TENNESSEE JUSTICE FOR OUR NEIGHBORS

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2021

TENNESSEE JUSTICE FOR OUR NEIGHBORS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2021

CONTENTS

BROWN & MAGUIRE

2715 Bransford Avenue, Nashville, TN 37204 | 615-242-0067
701 West 7th Street, Columbia, TN 38401 | 931-388-3008
3050 Business Park Circle Ste. 501, Goodlettsville, TN 37072 | 615-851-6160

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, 2021, 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, 2021, 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 Company'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
April 25, 2022

TENNESSEE JUSTICE FOR OUR NEIGHBORS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

ASSETS

Current Assets:		
Cash and cash equivalents	$	425,363
Accounts receivable		7,200
Grants and contributions receivable		30,616
Employee retention credit receivable		78,049
Deposit		2,254
Total current assets		543,482
Fixed Assets:		
Equipment		3,754
Leasehold improvements		5,033
Less: accumulated depreciation		(2,208)
Total fixed assets, net		6,579
Total assets	$	550,061

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	$	450
Accrued expenses		2,150
Total current liabilities		2,600
Net Assets:		
Without donor restrictions		461,165
With donor restrictions		86,296
Total net assets		547,461
Total liabilities and net assets	$	550,061

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Corporate and foundation contributions...	$ 265,858	$ -	$ 265,858
Church and individual contributions	97,675	-	97,675
Grants	2,145	83,200	85,345
Special events net of costs of $2,710	45,252	-	45,252
Program service fees	12,765	-	12,765
Interest income	2,564	-	2,564
Net assets released from restrictions	68,314	(68,314)	-
Total support and revenue	494,573	14,886	509,459
Expenses			
Program services	263,366	-	263,366
Management and general	26,282	-	26,282
Fundraising	13,377	-	13,377
Total expenses	303,025	-	303,025
Change in net assets	191,548	14,886	206,434
Net assets at beginning of year	269,617	71,410	341,027
Net assets at end of year	$ 461,165	$ 86,296	$ 547,461

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, 2021

	Program Services			Supporting Services			
	Legal Services	**Families Together**	**Total**	**Management and General**	**Fundraising**	**Total**	**Total**
Accounting	$ -	$ 80	$ 80	$ 8,420	$ -	$ 8,420	$ 8,500
Bank fees	217	-	217	82	18	100	317
Depreciation	474	384	858	28	-	28	886
Dues and subscriptions	1,415	174	1,589	269	200	469	2,058
Grants	45,000	-	45,000	-	-	-	45,000
Insurance	504	150	654	496	48	544	1,198
Marketing	105	470	575	137	-	137	712
Miscellaneous	-	-	-	50	-	50	50
Office supplies	3,079	511	3,590	735	-	735	4,325
Payroll	124,898	53,966	178,864	14,402	11,400	25,802	204,666
Phone and internet	1,026	900	1,926	-	-	-	1,926
Postage	4,681	43	4,724	85	348	433	5,157
Printing	1,915	1,037	2,952	61	-	61	3,013
Professional development	1,678	-	1,678	225	-	225	1,903
Program expenses	3,167	100	3,267	-	-	-	3,267
Rent	5,957	5,957	11,914	-	-	-	11,914
Technology	4,519	959	5,478	1,292	1,363	2,655	8,133
Total expenses	$ 198,635	$ 64,731	$ 263,366	$ 26,282	$ 13,377	$ 39,659	$ 303,025

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, 2021

Cash flows from operating activities:	
Increase in net assets	$ 206,434
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	886
Increase in accounts receivable	(2,900)
Decrease in grants receivable and contributions receivable	34,948
Increase in employee retention credit receivable	(78,049)
Decrease in accounts payable	(790)
Decrease in accrued expenses	(4,814)
Net cash provided by operating activities	155,715
Cash flows from investing activities:	
Purchase of equipment	(1,530)
Net cash used in investing activities	(1,530)
Cash flows from financing activities:	
Net cash provided by (used in) financing activities	-
Net increase in cash and cash equivalents	154,185
Cash and cash equivalents, at beginning of the period	271,178
Cash and cash equivalents, at end of the period	$ 425,363
Cash paid for interest	$ -
Cash paid for taxes	$ -

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

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 31.26% of the Organization's support for the year ended December 31, 2021 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.

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, 2021, 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, 2018.

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.

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 $712 of advertising expense incurred during the year ended December 31, 2021.

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. Employee Retention Credit Receivable

The CARES Act provided an employee retention credit (“CARES Employee Retention Credit”), which was a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit was equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit was increased to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to $10,000 of qualified wages per quarter. The Organization qualified for the tax credit under the CARES Act, as well as additional tax credits under the additional relief provisions for qualified wages through December 31, 2021. As of December 31, 2021, the Organization recorded $78,049 as an “Employee retention credit receivable” from the United States government related to the CARES Act on the Organization’s accompanying statement of financial position. The receivable was collected in full during April 2022. During the year ended December 31, 2021, the Organization recorded $75,699 as a reduction in total payroll costs and $2,350 as interest income related to the CARES Employee Retention Credit on the Organization's accompanying statements of activities and functional expenses.

3. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2021, 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	**$ 339,067**
Financial assets available to meet cash needs for general expenditures within one year.................................	**$ 339,067**

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.

4. Accrued Expenses

Accrued expenses balance at December 31, 2021 was $2,150. The balance consisted of payroll and payroll tax liabilities.

5. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended December 31, 2021 were as follows:

	Beginning of Year	Contributions With Donor Restrictions	Released Contributions With Donor Restrictions	End of Year
Families Together ...	**$ 69,310**	**$ 83,200**	**$ (66,214)**	**$ 86,296**
Legal services	**2,100**	**-**	**(2,100)**	**-**
	$ 71,410	**$ 83,200**	**$ (68,314)**	**$ 86,296**

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:

2022	$	**11,914**
2023		**-**
2024		**-**
2025		**-**
2026		**-**
Thereafter		**-**
	$	**11,914**

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, 2021, 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, 2021, through April 25, 2022, 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, 2021 financial statements.

*****