

JUST DETENTION INTERNATIONAL
CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019



INDEPENDENT AUDITORS' REPORT

Board of Directors
Just Detention International

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, 2019, 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*, issued 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, 2019, 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 consolidated schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 January 17, 2020, 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

January 17, 2020

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 2,252,022
Accounts Receivable	328,947
Contributions Receivable, Current Portion	<u>298,995</u>

TOTAL CURRENT ASSETS 2,879,964

Other Assets:

Property and Equipment, Net	9,440
Deposits	12,885
Prepaid Expenses	14,752
Contributions Receivable, Less Current Portion	<u>414,808</u>

TOTAL ASSETS \$ 3,331,849

LIABILITIES AND NET ASSETS

Current Liabilities:

Deferred Rent	\$ 5,610
Accounts Payable and Accrued Expenses	<u>184,061</u>

TOTAL CURRENT LIABILITIES 189,671

NET ASSETS

Net Assets Without Donor Restrictions	2,428,375
Net Assets With Donor Restrictions	<u>713,803</u>

TOTAL NET ASSETS 3,142,178

TOTAL LIABILITIES AND NET ASSETS \$ 3,331,849

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF ACTIVITIES
JULY 1, 2018 TO JUNE 30, 2019

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 1,178,802	\$ 742,216	\$ 1,921,018
Government Grants	2,166,498	-	2,166,498
Interest and Other Income	28,848	-	28,848
	<u>3,374,148</u>	<u>742,216</u>	<u>4,116,364</u>
TOTAL REVENUE AND SUPPORT			
Net Assets Released from Restrictions	<u>569,011</u>	<u>(569,011)</u>	<u>-</u>
	<u>3,943,159</u>	<u>173,205</u>	<u>4,116,364</u>
TOTAL EXPENSES	<u>3,603,115</u>	<u>-</u>	<u>3,603,115</u>
CHANGE IN NET ASSETS	340,044	173,205	513,249
NET ASSETS			
BEGINNING OF THE YEAR	<u>2,088,331</u>	<u>540,598</u>	<u>2,628,929</u>
END OF THE YEAR	<u>\$ 2,428,375</u>	<u>\$ 713,803</u>	<u>\$ 3,142,178</u>

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
JULY 1, 2018 TO JUNE 30, 2019

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,581,600	\$ 107,836	\$ 107,836	\$ 1,797,272
Payroll Taxes	111,457	7,599	7,599	126,655
Employee Benefits	223,424	15,233	15,233	253,890
Professional Fees	-	66,579	-	66,579
Consultants	705,357	-	-	705,357
Website	3,049	208	208	3,465
Technical Support	6,341	432	432	7,205
Insurance	6,860	468	468	7,796
Permits and Licenses	-	762	-	762
Office Supplies	54,646	3,726	3,726	62,098
Telephone and Internet	22,270	1,518	1,518	25,306
Postage and Delivery	11,206	764	764	12,734
Rent	154,157	10,511	10,511	175,179
Printing and Publications	34,484	-	3,832	38,316
Travel	184,566	-	9,714	194,280
Survivor Outreach and Training	41,333	-	17,714	59,047
Dues and Subscriptions	3,505	239	239	3,983
Equipment Leases	2,623	179	179	2,981
Staff and Board Development	21,856	9,366	-	31,222
Depreciation	4,084	278	278	4,640
Online Communications	24,348	-	-	24,348
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,197,166</u>	<u>\$ 225,698</u>	<u>\$ 180,251</u>	<u>\$ 3,603,115</u>

JUST DETENTION INTERNATIONAL
CONSOLIDATED STATEMENT OF CASH FLOWS
JULY 1, 2018 TO JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 513,249
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	4,640
Donated Securities	(52,001)
Changes Provided in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Accounts Receivable	90,714
Contributions Receivable	(188,205)
Deposits	2,191
Prepaid Expenses	18,215
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	<u>(45,022)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>343,781</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of Investments	312,041
Purchase of Fixed Assets	<u>(1,035)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>311,006</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 654,787

CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR 1,597,235

CASH AND CASH EQUIVALENTS - END OF THE YEAR \$ 2,252,022

SUPPLEMENTAL DISCLOSURE

The Organization received donated securities totaling \$52,001 during the year ended June 30, 2019.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

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 founded 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 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions. Net assets with donor restrictions are restricted for use in specific periods or programs of the Organization. Also see Note 8.

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, 2019, accounts receivable consist largely of reimbursements due under government grants for costs incurred before year end. There is no allowance for doubtful accounts.

The Organization receives donated securities, which are reported at fair value based on quoted market prices on the date of the donation. It is JDI’s policy to sell donated securities immediately. Donated securities totaled \$52,001 in the year ended June 30, 2019, and are included in contributions.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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, 2019 include \$298,995 due within one year and \$414,808 due in one to five years. Contributions expected to be collected after one year, totaling \$450,000, are discounted to present value at the rate of 2.76% and reported net. The aggregate discount is \$35,192.

G. Cash and Cash Equivalents

JDI considers short-term investments with initial maturities of 90 days or less to be cash equivalents. Cash and cash equivalents consist of cash on hand and deposits 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.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Functional Allocation of Expenses

The costs of providing JDI's programs and other activities are reported on a functional basis in the statements of functional expenses. Expenditures that can be identified with a specific program or supporting service are allocated directly according to their purpose. Costs that are common to more than one function are allocated among the applicable programs and supporting services based on employees' time records using percentages that represent their hours spent or salaries.

J. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) recently issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 provides that nonprofit organizations, among other things:

- Present amounts for two net asset classes in the financial statements rather than three;
- Provide enhanced disclosures about:
 - Amounts and purposes of board designations;
 - Qualitative information about the management of liquid resources available to meet cash needs for one year;
 - Quantitative information about the availability of financial assets to meet cash needs for one year;
 - Expenses by both their natural and functional classifications;
 - Methods used to allocate costs among program and support functions;
 - Underwater endowment funds;
- Report investment return net of investment expenses; and
- Use the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset.

ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Earlier application is permitted. The amendments are applied retrospectively to all periods presented. JDI adopted ASU 2016-14 for the year ended June 30, 2019.

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, 2019 property and equipment consisted of the following:

Office Equipment	\$ 49,693
Leasehold Improvements	5,363
Less: Accumulated Depreciation	<u>(45,616)</u>
	<u>\$ 9,440</u>

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OMMITMENTS AND CONTINGENCIES

JDI leases office space in Los Angeles and Washington D.C. under agreements expiring through 2023 and 2021, respectively. JDI received two 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, 2020	\$ 175,949
June 30, 2021	182,377
June 30, 2022	136,442
June 30, 2023	<u>80,954</u>
	<u>\$ 575,722</u>

Rent paid under the leases totaled \$175,179 for the year ended June 30, 2019.

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 an amount equal to 7% of each participant's compensation to the plan. Contributions to the plan totaled \$92,819 for the year ended June 30, 2019.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash and investment accounts at several financial institutions. Cash balances in U.S. institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At June 30, 2019, uninsured balances in U.S. institutions totaled \$1,825,292. Trust cash totaling \$40,031 was held at First National Bank, a division of First Rand Bank Limited of South Africa, and is not covered by deposit insurance.

NOTE 7 - NET ASSETS

Net assets as of June 30, 2019 had donor restrictions as follows:

Future Periods	\$ 629,808
South Africa Program	<u>83,995</u>
TOTAL	<u>\$ 713,803</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 prohibited from being transferred to JDI's U.S. operations or offices. The total restricted in this manner as of June 30, 2019 was \$124,026, which includes net assets restricted for the South Africa Program shown in Note 7. There are no restrictions on transfers from JDI's U.S. operations or offices to the Trust.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2019, JDI held assets of approximately \$2,756,000, available for general expenditures, including cash and equivalents of \$2,212,000 and receivables of \$544,000. None of these financial assets were subject to donor or other restrictions that made them unavailable for general expenditures within one year of that date. JDI has a policy of keeping three to six months of anticipated operating expenses in a cash reserve.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 17, 2020, 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, 2018 TO JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Identifying Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Office for Victims of Crime	16.582	2015-VF-GX-K004	\$ 122,429
Office for Victims of Crime	16.582	2016-VF-GX-K040	368,640
			<u>491,069</u>
Office of Violence Against Women	16.526	2016-TA-AX-K033	295,020
			<u>295,020</u>
Passed Through California Governor's Office of Emergency Services:			
CalOES - California Advancing PREA	16.588	AP16-03-8671	713,322
CalOES - California Advancing PREA	16.588	AP18-05-8671	98,027
			<u>811,349</u> *
Bureau of Justice Assistance:			
South Carolina Department of Corrections	16.735	C026876	46,566
Impact Justice	16.735	2015-RP-BX-K001	95,220
Rosebud Sioux Tribe	16.735	2015-RP-BX-0006	113,679
National PREA Resource Center - Communications	16.735	2015-RP-BX-K001	31,554
National PREA Resource Center - Delaware	16.735	2015-RP-BX-K001	43,531
National PREA Resource Center - Wyoming	16.735	2015-RP-BX-K001	38,031
			<u>368,581</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,966,019</u>

* Denotes a major program.

JUST DETENTION INTERNATIONAL
NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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 FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Just Detention International

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, 2019, 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 January 17, 2020.

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

January 17, 2020



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

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, 2019. Just Detention International's major federal programs are identified in the summary of auditor's results section of the accompanying consolidated 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, 2019.

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

January 17, 2020

JUST DETENTION INTERNATIONAL
CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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 2 CFR 200.516(a).
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.