

NILC IMMIGRANT JUSTICE FUND

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

June 30, 2020

*(With Comparative Totals for the
Year Ended June 30, 2019)*



Gurseley | Schneider ^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditor's Report

To the Board of Directors
NILC Immigrant Justice Fund
Los Angeles, California

We have audited the accompanying financial statements of NILC Immigrant Justice Fund (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of NILC Immigrant Justice Fund as of June 30, 2020, 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.

Subsequent Events and Uncertainties

As discussed in Note 6 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited NILC Immigrant Justice Fund's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

February 2, 2021
Los Angeles, California

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Cash	\$ 794,995	\$ 445,635
Prepaid expenses	-	250
Grants receivable	30,270	2,086
TOTAL ASSETS	\$ 825,265	\$ 447,971
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and other accrued liabilities	\$ 103,149	\$ 5,169
Deferred revenues	-	17,500
Related party payable, net	231,137	27,776
TOTAL LIABILITIES	334,286	50,445
NET ASSETS		
Without donor restrictions	104,004	132,526
With donor restrictions	386,975	265,000
TOTAL NET ASSETS	490,979	397,526
TOTAL LIABILITIES AND NET ASSETS	\$ 825,265	\$ 447,971

See Accompanying Notes to Financial Statements

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Grants	\$ -	\$ 1,350,000	\$ 1,350,000	\$ 970,000
Contributions	104,983	-	104,983	7,788
Special event income, net of \$18,944 direct costs for 2020	6,056	-	6,056	-
Subtotal	111,039	1,350,000	1,461,039	977,788
Net assets released from restrictions	1,228,025	(1,228,025)	-	-
Total Revenues and Support	1,339,064	121,975	1,461,039	977,788
EXPENSES				
Program services	1,162,768	-	1,162,768	605,083
Management and general	78,138	-	78,138	31,085
Fundraising	126,680	-	126,680	19,467
Total Expenses	1,367,586	-	1,367,586	655,635
CHANGE IN NET ASSETS	(28,522)	121,975	93,453	322,153
NET ASSETS, Beginning of Year	132,526	265,000	397,526	75,373
NET ASSETS, End of Year	\$ 104,004	\$ 386,975	\$ 490,979	\$ 397,526

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Statements of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019	
	Program	Management and General	Fundraising	Total	Total
Personnel:					
Salaries	\$ 419,244	\$ 20,759	\$ 71,933	\$ 511,936	\$ 188,894
Benefits and payroll taxes	86,678	4,291	14,872	105,841	37,671
Total personnel costs	<u>505,922</u>	<u>25,050</u>	<u>86,805</u>	<u>617,777</u>	<u>226,565</u>
Other Operating Expenses:					
Accounting	-	20,159	-	20,159	18,397
Bank and payroll fees	-	844	-	844	350
Board support	288	15	49	352	1,621
Communications	4,066	-	-	4,066	17,707
Conferences and meetings	8,614	31	105	8,750	-
Consultants and contract services	471,736	1,785	-	473,521	237,250
Donation fees	-	1,542	-	1,542	194
Insurance	-	5,030	-	5,030	1,704
Interest	-	87	-	87	64
Legal	-	9,409	-	9,409	-
Library	350	-	-	350	-
Marketing	60,000	-	11,724	71,724	50,597
Rent	50,624	2,506	8,686	61,816	28,356
Staff meeting and retreats	575	28	99	702	420
Subgrants	46,500	-	-	46,500	45,000
Supplies	-	2,834	15,432	18,266	1,929
Taxes and licenses	-	85	3,300	3,385	13,909
Telecommunications	-	8,595	-	8,595	3,798
Travel	14,093	138	480	14,711	7,586
Total other operating expenses	<u>656,846</u>	<u>53,088</u>	<u>39,875</u>	<u>749,809</u>	<u>429,070</u>
Total Functional Expenses (2020)	<u>\$ 1,162,768</u>	<u>\$ 78,138</u>	<u>\$ 126,680</u>	<u>\$ 1,367,586</u>	
<i>% of Total Expenses</i>	<i>85%</i>	<i>6%</i>	<i>9%</i>	<i>100%</i>	
Total Functional Expenses (2019)	<u>\$ 605,083</u>	<u>\$ 31,085</u>	<u>\$ 19,467</u>		<u>\$ 655,635</u>
<i>% of Total Expenses</i>	<i>92%</i>	<i>5%</i>	<i>3%</i>		<i>100%</i>

See Accompanying Notes to Financial Statements

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 93,453	\$ 322,153
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Grants receivable	(28,184)	2,943
Prepaid expenses	250	(250)
Increase (decrease) in liabilities:		
Accounts payable and other accrued liabilities	97,980	(62,344)
Deferred revenues	(17,500)	17,500
Related party payable	203,361	3,862
	349,360	283,864
CASH PROVIDED BY OPERATING ACTIVITIES	349,360	283,864
CASH, Beginning of Year	445,635	161,771
CASH, End of Year	\$ 794,995	\$ 445,635

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION

Established in 2013 as the 501(c)(4) affiliate of the National Immigration Law Center (“NILC”), the NILC Immigrant Justice Fund’s (“IJF” or the “Organization”) mission is focused on building immigrant power and advancing effective and fair immigration policy through civic engagement campaigns. IJF relies on its extensive connections with advocacy groups nationwide, advocacy experience, expertise on issues that affect immigrants’ daily lives, and distinctive use of policy, legal, and communications strategies to ensure that immigrants’ rights advocates have a powerful impact on the shape and nature of immigration reform policies that come under consideration in Congress and in states and localities across the country.

Highlights of recent IJF accomplishments include:

- Working with legislator champions to ensure that the *Medicare For All* bill introduced in February 2019 was truly inclusive of all, regardless of immigration status.
- Collaborating with close partners and key members of Congress to move forward the *American Dream and Promise Act of 2019*, which seeks to provide permanent protections and a pathway to citizenship for immigrant youth and other immigrants currently, but temporarily, protected from deportation.
- Building support for the *No Ban Act*, which seeks to repeal the discriminatory bans that block people from Muslim-majority and African countries and asylum-seekers from entering the U.S.
- Working with advocacy partners and policymaker allies on the introduction of the “*New Way Forward*” Act, designed to restore fundamental principles of due process and compassion to a deeply imbalanced and unjust immigration system.
- Coordinating with close partners in states as diverse as New Jersey, Colorado, and Tennessee to successfully advance pro-immigrant policies at the state and local levels focused on expanding immigrants’ access to drivers’ licenses, health care, and justice on the job.
- Leading a groundbreaking project during the 2020 presidential elections cycle, which involved conducting pro-immigrant messaging research focused on persuadable voters, disseminating research findings with partners leading voter mobilization efforts, and using tested messages to communicate with persuadable voters in key battleground states through digital platforms and a targeted-text-banking initiative.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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.

Classes of Net Assets – The financial statements are presented utilizing the accrual basis of accounting. IJF recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of IJF and changes therein are classified and reported by net asset class as follows:

- *Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations, including gifts with no donor restriction and current funds without donor restriction. They may be expendable for any purpose in carrying out the Organization's mission.
- *With Donor Restrictions* – Net assets that are subject to donor-imposed stipulations that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed restrictions that either expire by the passage of time and / or by actions of the organization. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. The Organization has donor-restricted support to provide funding for various programs. Note 5 includes a schedule that summarizes changes in donor-restricted net assets for the year ended June 30, 2020.

Pledges and Grants Receivable – Unconditional promises to give, including grants recorded at estimated fair value, are recognized as revenues in the period received. IJF reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Discounts for grants (grants due over one year) are recorded as reductions to contribution revenue and grants receivable. Discounts increase contribution revenue when the grant is received. All grants receivable are expected to be collected within one year.

Revenue Recognition – Contributions and pledges are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions and pledges are recorded at their fair value as unrestricted support, temporarily restricted support, or permanently restricted support, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is, when a stipulated restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

On July 1, 2019, the Organization adopted Accounting Standards Update (“ASU”) 2014-09, *“Revenue from Contracts with Customers,”* as codified in ASC 606, by applying the modified retrospective method. The Organization evaluated its revenue streams to identify whether each stream would be subject to the provisions of ASC 606 and any differences in the timing, measurement, or presentation of revenue recognition compared to ASC 605, *“Revenue Recognition”* (“ASC 605”). Based on the assessment of the Organization’s revenue streams, there was no effect as a result of the Organization’s adoption of ASC 606.

On July 1, 2019, the Organization also adopted ASU 2018-08, *“Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”* (“ASU 2018-08”). This standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return from the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction. The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this standard on a modified prospective basis with no effect upon adoption.

The effect of the adoption of ASC 606 and ASU 2018-08 on the Organization’s financial statements were examined in conjunction with one another. The Organization’s revenue-producing arrangements do not meet the definition of contracts under ASC 606, as the arrangements do not have commercial substance and do not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. As such, under the clarified guidance, the grant and support transactions were determined to constitute contributions per ASU 2018-08.

Fair Value of Financial Instruments – Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 820, *“Fair Value Measurements and Disclosures”* (“ASC 820”), applies to all assets and liabilities that are recognized or disclosed at fair value on a recurring basis. ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs.

The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. If quoted prices in active markets for identical assets are not available to determine fair value, then they use quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly. The Organization's cash is a Level 1 financial instrument.

Concentration of Credit Risks –

Contribution Revenues – For the year ended June 30, 2020 and 2019, 72% and 97% of total revenues were received from two donors and four donors, respectively.

Financial instruments – Financial instruments that potentially expose the Organization to concentrations of credit risk consist of cash. The Organization maintains its bank accounts at high-credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, cash in these accounts may exceed the insured amounts.

Income Taxes – The Organization is exempt from taxation under IRC Section 501(c)(4) and California Revenue and Taxation Code Section 23701(d). In accordance with FASB ASC Topic No. 740, "Income Taxes," the Organization recognized the impact of tax positions in the financial statements if those positions will more likely than not be sustained on audit, based on the technical merits of the position. The Organization is exempt from income taxes but is subject to unrelated business income tax for income from operating activities not related to their exempt purpose. Unrelated business income is taxed based on the applicable statutory federal and state income tax rates for for-profit organizations. During the year ended June 30, 2020, IJF estimates it will not be subject to tax related unrelated business income. The Organization has no recognized / derecognized tax benefits or tax penalties or interest. The Organization's income tax returns remain subject to examination for all tax years ended on or after June 30, 2017 with regard to all tax positions and results reported.

Contributed Goods and Services – Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at fair value. Some unpaid volunteers have made contributions of their time to the Organization. However, the value of these services is not reflected in these financial statements because the criteria for recognition have not been satisfied.

Functional Allocation of Expenses – The costs of providing programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit, based on estimates determined by management. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred, and occupancy related costs are allocated based on office space utilization.

Subsequent events – Subsequent events have been evaluated through February 2, 2021, which is the date the financial statements were available to be issued.

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 3 – RELATED PARTY TRANSACTIONS

The Organization and the National Immigration Law Center (NILC) entered into a Resource Sharing Agreement for the reasonable allocation between the parties of the expenses associated with the use of shared resources. The parties share office space, furniture and equipment, and certain human resources.

NILC also pays other expenses on behalf of IJF, which are reimbursed by IJF on a direct-allocation basis. During the years ended June 30, 2020 and 2019, the Organization was charged \$763,367 and \$294,748, respectively for shared resources. For the year ended June 30, 2020, resource sharing included \$18,944 of costs related to a special event. This amount is netted against special event income on the accompanying statement of activities.

During the fiscal years ended June 30, 2020, and 2019, NILC awarded IJF funds for operational expenses. The total amount awarded was \$900,000 and \$450,000, respectively.

Amounts between NILC and IJF are settled on a current basis.

At the end of the fiscal years ended June 30, 2020 and 2019, IJF owed NILC \$231,137 and \$27,776, respectively for shared resources. Unpaid amounts between IJF and NILC are unsecured, bear interest at 0.5% per month, and are settled during the ordinary course of business.

NOTE 4 – LIQUIDITY AND AVAILABLE RESOURCES

Financial assets consist of the Organization's cash and grants receivable. The schedule below summarizes the Organization's financial assets that are available to meet cash needs for general expenditures within one year as of June 30, 2020. Financial assets are considered unavailable if not liquid or convertible within one year.

Cash	\$ 794,995
Grants receivable	<u>30,270</u>
Subtotal	825,265
Less: amounts restricted by donors	<u>(386,975)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 438,290</u></u>

Substantially all expenditures are directed towards specific programs or initiatives. Such programs or initiatives are only undertaken when funds have been committed.

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2020 and 2019

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Temporarily Restricted Net Assets – Changes in temporarily restricted net assets were as follows:

	Available at June 30, 2019	New Grants	Expenditures / Releases from Restriction	Available at June 30, 2020
WITS Campaign	\$ 15,000	\$ 50,000	\$ (58,921)	\$ 6,079
General Support	-	900,000	(831,114)	68,886
NMBE Campaign	250,000	20,000	(112,990)	157,010
Capacity Building Partnership	-	30,000	-	30,000
Time Restricted Grants	-	350,000	(225,000)	125,000
Total	<u>\$ 265,000</u>	<u>\$ 1,350,000</u>	<u>\$ (1,228,025)</u>	<u>\$ 386,975</u>

NOTE 6 – CONTINGENCIES

Global Pandemic and Contingency – The 2019–20 coronavirus pandemic is an ongoing global pandemic of Coronavirus disease 2019 (COVID-19). On March 11, 2020, the World Health Organization declared the outbreak a pandemic. As a result, public health responses around the world have included travel restrictions, quarantines, school and nonessential workplace closures, event cancellations, and other quarantine-related restrictions.

Management is complying with all required health and safety requirements and has shifted to a remote office setting to continue providing services as necessary and appropriate. While disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

The Organization is in a strong financial position to continue its mission throughout the pandemic. The related financial impact of this matter and other effects of the global pandemic cannot be reasonably estimated at this time.