

TENNESSEE JUSTICE FOR OUR NEIGHBORS

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2020

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CONTENTS

	<u>Page</u>
Independent auditors' report .....	3
Financial statements:	
Statement of financial position.....	4
Statement of activities .....	5
Statement of functional expenses.....	6
Statement of cash flows.....	7
Notes to financial statements.....	8-12



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## INDEPENDENT AUDITORS' REPORT

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

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, 2020, and 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Brown & Maguire CPAs, PLLC*

Brown & Maguire CPAs, PLLC  
Nashville, Tennessee  
March 24, 2021

TENNESSEE JUSTICE FOR OUR NEIGHBORS  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020

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ASSETS

**Current Assets:**

Cash and cash equivalents	\$ 271,178
Accounts receivable	4,300
Grants and contributions receivable	65,564
Deposit	<u>2,254</u>
Total current assets	<u>343,296</u>

**Fixed Assets:**

Equipment	2,224
Leasehold improvements	5,033
Less: accumulated depreciation	<u>(1,322)</u>
Total fixed assets, net	<u>5,935</u>

Total assets	<u>\$ 349,231</u>
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LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accounts payable	\$ 1,240
Accrued expenses	<u>6,964</u>
Total current liabilities	<u>8,204</u>

**Net Assets:**

Without donor restrictions	269,617
With donor restrictions	<u>71,410</u>
Total net assets	<u>341,027</u>

Total liabilities and net assets	<u>\$ 349,231</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Grants .....	\$ 115,882	\$ 62,100	\$ 177,982
Corporate and foundation contributions....	41,101	116,823	157,924
Church and individual contributions .....	107,830	-	107,830
PPP forgiveness .....	40,000	-	40,000
Special events net of costs of \$3,165 .....	28,448	-	28,448
Interest income .....	163	-	163
Net assets released from restrictions .....	170,388	(170,388)	-
Total support and revenue .....	503,812	8,535	512,347
<b>Expenses</b>			
Program services .....	254,212	-	254,212
Management and general .....	35,514	-	35,514
Fundraising .....	26,655	-	26,655
Total expenses .....	316,381	-	316,381
Change in net assets .....	187,431	8,535	195,966
Net assets at beginning of year .....	82,186	62,875	145,061
Net assets at end of year .....	\$ 269,617	\$ 71,410	\$ 341,027

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, 2020

	Program Services			Supporting Services			
	Legal Services	Families Together	Total	Management and General	Fundraising	Total	Total
Accounting	\$ -	\$ -	\$ -	\$ 9,000	\$ -	\$ 9,000	\$ 9,000
Bank fees	49	-	49	300	218	518	567
Depreciation	339	282	621	147	17	164	785
Dues and subscriptions	2,198	-	2,198	934	-	934	3,132
Insurance	-	-	-	1,166	-	1,166	1,166
Loss on asset disposal	-	-	-	191	-	191	191
Marketing	300	203	503	203	-	203	706
Miscellaneous	264	27	291	63	-	63	354
Occupancy	6,292	3,537	9,829	1,539	546	2,085	11,914
Office supplies	277	500	777	1,389	68	1,457	2,234
Payroll	108,635	101,376	210,011	16,943	23,423	40,366	250,377
Postage	4,428	129	4,557	161	79	240	4,797
Printing	928	442	1,370	229	172	401	1,771
Professional development	57	-	57	-	-	-	57
Professional services	-	2,250	2,250	-	-	-	2,250
Program expenses	12,246	-	12,246	-	-	-	12,246
Technology	7,811	1,642	9,453	3,249	2,132	5,381	14,834
Total expenses	<u>\$ 143,824</u>	<u>\$ 110,388</u>	<u>\$ 254,212</u>	<u>\$ 35,514</u>	<u>\$ 26,655</u>	<u>\$ 62,169</u>	<u>\$ 316,381</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, 2020

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**Cash flows from operating activities:**

Increase in net assets	\$ 195,966
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	785
Loss on disposal of assets	191
Decrease in accounts receivable	6,680
Increase in grants receivable and contributions receivable	(43,273)
Decrease in prepaid expenses	993
Increase in accrued expenses	<u>5,921</u>
Net cash provided by operating activities	<u>167,263</u>

**Cash flows from investing activities:**

Purchase of equipment	<u>(829)</u>
Net cash used in investing activities	<u>(829)</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	166,434
Cash and cash equivalents, at beginning of the period	<u>104,744</u>
Cash and cash equivalents, at end of the period	<u>\$ 271,178</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, 2020

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**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 (both individual and corporate).

*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 49.98% of the Organization’s support for the year ended December 31, 2020 came from three 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, 2020

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*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, 2020, 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, 2017.

*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 affordable immigration legal services and enable noncitizen parents to better understand the U.S. immigration system and more fully participate in their immigration case.

**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, 2020

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*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 \$706 of advertising expense incurred during the year ended December 31, 2020.

*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, 2020, 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>\$ 343,296</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 343,296</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, 2020

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### 3. Accrued Expenses

Accrued expenses balance at December 31, 2020 was \$6,964. 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, 2020 were as follows:

	Beginning of Year	Contributions With Donor Restrictions	Released Contributions With Donor Restrictions	End of Year
Families Together.....	\$ 62,875	\$ 116,823	\$ (110,388)	\$ 69,310
Legal services	-	62,100	(60,000)	2,100
	<u>\$ 62,875</u>	<u>\$ 178,923</u>	<u>\$ (170,388)</u>	<u>\$ 71,410</u>

### 5. PPP Loan Forgiveness

On May 1, 2020, the Organization was granted a loan (the “Loan”) from Regions Bank in the aggregate amount of \$40,000, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a note dated May 1, 2020 issued to the Organization, would have matured on May 1, 2022 and bore interest at a rate of 1% per annum, payable monthly commencing on November 1, 2020. Under the terms of the Loan, the Organization could prepay the Loan at any time prior to maturity with no prepayment penalties. The proceeds of the PPP Loan were available to be used for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. Under the terms of the PPP, certain amounts of the Loan could be forgiven if they are used for qualifying expenses as described in the CARES Act. During the 2020 fiscal year, the Organization applied for forgiveness and was notified that the entire Loan amount has been forgiven. The Loan forgiveness is reflected in the Organization’s accompanying Statement of Activities.

TENNESSEE JUSTICE FOR OUR NEIGHBORS  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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**6. 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:

2021 .....	\$ 11,914
2022 .....	-
2023 .....	-
2024 .....	-
2025 .....	-
Thereafter .....	-
	<u>\$ 11,914</u>

**7. 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 having directly impacted operations of the Organization. The implications of COVID-19 to the Organization’s operations are still being evaluated and the duration and intensity of its impact is uncertain.

**8. 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 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The adoption of ASU 2016-02 is not expected to have an impact on the Organization’s financial statements.

**9. Subsequent Events**

The Organization has evaluated all events or transactions that occurred after December 31, 2020, through March 24, 2021, 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, 2020 financial statements.

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