

TENNESSEE JUSTICE FOR OUR NEIGHBORS

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tennessee Justice For Our Neighbors
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Tennessee Justice for Our Neighbors (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, 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 the Organization as of December 31, 2022, and the results of its operations 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 the Organization 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization'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.

(Continued)

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 the Organization'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 the Organization'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.

Brown & Maguire CPAs, PLLC

Brown & Maguire CPAs, PLLC
Nashville, Tennessee
June 14, 2023

TENNESSEE JUSTICE FOR OUR NEIGHBORS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 712,340
Accounts receivable	4,400
Grants and contributions receivable	140,310
Prepaid expenses	6,687
Deposit	<u>2,254</u>
Total current assets	<u>865,991</u>

Fixed Assets:

Equipment	10,597
Leasehold improvements	5,033
Less: accumulated depreciation	<u>(4,692)</u>
Total fixed assets, net	<u>10,938</u>

Total assets	<u><u>\$ 876,929</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 2,358
Accrued expenses	<u>16,499</u>
Total current liabilities	<u>18,857</u>

Net Assets:

Without donor restrictions	630,400
With donor restrictions	<u>227,672</u>
Total net assets	<u>858,072</u>

Total liabilities and net assets	<u><u>\$ 876,929</u></u>
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The accompanying notes are an integral part of these financial statements.

TENNESSEE JUSTICE FOR OUR NEIGHBORS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 161,842	\$ 2,350	\$ 164,192
Grants	175,277	591,381	766,658
Special events net of costs of \$1,874	50,662	-	50,662
Program service fees	13,400	-	13,400
Interest income	2,863	-	2,863
Net assets released from restrictions	452,355	(452,355)	-
Total support and revenue	<u>856,399</u>	<u>141,376</u>	<u>997,775</u>
Expenses			
Program services	632,663	-	632,663
Management and general	39,500	-	39,500
Fundraising	15,001	-	15,001
Total expenses	<u>687,164</u>	<u>-</u>	<u>687,164</u>
Change in net assets	169,235	141,376	310,611
Net assets at beginning of year	461,165	86,296	547,461
Net assets at end of year	<u>\$ 630,400</u>	<u>\$ 227,672</u>	<u>\$ 858,072</u>

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

TENNESSEE JUSTICE FOR OUR NEIGHBORS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Accounting	\$ 18,469	\$ 11,709	\$ -	\$ 30,178
Bank fees	330	20	-	350
Depreciation	2,442	32	10	2,484
Dues and subscriptions	2,803	260	10	3,073
Grants	40,875	-	-	40,875
Insurance	1,165	50	25	1,240
Marketing	658	164	-	822
Office supplies	8,435	1,310	127	9,872
Payroll	506,257	22,077	12,662	540,996
Phone and internet	2,518	68	68	2,654
Postage	6,284	75	314	6,673
Printing	4,505	454	-	4,959
Professional development	4,888	1,982	-	6,870
Program expenses	836	-	-	836
Rent	15,070	147	447	15,664
Technology	17,128	1,152	1,338	19,618
Total expenses	<u>\$ 632,663</u>	<u>\$ 39,500</u>	<u>\$ 15,001</u>	<u>\$ 687,164</u>

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

TENNESSEE JUSTICE FOR OUR NEIGHBORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:

Increase in net assets	\$ 310,611
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,484
Decrease in accounts receivable	2,800
Increase in grants receivable and contributions receivable	(109,694)
Decrease in employee retention credit receivable	78,049
Increase in prepaid expenses and other assets	(6,687)
Increase in accounts payable and accrued expenses	<u>16,257</u>
Net cash provided by operating activities	<u>293,820</u>

Cash flows from investing activities:

Purchase of equipment	<u>(6,843)</u>
Net cash used in investing activities	<u>(6,843)</u>

Cash flows from financing activities:

Net cash provided by (used in) financing activities	<u>-</u>
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Net increase in cash and cash equivalents	286,977
Cash and cash equivalents, at beginning of the period	<u>425,363</u>
Cash and cash equivalents, at end of the period	<u>\$ 712,340</u>

Cash paid for interest	<u>\$ -</u>
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Cash paid for taxes	<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements.

TENNESSEE JUSTICE FOR OUR NEIGHBORS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

1. Description of the Organization and Summary of Significant Accounting Policies

Tennessee Justice for Our Neighbors (the “Organization”) is a not-for-profit organization, created by the United Methodist Committee on Relief as part of a national network of immigration legal clinics. Launched in 1999, the Organization continues to provide free or affordable immigration legal services, advocate for immigrant rights, and educate the public on immigration issues. In January 2020, the Organization launched Families Together, a free six-session educational program designed to enable noncitizen parents to better understand the U.S. immigration system and more fully participate in their immigration case. The Organization uses volunteers as well as paid staff to provide legal assistance and is supported primarily through donor contributions and grants.

Basis of Presentation

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Approximately 25.8% of the Organization’s support for the year ended December 31, 2022 came from two donors.

Property and Depreciation

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated lives of the respective assets ranging from 4 to 15 years. Leasehold improvements are amortized over a period of 15 years.

TENNESSEE JUSTICE FOR OUR NEIGHBORS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. 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 their fair values in the period received. Additionally, a number of unpaid volunteers have made significant contributions of their time to assist with legal services, fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

Income Taxes

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of December 31, 2022, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense. The Organization is no longer subject to examination by federal and state taxing authorities for tax years ending prior to the tax year ended December 31, 2019.

Program and Supporting Services

The following program and supporting services were included in the accompanying financial statements.

Program Services—Includes activities carried out to fulfill the Organization's mission to provide free or low-cost, compassionate immigration legal services to immigrants, educate the public and faith-based communities about issues related to immigration, and advocate for immigrant rights.

Management and General—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

Fundraising—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

TENNESSEE JUSTICE FOR OUR NEIGHBORS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis as program, management and fundraising in the statements of functional expenses. Additionally, the statement of activities and functional expense reports certain expenses as being attributable to multiple functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

Advertising Costs

Advertising costs are expensed as incurred. There was \$822 of advertising expense incurred during the year ended December 31, 2022.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The carrying value of current assets and current liabilities approximate fair value due to the short maturities of these instruments.

2. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2022, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets	<u>\$ 484,668</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 484,668</u>

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

TENNESSEE JUSTICE FOR OUR NEIGHBORS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

3. Accrued Expenses

Accrued expenses balance at December 31, 2022 was \$16,499. The balance consisted of payroll and payroll tax liabilities.

4. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended December 31, 2022 were as follows:

	Beginning of Year	Contributions With Donor Restrictions	Released Contributions With Donor Restrictions	End of Year
Afghan Services	\$ -	\$ 320,071	\$ (212,344)	\$ 107,727
Families Together ...	86,296	80,200	(79,808)	86,688
Metro Legal Svcs.....	-	157,636	(124,379)	33,257
General Legal Svcs..	-	35,824	(35,824)	-
	<u>\$ 86,296</u>	<u>\$ 593,731</u>	<u>\$ (452,355)</u>	<u>\$ 227,672</u>

5. Operating Lease Commitments

The Organization leases certain office space under a non-cancelable operating lease. Future minimum lease commitments under these lease agreements are as follows:

2023	\$ 19,045
2024	-
2025	-
2026	-
2027	-
Thereafter	-
	<u>\$ 19,045</u>

6. Uncertainties

In March 2020, the novel coronavirus (or “COVID-19”) was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in a significant change in the operation of many businesses, including the potential to directly impact operations of the Organization.

TENNESSEE JUSTICE FOR OUR NEIGHBORS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

7. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update (“ASU”) supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard was effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of ASU 2016-02 did not have an impact on the Organization’s financial statements.

8. Subsequent Events

The Organization has evaluated all events or transactions that occurred after December 31, 2022, through June 14, 2023, the date these financial statements were issued. During this period the Organization did not have any material recognizable events that required recognition in the disclosures to the December 31, 2022 financial statements.
