

OAR of Fairfax County

Financial Statements
and Independent Auditor's Report

June 30, 2024 and 2023

OAR of Fairfax County

Financial Statements
June 30, 2024 and 2023

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
OAR of Fairfax County

Opinion

We have audited the accompanying financial statements of OAR of Fairfax County (“the Organization”), which comprise the statements of financial position as of June 30, 2024 and 2023; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
December 19, 2024

OAR of Fairfax County

Statements of Financial Position June 30, 2024 and 2023

	2024	2023
Assets		
Cash	\$ 428,693	\$ 464,314
Investments	12,469	11,599
Grants receivable	128,246	312,905
Prepaid expenses and other assets	39,780	33,952
Property and equipment, net	14,514	20,900
Right-of-use asset – operating lease – equipment	1,753	5,231
Right-of-use asset – operating lease – office sublease	58,795	-
Total assets	<u>\$ 684,250</u>	<u>\$ 848,901</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 76,478	\$ 26,489
Refundable advances	-	76,788
Lease liability – operating lease – equipment	1,753	5,231
Lease liability – operating lease – office sublease	58,904	-
Total liabilities	<u>137,135</u>	<u>108,508</u>
Net Assets		
Without donor restrictions	547,115	722,224
With donor restrictions	-	18,169
Total net assets	<u>547,115</u>	<u>740,393</u>
Total liabilities and net assets	<u>\$ 684,250</u>	<u>\$ 848,901</u>

See accompanying notes.

OAR of Fairfax County

Statements of Activities
For the Years Ended June 30, 2024 and 2023

	2024	2023
Revenue and Support Without Donor Restrictions		
Grants and contracts	\$ 1,441,262	\$ 1,136,814
Contributions	142,952	100,625
Client fees	61,473	61,829
In-kind contributions	154,486	165,075
Investment return, net	869	2,698
Other income	131	199
Net assets released from restrictions	18,169	230,000
 Total revenue and support without donor restrictions	 1,819,342	 1,697,240
Expenses		
Program services:		
Re-entry and family	827,085	739,222
Alternative sentencing and court	399,284	504,935
Volunteer	285,200	173,698
Diversion	332,735	323,160
 Total program services	 1,844,304	 1,741,015
Supporting services:		
Management and general	130,435	125,776
Fundraising	19,712	22,321
 Total supporting services	 150,147	 148,097
 Total expenses	 1,994,451	 1,889,112
 Change in net assets without donor restrictions	 (175,109)	 (191,872)
Net Assets With Donor Restrictions		
Grants and contracts	-	248,169
Net assets released from restrictions	(18,169)	(230,000)
 Change in net assets with donor restrictions	 (18,169)	 18,169
Change in Net Assets	 (193,278)	 (173,703)
 Net Assets, beginning of year	 740,393	 914,096
 Net Assets, end of year	 \$ 547,115	 \$ 740,393

See accompanying notes.

OAR of Fairfax County

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services					Supporting Services			Total
	Re-Entry and Family	Alternative Sentencing and Court	Volunteer	Diversion	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 476,793	\$ 230,176	\$ 164,411	\$ 191,813	\$ 1,063,193	\$ 43,843	\$ -	\$ 43,843	\$ 1,107,036
Occupancy	60,814	29,358	20,970	24,465	135,607	5,592	-	5,592	141,199
Employee benefits	61,970	29,917	21,369	24,931	138,187	5,698	-	5,698	143,885
Payroll taxes	35,503	17,140	12,243	14,283	79,169	3,265	-	3,265	82,434
Direct assistance	60,555	29,234	20,881	24,361	135,031	5,568	-	5,568	140,599
Insurance	11,400	5,503	3,931	4,586	25,420	1,048	-	1,048	26,468
Meetings and awards	3,767	1,819	1,299	1,515	8,400	346	-	346	8,746
Equipment and maintenance	4,196	2,025	1,446	1,688	9,355	386	-	386	9,741
Telecommunications	9,450	4,562	3,259	3,802	21,073	869	-	869	21,942
Accounting	-	-	-	-	-	21,199	-	21,199	21,199
Program supplies and materials	2,475	1,195	853	996	5,519	228	-	228	5,747
Training	2,572	1,241	887	1,035	5,735	236	-	236	5,971
Events and public relations	-	-	-	-	-	-	19,712	19,712	19,712
Information technology	70,662	34,113	24,366	28,427	157,568	6,498	-	6,498	164,066
Office expenses	5,786	2,793	1,995	2,328	12,902	533	-	533	13,435
Other expenses	258	125	89	104	576	24	-	24	600
Amortization	2,750	1,328	948	1,106	6,132	253	-	253	6,385
Printing and reproduction	1,680	811	579	676	3,746	154	-	154	3,900
Fees	8,027	3,876	2,768	3,229	17,900	33,921	-	33,921	51,821
Postage and shipping	26	12	9	10	57	2	-	2	59
Dues and subscription	7,919	3,823	2,731	3,186	17,659	728	-	728	18,387
Local travel	482	233	166	194	1,075	44	-	44	1,119
Total Expenses	\$ 827,085	\$ 399,284	\$ 285,200	\$ 332,735	\$ 1,844,304	\$ 130,435	\$ 19,712	\$ 150,147	\$ 1,994,451

See accompanying notes.

OAR of Fairfax County

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services					Supporting Services			Total
	Re-Entry and Family	Alternative Sentencing and Court	Volunteer	Diversion	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 439,051	\$ 299,898	\$ 103,165	\$ 191,935	\$ 1,034,049	\$ 45,585	\$ -	\$ 45,585	\$ 1,079,634
Occupancy	59,100	40,369	13,887	25,836	139,192	6,136	-	6,136	145,328
Employee benefits	46,149	31,523	10,844	20,175	108,691	4,791	-	4,791	113,482
Payroll taxes	32,965	22,517	7,746	14,411	77,639	3,423	-	3,423	81,062
Direct assistance	53,294	36,403	12,523	23,298	125,518	5,533	-	5,533	131,051
Insurance	10,740	7,336	2,524	4,695	25,295	1,115	-	1,115	26,410
Meetings and awards	2,231	1,524	524	976	5,255	232	-	232	5,487
Equipment and maintenance	5,581	3,812	1,311	2,440	13,144	579	-	579	13,723
Telecommunications	9,559	6,529	2,246	4,179	22,513	992	-	992	23,505
Accounting	-	-	-	-	-	18,965	-	18,965	18,965
Program supplies and materials	2,540	1,735	597	1,111	5,983	264	-	264	6,247
Training	9,367	6,398	2,201	4,095	22,061	973	-	973	23,034
Events and public relations	-	-	-	-	-	-	22,321	22,321	22,321
Information technology	44,945	30,700	10,561	19,648	105,854	4,666	-	4,666	110,520
Office expenses	9,256	6,323	2,175	4,046	21,800	413	-	413	22,213
Printing and reproduction	2,485	1,698	584	1,086	5,853	258	-	258	6,111
Fees	6,525	4,457	1,533	2,853	15,368	31,286	-	31,286	46,654
Postage and shipping	226	155	53	99	533	24	-	24	557
Dues and subscription	4,728	3,230	1,111	2,067	11,136	491	-	491	11,627
Local travel	480	328	113	210	1,131	50	-	50	1,181
Total Expenses	\$ 739,222	\$ 504,935	\$ 173,698	\$ 323,160	\$ 1,741,015	\$ 125,776	\$ 22,321	\$ 148,097	\$ 1,889,112

See accompanying notes.

OAR of Fairfax County

Statements of Cash Flows For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (193,278)	\$ (173,703)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized gain on investments	(842)	(2,312)
Amortization of property and equipment	6,386	-
Amortization of right-of-use asset – operating lease – equipment	3,478	3,442
Amortization of right-of-use asset – operating lease – office sublease	3,220	-
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants receivable	184,659	(48,467)
Prepaid expenses and other assets	(5,828)	(33,702)
Increase (decrease) in:		
Accounts payable and accrued expenses	49,989	(5,368)
Refundable advances	(76,788)	1
Lease liability – operating lease – equipment	(3,478)	-
Lease liability – operating lease – office sublease	(3,111)	(3,442)
Net cash used in operating activities	(35,593)	(263,551)
Cash Flows from Investing Activity		
Purchase of investments	(28)	(336)
Net cash used in investing activity	(28)	(336)
Net Decrease in Cash	(35,621)	(263,887)
Cash, beginning of year	464,314	728,201
Cash, end of year	\$ 428,693	\$ 464,314
Noncash Transactions Arising from ASC 842 Adoption:		
Establishment of right-of-use asset – operating lease – office sublease	\$ 62,015	\$ 8,673
Establishment of lease liability – operating lease – office sublease	\$ 62,015	\$ 8,673

See accompanying notes.

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

1. Nature of Operations

OAR of Fairfax County (“the Organization”) was chartered in May 1971 and incorporated in the Commonwealth of Virginia on September 5, 1973. It is a not-for-profit Section 501(c)(3) organization that provides supportive services for offenders, ex-offenders, and their families who are Northern Virginia residents. Services include assessing clients for their criminogenic needs to determine their risk for recidivism and targeting services to address those needs. Examples include establishing one-to-one relationships between citizen volunteers and inmates, inmate and family support groups, assistance with finding employment, educational and training programs, and emergency financial aid for food, housing, clothing, travel, medical needs, and appropriate referrals. The Organization also provides alternative sentencing programs for the Fairfax County General District Court.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization reports grants and contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses, net of investment management fees, are reported in net investment return in the accompanying statements of activities.

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to the Organization for expenses incurred under various grant agreements from both government and private sources. All grants receivable are expected to be collected within one year and are recorded at net realizable value. There was no allowance recognized as management believes all grants receivable are fully collectible at both June 30, 2024 and 2023.

Property and Equipment

Property and equipment with a cost in excess of \$2,500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, which is three years. Expenditures for repairs and maintenance are expensed as incurred. Donated property and equipment is stated at fair value at the date of donation.

Operating Leases

The Organization determines if an arrangement is a lease at inception. Operating lease is included in right-of-use (ROU) assets, which represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

The Organization recognizes grants and contributions as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Organization recognizes revenue as follows:

A portion of the Organization's revenue is derived from cost-reimbursable government grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position.

Client fees represent amounts earned from alternative sentencing programs and are recognized when earned which is when the sole performance obligation is satisfied. Any amounts received in advance are deferred until that time.

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt.

The Organization also receives a substantial number of services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 19, 2024, the date the financial statements were available to be issued.

OAR of Fairfax County

Notes to Financial Statements June 30, 2024 and 2023

3. Liquidity and Availability

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews the Organization's liquid asset needs and adjusts the cash balances as necessary.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2024	2023
Cash	\$ 428,693	\$ 464,314
Investments	12,469	11,599
Grants receivable	128,246	312,905
Total financial assets	569,408	788,818
Less: restricted by donors	-	(18,169)
Total available for general expenditures	<u>\$ 569,408</u>	<u>\$ 770,649</u>

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

4. Concentrations of Risk (continued)

Revenue Risk

Substantial portions of the Organization's grants and contracts are generated from Fairfax County. For both years ended June 30, 2024 and 2023, the Organization recognized \$411,794 in grants and contracts from this agency. This represents approximately 23% and 24% of total revenue for the years ended June 30, 2024 and 2023, respectively. Any reduction in the level of support from this agency could affect the Organization's program activities.

5. Investments and Fair Value Measurements

Net investment return consists of the following for the years ended June 30:

	2024	2023
Interest and dividends	\$ 402	\$ 386
Unrealized gain	842	3,012
Less: investment management fees	(375)	(700)
Total investment return, net	<u>\$ 869</u>	<u>\$ 2,698</u>

The Organization follows Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

5. Investments and Fair Value Measurements (continued)

The following is a description of the valuation methodology used for investments measured at fair value:

Equities – Generally valued at quoted prices in active markets.

The following table presents the Organization’s fair value hierarchy for those assets measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
<u>2024:</u>				
Equities	\$ 12,469	\$ -	\$ -	\$ 12,469
Total investments	\$ 12,469	\$ -	\$ -	\$ 12,469
<u>2023:</u>				
Equities	\$ 11,599	\$ -	\$ -	\$ 11,599
Total investments	\$ 11,599	\$ -	\$ -	\$ 11,599

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Database	\$ 20,900	\$ 20,900
Less: accumulated amortization	(6,386)	-
Property and equipment, net	\$ 14,514	\$ 20,900

7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of time restricted amounts for the future period and totaled \$0 and \$18,169 at June 30, 2024 and 2023, respectively.

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

8. Commitments and Contingencies

Operating Leases

Equipment Lease

The Organization maintains an operating lease for copier equipment, which commenced on June 8, 2021 and is scheduled to expire on June 8, 2025. The terms of the lease call for fixed base monthly payments of \$293.

Supplemental qualitative information related to the office lease is as follows as of, and for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 3,516	\$ 3,516
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$ 3,516	\$ 3,516
ROU asset obtained in exchange for lease obligations	\$ 1,753	\$ 8,673
Weighted-average remaining lease term (in years)	0.5	1.5
Weighted-average discount rate	1.04%	1.04%

Future minimum lease payments for the operating lease, and reconciliation to the statements of financial position, are as follows at June 30:

2025	\$ 1,758
Less: discount to present value at 1.04%	<u>(5)</u>
Present value of operating lease liability	<u><u>\$ 1,753</u></u>

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

8. Commitments and Contingencies (continued)

Operating Leases (continued)

Office Sublease

On April 23, 2024, the Organization entered into a sublease agreement for office space in Virginia. The lease commenced on May 1, 2024 and is scheduled to expire on April 30, 2027. The terms of the lease call for base monthly payments of \$1,800 and annual rental increases of 3%.

Supplemental qualitative information related to the office sublease is as follows as of, and for the year ended June 30, 2024:

Operating lease costs	\$	3,709
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$	3,600
ROU asset obtained in exchange for lease obligations	\$	58,794
Weighted-average remaining lease term (in years)		2.8
Weighted-average discount rate		4.79%

Future minimum lease payments for the office sublease, and reconciliation to the statements of financial position, are as follows at June 30:

2025	\$	21,708
2026		22,359
2027		<u>19,096</u>
Total minimum lease payments		63,163
Less: discount to present value at 4.79%		<u>(4,259)</u>
Present value of operating lease liability	\$	<u><u>58,904</u></u>

OAR of Fairfax County

Notes to Financial Statements
June 30, 2024 and 2023

8. Commitments and Contingencies (continued)

Government Grants and Contracts

Funds received from federal and local government agencies are subject to audit under the provisions of those grant agreements. The ultimate determination of amounts received under those grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

9. In-Kind Contributions

In-kind contributions consist of donated facilities, goods, and services that benefit both program and supporting services. In-kind contributions consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Donated facilities	\$ 129,408	\$ 130,570
Donated goods	13,745	21,550
Donated services	<u>11,333</u>	<u>12,955</u>
Total in-kind contributions	<u>\$ 154,486</u>	<u>\$ 165,075</u>

10. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, employee benefits, payroll taxes, professional services, occupancy, office expenses, information technology, and other, which are allocated on the basis of estimates of time and effort.

11. Retirement Plan

The Organization maintains a 403(b)-retirement plan (“the Plan”) in which all employees can participate, but only employees with benefits packages are eligible for a match. The Organization matches employee contributions on a dollar-for-dollar basis up to a maximum of 4% of participant compensation. Total employer contributions under the Plan were \$10,420 and \$11,316 for the years ended June 30, 2024 and 2023, respectively.

OAR of Fairfax County

Notes to Financial Statements June 30, 2024 and 2023

12. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), the Organization is exempt from the payment of taxes on income other than net unrelated business income. No provision for income tax is required for the years ended June 30, 2024 and 2023, as the Organization had no net unrelated business income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.