts are also subject to compliance audits and reviews by oversight authorities. As such, cost incurred and allocated to grants and contracts may be questioned, disallowed, and grant and contract revenue adjusted accordingly. Any subsequent adjustment could be material to the financial statements.

Fair Value Measurements: The Organization established a reporting framework for measuring and disclosing fair value measurements. Fair value measurement disclosures are required for assets and liabilities measured and reported at fair value in the accompanying financial statements. Management uses a fair value measurement hierarchy based upon the lowest level of any input that is significant to the measurement with Level 3 being the lowest level of recognition. Management also attempts to maximize the use of observable inputs (Level 1 and 2) and minimize unobservable inputs (Level 3). Accordingly, the Organization would classify any financial instruments measured at fair value in the following categories: Level 1, which refers to instruments traded in an active market, Level 2, which refers to instruments not traded on an active market but for which observable market inputs are readily available or Level 1 instruments where there is a contractual restriction, and Level 3, which refers to instruments not traded in an active market and for which no significant observable market inputs are available. As of June 30, 2023 and 2022, the Organization reported no significant assets or liabilities at fair value on a recurring basis. In-kind donations, donated facilities, and contributed services are recognized at estimated fair value.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note B – Summary of Significant Accounting Policies – Continued

Fair Value Measurements – Continued: Disclosures about estimated fair values and fair value measurements were determined by the Organization and based upon pertinent market data and other information available as of June 30, 2023 and 2022. Considerable judgment is necessary to interpret market and financial data and to develop fair value measurements in certain circumstances. Although the Organization is unaware of any factors that would significantly affect their estimates, the Organization’s estimates of fair values and fair value measurements may not be indicative of amounts realized at disposition.

Financial Instruments and Credit Risk: The Organization manages its concentration risk by placing its cash, savings, and money market accounts with financial institutions believed to be creditworthy. The Organization periodically has cash balances in excess of federal depository insurance or uninsured money market funds. To date, the Organization has not experienced any significant losses on these depository accounts. Credit risk associated with accounts receivable and promises-to-give is considered to be limited due to historical collection rates and credit worthiness of the Organization’s customers, donors and grantors, which include local jurisdictions, and concerned citizens.

Advertising Costs: The Organization expenses advertising and promotional costs as incurred.

Functional Allocation of Expenses: The Organization summarizes the cost of providing its various programs and activities on a functional basis in the accompanying financial statements. Accordingly, certain expenses were allocated to the program and supporting services benefited as reflected in the statement of functional expenses. Expenses are allocated on a reasonable basis that is consistently applied by management. Expenses that are allocated include compensation and benefits, operating costs, and depreciation and amortization which are allocated based upon estimates of time and efforts devoted to the functional categories. Significant estimates are required to functionally allocate expenses to the program and supporting services benefited.

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 certain reported amounts and disclosures. Significant estimates are required by management in the valuation of in-kind donations, donated facilities, and contributed services and are also employed by management in the functional allocation of expenses. Accordingly, actual results could differ from those estimates and the difference could be material.

Reclassifications: Certain prior year summarized amounts were reclassified for comparative reporting purposes and to adhere to the current financial statement presentation.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note C – Concentrations of Risk

Cash Balances: Financial instruments that subject the Organization to potential concentrations of risk consist of deposits with banking institutions that exceed federal insurance on such accounts. As of June 30, 2023 and 2022, the Organization reported cash balances of approximately \$509,200 and \$310,600, respectively, in excess of federal insurance available for depository accounts. The Organization typically has cash balance in excess of federal insurance limits and the uninsured balances generally fluctuates daily as banking transactions are processed.

Revenue and Receivables: A significant amount of the Organization’s revenue and support pertain to amounts from grants and contracts awarded by federal, state, and local government agencies. For the fiscal years ended June 30, 2023 and 2022, approximately \$1,977,600 (or 27%) and \$1,816,900 (or 24%), respectively, of the Organization’s total revenue and support pertain to reimbursements under federal grants. Accordingly, a significant portion of the Organization’s grant and contractual receivables pertain to amounts due under the federal grants. The governmental grants are significant to the Organization in carrying out its program activities.

In-Kind Donations: The Organization relies upon several regional grocery chains and fast food restaurant that contribute a significant portion of the in-kind donations, such as food for the food pantry and food rescue programs. As such, the Organization relies heavily on the support of these entities to carryout significant program activities to help needy individual in the local community.

Note D – Liquidity and Availability of Financial Assets

The following schedule reflects the Organization’s financial assets as of June 30, 2023 and 2022 reduced by amounts not available for general use due to contractual or donor-imposed restrictions within one year of the fiscal years ended June 30:

	<u>2023</u>	<u>2022</u>
Financial assets at end of fiscal year	\$ 1,499,166	\$ 1,458,942
Amounts unavailable for general expenditure within one fiscal year of reporting period:		
Donor-restricted for program purposes	89,893	45,701
Donor-restricted as an endowment	<u>13,398</u>	<u>13,391</u>
Financial assets available to meet cash needs for general expenditure within one fiscal year	<u>\$ 1,395,875</u>	<u>\$ 1,399,850</u>

As part of the Organization’s liquidity management, management may invest any excess funds in short-term investments, such as bank sweep or money market funds or other securities.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note E – Accounts Receivable

The Organization’s accounts receivables consist primarily of amounts due under grants, contracts, and other commitments that are generally due within the subsequent fiscal year. Given the nature of the Organization’s accounts receivable, management determined that a present value discount and an allowance for doubtful accounts was unnecessary as of June 30, 2023 and 2022. The Organization’s grant and contractual receivables consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Grant and contractual receivables:		
Commonwealth of Virginia	\$ 227,857	\$ 271,338
Morgan Stanley	75,000	-
US Federal Government Agencies	63,868	18,886
Prince William County	53,607	176,533
Northern Virginia Food Rescue	5,375	-
Kaiser Permanente	5,000	-
Key Risk Insurance	3,516	-
Other miscellaneous receivables	1,380	2,804
Sentara Healthcare	-	65,000
Vibrant Emotional Health	-	4,000
	<u>\$ 435,603</u>	<u>\$ 538,561</u>

Note F – Governmental Grants

During the fiscal years ended June 30, 2023 and 2022, the Organization had grants with federal, state, and local government agencies, and also from some other exempt organizations and private foundations. The grants consist of both direct and pass through awards for which the Organization is subject to varied compliance and reporting requirements. The varied purposes of the grants were to help disadvantaged individuals and to provide services to victims of family, domestic, and sexual violence. The Organization evaluates its grant and other funding to determine if grants are unconditional promises-to-give and thus, accounted for as contributions and either earmarked as net assets without donor restrictions or net assets with donor restrictions. In situations in which the grants require significant stipulations, including the refunding of unspent funds, the Organization treats the grants as conditional promises-to-give in which revenue is not recognized until the grantor’s stipulations are substantially met and allowable expenditures incurred. The amount of the significant grants awards and revenue recognized in the accompanying financial statements are as follows for the fiscal years ended June 30, 2023 and 2022:

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note F – Governmental Grants – Continued

	<u>2023</u>		<u>2022</u>	
	<u>Award</u>	<u>Revenue</u>	<u>Award</u>	<u>Revenue</u>
Virginia Department of Criminal Justice:				
Domestic Violence & Sexual Assault	\$ 1,038,716	\$ 531,066	\$ 1,038,716	\$ 484,527
Victims Services Grant Program	288,311	151,091	288,311	137,217
Virginia Department of Housing & Development:				
Housing & Urban Development	204,668	189,639	204,668	134,508
Housing & Urban Development (DVB)	204,668	188,524	-	-
Homeless Solutions Program	248,692	240,473	248,692	228,461
Virginia Department of Social Services:				
Family & Domestic Violence Prevention	195,065	147,086	195,065	188,720
Prince William County Dept. of Social Services:				
Continuum of Care Program	280,630	-	280,630	280,630
Emergency Solutions Program	202,573	113,154	202,573	29,464
COVID-19 Emergency Solutions Program	2,424,000	58,656	2,424,000	162,802
COVID-19 Homelessness (CHERP)	875,029	151,478	875,029	497,866
Prince William County:				
Community Services Board	-	-	485,235	485,235
Community Services Board (LAP)	-	-	103,000	103,000
Other Exempt and Foundations:				
Potomac Health Foundation	750,000	250,000	750,000	250,000
Sentara Foundation	125,371	125,371	65,000	65,000
The Human Services Alliance	298,733	119,788	-	-
Total	<u>\$ 7,136,456</u>	<u>\$ 2,266,326</u>	<u>\$ 7,160,919</u>	<u>\$ 3,047,430</u>

Note G – Loan Receivable

To help establish the Northern Virginia Food Rescue, Inc., the Organization advanced funds to the related party in April 2021 under a promissory note receivable. The original loan was for \$200,000 payable over five years with the initial payment due January 2022. Interest accrued on the loan receivable at an annual effective interest rate of 3.5% with a maturity date of March 2026.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note G – Loan Receivable – Continued

The outstanding balance on the loan, including accrued interest, totaled approximately \$135,600 and \$182,000, respectively, as of June 30, 2023 and 2022. The Organization also reported a due from the related party for administrative support services totaling approximately \$0- and \$18,400, respectively as of June 30, 2023 and 2022. The future principal repayments expected under the loan receivable with the related party are as follows for the fiscal years ending June 30:

2024	\$47,881
2025	49,579
2026	<u>38,093</u>
	<u><u>\$ 135,553</u></u>

Note H – Deferred Revenue

The Organization evaluates its grants and other funding to determine if grants are unconditional promises-to-give and thus, accounted for as contributions and either earmarked as net assets without donor restrictions or net assets with donor restrictions. In situations in which the grants require significant stipulations, such as reclamation of unspent or misspent funds, the Organization treats the grants as conditional promises-to-give in which revenue is recognized as earned. For grants considered to be conditional promises-to-give, revenue is not recognized until the grantor’s requirements and stipulations (measurable barriers) are substantially met. As of June 30, 2023 and 2022, the deferred revenue on the Organization’s grants consists of the following:

	<u>2023</u>	<u>2022</u>
Aetna CVS Health	\$ 75,247	\$ -
Sentara Foundation	74,629	-
Emergency Food & Shelter Program	9,999	-
The Human Services Alliance	<u>-</u>	<u>36,796</u>
	<u><u>\$ 159,875</u></u>	<u><u>\$ 36,796</u></u>

Grant receipts and expenditure and resulting deferred grant revenue as of and for the fiscal years ended June 30, 2023 and 2022 are as follows:

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note H – Deferred Revenue – Continued

	<u>2023</u>	<u>2022</u>
Deferred grant revenue, beginning of year	\$ 36,796	\$ 20,711
Grant receipts during fiscal year	409,875	297,221
Grant expenditures during the fiscal year	<u>(286,796)</u>	<u>(281,136)</u>
Deferred grant revenue, end of year	<u>\$ 159,875</u>	<u>\$ 36,796</u>

Note I – Debt Obligations

Line of Credit: In December 2019, the Organization established a \$400,000 secured line of credit with a regional financial institution to provide working capital as necessary. The line of credit requires monthly payments of interest at a variable interest of 2% above the lender’s prime lending rate, which was approximately 10% as of June 30, 2023. The line of credit matures in December 2026, and the Organization reported no significant borrowings or repayments or interest expense associated with the line of credit during the fiscal year ended June 30, 2023.

Notes Payable: The Organization entered into various promissory notes payable with varied terms ranging from non-interest bearing to forgivable to fully amortized with market rates of interest. The significant terms and conditions of the notes payable are as follows as of June 30, 2023:

- Warehouse Properties – in October 2014, the Organization entered into a promissory note payable with a regional financial institution to refinance two outstanding mortgages on various warehouse properties resulting note payable had an original principal balance of \$280,000 and is payable over 10 years at a fixed annual interest rate of 4.25%. The note payable requires monthly payments of principal and interest totaling approximately \$1,700 with a final payment of any remaining principal and interest in October 2024. Interest expense incurred on the secured mortgage loan totaled approximately \$6,100 and \$8,900, respectively, during the fiscal years ended June 30, 2023 and 2022. The financial institution holding this mortgage modified the loan agreement to reduce the interest rate to 3.15% effective July 2021.
- Rolling Road Property – in June 2004, the Organization entered into a non-interest bearing note payable with concerned citizens. The promissory note payable had an original principal balance of approximately \$173,400 which was discounted at the time using an imputed interest rate of approximately 17%.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note I – Debt Obligations – Continued

Notes Payable – Continues:

- Rolling Road Property – Continued – the loan requires quarterly payment of principal only at approximately \$1,400 per quarter and matures in June 2034. Interest expense imputed on the loan totaled approximately \$4,900 and \$5,100, respectively, during the fiscal year ended June 30, 2023 and 2022.
- Barcelona Road Property – in May 2010, the Organization received a loan through the Foreclosure Rehabilitation Acquisition Program (FRAP) under the American Recovery and Reinvestment Act (ARRA) of 2009 to purchase or rehabilitate a property located in Woodbridge, Virginia for approximately \$218,800. In July 2010, an additional approximately \$8,000 was granted with the total amount of approximately \$226,800. The grants are in the form of 30-year forgivable loan contingent upon occupancy of the property for transitional or affordable housing for the term of the loan. Due to the contingent nature of the conditions (30-year usage), these loans are not discounted as management intends to continue to use the properties for transitional or affordable housing with the loan ultimately forgiven. The loan matures in May 2040 and no interest was accrued given the terms.
- Antrim Circle Property – in October 2010, the Organization received an additional loan through the Foreclosure Rehabilitation Acquisition Program (FRAP) under the American Recovery and Reinvestment Act (ARRA) of 2009 to purchase or rehabilitate a second property, also in Woodbridge, utilizing the same funding for approximately \$186,300 with an additional approximately \$37,900 funding for property improvements for a total of approximately \$ 224,200. The grants are in the form of 30-year forgivable loans contingent upon occupancy of the property for transitional or affordable housing for the term of the loan. Due to the contingent nature of the conditions (30-year usage) these are considered conditional grants and are included with the notes payable in the accompanying statement of financial position. As such, these loans are not discounted as management intends to continue to use the properties for transitional or affordable housing with the loan ultimately forgiven. The loan matures in June 2040 and no interest was accrued given the terms.
- Hunger Prevention Center – in September 2016, the Organization entered into a promissory note payable with a local community foundation to acquire an additional warehouse facility. The note payable had an original principal balance of \$450,000 and is payable over 30 years at a fixed annual interest rate of 4%. The note payable requires monthly payments of principal and interest totaling approximately \$2,100 with a final payment of any remaining principal and interest in September 2046. Interest expense totaled approximately \$15,800 and \$16,200, respectively, during the fiscal years ended June 30, 2023 and 2022.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note I – Debt Obligations – Continued

Notes Payable – Continues:

- Manassas Satellite Office – in February 2020, the Organization entered into a promissory note payable with a local financial institution to acquire an office facility in Old Town Manassas. The note payable had an original principal balance of \$590,000 and is payable over 12 years at a fixed annual interest rate of 3.89%. The note payable requires monthly payments of principal and interest totaling approximately \$3,100 with a final payment of any remaining principal and interest in February 2032. Interest expense incurred on the secured mortgage loan totaled approximately \$21,600 and \$22,200, respectively, during the fiscal years ended June 30, 2023 and 2022.
- Thrift Store Retail Center – in February 2020, the Organization entered into a promissory note payable with a local financial institution to acquire the property previously rented for the Thrift Store retail center. The note payable had an original principal balance of \$400,000 and is payable over 12 years at a fixed annual interest rate of 3.89%. The note payable requires monthly payments of principal and interest totaling approximately \$2,100 with a final payment of any remaining principal and interest in February 2032. Interest expense incurred on the secured mortgage loan totaled approximately \$14,700 and \$15,100, respectively, during the fiscal year ended June 30, 2023 and 2022.

Repayment Terms: The significant terms of the debt obligations outstanding as of June 30, 2023 are as follows:

	<u>Annual Interest Rate</u>	<u>Required Payment</u>	<u>Original Term</u>	<u>Maturity Date</u>	<u>Outstanding Balance</u>
Line of credit	Prime + 2.04%	Interest Only	84 months	12/18/2026	\$ -
Promissory notes payable:					
Warehouse Property	4.25%	\$1,743/month	120 months	10/22/2024	185,395
Rolling Road Property	N/A	\$1,445/quarter	360 months	6/30/2034	62,124
Rolling Road Discount	(17%)				(32,460)
Barcelona Road Property	(FRAP)	(FRAP)	360 months	5/5/2040	226,770
Antrim Circle Property	(FRAP)	(FRAP)	360 months	10/18/2040	224,164
Hunger Prevention Center	4.00%	\$2,148/month	360 months	9/13/2046	389,822
Manassas Satellite Office	3.89%	\$3,097/month	144 months	2/24/2032	540,561
Thrift Store Retail Center	3.89%	\$2,099/month	144 months	2/24/2032	366,482
					<u>\$1,962,858</u>

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note I – Debt Obligations – Continued

Future Maturities: The future principal maturities on the Organization’s debt obligations are as follows for the fiscal years ending June 30:

2024		\$ 53,361
2025		212,561
2026		43,064
2027		44,991
2028		47,082
Thereafter		<u>1,561,799</u>
		<u><u>\$ 1,962,858</u></u>

Interest Expense: Interest expense incurred on the debt obligations by the Organization totaled approximately \$63,100 and \$65,400, respectively, for the fiscal years ended June 30, 2023 and 2022, including approximately \$4,900 and \$5,100, respectively, of imputed interest on the non-interest-bearing promissory note payable for the fiscal years then ended.

Note J – Operating Lease Agreements

The Organization has three lease agreements for office equipment originally determined to be operating leases agreements. The original terms of the leases were for 60 months expiring at various times during the fiscal years ending June 30, 2025 and 2026. For long-term operating lease agreements, the Organization recognizes right to use assets and liabilities and recognized rent straight-line basis over the terms of the lease agreements. The Organization accounts for the effects of rent escalations and the difference between actual rental payments due and the straight-line amortization. The Organization recognized a right to use asset and operating lease liability at the present value of the lease payments using an imputed interest rate of approximately 4%. The leases originally required 60 monthly payments resulting in the right to use asset that is being amortized ratably over the terms of the leases. The weighted average of the remaining lease terms was approximately 24 months as of June 30, 2023. The remaining net right to use asset was approximately \$38,300 as of June 30, 2023, and the operating lease liability was approximately \$38,300 as of June 30, 2023. Amortization expenses of the right to use asset was approximately \$23,700 for the fiscal year ended June 30, 2023. Rent expense associated with the operating lease agreements totaled approximately \$25,600 during the fiscal year ended June 30, 2023. The Organization adopted new lease accounting standard effective July 1, 2022 using the optional transition method. The future lease commitments and remaining imputed interest on the operating lease agreements are as follows for the years ended December 31:

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note J – Operating Lease Agreements

Years Ending June 30:	
2024	\$ 25,582
2025	13,608
2026	275
Total future minimum lease payments	39,465
Less imputed interest at 4%	(1,184)
Present value of minimum lease payments	38,281
Capital lease liability, current portion	25,571
Capital lease liability, noncurrent portion	\$ 12,710

Note K – Board Designated and Net Assets With Donor Restrictions

Board Designated Funds: In 2008, the Organization’s board of directors internally established the ACTS Futures Fund as an operating reserve in which any expenditures require two-thirds approval of the board of directors. The original amount earmarked by the board was approximately \$77,800. During the fiscal year ended June 30, 2023, the Organization established an Employee Benevolence Fund of \$25,000 to help employees experiencing financial hardships. The Organization’s board designated funds consists of the following as of June 30, 2023 and 2022:

	2023	2022
Board designated funds:		
ACTS Futures Fund	\$ 77,813	\$ 77,813
Employee Benevolence Fund	25,000	25,000
	\$ 102,813	\$ 102,813

Net Assets With Donor Restrictions: The Organization received resources and certain interest-free loans in which the resources were restricted by the donor or lenders for certain purposes or for specified periods of time. Accordingly, the Organization reports net assets with donor restrictions earmarked for emergency assistance, hunger prevention, case manager assistance, and other program initiatives.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note K – Board Designated and Net Assets With Donor Restrictions – Continued

Net Assets With Donor Restrictions – Continued: The Organization also reports the corpus of an endowment as net assets with donor restrictions in which the earnings thereon are restricted for purposes expressed by the donors establishing the endowment. Net assets with donor restrictions total approximately \$103,300 and \$59,100, respectively, as of June 30, 2023 and 2022. The net assets with donor restrictions consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
With donor restrictions:		
Emergency assistance initiatives	\$ 88,393	\$ 41,486
Other restricted contributions	-	1,729
Hunger prevention programs	1,474	2,460
Transportation bus tokens	26	26
Endowment fund corpus	13,269	13,269
Endowment fund earnings	129	122
	<u>\$ 103,291</u>	<u>\$ 59,092</u>

The changes in the net assets with donor restrictions, including any net assets released either through the passage of time for time implied restrictions or by the Organization meeting the expressed purposes for purpose implied restriction, was as follows during the fiscal year ended June 30, 2023:

	<u>Emergency Assistance</u>	<u>Other Programs</u>	<u>Endowment Corpus</u>	<u>Endowment Earnings</u>
Net assets with restrictions as of June 30, 2022	\$ 41,486	\$ 4,215	\$ 13,269	\$ 122
Contributions with donor restrictions during fiscal year	126,461	-	-	7
Release of donor restrictions during fiscal year	<u>(79,554)</u>	<u>(2,715)</u>	<u>-</u>	<u>-</u>
Net assets with restrictions as of June 30, 2023	<u>\$ 88,393</u>	<u>\$ 1,500</u>	<u>\$ 13,269</u>	<u>\$ 129</u>

The changes in the net assets with donor restrictions, including any net assets released either through the passage of time for time implied restrictions or by the Organization meeting the expressed purposes for purpose implied restriction, was as follows during the fiscal year ended June 30, 2022:

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note K – Board Designated and Net Assets With Donor Restrictions – Continued

	<u>Emergency Assistance</u>	<u>Other Programs</u>	<u>Endowment Corpus</u>	<u>Endowment Earnings</u>
Net assets with restrictions as of June 30, 2021	\$ 22,069	\$ 5,486	\$ 13,269	\$ 115
Contributions with donor restrictions during fiscal year	48,791	2,000	-	7
Release of donor restrictions during fiscal year	<u>(29,374)</u>	<u>(3,271)</u>	<u>-</u>	<u>-</u>
Net assets with restrictions as of June 30, 2022	<u>\$ 41,486</u>	<u>\$ 4,215</u>	<u>\$ 13,269</u>	<u>\$ 122</u>

Note L – Endowment Funds

Endowment Funds: The Organization’s endowment consists of a fund established to provide financial stability and support for the Organization charitable programs. Endowment funds may be created either through internal designations by the board of directors or from contributions restricted by donors for the establishment of the endowments with the intent to provide ongoing support and financial stability. As such, endowment funds may be reflected as board designated, net assets without donor restrictions or net assets with donor restrictions. The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift at the time of donation for the donor-restricted funds absent any explicit donor stipulation to the contrary. Accordingly, the Organization classifies as either net assets without donor restrictions or net assets with donor restrictions the original value of earmarked donations, the original value of additional donations to the fund, and accumulations of the fund in accordance with the original donors’ gift instruments. Additionally, the board of directors may report earnings as net assets with donor restrictions if so directed by the donor and unexpended as of the end of the reporting period. Additionally, the board of directors may also internally earmark earnings from net assets with donor restrictions as board designed funds. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate internally designated or donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Organization, and (7) the Organization’s investment policies.

Investment Strategies: The Organization has adopted investment and spending policies, approved by the board of directors, for endowment and other investment assets in an attempt to provide for a predictable stream of funding in support of the endowment purposes while preserving capital and maintaining the purchasing power of the endowment fund assets over the long-term.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note L – Endowment Funds – Continued

Investment Strategies – Continued: Accordingly, the investment policy seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, with acceptable risk as set forth in the investment policy approved by the board of directors. Accordingly, the investment policy allows for a well-diversified investment portfolio which may include cash and money market funds to provide adequate liquidity, and certificate of deposits, government and corporate bonds, mutual bond and equity funds, and corporate debt and equity securities that are intended to manage risk and inflation and provide for an overall reasonable market return. As such, the Organization expects its endowment assets to produce an average rate of return commensurate with market returns over the long-term for similar type investments. Investment risk is determined by overall investment assets and allocations and is designed to manage overall risk with preservation of capital paramount.

Spending Policies: The Organization’s spending policy in regard to the endowment funds allows for the expenditure of funds to provide for the operation and maintenance of the endowments as directed by the donor and approved by the board of directors. In establishing its spending policies, the Organization considers the long-term expected return on its investment assets, the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which may be required to be held in perpetuity as net assets with donor restriction if so directed by the original donor, and the possible effects of risk, inflation, and other economic matters. The Organization’s board of directors authorizes any expenditures from the endowment fund during the budget preparation. The Organization expects its spending policies to allow its endowment fund to grow over time, which is consistent with the Organization’s objective to maintain the purchasing power of the endowment funds as well as provide additional growth from investments and new gifts. The Organization’s endowment fund balances and change in endowment fund balances consist of the following as of and for the fiscal years ended June 30, 2023 and 2022:

	Board Designated Funds	Net Assets With Donor Restrictions	Total Endowment Funds
As of June 30, 2023:			
Endowment corpus	\$ -	\$ 13,269	\$ 13,269
Endowment earnings	-	129	129
	\$ -	\$ 13,398	\$ 13,398

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note L – Endowment Funds – Continued

	Board Designated Funds	Net Assets With Donor Restrictions	Total Endowment Funds
	<u> </u>	<u> </u>	<u> </u>
Endowment fund balances as of beginning of year	\$ -	\$ 13,391	\$ 13,391
Contributions and other	-	-	-
Investment income	-	7	7
Expenditures and other	-	-	-
Endowment fund balances as of end of year	<u>\$ -</u>	<u>\$ 13,398</u>	<u>\$ 13,398</u>
 As of June 30, 2022:			
Endowment corpus	\$ -	\$ 13,269	\$ 13,269
Endowment earnings	-	122	122
	<u>\$ -</u>	<u>\$ 13,391</u>	<u>\$ 13,391</u>
 Endowment fund balances as of beginning of year	 \$ -	 \$ 13,384	 \$ 13,384
Contributions and other	-	-	-
Investment income	-	7	7
Expenditures and other	-	-	-
Endowment fund balances as of end of year	<u>\$ -</u>	<u>\$ 13,391</u>	<u>\$ 13,391</u>

Note M – In-Kind Donations and Contributed Services

During the fiscal years ended June 30, 2023 and 2022, the Organization recognized approximately \$2,758,000 and \$2,981,400, respectively, of in-kind donations, donated facilities, and contributed services. In-kind donations, donated facilities, and contributed services are recognized at estimated fair value at the time of donation. In-kind donations of food and supplies to the food pantry are valued at approximately \$1.92 and \$1.79 per pound, respectively, during the fiscal years ended June 30, 2023 and 2022. The per pound value was determined by the Organization weighing the food and supplies when received and inventoried. Thrift store merchandise is valued at the price in which the thrift store is able to sale to disadvantaged individuals.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note M – In-Kind Donations and Contributed Services – Continued

Donated facilities and contributed services are recognized at fair rental value and ordinary professional billing rates. Capital assets and improvements are recognized based upon the costs of the materials and services provided. The in-kind donations, donated facilities, and contributed services were allocated in accordance with Organization’s functional expense allocation as follows for the fiscal years ended June 30, 2023 and 2022:

<u>June 30, 2023</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management</u>	<u>Fundraising</u>	
Donated food and supplies	\$ 2,225,374	\$ -	\$ -	\$ 2,225,374
Thrift store merchandise	500,656	-	-	500,656
Donated facilities	29,000	-	-	29,000
Contributed services	-	3,000	-	3,000
	<u>\$ 2,755,030</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 2,758,030</u>
Donated assets				-
				<u>\$ 2,758,030</u>

<u>June 30, 2022</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management</u>	<u>Fundraising</u>	
Donated food and supplies	\$ 2,361,979	\$ -	\$ -	\$ 2,361,979
Thrift store merchandise	498,522	-	-	498,522
Donated facilities	22,000	-	-	22,000
Contributed services	-	8,372	-	8,372
	<u>\$ 2,882,501</u>	<u>\$ 8,372</u>	<u>\$ -</u>	<u>\$ 2,890,873</u>
				<u>\$ 2,981,380</u>

The in-kind donations, donated facilities, and contributed services were allocated in accordance with Organization’s functional expense allocation. Although the Organization receives a significant amount of support from community volunteers, no amounts were recognized in the accompanying financial statements for contributed volunteer services that do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note N – Contingencies

Mortgage Loans: The Organization is contingently liability under the deeds of trust and promissory notes on the residential properties purchased under the Foreclosure Rehabilitation Acquisition Program (FRAP). The residential properties were subsidized with the FRAP loans and are subject to restricted covenants on the use, leveraging, and sale of the properties. The properties are also subject to market appreciation sharing agreements whereby the Organization must use the property for transitional or affordable housing for a period of 30 years. In exchange for financing the transaction, the Organization agrees to the limitations and restrictions on rents and tenant income verification. The deeds of trust also stipulate that the properties will not be sold for 30 years and do not allow for any subordinated debt or cash out refinancing. Finally, the mortgages become immediately payable should the properties cease to be used for transitional or affordable housing. Otherwise, the loans are forgiven and the deeds released after the 30-year restrictive covenant is met. As such, no significant interest expense was reflected on these mortgage loans during the fiscal year ended June 30, 2023 and 2022.

Governmental Audits: The Organization’s books and records are subject to compliance examinations and reviews by awarding agencies and oversight authorities. Accordingly, findings or questioned costs are subject to post-examination by the awarding agency and are potentially subject to disallowance or adjustment. Although management allows for all known or anticipated unallowable costs, no assurances can be given regarding the potential impact of any disallowance or adjustment upon the Organization. The latest compliance examination was completed in June 2023 and did not result in any significant disallowed or questioned costs. No assurance can be provided regarding the outcome of future compliance examinations and reviews.

Government Property: A significant portion of the Organization’s cash and cash equivalents and grants receivable pertain to amounts received or receivable from awards and as such, are segregated for sole use in administration of the grant programs as stipulated in the awards. Additionally, some of the Organization’s property and equipment was purchased by the Organization with grant resources and are subject to compliance examinations and reviews and potential reclamation in certain circumstances. No assurance can be given regarding the outcome of any future examinations or post-examination reviews.

Governmental Grants: Given the significant concentration of revenue from government grants, the Organization would be adversely affected should one or more of its grants be terminated or awarded to another competing organization. Governmental grants are subject to annual funding authorizations, and the grant awards may be subject to administrative or other funding delays. Delays may be caused by administrative matters, extensions, moratoriums and other political disagreements. No assurances can be provided regarding the awarding or funding of future government grants.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note N – Contingencies – Continued

Governmental Loans: During the fiscal year ended June 30, 2020, the Organization received a forgivable loan through a local financial institution in the amount of approximately \$543,400 under the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was for two years with an approximate interest-bearing deferral period of approximately one year and then repaid over 24 monthly installments of principal and interest at an annual rate of 1%. The loan is potentially subject to forgiveness if the funds are used for qualified purposes over the specified time period and the expenses funded with the loan were not otherwise recoverable or billable to the federal government. The Organization believe it substantially met the requirements for loan forgiveness during the fiscal years ended June 30, 2021 and 2020 and subsequently received notification of the loan being forgiven. However, the borrowings the Organization received under the PPP program pursuant to the CARES Act are subject to examination and review by governmental authorities and any noncompliance is subject to reclamation and other penalties.

Disputes and Disagreements: The Organization is, from time to time, involved in various legal actions, claims or disputes arising from the normal course of operations that, in the opinion of management will not have a significant impact upon the Organization's financial condition. No liability was accrued for any such contingencies in the accompanying financial statements. No assurance can be provided regarding any such contingencies.

Note O – Retirement Plan

The Organization maintains a 403(b) tax deferred retirement plan for employees meeting certain minimal requirements. Plan participants may make voluntary tax-deferred contributions to the retirement plan up to the maximum amount allowed by the Internal Revenue Code (IRC). The Organization provides eligible participants matching contributions of up to 3% of eligible deferrals to the retirement plan. During the fiscal years ended June 30, 2023 and 2022, the Organization incurred retirement plan expenses, including matching contributions and plan administrative costs, totaling approximately \$45,000 and \$42,600, respectively.

Note P – Income Tax Considerations

Income Tax Status: The Organization obtained a favorable tax determination letter from the Internal Revenue Service (IRS) dated September 1972 that states that the Organization is exemption from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Additionally, the IRS letter recognized the Organization as a publicly supported charity under Section 509(a) of the Internal Revenue Code.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Note P – Income Tax Considerations – Continued

Income Tax Status – Continued: However, any activities determined to be unrelated to the Organization’s tax exemption are subject to income taxes. Management asserts that any rental income is significantly below market rate rental agreements to provide housing to needy families in accordance with the Organizations’ tax-exempt status and such, no significant unrelated business income was reported during the fiscal years ended June 30, 2023 and 2022. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Tax Contingencies: Although the Organization has not received any notice of intent to examine its tax returns, the Organization’s tax returns remain subject to examination or review by tax authorities pursuant to various statutes of limitations. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and to recognize a tax liability (or asset) if the Organization has taken uncertain tax positions that would more likely than not be sustained upon examination. Management is unaware of any significant uncertain tax positions arising during the fiscal years ended June 30, 2023 and 2022 that are more likely than not to be sustained should the Organization’s tax returns be subject to examination. Accordingly, the Organization also did not incur or accrue any penalties or interest associated with uncertain tax positions during the fiscal year ended June 30, 2023 and 2022.

Note Q – Subsequent Events Evaluation

Management has evaluated subsequent events for the period July 1, 2023 through May 21, 2024, the date on which these financial statements were available to be issued and during this period, there were no subsequent events that required recognition or disclosure in the accompanying financial statements.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

<u>Federal Grantor & Program Description</u>	<u>Grant Number</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity #</u>	<u>Federal Expenditures</u>
Pass-Through Entity Programs:				
Virginia Department of Criminal Justice				
Violence Against Women Act Victim Services (V-STOP CY22)	22-X3157VA21	16.588	52280195	\$ 13,975
Violence Against Women Act Victim Services (V-STOP CY23)	23-Y3157VA21	16.588	52280195	9,762
Violence Against Woman Act Victim Services (SAVAS CY22)	22-J3044VA21	16.588	52280195	16,933
Violence Against Woman Act Victim Services (SAVAS CY23)	23-K3044VA21	16.588	52280195	17,665
Sexual Assault Services Program (SASP CY22)	22-K2771SP21	16.017	52280195	9,587
Domestic Violence & Sexual Assault Grant Program (VSGP)	22-C2874VP20	21.027	52280195	465,066
Domestic Violence & Sexual Assault Grant Program (ARPA VSGP)	22-A2874ARRF	21.027	52280195	151,094
Total Virginia Department of Criminal Justice				<u>684,082</u>
Virginia Department of Social Services				
Domestic Violence Prevention and Services (FVPSA)	FAM-22-078-02	93.671	460010	20,000
Domestic Violence Prevention and Services (TANF)	FAM-22-078-02	93.558	460010	87,936
Total Virginia Department of Social Services				<u>107,936</u>
Virginia Department of Housing & Community Development				
Virginia Homeless Solution Program - Housing Locator	23-VHSP-001	14.231	546001531	48,369
Virginia Homeless Solution Program	23-VHSP-001	14.231	546001531	56,731
Total Virginia Department of Housing & Community Development				<u>105,100</u>
Prince William County Department of Social Services				
Department of HUD Continuum of Care Program	VA0324L3G042105	14.267	546001531	189,639
Department of HUD Continuum of Care Program	VA0439D3G042100	14.267	546001531	188,524
Department of Housing & Community Development	20-CHERP-070	14.231	546001531	151,478
Total Prince William County Department of Social Services				<u>529,641</u>
Prince William County Office of Housing & Community Development				
Emergency Solutions Grant (ESG)	23-19ESG-420300-1	14.231	546001531	71,751
Emergency Solutions Grant (ESG - COVID)	21-ESG-CV01-420300-01	14.231	546001531	41,403
Emergency Solutions Grant (ESG - COVID PHASE II)	21-ESG-CV01-420300-01A	14.231	546001531	58,656
Total Prince William County Office of Housing & Community				<u>171,810</u>
Prince William County Homeless Services Division				
Emergency Foods and Shelter Program (EFSP)	40-8728-00-001-E1	97.024	872800001	5,002
Prince William Area Agency on Aging				
SeniorLink Checking Services (SeniorLink)	122543	93.044	52280195	15,000
The Human Services Alliance of Greater Prince William, Inc.				
Coronavirus Relief Funds - Other Financial Assistance	CSLFRF	21.019	52280195	119,788
Total Federal Expenditures of Federal Awards				<u>\$ 1,738,359</u>

NOTE TO SCHEDULE OF FEDERAL AWARDS

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Organization for the fiscal year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the above schedule presents only a select portion of the operations of the Organization, it is not intended and does not present the financial position, change in net position, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures in the above schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles in Title 2 U.S. Code of Federal Regulations (CFR) 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 their reimbursement. Pass-through entity identify numbers are presented where available. The Organization did not elect to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

See accompanying auditors' report.

**Independent Auditors' Report on Internal Control Over Financial Reporting
& On Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance With Government Auditing Standards**

To the Board of Directors
Action in Community Through
Service of Prince William, Inc.
Dumfries, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Action in Community Through Service of Prince William, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2024.

Internal Control Over Financial Reporting

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

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

**Independent Auditors' Report on Internal Control Over Financial Reporting
& On Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)**

Internal Control Over Financial Reporting – Continued

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

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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Frye & Company, CPAs
Manassas, Virginia
May 21, 2024**

**Independent Auditors' Report on Compliance for Each Major Federal Program &
On Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors
Action in Community Through
Service of Prince William, Inc.
Dumfries, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Action in Community Through Service of Prince William, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the fiscal year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Action in Community Through Service of Prince William, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Action in Community Through Service of Prince William, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit.

**Independent Auditors' Report on Compliance for Each Major Federal Program &
On Internal Control Over Compliance Required by the Uniform Guidance
(Continued)**

Basis for Opinion on Each Major Federal Program – Continued

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 Action in Community Through Service of Prince William, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Action in Community Through Service of Prince William, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

**Independent Auditors' Report on Compliance for Each Major Federal Program &
On Internal Control Over Compliance Required by the Uniform Guidance
(Continued)**

Auditor's Responsibilities for the Audit of Compliance – Continued

- Obtain an understanding of Action in Community Through Service of Prince William, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Action in Community Through Service of Prince William, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

**Independent Auditors' Report on Compliance for Each Major Federal Program &
On Internal Control Over Compliance Required by the Uniform Guidance
(Continued)**

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



Frye & Company, CPAs
Manassas, Virginia
May 21, 2024

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Audit Results

Financial Statements:

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance CFR 200.516(a)?	No
Amount of any questioned costs identified:	None reported
Identification of major programs or clusters:	
<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
14.231	Department of Housing and Community Development
21.027	Domestic Violence & Sexual Assault Grant Program
Threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes
Summary of prior audit findings and questioned costs?	N/A

Section II – Financial Statement Findings

There are no financial statements findings to report.

**ACTION IN COMMUNITY THROUGH
SERVICE OF PRINCE WILLIAM, INC.
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV – Summary of Prior Audit Findings & Questioned Costs

There are no prior audit findings and questioned costs.