ELUNA

FINANCIAL STATEMENTS AND SUPPLEMENARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

ELUNA
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Eluna
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Eluna, 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 accompanying financial statements present fairly, in all material respects, the financial position of Eluna 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eluna 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 opinion.

Prior Period Financial Statements

The financial statements of Eluna as of December 31, 2021, were audited by other auditors whose report dated September 28, 2022, expressed an unmodified opinion on those statements.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022 Eluna adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Eluna also adopted new accounting guidance for contributed nonfinancial assets. Our opinion is not modified with respect to these matters.

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 Eluna's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibility 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 auditors' 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 GAAS 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 GAAS 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 Eluna'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 Eluna'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 audits.

Board of Trustees
Eluna

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 September 27, 2023, on our consideration of Eluna'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 Eluna'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 Eluna's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
September 27, 2023

ELUNA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 643,876	$ 958,137
Grants and Contributions Receivable	1,162,969	395,808
Related-Party Contributions Receivable	42,262	127,500
Inventory	46,657	42,085
Prepaid Expenses and Other Current Assets	46,795	33,725
Total Current Assets	1,942,559	1,557,255
INVESTMENTS	391,321	462,070
PROPERTY AND EQUIPMENT, NET	32,764	41,741
OTHER ASSETS		
Grants and Contributions Receivable, Long-Term	416,069	-
Related-Party Contributions Receivable, Long-Term	33,348	94,871
Right-of-Use Asset	324,197	-
Total Other Assets	773,614	94,871
Total Assets	$ 3,140,258	$ 2,155,937
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 107,542	$ 60,182
Lease Liability, Current Portion	64,834	-
Total Current Liabilities	172,376	60,182
LEASE LIABILITY, NET OF CURRENT PORTION	276,890	-
Total Liabilities	449,266	60,182
NET ASSETS		
Without Donor Restrictions	772,150	1,115,808
With Donor Restrictions	1,918,842	979,947
Total Net Assets	2,690,992	2,095,755
Total Liabilities and Net Assets	$ 3,140,258	$ 2,155,937

See accompanying Notes to Financial Statements.

ELUNA
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Grants and Contributions	$ 1,113,503	$ 2,070,686	$ 3,184,189	$ 1,273,878	$ 541,106	$ 1,814,984
Special Events	210,659	-	210,659	243,658	-	243,658
Partner and Community Events	63,110	-	63,110	29,964	-	29,964
In-Kind Contributions	107,705	-	107,705	54,371	-	54,371
Net Investment Return	(77,083)	-	(77,083)	41,420	-	41,420
Other Income	36,451	-	36,451	33,034	-	33,034
Net Assets Released from Restrictions	1,131,791	(1,131,791)	-	749,730	(749,730)	-
Total Revenue	2,586,136	938,895	3,525,031	2,426,055	(208,624)	2,217,431
PROGRAM AND SUPPORTING EXPENSES						
Program Services	2,175,583	-	2,175,583	1,790,861	-	1,790,861
Supporting Services:						
General and Administrative	451,437	-	451,437	295,868	-	295,868
Fundraising	615,230	-	615,230	498,639	-	498,639
Total Program and Supporting Expenses	3,242,250	-	3,242,250	2,585,368	-	2,585,368
CHANGE IN NET ASSETS BEFORE OTHER INCOME (EXPENSES)	(656,114)	938,895	282,781	(159,313)	(208,624)	(367,937)
OTHER INCOME (EXPENSE)						
Loss on Disposal of Equipment	(2,878)	-	(2,878)	(7,189)	-	(7,189)
Employee Retention Tax Credit	315,334	-	315,334	-	-	-
Debt Forgiveness, Paycheck Protection Program	-	-	-	201,372	-	201,372
Total Other Income	312,456	-	312,456	194,183	-	194,183
CHANGE IN NET ASSETS	(343,658)	938,895	595,237	34,870	(208,624)	(173,754)
Net Assets - Beginning of Year	1,115,808	979,947	2,095,755	1,080,938	1,188,571	2,269,509
NET ASSETS - END OF YEAR	$ 772,150	$ 1,918,842	$ 2,690,992	$ 1,115,808	$ 979,947	$ 2,095,755

See accompanying Notes to Financial Statements.

ELUNA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Camp Erin	Camp Mariposa	The Resource Center	Total Program Services	Management and General	Fundraising	Total
Grants and Program Related Costs (Including In-Kind of $18,451)	$ 275,194	$ 564,728	$ 15,471	$ 855,393	$ -	$ -	$ 855,393
Marketing and Promotion	22,168	11,817	58,972	92,957	6,130	111,078	210,165
Salaries and Employee Benefits	271,146	399,546	218,751	889,443	279,060	334,298	1,502,801
Special Events Expenses (Including In-Kind of $28,980)	-	-	-	-	-	85,712	85,712
Professional Services (Including In-Kind of $60,274)	84,307	111,110	14,872	210,289	18,363	23,451	252,103
Rent and Occupancy	15,435	21,460	11,682	48,577	31,974	16,750	97,301
Travel and Conferences	8,194	20,306	6,365	34,865	20,832	12,066	67,763
Office Expenses	554	540	354	1,448	9,453	9,429	20,330
Postage and Printing	1,173	1,657	870	3,700	234	5,149	9,083
Telephone and Utilities	1,546	2,180	1,166	4,892	1,480	1,696	8,068
Depreciation	2,443	3,482	1,851	7,776	2,362	2,697	12,835
Dues and Subscriptions	7,415	4,666	3,350	15,431	2,690	4,227	22,348
Insurance	2,964	4,246	2,299	9,509	2,922	3,304	15,735
Bad Debt Expense	-	-	-	-	72,671	-	72,671
Miscellaneous	188	442	673	1,303	3,266	5,373	9,942
Total Expenses	$ 692,727	$ 1,146,180	$ 336,676	$ 2,175,583	$ 451,437	$ 615,230	$ 3,242,250

See accompanying Notes to Financial Statements.

ELUNA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Camp Erin	Camp Mariposa	The Resource Center	Total Program Services	Management and General	Fundraising	Total
Grants and Program Related Costs (Including In-Kind of $22,740)	$ 179,041	$ 567,626	$ 11,152	$ 757,819	$ -	$ -	$ 757,819
Marketing and Promotion	15,091	12,093	18,817	46,001	7,266	105,108	158,375
Salaries and Employee Benefits	210,815	330,238	172,730	713,783	230,265	257,277	1,201,325
Special Events Expenses (Including In-Kind of $140)	-	-	-	-	-	47,336	47,336
Professional Services (Including In-Kind of $31,491)	39,374	110,518	14,775	164,667	11,090	51,126	226,883
Rent and Occupancy	15,867	23,877	12,487	52,231	16,725	17,434	86,390
Travel and Conferences	160	24,869	1,157	26,186	1,544	503	28,233
Office Expenses	271	1,346	217	1,834	7,615	3,759	13,208
Postage and Printing	1,012	1,529	797	3,338	624	4,432	8,394
Telephone and Utilities	1,445	2,182	1,135	4,762	1,531	1,589	7,882
Depreciation	-	-	-	-	12,868	-	12,868
Dues and Subscriptions	4,102	4,102	2,007	10,211	1,759	2,945	14,915
Insurance	2,527	3,795	1,987	8,309	2,581	2,687	13,577
Miscellaneous	1,073	647	-	1,720	2,000	4,443	8,163
Total Expenses	$ 470,778	$ 1,082,822	$ 237,261	$ 1,790,861	$ 295,868	$ 498,639	$ 2,585,368

See accompanying Notes to Financial Statements.

ELUNA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 595,237	$ (173,754)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	12,835	12,868
Realized and Unrealized Gains (Loss) on Investments	84,895	(18,985)
Donor Contributed Investments	-	(7,927)
Loss on Disposal of Equipment	2,878	7,189
(Increase) Decrease in Operating Assets:		
Grants and Contributions Receivable	(1,183,230)	415,222
Related-Party Contributions Receivable	146,761	-
Inventory	(4,572)	(9,707)
Prepaid Expenses and Other Current Assets	(13,070)	5,331
Right-of-Use Asset	(324,197)	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	47,360	(1,885)
Lease Liability	341,724	-
Net Cash Provided (Used) by Operating Activities	(293,379)	228,352
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(6,736)	-
Purchase of Investments	(106,195)	(480,801)
Proceeds from Sale of Investments	92,049	461,270
Net Cash Used by Investing Activities	(20,882)	(19,531)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(314,261)	208,821
Cash and Cash Equivalents - Beginning of Year	958,137	749,316

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF ORGANIZATION

Eluna (formerly the Moyer Foundation) is a nonprofit organization with a mission to support children and families impacted by grief or addiction. Eluna creates and supports three signature programs which are fully sponsored by donors to remain free of charge for all families:

- Camp Erin is the largest national bereavement program for youth grieving the death of a significant person in their lives.
- Camp Mariposa is a national addiction prevention and mentoring program for youth impacted by substance abuse in their families.
- The Resource Center extends Eluna's continuum of care by providing personalized phone and email support with a comprehensive online library of support offerings for children, families, educators and all those who need assistance with grief, substance use and other mental health support on subjects such as bullying, suicide prevention and mindfulness.

Eluna partners with local organizations throughout the U.S. and Canada and its support comes primarily from donor contributions, corporate sponsors, grants, and fundraising events.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Eluna prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not-for-Profit Organizations. The significant accounting and reporting policies used by Eluna are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Presentation

Eluna is required to report information regarding its financial position and activities according to two classes of net assets. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Eluna and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Eluna does not have any net assets perpetual in nature.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and money market funds. Eluna considers all short-term securities with an original maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value in the statements of financial position. Net investment returns are reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Grants and Contributions Receivable

Grants and Contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management reviews the collectability of contributions receivable on a periodic basis and determines the amount estimated to be uncollectible. A reserve for doubtful accounts is then established. Eluna charges off receivables against the allowance when management determines that a receivable is not fully collectible.

Inventory

Items in inventory include sports memorabilia and camp apparel and are stated at lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment are recorded at cost if purchased, or at fair value at the date of receipt, if contributed. Items with a cost exceeding $1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of seven years for office furnishings, five years for website design, and three years for office equipment. Expenditures for normal maintenance and repairs are expensed as incurred. Leasehold improvements are amortized using the straight-line method over the shorter of the term of the lease or the useful life of the asset.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Grants and Contribution Revenue

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions, including restrictions that are met in the year of receipt.

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at fair value, which is estimated as net realizable value if expected to be collected in one year and discounted future cash flows if expected to be collected in more than one year. Conditional promises to give are not included as support until the conditions are substantially met. As of December 31, 2022 and 2021, unrecognized conditional contributions which are expected to be recognized in future years aggregated $1,373,379 and $1,306,615, respectively.

Special Events

Special events revenue is recognized at the time the event occurs. Special event payments received prior to the occurrence of the event are recognized as deferred revenue and special event expenses paid prior to the date of the event are recognized as prepaid expenses.

In-Kind Contributions

Contributed goods, advertising (including public service announcement commercials for Eluna), and other miscellaneous services are recorded at fair value. For the years ended December 31, 2022 and 2021, Eluna recognized $107,705 and $54,371, respectively, in the accompanying statements of activities.

Contributions of donated in-kind items are recorded at their fair value in the period received. The in-kind contributions have been recorded as support and are also included as an expense in the statement of activities.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and would otherwise be purchased by Eluna. Donated services that met the requirements for recognition have been recognized in income and the related expenses.

Many individuals volunteer their time and perform a variety of tasks that assist Eluna with events and programs. The value of this contributed time is not reflected in these financial statements because the criteria for recognition has not been satisfied.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred. Such expenses for the years ended December 31, 2022 and 2021, were $210,165 and $158,375, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Financial instruments that potentially subject Eluna to a concentration of credit risk consist principally of cash and cash equivalents, investments and contributions receivable. Eluna places its cash and temporary cash investments with financial institutions and, at times, such cash balances may be in excess of the FDIC insurance limits. Investment strategy shall be diversified in a way that is consistent with the risk tolerance and investment objectives of Eluna's investment policies and guidelines.

Concentrations of credit risk with respect to contributions receivable are limited due to the composition of Eluna's contributor base. Management assesses the financial strength of its unconditional pledges receivable based on prior history and experience with its donor and grantor agencies.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimated amounts.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses attributable to a specific functional area are reported as expenses of those functional areas. Certain costs that benefit multiple areas have been allocated among the programs and supporting services based on the proportion of full-time equivalents of a respective location versus the total full-time equivalents of all locations.

Leases

Eluna leases office space and equipment. Eluna determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position.

ROU assets represent Eluna's right to use an underlying asset for the lease term and lease liabilities represent Eluna's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, Eluna uses 10.5% based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Eluna will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Eluna is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes is included in the accompanying financial statements. Eluna is annually required to file a Form 990 with the Internal Revenue Service.

With few exceptions, Eluna is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for the years before 2018. Based on Eluna's assessment of many factors, including past experience, Eluna does not currently anticipate significant changes in its tax positions over the next 12 months.

New Accounting Standards

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not for Profit Entities (Topic 958): Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements for those assets. The new standard is effective for annual reporting periods beginning after June 15, 2021. Eluna's financial statements reflect the application of this standard. No changes were made to previously reported net assets.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Eluna adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. Eluna has elected to adopt the package of practical expedients available in the year of adoption.

Reclassifications

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation.

Subsequent Events

Eluna has evaluated subsequent events through September 27, 2023, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2022	2021
Cash and Cash Equivalents	$ 643,876	$ 958,137
Contributions Receivable, Net	1,579,038	375,808
Related Party Contributions Receivable, Net	75,610	127,500
Investments	391,321	462,070
Subtotal	2,689,845	1,923,515
Less: Those Assets Unavailable for General Expenditures Within One Year Due to Donor-Imposed Restrictions	(1,918,842)	(979,947)
Total	$ 771,003	$ 943,568

As part of its liquidity management, Eluna has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Eluna invests cash in excess of daily requirements in various short-term investments including money market funds and other short-term equity investments until it is required for operational use. In the event of an unanticipated liquidity need, Eluna could also draw upon its $200,000 available line of credit (as further discussed in Note 8).

Eluna manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Eluna forecasts its future cash flows and monitors its liquidity and reserves quarterly.

NOTE 4 FAIR VALUE MEASUREMENTS

FASB *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures,* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodologies used at December 31, 2022 and 2021. Mutual funds are valued at the closing price reported in active open markets.

	Assets at Fair Value as of December 31, 2022			
	Total	(Level 1)	(Level 2)	(Level 3)
Mutual Funds	$ 391,321	$ 391,321	$ -	$ -
Total Assets at Fair Value	$ 391,321	$ 391,321	$ -	$ -

	Assets at Fair Value as of December 31, 2021			
	Total	(Level 1)	(Level 2)	(Level 3)
Mutual Funds	$ 459,379	$ 459,379	$ -	$ -
Common Stock	2,691	2,691	-	-
Total Assets at Fair Value	$ 462,070	$ 462,070	$ -	$ -

Through the use of a globally diversified investment strategy, the primary investment objectives of Eluna are 1) to grow the assets of the investment portfolio at a rate that is greater than the rate of inflation and 2) to provide cash flow on occasion and at the discretion of Eluna to supplement the general fund. With the approval of the board of trustees, Eluna may also draw principal from this account from time to time in order to maintain operations and meet financial commitments of Eluna.

NOTE 5 GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of the following at December 31:

	2022	2021
Receivable in Less than One Year	$ 1,162,969	$ 395,808
Receivable in One to Five Years	435,000	-
Subtotal	1,597,969	395,808
Allowance for Doubtful Accounts	-	-
Discounts to Present Value	(18,931)	-
Total	$ 1,579,038	$ 395,808

At December 31, 2022, 82% of Grants and contributions receivable were due from three donors. Grants and contributions from three donors accounted for 81% of total grant contributions revenue in 2021. At December 31, 2021, 59% of Grants and contributions receivable were due from two donors. Grants and contributions from two donors accounted for 45% of total contributions revenue in 2021.

NOTE 5 GRANTS AND CONTRIBUTIONS (CONTINUED)

Related party contributions receivable, including contributions from board members, board member affiliated parties and employees, consists of the following at December 31:

	2022	2021
Current Related-Party Contribution Receivables	$ 42,262	$ 127,500
Long-Term Related Party Contribution Receivables	34,812	114,871
Subtotal	77,074	242,371
Allowance for Doubtful Accounts	-	(20,000)
Discounts to Present Value	(1,464)	-
Total	$ 75,610	$ 222,371

During the years ended December 31, 2022 and 2021, Eluna received contributions from members of its board of directors and other related parties amounting to $41,002 and $182,535, respectively.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Office Equipment and Furnishings	$ 38,395	$ 43,879
Website Design	148,473	148,473
Leasehold Improvements	4,711	4,711
Subtotal	191,579	197,063
Accumulated Depreciation	(158,815)	(155,322)
Total	$ 32,764	$ 41,741

Depreciation expense was $12,835 and $12,868 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2022	2021
Subject to Expenditure for Specified Purpose:		
Camp Erin	$ 1,288,965	$ 26,796
Camp Mariposa	373,423	564,163
The Eluna Resource Center	175,632	160,495
Catch A Cure for Cancer - Gregory Fund	1,822	1,822
Time Restricted	79,000	226,671
Total	$ 1,918,842	$ 979,947

NOTE 8 LINE OF CREDIT

Eluna has a $200,000 secured line of credit (the Line) from a bank. The Line was established in 2016. Interest on the Line is payable monthly at the bank's prime rate plus 3.5%. Substantially all of Eluna's assets are collateralized by the Line. Eluna had no outstanding borrowings on the Line at December 31, 2022 and 2021.

NOTE 9 DEBT FORGIVENESS, PAYCHECK PROTECTION PROGRAM

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act extended the authority to make PPP loans through March 31, 2021 and revised certain PPP requirements. During February 2021, Eluna received a second draw PPP loan (PPP2 loan) in the amount of $201,372. The PPP2 loan was subject to certain forgiveness provisions based on Eluna filing an application for loan forgiveness with the SBA. Eluna applied for forgiveness during 2021 and in November 2021, Eluna received notice from the SBA and its lender that the PPP2 loan was forgiven in its entirety. The debt forgiveness, in the amount of $201,372, was recorded as other income in the accompanying 2021 statement of activities.

NOTE 10 IN-KIND CONTRIBUTIONS AND DONATED SERVICES

For the year ended December 31, 2022, Eluna recorded the following donated services and gifts in-kind in the statement of activities as revenues and related expenses:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Legal Services	$ 47,524	General use	None	Fair value provided by donor
Video Services	12,750	General use	None	Fair value provided by donor
Total Donated Services	$ 60,274			
Auction Items for Special Event	$ 28,980	General use	None	Fair value provided by donor
MLB Game Tickets	3,772	Camp Mariposa	None	Fair value provided by donor
MLB Game Tickets	14,679	Camp Erin	None	Fair value provided by donor
Total Gifts In-Kind	$ 47,431			

NOTE 10 IN-KIND CONTRIBUTIONS AND DONATED SERVICES (CONTINUED)

For the year ended December 31, 2021, Eluna recorded the following donated services and gifts in-kind in the statement of activities as revenues and related expenses:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Legal Services	$ 27,651	General use	None	Fair value provided by donor
Photography Services	140	General use	None	Fair value provided by donor
Total Donated Services	$ 27,791			
HR and DEI Consulting Services	$ 4,000	General use	None	Fair value provided by donor
MLB Game Tickets	3,575	Camp Mariposa	None	Fair value provided by donor
MLB Game Tickets	19,005	Camp Erin	None	Fair value provided by donor
Total Gifts In-Kind	$ 26,580			

NOTE 11 LEASE COMMITMENTS

Operating Leases – ASC 842

The Company elected to apply the provision of FASB ASC 842 to the beginning of the period of adoption of January 1, 2022, through a cumulative effect adjustment, with certain practical expedients available. See Note 2.

Eluna leases office space under an operating lease which expires February 2027. For the year ended December 31, 2022, rent expense under this lease excluding utility expense amounted to $96,871. Eluna records periodic rental expense over the life of the lease.

Eluna also leases equipment under one operating leases. Rental expense on leased equipment was $2,964 for the year ended December 31, 2022.

The following tables provide quantitative information concerning Eluna's leases for the year ended December 31, 2022:

Operating Lease Cost	$ 96,871
Total Lease Cost	$ 96,871
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	$ 79,344
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 382,925
Weighted-Average Remaining Lease Term - Operating Leases	4.1 Years
Weighted-Average Remaining Discount Rate - Operating Leases	10.50%

NOTE 11 LEASE COMMITMENTS (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year Ending December 31,	Amount
2023	$ 96,821
2024	100,379
2025	102,235
2026	104,090
2027	17,632
Total	421,157
Less: Imputed Interest	(79,433)
Total Present Value of Lease Liabilities	$ 341,724
Short-Term Lease Liabilities	$ 64,834
Long-Term Lease Liabilities	$ 276,890

Operating Leases – ASC 840

Lease disclosures for the years ended December 31, 2021, are made under prior lease guidance in FASB ASC 840. The Company maintains various agreements for the leasing of office space and equipment under operating leases. Rental expense for the years ended December 31, 2021, totaled $85,376.

Minimum future rental payments under noncancelable operating leases at December 31, 2021 were as follows:

Year Ending December 31,	Amount
2022	$ 82,308
2023	100,095
2024	100,379
2025	102,235
Total	$ 202,614

NOTE 12 RETIREMENT PLAN

Eluna has a 401(k) plan providing retirement benefits to its employees. Employees may contribute up to the maximum amount provided by law. Eluna will make a fixed safe harbor nonelective contribution in an amount equal to 3% of the employee’s compensation for the plan year. Employees are eligible for participation in the plan at age 21 and after a 180 day probationary period. All employer contributions vest immediately for eligible participants. In addition, the plan allows for discretionary matching contributions as determined by Eluna. Eluna’s contributions to the plan were $33,039 and $29,074 for the years ended December 31, 2022 and 2021, respectively.

NOTE 13 CONDITIONAL PLEDGES

Eluna provides funding to local community organizations in the fields of bereavement, health, and child and family services for the establishment and operation of various camps and related programs across North America. Eluna conditionally pledges annual funds to each community organization for a multiyear time period which may vary in amount and duration pending compliance with the grant terms and conditions. Eluna only provides funds to cover approved program expenses and reserves the right to terminate its obligations at any time. As of December 31, 2022, if all grants were fulfilled, Eluna would expend a total of $355,000 in partner program funding through the year 2023.

NOTE 14 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. CAA provided entities the ability to retroactively cover payroll taxes from earlier in 2020 during which they were previously ineligible by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either a full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period for any calendar quarter in which eligibility requirements were met.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended December 31, 2022, Eluna applied for ERC grant funding from the Internal Revenue Service. Eluna recognized $316,662 of grant revenue related to performance requirements being met in compliance with the program during the year ended December 31, 2022.

Eligibility and conditions for the ERC program may be audited by the Internal Revenue Service. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on Eluna’s financial position.

ELUNA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing	Grantor Number	Grant Period	Provided to Subrecipients	Total Federal Expenditures
United States Department of Justice					
Office of Justice Programs / Office of Juvenile Justice and Delinquency Prevention					
Juvenile Mentoring Program	16.726	2019-JU-FX-0007	10/1/2019 - 9/30/2023	$ 413,331	$ 729,758
Juvenile Mentoring Program	16.726	2019-JY-FX-0006	10/1/2019 - 9/30/2023	96,500	120,360
Juvenile Mentoring Program	16.726	15PJDP-22-GG-03741-MENT	09/30/2022 - 9/30/2025	-	1,117
Total Expenditures of Federal Awards				$ 509,831	$ 851,235

See accompanying Notes to Schedule of Expenditures of Federal Awards.

ELUNA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 GENERAL INFORMATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the activities of the federal awards programs of Eluna. All federal awards received directly from federal agencies, as well as awards passed through other governmental agencies or nonprofit organizations, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

For certain programs, the expenses reported in the financial statements may differ from the expenditures reported in the Schedule due to program expenses exceeding grant or contract budget limitations, which are not included as federal awards.

NOTE 4 DE MINIMIS INDIRECT COST RATE

Eluna has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 Trustees
Eluna
Philadelphia, Pennsylvania

We have audited 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, the financial statements of Eluna, 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 September 27, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eluna's internal control over financial reporting (internal control) as a basis of designing 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 Eluna's internal control. Accordingly, we do not express an opinion on the effectiveness of Eluna'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.

Board of Trustees
Eluna

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eluna'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
September 27, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Eluna
Philadelphia, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Eluna'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 Eluna's major federal program for the year ended December 31, 2022. Eluna's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Eluna complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of Eluna 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 the major federal program. Our audit does not provide a legal determination of Eluna'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 Eluna's federal programs.

Auditors' 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 Eluna'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 GAAS, *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 Eluna's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Eluna'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 Eluna'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 Eluna'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
September 27, 2023

ELUNA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2022

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified		
2. Internal control over financial reporting:			
• Material weakness(es) identified?	____ yes	x no	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ yes	x none reported	
3. Noncompliance material to financial statements noted?	____ yes	x no	

Federal Awards

1. Internal control over major federal programs:			
• Material weakness(es) identified?	____ yes	x no	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	x yes	____ none reported	
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified		
3. Any audit findings disclosed that are required to be reported in accordance with • Uniform Guidance?	x yes	____ no	

Identification of Major Federal Programs

Assistance Listing Numbers)	Name of Federal Program or Cluster
16.726	Juvenile Mentoring Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ $750,000	
Auditee qualified as low-risk auditee?	____ yes	x no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2022-001

Federal Agency:
U.S. Department of Justice

Federal Programs:
Juvenile Mentoring Program

Pass-Through Agency:
Office of Justice Programs / Office of Juvenile Justice and Delinquency Prevention

CFDA Number:
16.726

Award Period:
January 1, 2019 – September 30, 2023

Type of Finding:

- Compliance
- Significant Deficiency in Internal Control over Compliance

Criteria:
Uniform Guidance section 200.320 described five general procurement standards that cover the purchase of property, supplies and services which include the following: (a) the Organization must maintain written policies for procurement covering the methods available under these regulations, (b) costs must be reasonable and necessary, (c) must provide for full and open competition, (d) the Organization must maintain written standards of conduct covering internal and external conflicts of interest, and (e) the Organization must maintain documentation addressing costs and price analysis and vendor selections where applicable based on the method of procurement used.

Condition and Context:

In our procurement test, we had observed that management has not properly implemented both a procurement and conflict of interest policy, but as part of the requirements under Uniform Guidance, the Organization has not implemented a procedure to address costs and price analysis of vendors having dollars expended by the federal program. This would include the tracking of quotations from multiple vendors, maintaining of vendor files, and the use of minority vendors.

Questioned Costs:

None

Section III – Findings and Questioned Costs – Major Federal Programs

2022-001 (Continued)

Cause:

Beginning January 1, 2018, the Office of Management and Budget had implemented the procurement standard under Uniform Guidance, management has not implemented its procurement policy under the new Uniform Guidance. Since the Organization had not added any large vendors during the year, management had not implemented a procedure over its current vendors who have some of their payments from federal funds, especially vendors whose costs were identified as small purchases.

Effect:

Not implementing the procurement standard in accordance with Uniform Guidance section 200.320 could lead the potential request back of funds from a federal or pass-through agency.

Recommendation:

We recommend management have a new policy established and approved by the board of directors.

Views of Responsible Offices and Corrective Action Plan:

Please refer to the Eluna's Corrective Action Plan.

Section IV – Prior Year Findings

There were no findings in the prior year that were required to be reported.