# SEARCH Group, Inc.

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Independent Auditor’s Report

To the Board of Directors
SEARCH Group, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SEARCH Group, Inc, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets 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 SEARCH Group, Inc as of June 30, 2023, 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 (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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SEARCH Group, 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 opinion.

Responsibilities of Management for the Financial Statements

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

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 SEARCH Group, Inc.’s ability to continue as a going concern for 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 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 SEARCH Group, Inc.’s internal control. Accordingly, no such opinion is expressed. In circumstances in which the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, omit the following: “but not for the purpose of expressing an opinion on the effectiveness of SEARCH Group, 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 SEARCH Group, 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 ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 February 22, 2024, on our consideration of SEARCH Group, 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 SEARCH Group, 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 SEARCH Group, Inc.’s internal control over financial reporting and compliance.

Sacramento, California
February 22, 2024
SEARCH Group, Inc.

Statement of Financial Position
June 30, 2023

**Assets**

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$572,541</td>
</tr>
<tr>
<td>Federal grants receivable</td>
<td>153,602</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>530,076</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>66,865</td>
</tr>
<tr>
<td>Cash and cash equivalents designated for reserve</td>
<td>435,102</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>22,143</td>
</tr>
<tr>
<td>Operating lease, right of use</td>
<td>61,324</td>
</tr>
</tbody>
</table>

Total assets $1,841,653

**Liabilities and Net Assets**

<table>
<thead>
<tr>
<th>Liability Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$119,917</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>61,540</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>189,833</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>61,324</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>99,250</td>
</tr>
</tbody>
</table>

Total liabilities 531,864

Commitments and contingencies

Net assets

<table>
<thead>
<tr>
<th>Net Asset Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>874,687</td>
</tr>
<tr>
<td>Board-designated reserve</td>
<td>435,102</td>
</tr>
</tbody>
</table>

Total net assets without donor restrictions 1,309,789

Total Liabilities and net assets $1,841,653

See Notes to Financial Statements.
SEARCH Group, Inc.

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023

Revenue
Federal grants $ 1,669,366
Other contracts 2,954,810
Membership dues 372,188
Interest income 11,649
Other income 208,824
Total revenue 5,216,837

Expenses
Program services
Information sharing 1,292,914
Law and policy 974,562
IT security 1,285,485
Total program services 3,552,961
General and administrative
Total expenses 4,623,406
Increase in net assets without donor restrictions 593,431
Net assets without donor restrictions, beginning of year 716,358
Net assets without donor restrictions, end of year $ 1,309,789

See Notes to Financial Statements.
SEARCH Group, Inc.

Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities
Change in net assets $ 593,431

Reconciliation of change in net assets to net cash used in operating activities
Depreciation 797
Amortization of right of use lease asset 38,147
Changes in operating assets and liabilities
Federal grants receivable (26,509)
Other accounts receivable (176,087)
Prepaid expenses 4,871
Deferred rent (505)
Lease liability (37,642)
Accounts payable 8,280
Accrued liabilities 4,975
Accrued vacation (11,791)
Deferred revenue (451,089)

Net cash used in operating activities (53,122)

Cash flows from investing activities
Purchase of equipment (8,138)

Net cash used in investing activities (8,138)

Net increase in cash and cash equivalents (61,260)

Cash and cash equivalents, beginning of year 1,068,903

Cash and cash equivalents, end of year $ 1,007,643

Cash on Statement of Financial Position
Cash and cash equivalents 572,541
Cash and cash equivalents designated for reserve 435,102

Total Cash on Statement of Financial Position $ 1,007,643

SIGNIFICANT NON-CASH INVESTING ACTIVITIES
Increase in right of use lease asset $ 91,189
Increase in lease liability $ (91,189)

See Notes to Financial Statements.
Note 1 - SEARCH and nature of operations

SEARCH Group, Inc. ("SEARCH") is a nonprofit membership SEARCH of governor appointees created by and for the States, the District of Columbia, and the territories to provide an effective venue for justice information sharing and services. SEARCH has grown to become a vast network of key resources that engages both state and local justice agencies to collect, share, and analyze mission-critical information for the enhancement of public safety. Through its operations, SEARCH supports the interoperability, information technology, and the investigative and criminal records systems needs of agencies and practitioners nationwide.

Funding for SEARCH activities is provided by annual fees from Member states for the operation of the consortium and Board of Directors; grants and cooperative agreements with the U.S. Department of Justice agencies that include, but are not limited to, Bureau of Justice Assistance, Bureau of Justice Statistics, Office of Juvenile Justice and Delinquency Prevention, and the National Institute of Justice. Other sources of funding include state grants and federal, state, and local contracts.

During the year ended June 30, 2011, SEARCH formed the nonprofit membership SEARCH Open Justice Broker Consortium ("OJBC") to design, develop, and maintain the justice information sharing platform Open Justice Broker. The financial statements included herein are for the activities related to SEARCH and do not include activities related to OJBC.

Note 2 - Summary of significant accounting policies

Accounting method
SEARCH uses the accrual method of accounting which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Basis of presentation
The financial statements are presented in accordance with Generally Accepted Accounting Principles ("GAAP"), which require SEARCH to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SEARCH. These net assets may be used at the discretion of the Corporation’s management and the board of directors. As of June 30, 2023, the balance of the board designated reserve is $435,102 for operating shortfalls.

Net assets with donor 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. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.
**Cash and cash equivalents**
For financial statement purposes, SEARCH considers all investments with a maturity at purchase of three months or less to be cash equivalents.

**Accounts receivable**
Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2023, there is no allowance for doubtful accounts for accounts receivable. During the years ended June 30, 2023, no amounts were written off.

**Property and equipment**
Property and equipment are stated at cost or, if donated, at fair market value as of the date of donation and depreciated using the straight-line method over estimated useful lives of three to five years. SEARCH capitalizes all expenditures of property and equipment in excess of $5,000.

**Impairment of long-lived assets**
SEARCH reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses have been recognized during the year ended June 30, 2023.

**Revenue recognition**
A portion of SEARCH revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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

Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. SEARCH recognizes the exchange portion of membership dues over the membership period. Payments are required at the time of sale or start of the membership period; amounts received in advance are deferred to the applicable period.

**Income taxes**
SEARCH has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended June 30, 2023. Due to its tax-exempt status, SEARCH is not subject to income taxes. SEARCH is required to file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and SEARCH has no other tax positions which must be considered for disclosure. SEARCH is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2020.
Management has analyzed the tax positions taken by SEARCH and has concluded that as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

**Functional allocation of expenses**
Expenses have been summarized on a functional basis in Note 4. Accordingly, certain costs have been allocated between the functional areas based on management estimates of employees' time incurred and on resource usage. Indirect costs are allocated to programs and support services based on total direct salaries and wages plus fringe benefits.

**Use of estimates**
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**In-kind Contributions**
Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. SEARCH does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended June 30, 2023.

**New accounting pronouncement**
SEARCH adopted Accounting Standards Update 2016-02 (as amended), Leases (Topic 842) on July 1, 2022. Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for most leases. SEARCH elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the adoption date, instead of applying them to the earliest comparative period presented in the financial statements.

- The package of practical expedients permitting SEARCH to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

As of the adoption date, July 1, 2022, SEARCH recorded a right of use asset and lease liability totaling $91,189. The adoption of Topic 842 did not have a material impact on SEARCH’s net assets for the year ended June 30, 2023.

SEARCH presents its right of use assets and lease liabilities for operating leases separately on its balance sheet. See Note 5 regarding its rights of use assets for operating leases and lease liabilities.
Note 3 - Property and equipment

Property and equipment consist of the following as of June 30, 2023:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment and software</td>
<td>$71,254</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>$(49,111)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$22,143</td>
</tr>
</tbody>
</table>

Note 4 - Allocation of expenses by function

Expenses were incurred for the following as of June 30, 2023:

<table>
<thead>
<tr>
<th>Information sharing</th>
<th>Law and policy</th>
<th>IT Security</th>
<th>General and administrative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$751,732</td>
<td>$590,303</td>
<td>$364,147</td>
<td>$554,429</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>$246,382</td>
<td>$188,467</td>
<td>$115,408</td>
<td>$181,794</td>
</tr>
<tr>
<td>Travel</td>
<td>$61,234</td>
<td>$93,225</td>
<td>$120,119</td>
<td>$69,330</td>
</tr>
<tr>
<td>Supplies</td>
<td>$4,860</td>
<td>$4,151</td>
<td>$41,510</td>
<td>$20,924</td>
</tr>
<tr>
<td>Contract expenditures</td>
<td>$151,367</td>
<td>$26,848</td>
<td>$592,447</td>
<td>$93,312</td>
</tr>
<tr>
<td>Other costs</td>
<td>$77,339</td>
<td>$71,568</td>
<td>$51,854</td>
<td>$150,656</td>
</tr>
<tr>
<td></td>
<td>$1,292,914</td>
<td>$974,562</td>
<td>$1,285,485</td>
<td>$1,070,445</td>
</tr>
</tbody>
</table>

Note 5 - Lease

SEARCH leases office space used in its operations.

At lease commencement, SEARCH recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs and lease incentives. SEARCH has elected and applies the practical expedient available to lessees. SEARCH remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

SEARCH determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, SEARCH estimates its incremental borrowing rate as the discount rate. SEARCH’s incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term and in a similar economic environment.

For accounting purposes, SEARCH’s leases commence on the earlier of (i) the date upon which SEARCH obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of SEARCH’s leases coincides with the contractual effective date. Lease commencement for most of SEARCH’s leases coincides with the contractual effective date. SEARCH’s leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option
of SEARCH and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts.

Unless SEARCH determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

SEARCH leases office space under an operating lease agreement through October 2024. SEARCH has elected to use risk-free rate of 3.81% as the discount rate. Rent expense charged to operations on such outstanding lease during the year ended June 30, 2023 was $41,238.

An analysis of SEARCH’s lease liability as of June 30, 2023 is as follows:

<table>
<thead>
<tr>
<th>Year Ended 6/30/2024</th>
<th>Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$39,729</td>
</tr>
<tr>
<td></td>
<td>$23,595</td>
</tr>
</tbody>
</table>

Total Lease Payments: $63,324
Less: Interest: $2,000
Total lease liability: $61,324

Note 6 - Retirement plan

SEARCH sponsors a defined contribution pension plan (the "Plan") for all employees with at least 1,000 hours of service. Employees may contribute up to 50% of their compensation, subject to the limits of the Internal Revenue Code. SEARCH makes a discretionary employer contribution to the Plan. SEARCH contributed $222,584 to the Plan for the year ended June 30, 2023.

Note 7 - Concentration of credit risk

SEARCH maintains its cash balances in bank deposit accounts. At times, these balances may exceed the federal insurance limits; however, SEARCH has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2023.

Note 8 - Concentration of revenue

For the year ended June 30, 2022, approximately 32% of total revenue was received from Department of Justice ("DOJ") grants. Per the grant agreements, SEARCH is required to comply with several covenants as defined. There were no issues raised regarding compliance with the covenants during year ended June 30, 2023.
Note 9 - Contingencies

SEARCH's government funding is subject to audit by granting agencies. Although such audits could generate expense disallowances under terms of the grants, management believes that any required reimbursements would not be material to SEARCH's financial statements as a whole.

Note 10 - Availability and liquidity

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$572,541</td>
</tr>
<tr>
<td>Accounts receivables</td>
<td>683,678</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,256,219</strong></td>
</tr>
</tbody>
</table>

SEARCH's financial assets are intended to be sufficient to meet its general expenditures, liabilities and other obligations as they become due. As part of its liquidity management plan, excess cash is deposited in operating bank accounts.

Note 11 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of SEARCH through February 22, 2024, the date the financial statements were available to be issued, and concluded that, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.
Supplementary Information
## U.S. Department of Justice

### Bureau of Justice:

<table>
<thead>
<tr>
<th>Program or Cluster Title</th>
<th>Federal Grantor/ (Pass-through Grantor)/ Contract Entity</th>
<th>Program Number</th>
<th>Federal Assistance Listing Number</th>
<th>Contract Number</th>
<th>Pass-through Entity Identifying Number</th>
<th>Federal Expenditures Amount</th>
<th>Passed to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>COPS Office Community Policing Development (CPD) Program</td>
<td></td>
<td>16.710</td>
<td></td>
<td></td>
<td>2019-CK-WX-K018</td>
<td>$17,312</td>
<td>$6,672</td>
</tr>
<tr>
<td>Public Safety Partnership and Community Policing Grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Data Collections and Statistical Studies:</td>
<td></td>
<td>16.734</td>
<td></td>
<td></td>
<td>2-312-0216088-65305L</td>
<td>$47,724</td>
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<tr>
<td>Pass through program from:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>RTI International</td>
<td></td>
<td>2017-BJ-CX-K054</td>
<td></td>
<td></td>
<td>1-312-0216153-65244L</td>
<td>33,495</td>
<td>-</td>
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<tr>
<td>Pass through program from:</td>
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<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>RTI International</td>
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<td>2017-BJ-CX K056</td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

| | | | | | | $81,219 | |
SEARCH Group, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<table>
<thead>
<tr>
<th>Federal Grantor/ (Pass-through Grantor)/ Program or Cluster Title</th>
<th>Federal Assistance Listing Number</th>
<th>Contract Number</th>
<th>Pass-through Entity Identifying Number</th>
<th>Federal Expenditures Amount</th>
<th>Passed to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019 NCHIP TA Program</td>
<td></td>
<td></td>
<td></td>
<td>$518,768</td>
<td></td>
</tr>
<tr>
<td>National Criminal History Improvement TA Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet Crimes Against Children Task Force National Training Program</td>
<td></td>
<td></td>
<td></td>
<td>$202,028</td>
<td></td>
</tr>
<tr>
<td>Universal Data Collection Tool and MIKE Project</td>
<td></td>
<td></td>
<td></td>
<td>$67,487</td>
<td></td>
</tr>
<tr>
<td>ICAC National Training</td>
<td></td>
<td></td>
<td></td>
<td>$168,547</td>
<td></td>
</tr>
<tr>
<td>Total U.S. Department of Justice</td>
<td></td>
<td></td>
<td></td>
<td>$733,479</td>
<td></td>
</tr>
<tr>
<td>Total expenditures of federal awards</td>
<td></td>
<td></td>
<td></td>
<td>$1,669,366</td>
<td>$6,672</td>
</tr>
</tbody>
</table>

See Notes to Schedule of Expenditures of Federal Awards.
Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of SEARCH under programs of the federal government for the year ended June 30, 2023. 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"). Because the Schedule presents only a selected portion of the operations of SEARCH, it is not intended to and does not present the financial position, changes in net assets or cash flows of SEARCH.

Note 2 - Summary of significant accounting policies

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

Note 3 - Indirect cost rate

SEARCH has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. SEARCH has negotiated an indirect cost rate which has been approved by the Department of Justice.
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
SEARCH Group, Inc.

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 SEARCH Group, Inc. ("SEARCH"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2024.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SEARCH'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.

Sacramento, California
February 22, 2024
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
SEARCH Group, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited SEARCH Group, Inc.’s (“SEARCH”) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on SEARCH's major federal program for the year ended June 30, 2023. SEARCH's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SEARCH Group, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SEARCH Group, 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 SEARCH’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 SEARCH'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 SEARCH’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 SEARCH Group, Inc.’s compliance with the requirements of each 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 SEARCH Group, 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 SEARCH Group, 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 SEARCH Group, 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.

Sacramento, California
February 22, 2024
A. Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

2. Internal control over financial reporting:
   a. Material weakness(es) identified? Yes X No
   b. Significant deficiency(ies) identified? Yes X None reported

3. Noncompliance material to financial statements noted? Yes X No

Federal Awards

4. Internal control over major federal programs:
   a. Material weakness(es) identified? Yes X No
   b. Significant deficiency(ies) identified? Yes X None reported

5. Type of auditor's report issued on compliance for major federal programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes X No

7. Identification of major federal programs:
   Assistance Number(s) Listing Name of Federal Program or Cluster
   16.543 Missing Children's Assistance

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000

9. Auditee qualified as low-risk auditee Yes X No
SEARCH Group, Inc.

Schedule of Findings and Questioned Costs
June 30, 2023

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None