

**GLOBAL JUSTICE CENTER**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Global Justice Center

We have audited the accompanying financial statements of Global Justice Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 of 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 auditors' 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 Global Justice Center as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
April 29, 2019

**GLOBAL JUSTICE CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 5a)	\$ 450,543	\$ 520,382
Unconditional promises to give (Notes 1d, 5b and 6)		
Without donor restrictions	10,520	147,250
With donor restrictions	404,164	350,000
Prepaid expenses and other assets	40,363	3,494
Security deposits	20,805	20,261
Investments (Notes 1c, 3 and 4a)	403,209	279,233
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	<u>4,325</u>	<u>8,523</u>
<b>Total Assets</b>	<u><u>\$1,333,929</u></u>	<u><u>\$1,329,143</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 23,379</u>	<u>\$ 224,412</u>
Commitments (Notes 8 and 9)		
Net Assets		
Without donor restrictions		
Operating	221,693	475,498
Board designated (Note 4a)	684,693	279,233
With donor restrictions (Note 4b)	<u>404,164</u>	<u>350,000</u>
Total Net Assets	<u>1,310,550</u>	<u>1,104,731</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,333,929</u></u>	<u><u>\$1,329,143</u></u>

See notes to financial statements.

**GLOBAL JUSTICE CENTER**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenue and Other Support		
Grants and contributions (Note 5c)	\$1,145,528	\$ 952,157
Net investment income (loss) (Note 3)	<u>(25,601)</u>	<u>73,919</u>
	1,119,927	1,026,076
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>150,000</u>	<u>416,470</u>
	1,269,927	1,442,546
<b>Expenses</b>		
Program Services	762,914	1,229,839
Supporting Services		
Management and general	168,670	165,515
Fundraising	<u>186,688</u>	<u>194,367</u>
	1,118,272	1,589,721
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>151,655</u>	<u>(147,175)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions (Note 5c)	209,102	350,000
Net assets released from restrictions	(150,000)	(416,470)
Gain (loss) on foreign exchange	<u>(4,938)</u>	<u>22,342</u>
	54,164	(44,128)
Increase (decrease) in net assets	205,819	(191,303)
Net assets, beginning of year	<u>1,104,731</u>	<u>1,296,034</u>
<b>Net Assets, End of Year</b>	<u><u>\$1,310,550</u></u>	<u><u>\$1,104,731</u></u>

See notes to financial statements.

## GLOBAL JUSTICE CENTER

## STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017			Total Expenses
	Program Services	Supporting Services Management and General	Fundraising	Program Services	Supporting Services Management and General	Fundraising	
Salaries	\$470,921	\$ 90,516	\$ 91,635	\$ 861,840	\$ 106,135	\$ 141,071	\$1,109,046
Payroll taxes and employee benefits	107,260	20,390	20,642	134,620	16,579	22,035	173,234
Memberships and registration	4,682	-	-	4,929	-	-	4,929
Intern and staff support	9,249	-	-	5,377	-	-	5,377
Professional fees	32,284	23,086	41,708	68,345	19,634	243	88,222
Meetings, travel and related expenses	25,026	2,274	4,666	34,731	804	10,021	45,556
Insurance	1,986	377	382	1,878	231	307	2,416
Occupancy	89,013	16,921	17,131	90,326	11,124	14,785	116,235
Office expenses	22,493	4,364	10,524	27,793	3,187	5,905	36,885
Miscellaneous	-	4,950	-	-	-	-	-
Total expenses before depreciation	762,914	162,878	186,688	1,229,839	157,694	194,367	1,581,900
Depreciation	-	5,792	-	-	7,821	-	7,821
Total Expenses	<u>\$762,914</u>	<u>\$ 168,670</u>	<u>\$ 186,688</u>	<u>\$1,229,839</u>	<u>\$ 165,515</u>	<u>\$ 194,367</u>	<u>\$1,589,721</u>

See notes to financial statements.

**GLOBAL JUSTICE CENTER**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$205,819	\$(191,303)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	5,792	7,821
(Gain) loss on foreign exchange	4,938	(22,342)
Realized gain on investments	-	(19,769)
Unrealized (gain) loss on investments	61,270	(14,958)
(Increase) decrease in:		
Unconditional promises to give	77,628	(140,780)
Prepaid expenses and other assets	(36,869)	8,839
Security deposits and other assets	(544)	(528)
Increase (decrease) in accounts payable and accrued expenses	(201,033)	207,292
Net Cash Provided (Used) By Operating Activities	<u>117,001</u>	<u>(165,728)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(185,246)	(75,011)
Purchase of fixed assets	(1,594)	(3,119)
Proceeds from sale of investments	-	349,986
Net Cash Provided (Used) By Investing Activities	<u>(186,840)</u>	<u>271,856</u>
Net increase (decrease) in cash and cash equivalents	(69,839)	106,128
Cash and cash equivalents, beginning of year	<u>520,382</u>	<u>414,254</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$450,543</u>	<u>\$ 520,382</u>

See notes to financial statements.

**GLOBAL JUSTICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Global Justice Center (the "Organization") is a legal human rights organization that works for peace, justice, and security by enforcing international laws that protect human rights and promote gender equality.

The Organization was formed and incorporated in March 2007 in the State of New York.

b - Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments, including money market funds, to be cash equivalents.

c - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions.

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1    Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2    Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3    Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**GLOBAL JUSTICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

d - Contributions and Unconditional Promises to Give

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 received. All other donor-restricted contributions 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.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

e - Property and Equipment

Property and equipment acquired are recorded at cost and are depreciated using the straight-line method over estimated useful lives of the related asset. Donations of property and equipment are recorded as support at their estimated fair value.

f - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

g - Estimates

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

**GLOBAL JUSTICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

h - Subsequent Events

The Organization has evaluated subsequent events through April 29, 2019, the date that the financial statements are considered available to be issued.

i - Tax Status

Global Justice Center is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as a corporation which is not a private foundation.

j - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. The expenses that are allocated include payroll and benefits, board expenses, insurance, occupancy costs, depreciation, and general office and technology expenses, which are allocated on the basis of staff time and effort.

The difference in the amount of program expenses in 2018 from 2017 is attributable to the passing of the Organization's President in late 2017 and the ensuing transition.

k - Recent Accounting Pronouncement

In 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; (d) modifying the presentation of underwater endowment funds and related disclosures; and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2017.

l - Comparative Financial Information

Certain amounts have been reclassified for comparative purposes.

**GLOBAL JUSTICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each fiscal year based on expected revenue and expenses. A substantial portion of annual revenue is comprised of contribution revenue. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, as well as any general, administrative, and fundraising activities undertaken to support its programmatic work.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, and under the direction of the Board of Directors, invests in a reserve fund and a fund functioning as an endowment. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are held in related savings or reserve accounts.

The Organization's financial assets as of December 31, 2018, and those available within one year to meet cash needs for general expenditures are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$ 450,543
Unconditional promises to give	414,684
Investments	<u>403,209</u>
Total Financial Assets	1,268,436
Less: Amounts Not Available to be Used within One Year:	
Net assets with donor restrictions, subject to passage of time	(404,164)
Net assets without donor restrictions, subject to spending policy and appropriation	(684,693)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>252,083</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 431,662</u>

In addition to these financial assets available with one year, the Organization maintains board designated funds of \$684,693, which could be made available at any time to meet cash needs for general expenditures at the discretion of the Board of Directors.

**GLOBAL JUSTICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 3 - Investments**

Investments at December 31 consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	<u>\$455,890</u>	<u>\$403,209</u>	<u>\$270,644</u>	<u>\$279,233</u>

Investments are all classified as Level 1 in the fair value hierarchy.

The following schedule summarizes net investment income (loss) for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 7,528	\$ 9,157
Capital gain distributions	28,141	30,035
Realized gain on investments	-	19,769
Unrealized gain (loss) on investments	<u>(61,270)</u>	<u>14,958</u>
	<u>\$(25,601)</u>	<u>\$73,919</u>

**Note 4 - Net Assets**

a - Net Assets Without Donor Restrictions

At December 31, 2018 and 2017, net assets without donor restrictions include board designated amounts as follows:

	<u>2018</u>	<u>2017</u>
Board designated reserve	\$403,209	\$279,233
Board designated for future investment (Janet Benshoof Memorial Fund)	<u>281,484</u>	<u>-</u>
	<u>\$684,693</u>	<u>\$279,233</u>

(i) Board Designated Reserve

The Organization established a board designated reserve fund, the Action Fund Account, to promote its long-term financial stability. The Action Fund Account is comprised of the Organization's investments, with a balance of \$403,209 and \$279,233 as of December 31, 2018 and 2017, respectively. In 2018 and 2017, there were additions to the fund of approximately \$150,000 and \$38,000, respectively. Withdrawals in 2017 were approximately \$150,000 and \$200,000, to fund operations and the President and Founder's severance, respectively.

**GLOBAL JUSTICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 4 - Net Assets (continued)**

a - Net Assets Without Donor Restrictions (continued)

(i) Janet Benshoof Memorial Fund

As of December 31, 2018, the Organization has earmarked cash of approximately \$281,000 with the intent to create the Janet Benshoof Memorial Fund, a board designated fund functioning as an endowment.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions subject to passage of time.

**Note 5 - Concentrations**

a - The Organization maintains its cash balances in a financial institution located in New York.

b - As of December 31, 2018 and 2017, approximately 97% of unconditional promises to give were from three donors, and 90% of unconditional promises to give were from two donors, respectively.

c - For the years ended December 31, 2018 and 2017, approximately 80% of new contribution revenue was from four donors, and 69% of new contribution revenue was from three donors, respectively.

**Note 6 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>2018</u>	<u>2017</u>
Due in one year	\$162,602	\$197,250
Due in two to three years	<u>252,082</u>	<u>300,000</u>
	<u>\$414,684</u>	<u>\$497,250</u>

Uncollectible promises to give are expected to be insignificant.

**GLOBAL JUSTICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**Note 7 - Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Computer equipment	3-5 years	\$ 9,227	\$14,817
Office equipment	5 years	2,566	4,046
Website	3 years	<u>7,500</u>	<u>7,500</u>
		19,293	26,363
Less: Accumulated depreciation		<u>(14,968)</u>	<u>(17,840)</u>
		<u>\$ 4,325</u>	<u>\$ 8,523</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$5,792 and \$7,821, respectively.

**Note 8 - Commitment**

The Organization occupies office space pursuant to a lease through May 31, 2019, the expiration date. Approximate minimum obligations for rent under this agreement are \$47,565.

**Note 9 - Retirement Plan**

The Organization maintains a SEP-IRA retirement plan for all eligible employees. For the years ended December 31, 2018 and 2017, the Organization made contributions to the plan of \$17,557 and \$22,179, respectively.