

# **NILC IMMIGRANT JUSTICE FUND**

(A California Nonprofit Public Benefit Corporation)

## **FINANCIAL STATEMENTS**

**June 30, 2019**

*(With Comparative Totals for the  
Year Ended June 30, 2018)*



**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, 2019, 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, 2019, 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.

## Report on Summarized Comparative Information

We have previously audited NILC Immigrant Justice Fund's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gursey | Schneider LLP*

December 17, 2019  
Los Angeles, California

**NILC IMMIGRANT JUSTICE FUND**  
(A California Nonprofit Public Benefit Corporation)  
Statements of Financial Position  
June 30, 2019 and 2018

**ASSETS**

	2019	2018
Cash	\$ 445,635	\$ 161,771
Prepaid expenses	250	-
Grants receivable	2,086	5,029
<b>TOTAL ASSETS</b>	<b>\$ 447,971</b>	<b>\$ 166,800</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and other accrued liabilities	\$ 5,169	\$ 67,513
Deferred revenues	17,500	-
Related party payable, net	27,776	23,914
<b>TOTAL LIABILITIES</b>	<b>50,445</b>	<b>91,427</b>

**NET ASSETS**

Without donor restrictions	132,526	75,373
With donor restrictions	265,000	-
<b>TOTAL NET ASSETS</b>	<b>397,526</b>	<b>75,373</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 447,971</b>	<b>\$ 166,800</b>

**NILC IMMIGRANT JUSTICE FUND**  
(A California Nonprofit Public Benefit Corporation)  
Statements of Activities and Changes in Net Assets  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND SUPPORT</b>				
Grants	\$ 450,000	\$ 520,000	\$ 970,000	\$ 404,606
Contributions	7,788	-	7,788	116,091
Special event income, net of \$26,110 direct costs for 2018	-	-	-	48,890
Subtotal	457,788	520,000	977,788	569,587
Net assets released from restrictions	255,000	(255,000)	-	-
<b>Total Revenues and Support</b>	<b>712,788</b>	<b>265,000</b>	<b>977,788</b>	<b>569,587</b>
<b>EXPENSES</b>				
Program services	605,083	-	605,083	614,467
Management and general	31,085	-	31,085	25,829
Fundraising	19,467	-	19,467	4,740
<b>Total Expenses</b>	<b>655,635</b>	<b>-</b>	<b>655,635</b>	<b>645,036</b>
<b>CHANGE IN NET ASSETS</b>	<b>57,153</b>	<b>265,000</b>	<b>322,153</b>	<b>(75,449)</b>
<b>NET ASSETS, Beginning of Year</b>	<b>75,373</b>	<b>-</b>	<b>75,373</b>	<b>150,822</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 132,526</b>	<b>\$ 265,000</b>	<b>\$ 397,526</b>	<b>\$ 75,373</b>

**NILC IMMIGRANT JUSTICE FUND**  
(A California Nonprofit Public Benefit Corporation)  
Statements of Functional Expenses  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	2019			2018	
	Program	Management and General	Fundraising	Total	Total
<b>Personnel:</b>					
Salaries	\$ 182,640	\$ 3,304	\$ 2,950	\$ 188,894	\$ 146,194
Benefits and payroll taxes	36,424	658	589	37,671	29,138
Total personnel costs	<u>219,064</u>	<u>3,962</u>	<u>3,539</u>	<u>226,565</u>	<u>175,332</u>
<b>Other Operating Expenses:</b>					
Accounting	-	18,397	-	18,397	14,426
Bank and payroll fees	-	238	112	350	200
Board support	1,567	29	25	1,621	9,242
Communications	16,302	-	1,405	17,707	1,542
Consultants / contract services	237,250	-	-	237,250	278,887
Donation fees	-	194	-	194	-
Insurance	-	1,704	-	1,704	1,376
Interest	-	64	-	64	43
Marketing	50,597	-	-	50,597	-
Postage and shipping	-	188	-	188	-
Rent	27,433	488	435	28,356	15,090
Staff development	-	-	-	-	250
Staff meeting and retreats	420	-	-	420	1,780
Subgrants	45,000	-	-	45,000	135,000
Supplies	-	1,929	-	1,929	1,900
Taxes and licenses	-	22	13,887	13,909	85
Telecommunications	-	3,798	-	3,798	3,246
Travel	7,450	72	64	7,586	6,637
Total other operating expenses	<u>386,019</u>	<u>27,123</u>	<u>15,928</u>	<u>429,070</u>	<u>469,704</u>
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>	
Total Functional Expenses (2018)	<u>\$ 614,467</u>	<u>\$ 25,829</u>	<u>\$ 4,740</u>		<u>\$ 645,036</u>
<i>% of Total Expenses</i>	<i>95%</i>	<i>4%</i>	<i>1%</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, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 322,153	\$ (75,449)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Grants receivable	2,943	144,971
Prepaid expenses	(250)	-
Increase (decrease) in liabilities:		
Accounts payable and other accrued liabilities	(62,344)	81,427
Deferred revenues	17,500	-
Related party payable	3,862	-
	283,864	150,949
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH, Beginning of Year</b>	161,771	10,822
<b>CASH, End of Year</b>	\$ 445,635	\$ 161,771



**NILC IMMIGRANT JUSTICE FUND**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2019 and 2018

**NOTE 1 – NATURE OF ORGANIZATION**

On February 12, 2013, NILC Immigrant Justice Fund (“IJF” or the “Organization”), an affiliate organization of the National Immigration Law Center, was incorporated as a California nonprofit public benefit corporation. IJF is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code (IRC) and corresponding provisions of state law. The Organization's purpose is to promote social welfare to the extent permitted under Section 501(c)(4). IJF’s mission is to secure racial, economic and social justice for low-income immigrants in this country. It aims to both encourage full participation of low-income immigrants in the democratic process and to advance smart, effective and fair immigration policy. The IJF relies on its extensive connections with advocacy groups nationwide, combined with its staff's federal 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.

Significant accomplishments in 2019 fiscal year include:

- Successfully challenging legislation to penalize so-called “sanctuary city” policies and criminalize undocumented workers.
- Improving the lives of low-income immigrants by successfully achieving, or making significant progress on, progressive state and local policies such as access to legal counsel, healthcare, and higher education in California, Colorado, New Jersey, Oregon, Tennessee, and others.
- Providing legal analysis, technical expertise, and messaging advice on various policy issues affecting immigrants, including access to healthcare and worker’s rights.
- Leading advocacy to highlight the dangerous repercussions of several federal government executive orders and bills related to immigration.
- Advocating for permanent legislative policy solutions that would allow immigrant youth to live, work, and pursue their educations without the fear of being deported or separated from their families.

The Organization operates on a very restricted budget, which minimized the level of revenue-raising activities for the years ended June 30, 2019 and 2018. Going forward, management plans to engage in more robust strategic fundraising plans to increase organizational revenues.

**NILC IMMIGRANT JUSTICE FUND**  
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Notes to Financial Statements  
June 30, 2019 and 2018

**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").

**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 4 includes a schedule that summarizes changes in temporarily restricted net assets for the year ended June 30, 2019.

**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, 2019 and 2018

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

**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

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 years ended June 30, 2019 and 2018, 46% and 54% of total revenues were received from one donor, 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, 2019, IJF estimates it will not be subject to tax related to non-deductible transportation benefits and parking provided to employees. 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, 2016 with regard to all tax positions and results reported.

**NILC IMMIGRANT JUSTICE FUND**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2019 and 2018

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

**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. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

**Recently Issued Accounting Pronouncement** – In May 2014, the FASB issued ASU 2014–09, “Revenue from Contracts with Customers,” and has subsequently issued several supplemental and / or clarifying ASUs (collectively known as “ASC 606”). ASC 606 implements a five step model for how an entity should recognize revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for fiscal periods beginning after December 15, 2018 and for the interim periods within that year. The Organization has evaluated the impact of current revenue contracts to be on track with implementation. The Organization is also responsible for identifying and implementing changes to existing business processes, controls, and systems in order to support revenue recognition and disclosure under the new standard. The standard permits the use of either the retrospective or cumulative effect transition method. Management continues to evaluate the impact that the adoption will have on the financial statements and related disclosures. Management has not yet selected a transition method nor has it determined the effect of the standard on ongoing reporting.

On June 21, 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08, “*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*” The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

**NILC IMMIGRANT JUSTICE FUND**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2019 and 2018

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

Specifically, the amendments provide:

1. Clarification of how an NFP determines whether a resource provider is participating in an exchange transaction or a contribution,
2. Guidance for evaluating whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome, and (2) a right of return or release of obligation, and
3. Modification of the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Management is currently evaluating the impact these changes in accounting standards will have on the Organization's financial statements and related disclosures.

**Subsequent events** – Subsequent events have been evaluated through December 17, 2019, which is the date the financial statements were available to be issued.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Organization and the National Immigration Law Center ("NILC") share several common board members and share certain administration resources, such as office space, furniture and equipment, and jointly employ certain employees and consultants. The Organization and NILC entered into a Resource Sharing Agreement for the reasonable allocation between the parties of the expenses associated with use of shared or joint 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, 2019 and 2018, the Organization was charged \$294,748 and \$271,210, respectively for shared resources. For the year ended June 30, 2018, resource sharing included \$26,110 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, 2019, and 2018, NILC awarded IJF re-granted funds for operational expenses. The total amount awarded was \$450,000 and \$309,606, respectively.

Amounts between NILC and IJF are settled on a month-to-month basis.

At the end of the fiscal years ended June 30, 2019 and 2018, IJF owed NILC \$27,776 and \$23,914, 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.

**NILC IMMIGRANT JUSTICE FUND**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2019 and 2018

**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, 2019. Financial assets are considered unavailable if not liquid or convertible within one year.

Cash	\$ 445,635
Grants receivable	<u>2,086</u>
Subtotal	447,721
Less: amounts restricted by donors	<u>(265,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 182,721</u>

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

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	Available at June 30, 2018	New Grants	Expenditures / Releases from Restriction	Available at June 30, 2019
The Beacon Fund	\$ -	\$ 100,000	\$ (100,000)	\$ -
Four Freedoms Fund	-	20,000	(5,000)	15,000
Open Society Policy Center	-	250,000	-	250,000
Time Restricted Grants	-	150,000	(150,000)	-
Total	<u>\$ -</u>	<u>\$ 520,000</u>	<u>\$ (255,000)</u>	<u>\$ 265,000</u>

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

**Litigation** – From time to time, the Organization may be involved in certain legal proceedings and claims that arise in the normal course of business. Management does not believe that the outcome of these matters will have a material effect on the Organization’s statements of financial position or activities.