Immigrant Justice Corps, Inc.

Financial Statements

August 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Immigrant Justice Corps, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of Immigrant Justice Corps, Inc. (the "Organization"), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Immigrant Justice Corps, Inc. as of August 31, 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. 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 Immigrant Justice Corps, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases*, as of September 1, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, 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 Immigrant Justice Corps, Inc.'s ability to continue as a going concern within 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 generally accepted 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, including omissions, 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 generally accepted 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 Immigrant Justice Corps, 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 Immigrant Justice Corps, 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.

Prior Period Financial Statements

The financial statements of Immigrant Justice Corps, Inc. as of August 31, 2022, were audited by other auditors whose report dated September 28, 2023, expressed an unmodified opinion on those statements.

Armanino CPA LLP

Armanino CPA LLP
New York, New York

September 30, 2024

Immigrant Justice Corps, Inc.
Statements of Financial Position
August 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and restricted cash	$ 18,080,088	$ 16,196,622
Accounts receivable	23,668	34,367
Pledges receivable, net	6,242,149	2,635,193
Investments	9,759,239	9,361,386
Prepaid expenses and other assets	261,217	132,825
Security deposits	72,976	72,976
Property and equipment, net	228,400	18,590
Operating right-of-use asset, net	3,102,247	-
Total assets	$ 37,769,984	$ 28,451,959
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,307,534	$ 180,932
Deferred rent	-	107,809
Operating lease liability	3,230,531	-
Finance lease liability	14,784	-
Total liabilities	4,552,849	288,741
Net assets		
Without donor restrictions	25,734,226	23,740,525
With donor restrictions	7,482,909	4,422,693
Total net assets	33,217,135	28,163,218
Total liabilities and net assets	$ 37,769,984	$ 28,451,959

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

Immigrant Justice Corps, Inc.
Statement of Activities
For the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues, and gains			
Contributions	$ 4,434,727	$ 9,392,430	$ 13,827,157
Return on investments	370,599	-	370,599
Other revenue	421	-	421
Net assets released from restriction	6,332,214	(6,332,214)	-
Total support, revenues, and gains	11,137,961	3,060,216	14,198,177
Functional expenses			
Program	7,186,242	-	7,186,242
Management and general	1,649,779	-	1,649,779
Fundraising	308,239	-	308,239
Total functional expenses	9,144,260	-	9,144,260
Change in net assets	1,993,701	3,060,216	5,053,917
Net assets, beginning of year	23,740,525	4,422,693	28,163,218
Net assets, end of year	$ 25,734,226	$ 7,482,909	$ 33,217,135

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

Immigrant Justice Corps, Inc.
Statement of Activities
For the Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues, and gains (losses)			
Contributions	$ 11,472,872	$ 5,911,765	$ 17,384,637
Return on investments	(704,902)	-	(704,902)
Consultation revenue	7,858	-	7,858
Other revenue	2,412	-	2,412
Net assets released from restriction	5,758,653	(5,758,653)	-
Total support, revenues, and gains (losses)	16,536,893	153,112	16,690,005
Functional expenses			
Program	6,131,577	-	6,131,577
Management and general	1,336,252	-	1,336,252
Fundraising	294,831	-	294,831
Total functional expenses	7,762,660	-	7,762,660
Change in net assets	8,774,233	153,112	8,927,345
Net assets, beginning of year	14,966,292	4,269,581	19,235,873
Net assets, end of year	$ 23,740,525	$ 4,422,693	$ 28,163,218

Immigrant Justice Corps, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2023

	Program	Support Services: Management and General	Support Services: Fundraising	Total
Fellowship	$ 4,492,226	$ 17,500	$ -	$ 4,509,726
Personnel	2,266,888	869,245	215,007	3,351,140
Rent and lease expense	184,612	137,184	29,363	351,159
Technology	71,374	156,525	11,141	239,040
Professional and consulting fees	379	194,870	29,040	224,289
Repairs and maintenance	74,143	45,147	11,558	130,848
Travel	10,392	82,693	1,388	94,473
Depreciation and amortization	-	59,550	-	59,550
Office expenses	26,087	17,824	4,560	48,471
Dues and subscriptions	38,787	3,010	461	42,258
Advertising	20,904	13,761	3,275	37,940
Insurance	-	34,706	-	34,706
Taxes and licenses	-	15,616	-	15,616
Bank charges	-	1,633	2,446	4,079
Interest expense	-	515	-	515
Bad debt expense	450	-	-	450
	$ 7,186,242	$ 1,649,779	$ 308,239	$ 9,144,260

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

Immigrant Justice Corps, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2022

	Program	Management and General	Fundraising	Total
Fellowship	$ 3,944,820	$ -	$ -	$ 3,944,820
Personnel	1,907,366	803,941	218,496	2,929,803
Rent and lease expense	127,685	91,087	25,086	243,858
Technology	29,764	102,168	5,718	137,650
Professional and consulting fees	14,163	132,922	26,290	173,375
Repairs and maintenance	38,023	27,125	7,471	72,619
Travel	23,497	27,208	965	51,670
Depreciation and amortization	-	33,994	-	33,994
Office expenses	12,477	8,997	2,463	23,937
Dues and subscriptions	25,280	5,089	925	31,294
Advertising	8,502	5,986	1,332	15,820
Insurance	-	24,072	-	24,072
Taxes and licenses	-	6,575	-	6,575
Bank charges	-	2,443	6,085	8,528
Bad debt expense	-	64,645	-	64,645
	$ 6,131,577	$ 1,336,252	$ 294,831	$ 7,762,660

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

Immigrant Justice Corps, Inc.
Statements of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 5,053,917	$ 8,927,345
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	59,550	33,994
Realized and unrealized (gain)/loss on investments	(152,204)	878,622
Donated stock	(4,849)	(54,813)
Bad debt	450	64,645
Deferred rent	-	7,062
Right-of-use asset and lease liability, net	128,284	-
Changes in operating assets and liabilities		
Accounts receivable	10,699	(3,991)
Pledges receivable, net	(3,607,406)	(558,996)
Prepaid expenses and other assets	(128,392)	(98,817)
Security deposit	-	11,681
Accounts payable and accrued expenses	1,126,602	(997,203)
Deferred rent	(107,809)	-
Net cash provided by operating activities	2,378,842	8,209,529
Cash flows from investing activities		
Proceeds from sale of investments	2,509,858	3,216,459
Purchases of investments	(2,750,658)	(13,401,654)
Purchases of property and equipment	(250,431)	-
Net cash used in investing activities	(491,231)	(10,185,195)
Cash flows from financing activities		
Payments on finance lease obligations	(4,145)	-
Net cash provided by (used in) financing activities	(4,145)	-
Net increase (decrease) in cash and restricted cash	1,883,466	(1,975,666)
Cash and restricted cash, beginning of year	16,196,622	18,172,288
Cash and restricted cash, end of year	$ 18,080,088	$ 16,196,622
Cash and restricted cash consisted of the following:		
Cash	$ 18,080,088	$ 15,512,175
Restricted cash	-	684,447
	$ 18,080,088	$ 16,196,622

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

Immigrant Justice Corps, Inc.
Statements of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	2022
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	$ 515	$ -
Supplemental schedule of noncash investing and financing activities		
Right-of-use asset from adoption of ASC 842 - Operating	$ 3,500,631	$ -
Right-of-use lease liability from adoption of ASC 842 - Operating	$ 3,601,378	$ -
Right-of-use asset from adoption of ASC 842 - Finance	$ 18,929	$ -
Right-of-use lease liability from adoption of ASC 842 - Finance	$ 18,929	$ -

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

1. NATURE OF OPERATIONS

Immigrant Justice Corps, Inc. (the "Organization") a not - for-profit public charity incorporated in Delaware in 2014, is the country's first fellowship program dedicated to providing high-quality legal assistance for immigrants seeking citizenship and fighting deportation.

The Organization is the visionary idea of the Honorable Robert Katzmann, Chief Judge of the U.S. Court of Appeals for the Second Circuit to provide legal representation to poor immigrants originating as a response to the crisis in legal representation for immigrants that he saw every day as a federal judge. The Organization was designed through extensive research and consultation with experts across the legal field. The Robin Hood Foundation ("Robin Hood") recognized the Organization'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, the Organization welcomed its first class of Fellows in September 2014.

The Organization seeks to expand access to counsel by increasing the quantity of immigration lawyers and advocates, and the quality of the immigration bar. Each year the Organization recruits talented young lawyers ("Justice Fellows") and college graduates ("Community Fellows"), many of whom are first-generation immigrants and bilingual graduates, from the country's top universities, for a two-year fellowship. The Organization trains Fellows to be experts in immigration law and pairs them with leading non-profit legal services providers and community-based organizations in New York and thirty-four other states, including Arkansas, Arizona, California, Connecticut, Florida, Illinois, Maryland, Michigan, Pennsylvania and Texas, to provide legal services to low-income immigrants.

Justice and Community Fellows provide a broad range of immigration services. Justice Fellows handle complex immigration cases including deportation defense, applications for asylum, naturalization, green cards and other forms of relief available to juveniles and victims of crime, domestic violence or human trafficking. Community Fellows 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 the Organization staff attorneys. Quality legal assistance allows immigrants to avoid deportation and the separation of their families. Immigrants who can improve their legal status are better able to gain lawful employment, receive financial aid to college, access health care and live stable, productive lives in the United States.

The Organization is infusing the legal profession with a new generation of lawyers and advocates committed to providing high quality representation and innovative thinking about the delivery of legal services to a vulnerable population, including the use of new technologies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The following is a description of the two classes of net assets of the Organization.

- *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 the Organization, its programs or supporting activities. These net assets may be used at the discretion of the Organization's management and Board of Directors (the "Board").
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors that limit their use either through purpose or time restrictions. Some donor and grantor restrictions are temporary in nature, which will be met by actions of the Organization or by passage of time. These amounts are restricted primarily for programs. Other donor and grantor restrictions may be permanent in nature and require the Organization to retain the amounts in perpetuity but allow the expenditure of income earned. As of August 31, 2023 and 2022, the Organization retains no net assets in perpetuity

Use of estimates

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

Cash and restricted cash

Cash includes cash balances held in bank and investment accounts and highly liquid financial instruments with maturities of three months or less at time of purchase, and which are neither held for nor restricted by donors. Restricted cash includes funds that are required to be maintained in a separate bank account and are restricted by the donor for direct fellowships and certain administrative expenses associated with administering those fellowships.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and restricted cash (continued)

The following is a reconciliation of the cash and restricted cash reported on the statements of financial position at August 31:

	2023	2022
Cash	$ 18,080,088	$ 15,512,175
Restricted cash	-	684,447
	$ 18,080,088	$ 16,196,622

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in receivables. As of August 31, 2023 and 2022, management has determined that no allowance is necessary for accounts receivable.

Pledges receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in receivables. As of August 31, 2023 and 2022, the allowance for pledges receivable was $62,495 and $112,495, respectively.

Unconditional pledges receivable expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a rate commensurate with the risks involved, at the date the pledge was made. Pledges receivable are considered conditional when a measurable barrier and right of return or release exists. The pledges become unconditional and are recognized as revenue when the barriers upon which they depend are overcome.

The Organization receives funding from various funders on a reimbursement basis. The agreements require the fulfillment of certain conditions and performance obligations prior to requesting funding. Failure to fulfill the conditions could result in return of the funds or release of the funds. No amounts have been reflected in these financial statements for the conditional pledges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment valuation and income recognition

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported in the statements of activities.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Fair value measurements

The Organization follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which establish a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a fair value hierarchy used to disclose the measurement of fair value based on levels of observable or unobservable inputs.

Level 1 - Observable inputs that are derived from quoted prices (unadjusted) for identical assets or liabilities in an active market.

Level 2 - Observable inputs based on quoted prices in non-active markets for similar assets or liabilities. Inputs other than quoted market prices that are observable, or inputs that are not directly observable, but are corroborated by observable market date.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and reflect substantial management judgment or estimation utilizing available market data.

Property and equipment

Property and equipment, which consist of furniture, office equipment, and software costs, are recorded at cost or, if donated, at fair value on the date received. Purchases of property and equipment with a value of $5,000 or more are capitalized. Depreciation of furniture fixtures and equipment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Organization leases office space and equipment. The determination of whether an arrangement is a lease is made at the lease’s inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

The Organization recognizes and measures its leases in accordance with ASC 842, Leases. For operating leases, the Organization recognizes a lease liability and a right-of-use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. When the implicit lease rate is not provided, the Organization has elected to use a risk-free rate for a period comparable with that of the lease term in determining the present value of future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received and any impairment recognized. Lease expense is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised.

Leases that transfer substantially all of the risks and rewards of ownership to the Organization are classified as finance leases. At the lease commencement date, the Organization recognizes finance lease liabilities at the present value of future lease payments and corresponding right-of-use assets within property and equipment. Lease liabilities are measured at the present value of future lease payments, discounted using the interest rate implicit in the lease (if readily determinable) or the Organization’s incremental borrowing rate. The lease liability is reduced over the lease term by payments made, with the interest portion recognized as interest expense over the lease term in the statement of functional expenses. Right-of-use assets under finance leases are initially measured at the amount of the lease liability, plus initial direct costs incurred by the lessee, and are amortized over the shorter of the lease term or the useful life of the underlying asset.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have an expected lease term of 12 months or less at lease commencement. The Organization recognizes lease cost associated with short-term leases on a straight-line basis over the lease term. The Organization has elected to combine lease and non-lease components into a single combined component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and grants

The Organization recognizes contributions and grants when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Donor and grantor restricted contributions are reported as increases in net assets with donor restrictions. When a donor or grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Consultations revenue

The Organization recognizes consultation revenue when performance obligations are satisfied over time as the service is provided. Related accounts receivable as of August 31, 2023, September 1, 2022 and 2021 totaled $23,668, 24,268, and $31,442, respectively, and are included in accounts receivable in the statements of financial position.

Donated goods and in-kind services

Contributions of non-monetary goods are recorded at their fair value in the periods received. Contributions of in-kind services are recognized in the financial statements if the services enhance or create 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. The Organization had no recognizable in-kind contributions during the years ended August 31, 2023 and 2022.

In addition, volunteers and board members have donated their time in the accomplishment of program objectives. No amounts have been reflected in the financial statements for volunteer and board member time since no objective basis is available to measure the value of such services and do not require specialized skills.

Functional allocation of expenses

The Organization reports its expenses for providing programs and other activities, and certain costs for supporting services, by their functional classification on a summarized basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

Program services are the activities that result in expenses directly connected with fulfilling the Organization's mission. Supporting services consist of management and general expenses which include expenses relating to the general operations of the Organization and fundraising expenses necessary to encourage and secure the financial support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses (continued)

Costs identifiable to a particular function are directly charged to program services, management and general or fundraising. A portion of management and general costs that benefit multiple functional areas (indirect costs), such as rent and lease expense have been allocated across the functional areas based on employees' time and effort, such as personnel and rent and lease expense.

Income tax status

On November 4, 2014, the Internal Revenue Service ("IRS") issued a letter in which they determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization has been determined by the IRS not to be a private foundation within the meaning of Section 509(a) of the Code. The Organization had no net unrelated business income during the years ended August 31, 2023 and 2022. The Organization has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for tax years prior to 2020.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. There is no net effect on the change in net assets as a result of these reclassifications.

Change in accounting principle

The Organization adopted FASB Topic 842, *Leases*, using the modified-retrospective transition as of September 1, 2022 for the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to not reassess expired or existing contracts for lease identification, the lease classification for any existing or expired leases, or the initial direct costs for any existing leases.

As a result of adopting the new standard, the Organization recorded net operating lease assets and lease liabilities of approximately $3,500,631 and $3,601,378, respectively. The Organization recorded net finance lease assets and lease liabilities of approximately $18,929, respectively. Adoption of the new standard does not impact the Organization’s change in net assets and had no impact on beginning net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 30, 2024.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at August 31:

	2023	2022
Financial assets at year-end		
Cash	$ 18,080,088	$ 15,512,175
Accounts receivable	23,668	34,367
Pledges receivable, net	6,242,149	2,635,193
Investments	9,759,239	9,384,576
	34,105,144	27,566,311
Amounts not available to be used within one year:		
Board designated - operating reserve	(8,000,000)	(8,000,000)
Net assets with donor restrictions		
Less net assets with donor restrictions	(7,482,909)	(4,422,693)
Net assets with donor restrictions available to meet general expenditures over the next twelve months	4,198,849	1,000,000
	(11,284,060)	(11,422,693)
	$ 22,821,084	$ 16,143,618

In addition to the above resources, the Organization has a Board designated operating reserve of $8,000,000 for the years ended August 31, 2023 and 2022, that could be made available for operating needs.

Management regularly monitors the availability of resources required to meet its operating needs. As part of management's liquidity plan, the Organization structures its financial assets to be available as its general expenses, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, management considers all expenses related to its ongoing activities.

4. PLEDGES RECEIVABLE

Pledges receivables are summarized as follows at August 31:

	2023	2022
Less than one year	$ 5,804,644	$ 2,247,688
Thereafter	500,000	500,000
	6,304,644	2,747,688
Provision for uncollectible pledges receivable	(62,495)	(112,495)
	$ 6,242,149	$ 2,635,193

At August 31, 2023 and 2022, management determined that a present value discount had nominal impact on the financial statements and elected not to recognize a discount.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Management determines the fair value measurement valuation policies and procedures, which are subject to Board of Directors assessment and approval. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate.

The Organization recognized transfers, if any, between levels in the fair value hierarchy at the end of the reporting period. There were no transfers during the years ended August 31, 2023 and 2022.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Equity and fixed income funds: Valued at the closing price reported on active markets on which the individual securities are traded.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2023:

	Level 1	Level 2	Level 3	Fair Value
Equity funds	$ 2,763,158	$ -	$ -	$ 2,763,158
Fixed income funds	6,996,081	-	-	6,996,081
	$ 9,759,239	$ -	$ -	$ 9,759,239

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2022:

	Level 1	Level 2	Level 3	Fair Value
Equity funds	$ 4,852,281	$ -	$ -	$ 4,852,281
Fixed income funds	4,509,105	-	-	4,509,105
	$ 9,361,386	$ -	$ -	$ 9,361,386

Components of return on investments is as follows for the years ended August 31:

	2023	2022
Interest and dividends	$ 259,513	$ 187,899
Investment advisory fees	(41,118)	(14,179)
Net realized and unrealized gain (loss) on investments	152,204	(878,622)
	$ 370,599	$ (704,902)

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31:

	2023	2022
Office equipment	$ 231,171	$ 112,665
Furniture	172,105	40,180
Leased asset	18,929	-
	422,205	152,845
Accumulated depreciation and amortization	(193,805)	(134,255)
	$ 228,400	$ 18,590

Depreciation and amortization expense was $59,550 and $33,994 for the years ended August 31, 2023 and 2022, respectively.

7. NET ASSETS

Net assets without donor restrictions consists of the following at August 31:

	2023	2022
General	$ 17,734,226	$ 15,740,525
Board designated - operating reserve	8,000,000	8,000,000
	$ 25,734,226	$ 23,740,525

Net assets with donor restrictions are available for the following purposes at August 31:

	2023	2022
Time restrictions:		
Operating funds	$ 4,198,849	$ 1,000,000
Purpose restrictions:		
IJC programs	1,500	90,375
Robert A Katzmann Legacy	1,540,000	1,535,000
Fellowships	1,742,560	1,797,318
	3,284,060	3,422,693
	$ 7,482,909	$ 4,422,693

7. NET ASSETS (continued)

Net assets with donor restrictions were released for the following purposes during the years ended August 31:

	2023	2022
Time restrictions		
Operating funds	$ 2,177,168	$ 1,050,000
Purpose restrictions		
IJC programs	90,375	314,206
Fellowships	4,064,671	4,394,447
	4,155,046	4,708,653
	$ 6,332,214	$ 5,758,653

8. LEASES

The Organization entered into an operating lease agreement for office space located in New York, NY, expiring in October 2029. In lieu of operating expense escalations, the Organization agreed to pay the landlord a cumulative and compounding annual increase in the base rent in the amount of 2.75% per annum. The Organization is responsible for its share of real estate taxes.

In 2023, the Organization entered into a finance lease for a copier with monthly payments of $518 and expiring in February 2026.

For the year ended August 31, 2022, rent expense totaled $232,625 and is included in rent on the statement of functional expenses.

The following summarizes the line items on the statement of financial position as of August 31, 2023:

Operating lease	
Operating right-of-use asset	$ 3,102,247
Operating lease liability	$ 3,230,531
Finance lease, included in property and equipment, net	
Finance right-of-use asset	$ 18,929
Accumulated amortization	(4,145)
	$ 14,784
Finance lease liability	$ 14,784

8. LEASES (continued)

The following summarizes the line items on the statement of activities for the year ended August, 31, 2023:

Operating		
Operating leases, included in operating expenses	$	351,159
Finance		
Amortization of assets, included in depreciation and amortization	$	4,145
Interest, included in interest expense		515
		4,660
	$	355,819

The following summarizes the cash flow information related to operating leases for the year ended August, 31 2023:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	358,706
Operating cash flows from finance leases		515
Financing cash flows from finance leases		4,145
		363,366
Lease assets obtained in exchange for lease obligations		
Operating leases		3,500,631
Finance leases		18,929
		3,519,560
	$	3,882,926

The following summarizes the weighted average remaining lease term and discount rate as of August, 31 2023:

Weighted average remaining lease term in years	
Operating lease	6.17 years
Finance lease	2.57 years
Weighted average discount rate	
Operating lease	4.06%
Finance lease	4.14%

8. LEASES (continued)

The maturities of lease liabilities as August, 31 2023 were as follows:

Year ending August 31,	Operating	Finance
2024	$ 554,823	$ 6,214
2025	569,093	6,214
2026	583,756	3,106
2027	598,822	-
2028	614,302	-
Thereafter	735,463	-
Total lease payments	3,656,259	15,534
Less: imputed interest	(425,728)	(750)
Present value of lease liabilities	$ 3,230,531	$ 14,784

9. RELATED PARTY TRANSACTIONS

For the years ended August 31, 2023 and 2022, the Organization's Board members and entities they are affiliated with provided $223,400 and $267,553 of support and revenue, respectively.

10. RETIREMENT PLAN

The Organization has a 401(k) profit sharing plan covering all employees who have reached age 21. The plan features a discretionary match of employee contributions by the employer. Pension expense was $47,650 and $42,204 for the years ended August 31, 2023 and 2022, respectively, and is included in personnel expenses in the statements of functional expenses.

11. COMMITMENTS

Fellowships

Justice Fellowships and Community Fellowships run for two years, with the possibility of renewing for a third year based on mutual agreement by the Fellow, the Organization, and the host organization as well as depending upon need and availability. During the two years of the Fellowship, Fellows' salaries and benefits are underwritten by the Organization.

Fellows are trained by the Organization at the start of their fellowship and check-in regularly with the Organization's staff throughout their Fellowship. In-placed Fellows are directly supervised by in-house Organization staff. Fellows also attend monthly meetings throughout the course of the fellowship for professional development, skills training, and support.

11. COMMITMENTS (continued)

Commitments for "out-placed" Justice and Community Fellows that work for external host organizations include salary plus fringe benefits at 25% of the salary. Commitments for "in-placed" Justice and Community Fellows that work as Organization employees include salary only since they are considered at-will employees.

Future annual commitments for Justice and Community Fellowships are as follows for the years ending August 31:

	Justice Fellowships	Community Fellowships	Total
2024	$ 9,950,000	$ 576,250	$ 10,526,250
2025	17,371,863	450,625	17,822,488
	$ 27,321,863	$ 1,026,875	$ 28,348,738

12. CONCENTRATION OF CREDIT RISK

The Organization is exposed to concentrations of credit risk from its financial instruments. Credit risk arises from the possibility that counterparties may not be able to meet their financial obligations, leading to financial losses. The Organization's exposure to credit risk primarily arises from cash and restricted cash, accounts receivable, and investments.

Cash and restricted cash

The Organization maintains its cash balances with high-quality financial institutions. Cash balances may exceed federally insured limits at certain times during the year. The Organization believes that the credit risk related to its cash and cash equivalents is minimal due to the quality of the financial institutions with which it conducts business. Deposits held at financial institutions insured by the FDIC are insured up to $250,000. At times, deposits may exceed federally insured limits.

Accounts and pledges receivable

Credit risk associated with accounts receivable is limited to the number and creditworthiness of those from whom the amounts are due. Generally, the Organization does not require collateral or any other security to support accounts receivable.

A concentration of credit risk exists with respect to pledges receivable since the amount receivable from three sources represents 82% and 76% of the total pledges receivable for each of the years at August 31, 2023 and 2022, respectively. Generally, the Organization does not require collateral or any other security to support pledges receivable.

12. CONCENTRATION OF CREDIT RISK (continued)

Investments

The Organization may invest in various financial instruments, including marketable securities and other investments. These investments are subject to credit risk to the extent that the issuers may fail to perform. The Organization manages credit risk on its investment portfolio by maintaining a diversified portfolio and only investing in securities of highly rated issuers or investment funds with a strong track record. The Organization maintains accounts at a financial investment institution. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to $500,000 ($250,000 for cash holdings). At times, investments may exceed federally insured limits.

Contributions

A concentration of credit risk exists with respect to contributions and grants since amounts received from two and one source represents 46% and 21% of total support for the for the year ended August 31, 2023 and 2022, respectively.