

JUST DETENTION INTERNATIONAL

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017

JUST DETENTION INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Just Detention International
3325 Wilshire Boulevard, Suite 340
Los Angeles, California 90010

Members of the Board:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Just Detention International (a nonprofit organization) and affiliates, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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*, issue by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Just Detention International and affiliates as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated 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 March 29, 2018, on our consideration of Just Detention International's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Just Detention International's internal control over financial reporting and compliance.



MILLER KAPLAN ARASE LLP
North Hollywood, California
March 29, 2018

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETSCurrent Assets

Cash and Cash Equivalents	\$ 1,457,967
Investment	259,873
Accounts Receivable	517,360
Contributions Receivable, Current Portion	<u>290,490</u>

TOTAL CURRENT ASSETS 2,525,690

Other Assets

Property and Equipment, Net	18,101
Deposits	14,416
Prepaid Expenses	34,641
Contributions Receivable, Less Current Portion	<u>70,889</u>

TOTAL ASSETS \$ 2,663,737

LIABILITIES AND NET ASSETSCurrent Liabilities

Deferred Rent	\$ 5,610
Accounts Payable and Accrued Expenses	<u>243,742</u>

TOTAL CURRENT LIABILITIES 249,352

NET ASSETS

Unrestricted	1,946,098
Temporarily Restricted (Note 7)	<u>468,287</u>

TOTAL NET ASSETS 2,414,385

TOTAL LIABILITIES AND NET ASSETS \$ 2,663,737

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF ACTIVITIES
JULY 1, 2016 TO JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUE AND SUPPORT</u>			
Contributions	\$ 483,942	\$ 484,706	\$ 968,648
Government Grants	2,247,287	-	2,247,287
Interest and Other Income	28,204	-	28,204
	<u>2,759,433</u>	<u>484,706</u>	<u>3,244,139</u>
<u>TOTAL REVENUE AND SUPPORT</u>			
<u>Net Assets Released from Restrictions</u>	<u>928,949</u>	<u>(928,949)</u>	<u>-</u>
	<u>3,688,382</u>	<u>(444,243)</u>	<u>3,244,139</u>
<u>EXPENSES</u>			
Program Services	3,008,338	-	3,008,338
Administration	209,356	-	209,356
Fundraising	237,153	-	237,153
	<u>3,454,847</u>	<u>-</u>	<u>3,454,847</u>
<u>TOTAL EXPENSES</u>			
<u>CHANGE IN NET ASSETS</u>	233,535	(444,243)	(210,708)
<u>NET ASSETS</u>			
BEGINNING OF THE YEAR	<u>1,712,563</u>	<u>912,530</u>	<u>2,625,093</u>
END OF THE YEAR	<u>\$ 1,946,098</u>	<u>\$ 468,287</u>	<u>\$ 2,414,385</u>

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
JULY 1, 2016 TO JUNE 30, 2017

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,508,060	\$ 102,822	\$ 102,822	\$ 1,713,704
Payroll Taxes	106,679	7,273	7,273	121,225
Employee Benefits	221,945	15,133	15,133	252,211
Professional Fees	-	59,892	-	59,892
Consultants	629,266	-	69,918	699,184
Website	9,324	-	1,036	10,360
Technical Support	6,336	432	432	7,200
Insurance	5,826	397	397	6,620
Permits and Licenses	-	292	-	292
Office Supplies	56,139	3,828	3,828	63,795
Telephone and Internet	22,648	1,544	1,544	25,736
Postage and Delivery	8,799	600	600	9,999
Rent	139,907	9,539	9,539	158,985
Printing and Publications	37,611	-	4,179	41,790
Travel	176,417	-	19,602	196,019
Survivor Outreach and Training	36,928	-	-	36,928
Dues and Subscriptions	6,075	414	414	6,903
Equipment Leases	1,261	86	86	1,433
Staff and Board Development	15,759	6,754	-	22,513
Depreciation	5,130	350	350	5,830
Online Communications	14,228	-	-	14,228
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,008,338</u>	<u>\$ 209,356</u>	<u>\$ 237,153</u>	<u>\$ 3,454,847</u>

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF CASH FLOWS
JULY 1, 2016 TO JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (210,708)
Adjustments to Reconcile Change in Net Assets to Net Cash by Operating Activities:	
Depreciation	5,830
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Accounts Receivable	(188,463)
Contributions Receivable	435,593
Deposits	(266)
Prepaid Expenses	(6,065)
Accounts Payable and Accrued Expenses	106,310
	<u>142,231</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>142,231</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of Investments	259,692
Purchase of Investments	(259,873)
Purchase of Fixed Assets	(5,852)
	<u>(6,033)</u>
<u>NET CASH (USED) BY INVESTING ACTIVITIES</u>	<u>(6,033)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

136,198

CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR1,321,769CASH AND CASH EQUIVALENTS - END OF THE YEAR\$ 1,457,967

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

An international health and human rights organization, Just Detention International (“JDI” or the “Organization”) works to put an end to sexual violence against men, women, and youth in all forms of detention. To achieve this goal, JDI seeks to: engender policies that ensure government accountability for prisoner rape; change ill-informed and flippant public attitudes toward sexual assault behind bars; and promote access to resources for survivors of this type of violence. In addition, the Organization operates Just Detention International South Africa Trust (“Trust”). The Trust, located in Johannesburg, South Africa, was incorporated in November 2013 and shares the same goals as the Organization. The Trust is included in the consolidated financial statements of the Organization as a result of common control. The Organization’s primary sources of revenue are contributions from individuals and foundations and government grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Consolidation Policy and Basis of Accounting

The accompanying consolidated financial statements include the accounts of JDI and the Trust. Significant intercompany balances and transactions are eliminated in consolidation. The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

B. Property and Equipment

Property and equipment are recorded at cost if purchased, or fair value on the date of donation. Property and equipment purchases over \$1,000 are capitalized. They are depreciated using the straight line method over the estimated useful lives of the assets. Estimated useful lives range from three to five years.

C. Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted net assets are restricted for use in specific periods or programs of the Organization. Also see Note 8. There were no permanently restricted net assets as of June 30, 2017.

Reimbursements for project costs under government grants are recognized when costs are incurred in accordance with the applicable grant agreements. JDI submits funding requests to the cognizant agency(ies) monthly or quarterly, based upon its expenditures under the grants. As of June 30, 2017, accounts receivable consist largely of reimbursements due under government grants for costs incurred before year end. There is no allowance for doubtful accounts.

D. 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. Accordingly, actual results could differ from those estimates.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Tax-Exempt Status

The Organization is a non-profit corporation organized under the laws of the state of New York and recognized as a non-profit organization by California and Washington, D.C. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and exempt from state franchise or income tax under Section 23701d of the California Revenue and Taxation Code. Accordingly, no provisions for income taxes or related credits are included in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken a tax position that more likely than not would not be sustained upon examination by a tax authority. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

F. Contributions Receivable

Contributions receivable are estimated based on contributions promised on or before June 30, for which payment had not yet been received. No allowance is provided for uncollectible accounts.

Contributions receivable as of June 30, 2017, include \$290,490 due within one year and \$70,889 due in one to five years. Contributions expected to be collected after one year have not been discounted as the discount is not material to the financial statements.

G. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks and money market funds in banks and brokerage accounts.

H. Investment Valuation

GAAP establishes a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Inputs are quoted prices in an active market.

Level 2 – Inputs are quoted prices for similar instruments and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The Organization's investment comprises a twelve-month certificate of deposit valued at cost plus accrued interest. Management believes that cost plus accrued interest approximates fair value; therefore, the certificate of deposit is considered a Level 3 investment.

The following table reconciles the beginning and ending fair value of the Organization's Level 3 investment:

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Investment Valuation (Continued)

Balance, June 30, 2016	\$ 259,692
Sales	(259,692)
Purchases	<u>259,873</u>
Balance, June 30, 2017	<u><u>\$ 259,873</u></u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are reported at cost and are depreciated over their estimated useful lives of three to five years using the straight line method. Individual property and equipment acquisitions exceeding a cost of \$1,000 are capitalized. At June 30, 2017 property and equipment consisted of the following:

Office Equipment	\$ 47,687
Leasehold Improvements	5,363
Less: Accumulated Depreciation	<u>(34,949)</u>
	<u><u>\$ 18,101</u></u>

NOTE 4 - COMMITMENTS AND CONTINGENCIES

JDI leases office space in Los Angeles and Washington D.C. under lease agreements expiring through 2021. Rent paid under the leases totaled \$158,985 for the year ended June 30, 2017. JDI received three months free rent under its Washington D.C. lease, which has been recorded as deferred rent to be amortized over the life of the lease. Future minimum lease payments are as follows:

<u>Year Ending:</u>	<u>Total</u>
June 30, 2018	\$ 177,828
June 30, 2019	130,437
June 30, 2020	58,411
June 30, 2021	<u>49,938</u>
	<u><u>\$ 416,614</u></u>

NOTE 5 - RETIREMENT PLAN CONTRIBUTIONS

JDI has established a defined contribution retirement plan for the benefit of its employees. All employees are eligible to participate after six months of service. JDI contributes 7% of each participant's compensation to the plan. Contributions to the plan totaled \$86,737 for the year ended June 30, 2017.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash and investment accounts at several financial institutions. Cash balances in U.S. banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At June 30, 2017, uninsured balances in U.S. banks totaled \$1,157,000. At June 30, 2017, Trust cash totaling \$72,600 was held at First National Bank, a division of First Rand Bank Limited of South Africa, which is not covered by deposit insurance.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - NET ASSETS

Net assets as of June 30, 2017 were temporarily restricted for the following:

Future Periods	\$ 175,000
South Africa Program	243,287
California Institution for Women	<u>50,000</u>
<u>TOTAL</u>	<u>\$ 468,287</u>

NOTE 8 - RESTRICTED TRUST ASSETS

The Trust is registered with the Master of the High Court in South Africa under the Trust Property Control Act of 1988, and, as such all of the Trust's net assets are restricted from being transferred to JDI's U.S. operations or offices. The total restricted in this manner as of June 30, 2017 was \$315,851. There are no restrictions on transfers from JDI's U.S. operations or offices to the Trust.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 29, 2018, the date the financial statements were available to be issued. There were no subsequent events that required recognition or additional disclosures in these financial statements.

JUST DETENTION INTERNATIONAL
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JULY 1, 2016 TO JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Office for Victims of Crime	16.582	2015-VF-GX-K004	\$ 347,753
Office for Victims of Crime	16.582	2016-VF-GX-K040	158,369
			<u>506,122</u>
Office of Violence Against Women	16.526	2016-TA-AX-K033	121,340
Office of Violence Against Women	16.526	2013-TA-AX-K030	33,700
			<u>155,040</u>
CalOES - Governor's Office of Emergency Services	16.588	AP15-02-8671	577,130
CalOES - Governor's Office of Emergency Services	16.588	AP15-03-8671	84,889
			<u>662,019</u> *
Bureau of Justice Assistance:			
South Carolina Department of Corrections	16.735	C026876	235,624
The Moss Group	16.735	N/A	7,369
Commonwealth of Virginia Department of Corrections	16.735	DOC-15-053	147,705
Los Angeles County Sherrif's Department	16.735	2013-RP-BX-0019	76,466
West Virginia Region Jail and Correctional Facility Authority	16.735	2014-RP-BX-0014	110,305
Georgia Department of Corrections	16.735	46700-070-GDC0000694	211,813
Maricopa County	16.735	15068-S	86,195
Impact Justice	16.735	2015-RP-BX-K001	10,536
Rosebud Sioux Tribe	16.735	2015-RP-BX-0006	38,093
			<u>924,106</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,247,287</u>

* Denotes a major program.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - BASIS OF ACCOUNTING

The accompanying consolidated schedule of expenditures of federal awards includes the federal grant activity of Just Detention International and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Board of Directors
Just Detention International
3325 Wilshire Boulevard, Suite 340
Los Angeles, California 90010

Members of the Board:

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 consolidated financial statements of Just Detention International (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Just Detention International'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 Just Detention International's internal control. Accordingly, we do not express an opinion on the effectiveness of Just Detention International's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Just Detention International's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal 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.



MILLER KAPLAN ARASE LLP
North Hollywood, California
March 29, 2018

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

Board of Directors
Just Detention International
3325 Wilshire Boulevard, Suite 340
Los Angeles, California 90010

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Just Detention International's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Just Detention International's major federal programs for the year ended June 30, 2017. Just Detention International's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Just Detention International's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Just Detention International's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Just Detention International's compliance.

Opinion on Each Major Federal Program

In our opinion, Just Detention International 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, 2017.

Report on Internal Control Over Compliance

Management of Just Detention International is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Just Detention International's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Just Detention International's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



MILLER KAPLAN ARASE LLP
North Hollywood, California
March 29, 2018

JUST DETENTION INTERNATIONAL
CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of Just Detention International.
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Just Detention International were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs of Just Detention International expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with section 510(a) of the Uniform Guidance.
7. California Office of Emergency Services (CalOES) was tested as a major program.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Just Detention International qualifies as a low risk auditee.

SECTION II - FINDINGS - CONSOLIDATED FINANCIAL STATEMENT AUDIT

None.

SECTION III - FINDINGS AND QUESTIONED COSTS MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.