

Financial Statements Together with
Report of Independent Certified Public Accountants

IMMIGRANT JUSTICE CORPS, INC.

For the year ended August 31, 2015, and for the
period of inception through August 31, 2014

IMMIGRANT JUSTICE CORPS, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of the
Immigrant Justice Corps, Inc.:

We have audited the accompanying financial statements of Immigrant Justice Corps, Inc. (“IJC”) which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities and cash flows for the year ended August 31, 2015 and the period of inception through August 31, 2014, 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 audits. We conducted our audits 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 IJC’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 IJC’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 above present fairly, in all material respects, the financial position of the Immigrant Justice Corps, Inc. as of August 31, 2015 and 2014, and its changes in net assets and its cash flows for the year ended August 31, 2015 and for the period of inception through August 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "GRANT THORNTON LLP". The letters are in all caps and have a cursive, flowing style.

New York, New York

March 16, 2016

IMMIGRANT JUSTICE CORPS, INC.
Statements of Financial Position
As of August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,552,715	\$ -
Due from Robin Hood Foundation	-	2,932,170
Pledges receivable (Note 3)	3,910,000	3,170,000
Prepaid expenses and other assets	<u>84,896</u>	<u>26,000</u>
Total current assets	6,547,611	6,128,170
Security deposit	55,620	-
Fixed assets, net (Note 4)	<u>15,541</u>	<u>-</u>
Total assets	<u>\$ 6,618,772</u>	<u>\$ 6,128,170</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 57,559	\$ 51,020
Due to Robin Hood Foundation	<u>-</u>	<u>259,044</u>
Total liabilities	<u>57,559</u>	<u>310,064</u>
Commitments (Note 9)		
NET ASSETS		
Unrestricted	2,342,918	1,257,603
Temporarily restricted (Note 7)	<u>4,218,295</u>	<u>4,560,503</u>
Total net assets	<u>6,561,213</u>	<u>5,818,106</u>
Total liabilities and net assets	<u>\$ 6,618,772</u>	<u>\$ 6,128,170</u>

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

IMMIGRANT JUSTICE CORPS, INC.**Statements of Activities**

For the year ended August 31, 2015 and the period of inception through August 31, 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Contributions and grants (Notes 7 and 8)	\$ 860,895	\$ 3,051,125	\$ 3,912,020	\$ 1,541,667	\$ 4,560,503	\$ 6,102,170
Donated goods and services (Note 5)	92,336	-	92,336	445,973	-	445,973
Interest income	34	-	34	-	-	-
Net assets released from restriction (Note 7)	3,393,333	(3,393,333)	-	-	-	-
Total revenues and support	<u>4,346,598</u>	<u>(342,208)</u>	<u>4,004,390</u>	<u>1,987,640</u>	<u>4,560,503</u>	<u>6,548,143</u>
EXPENSES						
Program services	2,763,235	-	2,763,235	302,025	-	302,025
Management and general	471,113	-	471,113	367,705	-	367,705
Fundraising	26,935	-	26,935	60,307	-	60,307
Total expenses	<u>3,261,283</u>	<u>-</u>	<u>3,261,283</u>	<u>730,037</u>	<u>-</u>	<u>730,037</u>
Change in net assets	1,085,315	(342,208)	743,107	1,257,603	4,560,503	5,818,106
Net assets, beginning of year	<u>1,257,603</u>	<u>4,560,503</u>	<u>5,818,106</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 2,342,918</u>	<u>\$ 4,218,295</u>	<u>\$ 6,561,213</u>	<u>\$ 1,257,603</u>	<u>\$ 4,560,503</u>	<u>\$ 5,818,106</u>

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

IMMIGRANT JUSTICE CORPS, INC.

Statements of Cash Flows

For the year ended August 31, 2015 and the period of inception through August 31, 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 743,107	\$ 5,818,106
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	4,480	-
Changes in assets and liabilities		
Decrease (increase) in due from Robin Hood Foundation	2,932,170	(2,932,170)
Increase in pledges receivable	(740,000)	(3,170,000)
Increase in prepaid expenses and other assets	(58,896)	(26,000)
Increase in security deposit	(55,620)	-
Increase in accounts payable and accrued expenses	6,539	51,020
(Decrease) increase in due to Robin Hood Foundation	(259,044)	259,044
Net cash provided by operating activities	<u>2,572,736</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(20,021)</u>	<u>-</u>
Net cash used in investing activities	<u>(20,021)</u>	<u>-</u>
Net increase in cash and cash equivalents	2,552,715	-
Cash and cash equivalents, beginning of period	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 2,552,715</u>	<u>\$ -</u>

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

IMMIGRANT JUSTICE CORPS, INC.
Notes to Financial Statements
August 31, 2015 and 2014

1. ORGANIZATION AND NATURE OF ACTIVITIES

The accompanying financial statements include the accounts of Immigrant Justice Corps Inc. (“IJC”), a not-for-profit public charity incorporated in Delaware in 2014. IJC is the country’s first fellowship program dedicated to providing high-quality legal assistance for immigrants seeking citizenship and fighting deportation.

The Hon. Robert Katzmann, Chief Judge of the U.S. Court of Appeals for the Second Circuit, developed the idea for IJC as a response to the crisis in legal representation for immigrants that he saw every day as a federal judge. The Robin Hood Foundation (“Robin Hood”) recognized IJC’s unique potential to help individuals escape poverty and incubated the program by providing management and financial support as well as office space during its first year of operation. With seed funding from Robin Hood and the JPB Foundation, IJC welcomed its first class of Fellows in September 2014.

IJC recruits talented lawyers and college graduates from around the country and places them at New York’s leading non-profit legal services providers and community-based organizations. Two types of fellowships are provided. Justice Fellows are recent law school graduates who handle complex immigration cases, dealing with removal defense, asylum, Violence Against Women Act (“VAWA”), and Special Immigrant Juveniles Status (“SIJS”). Community Fellows are recent college graduates who conduct outreach and legal intake in underserved neighborhoods, and file applications for citizenship, green cards, and Deferred Action for Childhood Arrivals (“DACA”), under the direct supervision of IJC staff attorneys. Fifty Justice Fellows and twenty Community Fellows are working with thirty non-profit organizations all servicing New York City and its surrounding counties.

Subsequent to year end, on November 4, 2014, the Internal Revenue Service (“IRS”) issued a letter in which they determined that IJC is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under section 170(b)(1)(A)(vi).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“US GAAP”). IJC’s net assets, support and revenues are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of IJC and changes therein are classified as follows:

Unrestricted - Net assets that are expendable for any purpose in performing the primary objectives of IJC.

Temporarily restricted - Net assets that are subject to donor-imposed stipulations that will be met either by actions of IJC and/or the passage of time.

Permanently restricted - Net assets that are subject to donor-imposed stipulations requiring that the corpus be retained in a fund of permanent duration and the income therefrom be used for general or specific purposes, as required by donors. IJC had no permanently restricted net assets at August 31, 2015 and 2014.

IMMIGRANT JUSTICE CORPS, INC.
Notes to Financial Statements
August 31, 2015 and 2014

Revenues are reported as increases in unrestricted net assets unless use of the related assets is restricted by donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Expirations of temporary restrictions, if any (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions on the statement of activities.

Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) issued Topic 820, under the FASB Accounting Standards Codification, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities includes securities for which quoted prices are available but traded less frequently and securities that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management’s best estimate of fair value where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

IMMIGRANT JUSTICE CORPS, INC.
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August 31, 2015 and 2014

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's Level within the fair value hierarchy is based on the lowest verifiable level, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by an entity. IJC considers observable data to be that market data that is readily available, regularly distributed or updated and does not necessarily correspond to IJC's perceived risk of the respective instrument.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and money market accounts with original maturities of 90 days or less from the date of purchase. At August 31, 2014, IJC did not hold cash and cash equivalents.

Pledges Receivable/Contributions

IJC records contributions, including unconditional promises to give (pledges), at the time such contributions are made and confirmed from the respective donor. Contributions are considered unrestricted unless a donor-imposed restriction limits the use of such contributions. Contributions restricted for time and/or program-specific purposes are recorded as temporarily restricted net assets and then released to unrestricted net assets when the respective restriction is satisfied. Receivables are written-off in the period in which they are deemed uncollectible. In addition, all pledges are reviewed and assessed on an individual basis for collectability annually. Any pledges deemed uncollectible are reserved or written-off as part of this process.

Fixed Assets

Fixed assets, which consist of furniture, fixtures, equipment, and software costs are recorded at cost or, if donated, at fair value on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years. Leasehold improvements are amortized over the remaining lease term or the estimated life of the improvements, whichever is shorter.

Deferred Rent Liability

IJC's operating lease contains annual escalations in base rent. In accordance with US GAAP, rent expense is recognized on a straight-line basis over the life of the respective lease, rather than in accordance with the lease payments. At August 31, 2015, the deferred rent liability, which is included in accounts payable and accrued expenses on the accompanying statement of financial position, was \$14,554 (see Note 9).

Donated Goods and Services

Donated contributions consisting of both program and event related goods and professional services are recorded at their estimated fair value as both revenue and expense. Donated services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. IJC records the estimated fair value of donated services which meet these criteria (see Note 5).

IMMIGRANT JUSTICE CORPS, INC.
Notes to Financial Statements
August 31, 2015 and 2014

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit. IJC does not believe that a significant risk of loss due to the failure of a financial institution to perform exists.

Use of Estimates

The preparation of financial statements in conformity with US 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

IJC evaluated its August 31, 2015 financial statements for subsequent events through March 16, 2016, the date the financial statements were available to be issued. Except as noted below and in Note 9, IJC is not aware of any material subsequent events which would require recognition or disclosure in the financial statements.

3. PLEDGES RECEIVABLE, NET

Pledges receivable, net, are summarized as follows at August 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unconditional promises expected to be collected in		
Less than one year	\$ 1,410,000	\$ 2,870,000
One year to three years	<u>2,500,000</u>	<u>300,000</u>
Pledges receivable, net	<u>\$ 3,910,000</u>	<u>\$ 3,170,000</u>

4. FIXED ASSETS, NET

Office equipment and software, net, consist of the following at August 31, 2015:

	<u>2015</u>
Office equipment	\$ 16,776
Software license	<u>3,245</u>
	20,021
Accumulated depreciation	<u>(4,480)</u>
Fixed assets, net	<u>\$ 15,541</u>

IMMIGRANT JUSTICE CORPS, INC.
Notes to Financial Statements
August 31, 2015 and 2014

Depreciation and amortization expense of fixed assets and licenses fees for the year ended August 31, 2015 and totaled \$4,480.

5. CONTRIBUTIONS AND DONATED GOODS AND SERVICES

IJC received recognizable donated goods and services in 2015 and 2014 from the public in support of operations. The fair value of such donations was \$92,336 and \$445,973, for the year ended August 31, 2015 and the period of inception through August 31, 2014, respectively, as follows:

	<u>2015</u>	<u>2014</u>
Administrative services	\$ -	\$ 125,542
Legal services	77,648	288,227
Web design services	-	29,756
Office space renovation and rent	<u>14,688</u>	<u>2,448</u>
Total	<u>\$ 92,336</u>	<u>\$ 445,973</u>

The above donated goods and services are recorded as both revenues and expenses in the year received and are included in the accompanying statement of activities.

6. INCOME TAXES

IJC follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

IJC is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. IJC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The tax years ended August 31, 2015 and 2014 are still open to audit for both federal and state purposes. IJC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

IMMIGRANT JUSTICE CORPS, INC.
Notes to Financial Statements
August 31, 2015 and 2014

7. TEMPORARILY RESTRICTED NET ASSETS

At August 31, 2015 and 2014, IJC's temporarily restricted net assets consist of purpose-restricted and time-restricted net assets. The details of IJC's temporarily restricted net assets for the year ended August 31, 2015 and the period of inception through August 31, 2014, follows:

	2014			2015		
	Temporarily Restricted Contributions	Net Assets Released from Restrictions	Balance at August 31	Temporarily Restricted Contributions	Net Assets Released from Restrictions	Balance at August 31
Time-restricted	\$ 3,933,333	\$ -	\$ 3,933,333	\$ 2,750,000	\$ (2,883,333)	\$ 3,800,000
Purpose-restricted						
Fellowships	437,170	-	437,170	-	(320,000)	117,170
Other	190,000	-	190,000	301,125	(190,000)	301,125
	<u>627,170</u>	<u>-</u>	<u>627,170</u>	<u>301,125</u>	<u>(510,000)</u>	<u>418,295</u>
Total	<u>\$ 4,560,503</u>	<u>\$ -</u>	<u>\$ 4,560,503</u>	<u>\$ 3,051,125</u>	<u>\$ (3,393,333)</u>	<u>\$ 4,218,295</u>

8. CONCENTRATIONS

For the year ended August 31, 2015 and the period of inception through August 31, 2014, IJC received contributions from one source and three sources totaling approximately \$2 million and \$5.4 million, and representing approximately 51% and 88%, respectively, of total contribution revenues.

9. COMMITMENTS

Fellowships: Justice Fellowships run for two years, with the possibility of renewing for a third year based on mutual agreement by the Fellow and the host organization. During the two years of the Fellowship, Fellows' salaries and benefits will be underwritten by IJC.

Community Fellowships run for two years. Fellows will be trained by IJC at the start of their fellowship and will meet weekly for supervision and monthly throughout the course of the fellowship for professional development, skills training, and support.

At August 31, 2015, the annual commitments for Justice and Community Fellowships are as follows:

	Justice Fellowships	Community Fellowships	Total
2016	\$ 3,062,500	\$ 836,000	\$ 3,898,500
2017	<u>1,562,500</u>	<u>465,500</u>	<u>2,028,000</u>
Total	<u>\$ 4,625,000</u>	<u>\$ 1,301,500</u>	<u>\$ 5,926,500</u>

IMMIGRANT JUSTICE CORPS, INC.
Notes to Financial Statements
August 31, 2015 and 2014

Subsequent to year end, IJC completed the application process for the third cohort of Justice Fellows. Offers were made to 25 Justice Fellows to start their two-year Fellowships in September 2016. IJC's future commitment for the third cohort of Justice Fellows totaled \$1,562,500.

Commitments for "Outplaced" Justice Fellows and Community Fellows that work for external host organizations include salary plus fringe benefits at 25% of salary. Commitments for "Inplaced" Community Fellows that work as IJC employees include salary only since they are considered at-will employees.

Office Space: IJC rents office space under a lease agreement entered into in July 2015, which expires October 20, 2020. At August 31, 2015, the annual rental commitments for leased office space is as follows:

2016	\$	110,892
2017		123,778
2018		126,914
2019		130,136
2020		133,447
2012		<u>11,144</u>
Total	\$	<u>636,311</u>

Rent expense totaled \$29,242 for the year ended August 31, 2015. Included in accounts payable and accrued expenses on the statements of financial position is deferred rent expense totaling \$14,554 August 31, 2015.