

NILC IMMIGRANT JUSTICE FUND

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

June 30, 2017

***(With Comparative Totals for the
Year Ended June 30, 2016)***



Gursey | 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, 2017, the related statements of activities, 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.

*Accredited in Business Valuation

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An Independent Member of
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NILC Immigrant Justice Fund as of June 30, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Gursey | Schneider LLP". The signature is written in a cursive, flowing style.

December 13, 2017
Los Angeles, California

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 10,822	\$ 4,873
Grants receivable	<u>150,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 160,822</u>	<u>\$ 4,873</u>

LIABILITIES AND NET ASSETS (DEFICIT)

LIABILITIES

Accounts payable and other accrued liabilities	\$ 10,000	\$ 14,791
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NET ASSETS (DEFICIT)

Unrestricted assets (deficit)	822	(9,918)
Temporarily restricted	<u>150,000</u>	<u>-</u>
TOTAL NET ASSETS (DEFICIT)	<u>150,822</u>	<u>(9,918)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 160,822</u>	<u>\$ 4,873</u>

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Statements of Activities
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES AND SUPPORT				
Grants	\$ 231,954	\$ 175,000	\$ 406,954	\$ -
Contributions	28,481	-	28,481	-
Program services grants	-	-	-	50,000
Subtotal	260,435	175,000	435,435	50,000
Net assets released from restrictions	25,000	(25,000)	-	-
Total Revenues and Support	285,435	150,000	435,435	50,000
EXPENSES				
Program services	246,953	-	246,953	56,732
Management and general	20,574	-	20,574	19,501
Fundraising	7,168	-	7,168	684
Total Expenses	274,695	-	274,695	76,917
CHANGE IN NET ASSETS	10,740	150,000	160,740	(26,917)
NET ASSETS (DEFICIT), Beginning of Year	(9,918)	-	(9,918)	16,999
NET ASSETS (DEFICIT), End of Year	\$ 822	\$ 150,000	\$ 150,822	\$ (9,918)

See Accompanying Notes to Financial Statements

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Statements of Functional Expenses
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017			2016
	Program	Management and General	Fundraising	Total
Personnel:				
Salaries	\$ 65,451	\$ 3,784	\$ 1,658	\$ 70,893
Benefits and payroll taxes	12,990	751	329	14,070
Total personnel costs	78,441	4,535	1,987	84,963
Other Operating Expenses:				
Consultants / contract services	161,496	3	1	161,500
Accounting	-	11,785	-	11,785
Bank and payroll fees	-	265	-	265
Communications	2,779	25	65	2,869
Donation fees	-	-	46	46
Interest	-	235	-	235
Legal	-	3,569	-	3,569
Marketing	-	-	5,000	5,000
Postage and shipping	74	4	2	80
Supplies	551	32	14	597
Taxes and licenses	51	3	1	55
Telecommunications	2,770	118	52	2,940
Travel	791	-	-	791
Total other operating expenses	168,512	16,039	5,181	189,732
Total Functional Expenses (2017)	\$ 246,953	\$ 20,574	\$ 7,168	\$ 274,695
% of Total Expenses	90%	7%	3%	100%
Total Functional Expenses (2016)	\$ 56,732	\$ 19,501	\$ 684	\$ 76,917
% of Total Expenses	74%	25%	1%	100%

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 160,740	\$ (26,917)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
(Increase) in assets:		
Grants receivable	(150,000)	-
Increase (decrease) in liabilities:		
Accounts payable and other accrued liabilities	<u>(4,791)</u>	<u>13,566</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	5,949	(13,351)
CASH, Beginning of Year	<u>4,873</u>	<u>18,224</u>
CASH, End of Year	<u><u>\$ 10,822</u></u>	<u><u>\$ 4,873</u></u>

See Accompanying Notes to Financial Statements

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017 and 2016

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 advocate for just and humane immigration policies that make it possible for low-income immigrants to fully integrate into the nation's social, economic and political fabric. 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 2017 include:

- Successfully challenging legislation to penalize so-called "sanctuary city" policies and criminalize undocumented workers.
- Providing legal analysis, technical expertise, and messaging advice on various policy issues affecting immigrants, including access to healthcare and worker's rights, during the 2016 Presidential campaign.
- 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, 2017 and 2016. Going forward, management plans to engage in more robust strategic fundraising plans to increase organizational revenues.

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.

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017 and 2016

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

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:

- *Unrestricted* — These include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Unrestricted net assets generally result from revenues generated by providing program-related services, raising contributions, and performing administrative functions.
- *Temporarily Restricted* — The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from program or capital restrictions.
- *Permanently Restricted* — These net assets are received by donors who stipulate that resources are to be maintained permanently but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization has no permanently restricted net assets.

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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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.

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017 and 2016

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

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 – Financial instruments that potentially expose the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization maintains its bank and investment 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 or not subject to income taxes on unrelated business income. The Organization has no recognized / derecognized tax benefits or tax penalties or interest. The Organization's income tax returns remain subject to examination for all tax years ended on or after June 30, 2014 with regard to all tax positions and results reported.

Contributed 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 in the period received. 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.

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017 and 2016

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

Recently Issued Accounting Pronouncement – In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*. Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The updated standard will replace most existing revenue recognition guidance under GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for annual periods beginning after December 15, 2017. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

Finally, on August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities* ("NFP"). This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets. Five changes included in ASU 2016-14 include:

- (1) The existing three-class system of classifying net assets as unrestricted, temporarily restricted and permanently restricted will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.
- (2) The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.
- (3) NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.
- (4) Expenses by both their natural classification and their functional classification will be presented either on the face of the statement of activities, as a separate statement or in the notes to the financial statements. In addition to this change in the presentation of expenses, the method used to allocate costs among program and supporting activities functions is required to be disclosed.
- (5) Finally, NFP's may continue to present the statement of cash flows using either the direct or indirect method of reporting. However, under the new reporting standard, NFPs employing the direct method to report cash flow will no longer be required to provide a reconciliation of net income to the cash amounts presented under the indirect method.

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017 and 2016

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

The effective date of ASU 2016-14 will be for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments in this ASU is permitted. Management is currently evaluating the impact this change in accounting standards will have on IJF's financial statements and related disclosures.

Subsequent events – Subsequent events have been evaluated through December 13, 2017, 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, 2017 and 2016, the Organization was charged \$106,753 and \$21,740, respectively for shared resources. At the end of the fiscal year ended June 30, 2017, and 2016, there was a payable to NILC of \$0, and \$14,791, respectively. The payable is unsecured, bears interest at 0.5% per month, and will be settled during the ordinary course of business.

For the fiscal year ended June 30, 2017, NILC awarded IJF re-granted funds for operational expenses. The total amount awarded was \$231,954. Amounts between NILC and IJF are settled on a month-to-month basis.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets were as follows:

	Available at June 30, 2016	New Grants	Expenditures / Releases from Restriction	Available at June 30, 2017
Sixteen Thirty Fund Grant	\$ -	\$ 25,000	\$ (25,000)	\$ -
Time Restricted Grants	-	150,000	-	150,000
Total	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ (25,000)</u>	<u>\$ 150,000</u>

NILC IMMIGRANT JUSTICE FUND
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
June 30, 2017 and 2016

NOTE 5 – 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.