

UNITED CITIZENS FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTAL REPORT ON COMPLIANCE WITH
GOVERNMENT REPORTING STANDARDS AND
UNIFORM GUIDANCE

FOR THE YEAR ENDED DECEMBER 31, 2022

(Independent Auditors Report Thereon)

*The report accompanying these financial statements
was issued by Watkins Jackson CPAs, PLLC,
a Nevada Professional Limited Liability Company.*

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Watkins Jackson CPAs

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Citizens Foundation, Inc.
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Citizens Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Citizens Foundation, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United Citizens Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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 United Citizens Foundation, Inc.'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023 on our consideration of the United Citizens Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the United Citizens Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Citizens Foundation, Inc.'s internal control over financial reporting and compliance.



Watkins Jackson, CPAs
November 29, 2023
Las Vegas, Nevada

UNITED CITIZENS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,648,658
Federal grants receivable	547,004
Total current assets	<u>2,195,662</u>
Total assets	<u><u>\$ 2,195,662</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 79,691
Accrued expenses	5,684
Deferred grant revenue	1,152,153
Due to related parties	156,352
Note payable - current	12,606
Total current liabilities	<u>1,406,486</u>

LONG-TERM LIABILITIES

Note payable	<u>498,234</u>
Total liabilities	<u>1,904,720</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Without donor restrictions:	
Undesignated	<u>290,942</u>
Total net assets	<u>290,942</u>
Total liabilities and net assets	<u><u>\$ 2,195,662</u></u>

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

UNITED CITIZENS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS	
SUPPORT AND REVENUE	
Support	
Grants	\$ 1,893,541
Contributions	12,813
Other income	201,882
Total support	2,108,236
Revenues	
Contract revenue	174,025
Other	11,256
Total revenues and gains	185,281
Total support and revenue	2,293,517
EXPENSES	
Program services	1,856,571
Management and general	277,419
Total expenses	2,133,990
CHANGE IN NET ASSETS	159,527
NET ASSETS, beginning of year	324,258
Prior period adjustments	(192,843)
NET ASSETS, beginning of year - restated	131,415
NET ASSETS, end of year	\$ 290,942

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

UNITED CITIZENS FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 159,527
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Decrease (increase) in:	
Accounts receivable	(202,432)
Increase (decrease) in:	
Accounts payable	3,694
Accrued expenses	(5,253)
Deferred grant revenue	1,127,153
Due to related parties	15,709
Net cash provided by operating activities	<u>1,098,398</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Note payable accrued interest principal increase, net of payments	<u>10,937</u>
Net cash provided by financing activities	<u>10,937</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,109,335
CASH AND CASH EQUIVALENTS, beginning of year	<u>539,323</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,648,658</u></u>

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

UNITED CITIZENS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Payroll and related expenses	\$ 1,341,383	\$ 200,437	\$ 1,541,820
Donations	17,129	2,559	19,688
Insurance	83,430	12,467	95,897
Professional fees	67,111	10,028	77,139
Office supplies and expenses	225,894	33,754	259,648
Travel	15,074	2,253	17,327
Rent	97,900	14,629	112,529
Advertising	966	144	1,110
Interest expense	7,684	1,148	8,832
	<u>1,856,571</u>	<u>277,419</u>	<u>2,133,990</u>
Total Expenses	<u>\$ 1,856,571</u>	<u>\$ 277,419</u>	<u>\$ 2,133,990</u>

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

UNITED CITIZENS FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. History, Background, and Summary of Significant Accounting Policies

Organization – United Citizens Foundation, Inc. (the “Organization”, “UCF”) is a not-for-profit corporation organized under the laws of the State of Nevada for the purpose of promoting healthy social, emotional, and behavioral skills for children, adolescents, adults and families, UCF improves the quality of life of individuals by compassionately serving their mental health, addiction and community support needs. The Organization receives the majority of its support from federal grants.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Income Tax Status – The Organization is exempt from federal income tax under Sections 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is classified as a public foundation as of April 13, 2010. The Organization has no uncertain tax positions at December 31, 2022. The Organization's tax returns for years after 2019 remain open for possible examination by the Internal Revenue Service.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation – The Organization has adopted guidance issued by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entity*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Revenue and Support With and Without Restrictions – Revenues are recognized when the Organization expends qualified amounts that the grantor has agreed to repay once the expenditure is made. Also in accordance with financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606 the Organization had contract revenue of \$174,025 for the year ended December 31, 2022. The Organization Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. As of December 31, 2022, the Organization has no net assets with donor restriction. However, when both net assets without donor restrictions and net assets with donor restrictions are available for use, it is the Organization's policy to use net assets with donor restrictions first, then net assets without donor restrictions.

Grant revenue recognition – Grant revenue is recorded upon receiving funds if the grant is unconditional. When grant funds are conditional the grant revenue is recorded when the grant conditions are met and earned, generally upon the submission of related expenses for reimbursement.

UNITED CITIZENS FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. History, Background, and Summary of Significant Accounting Policies (continued)

Deferred grant revenue – Consists of advances on grants that have not been used as expenses by the Organization. As of December 31, 2022 the balance totaled \$1,152,153.

Contributions in-kind – Donated services and support are recognized as contributions in accordance with FASB ASC 958, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Cash and cash equivalents – The Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Federal grants receivable – The Organization submits reimbursable grant expenses incurred to governmental agencies in order to receive payment of the funds per grant agreements. It is the Organization’s policy to allow for any uncollectible receivables when management determines the receivable will not be collected. All receivables were deemed to be collectable and no allowances were recognized as of December 31, 2022.

Accounts payable and accrued expenses – Consists of liabilities to record expenses incurred during 2022, but paid for in 2023.

Expense Allocation – The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

All of the following expenses were allocated on the basis of direct expense: Payroll and related expenses, insurance, professional fees, office supplies and expenses, travel, rent and advertising.

Reclassifications – Certain prior year amounts have been reclassified for consistency with the current year presentation. This change in classification does not affect previously reported cash flows from operating activities.

Advertising – Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2022 was \$1,110.

Recently Issued Accounting Pronouncements – The Organization has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASU’s, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Organization.

2. Federal Grants Receivable

As of December 31, 2022 the Organization had \$547,004 in Federal grants receivables from submitted reimbursable grants expenses incurred.

UNITED CITIZENS FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. Note Payable

On June 9, 2020 the Organization was able obtain an Economic Injury Disaster Loan (EIDL) in the amount of \$149,900 from the Small Business Administration (SBA) as a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). On July 24, 2021 the EIDL was modified to a principal balance of \$500,000. The EIDL accrues interest at 2.75% and payments are not required for the twenty four months from the original loan date, though interest begins to accrue as funds are advanced and is included in the note payable balance. The EIDL requires monthly payments of principal and interest totaling \$2,208. The EIDL matures on June 9, 2050. Balance of the note at December 31, 2022 was \$510,840.

Future principal payments consist of the following December 31, 2022:

2023	\$	12,606
2024		12,957
2025		13,318
2026		13,689
2027		14,070
Thereafter		444,200
		510,840
Note payable – current portion		12,606
Note payable – long-term portion	\$	498,234

4. Other Income

During 2022 the Organization received funds related to Employee Retention Credit totaling \$201,882.

5. Concentrations

The Organization maintains funds at a financial institution located in Nevada whose balance are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits, which is \$250,000 per depositor. The Organization had uninsured balances totaling \$1,398,760 at December 31, 2022.

During the year ended December 31, 2022 the Organization received approximately 88% of its support and revenue in the form of grants awarded as a recipient/sub recipient of federal funds from one funding source.

Federal grants receivable as of December 31, 2022 from this same funding source was 48%.

6. Information Regarding Liquidity and Availability

The Organization is substantially supported by grant and contribution revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves by operating within a range of financial soundness and stability while maintaining sufficient liquid assets and reserves to meet the near-term operating needs and provide reasonable assurance that liabilities and other obligations will be discharged as they become due.

UNITED CITIZENS FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

6. Information Regarding Liquidity and Availability (continued)

The following table reflects the Organization’s financial assets as of December 31, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Financial assets, at year end:	
Cash and cash equivalents	\$ 1,648,658
Federal grants receivable	<u>547,004</u>
Total financial assets, at year end:	2,195,662
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Accounts payable	79,691
Accrued expenses	5,684
Deferred grant revenue	1,152,153
Due to related party	156,352
Notes payable – current	<u>12,606</u>
	1,406,486
Total financial assets available to management for general expenditure within one year	
	\$ <u>789,176</u>

7. Related Party Transactions

The Organization has amounts due to the founder and companies owned by the founder of the Organization totaling \$185,972 as of December 31, 2022. The Organization has amounts due from the founder and companies owned by the founder of the Organization totaling \$29,620 as of December 31, 2022. The balances have no long-term contract obligations, but operate on a month-to-month term, due on demand as approved by the Board, and are recorded as a net amount in Due to related parties totaling \$156,352 as of December 31, 2022.

The Organization leases two properties from an entity of which the founder of the Organization has indirect influence of control, which provides office space for administrative and clinical staff for the operations of the organization. In September 2019, UCF’s property leases were revised adjusting the total monthly payments to \$7,657. Management and the Board of Directors (the “Board”) approved UCF’s rental payments after a market analysis determined the rates were and are below the fair market rental rates for similar square footage and class of commercial property in the Las Vegas area. The Board recorded a liability for the operational rent of \$1,500 monthly amounts discounted in UCF operational years of 2018, 2019, 2020 and 2021 through June 30, 2021, for a total of \$63,000. This amount has been included in and paid through the due to related parties’ balance. In June 2021, the Board approved the full rent payments of \$6,223 monthly. Beginning January 1, 2022, the rent increased to a monthly rate of \$13,116, which is still below the fair market rate of commercial properties in the Las Vegas Area. The rent amount of \$11,893 will be paid directly by UCF, on a month-by-month basis, with no long-term contractual commitment, with the remaining balance of \$1,223 provided to UCF as a donation by the Founder. . Rent expenses for the year ended December 31, 2022, and totaled \$146,481.

UNITED CITIZENS FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

8. Prior Period Adjustment

It was discovered that certain grant revenues relating to grants receivable were not applied to the receivables when the funds were received totaling \$141,915, which were overstating grants receivable. Other grant adjustments in the prior year resulted in additional net asset reductions of \$50,928 for a total of \$192,843 in prior period adjustments.

9. Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

United Citizens Foundation, Inc.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Passed through State of Nevada			
Victim of Crime Assistance	16.575		<u>\$ 646,415</u>
<i>Total U.S. Department of Justice</i>			\$ 646,415
U.S. Department of the Treasury			
Passed through State of Nevada			
Corona Virus State and Local Fiscal Recovery	21.027		<u>\$ 665,908</u>
<i>Total U.S. Department of the Treasury</i>			\$ 665,908
U.S. Department of Health and Human Services			
Passed through State of Nevada			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		<u>\$ 311,498</u>
Total U.S. Department of Health and Human Services			\$ 311,498
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 1,623,821</u></u>

The accompanying notes to the financial statements are an integral part of the statements.

UNITED CITIZENS FOUNDATION, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards (“SEFA”) includes the federal grant award activity of United Citizens Foundation, Inc., under programs of the federal government for the year ended December 31, 2022 in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. These expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. The cost principles indicate the certain types of expenditures are not allowable and certain allowable costs are limited as to reimbursement. United Citizens Foundation, Inc. has elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance for certain grants.

3. Pass-Through Awards

United Citizens Foundation, Inc. received certain federal financial assistance from pass-through awards of the pass-through entities listed on the SEFA. There were no passed through awards to subrecipients.



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INDEPENDENT AUDITOR'S 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

To the Board of Directors
United Citizens Foundation, Inc.
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Citizens Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Citizens Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 United Citizens Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the United Citizens Foundation, Inc.'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Citizens Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Watkins Jackson CPAs
November 29, 2023
Las Vegas, Nevada



WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

To the Board of Directors
United Citizens Foundation, Inc.
Las Vegas, Nevada

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Citizens Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Citizens Foundation, Inc.'s major federal programs for the year ended December 31, 2022. United Citizens Foundation, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Citizens Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Citizens Foundation, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Citizens Foundation, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Citizens Foundation, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

the judgment made by a reasonable user of the report on compliance about United Citizens Foundation, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding United Citizens Foundation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Citizens Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Citizens Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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.



Watkins Jackson CPAs
November 29, 2023
Las Vegas, Nevada

UNITED CITIZENS FOUNDATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major program:	CFDA #21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No
Section II - Financial Statement Findings	None
Section III - Federal Award Findings and Questioned Costs	None

UNITED CITIZENS FOUNDATION, INC.
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

None noted.